

**STATE OF NEW MEXICO
CITY OF SANTA ROSA
ANNUAL FINANCIAL REPORT
JUNE 30, 2013**

**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, 2013

List of Officials

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

STATE OF NEW MEXICO
City of Santa Rosa
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June 30, 2013

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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

Report on Financial Statements

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 and major special revenue funds of the City of Santa Rosa, New Mexico ("the City") as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents. We were also engaged to audit the financial statements of each of the City's nonmajor governmental, and the budgetary comparisons for the major capital project funds and remaining nonmajor governmental funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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Basis for Disclaimer of Opinion

Management is continuing the process of designing and implementing the policies and procedures needed to capture, record and present revenues, expenditures, contracts, grants, other agreements, and budgetary information completely and accurately in their financial statements. For the year ended June 30, 2013 the severity and pervasiveness of the material weaknesses in the City's system of control over financial reporting caused significant doubt that all possible material misstatements could be detected by our audit procedures. While the City's internal controls over financial reporting have improved, the level of material weaknesses present continue to be severe enough to cause significant doubt that all possible material misstatements could be detected by our audit procedures. The findings on pages 130-146 address the weaknesses in internal controls we encountered while planning and conducting our audit.

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

Disclaimer of Opinion

Because of the magnitude of the possible misstatement of the financial statements that could remain undetected, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the governmental activities, business-type activities, each major fund, the budgetary comparison for the general fund and major special revenue funds and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance 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 non major governmental fund of the City, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for major capital project fund, proprietary funds and all nonmajor funds for the year then ended, in accordance with accounting principles generally accepted in the United States of America..

Other Matters

Required Supplementary Information

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

Other Information

We were engaged for the purpose of forming opinions on the financial statements the combining and individual fund financial statements, and the budgetary comparisons that collectively comprise the City of Santa Rosa's basic financial statements. However, the scope of our audit of the financial statements was not sufficient to enable us to express an opinion because of the reasons described above and accordingly we did not express an opinion on such financial statements. The Schedule of Expenditures of federal awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, introductory and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. Because of the significance of the matter discussed above, it is inappropriate to and we do not express an opinion on the Schedule of Expenditures and other schedules required by 2.2.2 NMAC referred to above.

The introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2013, on our consideration of the City of Santa Rosa'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Santa Rosa's internal control over financial reporting and compliance.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
December 31, 2013

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

STATE OF NEW MEXICO
City of Santa Rosa
Statement of Net Position
June 30, 2013

Exhibit A-1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 930,930	\$ 897,537	\$ 1,828,467
Accounts and taxes receivable		123,140	123,140
Internal balances	<u>189,165</u>	<u>(189,165)</u>	
Total Current Assets	<u>1,120,095</u>	<u>831,512</u>	<u>1,951,607</u>
Noncurrent Assets			
Restricted Assets (Cash)			
Customer meter deposits		85,984	85,984
Repair and replacement		65,493	65,493
Sewer capital reserve		<u>107,776</u>	<u>107,776</u>
Total Restricted Cash	<u>-</u>	<u>259,253</u>	<u>259,253</u>
Capital Assets	42,898,487	9,300,103	52,198,590
Less: accumulated depreciation	<u>(17,321,761)</u>	<u>(3,934,210)</u>	<u>(21,255,971)</u>
Total Capital Assets	<u>25,576,726</u>	<u>5,365,893</u>	<u>30,942,619</u>
Total Noncurrent Assets	<u>25,576,726</u>	<u>5,625,146</u>	<u>31,201,872</u>
<i>Total Assets</i>	<u>\$ 26,696,821</u>	<u>\$ 6,456,658</u>	<u>\$ 33,153,479</u>
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 1,153	\$ 312	\$ 1,465
Accrued expenses	33,404		33,404
Accrued compensated absences	32,278	10,067	42,345
Deposits payable		85,984	85,984
Interest payable	467,491		467,491
Current portion of long-term debt	<u>327,196</u>	<u>30,250</u>	<u>357,446</u>
Total Current Liabilities	<u>861,522</u>	<u>126,613</u>	<u>988,135</u>
Noncurrent Liabilities			
Bonds payable	6,807,443	745,300	7,552,743
Accrued compensated absences	7,085		7,085
Landfill closure and post closure liabilities		1,203,394	1,203,394
Loans and notes payable	<u>1,094,285</u>	<u>19,086</u>	<u>1,113,371</u>
Total Noncurrent Liabilities	<u>7,908,813</u>	<u>1,967,780</u>	<u>9,876,593</u>
<i>Total Liabilities</i>	<u>8,770,335</u>	<u>2,094,393</u>	<u>10,864,728</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Statement of Net Position
June 30, 2013

Exhibit A-1

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Net Position			
Net investment in capital assets	17,347,802	4,571,257	21,919,059
Restricted for:			
Repair and replacement		173,269	173,269
Special revenue funds	1,562,999		1,562,999
Capital projects funds	659,514		659,514
Unrestricted	(1,643,829)	(382,261)	(2,026,090)
<i>Total Net Position</i>	17,926,486	4,362,265	22,288,751
<i>Total Liabilities and Net Position</i>	\$ 26,696,821	\$ 6,456,658	\$ 33,153,479

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, 2013

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	\$ 1,281,434	\$ 62,313	\$ 382,658	\$ 752,154
Public safety	699,508	13,071	153,366	
Public works	648,979	127,459	23,652	844,186
Culture and recreation	1,025,539	37,789	204,295	
Health and welfare	151,792	67		
Depreciation-unallocated	1,817,376			
Interest on long-term debt	<u>281,760</u>			
<i>Total governmental activities</i>	<u>5,906,388</u>	<u>240,699</u>	<u>763,971</u>	<u>1,596,340</u>
Business-type Activities:				
Water/Sewer	1,226,024	1,277,208		52,418
Solid Waste	<u>471,962</u>	<u>316,593</u>		<u>15,873</u>
<i>Total business-type activities</i>	<u>1,697,986</u>	<u>1,593,801</u>	<u>0</u>	<u>68,291</u>
<i>Total primary government</i>	<u>\$ 7,604,374</u>	<u>\$ 1,834,500</u>	<u>\$ 763,971</u>	<u>\$ 1,664,631</u>
General Revenues:				
Taxes				
Property taxes				
Franchise 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 position				
Net position beginning				
Net position, 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, 2013

Exhibit A-2

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business Type Activities	Total
Primary Government			
Governmental Activities:			
General government	\$ (84,309)	\$	\$ (84,309)
Public safety	(533,071)		(533,071)
Public works	346,318		346,318
Culture and recreation	(783,455)		(783,455)
Health and welfare	(151,725)		(151,725)
Depreciation-unallocated	(1,817,376)		(1,817,376)
Interest on long-term debt	(281,760)		(281,760)
<i>Total governmental activities</i>	<u>(3,305,378)</u>	<u>0</u>	<u>(3,305,378)</u>
Business-type Activities:			
Water/Sewer		103,602	103,602
Solid Waste		(139,496)	(139,496)
<i>Total business-type activities</i>	<u>0</u>	<u>(35,894)</u>	<u>(35,894)</u>
<i>Total primary government</i>	<u>(3,305,378)</u>	<u>(35,894)</u>	<u>(3,341,272)</u>
General Revenues:			
Taxes			
Property taxes	202,940		202,940
Franchise taxes	17,081		17,081
Gross receipts taxes	1,713,783	34,409	1,748,192
Motor vehicle taxes	17,783		17,783
Gas taxes	200,598		200,598
Lodgers taxes	444,133		444,133
Interest income	1,080	286	1,366
Miscellaneous income	63,684	50,848	114,532
Transfers net	152,239	(152,239)	0
<i>Total General Revenues and Transfers</i>	<u>2,813,321</u>	<u>(66,696)</u>	<u>2,746,625</u>
Change in net position	(492,057)	(102,590)	(594,647)
Net position beginning	<u>18,418,543</u>	<u>4,464,855</u>	<u>22,883,398</u>
Net position, ending	<u>\$ 17,926,486</u>	<u>\$ 4,362,265</u>	<u>\$ 22,288,751</u>

The accompanying notes are an integral part of these financial statements

**GOVERNMENTAL
FUND FINANCIAL STATEMENT**

STATE OF NEW MEXICO

City of Santa Rosa
Balance sheet
Governmental Funds
June 30, 2013

Exhibit B-1

	<u>General Fund</u>			
	<u>Operational Fund</u>	<u>Airport Fund</u>	<u>Golf Fund</u>	<u>Lodger's Tax Fund</u>
Current assets				
Cash and cash equivalents	\$ 124,038	\$ 837	\$ 2,096	\$ 242,988
Due from other funds	<u>86,023</u>	<u> </u>	<u> </u>	<u>1,037,748</u>
<i>Total assets</i>	<u>\$ 210,061</u>	<u>\$ 837</u>	<u>\$ 2,096</u>	<u>\$ 1,280,736</u>
Current liabilities				
Accounts payable	1,153			
Accrued salaries and wages	33,404			
Due to other funds	<u>56,999</u>	<u>4,107</u>	<u>8,613</u>	<u> </u>
<i>Total liabilities</i>	<u>91,556</u>	<u>4,107</u>	<u>8,613</u>	<u>0</u>
Fund balance				
Restricted for:				
Special revenue funds				1,280,736
Capital projects funds				
Unassigned for:				
General fund	118,505	(3,270)	(6,517)	
Special revenue funds				
Capital projects funds				
<i>Total fund balances</i>	<u>118,505</u>	<u>(3,270)</u>	<u>(6,517)</u>	<u>1,280,736</u>
<i>Total liabilities and fund balances</i>	<u>\$ 210,061</u>	<u>\$ 837</u>	<u>\$ 2,096</u>	<u>\$ 1,280,736</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit B-1

City of Santa Rosa
Balance sheet
Governmental Funds
June 30, 2013

	<u>Lodger's Tax Promotional Fund</u>	<u>ARRA WWTRE ATMENT Facility</u>	<u>Corona Lift Station</u>	<u>Lake Drive Improvement</u>
Current assets				
Cash and cash equivalents	\$	\$ 20,653	\$	\$ 5,444
Due from other funds	<u> </u>	<u>104,712</u>	<u> </u>	<u>274,156</u>
<i>Total assets</i>	<u>\$ 0</u>	<u>\$ 125,365</u>	<u>\$ 0</u>	<u>\$ 279,600</u>
Current liabilities				
Accounts payable				
Accrued salaries and wages				
Due to other funds	<u>1,036,809</u>	<u> </u>	<u>159,165</u>	<u> </u>
<i>Total liabilities</i>	<u>1,036,809</u>	<u>0</u>	<u>159,165</u>	<u>0</u>
Fund balance				
Restricted for:				
Special revenue funds				
Capital projects funds		125,365		279,600
Unassigned for:				
General fund				
Special revenue funds	(1,036,809)			
Capital projects funds	<u> </u>	<u> </u>	<u>(159,165)</u>	<u> </u>
<i>Total fund balances</i>	<u>(1,036,809)</u>	<u>125,365</u>	<u>(159,165)</u>	<u>279,600</u>
<i>Total liabilities and fund balances</i>	<u>\$ 0</u>	<u>\$ 125,365</u>	<u>\$ 0</u>	<u>\$ 279,600</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, 2013

Exhibit B-1

	<u>Other Governmental</u>	<u>Total</u>
Current assets		
Cash and cash equivalents	\$ 534,874	\$ 930,930
Due from other funds	<u>109,339</u>	<u>1,611,978</u>
<i>Total assets</i>	<u>\$ 644,213</u>	<u>\$ 2,542,908</u>
Current liabilities		
Accounts payable		1,153
Accrued salaries and wages		33,404
Due to other funds	<u>157,120</u>	<u>1,422,813</u>
<i>Total liabilities</i>	<u>157,120</u>	<u>1,457,370</u>
Fund balance		
Restricted for:		
Special revenue funds	282,263	1,562,999
Capital projects funds	254,549	659,514
Unassigned for:		
General fund		108,718
Special revenue funds		(1,036,809)
Capital projects funds	<u>(49,719)</u>	<u>(208,884)</u>
<i>Total fund balances</i>	<u>487,093</u>	<u>1,085,538</u>
<i>Total liabilities and fund balances</i>	<u>\$ 644,213</u>	<u>\$ 2,542,908</u>

STATE OF NEW MEXICO
City of Santa Rosa
Reconciliation of the Balance Sheet-Governmental Funds to the
Statement of Net Position
June 30, 2013

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

Fund balances - total governmental funds	\$ 1,085,538
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	25,576,726
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	(467,491)
Accrued compensated absences	(39,363)
Bond payable	(7,030,683)
Loans payable	<u>(1,198,241)</u>
Total net position of governmental activities	<u>\$ 17,926,486</u>

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, 2013

	<u>General Fund</u>			
	<u>Operational Fund</u>	<u>Airport Fund</u>	<u>Golf Fund</u>	<u>Lodger's Tax Fund</u>
Revenues				
Property taxes	\$ 202,940	\$	\$	\$
Lodgers taxes				444,133
Franchise taxes	17,081			
Gross receipts taxes	1,713,783			
MVD taxes	16,783			
Gas taxes				
Charges for services	55,347	38,308	16,197	
Licenses and permits	22,975			
Fines and forfeitures	39,316			2,360
Local grants	147,154			
State grants	191,785			3,000
Federal grants				
Interest income	40	1		666
Miscellaneous	<u>37,811</u>	<u>1</u>	<u>30</u>	<u>666</u>
<i>Total revenues</i>	<u>2,445,015</u>	<u>38,309</u>	<u>16,227</u>	<u>450,159</u>
Expenditures				
Current				
General government	948,046	351	235	
Public safety	565,183		70	
Public works	121,365	73,881	2,450	
Culture and recreation	669,827		61,106	5,822
Health and welfare	22,987			4
Capital outlay	20,000			
Debt service				
Principal	241,482			
Interest	<u>11,878</u>	<u>1</u>	<u>30</u>	<u>666</u>
<i>Total expenditures</i>	<u>2,600,768</u>	<u>74,232</u>	<u>63,861</u>	<u>5,826</u>
Excess (deficiency) of revenues over expenditures	<u>(155,753)</u>	<u>(35,923)</u>	<u>(47,634)</u>	<u>444,333</u>
Other financing sources (uses)				
Transfers in	18,689	18,000	46,661	
Transfers out	<u>(71,490)</u>	<u>18,000</u>	<u>46,661</u>	<u>(249,934)</u>
<i>Total other financing sources (uses)</i>	<u>(52,801)</u>	<u>18,000</u>	<u>46,661</u>	<u>(249,934)</u>
<i>Net change in fund balance</i>	(208,554)	(17,923)	(973)	194,399
<i>Fund balance - beginning of year</i>	<u>327,059</u>	<u>14,653</u>	<u>(5,544)</u>	<u>1,086,337</u>
<i>Fund balance - end of year</i>	<u>\$ 118,505</u>	<u>\$ (3,270)</u>	<u>\$ (6,517)</u>	<u>\$ 1,280,736</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, 2013

	<u>Lodgers Tax Promotional Fund</u>	<u>ARRA WWTREATM ENT Facility</u>	<u>Corona Lift Station</u>
Revenues			
Property taxes	\$	\$	\$
Lodgers taxes			
Franchise taxes			
Gross receipts taxes			
MVD taxes			
Gas taxes			
Charges for services			
Licenses and permits			
Fines and forfeitures			
Local grants			
State grants			
Federal grants		752,154	
Interest income		3	
Miscellaneous			
<i>Total revenues</i>	<u>0</u>	<u>752,157</u>	<u>0</u>
Expenditures			
Current			
General government		88,957	
Public safety			
Public works			
Culture and recreation	215,179		
Health and welfare			
Capital outlay		669,328	
Debt service			
Principal			
Interest			
<i>Total expenditures</i>	<u>215,179</u>	<u>758,285</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>(215,179)</u>	<u>(6,128)</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>
<i>Net change in fund balance</i>	(215,179)	(6,128)	
<i>Fund balance - beginning of year</i>	<u>(821,630)</u>	<u>131,493</u>	<u>(159,165)</u>
<i>Fund balance - end of year</i>	<u>\$ (1,036,809)</u>	<u>\$ 125,365</u>	<u>\$ (159,165)</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, 2013

	Lake Drive Improvement	Other Governmental Funds	Total
Revenues			
Property taxes	\$	\$	\$ 202,940
Lodgers taxes			444,133
Franchise taxes			17,081
Gross receipts taxes			1,713,783
MVD taxes		1,000	17,783
Gas taxes		200,598	200,598
Charges for services		17,396	127,248
Licenses and permits		48,799	71,774
Fines and forfeitures			41,676
Local grants		31,915	179,069
State grants	166,691	663,322	1,024,798
Federal grants		404,291	1,156,445
Interest income	1	369	1,080
Miscellaneous		25,843	63,684
<i>Total revenues</i>	<u>166,692</u>	<u>1,393,533</u>	<u>5,262,092</u>
Expenditures			
Current			
General government		237,821	1,275,410
Public safety		134,255	699,508
Public works	32,051	419,232	648,979
Culture and recreation		73,605	1,025,539
Health and welfare		128,801	151,792
Capital outlay	166,691	394,257	1,250,276
Debt service			
Principal		78,545	320,027
Interest		193,409	205,287
<i>Total expenditures</i>	<u>198,742</u>	<u>1,659,925</u>	<u>5,576,818</u>
Excess (deficiency) of revenues over expenditures	<u>(32,050)</u>	<u>(266,392)</u>	<u>(314,726)</u>
Other financing sources (uses)			
Transfers in		516,859	600,209
Transfers out		(126,546)	(447,970)
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>390,313</u>	<u>152,239</u>
<i>Net change in fund balance</i>	(32,050)	123,921	(162,487)
<i>Fund balance - beginning of year</i>	<u>311,650</u>	<u>363,172</u>	<u>1,248,025</u>
<i>Fund balance - end of year</i>	<u>\$ 279,600</u>	<u>\$ 487,093</u>	<u>\$ 1,085,538</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, 2013

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

Net change in fund balances - total governmental funds	\$ (162,487)
--	--------------

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	1,250,276
Depreciation expense	(1,817,376)

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 position. 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:

Principal payments on loans and capital leases payable	320,027
Decrease in accrued interest payable	(76,473)
Increase in accrued compensated absence	<u>(6,024)</u>

Change in net position of governmental activities	<u><u>\$ (492,057)</u></u>
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STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Property taxes	\$ 200,000	\$ 200,000	\$ 202,940	\$ 2,940
Franchise taxes	17,000	17,000	17,081	81
Gross receipts taxes	1,753,475	1,753,475	1,713,783	(39,692)
MVD taxes	12,000	12,000	11,608	(392)
Charges for services	54,400	54,400	35,814	(18,586)
Licenses and permits	7,650	7,650	7,510	(140)
Fines and forfeitures	47,800	47,800	38,566	(9,234)
Local sources	9,500	9,500	4,213	(5,287)
State grants	60,999	52,000	192,598	140,598
Federal grants	46,394	46,394		(46,394)
Interest income	100	100	40	(60)
Miscellaneous	764,800	764,800	214,566	(550,234)
<i>Total revenues</i>	<u>2,974,118</u>	<u>2,965,119</u>	<u>2,438,719</u>	<u>(526,400)</u>
Expenditures:				
Current:				
General government	1,282,859	1,284,859	1,189,665	95,194
Public safety	811,748	809,748	729,355	80,393
Public works	123,975	123,975	111,727	12,248
Culture and recreation	449,172	449,172	427,810	21,362
Miscellaneous	77,019	77,019	55,000	22,019
<i>Total expenditures</i>	<u>2,744,773</u>	<u>2,744,773</u>	<u>2,513,557</u>	<u>231,216</u>
Excess (deficiency) of revenues over expenditures	<u>229,345</u>	<u>220,346</u>	<u>(74,838)</u>	<u>(295,184)</u>
Other financing sources (uses)				
Designated cash	(62,082)	(23,523)		23,523
Transfers in		8	8	
Transfers (out)	(167,263)	(196,831)	(71,490)	125,341
<i>Total other financing sources (uses)</i>	<u>(229,345)</u>	<u>(220,346)</u>	<u>(71,482)</u>	<u>148,864</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	(146,320)	(146,320)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Fund balances - beginning of year</i>	0	0	(117,798)	(117,798)
<i>Fund balances - end of year</i>	\$ 0	\$ 0	(264,118)	\$ (264,118)
Reconciliation to GAAP Basis:				
Net change in fund balances			(146,320)	
Revenue accruals			24,977	
Expenditure accruals			(87,211)	
Net change in fund balances - GAAP basis			\$ (208,554)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
Charges for services	41,740	41,740	38,308	(3,432)
State grants	5,000	5,000		(5,000)
Interest income	10	10	1	(9)
<i>Total revenues</i>	<u>46,750</u>	<u>46,750</u>	<u>38,309</u>	<u>(8,441)</u>
Expenditures:				
Current:				
General government	302	500	351	149
Public safety	302	500		500
Public works	45,196	74,721	71,142	3,579
<i>Total expenditures</i>	<u>45,800</u>	<u>75,721</u>	<u>71,493</u>	<u>4,228</u>
Excess (deficiency) of revenues over expenditures	<u>950</u>	<u>(28,971)</u>	<u>(33,184)</u>	<u>(4,213)</u>
Other financing sources (uses)				
Designated cash	(950)	10,971		(10,971)
Transfers in		18,000	18,000	
<i>Total other financing sources (uses)</i>	<u>(950)</u>	<u>28,971</u>	<u>18,000</u>	<u>(10,971)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(15,184)	(15,184)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>8,966</u>	<u>8,966</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(6,218)</u>	<u>\$ (6,218)</u>
Reconciliation to GAAP Basis:			(15,184)	
Revenue accruals				
Expenditure accruals			(2,739)	
Net change in fund balances - GAAP basis			<u>\$ (17,923)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	(Unfavorable)
				Final to Actual
Revenues:				
Charges for services	22,100	22,100	16,197	(5,903)
Interest income	10	10		(10)
Miscellaneous			30	30
<i>Total revenues</i>	<u>22,110</u>	<u>22,110</u>	<u>16,227</u>	<u>(5,883)</u>
Expenditures:				
Current:				
General government			235	(235)
Public safety	1,339	2,932	70	2,862
Public works			2,450	(2,450)
Culture and recreation	54,429	60,929	61,106	(177)
<i>Total expenditures</i>	<u>55,768</u>	<u>63,861</u>	<u>63,861</u>	
Excess (deficiency) of revenues over expenditures	<u>(33,658)</u>	<u>(41,751)</u>	<u>(47,634)</u>	<u>(5,883)</u>
Other financing sources (uses)				
Designated cash	(6,342)	(4,910)		4,910
Transfers in	40,000	46,661	46,661	
<i>Total other financing sources (uses)</i>	<u>33,658</u>	<u>41,751</u>	<u>46,661</u>	<u>4,910</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	(973)	(973)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(5,544)</u>	<u>(5,544)</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(6,517)</u>	<u>\$ (6,517)</u>
Reconciliation to GAAP Basis:			(973)	
Revenue accruals				
Expenditure accruals				
Net change in fund balances - GAAP basis			<u>\$ (973)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
Lodgers taxes	\$ 415,000	\$ 415,000	\$ 444,133	\$ 29,133
Miscellaneous	800	3,800	6,026	2,226
<i>Total revenues</i>	415,800	418,800	450,159	31,359
Expenditures:				
Current:				
Culture and recreation	7,000	7,000	5,822	1,178
Health and Welfare			4	(4)
<i>Total expenditures</i>	7,000	7,000	5,826	1,174
Excess (deficiency) of revenues over expenditures	408,800	411,800	444,333	32,533
Other financing sources (uses)				
Designated cash	(128,800)	(131,800)		131,800
Transfers (out)	(280,000)	(280,000)	(249,933)	30,067
<i>Total other financing sources (uses)</i>	(408,800)	(411,800)	(249,933)	161,867
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	194,400	194,400
<i>Fund balances - beginning of year</i>	0	0	(393,753)	(393,753)
<i>Fund balances - end of year</i>	\$ 0	\$ 0	(199,353)	\$ (199,353)
Reconciliation to GAAP Basis:			194,400	
Revenue accruals				
Expenditure accruals			(1)	
Net change in fund balances - GAAP basis			\$ 194,399	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	(Unfavorable) Final to Actual
Revenues:				
<i>Total revenues</i>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
Expenditures:				
Current:				
Culture and recreation	<u>200,000</u>	<u>219,000</u>	<u>215,179</u>	<u>3,821</u>
<i>Total expenditures</i>	<u>200,000</u>	<u>219,000</u>	<u>215,179</u>	<u>3,821</u>
Excess (deficiency) of revenues over expenditures	<u>(200,000)</u>	<u>(219,000)</u>	<u>(215,179)</u>	<u>3,821</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u>200,000</u>	<u>219,000</u>	<u> </u>	<u>(219,000)</u>
<i>Total other financing sources (uses)</i>	<u>200,000</u>	<u>219,000</u>	<u>0</u>	<u>(219,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>0</u>	<u>0</u>	<u>(215,179)</u>	<u>(215,179)</u>
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(821,631)</u>	<u>(821,631)</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(1,036,810)</u>	<u>\$ (1,036,810)</u>
Reconciliation to GAAP Basis:			(215,179)	
Revenue accruals			0	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			<u>\$ (215,179)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-1

City of Santa Rosa
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Water/Sewer Fund</u>	<u>Solid Waste Fund</u>	
Assets			
<i>Current assets</i>			
Cash	\$ 875,840	\$ 21,697	\$ 897,537
Accounts receivable	94,530	28,610	123,140
Due from other funds	<u>54,803</u>	<u> </u>	<u>54,803</u>
<i>Total current assets</i>	<u>1,025,173</u>	<u>50,307</u>	<u>1,075,480</u>
<i>Restricted Assets (Cash)</i>			
Customer meter deposits	85,984		85,984
Repair and replacement	65,493		65,493
Sewer Capital Reserve	<u>107,776</u>	<u> </u>	<u>107,776</u>
<i>Total Restricted Assets (Cash)</i>	<u>259,253</u>	<u>0</u>	<u>259,253</u>
<i>Noncurrent assets</i>			
Land	158,559		158,559
Equipment	124,313	18,931	143,244
Heavy equipment		847,424	847,424
Vehicles	258,298	20,994	279,292
Plant	7,147,281	420,142	7,567,423
Buildings	264,461	39,700	304,161
Less: accumulated depreciation	<u>(3,226,405)</u>	<u>(707,805)</u>	<u>(3,934,210)</u>
<i>Total noncurrent assets</i>	<u>4,726,507</u>	<u>639,386</u>	<u>5,365,893</u>
<i>Total Assets</i>	<u>\$ 6,010,933</u>	<u>\$ 689,693</u>	<u>\$ 6,700,626</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-1

City of Santa Rosa
Statement of Net Position
Proprietary Funds
June 30, 2013

Liabilities and Net Position

Liabilities

Current liabilities

Accounts payable	\$ 312	\$		\$ 312
Deposits payable	85,984			85,984
Current revenue bond payable	12,000			12,000
Current maturity of notes payable			18,250	18,250
Due to other funds	230,055		13,913	243,968
Accrued compensated absences	<u>3,284</u>		<u>6,783</u>	<u>10,067</u>
<i>Total current liabilities</i>	<u>331,635</u>		<u>38,946</u>	<u>370,581</u>

Noncurrent liabilities

Revenue bonds payable	745,300			745,300
Notes payable			19,086	19,086
Landfill closure and post closure liabilities			<u>1,203,394</u>	<u>1,203,394</u>
<i>Total noncurrent liabilities</i>	<u>745,300</u>		<u>1,222,480</u>	<u>1,967,780</u>

Total liabilities

	<u>1,076,935</u>	\$		<u>1,261,426</u>	\$		<u>2,338,361</u>
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Net Position

Net investment in capital assets	3,969,207		620,300	4,589,507
Restricted for repair and replacement	173,269		0	173,269
Unrestricted	<u>791,522</u>		<u>(1,192,033)</u>	<u>(400,511)</u>
<i>Total net position</i>	<u>4,933,998</u>		<u>(571,733)</u>	<u>4,362,265</u>

Total Liabilities and Net Position

	<u>\$ 6,010,933</u>	\$		<u>689,693</u>	\$		<u>6,700,626</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 Position

Proprietary Funds

For the Year Ended June 30, 2013

	<u>Enterprise Funds</u>		
	<u>Water/Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ <u>1,277,208</u>	\$ <u>316,593</u>	\$ <u>1,593,801</u>
<i>Total operating revenues</i>	<u>1,277,208</u>	<u>316,593</u>	<u>1,593,801</u>
Operating expenses:			
Personnel services	413,566	124,187	537,753
Maintenance and operations	569,354	288,928	858,282
Depreciation	<u>226,068</u>	<u>55,505</u>	<u>281,573</u>
<i>Total operating expenses</i>	<u>1,208,988</u>	<u>468,620</u>	<u>1,677,608</u>
<i>Operating income (loss)</i>	<u>68,220</u>	<u>(152,027)</u>	<u>(83,807)</u>
Non-Operating revenues (expenses):			
Interest income	279	7	286
State grant	52,418	15,873	68,291
Environmental gross receipts		34,409	34,409
Interest expense	(17,036)	(3,342)	(20,378)
Miscellaneous income	<u>30,142</u>	<u>20,706</u>	<u>50,848</u>
<i>Total non-operating revenues (expenses)</i>	<u>65,803</u>	<u>67,653</u>	<u>133,456</u>
Income (loss) before transfers	134,023	(84,374)	49,649
Other financing source (uses)			
Transfers In	72,324	7,383	79,707
Transfers (out)	<u>(224,563)</u>	<u>(7,383)</u>	<u>(231,946)</u>
<i>Total other financing sources (uses)</i>	<u>(152,239)</u>	<u>0</u>	<u>(152,239)</u>
<i>Change in net position</i>	(18,216)	(84,374)	(102,590)
<i>Net Position, beginning of year</i>	<u>4,952,214</u>	<u>(487,359)</u>	<u>4,464,855</u>
<i>Net Position, end of year</i>	<u>\$ 4,933,998</u>	<u>\$ (571,733)</u>	<u>\$ 4,362,265</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, 2013

Exhibit D-3

	<u>Water/Sewer Fund</u>	<u>Solid Waste</u>
<i>Cash flows from operating activities:</i>		
Cash received from user charges	\$ 1,286,035	\$ 320,244
Cash payments to supplies	(588,803)	(288,928)
Cash payments to employees	(413,566)	(124,187)
Internal activity	<u>26,813</u>	<u>(2,507)</u>
<i>Net cash provided (used) by operating activities</i>	<u>310,479</u>	<u>(95,378)</u>
<i>Cash flows from noncapital financing activities:</i>		
Miscellaneous income	30,142	20,706
Cash received from state grants	52,418	15,873
Environmental gross receipts	<u> </u>	<u>34,409</u>
<i>Net cash provided (used) by noncapital financing activities</i>	<u>82,560</u>	<u>70,988</u>
<i>Cash flows from capital and related financing activities:</i>		
Acquisition of capital assets		(11,292)
Operating transfers	(152,239)	
Interest expenses	(17,036)	(3,342)
Deposits payable	9,035	
Loan / Bond Payments	(12,000)	(17,434)
Interest income	<u>279</u>	<u>7</u>
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(171,961)</u>	<u>(32,061)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	<u>221,078</u>	<u>(56,451)</u>
<i>Cash and cash equivalents - beginning of year</i>	914,015	78,148
<i>Cash and cash equivalents - end of year</i>	<u>\$ 1,135,093</u>	<u>\$ 21,697</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>		
Operating income (loss)	\$ 68,220	\$ (152,027)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	226,068	55,505
Changes in assets and liabilities		
Receivables	8,827	3,651
Internal activity	26,813	(2,507)
Accounts payable	(29,836)	
Prepaid expenses	<u>10,387</u>	<u> </u>
<i>Net cash provided (used) by operating activities</i>	<u>\$ 310,479</u>	<u>\$ (95,378)</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, 2013

Exhibit D-3

	Total
<i>Cash flows from operating activities:</i>	
Cash received from user charges	\$ 1,606,279
Cash payments to supplies	(877,731)
Cash payments to employees	(537,753)
Internal activity	24,306
<i>Net cash provided (used) by operating activities</i>	215,101
<i>Cash flows from noncapital financing activities:</i>	
Miscellaneous income	50,848
Cash received from state grants	68,291
Environmental gross receipts	34,409
<i>Net cash provided (used) by noncapital financing activities</i>	153,548
<i>Cash flows from capital and related financing activities:</i>	
Acquisition of capital assets	(11,292)
Operating transfers	(152,239)
Interest expenses	(20,378)
Deposits payable	9,035
Loan / Bond Payments	(29,434)
Interest income	286
<i>Net cash provided (used) by capital and related financing activities</i>	(204,022)
<i>Net increase (decrease) in cash and cash equivalents</i>	164,627
<i>Cash and cash equivalents - beginning of year</i>	992,163
<i>Cash and cash equivalents - end of year</i>	\$ 1,156,790
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>	
Operating income (loss)	\$ (83,807)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	281,573
Changes in assets and liabilities	
Receivables	12,478
Internal activity	24,306
Accounts payable	(29,836)
Prepaid expenses	10,387
<i>Net cash provided (used) by operating activities</i>	\$ 215,101

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, 2013

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 and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures that do not conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements and proprietary funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance. 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 Statements No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) 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 Position 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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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.

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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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:

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.

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).

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).

ARRA Waste Water Treatment Facility Fund - 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.

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 residential."

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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments: The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the Statement of Cash Flows, the City considers all highly liquid investments including restricted cash assets to be cash equivalents. State statutes authorize the City to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the City are reported at cost.

Receivables and Payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds 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, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position 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, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position 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 position. 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 position. 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, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position 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 Position: Net Position represent the difference between assets and liabilities. Net position investment 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 position investment in capital assets, excludes unspent debt proceeds. Net position 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 position that do not meet the definition of “restricted” or “net investment in capital assets” are included in unrestricted Net position.

The government-wide statement of net assets reports \$2,395,782 of restricted net assets, of which \$659,514 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, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position 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, 2013.

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, 2013

NOTE 3. Deposits and Investments (continued)

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

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

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

	Wells Fargo Bank	First Community Bank	Total
Amount of Deposits	\$ 2,168,354	\$ 340,275	\$ 2,508,629
FDIC Coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(500,000)</u>
Total uninsured public funds	<u>1,918,354</u>	<u>90,275</u>	<u>2,008,629</u>
Collateral requirement (50%)	959,177	45,138	1,004,315
Pledged collateral	<u>904,381</u>	<u>108,880</u>	<u>1,013,261</u>
(Over)/under collateralized	<u>\$ 54,796</u>	<u>\$ (63,742)</u>	<u>\$ (8,946)</u>
Custodial Credit Risk Deposits Account			
Balance	\$ 2,508,629		
FDIC Insured	500,000		
Collateral:			
Collateral held by pledging institutions or by its trust department or agent in other than the City's name	1,013,261		
Uninsured and uncollateralized	<u>995,368</u>		
Total Deposits	<u>\$ 2,508,629</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, 2013, \$995,368 of the City's bank balance of \$2,508,629 was exposed to custodial credit risk.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 4. Receivables

Accounts receivable at June 30, 2013, consisted of the following:

<u>Governmental Activities</u>	<u>Proprietary Funds</u>	<u>Total Primary Government</u>
State of New Mexico		
Other accounts receivables:	\$ <u>123,140</u>	\$ <u>123,140</u>
Totals	\$ <u><u>123,140</u></u>	\$ <u><u>123,140</u></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	\$ 18,689	\$ 71,490
Airport Fund	18,000	
Golf Fund	46,661	
Lodger's Tax Fund		249,934
Non-Major Governmental Funds	<u>516,859</u>	<u>126,546</u>
Total Governmental Activities	<u>600,209</u>	<u>447,970</u>
Business Type Activities:		
Solid Waste Fund	7,383	7,383
Water/Sewer Funds	<u>72,324</u>	<u>224,563</u>
Total Business Type Activities	<u>79,707</u>	<u>231,946</u>
Total Primary Government	<u><u>\$ 679,916</u></u>	<u><u>\$ 679,916</u></u>

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

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

Receivables and payables from interfund transactions as of June 30, 2013 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	\$ 86,023	Operational Fund	\$ 56,999
Lodger's Tax Fund	1,037,748	Airport Fund	4,107
ARRA Waste Water Treatment	104,712	Golf Fund	8,613
Lake Drive Improvement	274,156	Lodger's Tax Promotional Fund	1,036,809
Non-Major Governmental Funds	109,339	Corona Lift Station Fund	159,165
Waste/Sewer Fund	54,803	Non-Major Governmental Funds	157,120
		Waste/Sewer Fund	230,055
		Solid Waste Fund	<u>13,913</u>
Total	<u>\$1,666,781</u>		<u>\$1,666,781</u>

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2013 follows. Land is not subject to depreciation.

Governmental Activities:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</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	16,373,332	1,213,874		17,587,206
Airport	4,207,959			4,207,959
Street improvements	9,880,755	8,952		9,889,707
Vehicles & equipment	<u>4,173,346</u>	<u>27,450</u>	_____	<u>4,200,796</u>
Total capital assets being depreciated:	<u>39,960,066</u>	<u>1,250,276</u>	<u>0</u>	<u>41,210,342</u>
Total capital assets	<u>41,648,211</u>	<u>1,250,276</u>	<u>0</u>	<u>42,898,487</u>
Less: accumulated depreciation:				
Total accumulated depreciation:	<u>15,504,385</u>	<u>1,817,376</u>	<u>0</u>	<u>17,321,761</u>
Capital assets, net	<u>\$ 26,143,826</u>	<u>\$ (567,100)</u>	<u>\$ 0</u>	<u>\$ 25,576,726</u>

Depreciation expense, in the amount of \$1,817,376, for the year ended June 30, 2013 was unallocated by function.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 6. Capital Assets (continued)

Business Type-Activities:

	Balance <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>
Capital assets, not being depreciated:				
Land	\$ <u>158,559</u>	\$ _____	\$ _____	\$ <u>158,559</u>
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	304,161			304,161
Equipment	143,244			143,244
Heavy equipment	847,424			847,424
Vehicles	268,000	11,292		279,292
Plant	<u>7,567,423</u>	_____	_____	<u>7,567,423</u>
Total business type assets	<u>9,130,252</u>	<u>11,292</u>	<u>0</u>	<u>9,141,544</u>
Total capital assets	<u>9,288,811</u>	<u>11,292</u>	<u>0</u>	<u>9,300,103</u>
Less: accumulated depreciation:				
Buildings	103,204	17,370		120,574
Equipment	134,312	8,932		143,244
Heavy equipment	497,549	40,075		537,624
Vehicles	268,000	1,792		269,792
Plant	<u>2,649,572</u>	<u>213,404</u>	_____	<u>2,862,976</u>
Total accumulated depreciation:	<u>3,652,637</u>	<u>281,573</u>	<u>0</u>	<u>3,934,210</u>
Capital assets, net	<u>\$ 5,636,174</u>	<u>\$ (270,281)</u>	<u>\$ 0</u>	<u>\$ 5,365,893</u>

Depreciation expense relating to business-type activities for the year ended June 30, 2013 totaled \$281,573.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 7. Long-term Debt

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Long-Term Debt:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Current Maturities
Revenue bonds series 2006A	\$ 1,558,789	\$	\$ 79,071	\$ 1,479,718	\$ 81,892
Revenue bonds series 2006B	1,548,510		78,545	1,469,965	81,348
Revenue Bond series 2009	4,141,000		60,000	4,081,000	60,000
NMFA Loan-Fire tanker	37,836		12,394	25,442	12,607
NMFA Loan-Golf course inf imp	165,574		10,499	155,075	10,565
NMFA Loan-Asst liv facility	833,002		22,647	810,355	23,301
NMFA Loan - Fire Pumper	235,584		42,543	193,041	43,155
NMFA Loan -Police Vehicles	28,656		14,328	14,328	14,328
Compensated absences	<u>33,339</u>	<u>93,125</u>	<u>87,101</u>	<u>39,363</u>	<u>32,278</u>
Total Long-Term Debt	<u>\$ 8,582,290</u>	<u>\$ 93,125</u>	<u>\$ 407,128</u>	<u>\$ 8,268,287</u>	<u>\$ 359,474</u>

Governmental Funds-Bonds

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

Series	Maturity Date	Original Amount	Interest Rate	Balance June 30, 2013
2006 A	5/1/2027	1,942,085	3.908%	\$ 1,479,718
2006 B	5/1/2027	1,943,951	3.913%	1,469,965
2009	4/22/2050	4,261,000	2.75%	<u>4,081,000</u>
				<u>\$ 7,030,683</u>

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the governmental bonds as of June 30, 2013 including the interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2014	\$ 223,240	\$ 228,256	\$ 451,496
2015	239,152	220,660	459,812
2016	245,367	212,560	457,927
2017	251,904	204,139	456,043
2018	258,782	195,378	454,160
2019-2023	1,449,763	830,527	2,280,290
2024-2028	1,451,475	543,605	1,995,080
2029-2033	520,000	372,800	892,800
2034-2038	580,000	298,100	878,100
2039-2043	670,000	213,300	883,300
2044-2048	770,000	115,700	885,700
2049-2050	<u>371,000</u>	<u>15,900</u>	<u>386,900</u>
	<u>\$ 7,030,683</u>	<u>\$ 3,450,925</u>	<u>\$10,481,608</u>

Governmental Funds-NMFA Loans

The annual requirements to amortize the governmental long term debt to NMFA as of June 30, 2013, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2014	\$ 103,956	\$ 44,667	\$ 148,623
2015	96,383	42,801	139,184
2016	85,447	40,657	126,104
2017	87,515	38,589	126,104
2018	37,447	36,337	73,784
2019-2023	204,859	164,063	368,922
2024-2028	231,323	125,826	357,149
2029-2033	237,200	72,834	310,034
2034-2036	<u>114,111</u>	<u>9,903</u>	<u>124,014</u>
	<u>\$ 1,198,241</u>	<u>\$ 575,677</u>	<u>\$ 1,773,918</u>

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

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 bulldozer and refuse truck for the solid waste fund. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2013:

Business-Type Long-Term Debt:

	Balance June 30, 2012	<u>Additions</u>	<u>Retirements</u>	Balance June 30, 2013	Current Maturities
Revenue bonds series 2001A	\$ 221,300	\$	\$ 4,000	\$ 217,300	\$ 4,000
Revenue bonds series 2001B	173,000		3,000	170,000	3,000
Revenue bonds series 2006	375,000		5,000	370,000	5,000
NMFA Loan-Refuse Truck	54,770		17,434	37,336	18,250
Compensated absences	<u>10,067</u>	<u>22,579</u>	<u>21,207</u>	<u>11,439</u>	<u>11,439</u>
Total Long-Term Debt	<u>\$ 834,137</u>	<u>\$ 22,579</u>	<u>\$ 50,641</u>	<u>\$ 806,075</u>	<u>\$ 41,689</u>

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

<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2013</u>
2001 A	5/31/2041	256,300	4.50%	\$ 217,300
2001 B	5/31/2041	200,000	4.50%	170,000
2006	6/23/2046	400,000	4.25%	370,000
				<u>\$ 757,300</u>

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the business-type bonds as of June 30, 2013 including interest payments are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2014	\$ 12,000	\$ 17,500	\$ 29,500
2015	12,000	17,200	29,200
2016	15,000	16,900	31,900
2017	15,000	16,400	31,400
2018	15,000	16,100	31,100
2019-2023	85,000	74,100	159,100
2024-2028	106,000	61,700	167,700
2029-2033	133,000	46,200	179,200
2034-2038	163,000	26,800	189,800
2039-2043	138,300	4,900	143,200
2044-2046	<u>63,000</u>	<u> </u>	<u>63,000</u>
	<u>\$ 757,300</u>	<u>\$ 297,800</u>	<u>\$ 1,055,100</u>

The annual requirements to amortize the business-type long term debt to NMFA as of June 30, 2013, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2014	18,250	1,764	20,014
2015	<u>19,086</u>	<u>906</u>	<u>19,992</u>
	<u>\$ 37,336</u>	<u>\$ 2,670</u>	<u>\$ 40,006</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, 2013 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, 2013

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, 2013 were as follows

Golf Fund	\$	6,517
Airport Fund		3,270
Lodgers Tax Promotional Fund		1,036,809
Airport Construction Fund		590
Los Amigo's fund		35,957
Scenic By Way Fund		13,172
Corona Lift Station		159,165

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

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, 2013, 2012 and 2011 were \$131,770, \$141,604 and \$136,664, 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, 2013

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, 2013, 2012, and 2011, City of Santa Rosa remitted \$25,150, \$24,865, and \$22,354 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, 2013

NOTE 15. Subsequent Accounting Standard Pronouncements

The GASB issued Statement No. 65, 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, 2012. 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. The City has implemented this standard for the year ending June 30, 2013.

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.

In June 2012, Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25*, which is effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The City is still evaluating how this reporting standard will affect the reporting entity.

STATE OF NEW MEXICO
City of Santa Rosa
Notes to Financial Statements
June 30, 2013

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.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, which is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively.

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The City is still evaluating how this reporting standard will affect the reporting entity.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUND

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Fund Descriptions
June 30, 2013

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)

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)

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

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

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)

GASOLINE TAX STREET 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).

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, 2013

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).

CHILE PEPPER RALLY & FESTIVAL - To account for the purpose of an annual Special Event.

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, 2013

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.

YCC GRANT FUND - To account for funds received for the purpose of promoting the education, success and wellbeing of the youth of New Mexico.

ILFELD PROJECT FUND - To account for renovation of the Ilfeld Building.

BH ROAD & DRAINAGE IMP - To account for the upgrade of the road and drainage.

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

Statement A-1

	Special Revenue Fund				
	Local Gov Correction Fund	Emergency Medical Service	Fire Protection Fund	Senior Citizens Nutrition	Law Enforcement Protection
Current assets					
Cash and cash equivalents	\$ 657	\$	\$ 41,746	\$ 15,137	\$
Due from other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 657</u>	<u>\$ 0</u>	<u>\$ 41,746</u>	<u>\$ 15,137</u>	<u>\$ 0</u>
Current liabilities					
Due to other funds	<u>5</u>	<u> </u>	<u> </u>	<u>5</u>	<u> </u>
<i>Total liabilities</i>	<u>5</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>0</u>
Fund balance					
Restricted for:					
Special revenue funds	652		41,746	15,132	
Capital projects funds					
Unassigned for:					
Capital projects funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>652</u>	<u>0</u>	<u>41,746</u>	<u>15,132</u>	<u>0</u>
<i>Total liabilities and fund balances</i>	<u>\$ 657</u>	<u>\$ 0</u>	<u>\$ 41,746</u>	<u>\$ 15,137</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, 2013

Statement A-1

	Special Revenue Fund			
	Blue Hole Diving Facility	Moise Memorial Library	Gasoline Tax Street Fund	Recreation Fund
Current assets				
Cash and cash equivalents	\$ 41	\$ 37,168	\$ 105,870	\$ 825
Due from other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 41</u>	<u>\$ 37,168</u>	<u>\$ 105,870</u>	<u>\$ 825</u>
Current liabilities				
Due to other funds	<u> </u>	<u> </u>	<u>45,000</u>	<u> </u>
<i>Total liabilities</i>	<u>0</u>	<u>0</u>	<u>45,000</u>	<u>0</u>
Fund balance				
Restricted for:				
Special revenue funds	41	37,168	60,870	825
Capital projects funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unassigned for:				
Capital projects funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>41</u>	<u>37,168</u>	<u>60,870</u>	<u>825</u>
<i>Total liabilities and fund balances</i>	<u>\$ 41</u>	<u>\$ 37,168</u>	<u>\$ 105,870</u>	<u>\$ 825</u>

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

Statement A-1

	Special Revenue Fund			
	EMS, Fire & Rescue Fund	Tourism / Convention Center	Chile Pepper Rally & Festival	Mainstreet Fund
Current assets				
Cash and cash equivalents	\$ 15,834	\$ 87,906	\$ 12,005	\$ 10,084
Due from other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 15,834</u>	<u>\$ 87,906</u>	<u>\$ 12,005</u>	<u>\$ 10,084</u>
Current liabilities				
Due to other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u> 0</u>	<u> 0</u>	<u> 0</u>	<u> 0</u>
Fund balance				
Restricted for:				
Special revenue funds	15,834	87,906	12,005	10,084
Capital projects funds				
Unassigned for:				
Capital projects funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>15,834</u>	<u>87,906</u>	<u>12,005</u>	<u>10,084</u>
<i>Total liabilities and fund balances</i>	<u>\$ 15,834</u>	<u>\$ 87,906</u>	<u>\$ 12,005</u>	<u>\$ 10,084</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, 2013

Statement A-1

Capital Project Fund

	<u>YCC Grant</u>	<u>River Road Drainage Fund</u>	<u>Blue Hole Improvement</u>	<u>Park Renovation</u>
Current assets				
Cash and cash equivalents	\$ 1,675	\$ 18,446	\$ 360	\$ 13,127
Due from other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 1,675</u>	<u>\$ 18,446</u>	<u>\$ 360</u>	<u>\$ 13,127</u>
Current liabilities				
Due to other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance				
Restricted for:				
Special revenue funds				
Capital projects funds	1,675	18,446	360	13,127
Unassigned for:				
Capital projects funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>1,675</u>	<u>18,446</u>	<u>360</u>	<u>13,127</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,675</u>	<u>\$ 18,446</u>	<u>\$ 360</u>	<u>\$ 13,127</u>

STATE OF NEW MEXICO
City of Santa Rosa
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

Statement A-1

	Capital Project Fund			
	Power Dam Improvements Fund	Airport Construction Fund	CDBG Economic Dev Grant Dive Center Fund	Downtown Improvements
Current assets				
Cash and cash equivalents	\$ 11,368	\$	\$ 10,754	\$ 14,925
Due from other funds	<u> </u>	<u>349</u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 11,368</u>	<u>\$ 349</u>	<u>\$ 10,754</u>	<u>\$ 14,925</u>
Current liabilities				
Due to other funds	<u> </u>	<u>939</u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>0</u>	<u>939</u>	<u>0</u>	<u>0</u>
Fund balance				
Restricted for:				
Special revenue funds				
Capital projects funds	11,368		10,754	14,925
Unassigned for:				
Capital projects funds	<u> </u>	<u>(590)</u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>11,368</u>	<u>(590)</u>	<u>10,754</u>	<u>14,925</u>
<i>Total liabilities and fund balances</i>	<u>\$ 11,368</u>	<u>\$ 349</u>	<u>\$ 10,754</u>	<u>\$ 14,925</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, 2013

Statement A-1

	Capital Project Fund			
	Culture Corridors Project Fund	2007 Map Project	Planning Grant Comp Master Plan Fund	Eddy Ave & 8th Street Fund
Current assets				
Cash and cash equivalents	\$ 6,243	\$ 1,387	\$	\$
Due from other funds	<u> </u>	<u> </u>	<u>11,000</u>	<u> </u>
<i>Total assets</i>	<u>\$ 6,243</u>	<u>\$ 1,387</u>	<u>\$ 11,000</u>	<u>\$ 0</u>
Current liabilities				
Due to other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance				
Restricted for:				
Special revenue funds				
Capital projects funds	6,243	1,387	11,000	
Unassigned for:				
Capital projects funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>6,243</u>	<u>1,387</u>	<u>11,000</u>	<u>0</u>
<i>Total liabilities and fund balances</i>	<u>\$ 6,243</u>	<u>\$ 1,387</u>	<u>\$ 11,000</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, 2013

Statement A-1

Capital Project Fund

	<u>Los Amigos</u>	<u>CDBG 2ND Street</u>	<u>Scenic By Way Fund</u>	<u>Ilfeld Fund</u>
Current assets				
Cash and cash equivalents	\$ 62,033	\$ 26,445	\$ 9	\$ 25,026
Due from other funds	<u> </u>	<u>97,990</u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 62,033</u>	<u>\$ 124,435</u>	<u>\$ 9</u>	<u>\$ 25,026</u>
Current liabilities				
Due to other funds	<u>97,990</u>	<u> </u>	<u>13,181</u>	<u> </u>
<i>Total liabilities</i>	<u>97,990</u>	<u>0</u>	<u>13,181</u>	<u>0</u>
Fund balance				
Restricted for:				
Special revenue funds				
Capital projects funds		124,435		25,026
Unassigned for:				
Capital projects funds	<u>(35,957)</u>	<u> </u>	<u>(13,172)</u>	<u> </u>
<i>Total fund balances</i>	<u>(35,957)</u>	<u>124,435</u>	<u>(13,172)</u>	<u>25,026</u>
<i>Total liabilities and fund balances</i>	<u>\$ 62,033</u>	<u>\$ 124,435</u>	<u>\$ 9</u>	<u>\$ 25,026</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, 2013

Statement A-1

Capital Project Fund

	ARRA Community Outreach	SR Fish Production	BH- Road & Drainage IMP	Total
Current assets				
Cash and cash equivalents	\$ 5,000	\$	\$ 10,803	\$ 534,874
Due from other funds	<u> </u>	<u> </u>	<u> </u>	<u>109,339</u>
<i>Total assets</i>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 10,803</u>	<u>\$ 644,213</u>
Current liabilities				
Due to other funds	<u> </u>	<u> </u>	<u> </u>	<u>157,120</u>
<i>Total liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>157,120</u>
Fund balance				
Restricted for:				
Special revenue funds				282,263
Capital projects funds	5,000		10,803	254,549
Unassigned for:				
Capital projects funds	<u> </u>	<u> </u>	<u> </u>	<u>(49,719)</u>
<i>Total fund balances</i>	<u>5,000</u>	<u>0</u>	<u>10,803</u>	<u>487,093</u>
<i>Total liabilities and fund balances</i>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 10,803</u>	<u>\$ 644,213</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, 2013

Special Revenue Fund

	Local Gov Correction Fund	Emergency Medical Service	Fire Protection Fund	Senior Citizens Nutrition	Law Enforcement Protection
Revenues					
Taxes					
MVD taxes					
Gas taxes					
Charges for services	12,894			67	
Licenses and permits					
Local grants					
State grants		15,505	120,572	72,610	9,874
Federal grants				37,875	
Interest income		18	10	1	1
Miscellaneous			10	17,531	
<i>Total revenues</i>	<u>12,894</u>	<u>15,523</u>	<u>120,592</u>	<u>128,084</u>	<u>9,875</u>
Expenditures					
Current					
General government					
Public safety	23,286	17,361	81,593		9,881
Public works					
Culture and recreation					
Health and welfare			246	121,883	
Capital outlay			28,485		
Debt service					
Principal					
Interest					
<i>Total expenditures</i>	<u>23,286</u>	<u>17,361</u>	<u>110,324</u>	<u>121,883</u>	<u>9,881</u>
Excess (deficiency) of revenues over/ under expenditures	<u>(10,392)</u>	<u>(1,838)</u>	<u>10,268</u>	<u>6,201</u>	<u>(6)</u>
Other financing sources (uses)					
Transfers in	3,095			1,922	
Transfers out					
<i>Total other financing sources (uses)</i>	<u>3,095</u>	<u>0</u>	<u>0</u>	<u>1,922</u>	<u>0</u>
<i>Net change in fund balances</i>	<u>(7,297)</u>	<u>(1,838)</u>	<u>10,268</u>	<u>8,123</u>	<u>(6)</u>
<i>Fund balances - beginning of year</i>	<u>7,949</u>	<u>1,838</u>	<u>31,478</u>	<u>7,009</u>	<u>6</u>
<i>Fund balances - end of year</i>	<u>\$ 652</u>	<u>\$ 0</u>	<u>\$ 41,746</u>	<u>\$ 15,132</u>	<u>\$ 0</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, 2013

	Special Revenue Fund			
	Blue Hole Diving Facility	Moise Memorial Library	Gasoline Tax Street Fund	Recreation Fund
Revenues				
Taxes				
MVD taxes				
Gas taxes			200,598	
Charges for services				
Licenses and permits	32			
Local grants		250		
State grants		23,721	128,960	
Federal grants				
Interest income		4	8	
Miscellaneous			3,673	
<i>Total revenues</i>	32	23,975	333,239	
Expenditures				
Current				
General government		382	189,661	
Public safety		1,037	510	
Public works				
Culture and recreation		6,944		
Health and welfare		4,997		
Capital outlay		12,799	11,586	
Debt service				
Principal				
Interest				
<i>Total expenditures</i>	0	26,159	201,757	0
Excess (deficiency) of revenues over/ under expenditures	32	(2,184)	131,482	0
Other financing sources (uses)				
Transfers in				
Transfers out	(13,306)		(113,232)	
<i>Total other financing sources (uses)</i>	(13,306)	0	(113,232)	0
<i>Net change in fund balances</i>	(13,274)	(2,184)	18,250	0
<i>Fund balances - beginning of year</i>	13,315	39,352	42,620	825
<i>Fund balances - end of year</i>	\$ 41	\$ 37,168	\$ 60,870	\$ 825

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, 2013

Special Revenue Fund

	<u>EMS, Fire & Rescue Fund</u>	<u>Tourism / Convention Center</u>	<u>Chile Pepper Rally & Festival</u>	<u>Mainstreet Fund</u>
Revenues				
Taxes				
MVD taxes				1,000
Gas taxes				
Charges for services		4,035		400
Licenses and permits		21,267		
Local grants		165		6,500
State grants	7,000			
Federal grants				
Interest income	1	273	5	34
Miscellaneous				2,127
<i>Total revenues</i>	<u>7,001</u>	<u>25,740</u>	<u>5</u>	<u>10,061</u>
Expenditures				
Current				
General government				16,628
Public safety	100	487		
Public works				
Culture and recreation		53,358		13,303
Health and welfare	695			980
Capital outlay				
Debt service				
Principal		78,545		
Interest		193,409		
<i>Total expenditures</i>	<u>795</u>	<u>325,799</u>	<u>0</u>	<u>30,911</u>
Excess (deficiency) of revenues over/ under expenditures	<u>6,206</u>	<u>(300,059)</u>	<u>5</u>	<u>(20,850)</u>
Other financing sources (uses)				
Transfers in		327,229	12,000	15,000
Transfers out				
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>327,229</u>	<u>12,000</u>	<u>15,000</u>
<i>Net change in fund balances</i>	<u>6,206</u>	<u>27,170</u>	<u>12,005</u>	<u>(5,850)</u>
<i>Fund balances - beginning of year</i>	<u>9,628</u>	<u>60,736</u>	<u>0</u>	<u>15,934</u>
<i>Fund balances - end of year</i>	<u>\$ 15,834</u>	<u>\$ 87,906</u>	<u>\$ 12,005</u>	<u>\$ 10,084</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, 2013

Capital Project Fund

	<u>YCC Grant</u>	<u>River Road Drainage Fund</u>	<u>Blue Hole Improvement</u>	<u>Park Renovation Fund</u>
Revenues				
Taxes				
MVD taxes				
Gas taxes				
Charges for services				
Licenses and permits				
Local grants				
State grants	74,239			66,880
Federal grants				
Interest income	1			1
Miscellaneous				
<i>Total revenues</i>	<u>74,240</u>			<u>66,881</u>
Expenditures				
Current				
General government		31,150		
Public safety				
Public works	48,107			4,526
Culture and recreation				
Health and welfare				
Capital outlay	8,952			66,880
Debt service				
Principal				
Interest				
<i>Total expenditures</i>	<u>57,059</u>	<u>31,150</u>	<u>0</u>	<u>71,406</u>
Excess (deficiency) of revenues over/ under expenditures	<u>17,181</u>	<u>(31,150)</u>	<u>0</u>	<u>(4,525)</u>
Other financing sources (uses)				
Transfers in		49,596		17,569
Transfers out				
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>49,596</u>	<u>0</u>	<u>17,569</u>
<i>Net change in fund balances</i>	<u>17,181</u>	<u>18,446</u>	<u>0</u>	<u>13,044</u>
<i>Fund balances - beginning of year</i>	<u>(15,506)</u>	<u>0</u>	<u>360</u>	<u>83</u>
<i>Fund balances - end of year</i>	<u>\$ 1,675</u>	<u>\$ 18,446</u>	<u>\$ 360</u>	<u>\$ 13,127</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, 2013

	Capital Project Fund			
	Power Dam Improvements Fund	Airport Construction Fund	CDBG Economic Dev Grant Dive Center Fund	Downtown Improvements
Revenues				
Taxes				
MVD taxes				
Gas taxes				
Charges for services				
Licenses and permits				
Local grants				
State grants		9,085		
Federal grants		196,416		
Interest income	1	2		1
Miscellaneous				
<i>Total revenues</i>	<u>1</u>	<u>205,503</u>		<u>1</u>
Expenditures				
Current				
General government				
Public safety				
Public works		87,545		
Culture and recreation				
Health and welfare				
Capital outlay		127,357		
Debt service				
Principal				
Interest				
<i>Total expenditures</i>	<u>0</u>	<u>214,902</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over/ under expenditures	<u>1</u>	<u>(9,399)</u>	<u>0</u>	<u>1</u>
Other financing sources (uses)				
Transfers in		478		
Transfers out				
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>478</u>	<u>0</u>	<u>0</u>
<i>Net change in fund balances</i>	<u>1</u>	<u>(8,921)</u>	<u>0</u>	<u>1</u>
<i>Fund balances - beginning of year</i>	<u>11,367</u>	<u>8,331</u>	<u>10,754</u>	<u>14,924</u>
<i>Fund balances - end of year</i>	<u>\$ 11,368</u>	<u>\$ (590)</u>	<u>\$ 10,754</u>	<u>\$ 14,925</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, 2013

Capital Project Fund

	Culture Corridors Project Fund	2007 Map Project	Planning Grant Comp Master Plan Fund	Eddy Ave & 8th Street Fund
Revenues				
Taxes				
MVD taxes				
Gas taxes				
Charges for services				
Licenses and permits				
Local grants				
State grants				
Federal grants				
Interest income				
Miscellaneous	2			
<i>Total revenues</i>	<u>2</u>			
Expenditures				
Current				
General government				
Public safety				
Public works				
Culture and recreation				
Health and welfare				
Capital outlay				
Debt service				
Principal				
Interest				
<i>Total expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over/ under expenditures	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other financing sources (uses)				
Transfers in				
Transfers out			(7)	(1)
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>(7)</u>	<u>(1)</u>
<i>Net change in fund balances</i>	<u>2</u>	<u>0</u>	<u>(7)</u>	<u>(1)</u>
<i>Fund balances - beginning of year</i>	<u>6,241</u>	<u>1,387</u>	<u>11,007</u>	<u>1</u>
<i>Fund balances - end of year</i>	<u>\$ 6,243</u>	<u>\$ 1,387</u>	<u>\$ 11,000</u>	<u>\$ 0</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, 2013

Capital Project Fund

	Los Amigos Fund	CDBG 2ND Street	Scenic By Way Fund	Ilfeld Fund
Revenues				
Taxes				
MVD taxes				
Gas taxes				
Charges for services				
Licenses and permits	27,500			
Local grants				
State grants	75,388		20,303	37,185
Federal grants				170,000
Interest income	4	2		
Miscellaneous	<u>2,500</u>			
<i>Total revenues</i>	<u>105,392</u>	<u>2</u>	<u>20,303</u>	<u>207,185</u>
Expenditures				
Current				
General government				
Public safety				
Public works	81,197		8,334	68,986
Culture and recreation				
Health and welfare				
Capital outlay				138,198
Debt service				
Principal				
Interest				
<i>Total expenditures</i>	<u>81,197</u>	<u>0</u>	<u>8,334</u>	<u>207,184</u>
Excess (deficiency) of revenues over/ under expenditures	<u>24,195</u>	<u>2</u>	<u>11,969</u>	<u>1</u>
Other financing sources (uses)				
Transfers in			1,334	
Transfers out				
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>1,334</u>	<u>0</u>
<i>Net change in fund balances</i>	<u>24,195</u>	<u>2</u>	<u>13,303</u>	<u>1</u>
<i>Fund balances - beginning of year</i>	<u>(60,152)</u>	<u>124,433</u>	<u>(26,475)</u>	<u>25,025</u>
<i>Fund balances - end of year</i>	<u>\$ (35,957)</u>	<u>\$ 124,435</u>	<u>\$ (13,172)</u>	<u>\$ 25,026</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, 2013Capital Project Fund

	ARRA Community Outreach	SR Fish Production	BH- Road & Drainage IMP	Total
Revenues				
Taxes				
MVD taxes				1,000
Gas taxes				200,598
Charges for services				17,396
Licenses and permits				48,799
Local grants		25,000		31,915
State grants	2,000			663,322
Federal grants				404,291
Interest income		1	1	369
Miscellaneous				25,843
<i>Total revenues</i>	<u>2,000</u>	<u>25,001</u>	<u>1</u>	<u>1,393,533</u>
Expenditures				
Current				
General government				237,821
Public safety				134,255
Public works		67,703	52,834	419,232
Culture and recreation				73,605
Health and welfare				128,801
Capital outlay				394,257
Debt service				
Principal				78,545
Interest				193,409
<i>Total expenditures</i>	<u>0</u>	<u>67,703</u>	<u>52,834</u>	<u>1,659,925</u>
Excess (deficiency) of revenues over/ under expenditures	<u>2,000</u>	<u>(42,702)</u>	<u>(52,833)</u>	<u>(266,392)</u>
Other financing sources (uses)				
Transfers in		25,000	63,636	516,859
Transfers out				(126,546)
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>25,000</u>	<u>63,636</u>	<u>390,313</u>
<i>Net change in fund balances</i>	<u>2,000</u>	<u>(17,702)</u>	<u>10,803</u>	<u>123,921</u>
<i>Fund balances - beginning of year</i>	<u>3,000</u>	<u>17,702</u>	<u>0</u>	<u>363,172</u>
<i>Fund balances - end of year</i>	<u>\$ 5,000</u>	<u>\$ 0</u>	<u>\$ 10,803</u>	<u>\$ 487,093</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 25,000	\$ 25,000	\$ 12,894	\$ (12,106)
Miscellaneous	<u>10</u>	<u>10</u>	<u> </u>	<u>(10)</u>
<i>Total revenues</i>	<u>25,010</u>	<u>25,010</u>	<u>12,894</u>	<u>(12,116)</u>
Expenditures:				
Current:				
Public safety	<u>25,000</u>	<u>28,095</u>	<u>23,286</u>	<u>4,809</u>
<i>Total expenditures</i>	<u>25,000</u>	<u>28,095</u>	<u>23,286</u>	<u>4,809</u>
Excess (deficiency) of revenues over expenditures	<u>10</u>	<u>(3,085)</u>	<u>(10,392)</u>	<u>(7,307)</u>
Other financing sources (uses)				
Designated cash	(10)	(10)		10
Transfers in	<u> </u>	<u>3,095</u>	<u>3,095</u>	<u> </u>
<i>Total other financing sources (uses)</i>	<u>(10)</u>	<u>3,085</u>	<u>3,095</u>	<u>10</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(7,297)	(7,297)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>7,948</u>	<u>7,948</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>651</u>	<u>\$ 651</u>
Reconciliation to GAAP Basis:			(7,297)	
Revenue accruals			0	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			<u>\$ (7,297)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 15,505	\$ 15,505	\$ 15,505	\$
Interest income	<u>15</u>	<u>15</u>	<u>18</u>	<u>3</u>
<i>Total revenues</i>	<u>15,520</u>	<u>15,520</u>	<u>15,523</u>	<u>3</u>
Expenditures:				
Current:				
Public safety	<u>15,520</u>	<u>17,361</u>	<u>17,361</u>	
<i>Total expenditures</i>	<u>15,520</u>	<u>17,361</u>	<u>17,361</u>	
Excess (deficiency) of revenues over expenditures		<u>(1,841)</u>	<u>(1,838)</u>	<u>3</u>
Other financing sources (uses)				
Designated cash		<u>1,841</u>		<u>(1,841)</u>
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>1,841</u>	<u>0</u>	<u>(1,841)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	(1,838)	(1,838)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>1,838</u>	<u>1,838</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Reconciliation to GAAP Basis:			(1,838)	
Revenue accruals				
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			<u>\$ (1,838)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 145,946	\$ 145,946	\$ 145,946	\$
Interest income			10	10
Miscellaneous	2,025	2,025	10	(2,015)
<i>Total revenues</i>	147,971	147,971	145,966	(2,005)
Expenditures:				
Current:				
Public safety	84,824	97,500	77,787	19,713
Health and Welfare	434	500	398	102
Capital outlay	9,997	11,491	9,169	2,322
Debt service:				
Principal	47,794	54,937	43,830	11,107
Interest	4,922	5,657	4,514	1,143
<i>Total expenditures</i>	147,971	170,085	135,698	34,387
Excess (deficiency) of revenues over expenditures		(22,114)	10,268	32,382
Other financing sources (uses)				
Designated cash		22,114		(22,114)
<i>Total other financing sources (uses)</i>	0	22,114	0	(22,114)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>				
	0	0	10,268	10,268
<i>Fund balances - beginning of year</i>	0	0	31,478	31,478
<i>Fund balances - end of year</i>	\$ 0	\$ 0	41,746	\$ 41,746
Reconciliation to GAAP Basis:			10,268	
Revenue accruals			(25,374)	
Expenditure accruals			25,374	
Net change in fund balances - GAAP basis			\$ 10,268	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	60,001	72,110	72,610	500
Federal grants	37,709	38,717	37,875	(842)
Interest income			1	1
Miscellaneous	16,160	16,160	17,598	1,438
<i>Total revenues</i>	<u>113,870</u>	<u>126,987</u>	<u>128,084</u>	<u>1,097</u>
Expenditures:				
Current:				
Health and Welfare	136,282	136,282	121,056	15,226
<i>Total expenditures</i>	<u>136,282</u>	<u>136,282</u>	<u>121,056</u>	<u>15,226</u>
Excess (deficiency) of revenues over expenditures	<u>(22,412)</u>	<u>(9,295)</u>	<u>7,028</u>	<u>16,323</u>
Other financing sources (uses)				
Designated cash	(11,682)	(24,799)		24,799
Transfers in	34,094	34,094	1,922	(32,172)
<i>Total other financing sources (uses)</i>	<u>22,412</u>	<u>9,295</u>	<u>1,922</u>	<u>(7,373)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	8,950	8,950
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>7,159</u>	<u>7,159</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>16,109</u>	<u>\$ 16,109</u>
Reconciliation to GAAP Basis:			8,950	
Revenue accruals				
Expenditure accruals			(827)	
Net change in fund balances - GAAP basis			<u>\$ 8,123</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 24,200	\$ 24,200	\$ 23,600	\$ (600)
Interest income			1	1
Miscellaneous	<u>10</u>	<u>10</u>		<u>(10)</u>
<i>Total revenues</i>	<u>24,210</u>	<u>24,210</u>	<u>23,601</u>	<u>(609)</u>
Expenditures:				
Current:				
Public safety	9,888	9,888	9,639	249
Debt service:				
Principal	<u>14,328</u>	<u>14,328</u>	<u>13,968</u>	<u>360</u>
<i>Total expenditures</i>	<u>24,216</u>	<u>24,216</u>	<u>23,607</u>	<u>609</u>
Excess (deficiency) of revenues over expenditures	(6)	(6)	(6)	
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	6	6		(6)
Transfers in				
Transfers (out)				
<i>Total other financing sources (uses)</i>	<u>6</u>	<u>6</u>	<u>0</u>	<u>(6)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)			(6)	(6)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>6</u>	<u>6</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
Reconciliation to GAAP Basis:			(6)	
Revenue accruals			(13,726)	
Expenditure accruals			<u>13,726</u>	
Net change in fund balances - GAAP basis			<u>\$ (6)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
Licenses and permits	\$	\$	32	\$ 32
<i>Total revenues</i>			<u>32</u>	<u>32</u>
Expenditures:				
<i>Total expenditures</i>				
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>32</u>	<u>32</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)		13,306		(13,306)
Transfers (out)		<u>(13,306)</u>	<u>(13,306)</u>	
<i>Total other financing sources (uses)</i>	<u>0</u>	<u>0</u>	<u>(13,306)</u>	<u>(13,306)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	(13,274)	(13,274)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>13,315</u>	<u>13,315</u>
<i>Fund balances - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u>41</u>	<u><u>\$ 41</u></u>
Reconciliation to GAAP Basis:			(13,274)	
Revenue accruals			0	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			<u><u>\$ (13,274)</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
State grants	19,265	24,937	23,970	(967)
Interest income	<u> </u>	<u> </u>	<u> 4</u>	<u> 4</u>
Miscellaneous	<u> 15</u>	<u> 15</u>	<u> </u>	<u> (15)</u>
<i>Total revenues</i>	<u> 19,280</u>	<u> 24,952</u>	<u> 23,974</u>	<u> (978)</u>
Expenditures:				
Current:				
General government	385	429	381	48
Public safety	180	200	1,038	(838)
Culture and recreation	8,170	9,100	6,944	2,156
Health and Welfare	5,051	5,626	4,997	629
Capital outlay	<u> 12,569</u>	<u> 14,000</u>	<u> 12,799</u>	<u> 1,201</u>
<i>Total expenditures</i>	<u> 26,355</u>	<u> 29,355</u>	<u> 26,159</u>	<u> 3,196</u>
Excess (deficiency) of revenues over expenditures	<u> (7,075)</u>	<u> (4,403)</u>	<u> (2,185)</u>	<u> 2,218</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u> 7,075</u>	<u> 4,403</u>	<u> </u>	<u> (4,403)</u>
<i>Total other financing sources (uses)</i>	<u> 7,075</u>	<u> 4,403</u>	<u> 0</u>	<u> (4,403)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u> 0</u>	<u> 0</u>	<u> (2,185)</u>	<u> (2,185)</u>
<i>Fund balances - beginning of year</i>	<u> 0</u>	<u> 0</u>	<u> 39,353</u>	<u> 39,353</u>
<i>Fund balances - end of year</i>	<u><u> \$ 0</u></u>	<u><u> \$ 0</u></u>	<u> 37,168</u>	<u><u> \$ 37,168</u></u>
Reconciliation to GAAP Basis:			(2,185)	
Revenue accruals			1	
Expenditure accruals			<u> 0</u>	
Net change in fund balances - GAAP basis			<u><u> \$ (2,184)</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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Gas taxes	\$ 200,000	\$ 200,000	\$ 200,598	\$ 598
State grants	37,197	86,793	128,960	42,167
Interest income	10	10	8	(2)
Miscellaneous	<u> </u>	<u> </u>	<u>3,673</u>	<u>3,673</u>
<i>Total revenues</i>	<u>237,207</u>	<u>286,803</u>	<u>333,239</u>	<u>46,436</u>
Expenditures:				
Current:				
General government	208,899	208,899	201,757	7,142
<i>Total expenditures</i>	<u>208,899</u>	<u>208,899</u>	<u>201,757</u>	<u>7,142</u>
Excess (deficiency) of revenues over expenditures	<u>28,308</u>	<u>77,904</u>	<u>131,482</u>	<u>53,578</u>
Other financing sources (uses)				
Designated cash	84,924	35,328		(35,328)
Transfers (out)	<u>(113,232)</u>	<u>(113,232)</u>	<u>(113,232)</u>	<u> </u>
<i>Total other financing sources (uses)</i>	<u>(28,308)</u>	<u>(77,904)</u>	<u>(113,232)</u>	<u>(35,328)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	18,250	18,250
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>42,620</u>	<u>42,620</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>60,870</u>	<u>\$ 60,870</u>
Reconciliation to GAAP Basis:			18,250	
Revenue accruals				
Expenditure accruals				
Net change in fund balances - GAAP basis			<u>\$ 18,250</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
<i>Total revenues</i>	\$ _____	\$ _____	\$ _____	\$ _____
Expenditures:				
Current:				
Culture and recreation	_____ 825	_____ 825	_____	_____ 825
<i>Total expenditures</i>	_____ 825	_____ 825	_____ 0	_____ 825
Excess (deficiency) of revenues over expenditures	_____ (825)	_____ (825)	_____	_____ 825
Other financing sources (uses)				
Designated cash	_____ 825	_____ 825	_____	_____ (825)
<i>Total other financing sources (uses)</i>	_____ 825	_____ 825	_____ 0	_____ (825)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	_____ 0	_____ 0	_____ 0	_____ 0
<i>Fund balances - beginning of year</i>	_____ 0	_____ 0	_____ 825	_____ 825
<i>Fund balances - end of year</i>	\$ <u>_____ 0</u>	\$ <u>_____ 0</u>	_____ 825	\$ <u>_____ 825</u>
Reconciliation to GAAP Basis:				
Revenue accruals			_____ 0	
Expenditure accruals			_____ 0	
Net change in fund balances - GAAP basis			\$ <u>_____</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	(Unfavorable) Favorable Final to Actual
Revenues:				
State grants	\$ 6,000	\$ 6,000	\$ 7,000	\$ 1,000
Interest income			1	1
Miscellaneous	10	10		(10)
<i>Total revenues</i>	<u>6,010</u>	<u>6,010</u>	<u>7,001</u>	<u>991</u>
Expenditures:				
Current:				
Public safety	6,000	6,000	100	5,900
Health and Welfare			695	(695)
<i>Total expenditures</i>	<u>6,000</u>	<u>6,000</u>	<u>795</u>	<u>5,205</u>
Excess (deficiency) of revenues over expenditures	<u>10</u>	<u>10</u>	<u>6,206</u>	<u>6,196</u>
Other financing sources (uses)				
Designated cash	(10)	(10)		10
<i>Total other financing sources (uses)</i>	<u>(10)</u>	<u>(10)</u>	<u>0</u>	<u>10</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>0</u>	<u>0</u>	<u>6,206</u>	<u>6,206</u>
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>9,629</u>	<u>9,629</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>15,835</u>	<u>\$ 15,835</u>
Reconciliation to GAAP Basis:			6,206	
Revenue accruals			0	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			<u>\$ 6,206</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Tourism/Convention Center Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	(Unfavorable) Favorable Final to Actual
Revenues:				
Charges for services	\$ 8,500	\$ 8,500	\$ 4,035	\$ (4,465)
Licenses and permits	30,000	30,000	21,267	(8,733)
Local sources			165	165
Interest income	100	100	273	173
Miscellaneous	132,500	132,500		(132,500)
<i>Total revenues</i>	171,100	171,100	25,740	(145,360)
Expenditures:				
Current:				
Culture and recreation	223,947	223,947	53,846	170,101
Health and Welfare	43,322	43,322		43,322
Debt service:				
Principal	140,000	140,000	78,545	61,455
Interest			59,850	(59,850)
<i>Total expenditures</i>	407,269	407,269	192,241	215,028
Excess (deficiency) of revenues over expenditures	(236,169)	(236,169)	(166,501)	69,668
Other financing sources (uses)				
Designated cash		(13,306)		13,306
Transfers in	236,169	249,475	193,670	(55,805)
<i>Total other financing sources (uses)</i>	236,169	236,169	193,670	(42,499)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	27,169	27,169
<i>Fund balances - beginning of year</i>	0	0	60,736	60,736
<i>Fund balances - end of year</i>	\$ 0	\$ 0	87,905	\$ 87,905
Reconciliation to GAAP Basis:			27,169	
Revenue accruals			133,559	
Expenditure accruals			(133,558)	
Net change in fund balances - GAAP basis			\$ 27,170	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Chile Pepper Rally & Festival 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Interest income	\$	\$	\$ 5	\$ 5
<i>Total revenues</i>			5	5
Expenditures:				
<i>Total expenditures</i>				
Excess (deficiency) of revenues over expenditures	0	0	5	5
Other financing sources (uses)				
Transfers in			12,000	12,000
<i>Total other financing sources (uses)</i>	0	0	12,000	12,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	12,005	12,005
<i>Fund balances - beginning of year</i>	0	0	0	0
<i>Fund balances - end of year</i>	\$ 0	\$ 0	12,005	\$ 12,005
Reconciliation to GAAP Basis:			12,005	
Revenue accruals			0	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			\$ 12,005	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Mainstreet Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
MVD taxes	\$	\$	\$ 1,000	\$ 1,000
Charges for services	10,000	10,000	400	(9,600)
Local sources			6,500	6,500
Interest income			34	34
Miscellaneous			2,127	2,127
<i>Total revenues</i>	<u>10,000</u>	<u>10,000</u>	<u>10,061</u>	<u>61</u>
Expenditures:				
Current:				
General government	12,785	20,934	16,628	4,306
Culture and recreation	12,215	20,000	13,303	6,697
Health and Welfare			980	(980)
<i>Total expenditures</i>	<u>25,000</u>	<u>40,934</u>	<u>30,911</u>	<u>10,023</u>
Excess (deficiency) of revenues over expenditures	<u>(15,000)</u>	<u>(30,934)</u>	<u>(20,850)</u>	<u>10,084</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)		15,934		(15,934)
Transfers in	15,000	15,000	15,000	0
<i>Total other financing sources (uses)</i>	<u>15,000</u>	<u>30,934</u>	<u>15,000</u>	<u>(15,934)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(5,850)	(5,850)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>15,935</u>	<u>15,935</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>10,085</u>	<u>\$ 10,085</u>
Reconciliation to GAAP Basis:			(5,850)	
Revenue accruals			0	
Expenditure accruals				
Net change in fund balances - GAAP basis			<u>\$ (5,850)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
YCC Grant Capital Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	74,239	74,239	74,239	
Interest income	<u> </u>	<u> </u>	<u> 1</u>	<u> 1</u>
<i>Total revenues</i>	<u>74,239</u>	<u>74,239</u>	<u>74,240</u>	<u> 1</u>
Expenditures:				
Current:				
Public works	50,180	50,180	48,107	2,073
Capital outlay	<u>9,800</u>	<u>9,800</u>	<u>8,952</u>	<u> 848</u>
<i>Total expenditures</i>	<u>59,980</u>	<u>59,980</u>	<u>57,059</u>	<u> 2,921</u>
Excess (deficiency) of revenues over expenditures	<u>14,259</u>	<u>14,259</u>	<u>17,181</u>	<u> 2,922</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(14,259)	(14,259)		14,259
Transfers in	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total other financing sources (uses)</i>	<u>(14,259)</u>	<u>(14,259)</u>	<u> </u>	<u> 14,259</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	17,181	17,181
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(41,145)</u>	<u>(41,145)</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(23,964)</u>	<u>\$ (23,964)</u>
Reconciliation to GAAP Basis:			17,181	
Revenue accruals			0	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			<u>\$ 17,181</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
State grants	\$ 94,463	\$ 118,959	\$	\$ (118,959)
<i>Total revenues</i>	<u>94,463</u>	<u>118,959</u>		<u>(118,959)</u>
Expenditures:				
Current:				
General government	190,384	191,758	44,597	147,161
Capital outlay	<u>248,087</u>	<u>336,235</u>		<u>336,235</u>
<i>Total expenditures</i>	<u>438,471</u>	<u>527,993</u>	<u>44,597</u>	<u>483,396</u>
Excess (deficiency) of revenues over expenditures	<u>(344,008)</u>	<u>(409,034)</u>	<u>(44,597)</u>	<u>364,437</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	293,126	355,991		(355,991)
Transfers in	<u>50,882</u>	<u>53,043</u>	<u>51,919</u>	<u>(1,124)</u>
<i>Total other financing sources (uses)</i>	<u>344,008</u>	<u>409,034</u>	<u>51,919</u>	<u>(357,115)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	7,322	7,322
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>7,322</u>	<u>\$ 7,322</u>
Reconciliation to GAAP Basis:			7,322	
Revenue accruals			(2,323)	
Expenditure accruals			<u>13,447</u>	
Net change in fund balances - GAAP basis			<u>\$ 18,446</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	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				
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>360</u>	<u>360</u>
<i>Fund balances - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>360</u></u>	<u><u>\$ 360</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
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
State grants	\$ 89,974	\$ 103,039	\$ 80,031	\$ (23,008)
Interest income			1	1
<i>Total revenues</i>	<u>89,974</u>	<u>103,039</u>	<u>80,032</u>	<u>(23,007)</u>
Expenditures:				
Current:				
Public works	35,715	35,973	6,478	29,495
Capital outlay	<u>45,106</u>	<u>60,524</u>	<u>57,949</u>	<u>2,575</u>
<i>Total expenditures</i>	<u>80,821</u>	<u>96,497</u>	<u>64,427</u>	<u>32,070</u>
Excess (deficiency) of revenues over expenditures	<u>9,153</u>	<u>6,542</u>	<u>15,605</u>	<u>9,063</u>
Other financing sources (uses)				
Transfers in	<u>30,778</u>	<u>32,085</u>	<u>18,392</u>	<u>(13,693)</u>
<i>Total other financing sources (uses)</i>	<u>(9,153)</u>	<u>(6,542)</u>	<u>18,392</u>	<u>24,934</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	33,997	33,997
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>33,997</u>	<u>\$ 33,997</u>
Reconciliation to GAAP Basis:			33,997	
Revenue accruals			(13,974)	
Expenditure accruals			(6,979)	
Net change in fund balances - GAAP basis			<u>\$ 13,044</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
Interest income	\$	\$	\$ 1	\$ 1
<i>Total revenues</i>			<u>1</u>	<u>1</u>
Expenditures:				
Current:				
Public works	27,062	27,258		27,258
<i>Total expenditures</i>	<u>27,062</u>	<u>27,258</u>		<u>27,258</u>
Excess (deficiency) of revenues over expenditures	<u>(27,062)</u>	<u>(27,258)</u>	<u>1</u>	<u>27,259</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u>27,062</u>	<u>27,258</u>		<u>(27,258)</u>
<i>Total other financing sources (uses)</i>	<u>27,062</u>	<u>27,258</u>		<u>(27,258)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	1	1
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>3</u>	<u>\$ 3</u>
Reconciliation to GAAP Basis:			1	
Revenue accruals			0	
Expenditure accruals			<u>0</u>	
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
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
State grants	\$ 8,997	\$ 10,304	\$ 10,871	\$ 567
Federal grants	189,814	196,416	196,416	
Interest income	<u> </u>	<u> </u>	<u>2</u>	<u>2</u>
<i>Total revenues</i>	<u>198,811</u>	<u>206,720</u>	<u>207,289</u>	<u>569</u>
Expenditures:				
Current:				
Public works	59,715	64,616	87,546	(22,930)
Capital outlay	<u>140,285</u>	<u>151,800</u>	<u>127,357</u>	<u>24,443</u>
<i>Total expenditures</i>	<u>200,000</u>	<u>216,416</u>	<u>214,903</u>	<u>1,513</u>
Excess (deficiency) of revenues over expenditures	<u>(1,189)</u>	<u>(9,696)</u>	<u>(7,614)</u>	<u>2,082</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(4,431)	3,837		(3,837)
Transfers in	<u>5,620</u>	<u>5,859</u>	<u>500</u>	<u>(5,359)</u>
<i>Total other financing sources (uses)</i>	<u>1,189</u>	<u>9,696</u>	<u>500</u>	<u>(9,196)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	(7,114)	(7,114)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>123,852</u>	<u>123,852</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>116,738</u>	<u>\$ 116,738</u>
Reconciliation to GAAP Basis:			(7,114)	
Revenue accruals			(1,808)	
Expenditure accruals			<u>1</u>	
Net change in fund balances - GAAP basis			<u>\$ (8,921)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
<i>Total revenues</i>	\$ _____	\$ _____	\$ _____	\$ _____
Expenditures:				
Capital outlay	4,218	5,660	_____	5,660
<i>Total expenditures</i>	4,218	5,660	_____	5,660
Excess (deficiency) of revenues over expenditures	(4,218)	(5,660)	_____	5,660
Other financing sources (uses)				
Designated cash	4,218	5,660	_____	(5,660)
<i>Total other financing sources (uses)</i>	4,218	5,660	_____	(5,660)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	0	0
<i>Fund balances - beginning of year</i>	0	0	(15,104)	(15,104)
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(15,104)</u>	<u>\$ (15,104)</u>
Reconciliation to GAAP Basis:			0	
Revenue accruals			0	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			<u>\$ 0</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Downtown Improvements Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Interest income	\$	\$	\$ 1	\$ 1
<i>Total revenues</i>			1	1
Expenditures:				
Capital outlay	5,854	7,854		7,854
<i>Total expenditures</i>	5,854	7,854		7,854
Excess (deficiency) of revenues over expenditures	(5,854)	(7,854)	1	7,855
Other financing sources (uses)				
Designated cash	5,854	7,854		(7,854)
<i>Total other financing sources (uses)</i>	5,854	7,854		(7,854)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	1	1
<i>Fund balances - beginning of year</i>	0	0	(56,169)	(56,169)
<i>Fund balances - end of year</i>	\$ 0	\$ 0	(56,168)	\$ (56,168)
Reconciliation to GAAP Basis:			1	
Revenue accruals			0	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			\$ 1	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Culture Corridors Project Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Interest income	\$ _____	\$ _____	\$ _____ 1	\$ _____ 1
<i>Total revenues</i>	0	0	1	1
Expenditures:				
<i>Total expenditures</i>	_____	_____	_____	_____
Excess (deficiency) of revenues over expenditures			1	1
<i>Fund balances - beginning of year</i>	0	0	1	1
<i>Fund balances - end of year</i>	\$ 0	\$ 0	2	\$ 2
Reconciliation to GAAP Basis:			1	
Revenue accruals			1	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			\$ 2	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
2007 MAP Project Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	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:				
Capital outlay	<u>3,302</u>	<u>3,326</u>	<u> </u>	<u>3,326</u>
<i>Total expenditures</i>	<u>3,302</u>	<u>3,326</u>	<u>0</u>	<u>3,326</u>
Excess (deficiency) of revenues over expenditures	<u>(3,302)</u>	<u>(3,326)</u>	<u> </u>	<u>3,326</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u>3,302</u>	<u>3,326</u>	<u> </u>	<u>(3,326)</u>
<i>Total other financing sources (uses)</i>	<u>3,302</u>	<u>3,326</u>	<u> </u>	<u>(3,326)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund balances - beginning of year</i>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Fund balances - end of year</i>	\$ <u><u> </u></u>	\$ <u><u> </u></u>	<u> </u>	\$ <u><u> </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
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
<i>Total revenues</i>	\$ _____	\$ _____	\$ _____	\$ _____
Expenditures:				
<i>Total expenditures</i>	_____	_____	_____	_____
Excess (deficiency) of revenues over expenditures	0	0	0	0
Other financing sources (uses)				
Designated cash		8		(8)
Transfers (out)	_____	(8)	(8)	_____
<i>Total other financing sources (uses)</i>	_____	_____	(8)	(8)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(8)	(8)
<i>Fund balances - beginning of year</i>	0	0	_____	_____
<i>Fund balances - end of year</i>	0	0	(8)	(8)
Reconciliation to GAAP Basis:			(8)	
Revenue accruals			0	
Expenditure accruals			1	
Net change in fund balances - GAAP basis			(7)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)				
Transfers (out)				
<i>Total other financing sources (uses)</i>				
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0		
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund balances - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u>0</u>	<u><u>\$ 0</u></u>
Reconciliation to GAAP Basis:			0	
Revenue accruals			0	
Expenditure accruals			<u>(1)</u>	
Net change in fund balances - GAAP basis			<u><u>\$ (1)</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Los Amigos Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Licenses and permits	\$ 19,091	\$ 19,091	\$ 28,811	\$ 9,720
State grants			90,212	90,212
Federal grants	77,311	80,000		(80,000)
Interest income			4	4
<i>Total revenues</i>	<u>96,402</u>	<u>99,091</u>	<u>119,027</u>	<u>19,936</u>
Expenditures:				
Current:				
Public works	95,240	95,927	116,249	(20,322)
Capital outlay	<u>38,046</u>	<u>51,050</u>	<u> </u>	<u>51,050</u>
<i>Total expenditures</i>	<u>133,286</u>	<u>146,977</u>	<u>116,249</u>	<u>30,728</u>
Excess (deficiency) of revenues over expenditures	<u>(36,884)</u>	<u>(47,886)</u>	<u>2,778</u>	<u>50,664</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u>36,884</u>	<u>47,886</u>	<u> </u>	<u>(47,886)</u>
<i>Total other financing sources (uses)</i>	<u>36,884</u>	<u>47,886</u>	<u>0</u>	<u>(47,886)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	2,778	2,778
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>17,089</u>	<u>17,089</u>
<i>Fund balances - end of year</i>	<u>0</u>	<u>0</u>	<u>19,867</u>	<u>19,867</u>
Reconciliation to GAAP Basis:			2,778	
Revenue accruals			(13,635)	
Expenditure accruals			<u>35,052</u>	
Net change in fund balances - GAAP basis			<u>\$ 24,195</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
CDBG S. 2nd Street Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	500,000	500,000		(500,000)
Interest income	\$ _____	\$ _____	\$ _____ 2	\$ _____ 2
<i>Total revenues</i>	<u>500,000</u>	<u>500,000</u>	<u>2</u>	<u>(499,998)</u>
Expenditures:				
Capital outlay	_____ 10,369	_____ 13,914		_____ 13,914
<i>Total expenditures</i>	<u>10,369</u>	<u>13,914</u>	<u>_____</u>	<u>13,914</u>
Excess (deficiency) of revenues over expenditures	<u>489,631</u>	<u>486,086</u>	<u>2</u>	<u>(486,084)</u>
Other financing sources (uses)				
Designated cash	_____ (489,631)	_____ (486,086)		_____ 486,086
<i>Total other financing sources (uses)</i>	<u>(489,631)</u>	<u>(486,086)</u>	<u>0</u>	<u>486,086</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	2	2
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>
<i>Fund balances - end of year</i>	<u>\$ _____ 0</u>	<u>\$ _____ 0</u>	<u>6</u>	<u>\$ _____ 6</u>
Reconciliation to GAAP Basis:			2	
Revenue accruals			0	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			<u>\$ _____ 2</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Scenic By-way Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
State grants	\$ 202,442	\$ 231,838	\$ 24,295	\$ (207,543)
<i>Total revenues</i>	<u>202,442</u>	<u>231,838</u>	<u>24,295</u>	<u>(207,543)</u>
Expenditures:				
Current:				
Public works	439,584	439,584	8,334	431,250
Capital outlay	<u>88,251</u>	<u>118,416</u>	<u> </u>	<u>118,416</u>
<i>Total expenditures</i>	<u>527,835</u>	<u>558,000</u>	<u>8,334</u>	<u>549,666</u>
Excess (deficiency) of revenues over expenditures	<u>(325,393)</u>	<u>(326,162)</u>	<u>15,961</u>	<u>342,123</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	324,024	324,735		(324,735)
Transfers in	<u>1,369</u>	<u>1,427</u>	<u>1,396</u>	<u>(31)</u>
<i>Total other financing sources (uses)</i>	<u>325,393</u>	<u>326,162</u>	<u>1,396</u>	<u>(324,766)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	17,357	17,357
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(58,100)</u>	<u>(58,100)</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(40,743)</u>	<u>\$ (40,743)</u>
Reconciliation to GAAP Basis:			17,357	
Revenue accruals			(4,054)	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			<u>\$ 13,303</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
ARRA Waste Water Treatment Facility Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Federal grants	\$ 914,964	\$ 914,964	\$ 752,153	\$ (162,811)
Interest income	<u> </u>	<u> </u>	<u> 3</u>	<u> 3</u>
<i>Total revenues</i>	<u>914,964</u>	<u>914,964</u>	<u>752,156</u>	<u>(162,808)</u>
Expenditures:				
Current:				
General government			88,957	(88,957)
Capital outlay	<u>914,964</u>	<u>914,964</u>	<u>669,328</u>	<u>245,636</u>
<i>Total expenditures</i>	<u>914,964</u>	<u>914,964</u>	<u>758,285</u>	<u>156,679</u>
Excess (deficiency) of revenues over expenditures			(6,129)	(6,129)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(908,267)</u>	<u>(908,267)</u>
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(914,396)</u>	<u>\$ (914,396)</u>
Reconciliation to GAAP Basis:			(6,129)	
Revenue accruals			1	
Expenditure accruals			<u>0</u>	
Net change in fund balances - GAAP basis			<u>\$ (6,128)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Corona Lift Station Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	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>0</u>	<u>0</u>	<u>51,763</u>	<u>51,763</u>
<i>Fund balances - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u>51,763</u>	<u><u>\$ 51,763</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
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
State grants	\$ 149,979	\$ 171,757	\$ 125,232	\$ (46,525)
Interest income	<u> </u>	<u> </u>	<u> 1</u>	<u> 1</u>
<i>Total revenues</i>	<u>149,979</u>	<u>171,757</u>	<u>125,233</u>	<u>(46,524)</u>
Expenditures:				
Current:				
Public works	76,313	76,864	45,887	30,977
Capital outlay	<u>180,214</u>	<u>214,468</u>	<u>212,208</u>	<u>2,260</u>
<i>Total expenditures</i>	<u>256,527</u>	<u>291,332</u>	<u>258,095</u>	<u>33,237</u>
Excess (deficiency) of revenues over expenditures	<u>(106,548)</u>	<u>(119,575)</u>	<u>(132,862)</u>	<u>(13,287)</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u>106,548</u>	<u>119,575</u>	<u> </u>	<u>(119,575)</u>
<i>Total other financing sources (uses)</i>	<u>106,548</u>	<u>119,575</u>	<u> 0</u>	<u>(119,575)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u> 0</u>	<u> 0</u>	<u>(132,862)</u>	<u>(132,862)</u>
<i>Fund balances - beginning of year</i>	<u> 0</u>	<u> 0</u>	<u>57,990</u>	<u>57,990</u>
<i>Fund balances - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u>(74,872)</u>	<u><u>\$ (74,872)</u></u>
Reconciliation to GAAP Basis:			(132,862)	
Revenue accruals			41,459	
Expenditure accruals			<u>59,353</u>	
Net change in fund balances - GAAP basis			<u><u>\$ (32,050)</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Ilfeld 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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
State grants	\$ 494,861	\$ 566,715	\$ 44,497	\$ (522,218)
Federal grants	<u>164,286</u>	<u>170,000</u>	<u>170,000</u>	<u></u>
<i>Total revenues</i>	<u>659,147</u>	<u>736,715</u>	<u>214,497</u>	<u>(522,218)</u>
Expenditures:				
Current:				
Public works	183,336	184,660	50,659	134,001
Capital outlay	<u>201,084</u>	<u>297,160</u>	<u>119,743</u>	<u>177,417</u>
<i>Total expenditures</i>	<u>384,420</u>	<u>481,820</u>	<u>170,402</u>	<u>311,418</u>
Excess (deficiency) of revenues over expenditures	<u>274,727</u>	<u>254,895</u>	<u>44,095</u>	<u>(210,800)</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	(300,375)	(281,633)		281,633
Transfers in	<u>25,648</u>	<u>26,738</u>		<u>(26,738)</u>
<i>Total other financing sources (uses)</i>	<u>(274,727)</u>	<u>(254,895)</u>		<u>254,895</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	44,095	44,095
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>25,918</u>	<u>25,918</u>
<i>Fund balances - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u>70,013</u>	<u><u>\$ 70,013</u></u>
Reconciliation to GAAP Basis:			44,095	
Revenue accruals			(7,312)	
Expenditure accruals			<u>(36,782)</u>	
Net change in fund balances - GAAP basis			<u><u>\$ 1</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
Revenues:				
State grants	\$ 1,798	\$ 2,061	\$ 2,393	\$ 332
<i>Total revenues</i>	1,798	2,061	2,393	332
Expenditures:				
Current:				
Public works	7,143	7,195		7,195
<i>Total expenditures</i>	7,143	7,195	0	7,195
Excess (deficiency) of revenues over expenditures	(5,345)	(5,134)	2,393	7,527
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	5,345	5,134		(5,134)
<i>Total other financing sources (uses)</i>	5,345	5,134		(5,134)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	2,393	2,393
<i>Fund balances - beginning of year</i>	0	0	1,038	1,038
<i>Fund balances - end of year</i>	\$ 0	\$ 0	3,431	\$ 3,431
Reconciliation to GAAP Basis:			2,393	
Revenue accruals			(393)	
Expenditure accruals			0	
Net change in fund balances - GAAP basis			\$ 2,000	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Local sources	\$ 15,909	\$ 15,909	\$ 26,192	\$ 10,283
State grants	44,987	51,519		(51,519)
Federal grants	<u>40,588</u>	<u>42,000</u>		<u>(42,000)</u>
Interest income			<u>1</u>	<u>1</u>
<i>Total revenues</i>	<u>101,484</u>	<u>109,428</u>	<u>26,193</u>	<u>(83,235)</u>
Expenditures:				
Current:				
Public works	<u>278,914</u>	<u>273,300</u>	<u>96,929</u>	<u>176,371</u>
<i>Total expenditures</i>	<u>278,914</u>	<u>273,300</u>	<u>96,929</u>	<u>176,371</u>
Excess (deficiency) of revenues over expenditures	<u>(177,430)</u>	<u>(163,872)</u>	<u>(70,736)</u>	<u>93,136</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	151,782	137,134		(137,134)
Transfers in	<u>25,648</u>	<u>26,738</u>	<u>26,171</u>	<u>(567)</u>
<i>Total other financing sources (uses)</i>	<u>177,430</u>	<u>163,872</u>	<u>26,171</u>	<u>(137,701)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	(44,565)	(44,565)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>	<u>9,987</u>	<u>9,987</u>
<i>Fund balances - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>(34,578)</u></u>	<u><u>\$ (34,578)</u></u>
Reconciliation to GAAP Basis:			(44,565)	
Revenue accruals			(2,363)	
Expenditure accruals			<u>29,226</u>	
Net change in fund balances - GAAP basis			<u><u>\$ (17,702)</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Blue Hole Road & Drainage 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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Interest income	\$	\$	\$ 1	\$ 1
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Expenditures:				
Current:				
Public works	74,960	83,491	75,642	7,849
<i>Total expenditures</i>	<u>74,960</u>	<u>83,491</u>	<u>75,642</u>	<u>7,849</u>
Excess (deficiency) of revenues over expenditures	<u>(74,960)</u>	<u>(83,491)</u>	<u>(75,641)</u>	<u>7,850</u>
Other financing sources (uses)				
Designated cash (budgeted increase in cash)	<u>9,674</u>	<u>15,432</u>		<u>(15,432)</u>
Transfers in	<u>65,286</u>	<u>68,059</u>	<u>66,617</u>	<u>(1,442)</u>
<i>Total other financing sources (uses)</i>	<u>74,960</u>	<u>83,491</u>	<u>66,617</u>	<u>(16,874)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	0	0	(9,024)	(9,024)
<i>Fund balances - beginning of year</i>	<u>0</u>	<u>0</u>		
<i>Fund balances - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(9,024)</u>	<u>\$ (9,024)</u>
Reconciliation to GAAP Basis:			(9,024)	
Revenue accruals			(2,981)	
Expenditure accruals			<u>22,808</u>	
Net change in fund balances - GAAP basis			<u>\$ 10,803</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Water/Sewer Proprietary Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 1,280,300	\$ 1,280,300	\$ 1,277,208	\$ (3,092)
Interest income	1,950	1,950	279	(1,671)
State grants	47,000	47,000	52,418	5,418
Miscellaneous	<u>17,100</u>	<u>27,985</u>	<u>30,142</u>	<u>2,157</u>
<i>Total revenues</i>	<u>1,346,350</u>	<u>1,357,235</u>	<u>1,360,047</u>	<u>2,812</u>
Expenditures:				
Personnel services	467,772	477,620	413,566	64,054
Maintenance and operations	575,966	588,092	509,221	78,871
Revenue bond principal	111,867	114,222	98,903	15,319
Interest expense	<u>170,333</u>	<u>173,920</u>	<u>150,595</u>	<u>23,325</u>
<i>Total expenditures</i>	<u>1,325,938</u>	<u>1,353,854</u>	<u>1,172,285</u>	<u>181,569</u>
Excess (deficiency) of revenues over expenditures	<u>20,412</u>	<u>3,381</u>	<u>187,762</u>	<u>184,381</u>
Other financing sources (uses)				
Designated cash	(20,412)	(3,381)		3,381
Transfers in	72,324	72,324	72,324	
Transfers (out)	<u>(72,324)</u>	<u>(72,324)</u>	<u>(72,324)</u>	
<i>Total other financing sources (uses)</i>	<u>(20,412)</u>	<u>(3,381)</u>	<u>0</u>	<u>3,381</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	187,762	187,762
<i>Net position - beginning of year</i>	<u>0</u>	<u>0</u>	<u>5,194,765</u>	<u>5,194,765</u>
<i>Net position - end of year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>5,382,527</u></u>	<u><u>\$ 5,382,527</u></u>
Reconciliation to GAAP Basis:			187,762	
Adjustments to revenues (assets)			0	
Adjustments to expenditures (liabilities)			<u>(205,978)</u>	
Change in net position - GAAP basis			<u><u>\$ (18,216)</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Solid Waste Proprietary Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
Revenues:				
Charges for services	\$ 310,000	\$ 310,000	\$ 316,593	\$ 6,593
Interest income	10	10	5	(5)
State grants	13,000	13,000	15,873	2,873
Taxes	42,500	42,500	34,408	(8,092)
Miscellaneous	<u>15,100</u>	<u>18,700</u>	<u>20,706</u>	<u>2,006</u>
<i>Total revenues</i>	<u>380,610</u>	<u>384,210</u>	<u>387,585</u>	<u>3,375</u>
Expenditures:				
Personnel services	110,455	121,605	116,495	5,110
Maintenance and operations	262,777	289,304	271,032	18,272
Capital outlay	2,491	2,742	10,593	(7,851)
Revenue bond principal	14,056	15,474	16,354	(880)
Interest expense	<u>1,696</u>	<u>1,867</u>	<u>3,135</u>	<u>(1,268)</u>
<i>Total expenditures</i>	<u>391,475</u>	<u>430,992</u>	<u>417,609</u>	<u>13,383</u>
Excess (deficiency) of revenues over expenditures	<u>(10,865)</u>	<u>(46,782)</u>	<u>(30,024)</u>	<u>16,758</u>
Other financing sources (uses)				
Designated cash	(19,135)	24,165		(24,165)
Transfers in	30,000	30,000		(30,000)
Transfers (out)		<u>(7,383)</u>	<u>(7,383)</u>	
<i>Total other financing sources (uses)</i>	<u>10,865</u>	<u>46,782</u>	<u>(7,383)</u>	<u>(54,165)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	0	0	(37,407)	(37,407)
<i>Net position - beginning of year</i>	<u>0</u>	<u>0</u>	<u>(566,194)</u>	<u>(566,194)</u>
<i>Net position - end of year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(603,601)</u>	<u>\$ (603,601)</u>
<i>Reconciliation to GAAP Basis:</i>			(37,407)	
Adjustments to revenues (assets)			7,386	
Adjustments to expenditures (liabilities)			<u>(54,353)</u>	
Change in net position - GAAP basis			<u>\$ (84,374)</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, 2013

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity Date	Fair Market Value June 30, 2013	Name and Location of Safekeeper
Wells Fargo Bank	FN 310103	3/1/2041	\$ 206,134	WF CALIF
	FN AH0007	12/1/2040	260,437	WF CALIF
	FN AH0946	12/1/2040	51,467	WF CALIF
	FN AI9503	9/1/2041	115,284	WF CALIF
	FN AL0604	8/1/2026	103,947	WF CALIF
	FN AR1086	2/1/2043	14,388	WF CALIF
	FN AR2633	2/1/2043	19,327	WF CALIF
	FN AR9213	3/1/2043	53,450	WF CALIF
	FN AT2722	5/1/2043	4,888	WF CALIF
	FN AB6498	10/1/2042	4,786	WF CALIF
	FN AE0385	9/1/2040	60,709	WF CALIF
	FN AR4680	11/1/2040	9,564	WF CALIF
	First Community Bank	SOUTHERN SANDOVAL NM FLOOD	8/1/2020	<u>108,880</u>
Total			<u>\$ 1,013,261</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, 2013

Schedule II

<u>Bank Account Type/Name</u>	<u>Amount</u>
Fire Fund	\$ 41,746
Juvenile Recreational Fund	825
Local Government Correction Fund	4,757
Moise Memorial Library	37,389
CDBG South 2nd Street	26,445
Water Meter Deposit Fund Money Market	12,067
Water Meter Deposit Fund Checking	74,465
Solid Waste Fund	11,719
Water Fund	207,050
EMS Fire & Rescue Fund	15,834
Sewer Fund	446,094
2007 Map Project	1,387
Airport Fund	570
ARRA Community Outreach	5,000
ARRA Wastewater Treatment Facility	20,653
Payroll- Direct Deposit	79,963
Blue Hole Improvements	360
CDBG Economic Development Grant	10,754
Culture Corridors Project	6,243
Downtime Improvements	14,925
Gasoline Tax Fund	116,858
General fund Money Market	61,929
General Fund	102,027
Golf Course Fund	3,103
Lake Drive Improvements	5,444
Land Fill Closure	21,547
Los Amigos Project	54,805
Parks Renovation Fund	14,328
Power Dam Fund	11,368
Repair & Replacement Fund	109,288
RiverRoad Drainage Fund	18,446
Rus Project	3,430
Scenic Byways	9
Senior Center Nutrition Site	15,266
Sewer Asset Management Reserve	18,003
Water Sewer Fund	8,541
Youth Conservation Corp	1,675
Sewer Reserve Debt	63,982
Ilfeld Fund	25,026
Ambulance Checking Fund	108,589
General fund Money Market	375,641
Lodgers Tax Fund	228,610
Convention Center	89,576

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, 2013

Schedule II

<u>Bank Account Type/Name</u>	<u>Amount</u>
Main Street Fund	10,084
Chili Pepper Rally & Festival	12,005
Blue Hole Road	<u>10,803</u>
Total on Deposit	<u>2,508,629</u>
Petty Cash	650
Reconciling Items	(52,843)
Unreconciling Items	<u>(368,716)</u>
Total per bank, June 30, 2013	<u>2,087,720</u>
Total, all banks and petty cash	<u>\$ 2,087,720</u>

The accompanying notes are an integral part of these financial statements

COMPLIANCE SECTION

**INDEPENDENT AUDITORS' 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 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 major special revenue funds of the City of Santa Rosa (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combining and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated December 31, 2013. We did not express an opinion on the financial statements because material weaknesses in internal controls caused significant doubt that all possible material misstatements could be detected by audit procedures. 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.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 97-03, FS 09-06, FS 09-07, FS 09-10, FS 10-05 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 10-01, FS 10-02, FS 10-03, FS-10-04 and FS-13-02 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item FS 09-04 and FS 13-01.

The City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
December 31, 2013

FEDERAL FINANCIAL ASSISTANCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
*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

Report on Compliance for Each Major Federal Program

We have audited City of Santa Rosa'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 each of City of Santa Rosa's major federal programs for the year ended June 30, 2013. City of Santa Rosa's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA 10.781 ARRA Waste Water Treatment Facility as described in finding number FA 2010-01 for Equipment & Real Property Management. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on each major program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on ARRA Waste Water Treatment Facility for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. *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 did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item FA 2010-01 to be material weakness.

The City of Santa Rosa's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
December 31, 2013

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Expenditure of Federal Awards
June 30, 2013

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	9200.11	10.781	<u>758,285</u>
Total U.S. Department of Agriculture			<u>758,285</u>
U.S. Department of Housing and Urban Development			
CDBG South	10-C-RS-I-01-G28	14.218	<u>166,691</u>
Total U.S. Department of Housing and Urban Development			<u>166,691</u>
U.S. Department of Transportation			
Airport Improvement Program	3-35-0038-010-2011	20.106	87,546
Airport Improvement Program	3-35-0038-011-2012	20.106	<u>127,357</u>
Total U.S. Department of Transportation			<u>214,903</u>
U.S. Department of Small Business Administration			
Waste Disposal Only	SBAHQ-10-I-0102	59.XXX	<u>207,184</u>
Total U.S. Department Small Business Administration			<u>207,184</u>
Total Federal Financial Assistance			<u>\$ 1,347,063</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Expenditure of Federal Awards
June 30, 2013

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	\$ 1,347,063
Total expenditures funded by other sources	<u>4,229,755</u>
Total expenditures	<u>\$ 5,576,818</u>

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2013

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)? | None reported |
| 2. Type of auditors' report issued on compliance for major programs: | Qualified |
| 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, 2013

2. Audit Findings in Relation to Financial Statements

FS 97-03 Depreciation - Repeated (Material Weakness)

Condition: The city does not compute and record depreciation. A complete capital asset depreciation schedule was not available for the year ending June 30, 2013.

Criteria: Section 2.20.1.15 of NMAC requires agencies to properly safeguard assets. All assets within an established materiality limit should be tagged with unique numbers and accounted for on the capital asset listing. Current year expenditures in capital projects accounts should be accounted for on the inventory listing. Assets that have been sold or are no longer serviceable should be deleted from inventory in accordance with Section 2.20.1.18 of NMAC. A depreciation schedule with corresponding depreciation expense accrual is required by Generally Accepted Accounting Principles. Depreciation schedule should be separated by each major class of asset to comply with GASB 34.177a.

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: We recommend that the City prepare a depreciation schedule for its assets schedule and regularly update and maintain the schedule for audit. Additionally, we recommend the City devote appropriate resources and seek training 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, 2013

2. Audit Findings in Relation to Financial Statements - Continued

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

Condition: The fiscal year 2013 Annual Financial Report for the City was not submitted to the New Mexico Office of the State Auditor by the December 1, 2013 submission deadline. The report was submitted by the City on January 10, 2014.

Criteria: Section 2.2.2.9 A(1)(d) of NMAC Audit Rule 2013 requires that annual reports be received in the Office of the State Auditor on or before December 1, 2013.

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 do not have timely audit reports and financial statements for their review. Late audit reports could have an effect on State and federal funding.

Cause: The City has been experiencing significant delays in getting its annual audits conducted and submitted to the State Auditor's Office on a timely basis and this has resulted in delayed audits for the last few years. The situation led to the current year's audit report not being submitted timely.

Auditor's Recommendation: We recommend that the city plan to have its annual audits performed and submitted in a timely manner to achieve full compliance in this area. Proper accounting control must be established whereby the City is able to produce reconciled financial information to the auditors.

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, 2013

2. Audit Findings in Relation to Financial Statements - Continued

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

Condition: During our test work of 25 employees' personnel files and timesheet, we noted the following:

- 6 employees did not have policies and procedures in their files.
- 7 employees did not have employment contract in their files.
- 5 employees did not have I-9 form in their files
- 1 employee did not have W-4 form in his file.
- 2 employee did not have employment status in their files.
- 8 employees did not have employment benefit in their files.
- 10 employees did not have job description in their files.
- 23 employees did not have explanation of drug free policy in their files.

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. 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 and the federal requirements. The City could be subject to penalties or possibly legal action.

Cause: The City's document retention and payroll policies were not adequately enforced.

Auditors' Recommendations: We recommend that the City make a process to review and retain all documents related to Personnel and payroll.

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, 2013

2. Audit Findings in Relation to Financial Statements - Continued

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

Condition: The non-standard or manual journal entries made into the City's accounting system did not go through the necessary review and approval process, resulting in inadequate internal control in this area.

Criteria: Good accounting practices require that journal entries be completed by knowledgeable staff and then reviewed and 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.

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, 2013

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. The city's 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 fixed accounting 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 and 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.

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 lack of information on 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.

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, 2013

2. Audit Findings in Relation to Financial Statements - Continued

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

Condition: The City has not been reconciling bank statements to the general ledger on a monthly basis. During the performance of audit procedures relating to cash account, we noted that incorrect bank balances were used to prepare bank reconciliations. The City's general ledger carries two inactive and defunct bank accounts, Cash NMFA Reserve account and the Cash NMFA Trust account with book balance of \$62,041 and \$7,593 respectively. The City's Payroll Bank account has not been reconciled for the past several years and this has resulted in a cumulative difference of \$87,853. The City did not provide reconciliation details for three Certificate of Deposit accounts, including the General Funds deposit, the Lodgers Fund deposit, and the Water Fund deposit. The First National Bank General Fund Money Market Account has not been reconciled against the corresponding general ledger balance and the unreconciled difference as of June 30, 2013 amounted to \$475,698.

Criteria: Section 6-6-3 NMSA, 1978 discusses the need for the Authority to keep all the books, records and accounts in their respective office in the form prescribed by the local government division and conform to the rules and regulations adopted by the local government division. Good accounting practices require that bank reconciliations be performed monthly to ensure that cash receipts and cash disbursements are recorded in a correct and timely manner and that differences or errors be followed up and corrected in a timely manner.

Effect: Reconciling cash accounts is essential to operational and management decisions. When bank reconciliations are not reconciling correctly and unsupported adjustments are made, this results in the possibility of fraud occurring and the misstatement of cash on the books. 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 to trace and ensure all bank accounts details are captured on the general ledger and reconciled. Several entries were made into the system when the city changed accounting software. The City did not have policies and procedures in place to ensure this did not happen.

Auditor's Recommendation: We recommend that the city perform bank reconciliations on a monthly basis and that a board member of the director be responsible for the review process. In addition, we recommend that the city ensure that bank reconciliations are being prepared properly and all variances accounted for. 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.

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, 2013

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.

Check stocks are not adequately secured since they are placed in a filing cabinet, which does not have a locking system providing easy access to persons not authorized in the city.

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. 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.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2013

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

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

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2013

2. Audit Findings in Relation to Financial Statements - Continued

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

Condition: The City maintained twenty checks in various bank accounts that were dated over one year old at the end June 30, 2013, which amounted to \$3,232.

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, 2013

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, 2013

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 made over payment with regard to compensated absences amounting to \$2,648. We also noted that for 25 out of 85 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: We recommend that the City 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, 2013

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, 2013. 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. 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: 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. The City's current general ledger account reconciliation processes do not include the reconciliation of several significant account balances.

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, 2013

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, 2013

2. Audit Findings in Relation to Financial Statements - Continued

FS 13-01 Pledged Collateral (Non Compliance)

Condition: During the year ended June 30, 2013, the City maintained and utilized deposits with financial institutions which were not covered by 50% of pledged collateral as required by State of New Mexico Statutes. As of June 30, 2013 the under collateralization at the institutions totaled \$54,796 at Wells Fargo Bank.

Criteria: NMAC 2.2.2.10 N. (4) (b) requires entities to obtain pledge collateral from institutions for at least 50% of its uninsured balances.

Effect: Lack of proper collateralization may result in non-compliance with state statutes and increase potential liability and exposure to the loss of the City's public funds in the event of bank closure.

Cause: The City maintained Deposit accounts with Wells Fargo in amounts in excess of FDIC Coverage without properly holding pledged collateral for the City.

Auditors' recommendation: The City should ensure all cash balances are collateralized as required by State Statutes. An individual could be assigned the responsibilities of reviewing the monthly collateral reports, investigating differences, and resolving discrepancies.

Management response: The management was not aware that the 2013 deposits were under collateralized. The City will appoint an individual to monitor compliance with pledged collateral requirements.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2013

2. Audit Findings in Relation to Financial Statements - Continued

FS 13-02 Internal Controls over Document Retention (Significant Deficiency)

Condition: During test work of cash disbursements, we noted six out of twenty five disbursements totaling \$182,907 that did not have supporting documentation to review. The City could not locate supporting documentations for fourteen out of twenty-five cash receipts tested, totaling \$29,388.

Criteria: Per Section 6-6-3, NMSA 1978, cash disbursements are required to be properly authorized, and the City is required to provide supporting documentation. Maintenance of adequate supporting documentations for all cash receipts is an integral part of sound internal control system to safeguard assets and accomplish timely preparation and submission of financial reports.

Effect: There could be instances of unauthorized purchases and abuse of public funds going unnoticed.

Cause: There was a lack of oversight at the Authority to ensure that all transactions and expenditures have supporting documentation.

Auditors' recommendation: The City should exercise more caution with its document retention, authorization and payment procedures to ensure similar instances do not occur.

Management response: Management agrees with the recommendation to review the purchasing policy. The City will work to develop comprehensive disbursement policies to include in its financial process. The policies will include a detailed disbursement process to ensure proper authorizations and accurate documentation retention.

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Findings and Questioned Costs
June 30, 2013

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

**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 2013, 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 2013 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under the A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) that require management to establish and maintain internal controls over Federal Awards. Procedures are not in place to ensure that all federal programs comply with this requirement.

Auditor's Recommendation:

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

Management's Response:

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

STATE OF NEW MEXICO
City of Santa Rosa
Schedule of Prior Year Audit Findings
Year Ended June 30, 2013

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 09-04 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 09-10 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 Reconciliation - Repeated - See finding FS 10-05
- FS 10-06 City Not Preparing Financial Statement - Repeated - See finding FS 10-06
- FS 10-08 Late Submission of IPA Recommendation Form and Audit Contract- Resolved
- FS 11-01 Violation of Open Meetings Act - Resolved

Federal Awards Finding:

- FA 2009-01 Data Collection Form - Resolved
- FA 2010-01 Tracking Property and Equipment Purchased with Federal Award Funds - Repeated
- See finding FA 2010-01

STATE OF NEW MEXICO

City of Santa Rosa

Exit Conference

June 30, 2013

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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