

State of New Mexico

Santa Rosa

NEW MEXICO

The City of Natural Lakes



FOR YEAR ENDED JUNE 30, 2014

(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO
CITY OF SANTA ROSA
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STATE OF NEW MEXICO
CITY OF SANTA ROSA
Official Roster
Year Ended June 30, 2014

City Council

<u>Name</u>	<u>Title</u>
Mr. Joseph Campos	Mayor
Mr. Patrick Cordova	Mayor Pro-Tem
Mr. Harold Sexton	Council Member
Mr. Richard Muniz	Council Member
Mr. Dalbert Marquez	Council Member

City Administration

Ms. Yolanda Garcia	Interim City Clerk
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Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the General, Convention and Visitors Center, Lodgers Tax and Gas Tax Funds of the City of Santa Rosa, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the City of Santa Rosa's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City of Santa Rosa's non-major governmental and enterprise funds and the budgetary comparisons for the Major Capital Project Funds and all non-major 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, 2014 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Rosa, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Convention and Visitors Center, Lodgers Tax and Gas Tax Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental and enterprise funds of the City of Santa Rosa, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the Major Capital Project Funds and the non-major governmental 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 MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB 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

Our audit was conducted for the purpose of forming opinions on the City of Santa Rosa financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The budgetary comparisons for the Major Capital Project Funds and the non-major governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons for the Major Capital Project Funds and non-major governmental funds and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates 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 basis 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. In our opinion, the budgetary comparisons for the Major Capital Project Funds and the non-major governmental funds and Schedule of Expenditures and Federal Awards fairly states, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of the City of Santa Rosa internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Santa Rosa internal control over financial reporting and compliance.

Price & Associates, CPA

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Net Position
June 30, 2014

Statement 1
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 1,825,843	\$ 824,495	\$ 2,650,338
Accounts receivable (net of uncollectible accounts)	204,437	178,905	383,342
Total current assets	2,030,280	1,003,400	3,033,680
Restricted Assets (Cash)			
Customer meter deposits	-	90,613	90,613
Repair and replacement	-	90,766	90,766
Sewer asset management	-	140,094	140,094
Solid waste construction	-	24,055	24,055
Debt service reserve	351,227	-	351,227
Capital outlay	-	16,728	16,728
Total restricted assets	351,227	362,256	713,483
Capital Assets			
Land	1,688,145	158,559	1,846,704
Land improvements	5,174,148	-	5,174,148
Buildings and improvements	10,284,912	319,604	10,604,516
Airport	5,000,257	-	5,000,257
Infrastructure	8,031,217	-	8,031,217
Vehicles	511,612	328,334	839,946
Equipment	842,932	157,416	1,000,348
Heavy equipment	2,101,516	1,022,301	3,123,817
Plant	-	18,804,248	18,804,248
Total capital assets	33,634,739	20,790,462	54,425,201
Less accumulated depreciation	(13,858,220)	(5,753,500)	(19,611,720)
Total capital assets (net of accumulated depreciation)	19,776,519	15,036,962	34,813,481
Total assets	\$ 22,158,026	\$ 16,402,618	\$ 38,560,644

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, 2014

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Customer meter deposits (restricted)	-	90,613	90,613
Accrued interest payable	154,733	-	154,733
Revenue bonds payable - current portion	169,152	107,300	276,452
Loans payable - current portion	96,997	19,110	116,107
Total current liabilities	420,882	217,023	637,905
Non-Current Liabilities			
Revenue bonds payable (less current portion)	2,617,291	5,103,700	7,720,991
Compensated absences payable	56,794	14,575	71,369
Landfill closure and post closure liability	-	1,203,394	1,203,394
Loans payable (less current portion)	997,287	-	997,287
Total non-current liabilities	3,671,372	6,321,669	9,993,041
Total liabilities	4,092,254	6,538,692	10,630,946
Net Position			
Net investment			
in capital assets	15,895,792	9,825,962	25,721,754
Restricted for repair and replacement	-	254,914	254,914
Restricted for capital outlay	499,600	16,728	516,328
Restricted for debt service	218,119	-	218,119
Restricted for special grants	805,629	-	805,629
Unrestricted	646,632	(233,678)	412,954
Total net position	18,065,772	9,863,926	27,929,698
Total liabilities and net position	\$ 22,158,026	\$ 16,402,618	\$ 38,560,644

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Activities
Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 1,541,162	\$ 96,425	\$ 851,997	\$ -	\$ (592,740)	\$ -	\$ (592,740)
Highways and streets	362,848	-	-	949,807	586,959	-	586,959
Public safety	671,703	10,140	275,573	-	(385,990)	-	(385,990)
Culture and recreation	1,043,477	88,716	203,858	-	(750,903)	-	(750,903)
Depreciation - unallocated	875,765	-	-	-	(875,765)	-	(875,765)
Interest	160,187	-	-	-	(160,187)	-	(160,187)
Total governmental activities	4,655,142	195,281	1,331,428	949,807	(2,178,626)	-	(2,178,626)
Business-type activities:							
Water/sewer services	1,567,843	1,142,999	60,422	66,946	-	(297,476)	(297,476)
Solid waste services	612,914	387,614	-	-	-	(225,300)	(225,300)
Ambulance services	379,409	114,320	197,953	93,750	-	26,614	26,614
MVD services	54,864	13,450	-	-	-	(41,414)	(41,414)
Total business-type activities	2,615,030	1,658,383	258,375	160,696	-	(537,576)	(537,576)
Total all activities	\$ 7,270,172	\$ 1,853,664	\$ 1,589,803	\$ 1,110,503	(2,178,626)	(537,576)	(2,716,202)
General Revenues:							
Property taxes					214,843	-	214,843
Franchise taxes					16,954	-	16,954
Gross receipts taxes					2,161,120	38,201	2,199,321
Motor vehicle taxes					-	31,945	31,945
Gas taxes					210,164	-	210,164
Lodgers taxes					517,804	-	517,804
State aid not restricted to special purpose:							
General					104,997	-	104,997
Investment earnings					7,100	3,154	10,254
Transfers					(109,355)	109,355	-
Total general revenues and transfers					3,123,627	182,655	3,306,282
Change in net position					945,001	(354,921)	590,080
Net position - beginning					17,926,486	4,362,265	22,288,751
Restatement					(805,715)	5,856,582	5,050,867
Net position - beginning - restated					17,120,771	10,218,847	27,339,618
Net position - ending					\$ 18,065,772	\$ 9,863,926	\$ 27,929,698

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, 2014

Statement 3

	General Fund	Convention and Visitors Center Fund	Lodgers Tax Fund	Gas Tax Fund	Riverroad Drainage Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash on deposit	\$ 938,984	\$ 106,977	\$ 499,489	\$ 107,093	\$ 271,460	\$ 253,067	\$ 2,177,070
Accounts receivable	133,294	-	49,358	16,367	-	5,418	204,437
Due from other funds	4,000	-	-	-	-	-	4,000
Total assets	<u>\$ 1,076,278</u>	<u>\$ 106,977</u>	<u>\$ 548,847</u>	<u>\$ 123,460</u>	<u>\$ 271,460</u>	<u>\$ 258,485</u>	<u>\$ 2,385,507</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 4,000
Total liabilities	-	-	-	-	-	4,000	4,000
FUND BALANCE							
Nonspendable	-	-	-	-	-	-	-
Restricted	218,119	106,977	548,847	123,460	271,460	254,485	1,523,348
Committed	400,573	-	-	-	-	-	400,573
Unassigned	457,586	-	-	-	-	-	457,586
Total fund balance	<u>1,076,278</u>	<u>106,977</u>	<u>548,847</u>	<u>123,460</u>	<u>271,460</u>	<u>254,485</u>	<u>2,381,507</u>
Total liabilities and fund balance	<u>\$ 1,076,278</u>	<u>\$ 106,977</u>	<u>\$ 548,847</u>	<u>\$ 123,460</u>	<u>\$ 271,460</u>	<u>\$ 258,485</u>	<u>\$ 2,385,507</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2014

Statement 4

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

Total fund balances - governmental funds		\$ 2,381,507
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
The cost of capital assets	33,634,739	
Accumulated depreciation	<u>(13,858,220)</u>	
		<u>19,776,519</u>
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:		
Interest payable	(154,733)	
Loans payable	(1,094,284)	
Revenue bonds payable	(2,786,443)	
Compensated absences	<u>(56,794)</u>	
		<u>(4,092,254)</u>
Net position of governmental activities		<u>\$ 18,065,772</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014

	General Fund	Convention and Visitors Center Fund	Lodgers Tax Fund	Gas Tax Fund	Riverroad Drainage Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 231,797	\$ -	\$ 517,804	\$ -	\$ -	\$ -	\$ 749,601
Charges for services	57,305	21,463	-	-	-	47,262	126,030
Licenses and permits	32,473	-	-	-	-	475	32,948
Fines and forfeitures	26,163	-	-	-	-	44,224	70,387
Local sources	852,247	-	2,049	-	-	10,140	864,436
State sources	104,997	-	3,000	-	315,131	453,189	876,617
Federal sources	46,315	-	-	-	-	564,280	611,095
State shared taxes	2,161,120	-	-	210,164	-	-	2,371,284
Earnings from investments	4,191	232	1,416	270	44	947	7,100
Total revenues	3,517,108	21,695	524,269	210,434	315,475	1,120,517	5,709,498
EXPENDITURES							
Current:							
General government	1,417,504	-	-	-	-	106,227	1,523,731
Highways and streets	170,004	-	-	192,844	-	-	362,848
Public safety	509,100	-	-	-	-	162,603	671,703
Health & welfare	-	-	-	-	-	-	-
Culture and recreation	626,839	63,823	-	-	-	352,815	1,043,477
Capital outlay	54,416	-	-	-	63,848	771,901	890,165
NMFA principle	115,758	81,348	-	-	-	70,101	267,207
NMFA interest	98,083	57,386	-	-	-	4,718	160,187
Total expenditures	2,991,704	202,557	-	192,844	63,848	1,468,365	4,919,318
Excess (deficiency) revenues over expenditures	525,404	(180,862)	524,269	17,590	251,627	(347,848)	790,180
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	189,178	-	-	-	305,361	494,539
Operating transfers (out)	(246,172)	-	(357,723)	-	-	-	(603,895)
Loan proceeds	-	-	-	-	-	-	-
Total other financing sources (uses)	(246,172)	189,178	(357,723)	-	-	305,361	(109,356)
Net change in fund balances	279,232	8,316	166,546	17,590	251,627	(42,487)	680,824
Fund balance beginning of year	108,718	87,907	1,280,737	60,870	18,446	(471,140)	1,085,538
Restatement	688,328	10,754	(898,436)	45,000	1,387	768,112	615,145
Fund balance, beginning of year, restated	797,046	98,661	382,301	105,870	19,833	296,972	1,700,683
Fund balance end of year	\$ 1,076,278	\$ 106,977	\$ 548,847	\$ 123,460	\$ 271,460	\$ 254,485	\$ 2,381,507

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 - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Statement 6

Net change in fund balances - total governmental funds \$ 680,825

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

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

Capital outlays	890,165	
Depreciation expense	<u>(875,765)</u>	

Excess of capital outlay over depreciation expense 14,400

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

Accrued interest payable		
Compensated absences payable		(17,431)

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

Loan proceeds		
Repayment of long-term debt	<u>267,207</u>	

267,207

Change in net position of governmental activities \$ 945,001

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

STATE OF NEW MEXICO
City of Santa Rosa
General Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 202,492	\$ 218,026	\$ 210,606	\$ (7,420)
Franchise taxes	17,000	17,000	16,954	(46)
Gross receipts taxes	1,710,500	1,829,856	2,032,062	202,206
Charges for services	77,700	77,700	57,305	(20,395)
Licenses and permits	52,824	54,949	32,473	(22,476)
Fines and forfeits	47,825	47,825	26,163	(21,662)
Local sources	674,200	990,231	852,247	(137,984)
State sources	45,000	114,997	104,997	(10,000)
Federal sources	71,518	71,518	46,815	(24,703)
State shared taxes	-	-	-	-
Earnings from investments	120	120	4,191	4,071
Total revenues	<u>\$ 2,899,179</u>	<u>\$ 3,422,222</u>	<u>\$ 3,383,813</u>	<u>\$ (38,409)</u>
EXPENDITURES				
Current:				
General government	\$ 1,904,921	\$ 2,019,675	\$ 1,452,061	\$ 567,614
Highways and streets	136,600	173,703	170,004	3,699
Public safety	568,075	570,554	509,100	61,454
Culture and recreation	597,369	708,419	638,147	70,272
Capital outlay	-	-	43,108	(43,108)
Debt service:				
Loan principle	-	-	115,758	(115,758)
Loan interest	-	-	98,083	(98,083)
Total expenditures	<u>\$ 3,206,965</u>	<u>\$ 3,472,351</u>	<u>\$ 3,026,261</u>	<u>\$ 446,090</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 77,290	\$ 107,164	\$ 107,164	\$ -
Transfers out	(501,334)	(501,334)	(353,336)	147,998
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>\$ (424,044)</u>	<u>\$ (394,170)</u>	<u>\$ (246,172)</u>	<u>\$ 147,998</u>
BUDGETED CASH BALANCE	<u>\$ 741,893</u>	<u>\$ 843,920</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Convention and Visitors Center Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 38,500	\$ 38,500	\$ 20,436	\$ (18,064)
Local sources	132,500	132,500	1,027	(131,473)
State sources	-	-	-	-
Earnings on investments	100	100	232	132
Total revenues	<u>\$ 171,100</u>	<u>\$ 171,100</u>	<u>\$ 21,695</u>	<u>\$ (149,405)</u>
EXPENDITURES				
Culture & recreation	\$ 362,455	\$ 362,455	\$ 202,557	\$ 159,898
Total expenditures	<u>\$ 362,455</u>	<u>\$ 362,455</u>	<u>\$ 202,557</u>	<u>\$ 159,898</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 195,000	\$ 195,000	\$ 189,178	\$ (5,822)
Total other financing sources (uses)	<u>\$ 195,000</u>	<u>\$ 195,000</u>	<u>\$ 189,178</u>	<u>\$ (5,822)</u>
BUDGETED CASH BALANCE	<u>\$ 3,645</u>	<u>\$ 332,384</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Lodger's Tax Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 425,500	\$ 468,946	\$ 468,447	\$ (499)
Local sources	-	-	2,049	2,049
State sources	-	-	3,000	3,000
Earnings on investments	300	300	1,416	1,116
Total revenues	<u>\$ 425,800</u>	<u>\$ 469,246</u>	<u>\$ 474,912</u>	<u>\$ 5,666</u>
EXPENDITURES				
Culture & recreation	\$ 12,000	\$ 12,000	-	\$ 12,000
Total expenditures	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 12,000</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (497,000)	\$ (497,000)	\$ (357,723)	\$ 139,277
Total other financing sources (uses)	<u>\$ (497,000)</u>	<u>\$ (497,000)</u>	<u>\$ (357,723)</u>	<u>\$ 139,277</u>
BUDGETED CASH BALANCE	<u>\$ 83,200</u>	<u>\$ 39,754</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Gas Tax Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
State shared taxes	200,000	200,000	193,796	(6,204)
Earnings from investments	-	-	270	270
	<u>-</u>	<u>-</u>	<u>270</u>	<u>270</u>
Total revenues	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 194,066</u>	<u>\$ (5,934)</u>
EXPENDITURES				
Highways and streets	<u>\$ 282,665</u>	<u>\$ 282,665</u>	<u>\$ 192,844</u>	<u>\$ 89,821</u>
Total expenditures	<u>\$ 282,665</u>	<u>\$ 282,665</u>	<u>\$ 192,844</u>	<u>\$ 89,821</u>
BUDGETED CASH BALANCE	<u>\$ 82,665</u>	<u>\$ 82,665</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Statement of Net Position
June 30, 2014

Statement 11
Page 1 of 2

	Water/Sewer		Solid Waste		Ambulance		Motor Vehicle		Total
	Fund		Fund		Fund		Department	Fund	
ASSETS									
Current Assets									
Cash on deposit	\$ 768,183	\$ 34,927	\$ 10,064	\$ 11,321					\$ 824,495
Accounts receivable (net)	134,912	43,993	-	-					179,905
Total Current Assets	903,095	78,920	10,064	11,321					1,003,400
Non-Current Assets									
Restricted Assets (Cash)	271,643								271,643
Customer meter deposits	90,613								90,613
Total Non-Current Assets	362,256								362,256
Capital Assets									
Land	158,559								158,559
Land improvements									
Buildings and Improvements	171,034	148,570							319,604
Equipment	130,535	26,881							157,416
Vehicles	318,632	9,702							328,334
Heavy equipment		890,465		131,836					1,022,301
Plant/infrastructure	18,384,106	420,142							18,804,248
Accumulated depreciation	(4,750,967)	(989,349)		(13,184)					(5,753,500)
Total Capital Assets	14,411,899	506,411	118,652						15,036,962
Total Assets	\$ 15,677,250	\$ 585,331	\$ 128,716	\$ 11,321					\$ 16,402,618

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Statement of Net Position
June 30, 2014

Statement 11
Page 2 of 2

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Motor Vehicle Department Fund	Total
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 107,300	\$ -	\$ -	\$ -	\$ 107,300
Current portion revenue bonds payable					19,110
Current portion loan payable		19,110			
Customer meter deposits payable from Restricted Assets	90,613				90,613
Total Current Liabilities	197,913	19,110			217,023
Long-Term Liabilities					
Compensated absences payable	8,301	6,274			14,575
Revenue bonds payable	5,103,700				5,103,700
Landfill post closure liabilities		1,203,394			1,203,394
Total Long-Term Liabilities	5,112,001	1,209,668			6,321,669
Total Liabilities	5,309,914	1,228,778			6,538,692
NET POSITION					
Net investment in capital assets	9,200,899	506,411	118,652		9,825,962
Restricted for capital outlay	16,728				16,728
Restricted for debt service					
Restricted for repair & replacement	254,914				254,914
Unrestricted	894,795	(1,149,858)	10,064	11,321	(233,678)
Total Net Position	10,367,336	(643,447)	128,716	11,321	9,863,926
Total Liabilities and Net Position	\$ 15,677,250	\$ 585,331	\$ 128,716	\$ 11,321	\$ 16,402,618

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2014

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Motor Vehicle Department Fund	Total
OPERATING REVENUES					
Sales and services	\$ 1,142,999	\$ 387,614	\$ 114,320	\$ 13,450	\$ 1,658,383
Local sources	60,422	-	197,953	-	258,375
State sources	-	-	93,750	-	93,750
Federal sources	66,946	-	-	-	66,946
State shared taxes	-	38,201	-	31,945	70,146
Total operating revenue	1,270,367	425,315	406,023	45,395	2,147,600
OPERATING EXPENSES					
Personal services	252,059	134,529	286,398	50,646	723,632
Maintenance and operations	623,082	194,039	79,827	4,213	901,166
Major contractual services	-	-	-	-	-
Other operating expenses	-	-	-	-	-
Depreciation	546,559	281,544	13,184	-	841,287
Total operating expenses	1,421,700	610,112	379,409	54,864	2,466,085
Operating income (loss)	(151,333)	(184,297)	26,614	(9,469)	(318,485)
NON-OPERATING REVENUE (EXPENSE)					
Investment income	2,318	80	740	16	3,154
Investment expense	(146,143)	(2,802)	-	-	(148,945)
Transfers in	-	88,581	-	20,774	109,355
Transfers out	-	-	-	-	-
Total Non-Operating Revenue (Expense)	(143,825)	85,859	740	20,790	(38,436)
Change in Net Position	(295,158)	(98,438)	27,354	11,321	(354,921)
Net position, beginning of year	4,933,998	(571,733)	-	-	4,362,265
Restatement	5,728,496	26,724	101,362	-	5,856,582
Net position, beginning of year, restated	10,662,494	(545,009)	101,362	-	10,218,847
Net position, end of year	\$ 10,367,336	\$ (643,447)	\$ 128,716	\$ 11,321	\$ 9,863,926

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2014

Statement 13

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Motor Vehicle Department Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,102,617	\$ 372,231	\$ 114,320	\$ 13,450	\$ 1,602,618
Cash received from local sources	60,422	-	197,953	-	258,375
Cash received from state sources	-	-	93,750	31,945	125,695
Cash received from federal sources	66,946	-	-	-	66,946
Cash received from state shared taxes	-	38,201	-	-	38,201
Cash payments to employees and to suppliers for goods and services	(870,436)	(329,077)	(366,225)	(54,864)	(1,620,602)
Net cash provided by operating activities	<u>359,549</u>	<u>81,355</u>	<u>39,798</u>	<u>(9,469)</u>	<u>471,233</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Loan proceeds	-	-	-	-	-
Principal paid	(97,300)	(18,226)	-	-	(115,526)
Acquisition of capital assets	(75,018)	(148,569)	(131,836)	-	(355,423)
Investment expense	(146,143)	(2,802)	-	-	(148,945)
Net cash provided (used) by capital and related financing activities	<u>(318,461)</u>	<u>(169,597)</u>	<u>(131,836)</u>	<u>-</u>	<u>(619,894)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers from other funds	-	88,581	-	20,774	109,355
Operating transfers to other funds	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>88,581</u>	<u>-</u>	<u>20,774</u>	<u>109,355</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	2,318	80	740	16	3,154
Net cash provided by investing activities	<u>2,318</u>	<u>80</u>	<u>740</u>	<u>16</u>	<u>3,154</u>
Net increase (decrease) in cash	43,406	419	(91,298)	11,321	(36,152)
Cash, beginning of year	996,420	34,508	101,362	-	1,132,290
Cash, end of year	<u>\$ 1,039,826</u>	<u>\$ 34,927</u>	<u>\$ 10,064</u>	<u>\$ 11,321</u>	<u>\$ 1,096,138</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (151,333)	\$ (184,297)	\$ 26,614	\$ (9,469)	\$ (318,485)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	546,559	281,544	13,184	-	841,287
Changes in assets and liabilities:					
(Increase) decrease in receivables	(40,382)	(15,383)	-	-	(55,765)
Increase (decrease) in accounts payable	(312)	-	-	-	(312)
Increase (decrease) in compensated absences	5,017	(509)	-	-	4,508
Net cash provided (used) by operating activities	<u>\$ 359,549</u>	<u>\$ 81,355</u>	<u>\$ 39,798</u>	<u>\$ (9,469)</u>	<u>\$ 471,233</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Notes to Financial Statements
Year Ended June 30, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government

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 government is able to exercise oversight responsibilities. Based upon the application of these criteria, the City had no component units.

B. Government-wide and fund financial statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 operation 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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

Notes to Financial Statements (continued)

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 judgements, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Convention and Visitors Center Fund (Special Revenue 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)

Lodgers Tax Fund (Special Revenue 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).

Gas Tax Fund (Special Revenue 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)

River Road Drainage Fund - 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.

The City reports the following as Proprietary Funds.

Proprietary Funds - Enterprise Funds

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

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

Notes to Financial Statements (continued)

Enterprise Fund - Ambulance Fund - To account for the operations of the City's ambulance services.

Enterprise Fund - MVD Fund - To account for the operations of the City's Motor Vehicle Department.

The City also reports additional Governmental funds as non-major.

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

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

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues. Program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions and 3) program specific capital grants and contributions including special assessments.

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Notes to Financial Statements (continued)

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. 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.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Village. The pledged securities remain in the name of the financial institution.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

The cost of inventories are recorded as expenditures when purchased rather than when consumed.

Notes to Financial Statements (continued)

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

The City does not capitalize computer software or software developed for internal use (if applicable) unless it exceeds the \$5,000 threshold.

H. Compensated Absences

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

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or

Notes to Financial Statements (continued)

proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

J. Taxes

Franchise Taxes - By authority of Chapter 3, Article 42, NMSA 1978 and various ordinances, the City imposes a franchise tax on certain public utilities operating within the municipality.

Motor Vehicle Registration Fees - Under the provisions of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies with the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 1978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-6-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

Gasoline Tax - The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposed an excise tax on \$0.17 on each gallon of gasoline received in New Mexico. Of the total gasoline taxes received, a portion is distributed to the various municipalities within the State pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.

Municipal Gross Receipts Tax - Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, the City adopted gross receipts taxing through ordinance. Said ordinances provide for the imposition of gross receipts taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the State of New Mexico and remitted to the Village after deducting certain administrative costs.

State Gross Receipts Tax - Under authority of Chapter 7, Article 1, NMSA 1978, the State of New Mexico imposes a gross receipts tax on all businesses within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts.

K. Restricted Assets

Certain long-term assets in the proprietary funds are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purpose such as "deposits held in trust for others".

L. Net Assets

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

Net investment in capital assets - This category reflects the portion of net assets that are associates with capital assets less outstanding capital asset related debt.

Notes to Financial Statements (continued)

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

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

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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 (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purpose specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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 Council or a City official delegated that authority by the City Council or ordinance.

Notes to Financial Statements (continued)

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 have 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.

N. 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.

O. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

2. DEPOSITORY COLLATERAL

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

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

First National Bank	Checking	Landfill Closure	\$	2,312
First National Bank	Checking	Solid Waste		24,750
First National Bank	Checking	Ambulance		11,009
First National Bank	Checking	Motor Vehicle		5,304
First National Bank	Checking	Golf Course		11,428
First National Bank	Checking	Airport		1,261
First National Bank	Checking	General		132,046
First National Bank	Checking	General		5,014
First National Bank	Checking	General		5,456
First National Bank	Checking	General		830
First National Bank	Checking	Gasoline Tax		107,093
First National Bank	Checking	LGC		2,738
First National Bank	Checking	Convention Center		10,768
First National Bank	Checking	Riverroad		1,392
First National Bank	Checking	Riverroad		270,068
First National Bank	Checking	Lodgers Tax		343,898
First National Bank	Checking	ARRA Waste Water		14,289

Notes to Financial Statements (continued)

First National Bank	Checking	Water Meter Deposit	79,274
First National Bank	Checking	Sewer Reserve	85,491
First National Bank	Checking	Sewer Asset Management	24,055
First National Bank	Checking	RUS	3,441
First National Bank	Checking	Sewer	216,900
First National Bank	Checking	R & R Sewer	146,974
First National Bank	Checking	Water	148,412
First National Bank	Checking	Recreation	427
First National Bank	Checking	LEPF	346
First National Bank	Checking	Fire	33,924
First National Bank	Checking	EMS	99
First National Bank	Checking	Library	34,568
First National Bank	Checking	EMS/Fire	21,905
First National Bank	Checking	Seniors	16,504
First National Bank	Checking	Planning Grant	2,419
First National Bank	Checking	Power Dam	11,422
First National Bank	Checking	Blue Hole	11,188
First National Bank	Checking	YCC Grant	1,680
First National Bank	Checking	Cultural Corridors	6,256
First National Bank	Checking	Downtown Improvements	6,103
First National Bank	Checking	Los Amigos	13,677
First National Bank	Checking	CDBG 2 nd Street	26,480
First National Bank	Checking	Ilfeld	25,129
First National Bank	Checking	Airport Construction	549
Wells Fargo Bank	Checking	Landfill Closure	5,000
Wells Fargo Bank	Checking	Solid Waste	3,735
Wells Fargo Bank	Checking	Golf Course	262
Wells Fargo Bank	Checking	Airport	1,406
Wells Fargo Bank	Checking	General	72,360
Wells Fargo Bank	Checking	ARRA Waste Water	2,439
Wells Fargo Bank	Checking	Sewer	145,842
Wells Fargo Bank	Checking	Water	150,417
Wells Fargo Bank	Checking	Fire	9,975
Wells Fargo Bank	Checking	Seniors	4,962
Wells Fargo Bank	Checking	Airport Construction	41,979
First Community Bank	Checking	Convention Center	96,209
First Community Bank	Checking	Chilli Pepper Rally	12,027
First Community Bank	Checking	Mainstreet	14,627
Wells Fargo Bank	Certificate of Deposit	General	11,833
Wells Fargo Bank	Certificate of Deposit	Lodgers Tax	17,740
First National Bank	Savings	General IMMA	62,133
First National Bank	Savings	General Money Market	400,573
First National Bank	Savings	Water/Sewer IMMA	8,569
First National Bank	Savings	Water Meter Deposit	12,107
First National Bank	Certificate of Deposit	Water	<u>95,162</u>
		Total	<u>\$ 3,036,236</u>
		NM Finance Authority	<u>\$ 406,079</u>
		Total amount on deposit	\$3,442,315
		Deposit in transit	8,698
		Petty Cash	650
		Outstanding checks	<u>(87,842)</u>
		Total per financial statements	<u>\$3,363,821</u>

Notes to Financial Statements (continued)

The following schedule details the public money held at each Bank and the pledged collateral provided for the City follows:

	Wells Fargo Bank	First Financial Bank	First Community Bank
Cash on deposit at June 30	\$ 467,950	\$ 2,445,423	\$ 122,863
Less FDIC	<u>(279,573)</u>	<u>(250,000)</u>	<u>(122,863)</u>
Uninsured funds	188,377	2,195,423	-
Funds needing collateralization at 50% (required by State Law)	94,188	1,097,711	-
Pledged collateral at June 30	<u>(89,731)</u>	<u>(1,514,942)</u>	<u>-</u>
Excess (deficiency) of Pledged Collateral	<u>\$ (4,457)</u>	<u>\$ 417,231</u>	<u>\$ -</u>

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$2,383,800 of the City's bank balance of \$3,036,236 was exposed to custodial credit risk as follows:

A. Uninsured and uncollateralized	\$ 779,127
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the City's name	<u>1,604,673</u>
Total	<u>\$ 2,383,800</u>

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

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

<u>Wells Fargo Bank MINN-MPLS</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FN #3138E0SF7	12-01-26	<u>\$ 89,731</u>
<u>First National Bank</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FHLB #313381F91	12-31-12	\$ 282,921
FHLB #3138EJ5Q7	11-01-27	499,553
FHLB #3128P7PH0	8-01-30	<u>732,468</u>
		<u>\$ 1,514,942</u>

Notes to Financial Statements (continued)

The amount held at the New Mexico Finance Authority totaling \$406,079 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

3. RECEIVABLES

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 193,201
Less allowance for Uncollectible accounts	<u>-</u>	<u>(14,296)</u>
Subtotal	-	178,905
Property taxes receivable	4,237	-
Lodgers tax receivable	49,358	-
Gross receipts taxes receivable	129,057	-
Gas taxes receivable	16,367	-
Intergovernmental	<u>5,418</u>	<u>-</u>
Total	<u>\$ 204,437</u>	<u>\$ 178,905</u>

4. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semi-annual installments by November 10 and April 10 of the subsequent year. Taxes are collected on behalf of the City by the County Treasurer, and are remitted to the City in the month following collection. Because the Treasurer for the county in which the City is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the City.

The City is permitted to levy taxes for general operating purposes based on taxable value for both residential and nonresidential property, taxable value being defined as one-third of the fully assessed value. In addition, the City is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the City.

The City accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues. The City has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the City's financial records.

Notes to Financial Statements (continued)

5. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

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

Hydrant Meter deposits \$ 90,613

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

Residential properties \$ 100
Commercial properties \$ 200

6. TRANSFERS

The composition of interfund transfers for Governmental Activities during the year are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>Convention & Visitors Fund</u>	<u>Non-Major Governmental</u>	<u>Solid Waste Fund</u>	<u>MVD Fund</u>	
General Fund	\$ -	\$ 136,816	\$ 88,581	\$ 20,774	\$ (246,171)
Lodgers Tax Fund	189,178	168,545	-	-	(357,723)
Total Transfers In/Out	<u>\$ 189,178</u>	<u>\$ 305,361</u>	<u>\$ 88,581</u>	<u>\$ 20,774</u>	<u>\$ -</u>

Balance of Transfers

Transfer to Convention & Visitors Center Fund	\$ 189,178	From Lodgers Tax Fund
Transfer to Non-Major Governmental Fund	168,545	From Lodgers Tax Fund
Transfer to MVD Fund	20,774	From General Fund
Transfer to Non-Major Governmental Fund	136,816	From General Fund
Transfer to Solid Waste Fund	<u>88,581</u>	From General Fund
Total Interfund Transfers Between Governmental and Business-Type Activities	<u>\$ 603,894</u>	

Notes to Financial Statements (continued)

7. CAPITAL ASSETS

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

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2014</u>
Land	\$ 1,688,145	\$ -	\$ -	\$ -	\$ 1,688,145
Land Improvements	5,324,674	111,297	-	(261,823)	5,174,148
Buildings & improvements	17,587,206	180,338	-	(7,482,632)	10,284,912
Airport	4,207,959	562,945	-	229,353	5,000,257
Street improvements	9,889,707	-	-	(1,858,490)	8,031,217
Vehicles & equipment	4,200,796	-	-	(4,200,796)	-
Equipment	-	35,585	-	807,347	842,932
Heavy equipment	-	-	-	2,101,516	2,101,516
Vehicles	-	-	-	511,612	511,612
Sub-total	<u>42,898,487</u>	<u>890,165</u>	<u>-</u>	<u>(10,153,914)</u>	<u>33,634,739</u>
Less: Accumulated Depreciation	<u>(17,321,761)</u>	<u>(875,765)</u>	<u>-</u>	<u>4,339,306</u>	<u>(13,858,220)</u>
Total Capital Assets	<u>\$25,576,726</u>	<u>\$ 14,400</u>	<u>\$ -</u>	<u>\$(5,814,608)</u>	<u>\$19,776,519</u>

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

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2014</u>
Land	\$ 158,559	\$ -	\$ -	\$ -	\$ 158,559
Buildings	304,161	75,345	-	(59,902)	319,604
Equipment	143,244	7,586	-	6,586	157,416
Heavy Equipment	847,424	131,718	-	43,159	1,022,301
Vehicles	279,292	31,718	-	17,324	328,334
Plant	7,567,423	109,056	-	11,127,769	18,804,248
Sub-total	9,300,103	355,423	-	11,134,936	20,790,462
Buildings	(120,574)	(9,607)	-	20,512	(109,670)
Equipment	(143,244)	(14,554)	-	(11,062)	(168,860)
Heavy Equipment	(537,624)	(61,125)	-	(206,023)	(804,772)
Vehicles	(269,792)	(12,616)	-	(18,018)	(300,426)
Plant	<u>(2,862,976)</u>	<u>(743,384)</u>	<u>-</u>	<u>(763,411)</u>	<u>(4,369,771)</u>
Less: Accumulated Depreciation	<u>(3,934,210)</u>	<u>(841,287)</u>	<u>-</u>	<u>(978,003)</u>	<u>(5,753,500)</u>
Total Capital Assets	<u>\$ 5,365,893</u>	<u>\$(485,864)</u>	<u>\$ -</u>	<u>\$10,156,933</u>	<u>\$15,036,962</u>

Notes to Financial Statements (continued)

8. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Enterprise Fund

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

	<u>Balances</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds payable	\$ 4,858,300	\$ -	\$ 72,300	\$ 4,786,000	\$ 82,300
NM Environment Loan	450,000	-	25,000	425,000	25,000
Loan payable to New Mexico Finance Authority	37,360	-	18,250	19,110	19,110
Compensated absences payable	<u>11,439</u>	<u>3,136</u>	<u>-</u>	<u>14,575</u>	<u>-</u>
Total	<u>\$ 5,357,099</u>	<u>\$ 3,136</u>	<u>\$ 115,550</u>	<u>\$ 5,244,685</u>	<u>\$ 126,410</u>

Compensated Absences

The compensated absences due by each fund are as follows:

Solid Waste Fund \$6,274 Water/Sewer Fund \$8,301

The detail by individual fund follows:

Solid Waste Fund

	<u>Balances</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2014</u>
Loan payable - Refuse Truck	\$ 37,360	\$ -	\$ 18,250	\$ 19,110
Total	<u>\$ 37,360</u>	<u>\$ -</u>	<u>\$ 18,250</u>	<u>\$ 19,110</u>

The City entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the City to pay a principal amount of \$127,778 and interest for the purpose of defraying the cost of acquiring a refuse truck. Revenues from the City's Solid Waste Collections will be used to pay off this loan.

The debt service requirement to maturity, including interest is as follows:

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	<u>\$ 19,110</u>	<u>\$ 906</u>	<u>\$ 20,016</u>

Notes to Financial Statements (continued)

Water/Sewer Fund

	Balances <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2014</u>
Revenue Bonds				
Series 2001A	\$ 215,300	\$ -	\$ 4,000	\$ 211,300
Revenue Bonds				
Series 2001B	170,000	-	3,000	167,000
Revenue Bonds				
Series 2006	369,000	-	5,000	364,000
NMEnvironment Loan	450,000	-	25,000	425,000
Revenue Bonds				
Series 2006	23,000	-	300	22,700
Revenue Bonds				
Series 2009	<u>4,081,000</u>	<u>-</u>	<u>60,000</u>	<u>4,021,000</u>
Total	<u>\$ 5,308,300</u>	<u>\$ -</u>	<u>\$ 97,300</u>	<u>\$ 5,211,000</u>

The Water and Sewer Enterprise Fund has several Revenue Bond Issues. These bonds were issued for the purpose of constructing and renovating the City's water and sewer system. Following details the various bonds owed by the City:

<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>
2001A	5/31/2041	\$ 256,300	4.50%	\$ 211,300
2001B	5/31/2041	\$ 200,000	4.50%	167,000
2006	6/23/2046	\$ 400,000	4.25%	364,000
NMED	6/30/2031	\$ 500,000	N/A	425,000
2006	6/30/2033	\$ 25,000	4.25%	22,700
2009	4/22/2050	\$ 4,201,000	2.75%	<u>4,021,000</u>
				<u>\$ 5,211,000</u>

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

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 107,300	\$ 127,800	\$ 235,100
2016	110,400	125,600	236,000
2017	110,400	123,200	233,600
2018	110,400	121,000	231,400
2019	110,400	118,600	229,000
2020-2024	616,300	554,800	1,171,100
2025-2029	698,800	484,200	1,183,000
2030-2034	722,500	397,600	1,120,100
2035-2039	774,300	304,500	1,078,800
2040-2044	812,700	197,100	1,009,800
2045-2049	836,500	94,600	931,100
2050	<u>201,000</u>	<u>5,600</u>	<u>206,600</u>
Total	<u>\$ 5,211,000</u>	<u>\$ 2,654,600</u>	<u>\$ 7,865,600</u>

Notes to Financial Statements (continued)

The debt service requirement to maturity is as follows:

Governmental Funds

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

	<u>Balances</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
Loans payable to New Mexico Finance Authority	\$ 1,198,251	-	\$ 103,967	\$ 1,094,284	\$ 96,996
Revenues Bonds Series 2006A/B	2,949,683	-	163,240	2,786,443	169,152
Compensated absences	<u>32,278</u>	<u>24,516</u>	<u>-</u>	<u>56,794</u>	<u>-</u>
Total	<u>\$ 4,180,212</u>	<u>\$ 24,516</u>	<u>\$ 267,207</u>	<u>\$ 3,937,521</u>	<u>\$ 266,148</u>

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

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	<u>\$ 12,834</u>	<u>\$ 245</u>	<u>\$ 13,079</u>

The City entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the City to pay a principal amount of \$347,753 and interest for the purpose of defraying the cost of acquiring a fire tanker for the City's fire department. The yearly payments are to be redirected from the City's share of the State Fire Fund revenues to NMFA. The interest rate is 2.930% to 4.600%. The maturity date is May 1, 2017.

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 49,507	\$ 5,300	\$ 54,807
2016	51,091	3,716	54,807
2017	<u>49,288</u>	<u>1,953</u>	<u>51,241</u>
Total	<u>\$ 149,886</u>	<u>\$ 10,969</u>	<u>\$ 160,855</u>

Notes to Financial Statements (continued)

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

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 10,633	\$ 1,143	\$ 11,776
2016	10,702	1,074	11,776
2017	10,775	1,002	11,777
2018	10,850	927	11,777
2019	10,928	849	11,777
2020-2024	55,923	2,966	58,889
2025-2027	<u>34,699</u>	<u>637</u>	<u>35,336</u>
Total	<u>\$ 144,510</u>	<u>\$ 8,598</u>	<u>\$ 153,108</u>

The City also entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the City to pay a principal amount of \$915,538 and interest for the purpose of defraying the cost of purchasing an Assisted Living Facility. The yearly payments are to be redirected from the City's one-eighth of one percent of municipal infrastructure gross receipts tax revenues imposed by the City Ordinance to the NMFA. Variable interest rates range from 3.20% to 6.600%. The maturity date is May 1, 2035.

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 24,022	\$ 37,985	\$ 62,007
2016	24,816	37,191	62,007
2017	25,676	36,331	62,007
2018	26,597	35,410	62,007
2019	27,585	34,422	62,007
2020-2024	155,546	154,489	310,035
2025-2029	194,173	115,861	310,034
2030-2034	250,010	60,023	310,033
2035	<u>58,629</u>	<u>3,378</u>	<u>62,007</u>
Total	<u>\$ 787,054</u>	<u>\$ 515,090</u>	<u>\$ 1,302,144</u>

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

Notes to Financial Statements (continued)

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 84,857	\$ 55,208	\$ 140,065
2016	87,975	52,098	140,073
2017	91,254	48,827	140,081
2018	94,704	45,385	140,089
2019	98,326	41,772	140,098
2020-2024	552,652	147,992	700,644
2025-2027	<u>388,058</u>	<u>32,467</u>	<u>420,525</u>
Total	<u>\$ 1,397,826</u>	<u>\$ 423,749</u>	<u>\$ 1,821,575</u>

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

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 84,295	\$ 54,852	\$ 139,147
2016	87,392	51,762	139,154
2017	90,650	48,512	139,162
2018	94,078	45,092	139,170
2019	97,677	41,503	139,180
2020-2024	549,011	147,040	696,051
2025-2027	<u>385,514</u>	<u>32,258</u>	<u>417,772</u>
Total	<u>\$ 1,388,617</u>	<u>\$ 421,019</u>	<u>\$ 1,809,636</u>

B. Operating Leases

The City of Santa Rosa leases copiers on monthly long-term contracts. The leases provide for monthly lease payments until October, 2019. The property may be purchased at the fair market value upon expiration of the lease. The following yearly payments will be due:

Fiscal year 2015	\$ 6,110
Fiscal year 2016	4,551
Fiscal year 2017	2,984
Fiscal year 2018	1,409
Fiscal year 2019	<u>470</u>
Total	<u>\$ 15,524</u>

C. Short-Term Liabilities

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

Notes to Financial Statements (continued)

9. 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 landfill was closed on November 4, 2011. As of that date, post-closure costs were estimated to be \$1,117,600. Since that date, \$85,907 has been paid for post-closure costs, leaving a balance of \$1,031,693 to be paid over the remaining years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

10. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Convention & Visitors Center Fund</u>	<u>Lodgers Tax Fund</u>	<u>Gas Tax Fund</u>	<u>River Road Drainage Fund</u>	<u>Other Governmental Fund</u>	<u>Totals</u>
<u>Nonspendable:</u>							
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total nonspendable	-	-	-	-	-	-	-
<u>Restricted for:</u>							
Road improvements	-	-	-	123,460	-	-	123,460
Fire protection	-	-	-	-	-	42,600	42,600
Law enforcement	-	-	-	-	-	11	11
Emergency services	-	-	-	-	-	19,402	19,402
Senior services	-	-	-	-	-	25,056	25,056
Debt service	218,119	-	-	-	-	-	218,119
Convention services	-	106,977	-	-	-	-	106,977
Tourism programs	-	-	548,847	-	-	-	548,847
Culture and recreation	-	-	-	-	-	62,736	62,736
Capital outlay	-	-	-	-	271,460	104,680	376,140
Total restricted	<u>218,119</u>	<u>106,977</u>	<u>548,847</u>	<u>123,460</u>	<u>271,460</u>	<u>254,485</u>	<u>1,523,348</u>
<u>Committed to:</u>							
Other purposes	400,573	-	-	-	-	-	400,573
Total committed	<u>400,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,573</u>
<u>Unassigned:</u>	<u>457,586</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>457,586</u>
<u>Total Fund Balances</u>	<u>\$ 1,076,273</u>	<u>\$ 106,977</u>	<u>\$ 548,847</u>	<u>\$ 123,460</u>	<u>\$ 271,460</u>	<u>\$ 254,485</u>	<u>\$ 2,381,507</u>

Notes to Financial Statements (continued)

11. RETIREMENT PLAN

Plan Description. Substantially all of City'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 Board (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy. Plan members are required to contribute 7% for policemen 9.15% for all other members (range from 4% to 16.3% depending upon the division, i.e., state general, state hazardous duty, state police, municipal general, municipal police, municipal fire) of their gross salary. The City is required to contribute 10% for policemen and 9.15% for all other plan members (range from 7% to 25.72% depending upon the division) of the gross covered salary. The contribution requirements of plan members and the City are established in Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The City's contributions to PERA for the years ending June 30, 2014, 2013 and 2012 were \$129,388, \$131,770 and \$141,604 respectively equal to the amount of the required contributions for the year.

12. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description. City 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 provided 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 event the time period required for employee and employer contributions shall become the period of time between the employers effective date and the date of retirement; (2) retirees defined by the Act who retired prior to July 1, 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

Notes to Financial Statements (continued)

that includes financial statements and required supplementary information for the post-employment healthcare plan. The report and further information can be obtained by writing to Retiree Health Care Authority, 4308 Carlisle Boulevard, Suite 104, Albuquerque, New Mexico 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorized 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 for 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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$24,552, \$25,150 and \$24,865, respectively, which equal the required contributions for each year.

Notes to Financial Statements (continued)

13. BUDGET VIOLATIONS

The Fire Protection Fund had an overall budget overrun of \$551. The Ambulance Fund had a budget overrun of \$19,412. The Solid Waste Fund had a budget overrun of \$41,965.

14. PENSION LIABILITY

Agencies that contribute to pensions subject to GASB 68 must include a pension liability in the financial statements beginning in the fiscal year ending June 30, 2015 audit report. At this time the Public Employees Retirement Association is a pension that will fall under the requirements of GASB 68. This liability and the total amount needed to be reported are unknown at this time.

15. RESTATEMENT - FUND BALANCE/STATEMENT OF ACTIVITIES

The June 30, 2013 audit report included the Ambulance Fund with the Water/Sewer Fund in the amount of \$101,362. The Solid Waste Fund was adjusted to include cash held at NMFA for required reserves in the loan with NMFA for \$12,811. The Water/Sewer Fund had to be adjusted by \$20,653 of cash in the ARRA Wastewater Facility Fund that was shown in the Governmental Funds incorrectly. There was also an adjustment of \$13,913 to eliminate the due to other funds account. The Water/Sewer Fund had the adjustment of the \$101,362 that belonged to the Ambulance Fund. The ARRA Wastewater Treatment Fund was previously reported as a governmental-type fund and should have been included in the Water/Sewer Fund in the amount of \$125,365. The ARRA Wastewater Capital assets and depreciation also needed to be included in the Water/Sewer Fund in the net amount of \$10,273,440. The Water/Sewer Fund did not include the loan related to the ARRA Wastewater project in the amount of \$4,081,000. There was also a NM Environment Department loan not reported in the amount of \$450,000. A USDA Loan in the amount of \$20,000 was not reported. The Due from other funds in the amount of \$159,515 and the Due to other funds in the amount of \$230,055 were eliminated. The Capital Assets had to be adjusted in the amount of \$82,140 and accumulated depreciation needed to be adjusted by \$107,709. The total net effect being \$5,856,582.

The Governmental Funds had a restatement to Fund Balance due to \$10,754 in cash from another fund being closed out and included with Convention and Visitors Center Fund. The Lodgers Tax Fund had \$139,312 in cash from NMFA considered reserves for debt service was not reported. The Due from other funds in Lodgers Tax was eliminated as well as the corresponding Due to other funds in the Lodgers Tax Promotional Fund for \$1,037,748 and \$1,036,809 respectively. The Corona Lift Station Fund was eliminated as it had been closed out by the City for \$159,165 as well as the Lake Drive Improvement Fund for \$279,600. The Gas Tax Fund closed out due to other funds account for \$45,000. The Planning Grant Fund had been closed out and needed to be adjusted by \$11,000. The CDBG Economic Development Fund, the ARRA Community Outreach and the 2007 MAP Project Fund had all been previously closed out to other funds in the amount of \$10,754, \$5,000 and \$1,387. The Riverroad Drainage Fund had the 2007 MAP Project closed out into the Riverroad Fund in a prior year in the amount of \$1,387. The CDBG 2nd Street had to eliminate the \$97,990 Due from Other Funds account. The ARRA Wastewater Treatment Facility should have been reported in the Water/Sewer business-type Fund and not in the Governmental funds in the amount of \$125,367. The Los Amigos Fund needed the Due to other funds

Notes to Financial Statements (continued)

account closed out in the amount of \$97,990 and \$7,594 being reported as cash at NMFA that was being carried forward from the 2009 audit report incorrectly. The Scenic Byways Fund had the due to other funds closed out in the amount of \$13,181. The Fire Protection Fund had an immaterial adjustment of \$8. The Airport Construction Fund had an immaterial adjustment of \$349. The General Fund had \$257,600 in the cash at NMFA held as Reserves and program funds. A total of \$11,274 was cash from other funds closed out in the previous year. The Due to account for \$56,999 and Due from account for \$86,023 were eliminated. Another \$435,018 in previously unrecorded cash was also included in the restatement. The total net effect being \$740,512.

The Statement of Activities had to be adjusted by \$10,153,914 in capital assets and \$4,339,306 in accumulated depreciation. Interest payable had to be restated by \$312,758 and bonds payable by \$4,080,989. The net effect being \$1,420,861.

16. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENT

<u>Revenues</u>	<u>General Fund</u>	<u>Convention & Visitors Center Fund</u>	<u>Lodgers Tax Fund</u>	<u>Gas Tax Fund</u>
Accrual basis	\$ 3,517,108	\$ 21,695	\$ 524,269	\$ 210,434
Budget basis	<u>3,383,813</u>	<u>21,695</u>	<u>474,912</u>	<u>194,066</u>
Increase (decrease) in receivables	<u>\$ 133,295</u>	<u>\$ -</u>	<u>\$ 49,357</u>	<u>\$ 16,368</u>
 <u>Expenditures</u>				
Accrual basis	\$ 2,991,704	\$ 202,557	\$ -	\$ 192,844
Budget basis	<u>3,026,261</u>	<u>202,557</u>	<u>-</u>	<u>192,844</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in payables	<u>\$ (34,557)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Revenues</u>				
		<u>Riverroad Drainage Fund</u>	<u>Other Governmental Funds</u>	<u>Proprietary Fund</u>
Accrual basis		\$ 315,475	\$ 1,120,517	\$ 2,150,754
Budget basis		<u>315,475</u>	<u>1,115,099</u>	<u>2,094,989</u>
Increase (decrease) in receivables		<u>\$ -</u>	<u>\$ 5,418</u>	<u>\$ 55,765</u>
 <u>Expenditures</u>				
Accrual basis		\$ 63,848	\$ 1,468,365	\$ 2,615,000
Budget basis		63,848	1,468,369	2,240,466
Depreciation		-	-	(841,287)
Principal paid		-	-	115,526
Capital acquisitions		<u>-</u>	<u>-</u>	<u>355,423</u>
(Increase) decrease in compensated absences/ accounts payable		<u>\$ -</u>	<u>\$ (4)</u>	<u>\$ 4,196</u>

OTHER MAJOR FUNDS BUDGETS

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 River Road Drainage Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 190,444	\$ 315,431	\$ 315,431	\$ -
Earnings from investments	<u>-</u>	<u>-</u>	<u>44</u>	<u>44</u>
Total revenues	<u>\$ 190,444</u>	<u>\$ 315,431</u>	<u>\$ 315,475</u>	<u>\$ 44</u>
EXPENDITURES				
Capital outlay	<u>\$ 190,444</u>	<u>\$ 315,431</u>	<u>\$ 63,848</u>	<u>\$ 251,583</u>
Total expenditures	<u>\$ 190,444</u>	<u>\$ 315,431</u>	<u>\$ 63,848</u>	<u>\$ 251,583</u>

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

NON-MAJOR FUNDS

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Governmental Funds
 Combining Balance Sheet - By Fund Type
 June 30, 2014

	Special Revenue Funds	Capital Project Funds	Totals
ASSETS			
Cash on deposit	\$ 146,707	\$ 106,360	\$ 253,067
Accounts receivable	5,418	-	5,418
Total assets	\$ 152,125	\$ 106,360	\$ 258,485
LIABILITIES			
Due to other funds	\$ 4,000	\$ -	\$ 4,000
FUND BALANCE			
Nonspendable	-	-	-
Restricted	148,125	106,360	254,485
Committed	-	-	-
Unassigned	-	-	-
Total fund balance	148,125	106,360	254,485
Total liabilities and fund balance	\$ 152,125	\$ 106,360	\$ 258,485

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - By Fund Type
Year Ended June 30, 2014

Statement A-2

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Taxes	\$ -	\$ -	\$ -
Gas taxes	-	-	-
Cigarette taxes	-	-	-
Charges for services	17,262	30,000	47,262
Licenses and permits	475	-	475
Fines and forfeitures	10,140	-	10,140
Local sources	44,224	-	44,224
State sources	321,912	131,277	453,189
Federal sources	39,838	524,442	564,280
State shared taxes	-	-	-
Earnings on investments	475	472	947
	<u>434,326</u>	<u>686,191</u>	<u>1,120,517</u>
Total revenues			
EXPENDITURES			
Current:			
General government	-	106,227	106,227
Highways and streets	-	-	-
Public safety	162,603	-	162,603
Culture and recreation	352,815	-	352,815
Capital outlay	-	771,901	771,901
Debt service			
Principle	70,101	-	70,101
Interest	4,718	-	4,718
	<u>590,237</u>	<u>878,128</u>	<u>1,468,365</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(155,911)	(191,937)	(347,848)
OTHER FINANCING SOURCES (USES)			
Transfers in	170,545	134,816	305,361
Transfer out	-	-	-
Loan proceeds	-	-	-
	<u>170,545</u>	<u>134,816</u>	<u>305,361</u>
Total other financing sources (uses)			
Net change in fund balance	<u>14,634</u>	<u>(57,121)</u>	<u>(42,487)</u>
Fund balance at beginning of year	(777,959)	306,819	(471,140)
Restatement	911,450	(143,338)	768,112
Fund balance, beginning of year, restated	<u>133,491</u>	<u>163,481</u>	<u>296,972</u>
Fund balance at end of year	<u>\$ 148,125</u>	<u>\$ 106,360</u>	<u>\$ 254,485</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Combined Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Governmental Fund Types - Non-Major
Special Revenue Funds
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	16,205	16,205	17,262	1,057
Licenses and permits	10,000	10,000	475	(9,525)
Fines and forfeitures	25,000	25,000	10,140	(14,860)
Local sources	14,418	14,418	44,224	29,806
State sources	275,724	317,020	317,707	687
Federal sources	37,709	38,279	38,625	346
State shared taxes	-	-	-	-
Earnings from investments	105	105	475	370
Total revenues	<u>\$ 379,161</u>	<u>\$ 421,027</u>	<u>\$ 428,908</u>	<u>\$ 7,881</u>
EXPENDITURES				
General government	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-
Public safety	246,434	282,929	237,427	45,502
Culture and recreation	442,722	450,093	352,814	97,279
Total expenditures	<u>\$ 689,156</u>	<u>\$ 733,022</u>	<u>\$ 590,241</u>	<u>\$ 142,781</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 262,000	\$ 264,000	\$ 170,545	\$ (93,455)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 262,000</u>	<u>\$ 264,000</u>	<u>\$ 170,545</u>	<u>\$ (93,455)</u>
BUDGETED CASH BALANCE	<u>\$ 58,005</u>	<u>\$ 58,005</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Combined Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Capital Projects Funds
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
State sources	519,594	552,714	131,277	(421,437)
Federal sources	2,589,864	2,589,864	524,442	(2,065,422)
Earnings on investments	-	-	472	472
Total revenues	<u>\$ 3,139,458</u>	<u>\$ 3,172,578</u>	<u>\$ 686,191</u>	<u>\$ (2,486,387)</u>
EXPENDITURES				
Capital outlay	\$ 3,387,121	\$ 3,421,442	\$ 878,128	\$ 2,543,314
Total expenditures	<u>\$ 3,387,121</u>	<u>\$ 3,421,442</u>	<u>\$ 878,128</u>	<u>\$ 2,543,314</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 175,000	\$ 214,201	\$ 134,816	\$ (79,385)
Total other financing sources (uses)	<u>\$ 175,000</u>	<u>\$ 214,201</u>	<u>\$ 134,816</u>	<u>\$ (79,385)</u>
BUDGETED CASH BALANCE	<u>\$ 72,663</u>	<u>\$ 45,663</u>		

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

NON-MAJOR SPECIAL REVENUE FUNDS

ALL FUNDS - All funds were created by management directive.

SANTA ROSA CHILE PEPPER RALLY FUND - To account for funds subsidized by the General Fund and fundraising activities to pay for the Annual Chili Pepper Rally held within the City limits.

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)

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

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

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

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

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

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

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)

NON-MAJOR SPECIAL REVENUE FUNDS - CONTINUED

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).

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2014

	Santa Rosa Chile Pepper Rally	EMS Fund	Corrections Fund	Recreation Fund	Library Fund	Blue Hole Diving Facility	ARRA Wastewater Treatment Facility
ASSETS							
Cash on deposit	\$ 12,027	\$ 99	\$ 1,398	\$ 115	\$ 34,287	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Total assets	\$ 12,027	\$ 99	\$ 1,398	\$ 115	\$ 34,287	\$ -	\$ -
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	4,000	-	-	-	-
FUND BALANCE							
Restricted	12,027	99	(2,602)	115	34,287	-	-
Total fund balance	\$ 12,027	\$ 99	\$ 1,398	\$ 115	\$ 34,287	\$ -	\$ -

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2014

	Mainstreet Fund	Lodger's Tax Promotion Fund	Law Enforcement Protection Fund	EMS/Fire Rescue Fund	Fire Protection Fund	Senior Citizens Fund	Totals
ASSETS							
Cash on deposit	\$ 14,627	\$ -	\$ 11	\$ 21,905	\$ 42,600	\$ 19,638	\$ 146,707
Accounts receivable	-	-	-	-	-	5,418	5,418
Total assets	\$ 14,627	\$ -	\$ 11	\$ 21,905	\$ 42,600	\$ 25,056	\$ 152,125
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000
FUND BALANCE							
Restricted	14,627	-	11	21,905	42,600	25,056	148,125
Total fund balance	\$ 14,627	\$ -	\$ 11	\$ 21,905	\$ 42,600	\$ 25,056	\$ 152,125

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2014

	Santa Roca Bally Fund	2810 Fund	Corrections Fund	Recreation Fund	Library Fund	Blue Hole Diving Facility	ARRA Wastewater Treatment Facility
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	-	-	-
Cigarette taxes	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Fines and forfeitures	-	-	10,140	-	-	-	-
Local sources	-	-	-	-	14,146	-	-
State sources	-	20,000	-	-	8,070	-	-
Federal sources	-	-	-	-	-	-	-
Earnings on investments	22	54	2	1	91	-	-
Total revenues	22	20,054	10,142	1	22,307	-	-
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Public safety	-	19,955	15,395	-	-	-	-
Culture and recreation	-	-	-	711	25,187	41	-
Capital outlay	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-
Principle	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	-	19,955	15,395	711	25,187	41	-
Excess (deficiency) of revenues over expenditures	22	99	(5,253)	(710)	(2,880)	(41)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	2,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	2,000	-	-	-	-
Net change in fund balance	22	99	(3,253)	(710)	(2,880)	(41)	-
Fund balance, beginning of year	12,005	-	651	825	37,167	41	125,367
Restatement	-	-	-	-	-	-	(125,367)
Fund balance, beginning of year restated	12,005	-	651	825	37,167	41	-
Fund balance, end of year	\$ 12,027	\$ 99	\$ (2,602)	\$ 115	\$ 34,287	\$ -	\$ -

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2014

	Mainstreet Fund	Lodger's Tax Promotion Fund	Law Enforcement Protection Fund	EMS/Fire Rescue Fund	Fire Protection Fund	Senior Citizens Fund	Totals
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	-	-	-
Cigarette taxes	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	17,262	17,262
Licenses and permits	475	-	-	-	-	-	475
Fines and forfeitures	-	-	-	-	-	-	-
Local sources	21,295	-	5	250	1,000	7,528	10,140
State sources	-	-	23,600	7,200	176,703	86,339	44,224
Federal sources	-	-	-	-	-	39,838	321,912
Earnings on investments	11	-	12	65	166	51	39,838
							475
Total revenues	<u>21,781</u>	<u>-</u>	<u>23,617</u>	<u>7,515</u>	<u>177,869</u>	<u>151,018</u>	<u>434,326</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	1,444	-	-	1,444
Public safety	-	168,545	9,278	-	-	-	213,173
Culture and recreation	17,237	-	-	-	116,531	141,094	300,801
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principle	-	-	14,328	-	55,773	-	70,101
Interest	-	-	-	-	4,718	-	4,718
Total expenditures	<u>17,237</u>	<u>168,545</u>	<u>23,606</u>	<u>1,444</u>	<u>177,022</u>	<u>141,094</u>	<u>590,237</u>
Excess (deficiency) of revenues over expenditures	<u>4,544</u>	<u>(168,545)</u>	<u>11</u>	<u>6,071</u>	<u>847</u>	<u>9,924</u>	<u>(155,911)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	168,545	-	-	-	-	170,545
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)		<u>168,545</u>					<u>170,545</u>
Net change in fund balance	<u>4,544</u>	<u>-</u>	<u>11</u>	<u>6,071</u>	<u>847</u>	<u>9,924</u>	<u>14,634</u>
Fund balance, beginning of year	<u>10,083</u>	<u>(1,036,809)</u>		<u>15,834</u>	<u>41,745</u>	<u>15,132</u>	<u>(777,959)</u>
Restatement		<u>1,036,809</u>			<u>8</u>		<u>911,450</u>
Fund balance, beginning of year restated	<u>10,083</u>			<u>15,834</u>	<u>41,753</u>	<u>15,132</u>	<u>133,491</u>
Fund balance, end of year	<u>\$ 14,627</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 21,905</u>	<u>\$ 42,600</u>	<u>\$ 25,056</u>	<u>\$ 148,125</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - Santa Rosa Chile Pepper Rally
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
Earnings on investments	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 22</u>
EXPENDITURES				
Public safety	\$ 20,000	\$ 20,000	\$ -	\$ 20,000
Total expenditures	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>
BUDGETED CASH BALANCE	<u>\$ 8,000</u>	<u>\$ 8,000</u>		
OTHER FINANCING SOURCES				
Transfers in	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
Total other financing sources	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ (12,000)</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - EMS Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 15,505	\$ 20,000	\$ 20,000	\$ -
Earnings on investments	<u>15</u>	<u>15</u>	<u>54</u>	<u>39</u>
Total revenues	<u>\$ 15,520</u>	<u>\$ 20,015</u>	<u>\$ 20,054</u>	<u>\$ 39</u>
EXPENDITURES				
Public safety	\$ 15,520	\$ 20,015	\$ 19,955	\$ 60
Total expenditures	<u>\$ 15,520</u>	<u>\$ 20,015</u>	<u>\$ 19,955</u>	<u>\$ 60</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Corrections Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 25,000	\$ 25,000	\$ 10,140	\$ (14,860)
Earnings on investments	<u>10</u>	<u>10</u>	<u>2</u>	<u>(8)</u>
Total revenues	<u>\$ 25,010</u>	<u>\$ 25,010</u>	<u>\$ 10,142</u>	<u>\$ (14,868)</u>
EXPENDITURES				
Public safety	\$ 25,000	\$ 27,000	\$ 15,400	\$ 11,600
Total expenditures	<u>\$ 25,000</u>	<u>\$ 27,000</u>	<u>\$ 15,400</u>	<u>\$ 11,600</u>
OTHER FINANCING				
Transfers in	\$ -	\$ 2,000	\$ 2,000	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>
EXPENDITURES				
Budgetary basis			\$ 15,400	
(Decrease) in payables			<u>(5)</u>	
Modified accrual basis			<u>\$ 15,395</u>	

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - Recreation Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ -	\$ -	\$ -	\$ -
Earnings on investments	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
EXPENDITURES				
Culture & recreation	\$ 825	\$ 825	\$ 710	\$ 115
Total expenditures	<u>\$ 825</u>	<u>\$ 825</u>	<u>\$ 710</u>	<u>\$ 115</u>
BUDGETED CASH BALANCE	<u>\$ 825</u>	<u>\$ 825</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Library Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 13,918	\$ 13,918	\$ 14,146	\$ 228
State sources	8,672	8,672	8,070	(602)
Earnings on investments	<u>15</u>	<u>15</u>	<u>91</u>	<u>76</u>
Total revenues	<u>\$ 22,605</u>	<u>\$ 22,605</u>	<u>\$ 22,307</u>	<u>\$ (298)</u>
EXPENDITURES				
Culture & recreation	<u>\$ 33,955</u>	<u>\$ 33,955</u>	<u>\$ 25,187</u>	<u>\$ 8,768</u>
Total expenditures	<u>\$ 33,955</u>	<u>\$ 33,955</u>	<u>\$ 25,187</u>	<u>\$ 8,768</u>
BUDGETED CASH BALANCE	<u>\$ 11,350</u>	<u>\$ 11,350</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - Blue Hole Facility Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Culture and recreation	\$ 41	\$ 41	\$ 41	\$ -
Total expenditures	\$ 41	\$ 41	\$ 41	\$ -
BUDGETED CASH BALANCE	\$ 41	\$ 41		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Main Street Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 475	\$ (9,525)
Local sources	-	-	21,295	21,295
Earnings on investments	-	-	11	11
Total revenues	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 21,781</u>	<u>\$ 11,781</u>
EXPENDITURES				
Culture & recreation	\$ 25,000	\$ 25,000	\$ 17,237	\$ 7,763
Total expenditures	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 17,237</u>	<u>\$ 7,763</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 25,000	\$ 25,000	-	\$ (25,000)
Total other financing sources	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (25,000)</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - Lodger's Tax Promotion Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
Culture and recreation	\$ 225,000	\$ 225,000	\$ 168,545	\$ 56,455
Total expenditures	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 168,545</u>	<u>\$ 56,455</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 225,000	\$ 225,000	\$ 168,545	\$ (56,455)
Total other financing sources	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 168,545</u>	<u>\$ (56,455)</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Law Enforcement Protection Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 5	\$ 5
State sources	23,600	23,600	23,600	-
Earnings on investments	<u>10</u>	<u>10</u>	<u>12</u>	<u>2</u>
Total revenues	<u>\$ 23,610</u>	<u>\$ 23,610</u>	<u>\$ 23,617</u>	<u>\$ 7</u>
EXPENDITURES				
Public safety	<u>\$ 23,610</u>	<u>\$ 23,610</u>	<u>\$ 23,606</u>	<u>\$ 4</u>
Total expenditures	<u>\$ 23,610</u>	<u>\$ 23,610</u>	<u>\$ 23,606</u>	<u>\$ 4</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - EMS/Fire/Rescue Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 250	\$ 250
State sources			7,200	7,200
Earnings on investments	<u>10</u>	<u>10</u>	<u>65</u>	<u>55</u>
Total revenues	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 7,515</u>	<u>\$ 7,505</u>
EXPENDITURES				
Public safety	<u>\$ 15,833</u>	<u>\$ 15,833</u>	<u>\$ 1,444</u>	<u>\$ 14,389</u>
Total expenditures	<u>\$ 15,833</u>	<u>\$ 15,833</u>	<u>\$ 1,444</u>	<u>\$ 14,389</u>
BUDGETED CASH BALANCE	<u>\$ 15,823</u>	<u>\$ 15,823</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Fire Protection Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 500	\$ 500	\$ 1,000	\$ 500
State sources	145,946	175,946	176,703	757
Earnings on investments	<u>25</u>	<u>25</u>	<u>166</u>	<u>141</u>
Total revenues	<u>\$ 146,471</u>	<u>\$ 176,471</u>	<u>\$ 177,869</u>	<u>\$ 1,398</u>
EXPENDITURES				
Public safety	<u>\$ 146,471</u>	<u>\$ 176,471</u>	<u>\$ 177,022</u>	<u>\$ (551)</u>
Total expenditures	<u>\$ 146,471</u>	<u>\$ 176,471</u>	<u>\$ 177,022</u>	<u>\$ (551)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 16,205	\$ 16,205	\$ 17,262	\$ 1,057
Local sources	-	-	7,528	7,528
State sources	82,001	88,802	82,134	(6,668)
Federal sources	37,709	38,279	38,625	346
Earnings on investments	20	20	51	31
Total revenues	<u>\$ 135,935</u>	<u>\$ 143,306</u>	<u>\$ 145,600</u>	<u>\$ 2,294</u>
EXPENDITURES				
Culture and recreation	\$ 157,901	\$ 165,272	\$ 141,094	\$ 24,178
Total expenditures	<u>\$ 157,901</u>	<u>\$ 165,272</u>	<u>\$ 141,094</u>	<u>\$ 24,178</u>
BUDGETED CASH BALANCE	<u>\$ 21,966</u>	<u>\$ 21,966</u>		
REVENUES				
Budgetary basis			\$ 145,600	
Increase in receivables			<u>5,418</u>	
Modified accrual basis			<u>\$ 151,018</u>	

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

NON-MAJOR CAPITAL PROJECT FUNDS

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

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.

ARRA COMMUNITY OUTREACH - To account for funds received from the U.S. Department of Energy to plan, implement, and monitor a Community Outreach Project to reduce energy consumption, save consumers money, and reduce greenhouse gas emissions. Funding and authority provided by the American Recovery and Reinvestment Act of 2009.

YCC GRANT - To account for funds received for the purpose of promoting the education, success and well being of youth in the City. Funding and authority are dictated by the grant received.

BLUE HOLE ROAD AND DRAINAGE IMPROVEMENTS - To account for funds received from grants and matching from other funds to upgrade the road and drainage system at the Blue Hole Park.

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

2007 MAP PROJECT FUND - To account for the construction of certain roads within the City limits. Funding and authority are from the State grants awarded to the City.

CDBG 2ND STREET - To account for funds received from New Mexico Department of Transportation grants and matching resources from other funds to account for the improvements of infrastructure and utilities along 2nd Street.

NON-MAJOR CAPITAL PROJECT FUNDS - CONTINUED

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

SCENIC BYWAYS - To account for funds received to construct and display signage for tourists to the City.

ILFELD - To account for funds received to restore and renovate the Ilfeld building.

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund
Combining Balance Sheet
June 30, 2014

	Planning Grant Fund	Park Renovations Fund	Lake Drive Improvements Fund	Blue Hole Improvement Fund	Airport Construction Fund	Los Amigos Fund
ASSETS						
Cash on deposit	\$ -	\$ -	\$ -	\$ 384	\$ 1,925	\$ 16,177
Total assets	\$ -	\$ -	\$ -	\$ 384	\$ 1,925	\$ 16,177
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES						
Restricted	\$ -	\$ -	\$ -	384	1,925	16,177
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total fund balance	\$ -	\$ -	\$ -	\$ 384	\$ 1,925	\$ 16,177
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ 384	\$ 1,925	\$ 16,177

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund
Combining Balance Sheet
June 30, 2014

Statement C-1
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	Power Dam Improvements Fund	CDBG Economic Development Grant Fund	ARRA Community Outreach Fund	YCC Grant Fund	Blue Hole Road & Drainage Improvements Fund	Cultural Corridors Fund	2007 MAP Project Fund
ASSETS							
Cash on deposit	\$ 11,422	\$ -	\$ -	\$ 1,680	\$ 10,804	\$ 6,256	\$ -
Total assets	\$ 11,422	\$ -	\$ -	\$ 1,680	\$ 10,804	\$ 6,256	\$ -
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES							
Restricted	11,422	-	-	1,680	10,804	6,256	-
Unassigned	-	-	-	-	-	-	-
Total fund balance	11,422	-	-	1,680	10,804	6,256	-
Total liabilities and fund balances	\$ 11,422	\$ -	\$ -	\$ 1,680	\$ 10,804	\$ 6,256	\$ -

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund
Combining Balance Sheet
June 30, 2014

	CDGB 2nd Street	Downtown Improvements	Corona Lift Station Improvements	Scenic Byways Fund	Ilfeld Fund	Total
ASSETS						
Cash on deposit	\$ 26,480	\$ 6,103	\$ -	\$ -	\$ 25,129	\$ 106,360
Total assets	\$ 26,480	\$ 6,103	\$ -	\$ -	\$ 25,129	\$ 106,360
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES						
Restricted	26,480	6,103	-	-	25,129	106,360
Unassigned	-	-	-	-	-	-
Total fund balance	26,480	6,103	-	-	25,129	106,360
Total liabilities and fund balances	\$ 26,480	\$ 6,103	\$ -	\$ -	\$ 25,129	\$ 106,360

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2014

Statement C-2
Page 1 of 3

	Planning Fund	Renovations Fund	Improvements Fund	Improvement Fund	Airport Construction Fund	Los Amigos Fund
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Local sources	-	-	-	-	-	-
State sources	-	33,120	-	-	41,979	-
Federal sources	-	-	-	-	503,099	-
Earnings on investments	-	-	-	24	116	88
Total revenues	-	33,120	-	24	545,194	30,088
EXPENDITURES						
General government	-	-	-	-	-	1,021
Capital outlay	-	47,449	-	-	562,945	105,329
Total expenditures	-	47,449	-	-	562,945	106,350
Excess (deficiency) of revenues over expenditures	-	(14,329)	-	24	(17,751)	(76,262)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	1,201	-	-	20,615	38,000
Transfers out	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	-	1,201	-	-	20,615	38,000
Net change in fund balance	-	(13,128)	-	24	2,864	(38,262)
Fund balance, beginning of year	11,000	13,128	279,600	360	(590)	(35,957)
Restatement	(11,000)	-	(279,600)	-	(349)	90,396
Fund balance, beginning of year, restated	-	13,128	-	360	(939)	54,439
Fund balance, end of year	\$ -	\$ -	\$ -	\$ 384	\$ 1,925	\$ 16,177

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2014

Statement C-2
Page 2 of 3

	Power Dam Improvements Fund	CDBG Economic Development Grant Fund	ARRA Community Outreach Fund	YCC Grant Fund	Blue Hole Road & Drainage Improvements Fund	Cultural Corridors Fund	2007 MAP Project Fund
REVENUES							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Earnings on investments	54	-	-	5	1	14	-
Total revenues	54	-	-	5	1	14	-
EXPENDITURES							
General government	75,000	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	75,000	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	(74,946)	-	-	5	1	14	-
OTHER FINANCING SOURCES (USES)							
Transfers in	75,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-
Total other financing sources (uses)	75,000	-	-	-	-	-	-
Net change in fund balance	54	-	-	5	1	14	-
Fund balance, beginning of year	11,368	10,754	5,000	1,675	10,303	6,242	1,387
Restatement		(10,754)	(5,000)				(1,387)
Fund balance, beginning of year, restated	11,368	-	-	1,675	10,803	6,242	-
Fund balance, end of year	11,422	-	-	1,680	10,804	6,256	-

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2014

Statement C-2
Page 3 of 3

	CDBG 2nd Street	Downtown Improvements	Corona Lift Station	Scenic Byways Fund	Ilfeld Fund	Totals
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Local sources	-	-	-	-	-	131,277
State sources	-	-	-	21,343	56,178	524,442
Federal sources	-	-	-	-	-	472
Earnings on investments	35	29	-	3	103	
Total revenues	<u>35</u>	<u>29</u>	<u>-</u>	<u>21,346</u>	<u>56,281</u>	<u>686,191</u>
EXPENDITURES						
General government	-	8,851	-	21,355	-	106,227
Capital outlay	-	-	-	-	56,178	771,901
Total expenditures	<u>-</u>	<u>8,851</u>	<u>-</u>	<u>21,355</u>	<u>56,178</u>	<u>878,128</u>
Excess (deficiency) of revenues over expenditures	<u>35</u>	<u>(8,822)</u>	<u>-</u>	<u>(9)</u>	<u>103</u>	<u>(191,937)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	134,816
Transfers out	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,816</u>
Net change in fund balance	<u>35</u>	<u>(8,822)</u>	<u>-</u>	<u>(9)</u>	<u>103</u>	<u>(57,121)</u>
Fund balance, beginning of year	<u>124,435</u>	<u>14,925</u>	<u>(159,165)</u>	<u>(13,172)</u>	<u>25,026</u>	<u>306,819</u>
Restatement	<u>(97,990)</u>	<u>-</u>	<u>159,165</u>	<u>13,181</u>	<u>-</u>	<u>(143,338)</u>
Fund balance, beginning of year, restated	<u>26,445</u>	<u>14,925</u>	<u>-</u>	<u>9</u>	<u>25,026</u>	<u>163,481</u>
Fund balance, end of year	<u>\$ 26,480</u>	<u>\$ 6,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,129</u>	<u>\$ 106,360</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - Planning Grant
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Park Renovations Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 33,120	\$ 33,120	\$ -
Earnings on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ -</u>	<u>\$ 33,120</u>	<u>\$ 33,120</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ 13,128	\$ 47,449	\$ 47,449	\$ -
Total expenditures	<u>\$ 13,128</u>	<u>\$ 47,449</u>	<u>\$ 47,449</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 1,201	\$ 1,201	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 1,201</u>	<u>\$ 1,201</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 13,128</u>	<u>\$ 13,128</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Lake Drive Improvements Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - Blue Hole Improvement Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 24	\$ 24
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 24</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Airport Construction Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 155,029	\$ 155,029	\$ 41,979	\$ (113,050)
Federal sources	2,364,864	2,364,864	503,099	(1,861,765)
Earnings on investments	<u> -</u>	<u> -</u>	<u>116</u>	<u>116</u>
Total revenues	<u>\$ 2,519,893</u>	<u>\$ 2,519,893</u>	<u>\$ 545,194</u>	<u>\$ (1,974,699)</u>
EXPENDITURES				
Capital outlay	\$ 2,619,893	\$ 2,619,893	\$ 562,945	\$ 2,056,948
Total expenditures	<u>\$ 2,619,893</u>	<u>\$ 2,619,893</u>	<u>\$ 562,945</u>	<u>\$ 2,056,948</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 100,000	\$ 100,000	\$ 20,615	\$ (79,385)
Total other financing sources	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 20,615</u>	<u>\$ (79,385)</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Los Amigos Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
State sources	80,000	80,000	-	(80,000)
Earnings on investments	-	-	88	88
Total revenues	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 30,088</u>	<u>\$ (79,912)</u>
EXPENDITURES				
Capital outlay	\$ 137,000	\$ 137,000	\$ 106,350	\$ 30,650
Total expenditures	<u>\$ 137,000</u>	<u>\$ 137,000</u>	<u>\$ 106,350</u>	<u>\$ 30,650</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 38,000	\$ 38,000	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 27,000</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - Power Dam Improvements Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 54	\$ 54
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ 54</u>
EXPENDITURES				
Capital outlay	\$ 86,368	\$ 86,368	\$ 75,000	\$ 11,368
Total expenditures	<u>\$ 86,368</u>	<u>\$ 86,368</u>	<u>\$ 75,000</u>	<u>\$ 11,368</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Total other financing sources	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 11,368</u>	<u>\$ 11,368</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - CDBG Economic Development Grant Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - YCC Grant Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 5	\$ 5
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 5</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Blue Hole Road and Drainage Improvements Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Cultural Corridors Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 14	\$ 14
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 14</u>
EXPENDITURES				
Capital outlay	\$ 6,243	\$ 6,243	\$ -	\$ 6,243
Total expenditures	<u>\$ 6,243</u>	<u>\$ 6,243</u>	<u>\$ -</u>	<u>\$ 6,243</u>
BUDGETED CASH BALANCE	<u>\$ 6,243</u>	<u>\$ 6,243</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - 2007 MAP Project Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund -CDBG 2nd Street Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 35	\$ 35
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35</u>	<u>\$ 35</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - Downtown Improvements Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 29	\$ 29
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 29</u>
EXPENDITURES				
Capital outlay	\$ 14,924	\$ 14,924	\$ 8,851	\$ 6,073
Total expenditures	<u>\$ 14,924</u>	<u>\$ 14,924</u>	<u>\$ 8,851</u>	<u>\$ 6,073</u>
BUDGETED CASH BALANCE	<u>\$ 14,924</u>	<u>\$ 14,924</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund - Scenic Byways Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 225,000	\$ 225,000	\$ 21,343	\$ (203,657)
Earnings from investments	<u> </u>	<u> </u>	<u> 3</u>	<u> 3</u>
Total revenues	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 21,346</u>	<u>\$ (203,654)</u>
EXPENDITURES				
Capital outlay	\$ 225,000	\$ 225,000	\$ 21,355	\$ 203,645
Total expenditures	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 21,355</u>	<u>\$ 203,645</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - Ilfeld Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 284,565	\$ 284,565	\$ 56,178	\$ (228,387)
Earnings from investments	<u> </u>	<u> </u>	<u>103</u>	<u>103</u>
Total revenues	<u>\$ 284,565</u>	<u>\$ 284,565</u>	<u>\$ 56,281</u>	<u>\$ (228,284)</u>
EXPENDITURES				
Capital outlay	<u>\$ 284,565</u>	<u>\$ 284,565</u>	<u>\$ 56,178</u>	<u>\$ 228,387</u>
Total expenditures	<u>\$ 284,565</u>	<u>\$ 284,565</u>	<u>\$ 56,178</u>	<u>\$ 228,387</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

GENERAL FUND DETAIL

GENERAL FUND

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 General Fund
 Combining Balance Sheet
 June 30, 2014

Statement D-1

	Operational Fund	Golf Fund	Airport Fund	Totals
ASSETS				
Cash on deposit	\$ 932,584	\$ 3,734	\$ 2,666	\$ 938,984
Accounts receivable	133,294	-	-	133,294
Due from other funds	4,000	-	-	4,000
Total assets	\$ 1,069,878	\$ 3,734	\$ 2,666	\$ 1,076,278
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	211,719	3,734	2,666	218,119
Committed	400,573	-	-	400,573
Unassigned	457,586	-	-	457,586
Total fund balance	1,069,878	3,734	2,666	1,076,278
Total liabilities and fund balance	\$ 1,069,878	\$ 3,734	\$ 2,666	\$ 1,076,278

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
General Fund
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2014

	Operational Fund	Golf Fund	Airport Fund	Totals
REVENUES				
Taxes	\$ 214,843	\$ -	\$ -	\$ 214,843
Franchise taxes	16,954	-	-	16,954
Gross receipts taxes	2,161,120	-	-	2,161,120
Charges for services	7,789	18,926	30,590	57,305
Licenses and permits	32,473	-	-	32,473
Fines and forfeits	26,163	-	-	26,163
Local sources	851,997	250	-	852,247
State sources	104,997	-	-	104,997
Federal sources	46,815	-	-	46,815
State shared taxes	-	-	-	-
Earnings from investments	4,176	7	8	4,191
Total revenues	3,467,327	19,183	30,598	3,517,108
EXPENDITURES				
Current:				
General government	1,417,504	-	-	1,417,504
Highways and streets	170,004	-	-	170,004
Public safety	509,100	-	-	509,100
Culture and recreation	483,929	83,708	59,202	626,839
Capital outlay	43,108	11,308	-	54,416
Debt service:				
Loan principle	115,758	-	-	115,758
Loan interest	98,083	-	-	98,083
Total expenditures	2,837,486	95,016	59,202	2,991,704
Excess (deficiency) of revenues over expenditures	629,841	(75,833)	(28,604)	525,404
OTHER FINANCING SOURCES (USES)				
Transfers in	-	76,464	30,700	107,164
Transfers out	(353,336)	-	-	(353,336)
Loan proceeds	-	-	-	-
Total other financing sources (uses)	(353,336)	76,464	30,700	(246,172)
Net change in fund balance	276,505	631	2,096	279,232
Fund balance at beginning of year	118,505	(6,517)	(3,270)	108,718
Restatement	674,868	9,620	3,840	688,328
Fund balance, beginning of year, restated	793,373	3,103	570	797,046
Fund balance at end of year	\$ 1,069,878	\$ 3,734	\$ 2,666	\$ 1,076,278

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
General Fund - Operating Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

Statement D-3

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 202,492	\$ 218,026	\$ 210,606	\$ (7,420)
Franchise taxes	17,000	17,000	16,954	(46)
Gross receipts taxes	1,710,500	1,829,856	2,032,062	202,206
Charges for services	6,500	6,500	7,789	1,289
Licenses and permits	52,824	54,949	32,473	(22,476)
Fines and forfeits	47,825	47,825	26,163	(21,662)
Local sources	674,200	990,231	851,997	(138,234)
State sources	35,000	104,997	104,997	-
Federal sources	71,518	71,518	46,815	(24,703)
State shared taxes	-	-	-	-
Earnings from investments	100	100	4,176	4,076
Total revenues	<u>\$ 2,817,959</u>	<u>\$ 3,341,002</u>	<u>\$ 3,334,032</u>	<u>\$ (6,970)</u>
EXPENDITURES				
General government	\$ 1,904,921	\$ 2,019,675	\$ 1,452,061	\$ 567,614
Highways and streets	136,600	173,703	170,004	3,699
Public safety	568,075	570,554	509,100	61,454
Culture and recreation	448,922	537,705	483,929	53,776
Capital outlay	-	-	43,108	(43,108)
Debt service:				
Loan principle	-	-	115,758	(115,758)
Loan interest	-	-	98,083	(98,083)
Total expenditures	<u>\$ 3,058,518</u>	<u>\$ 3,301,637</u>	<u>\$ 2,872,043</u>	<u>\$ 429,594</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(501,334)	(501,334)	(353,336)	147,998
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>\$ (501,334)</u>	<u>\$ (501,334)</u>	<u>\$ (353,336)</u>	<u>\$ 147,998</u>
BUDGETED CASH BALANCE	<u>\$ 741,893</u>	<u>\$ 843,920</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 General Fund - Golf Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 30,100	\$ 30,100	\$ 18,926	\$ (11,174)
Local sources	-	-	250	250
Earnings from investments	10	10	7	(3)
Total revenues	<u>\$ 30,110</u>	<u>\$ 30,110</u>	<u>\$ 19,183</u>	<u>\$ (10,927)</u>
EXPENDITURES				
Culture and recreation	\$ 77,047	\$ 99,314	\$ 95,016	\$ 4,298
Total expenditures	<u>\$ 77,047</u>	<u>\$ 99,314</u>	<u>\$ 95,016</u>	<u>\$ 4,298</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 53,000	\$ 76,464	\$ 76,464	\$ -
Total other financing sources	<u>\$ 53,000</u>	<u>\$ 76,464</u>	<u>\$ 76,464</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 General Fund - Airport Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 41,100	\$ 41,100	\$ 30,590	\$ (10,510)
State sources	10,000	10,000	-	(10,000)
Earnings from investments	10	10	8	(2)
	<u>51,110</u>	<u>51,110</u>	<u>30,598</u>	<u>(20,512)</u>
Total revenues	\$ 51,110	\$ 51,110	\$ 30,598	\$ (20,512)
EXPENDITURES				
Culture and recreation	\$ 71,400	\$ 71,400	\$ 59,202	\$ 12,198
	<u>71,400</u>	<u>71,400</u>	<u>59,202</u>	<u>12,198</u>
Total expenditures	\$ 71,400	\$ 71,400	\$ 59,202	\$ 12,198
OTHER FINANCING SOURCES				
Transfers in	\$ 24,290	\$ 30,700	\$ 30,700	\$ -
	<u>24,290</u>	<u>30,700</u>	<u>30,700</u>	<u>-</u>
Total other financing sources	\$ 24,290	\$ 30,700	\$ 30,700	\$ -
BUDGETED CASH BALANCE	\$ -	\$ -		

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

PROPRIETARY FUND DETAIL

PROPRIETARY FUNDS

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

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Water/Sewer Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 1,077,100	\$ 1,135,760	\$ 1,102,617	\$ (33,143)
Local sources	17,100	87,361	60,422	(26,939)
State sources	890,400	890,400	-	(890,400)
Federal sources	-	-	66,946	66,946
Interest income	150	574	2,318	1,744
Total revenues	<u>\$ 1,984,750</u>	<u>\$ 2,114,095</u>	<u>\$ 1,232,303</u>	<u>\$ (881,792)</u>
EXPENDITURES				
Personal services	\$ 250,000	\$ 250,000	\$ 247,354	\$ 2,646
Maintenance and operations	1,440,013	1,665,603	623,082	1,042,521
Capital outlay	100,000	100,000	75,018	24,982
Revenue bonds principle	97,300	97,300	97,300	-
Interest expense	146,143	146,143	146,143	-
Total expenditures	<u>\$ 2,033,456</u>	<u>\$ 2,259,046</u>	<u>\$ 1,188,897</u>	<u>\$ 1,070,149</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 48,706</u>	<u>\$ 144,951</u>		
Revenues				
Budgetary basis			\$ 1,232,303	
Increase in receivables			40,382	
Modified accrual basis			<u>\$ 1,272,685</u>	
Expenditures				
Budgetary basis			\$ 1,188,897	
Capital acquisitions			(75,018)	
Principal payments			(97,300)	
Depreciation			546,559	
Increase in accounts payable/ compensated absences			4,705	
Modified accrual basis			<u>\$ 1,567,843</u>	

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Solid Waste Fund
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 332,600	\$ 332,600	\$ 372,231	\$ 39,631
State sources	-	-	-	-
Environmental gross receipts tax	41,000	41,000	38,201	(2,799)
Earnings on investments	10	10	80	70
Total revenues	\$ 373,610	\$ 373,610	\$ 410,512	\$ 36,902
EXPENDITURES				
Personal services	\$ 132,940	\$ 132,940	\$ 135,038	\$ (2,098)
Maintenance and operations	299,750	299,750	194,039	105,711
Capital outlay	3,000	3,000	148,569	(145,569)
Loan principle	18,226	18,226	18,226	-
Loan interest	2,793	2,793	2,802	(9)
Total expenditures	\$ 456,709	\$ 456,709	\$ 498,674	\$ (41,965)
OPERATING TRANSFERS				
Transfers in	\$ 69,000	\$ 88,581	\$ 88,581	\$ -
Transfers out	-	-	-	-
Loan proceeds	-	-	-	-
Total operating transfers	\$ 69,000	\$ 88,581	\$ 88,581	\$ -
BUDGETED CASH BALANCE				
	\$ 14,099	\$ 5,482		
Revenues				
Budgetary basis			\$ 410,512	
Increase in receivables			15,383	
Modified accrual basis			\$ 425,895	
Expenditures				
Budgetary basis			\$ 498,674	
Capital acquisitions			(148,569)	
Principal payments			(18,226)	
Depreciation			281,544	
Increase in accounts payable/ compensated absences			(509)	
Modified accrual basis			\$ 612,914	

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Ambulance Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 135,200	\$ 135,200	\$ 114,320	\$ (20,880)
Local sources	131,000	131,000	197,953	66,953
State sources	133,750	133,750	93,750	(40,000)
Earnings on investments	200	200	740	540
Total revenues	<u>\$ 400,150</u>	<u>\$ 400,150</u>	<u>\$ 406,763</u>	<u>\$ 6,613</u>
EXPENDITURES				
Personal services	\$ 283,367	\$ 283,367	\$ 286,398	\$ (3,031)
Maintenance and operations	49,100	49,100	79,827	(30,727)
Capital outlay	146,182	146,182	131,836	14,346
Loan principle	-	-	-	-
Investment expense	-	-	-	-
Total expenditures	<u>\$ 478,649</u>	<u>\$ 478,649</u>	<u>\$ 498,061</u>	<u>\$ (19,412)</u>
OPERATING TRANSFERS				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Loan proceeds	-	-	-	-
Total operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 78,499</u>	<u>\$ 78,499</u>		
Expenditures				
Budgetary basis			\$ 498,061	
Capital acquisitions			(131,836)	
Principal payments			-	
Depreciation			13,184	
Increase in accounts payable/ compensated absences			-	
Modified accrual basis			<u>\$ 379,409</u>	

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Proprietary Funds
 Motor Vehicle Department Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 12,000	\$ 12,000	\$ 13,450	\$ 1,450
State sources	-	-	-	-
MVD Fees	49,000	49,000	31,945	(17,055)
Interest income	10	10	16	6
Total revenues	<u>\$ 61,010</u>	<u>\$ 61,010</u>	<u>\$ 45,411</u>	<u>\$ (15,599)</u>
EXPENDITURES				
Personal services	\$ 51,937	\$ 51,937	\$ 50,646	\$ 1,291
Maintenance and operations	5,650	5,650	4,188	1,462
Capital outlay	-	-	-	-
Loan principle	-	-	-	-
Investment expense	-	-	-	-
Total expenditures	<u>\$ 57,587</u>	<u>\$ 57,587</u>	<u>\$ 54,834</u>	<u>\$ 2,753</u>
OPERATING TRANSFERS				
Transfers in	\$ -	\$ 20,744	\$ 20,744	\$ -
Transfers out	-	-	-	-
Total operating transfers	<u>\$ -</u>	<u>\$ 20,744</u>	<u>\$ 20,744</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

<u>Originating Funding Source and Program</u>	<u>Pass Through Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Justice</u>			
Cops Hiring Grant (CHP)	2012UMWX0138	16.710	\$ 30,791
Total Department of Justice			30,791
<u>U.S. Department of Agriculture</u>			
ARRA Waste Water Treatment Facility Passed through Eastern New Mexico Area on Aging, Inc.	9200.11	10.781	66,946
Cash in Lieu of Commodities	N/A	10.570	12,182
Total U.S. Department of Agriculture			79,128
<u>U.S. Department of Transportation</u>			
*Federal Aviation Administration	3-35-0038-010-2013	20.106	472,561
*Federal Aviation Administration	3-35-0038-010-2011	20.106	30,834
Passed through NM State Highway and Transportation Department:			
100 Days/Nights	14-PT-D5-092	20.600	523
STEP	14-RF-01-092	20.600	1,830
ODWI	14-AL-64-092	20.601	5,666
ODWI	13-AL-64-092	20.601	3,821
OBD	14-OP-RF-092	20.600	1,011
OBD	13-OP-RF-092	20.600	756
STEP	13-RF-01-092	20.600	2,416
Scenic Byways	N/A	20.205	21,343
Total Department of Transportation			540,761
<u>U.S. Department of Health and Human Services</u>			
Passed through Eastern New Mexico Area Agency on Aging, Inc.			
Title III B	N/A	93.044	7,575
Title III C1	N/A	93.045	15,926
Title III C2	N/A	93.045	4,155
Total Department of Health and Human Services			27,656
Total Expenditures of Federal Awards			\$ 678,336

Notes to Schedule of Expenditures of Federal Awards

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

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Part 1 - Summary of Auditor Results

1. Type of Report - Unmodified
2. Significant Deficiencies - Imprest Bank Account (2014-002), Landfill Closure Costs (2014-007), Revenue Resources for Post-Closure Costs of Landfill (2014-008), Depreciation of Capital Assets (2014-019) and Capital Asset Listing (2014-020).
3. Non-Compliance - Pledged Collateral (2013-001), Drug Testing Policy (2014-010), Lodgers Tax Audit (2014-015) and Budget Overruns (2014-018)
4. Reportable Conditions Over Major Programs - NONE
5. Type of Report Issued on Compliance with the Major Program - Unmodified
6. A-133 Audit Findings - NONE
7. Major Programs - Federal Aviation Administration CFDA #20.106
8. Dollar Threshold Used to Distinguish Type A and Type B Programs - \$300,000
9. The City of Santa Rosa did not qualify as a low-risk auditee.

Part 2 - Findings

1. Comments - Pledged Collateral (2013-001), Landfill Charges (2014-001), Imprest Bank Account (2014-002), Deposits in Transit (2014-003), Unreconciled Accounts Receivable Balances (2014-004), Transactions Made by Third Parties Not Recorded on Books of Record (2014-005), Amounts Due To/From Individual Funds (2014-006), Landfill Closure Costs (2014-007), Revenue Resources for Post-Closure Costs of Landfill (2014-008), DFA Quarterly Report Incorrect (2014-009), Drug Testing Policy (2014-010), Outstanding Utility Balance (2014-011), Annual Leave Policy (2014-012), No Pay Rate Documentation (2014-013), Payroll and Gross Receipts Tax Penalties (2014-014), Lodgers Tax Audit (2014-015), Water Meter Deposits (2014-016), Seniors Program Reviewed (2014-017), Budget Overruns (2014-018), Depreciation of Capital Assets (2014-019) and Capital Asset Listing (2014-020)

Part 3 - Questioned Costs

NONE

Rice and Associates, C.P.A.

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the 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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General, Convention and Visitors Center, Lodgers Tax and Gas Tax Funds of the City of Santa Rosa, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the City of Santa Rosa's basic financial statements, and the combining and individual funds and the related budgetary comparisons of the Major Capital Project Funds and all non-major funds, presented as supplemental information, and have issued our report thereon dated December 1, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 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.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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 following comments described in the accompanying Schedule of Findings and Questioned Costs and the Status of Findings and Responses as Imprest Bank Account (2014-002), Landfill Closure Costs (2014-007), Revenue Resources for Post-Closure Costs of Landfill (2014-008), Depreciation of Capital Assets (2014-019) and Capital Assets Listing (2014-020) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Santa Rosa financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed under Government Auditing Standards, which are described in the accompanying Schedule of Findings and Questioned Costs and the Status of Findings and Responses as Pledged Collateral (2013-001), Landfill Charges (2014-001), Deposits in Transit (2014-003), Unreconciled Accounts Receivable Balances (2014-004), Transactions Made by Third Parties Not Recorded on Books of Record (2014-005), Amounts Due To/From Individual Funds (2014-006), DFA Quarterly Report Incorrect (2014-009), Drug Testing Policy (2014-010), Outstanding Utility Balance (2014-011), Annual Leave Policy (2014-012), No Pay Rate Documentation (2014-013), Payroll and Gross Receipts Tax Penalties (2014-014), Lodgers Tax Audit (2014-015), Water Meter Deposits (2014-016), Seniors Program Reviewed (2014-017) and Budget Overruns (2014-018).

Responses to the Findings

City of Santa Rosa responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Status of Findings and Responses. The City of Santa Rosa's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express not 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 of Santa Rosa internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rice & Associates, CPA's

Albuquerque, New Mexico
December 1, 2014

Rice and Associates, C.P.A.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Mr. Hector H. Balderas
New Mexico State Auditor
Honorable Mayor Joseph Campos
and 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 compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Santa Rosa major federal programs for the year ended June 30, 2014. City of Santa Rosa major federal programs are identified in the summary of auditor's 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 of Santa Rosa 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 requires 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 City of Santa Rosa 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 City of Santa Rosa compliance.

Opinion on Each Major Federal Program

In our opinion, City of Santa Rosa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of City of Santa Rosa, 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 of Santa Rosa 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 of Santa Rosa internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

A handwritten signature in dark ink, appearing to read "Rosa Acosta, CPA".

Albuquerque, New Mexico
December 1, 2014

STATUS OF FINDINGS AND RESPONSES

Prior Year Audit Findings:

1. Depreciation (1997-003) - Repeated as Depreciation of Capital Assets (2014-019)
2. Late Audit Report (2000-017) - Resolved.
3. Payroll (2009-004) - Resolved.
4. Internal Controls Over Non-Standard Journal Entries (2009-006) - Resolved.
5. Capital Asset Inventory (2009-007) - Repeated as Capital Asset Listing (2014-020)
6. Bank Reconciliation (2009-010) - Resolved.
7. Internal Control over Check Signing Process and Storage of Checks Stock (2010-001) - Resolved.
8. Stale Checks (2010-002) - Resolved.
9. Internal Control over Computer Server Room (2010-003) - Resolved.
10. Excess Payment on Account of Compensated Absence (2010-004) - Resolved.
11. General Ledger Account Postings and Reconciliation (2010-005) - Resolved.
12. City not Preparing Financial Statements (2010-006) - Resolved.
13. Pledged Collateral (2013-001) - Repeated.
14. Internal Controls over Document Retention (2013-002) - Resolved.
15. Tracking Property and Equipment Purchased with Federal Award Funds (2010-001) - Resolved.

Current Year Audit Findings:

1. Landfill Charges (2014-001)
2. Imprest Bank Account (2014-002)
3. Deposits in Transit (2014-003)
4. Unreconciled Accounts Receivable Balances (2014-004)

5. Transactions Made by Third Parties Not Recorded on Books of Record (2014-005)
6. Amounts Due To/From Individual Funds (2014-006)
7. Landfill Closure Costs (2014-007)
8. Revenue Resources for Post-Closure Costs of Landfill (2014-008)
9. DFA Quarterly Report Incorrect (2014-009)
10. Drug Testing Policy (2014-010)
11. Outstanding Utility Balance (2014-011)
12. Annual Leave Policy (2014-012)
13. Pay Rate Documentation (2014-013)
14. Payroll and Gross Receipts Tax Penalties (2014-014)
15. Lodgers Tax Audit (2014-015)
16. Water Meter Deposits (2014-016)
17. Seniors Program Reviewed (2014-017)
18. Budget Overruns (2014-018)
19. Depreciation of Capital Assets (2014-019)
20. Capital Asset Listing (2014-020)

Pledged Collateral - Compliance Matter
(2013-001)

CONDITION At June 30, the City was not adequately collateralized with the Wells Fargo Bank in the amount of \$4,457.

CRITERIA According to NMAC 2.2.2.10 N.(4)(b) requires entities to obtain pledged collateral from financial institutions in the amount of 50% of deposits exceeding the \$250,000 FDIC insurance.

CAUSE Management did not ensure the Wells Fargo Bank met the requirement of the State Statute.

EFFECT Management did not comply with the required State Statute.

RECOMMENDATION Management should review their cash balances and pledged collateral by each bank monthly.

RESPONSE The City obtained documentation from the Bank that showed the accounts were collateralized adequately on July 1, 2014 after reviewing the total balances. However, the City will continue to review the pledged collateral each month.

Landfill Charges - Other Matter

(2014-001)

CONDITION	The daily invoices for tipping fees are not attached and reconciled to the monthly statement of charges from the Solid Waste Vendor.
CRITERIA	Management is to pay vendors according to actual invoices and not off monthly billing statements.
CAUSE	Management has had a change over in staff. Prior management did not ensure this procedure was completed.
EFFECT	The City could be overcharged for these services.
RECOMMENDATION	The City needs to attach and reconcile the daily tipping fee invoices to the monthly statement before payment is made.
RESPONSE	The City will be attaching all documentation to the invoice and reconciling to invoice before payment is made.

Imprest Bank Account - Significant Deficiency
(2014-002)

CONDITION The Payroll imprest bank account is not being reconciled correctly. The monthly reconciled balance is not the same each month.

CRITERIA All imprest accounts should be reconciled correctly monthly, resulting in a zero balance. This complies with good accounting practices.

CAUSE Prior management was not reconciling this account at all. Current management understands that it should be reconciled and is trying diligently to do so.

EFFECT The General Fund would have to cover any cash deficiencies that might occur.

RECOMMENDATION Management has obtained guidance from outside sources on reconciling this account, however, management has not reconciled it and closed this account.

RESPONSE The City is currently working with a CPA company in reconciling this account. This will be completed in the near future.

Deposits in Transit - Other Matter
(2014-003)

CONDITION	The business system is not being used correctly as there are incorrect deposits in transit being reported on the bank reconciliation documents.
CRITERIA	Bank reconciliation documents need to have accurate information to ensure the amounts reconciled to the general ledger.
CAUSE	Staff turnover has contributed to the situation whereby the controls over data information have been neglected/overridden.
EFFECT	The bank reconciliations are incorrect.
RECOMMENDATION	The current business office staff should ensure that all transactions are entered correctly in the system.
RESPONSE	The City is currently working to clear all deposits with the cash collection clerk and ensure all deposits are cleared from the bank statements.

Unreconciled Accounts Receivable Balances - Other Matter
(2014-004)

CONDITION	The City is reporting \$38,515 in unreconciled utility accounts receivable that were generated dating back to 2008-2009 fiscal year. These credit balances are clearly incorrect and need to be adjusted.
CRITERIA	All balances reported in the City's books and records need to be supported and reconciled periodically.
CAUSE	When the City converted to the new Encode Software program these credit balances were created.
EFFECT	The receivable balances of the Utility funds were created.
RECOMMENDATION	The City should adjust these credit balances immediately.
RESPONSE	The City will be working with a CPA to ensure these beginning entries are adjusted.

Transactions Made by Third Parties
Not Recorded on Books of Record - Other Matter
(2014-005)

CONDITION	Funds held at New Mexico Finance Authority were never recorded on the City's books of record. These included cash balances, interest earned and capital assets purchased.
CRITERIA	All transactions whether actually made by management or outside parties needs to be posted/recorded to the entity's books of record.
CAUSE	Management did not ensure these transactions were booked.
EFFECT	Cash balances, fixed assets and interest income were understated on the City's books of record. Adjustments had to be made to adjust certain trial balances so these amounts were included.
RECOMMENDATION	Management should ensure all amounts/ transactions are posted/recorded to the entity's books of record.
RESPONSE	The City will be working with a CPA to ensure all amounts are recorded to the proper accounts, including interest, cash balance and capital asset purchased.

Amounts Due To/From Individual Funds - Other Matter
(2014-006)

CONDITION	Many of the Individual funds have amounts shown as a due to or due from other funds without any support for those account balances.
CRITERIA	All transactions posted to the City's books and records need to be properly supported as to the reason and origination of the transactions.
CAUSE	The business office has not ensured that these accounts have been reconciled, adjusted or paid back.
EFFECT	Trial balances of the City have immaterial balances that need to be adjusted, reversed or eliminated.
RECOMMENDATION	Business Office Staff need to adjust these accounts immediately.
RESPONSE	The City will be working with a CPA to clear all Due To or Due From accounts immediately.

Landfill Closure Costs - Significant Deficiency
(2014-007)

CONDITION	The City has not obtained a qualified engineers report estimating the total amount of Post Closure Monitoring and assessment since February 16, 2009.
CRITERIA	An assessment should be obtained on a yearly basis to ensure the liability being reported is accurate.
CAUSE	Prior management did not ensure this report was obtained.
EFFECT	The post-closure liability could be mistated.
RECOMMENDATION	Management needs to obtain a new report as soon as possible.
RESPONSE	The City will be working with the engineer to obtain a post closure monitoring report on a yearly basis.

Revenue Resources for Post-Closure Costs of Landfill -
Significant Deficiency
(2014-008)

CONDITION	The City is responsible for providing a financial mechanism to pay for all post-closure costs associated with the landfill.
CRITERIA	The City is responsible for providing resources to pay for post-closure costs of the landfill. This is to ensure that if the City goes bankrupt that there is still a financial mechanism for the State to use to finish and maintain the post-closure procedures.
CAUSE	Management has not ensured that an acceptable amount be obtained.
EFFECT	The City has not followed New Mexico Environment Department Solid Waste procedures for closure and post-closure requirements.
RECOMMENDATION	The City should start investigating all resources from which revenues can be obtained to ensure all post-closure costs can be paid for, especially if the City becomes bankrupt.
RESPONSE	The City will ensure that funding will be moved to the Landfill Closure account to ensure all post closure costs can be paid.

DFA Quarterly Report Incorrect - Other Matter
(2014-009)

CONDITION	The June 30, 2014 DFA report was prepared incorrectly. The cash balances are shown as the bank balances not the reconciled balances that agree to the City's trial balances.
CRITERIA	The cash balances shown as available cash must include outstanding checks.
CAUSE	Management was provided incorrect guidance from a new budget analyst.
EFFECT	The DFA report cash balances are overstated because they do not include the reduction of outstanding checks to show "available" cash.
RECOMMENDATION	The City needs to change their DFA reports to ensure "available" cash is reported.
RESPONSE	The City will work with DFA analyst closely to ensure all available cash is reported.

Drug Testing Policy - Compliance Matter
(2014-010)

CONDITION	No Employees out of fifteen (required) were given an alcohol or drug test during the year.
CRITERIA	According to the City's personnel policy all employees with a CDL license and all police officers are pooled each year and 25% of that pool must be alcohol tested each year and 50% must be tested for controlled substances.
CAUSE	Management has not ensured that this policy be followed.
EFFECT	The City's own drug and alcohol policy is not being followed.
RECOMMENDATION	Management should ensure that a particular employee be responsible for the duties of the drug and alcohol policy and its compliance.
RESPONSE	The City will ensure that the drug testing policy be followed to ensure compliance. This will be done by the City Clerk.

Outstanding Utility Balance - Other Matter
(2014-011)

CONDITION	Management of the City has allowed an individual to accrue a balance of \$7,786 in water/sewer/solid waste charges. This situation has been in existence since before June 30, 2008.
CRITERIA	The City needs to follow its own water/sewer/solid waste policy.
CAUSE	Management has not taken the time to solve this outstanding balance situation.
EFFECT	The City is violating the anti-donation clause.
RECOMMENDATION	Management should either discontinue water/sewer/solid waste services or pursue a lien on the property as soon as possible.
RESPONSE	The City will be working closely with the city attorney to ensure collection of debt or other procedures will take place.

Annual Leave Policy - Other Matter
(2014-012)

CONDITION	The annual leave policy is ambiguous in that it refers to annual leave being calculated on a calendar year and on a date of hire year.
CRITERIA	The annual leave policy should clearly state how annual leave is calculated.
CAUSE	The annual leave policy was adopted without full consideration.
EFFECT	Annual leave could be miscalculated.
RECOMMENDATION	An annual leave policy that clearly states how annual leave is accrued, over what time period, both in terms of months and years, should be adopted.
RESPONSE	The City will be updating the leave policy to ensure it is accurate with the fiscal year balance.

No Pay Rate Documentation - Other Matter
(2014-013)

CONDITION	Of 25 employee personnel files examined, only five had current pay rate documentation.
CRITERIA	Pay rates for all employees should be documented and filed in each personnel file.
CAUSE	Prior management did not ensure this procedure was done.
EFFECT	Pay rate could be charged inappropriately as the only source for the pay rates are the payroll files on the computer.
RECOMMENDATION	Documentation, along with necessary approval of each employees pay rate should be kept in such personnel file.
RESPONSE	The City will ensure all pay rate documentation is in all employee files.

Payroll and Gross Receipts Tax Penalties - Other Matter
(2014-014)

CONDITION During fiscal year 2014, the City paid \$4,221 in penalties and interest to the IRS and the State of New Mexico due to late filing and/or late payment of taxes due.

CRITERIA Tax forms should be timely filed and the taxes timely paid.

CAUSE Management did not adhere to the tax filing and payment requirements.

EFFECT The payment of unnecessary penalties and interest uses funds which could be used for other City purposes. Also, these penalties are not included in the budget.

RECOMMENDATION All tax forms should be timely filed and timely paid.

RESPONSE The City is working to ensure all payments are made in a timely manner.

Lodgers Tax Audit - Compliance Matter
(2014-015)

CONDITION	The City has not obtained a Lodgers Tax Audit since June 30, 2012.
CRITERIA	All Municipalities that collect over \$250,000 in occupancy tax proceeds shall select annual random audits of one or more vendors. NMSA 1978 Chapter 3, Article 38, Section 3-39-17.1.
CAUSE	Management has not ensured an annual Lodgers Tax Audit has been completed.
EFFECT	Management of the City is not complying with the State Statute.
RECOMMENDATION	Management should schedule these audits as soon as possible.
RESPONSE	The City is working with a consultant to ensure all Lodger's Tax Audits are up to date.

Water Meter Deposits - Other Matter
(2014-016)

CONDITION The City is not reconciling their monthly water meter deposit to the restricted bank account each month.

CRITERIA The monthly meter deposit list should be reconciled and agreed to the reconciled bank account each month. This complies with good accounting practices.

CAUSE Management is aware of this situation but has not completed an accurate meter deposit list and reconciled it to the reconciled bank account on a monthly basis.

EFFECT Available resources could not be budgeted for and used in the Water Fund.

RECOMMENDATION Management should designate an employee to perform this duty each month, identify differences and resolve those differences.

RESPONSE The City will be working with the new Utility Clerk to properly reconcile monthly water meter deposits to the bank account each month.

Seniors Program Reviewed - Other Matter
(2014-017)

CONDITION	<p>The City's Senior Program was assessed for compliance for certain procedures in February, 2014. Following are the issues repeated from a prior assessment.</p> <ol style="list-style-type: none">1. Current Training Plan not available for review.2. Time studies not performed.3. Nutrition production study not conducted.4. Problems with Purchase requisitions5. Problems with Vendor Invoices.6. Vehicle maintenance logs not completed accurately.
CRITERIA	<p>All concerns previously brought to the attention of management should be corrected so no follow-up assessments show continuing problems.</p>
CAUSE	<p>Management has not ensured that all previous issues have been resolved.</p>
EFFECT	<p>The Seniors Program could be in jeopardy of not receiving funding.</p>
RECOMMENDATION	<p>Management should resolve these issues as soon as possible.</p>
RESPONSE	<p>The City is working with the Senior Citizens Director to resolve all issues with the assessment of the center.</p>

Budget Overruns - Compliance Matter
(2014-018)

CONDITION The City overspent the final approved budget of the Fire Protection Fund by \$551. The Ambulance Fund was overspent by \$19,412. The Solid Waste Fund had a budget overrun of \$41,965.

CRITERIA NMSA 1978 Section 22-8-11 B requires all funds to be spent within the established guidelines set for budgets.

CAUSE Management did not ensure budget adjustment requests were obtained from DFA by the required deadline.

EFFECT The City had the adequate cash to pay the overruns but not the required budget authority from DFA.

RECOMMENDATION Management should review its budget quarterly and request all budget adjustments at that time to ensure budget overruns do not occur.

RESPONSE The City will ensure that all funding is spent according to budget and make any budget adjustments before year end.

Depreciation of Capital Assets - Significant Deficiency
(2014-019)

CONDITION	The City has not successfully managed to depreciate their capital assets.
CRITERIA	In accordance with GASB 34 all capital assets must be depreciated in accordance with the entity's policy approved by the City Council.
CAUSE	The City has not ensured an employee within Management can perform this duty.
EFFECT	The financial statements could be misstated.
RECOMMENDATION	The City needs to discontinue obtaining outside help to perform this task and assign it to an employee.
RESPONSE	The City will be working with employees to complete this task and make sure all capital assets are recorded properly.

Capital Asset Listing - Significant Deficiency
(2014-020)

CONDITION	A complete capital asset listing including current year additions and deletions was not available before the audit was started.
CRITERIA	A complete capital asset listing including current year additions and deletions should be maintained at all times. This is to comply with 1 NMAC 1.2.1.8, NMAC 6.20.2.22 and 12-6-10 NMSA 1978.
CAUSE	Management has not ensured an employee has been assigned these duties.
EFFECT	The capital asset records and financial statements could be overstated/understated by not following State Statute.
RECOMMENDATION	The City should continue to reconcile all capital assets to the prior years audit reports and bring it current.
RESPONSE	The City will be working with employees to make additions and deletions to continue to keep it current and up to date.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2014 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

EXIT CONFERENCE

An exit conference was held at the City on November 25, 2014 to discuss the current audit report. In attendance were Mr. Joseph Campos, Mayor, Mr. Tim Dodge, City Manager, Ms. Yolanda Garcia, Interim City Clerk/Finance Officer, and Mr. Antonio Lucero and Ms. Pamela A. Rice, CPA, Contract Auditors.