

State of New Mexico

Santa Rosa

NEW MEXICO

The City of Natural Lakes



FOR YEAR ENDED JUNE 30, 2015

(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

CITY OF SANTA ROSA

AUDIT REPORT

For The Year Ended June 30, 2015

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
CITY OF SANTA ROSA
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STATE OF NEW MEXICO
CITY OF SANTA ROSA
Official Roster
Year Ended June 30, 2015

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

Mr. Timothy P. Dodge	City Manager
Ms. Yolanda Garcia	Interim City Clerk

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

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11805 Menaul NE
Albuquerque, NM 87112

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TAX PREPARATION
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INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
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, 2015, 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, 2015 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

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, 2015, 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, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 11 to the financial statements, effective July 1, 2014, the City adopted Governmental Accounting Standards Board Statement (GASB) No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

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.

Accounting principles generally accepted in the United States of America require the Schedules I, II, III and IV and the notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

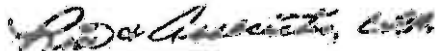
Our audit was conducted for the purpose of forming opinions on the City of Santa Rosa financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The budgetary comparisons for the Major Capital Project Funds and the non-major governmental funds are 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. 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.

Schedule VI, the Schedule of Vendor Information, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 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.



Albuquerque, New Mexico
December 15, 2015

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Net Position
June 30, 2015

Statement 1
Page 1 of 2

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash	\$ 1,867,852	\$ 294,536	\$ 2,162,388
Accounts receivable (net of uncollectible accounts)	244,843	171,475	416,318
Due from other funds	<u>-</u>	<u>11,639</u>	<u>11,639</u>
Total current assets	<u>2,112,695</u>	<u>477,650</u>	<u>2,590,345</u>
Restricted Assets (Cash)			
Customer meter deposits	-	98,966	98,966
Repair and replacement	-	378,390	378,390
Sewer asset management	-	336,432	336,432
Debt service reserve	351,227	107,432	458,659
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total restricted assets	<u>351,227</u>	<u>921,220</u>	<u>1,272,447</u>
Capital Assets			
Land	1,688,145	158,559	1,846,704
Land improvements	5,182,582	-	5,182,582
Buildings and improvements	10,638,199	385,532	11,023,731
Airport	7,026,422	-	7,026,422
Infrastructure	8,075,965	-	8,075,965
Vehicles	596,386	303,334	899,720
Equipment	1,007,778	184,254	1,192,032
Heavy Equipment	2,101,516	1,022,301	3,123,817
Plant	<u>-</u>	<u>18,812,343</u>	<u>18,812,343</u>
Total capital assets	<u>36,316,993</u>	<u>20,866,323</u>	<u>57,183,316</u>
Less accumulated depreciation	(14,752,517)	(7,019,816)	(21,772,333)
Total capital assets (net of accumulated depreciation)	<u>21,564,476</u>	<u>13,846,507</u>	<u>35,410,983</u>
Deferred outflows of resources			
Employer contributions subsequent to measurement date	<u>150,035</u>	<u>-</u>	<u>150,035</u>
Total assets	<u>\$ 24,178,433</u>	<u>\$ 15,245,377</u>	<u>\$ 39,423,810</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Net Position
June 30, 2015

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 32,198	\$ 5,049	\$ 37,247
Customer meter deposits (restricted)	-	64,079	64,079
Accrued interest payable	145,935	-	145,935
Revenue bonds payable - current portion	175,367	110,400	285,767
Loans payable - current portion	101,945	-	101,945
	<u>455,445</u>	<u>179,528</u>	<u>634,973</u>
Total current liabilities			
Non-Current Liabilities			
Revenue bonds payable (less current portion)	2,441,924	4,618,300	7,060,224
Compensated absences payable	43,793	24,332	68,125
Landfill closure and post closure liability	-	825,051	825,051
Net Pension liability	1,299,314	-	1,299,314
Loans payable (less current portion)	956,876	-	956,876
Due to other funds	11,639	-	11,639
NM Environment loan	-	375,000	375,000
	<u>4,753,546</u>	<u>5,842,683</u>	<u>10,596,229</u>
Total non-current liabilities			
Total liabilities	<u>5,208,991</u>	<u>6,022,211</u>	<u>11,231,202</u>
Deferred Inflows			
Change in assumption	31,081	-	31,081
Net difference between expected and actual earnings	501,060	-	501,060
	<u>532,141</u>	<u>-</u>	<u>532,141</u>
Total deferred inflows			
Net Position			
Net investment			
in capital assets	21,564,476	8,742,806	30,307,282
Restricted for repair and replacement	-	731,645	731,645
Restricted for capital outlay	337,209	-	337,209
Restricted for debt service	351,227	142,320	493,547
Restricted for special grants	862,586	-	862,586
Unrestricted	(4,678,197)	(393,605)	(5,071,802)
	<u>18,437,301</u>	<u>9,223,166</u>	<u>27,660,467</u>
Total net position			
Total liabilities and net position	<u>\$ 24,178,433</u>	<u>\$ 15,245,377</u>	<u>\$ 39,423,810</u>

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, 2015

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	\$ 1,388,686	\$ 182,455	\$ 764,725	\$ 2,261,401	\$ 1,819,695	\$ -	\$ 1,819,895
Highways and streets	376,234	-	-	-	(376,234)	-	(376,234)
Public safety	819,805	23,876	291,463	-	(504,466)	-	(504,466)
Culture and recreation	1,240,818	75,606	186,371	-	(978,841)	-	(978,841)
Depreciation - unallocated	904,297	-	-	-	(904,297)	-	(904,297)
Interest	143,420	-	-	-	(143,420)	-	(143,420)
Total governmental activities	4,873,260	201,937	1,242,559	2,261,401	(1,087,363)	-	(1,087,363)
Business-type activities:							
Water/sewer services	2,054,601	1,081,168	19,320	-	-	(953,613)	(953,613)
Solid waste services	97,485	420,107	16,898	-	-	339,520	339,520
Ambulance services	289,291	129,715	164,435	-	-	4,859	4,859
MVD services	57,685	13,570	-	-	-	(14,115)	(14,115)
Total business-type activities	2,499,062	1,644,560	201,153	-	-	(653,349)	(653,349)
Total all activities	\$ 7,372,322	\$ 1,926,497	\$ 1,443,712	\$ 2,261,401	(1,007,363)	(653,349)	(1,740,712)
General Revenues:							
Property taxes					237,946	-	237,946
Franchise taxes					20,077	-	20,077
Gross receipts taxes					2,058,466	41,624	2,100,090
Motor vehicle taxes					-	30,425	30,425
Gas taxes					209,086	-	209,086
Lodgers taxes					529,754	-	529,754
State aid not restricted to special purpose:							
General					90,000	-	90,000
Investment earnings					14,298	7,510	21,808
Transfers					66,971	(66,971)	-
Total general revenues and transfers					3,226,598	12,588	3,239,186
Change in net position					2,139,235	(640,761)	1,498,474
Net position - beginning					18,065,778	9,863,927	27,929,705
Restatement					(1,767,712)	-	(1,767,712)
Net position - beginning - restated					16,298,066	9,863,927	26,161,993
Net position - ending					\$ 18,437,301	\$ 9,223,166	\$ 27,660,467

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, 2015

Statement 3

	General Fund	Convention and Visitors Center Fund	Lodgers Tax Fund	Gas Tax Fund	Riverroad Drainage Fund	Airport Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash on deposit	\$ 1,096,239	\$ 95,663	\$ 449,081	\$ 95,317	\$ 268,408	\$ 39	\$ 214,332	\$ 2,219,079
Accounts receivable	163,888	-	54,290	18,120	-	-	8,545	244,843
Due from other funds	4,000	-	-	-	-	-	-	4,000
Total assets	\$ 1,264,127	\$ 95,663	\$ 503,371	\$ 113,437	\$ 268,408	\$ 39	\$ 222,877	\$ 2,467,922
LIABILITIES								
Due to other funds	\$ 11,639	-	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 15,639
Accounts payable	32,198	-	-	-	-	-	-	32,198
Total liabilities	43,837	-	-	-	-	-	4,000	47,837
FUND BALANCE								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	564,860	95,663	503,371	113,437	268,408	39	221,946	1,767,724
Committed	400,573	-	-	-	-	-	-	400,573
Unassigned	254,857	-	-	-	-	-	(3,069)	251,788
Total fund balance	1,220,290	95,663	503,371	113,437	268,408	39	218,877	2,420,085
Total liabilities and fund balance	\$ 1,264,127	\$ 95,663	\$ 503,371	\$ 113,437	\$ 268,408	\$ 39	\$ 222,877	\$ 2,467,922

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, 2015

Statement 4

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

Total fund balances - governmental funds		\$ 2,420,085
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	36,316,993	
Accumulated depreciation	<u>(14,752,517)</u>	
		21,564,476
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:		
Compensated absences	(43,793)	
Revenue bonds payable	(2,617,291)	
Loans payable	(1,058,821)	
Interest payable	<u>(145,935)</u>	
		<u>(3,865,840)</u>
Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds		
Net pension liability		(1,299,314)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds		
Deferred outflows of resources related to employer contributions subsequent to the measurement date		150,035
Deferred inflows or resources related to investment experience		(501,060)
Deferred inflows of resources related to changes in proportion		<u>(31,081)</u>
Net position of governmental activities		<u>\$ 18,437,301</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, 2015

	General Fund	Convention and Visitors Center Fund	Lodgers Tax Fund	Gas Tax Fund	Riverroad Drainage Fund	Airport Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 258,023	\$ -	\$ 529,754	\$ -	\$ -	\$ -	\$ -	\$ 787,777
Charges for services	62,957	10,683	-	-	-	-	45,763	119,403
Licenses and permits	119,498	18,410	-	-	-	-	750	138,658
Fines and forfeitures	17,273	-	-	-	-	-	6,603	23,876
Local sources	740,215	646	2,500	-	-	-	27,121	770,482
State sources	113,986	-	-	-	-	162,094	555,800	831,880
Federal sources	127,484	-	-	-	-	1,828,245	35,869	1,991,598
State shared taxes	2,058,466	-	-	209,086	-	-	-	2,267,552
Earnings from investments	6,524	390	2,155	693	1,592	877	2,057	14,298
Total revenues	3,504,426	30,129	534,409	209,779	1,592	1,991,216	673,973	6,945,524
EXPENDITURES								
Current:								
General government	1,485,958	-	-	-	-	-	2,637	1,488,595
Highways and streets	161,532	-	-	214,702	-	-	-	376,234
Public safety	586,639	-	-	-	-	-	233,166	819,805
Health & welfare	-	-	-	-	-	-	-	-
Culture and recreation	728,445	102,320	15,376	-	-	-	394,677	1,240,818
Capital outlay	200,806	8,434	120,588	-	44,748	2,026,164	291,513	2,692,253
NMFA principle	119,512	84,295	-	-	-	-	61,727	265,534
NMFA interest	94,336	54,227	-	-	-	-	3,655	152,218
Total expenditures	3,377,228	249,276	135,964	214,702	44,748	2,026,164	987,375	7,035,457
Excess (deficiency) revenues over expenditures	127,198	(219,147)	398,445	(4,923)	(43,156)	(34,948)	(313,402)	(89,933)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	102,500	207,832	-	-	40,104	33,063	218,183	601,682
Operating transfers (out)	(85,690)	-	(443,921)	(5,100)	-	-	-	(534,711)
Loan proceeds	-	-	-	-	-	-	61,534	61,534
Total other financing sources (uses)	16,810	207,832	(443,921)	(5,100)	40,104	33,063	279,717	128,505
Net change in fund balances	144,008	(11,315)	(45,476)	(10,023)	(3,052)	(1,885)	(33,685)	38,572
Fund balance beginning of year	1,076,282	106,978	548,847	123,460	271,460	1,924	252,562	2,381,513
Fund balance end of year	\$ 1,220,290	\$ 95,663	\$ 503,371	\$ 113,437	\$ 268,408	\$ 39	\$ 218,877	\$ 2,420,085

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, 2015

Statement 6

Net change in fund balances - total governmental funds \$ 38,572

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 expense in the period.

Capital outlays	2,692,254	
Depreciation expense	<u>(904,297)</u>	
Excess of capital outlay over depreciation expense		1,787,957

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions		150,035
Pension expense		<u>(63,743)</u>

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 (increase) decrease in the liabilities for the year were:

Compensated absences payable		13,001
Accrued interest payable		<u>8,798</u>

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	(61,534)	
Repayment of long-term debt	<u>266,149</u>	
		<u>204,615</u>

Change in net position of governmental activities \$ 2,139,235

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 204,252	\$ 238,212	\$ 238,212	\$ -
Franchise taxes	17,000	20,077	20,077	-
Gross receipts taxes	1,741,348	2,033,643	2,027,606	(6,037)
Charges for services	72,000	77,340	62,957	(14,383)
Licenses and permits	10,250	108,966	119,498	10,532
Fines and forfeits	24,350	24,350	17,273	(7,077)
Local sources	547,800	742,267	740,215	(2,052)
State sources	116,100	141,274	113,986	(27,288)
Federal sources	47,000	47,000	127,484	80,484
Earnings from investments	4,100	5,380	6,524	1,144
Total revenues	\$ 2,784,200	\$ 3,438,509	\$ 3,473,832	\$ 35,323
EXPENDITURES				
Current:				
General government	\$ 1,399,303	\$ 1,420,654	\$ 1,473,061	\$ (52,407)
Highways and streets	141,300	156,500	150,965	5,535
Public safety	611,664	611,664	584,009	27,655
Culture and recreation	538,424	908,543	738,042	170,501
Capital outlay	-	66,368	185,104	(118,736)
Debt service:				
Loan principle	119,512	119,512	119,512	-
Loan interest	94,336	94,336	94,336	-
Total expenditures	\$ 2,904,539	\$ 3,377,577	\$ 3,345,029	\$ 32,548
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 158,241	\$ 184,483	\$ 180,883	\$ (3,600)
Transfers out	(282,070)	(282,070)	(164,073)	117,997
Loan proceeds	-	-	-	-
Total other financing sources (uses)	\$ (123,829)	\$ (97,587)	\$ 16,810	\$ 114,397
BUDGETED CASH BALANCE	\$ 251,561	\$ 41,995		

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 8,500	\$ 8,500	\$ 10,683	\$ 2,183
Licenses and permits	20,000	20,000	18,410	(1,590)
Local sources	20,000	20,000	646	(19,354)
State sources	4,400	4,400	-	(4,400)
Earnings on investments	500	500	390	(110)
	<u>53,400</u>	<u>53,400</u>	<u>30,129</u>	<u>(23,271)</u>
Total revenues	\$ 53,400	\$ 53,400	\$ 30,129	\$ (23,271)
EXPENDITURES				
Culture & recreation	\$ 281,009	\$ 281,009	\$ 249,276	\$ 31,733
	<u>281,009</u>	<u>281,009</u>	<u>249,276</u>	<u>31,733</u>
Total expenditures	\$ 281,009	\$ 281,009	\$ 249,276	\$ 31,733
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 195,000	\$ 195,000	\$ 207,832	\$ 12,832
	<u>195,000</u>	<u>195,000</u>	<u>207,832</u>	<u>12,832</u>
Total other financing sources (uses)	\$ 195,000	\$ 195,000	\$ 207,832	\$ 12,832
BUDGETED CASH BALANCE	\$ 32,609	\$ 32,609		

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 425,600	\$ 523,668	\$ 524,822	\$ 1,154
Local sources	-	-	2,500	2,500
State sources	-	-	-	-
Earnings on investments	1,500	1,500	2,155	655
Total revenues	\$ 427,100	\$ 525,168	\$ 529,477	\$ 4,309
EXPENDITURES				
Culture & recreation	\$ 10,000	\$ 364,210	\$ 135,964	\$ 228,246
Total expenditures	\$ 10,000	\$ 364,210	\$ 135,964	\$ 228,246
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (237,500)	\$ (250,333)	\$ (443,921)	\$ (193,588)
Total other financing sources (uses)	\$ (237,500)	\$ (250,333)	\$ (443,921)	\$ (193,588)
BUDGETED CASH BALANCE	\$ -	\$ 89,375		

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 200,000	\$ 200,000	\$ 207,333	\$ 7,333
Earnings on investments	<u>200</u>	<u>200</u>	<u>693</u>	<u>493</u>
Total revenues	<u>\$ 200,200</u>	<u>\$ 200,200</u>	<u>\$ 208,026</u>	<u>\$ 7,826</u>
EXPENDITURES				
Highways and streets	\$ 247,336	\$ 247,336	\$ 214,702	\$ 32,634
Total expenditures	<u>\$ 247,336</u>	<u>\$ 247,336</u>	<u>\$ 214,702</u>	<u>\$ 32,634</u>
OTHER FINANCING USES				
Transfer out	\$ (5,100)	\$ (5,100)	\$ (5,100)	\$ -
Total other financing uses	<u>\$ (5,100)</u>	<u>\$ (5,100)</u>	<u>\$ (5,100)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 52,236</u>	<u>\$ 52,236</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, 2015

Statement 11
Page 1 of 2

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Motor Vehicle Department Fund	Total
ASSETS					
Current Assets					
Cash on deposit	\$ 188,798	\$ 46,642	\$ 56,733	\$ 2,363	\$ 294,536
Accounts receivable (net)	127,679	43,796	-	-	171,475
Total Current Assets	<u>316,477</u>	<u>90,438</u>	<u>56,733</u>	<u>2,363</u>	<u>466,011</u>
Non-Current Assets					
Restricted Assets (Cash)	822,254	-	-	-	822,254
Customer meter deposits	98,966	-	-	-	98,966
Due from other funds	-	23,221	-	-	23,221
Total Non-Current Assets	<u>921,220</u>	<u>23,221</u>	<u>-</u>	<u>-</u>	<u>944,441</u>
Capital Assets					
Land	158,559	-	-	-	158,559
Land improvements	-	-	-	-	-
Buildings and Improvements	236,962	148,570	-	-	385,532
Equipment	157,373	26,881	-	-	184,254
Vehicles	293,632	9,702	-	-	303,334
Heavy equipment	-	890,465	131,836	-	1,022,301
Plant/infrastructure	18,392,201	420,142	-	-	18,812,343
Accumulated depreciation	(5,955,612)	(1,037,836)	(26,368)	-	(7,019,816)
Total Capital Assets	<u>13,283,115</u>	<u>457,924</u>	<u>105,468</u>	<u>-</u>	<u>13,846,507</u>
Total Assets	<u>\$ 14,520,812</u>	<u>\$ 571,583</u>	<u>\$ 162,201</u>	<u>\$ 2,363</u>	<u>\$ 15,256,959</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, 2015

Statement 11
Page 2 of 2

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Motor Vehicle Department Fund	Total
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 859	\$ 4,190	\$ -	\$ -	\$ 5,049
Current portion revenue bonds payable	110,400	-	-	-	110,400
Current portion loan payable	-	-	-	-	-
Customer meter deposits	64,079	-	-	-	64,079
payable from Restricted Assets					
Total Current Liabilities	<u>175,338</u>	<u>4,190</u>	<u>-</u>	<u>-</u>	<u>179,528</u>
Long-Term Liabilities					
Compensated absences payable	20,006	4,326	-	-	24,332
Revenue bonds payable	4,618,300	-	-	-	4,618,300
Landfill post closure liabilities	-	825,051	-	-	825,051
Due to other funds	11,582	-	-	-	11,582
NM Environment loan	375,000	-	-	-	375,000
Total Long-Term Liabilities	<u>5,024,888</u>	<u>829,377</u>	<u>-</u>	<u>-</u>	<u>5,854,265</u>
Total Liabilities	<u>5,200,226</u>	<u>833,567</u>	<u>-</u>	<u>-</u>	<u>6,033,793</u>
NET POSITION					
Net investment in capital assets	8,179,414	457,924	105,468	-	8,742,806
Restricted for capital outlay	-	-	-	-	-
Restricted for debt service	142,320	-	-	-	142,320
Restricted for repair & replacement	731,645	-	-	-	731,645
Unrestricted	267,207	(719,908)	56,733	2,363	(393,605)
Total Net Position	<u>9,320,586</u>	<u>(261,984)</u>	<u>162,201</u>	<u>2,363</u>	<u>9,223,166</u>
Total Liabilities and Net Position	<u>\$ 14,520,812</u>	<u>\$ 571,583</u>	<u>\$ 162,201</u>	<u>\$ 2,363</u>	<u>\$ 15,256,959</u>

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, 2015

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Motor Vehicle Department Fund	Total
OPERATING REVENUES					
Sales and services	\$ 1,081,168	\$ 420,107	\$ 129,715	\$ 13,570	\$ 1,644,560
Local sources	19,820	16,898	164,435	-	201,153
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
State shared taxes	-	41,624	-	30,425	72,049
Total operating revenue	1,100,988	478,629	294,150	43,995	1,917,762
OPERATING EXPENSES					
Personal services	303,452	48,092	188,420	48,462	588,426
Maintenance and operations	403,541	-	87,687	9,223	500,451
Major contractual services	-	-	-	-	-
Other operating expenses	-	-	-	-	-
Depreciation	1,204,645	48,487	13,184	-	1,266,316
Total operating expenses	1,911,638	96,579	289,291	57,685	2,355,193
Operating income (loss)	(810,650)	382,050	4,859	(13,690)	(437,431)
NON-OPERATING REVENUE (EXPENSE)					
Investment income	6,967	318	164	60	7,509
Investment expense	(142,963)	(906)	-	-	(143,869)
Transfers in	-	-	28,462	4,672	33,134
Transfers out	(100,104)	-	-	-	(100,104)
Total Non-Operating Revenue (Expense)	(236,100)	(588)	28,626	4,732	(203,330)
Change in Net Position	(1,046,750)	381,462	33,485	(8,958)	(640,761)
Net position, beginning of year	10,367,336	(643,446)	128,716	11,321	9,863,927
Net position, end of year	\$ 9,320,586	\$ (261,984)	\$ 162,201	\$ 2,363	\$ 9,223,166

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, 2015

Statement 13

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Motor Vehicle Department Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 1,088,401	\$ 423,586	\$ 129,715	\$ 13,570	\$ 1,655,272
Cash received from local sources	19,820	16,898	164,435	-	201,153
Cash received from state sources	-	-	-	30,425	30,425
Cash received from federal sources	-	-	-	-	-
Cash received from state shared taxes	-	38,342	-	-	38,342
Cash payments to employees and to suppliers for goods and services	(682,847)	(447,413)	(276,107)	(57,685)	(1,464,052)
Net cash provided by operating activities	<u>425,374</u>	<u>31,413</u>	<u>18,043</u>	<u>(13,690)</u>	<u>461,140</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Loan proceeds	-	-	-	-	-
Principal paid	(107,300)	(19,110)	-	-	(126,410)
Acquisition of capital assets	(75,560)	-	-	-	(75,560)
Investment expense	(142,963)	(906)	-	-	(143,869)
Net cash provided (used) by capital and related financing activities	<u>(325,823)</u>	<u>(20,016)</u>	<u>-</u>	<u>-</u>	<u>(345,839)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers from other funds	-	-	28,462	4,672	33,134
Operating transfers to other funds	(100,104)	-	-	-	(100,104)
Increase in due to other funds	11,582	-	-	-	11,582
Net cash provided (used) by noncapital financing activities	<u>(88,522)</u>	<u>-</u>	<u>28,462</u>	<u>4,672</u>	<u>(55,388)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	6,967	318	164	60	7,509
Net cash provided by investing activities	<u>6,967</u>	<u>318</u>	<u>164</u>	<u>60</u>	<u>7,509</u>
Net increase (decrease) in cash	17,996	11,715	46,669	(8,958)	67,422
Cash, beginning of year	993,056	34,927	10,064	11,321	1,049,368
Cash, end of year	<u>\$ 1,011,052</u>	<u>\$ 46,642</u>	<u>\$ 56,733</u>	<u>\$ 2,363</u>	<u>\$ 1,116,790</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (810,650)	\$ 382,050	\$ 4,859	\$ (13,690)	\$ (437,431)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,204,645	48,487	13,184	-	1,266,316
Changes in assets and liabilities:					
(Increase) decrease in receivables	7,233	197	-	-	7,430
Increase (decrease) in accounts payable	859	4,190	-	-	5,049
Increase (decrease) in compensated absences	11,705	(1,948)	-	-	9,757
(Decrease) in Landfill Closure	-	(378,343)	-	-	(378,343)
(Increase) in due from other funds	-	(23,220)	-	-	(23,220)
Increase in due to other funds	11,582	-	-	-	11,582
Net cash provided (used) by operating activities	<u>\$ 425,374</u>	<u>\$ 31,413</u>	<u>\$ 18,043</u>	<u>\$ (13,690)</u>	<u>\$ 461,140</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 20,249
Total Assets	<u>\$ 20,249</u>
LIABILITIES	
Due to other agencies	\$ 20,249
Total Liabilities	<u>\$ 20,249</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Notes to Financial Statements
Year Ended June 30, 2015

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

Notes to Financial Statements (continued)

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 (Capital Project 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.

Airport Construction Fund (Capital Project Fund) - 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.

Notes to Financial Statements (continued)

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.

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.

The City also reports Fiduciary Funds.

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

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

Notes to Financial Statements (continued)

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.

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.

Notes to Financial Statements (continued)

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.

G. Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The City has two types of items, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between expected and actual earnings and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The City has two types of items that qualify for reporting in this category. Accordingly, the items, change in proportion and employer contributions subsequent to measurement date, are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the next period.

I. 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

Notes to Financial Statements (continued)

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.

J. 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.

K. Long-Term Obligations

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

L. 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

Notes to Financial Statements (continued)

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 2978 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.

M. 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".

N. 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.

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.

O. 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

Notes to Financial Statements (continued)

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 purposes 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.

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.

Notes to Financial Statements (continued)

P. 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.

Q. 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.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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	\$	4,358
First National Bank	Checking	Solid Waste		52,320
First National Bank	Checking	Ambulance		74,424
First National Bank	Checking	Motor Vehicle		2,363
First National Bank	Checking	Golf Course		654
First National Bank	Checking	Airport		6,831
First National Bank	Checking	General	368,412	
First National Bank	Checking	General		5,047
First National Bank	Checking	General		5,491
First National Bank	Checking	CDBG-ED		10,768
First National Bank	Checking	Gasoline Tax		95,317
First National Bank	Checking	LGC		941
First National Bank	Checking	Convention Center		908
First National Bank	Checking	Riverroad		1,401
First National Bank	Checking	Riverroad	267,007	
First National Bank	Checking	Lodgers Tax	336,786	
First National Bank	Checking	ARRA Waste Water		16,824
First National Bank	Checking	Scenic Byways		835
First National Bank	Checking	Blue Hole Road		10,859
First National Bank	Checking	Safe Routes to School		5,100
First National Bank	Checking	Water Meter Deposit		89,524

Notes to Financial Statements (continued)

First National Bank	Checking	Sewer Reserve	107,432
First National Bank	Checking	Sewer Asset Management	30,229
First National Bank	Checking	Sewer Capital Reserve	306,203
First National Bank	Checking	R & R Sewer	378,390
First National Bank	Checking	Water	61,040
First National Bank	Checking	Recreation	10,038
First National Bank	Checking	LEPF	827
First National Bank	Checking	Fire	12,166
First National Bank	Checking	EMS	10
First National Bank	Checking	Library	26,140
First National Bank	Checking	EMS/Fire	16,307
First National Bank	Checking	Seniors	17,160
First National Bank	Checking	Power Dam	11,496
First National Bank	Checking	Blue Hole Improvements	402
First National Bank	Checking	YCC Grant	1,691
First National Bank	Checking	Cultural Corridors	6,297
First National Bank	Checking	Downtown Improvements	6,143
First National Bank	Checking	Los Amigos	45,807
First National Bank	Checking	CDBG 2 nd Street	26,480
First National Bank	Checking	Ilfeld	294
First National Bank	Checking	Airport Construction	91,204
First National Bank	Checking	Sewer	33,615
Wells Fargo Bank	Checking	General	73,518
Wells Fargo Bank	Checking	General	6,446
Wells Fargo Bank	Checking	Economic Development	20,249
First Community Bank	Checking	Convention Center	84,832
First Community Bank	Checking	Chilli Pepper Rally	12,045
First Community Bank	Checking	Mainstreet	8,742
Wells Fargo Bank	Certificate of Deposit	General	11,848
Wells Fargo Bank	Certificate of Deposit	Lodgers Tax	17,776
First National Bank	Savings	General IMMA	165,886
First National Bank	Savings	General Money Market	315,293
First National Bank	Savings	Water/Sewer IMMA	8,624
First National Bank	Savings	Water Meter Deposit	12,186
Wells Fargo Bank	Certificate of Deposit	Water	<u>95,782</u>
		Total	<u>\$ 3,378,768</u>
NM Finance Authority			<u>\$ 389,451</u>
Total amount on deposit			\$3,768,219
Deposit in transit			5,235
Petty Cash			700
Outstanding checks			<u>(319,670)</u>
Total per financial statements			<u>\$3,454,484</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	Community First Bank
Cash on deposit at June 30	\$ 225,619	\$ 3,047,530	\$ 105,619
Less FDIC	<u>(225,619)</u>	<u>(250,000)</u>	<u>(105,619)</u>
Uninsured funds	-	2,797,530	-
Funds needing collateralization at 50% (required by State Law)	-	1,398,765	-
Pledged collateral at June 30	<u>-</u>	<u>(1,463,541)</u>	<u>-</u>
Excess (deficiency) of Pledged Collateral	<u>\$ -</u>	<u>\$ 64,776</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, 2015, \$2,797,530 of the City's bank balance of \$3,378,768 was exposed to custodial credit risk as follows:

A. Uninsured and uncollateralized	\$ 1,333,989
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the City's name	<u>1,463,541</u>
Total	<u>\$ 2,797,530</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>First National Bank</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FHLB #313381F91	12-31-12	\$ 293,863
FHLB #3136G02EO	10-29-21	480,847
FHLB #3128P7PH0	8-01-30	555,893
FHLB #5410668ES	4-15-21	<u>132,938</u>
		<u>\$ 1,463,541</u>

Notes to Financial Statements (continued)

The amount held at the New Mexico Finance Authority totaling \$389,451 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	\$ -	\$ 192,273
Less allowance for Uncollectible accounts	<u>-</u>	<u>(20,798)</u>
Subtotal	-	171,475
Property taxes receivable	-	-
Lodgers tax receivable	54,290	-
Gross receipts taxes receivable	163,888	-
Gas taxes receivable	18,120	-
Intergovernmental	<u>8,545</u>	<u>-</u>
Total	<u>\$ 244,843</u>	<u>\$ 171,475</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 \$ 64,079

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>General Fund</u>	<u>Non-Major Governmental</u>	<u>Proprietary Fund</u>	<u>Airport Construction Fund</u>	
General Fund	\$ -	\$ -	\$ 19,494	\$ 33,134	\$ 33,063	\$ (85,691)
Lodgers Tax Fund	207,832	42,500	193,589	-	-	(443,921)
Proprietary	-	60,000	40,104	-	-	(100,104)
Total Transfers In/Out	\$ 207,832	\$ 102,500	\$ 253,187	\$ 33,134	\$ 33,063	\$ -

Balance of Transfers

Transfer to Convention & Visitors Center Fund	\$ 207,832	From Lodgers Tax Fund
Transfer to Non-Major Governmental Fund	193,589	From Lodgers Tax Fund
Transfer to Airport Construction Fund	33,063	From General Fund
Transfer to Non-Major Governmental Fund	19,494	From General Fund
Transfer to Proprietary Fund	33,134	From General Fund
Transfer to General	42,500	From Lodgers Tax Fund
Transfer to General	60,000	From Proprietary Fund
Transfer to Non-Major Governmental Fund	<u>40,104</u>	From Proprietary Fund
Total Interfund Transfers Between Governmental and Business-Type Activities	\$ 629,716	

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, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Land	\$ 1,688,145	\$ -	\$ -	\$ 1,688,145
Land Improvements	5,174,148	8,434	-	5,182,582
Buildings & improvements	10,284,912	353,287	-	10,638,199
Airport	5,000,257	2,026,165	-	7,026,422
Street improvements	8,031,217	44,748	-	8,075,965
Equipment	842,932	164,846	-	1,007,778
Heavy equipment	2,101,516	-	-	2,101,516
Vehicles	<u>511,612</u>	<u>94,774</u>	<u>(10,000)</u>	<u>596,386</u>
Sub-total	<u>33,634,739</u>	<u>2,692,254</u>	<u>(10,000)</u>	<u>36,316,993</u>
Less: Accumulated Depreciation	<u>(13,858,220)</u>	<u>(904,297)</u>	<u>10,000</u>	<u>(14,752,517)</u>
Total Capital Assets	<u>\$19,776,519</u>	<u>\$ 1,787,957</u>	<u>\$ -</u>	<u>\$21,564,476</u>

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

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Land	\$ 158,559	\$ -	\$ -	\$ 158,559
Buildings	319,604	65,927	-	385,531
Equipment	157,716	26,538	-	184,254
Heavy Equipment	1,022,301	-	-	1,022,301
Vehicles	328,334	-	(25,000)	303,334
Plant	<u>18,804,248</u>	<u>8,095</u>	<u>-</u>	<u>18,812,343</u>
Sub-total	<u>20,790,762</u>	<u>100,560</u>	<u>(25,000)</u>	<u>20,866,322</u>
Less: Accumulated Depreciation	<u>(5,753,500)</u>	<u>(1,291,315)</u>	<u>25,000</u>	<u>(7,019,815)</u>
Total Capital Assets	<u>\$15,037,261</u>	<u>\$ (1,190,755)</u>	<u>\$ -</u>	<u>\$13,846,506</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, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds payable	\$ 4,786,000	\$ -	\$ 82,300	\$ 4,703,700	\$ 85,400
NM Environment Loan	425,000	-	25,000	400,000	25,000
Loan payable to New Mexico Finance Authority	19,110	-	19,110		
Compensated absences payable	<u>14,575</u>	<u>9,757</u>	<u>-</u>	<u>24,332</u>	<u>-</u>
Total	<u>\$ 5,244,685</u>	<u>\$ 9,757</u>	<u>\$ 126,410</u>	<u>\$ 5,130,032</u>	<u>\$ 110,400</u>

Compensated Absences

The compensated absences due by each fund are as follows:

Solid Waste Fund \$4,326 Water/Sewer Fund \$20,006

The detail by individual fund follows:

Water/Sewer Fund

	<u>Balances</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2015</u>
Revenue Bonds Series 2001A	\$ 211,300	\$ -	\$ 4,000	\$ 207,300
Revenue Bonds Series 2001B	167,000	-	3,000	164,000
Revenue Bonds Series 2006	364,000	-	5,000	359,000
NM Environment Loan	425,000	-	25,000	400,000
Revenue Bonds Series 2006	22,700	-	300	22,400
Revenue Bonds Series 2009	<u>4,021,000</u>	<u>-</u>	<u>70,000</u>	<u>3,951,000</u>
Total	<u>\$ 5,211,000</u>	<u>\$ -</u>	<u>\$ 107,300</u>	<u>\$ 5,103,700</u>

Notes to Financial Statements (continued)

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, 2015</u>
2001A	5/31/2041	\$ 256,300	4.50%	\$ 207,300
2001B	5/31/2041	\$ 200,000	4.50%	164,000
2006	6/23/2046	\$ 400,000	4.25%	359,000
NMED	6/30/2031	\$ 500,000	N/A	400,000
2006	6/30/2033	\$ 25,000	4.25%	22,400
2009	4/22/2050	\$ 4,201,000	2.75%	<u>3,951,000</u>
				<u>\$ 5,103,700</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>
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	121,400	116,300	237,700
2021-2025	630,400	541,500	1,171,900
2026-2030	713,900	468,600	1,182,500
2031-2035	713,700	382,800	1,096,500
2036-2040	801,500	283,500	1,085,000
2041-2045	815,900	176,400	992,300
2046-2050	<u>865,300</u>	<u>72,900</u>	<u>938,200</u>
Total	<u>\$ 5,103,700</u>	<u>\$ 2,530,400</u>	<u>\$ 7,634,100</u>

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 June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2015</u>	<u>Due Within One Year</u>
Loans payable to New Mexico Finance Authority	\$ 1,094,284	\$ 61,534	\$ 96,997	\$ 1,058,821	\$ 101,945
Revenues Bonds Series 2006A/B	2,786,443	-	169,152	2,617,291	175,367
Compensated absences	<u>56,794</u>	<u>-</u>	<u>13,001</u>	<u>43,793</u>	<u>-</u>
Total	<u>\$ 3,937,521</u>	<u>\$ 61,534</u>	<u>\$ 279,150</u>	<u>\$ 3,719,905</u>	<u>\$ 277,312</u>

Notes to Financial Statements (continued)

The City entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the City to pay a principal amount of \$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>
2016	\$ 51,091	\$ 3,716	\$ 54,807
2017	<u>49,287</u>	<u>1,953</u>	<u>51,240</u>
Total	<u>\$ 100,378</u>	<u>\$ 5,669</u>	<u>\$ 106,047</u>

The City entered into a loan agreement with the New Mexico Finance Authority evidencing another special limited obligation of the City to pay a principal amount of \$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>
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	11,010	768	11,778
2021-2025	56,377	2,513	58,890
2026-2027	<u>23,235</u>	<u>322</u>	<u>23,557</u>
Total	<u>\$ 133,877</u>	<u>\$ 7,455</u>	<u>\$ 141,332</u>

Notes to Financial Statements (continued)

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

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	28,644	33,363	62,007
2021-2025	162,184	147,851	310,035
2026-2030	203,782	106,252	310,034
2031-2035	<u>263,748</u>	<u>46,286</u>	<u>310,034</u>
Total	<u>\$ 763,032</u>	<u>\$ 477,106</u>	<u>\$ 1,240,138</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.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	102,130	37,978	140,108
2021-2025	574,709	125,990	700,699
2026-2027	<u>263,871</u>	<u>16,492</u>	<u>280,363</u>
Total	<u>\$ 1,312,969</u>	<u>\$ 368,542</u>	<u>\$ 1,681,511</u>

Notes to Financial Statements (continued)

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>
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	101,456	37,733	139,189
2021-2025	570,927	125,179	696,106
2026-2027	<u>262,142</u>	<u>16,385</u>	<u>278,527</u>
Total	<u>\$ 1,304,322</u>	<u>\$ 366,166</u>	<u>\$ 1,670,488</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 \$61,534 and interest for the purpose of defraying the cost of purchasing three police vehicles. The yearly payments are to be redirected from the City's Law Enforcement Protection Funds allotted each year. The interest rate is 0.100%. The maturity date is May 1, 2019.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 15,336	\$ 95	\$ 15,431
2017	15,384	46	15,430
2018	15,399	31	15,430
2019	<u>15,415</u>	<u>15</u>	<u>15,430</u>
Total	<u>\$ 61,534</u>	<u>\$ 187</u>	<u>\$ 61,721</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 2016	\$ 4,551
Fiscal year 2017	2,984
Fiscal year 2018	1,409
Fiscal year 2019	<u>470</u>
Total	<u>\$ 9,414</u>

Notes to Financial Statements (continued)

C. Short-Term Liabilities

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

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. 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	\$ 3,504,426	\$ 30,129	\$ 534,409	\$ 209,779
Budget basis	<u>3,473,832</u>	<u>30,129</u>	<u>529,477</u>	<u>208,026</u>
Increase (decrease) in receivables	<u>\$ (30,594)</u>	<u>\$ -</u>	<u>\$ 4,932</u>	<u>\$ 1,753</u>
 <u>Expenditures</u>				
Accrual basis	\$ 3,377,228	\$ 249,276	\$ 135,964	\$ 214,702
Budget basis	3,345,029	249,276	135,964	214,702
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in payables	<u>\$ 32,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Financial Statements (continued)

<u>Revenues</u>	<u>Riverroad Drainage Fund</u>	<u>Airport Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Proprietary Fund</u>
Accrual basis	\$ 1,592	\$ 1,991,216	\$ 673,973	\$ 1,925,271
Budget basis	<u>1,592</u>	<u>1,991,216</u>	<u>673,973</u>	<u>1,932,701</u>
Increase (decrease) in receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,430</u>
 <u>Expenditures</u>				
Accrual basis	\$ 44,748	\$ 2,026,164	\$ 987,375	\$ 2,356,099
Budget basis	44,748	2,026,164	987,375	1,798,253
Depreciation	-	-	-	(1,266,316)
Principal paid	-	-	-	126,410
Interest paid	-	-	-	142,963
Capital acquisitions	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,560</u>
(Increase) decrease in compensated absences/ accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (363,537)</u>

11. RETIREMENT PLAN

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA' fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through

Notes to Financial Statements (continued)

29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at: http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the City of Santa Rosa are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at:

http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf.

The PERA coverage options that apply to the City of Santa Rosa are: Municipal General Division. Statutorily required contributions to the pension plan from the City of Santa Rosa were \$99,267 and \$50,768 and there were NO employer paid member benefits that were "picked up" by the employer for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City of Santa Rosa's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage

Notes to Financial Statements (continued)

of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the un-remitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Municipal General Division, at June 30, 2015, the City of Santa Rosa reported a liability of \$924,427 for its proportionate share of the net pension liability. At June 30, 2014, the City of Santa Rosa's proportion was 0.1185%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the City of Santa Rosa recognized PERA Fund Municipal General Division pension expense of \$38,567. At June 30, 2015, the City of Santa Rosa reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 627
Net difference between projected and actual earnings on pension plan investments	-	361,660
City of Santa Rosa's contributions subsequent to the measurement date	<u>99,267</u>	<u>-</u>
Total	<u>\$ 99,267</u>	<u>\$ 362,287</u>

\$99,267 reported as deferred outflows of resources related to pensions resulting from City of Santa Rosa's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Notes to Financial Statements (continued)

Year ended June 30:

2016	\$ (90,571)
2017	(90,571)
2018	(90,571)
2019	(90,571)
2020	(3)
Thereafter	-

For PERA Fund Municipal Police Division, at June 30, 2015, the City of Santa Rosa reported a liability of \$374,887 for its proportionate share of the net pension liability. At June 30, 2014, the City of Santa Rosa's proportion was 0.1150%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the City of Santa Rosa recognized PERA Fund Municipal General Division pension expense of \$25,176. At June 30, 2015, the City of Santa Rosa reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 30,454
Net difference between projected and actual earnings on pension plan investments	-	139,400
City of Santa Rosa's contributions subsequent to the measurement date	<u>50,768</u>	<u>-</u>
Total	<u>\$ 50,768</u>	<u>\$ 169,854</u>

\$50,768 reported as deferred outflows of resources related to pensions resulting from City of Santa Rosa's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (42,425)
2017	(42,425)
2018	(42,425)
2019	(42,425)
2020	(152)
Thereafter	-

Notes to Financial Statements (continued)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
- Investment rate of return	7.75% annual rate, net of investment expense
- Payroll growth	3.50% annual rate
- Projected salary increases	3.50% to 14.25% annual rate
- Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expeted Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80%	5.20
Private Equity	7.00%	8.20
Core and Global Fixed Income	26.10%	1.85
Fixed Income Plus Sectors	5.00%	4.80
Real Estate	5.00%	5.30
Real Assets	7.00%	5.70
Absolute Return	<u>4.00%</u>	4.15
Total	<u>100.00%</u>	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed longterm expected rate of return on

Notes to Financial Statements (continued)

pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City of Santa Rosa's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the City of Santa Rosa's net pension liability in each PERA Fund Division that City of Santa Rosa participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City of Santa Rosa's proportionate share of the net pension liability	<u>\$ 1,742,753</u>	<u>\$ 924,427</u>	<u>\$ 292,231</u>
PERA Fund Municipal Police Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City of Santa Rosa's proportionate share of the net pension liability	<u>\$ 714,911</u>	<u>\$ 374,887</u>	<u>\$ 120,997</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124.

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

Notes to Financial Statements (continued)

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 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,

Notes to Financial Statements (continued)

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, 2015, 2014 and 2013 were \$27,225, \$24,552 and \$25,150, respectively, which equal the required contributions for each year.

13. BUDGET VIOLATIONS

The Fire Protection Fund had an overall budget overrun of \$96,083. The EMS Fund had a budget overrun of \$113. The LEPF Fund had a budget overrun of \$60,824.

14. RESTATEMENT OF NET POSITION

The City had a prior period adjustment of \$1,767,712 which was required for the implementation of GASB Statement No. 68. The adjustment reflects a beginning net pension liability of \$1,896,721 and a beginning deferred outflow of resources - employer contributions subsequent to the measurement date of \$129,009.

15. FUND BALANCE 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.

Fund Balances	General	Convention &	Lodgers Tax	Gas Tax	River Road	Airport	Other	Totals
	Fund	Visitors Center Fund	Fund	Fund	Drainage Fund	Construction Fund	Governmental Fund	
Nonspendable:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-	-	-
Total nonspendable	-	-	-	-	-	-	-	-
Restricted for:								
Road improvements	-	-	-	113,437	-	-	-	113,437
Fire protection	-	-	-	-	-	-	11,950	11,950
Law enforcement	-	-	-	-	-	-	517	517
Emergency services	-	-	-	-	-	-	16,307	16,307
Senior services	-	-	-	-	-	-	67,445	67,445
Debt service	564,860	-	-	-	-	-	-	564,860
Convention services	-	95,663	-	-	-	-	-	95,663
Tourism programs	-	-	503,371	-	-	-	-	503,371
Culture and recreation	-	-	-	-	-	-	68,762	68,762
Capital outlay	-	-	-	-	268,408	39	53,896	322,343
Total restricted	564,860	95,663	503,371	113,437	268,408	39	218,877	1,764,655
Committed to:								
Other purposes	400,573	-	-	-	-	-	-	400,573
Total committed	400,573	-	-	-	-	-	-	400,573
Unassigned:	254,857	-	-	-	-	-	-	254,857
Total Fund Balances	\$ 1,220,290	\$ 95,663	\$ 503,371	\$ 113,437	\$ 268,408	\$ 39	\$ 218,877	\$ 2,420,085

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 1,592	\$ 1,592
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,592</u>	<u>\$ 1,592</u>
EXPENDITURES				
Capital outlay	\$ 50,000	\$ 50,000	\$ 44,748	\$ 5,252
Total expenditures	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 44,748</u>	<u>\$ 5,252</u>
OTHER FINANCING SOURCES				
Transfer in	\$ 295,451	\$ 295,451	\$ 40,104	\$ (255,347)
Total Other Financing Sources	<u>\$ 295,451</u>	<u>\$ 295,451</u>	<u>\$ 40,104</u>	<u>\$ (255,347)</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Airport Construction Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 219,750	\$ 219,750	\$ 162,094	\$ (57,656)
Federal sources	2,447,352	2,447,352	1,828,245	(619,107)
Earnings on investments	-	-	877	877
Total revenues	<u>\$ 2,667,102</u>	<u>\$ 2,667,102</u>	<u>\$ 1,991,216</u>	<u>\$ (675,886)</u>
EXPENDITURES				
Capital outlay	\$ 2,722,040	\$ 2,722,040	\$ 2,026,164	\$ 695,876
Total expenditures	<u>\$ 2,722,040</u>	<u>\$ 2,722,040</u>	<u>\$ 2,026,164</u>	<u>\$ 695,876</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 54,938	\$ 54,938	\$ 33,063	\$ (21,875)
Total other financing sources	<u>\$ 54,938</u>	<u>\$ 54,938</u>	<u>\$ 33,063</u>	<u>\$ (21,875)</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, 2015

	Special Revenue Funds	Capital Project Funds	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash on deposit	\$ 145,570	\$ 68,762	\$ 214,332
Accounts receivable	<u>8,545</u>	<u>-</u>	<u>8,545</u>
 Total assets	 <u><u>\$ 154,115</u></u>	 <u><u>\$ 68,762</u></u>	 <u><u>\$ 222,877</u></u>
 LIABILITIES			
Due to other funds	<u>\$ 4,000</u>	<u>\$ -</u>	<u>\$ 4,000</u>
 FUND BALANCE			
Nonspendable	-	-	-
Restricted	153,184	68,762	221,946
Committed	-	-	-
Unassigned	<u>(3,069)</u>	<u>-</u>	<u>(3,069)</u>
 Total fund balance	 <u>150,115</u>	 <u>68,762</u>	 <u>218,877</u>
 Total liabilities and fund balance	 <u><u>\$ 154,115</u></u>	 <u><u>\$ 68,762</u></u>	 <u><u>\$ 222,877</u></u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - By Fund Type
Year Ended June 30, 2015

Statement A-2

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Taxes	\$ -	\$ -	\$ -
Gas taxes	-	-	-
Charges for services	45,763	-	45,763
Licenses and permits	750	-	750
Fines and forfeitures	6,603	-	6,603
Local sources	27,121	-	27,121
State sources	387,712	168,088	555,800
Federal sources	35,869	-	35,869
State shared taxes	-	-	-
Earnings on investments	1,662	405	2,067
	<u>505,480</u>	<u>168,493</u>	<u>673,973</u>
Total revenues			
EXPENDITURES			
Current:			
General government	2,637	-	2,637
Highways and streets	-	-	-
Public safety	233,166	-	233,166
Culture and recreation	394,677	-	394,677
Capital outlay	98,425	193,088	291,513
Debt service			
Principle	61,727	-	61,727
Interest	3,655	-	3,655
	<u>794,287</u>	<u>193,088</u>	<u>987,375</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(288,807)	(24,595)	(313,402)
OTHER FINANCING SOURCES (USES)			
Transfers in	213,083	5,100	218,183
Transfer out	-	-	-
Loan proceeds	61,534	-	61,534
	<u>274,617</u>	<u>5,100</u>	<u>279,717</u>
Total other financing sources (uses)			
Net change in fund balance	(14,190)	(19,495)	(33,685)
Fund balance at beginning of year	164,305	88,257	252,562
Fund balance at end of year	<u>\$ 150,115</u>	<u>\$ 68,762</u>	<u>\$ 218,877</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	44,205	44,205	45,763	1,558
Licenses and permits	5,000	5,000	750	(4,250)
Fines and forfeitures	20,000	20,000	6,603	(13,397)
Local sources	14,501	24,501	27,121	2,620
State sources	285,788	328,347	386,736	58,389
Federal sources	38,279	38,279	33,718	(4,561)
State shared taxes	-	-	-	-
Earnings from investments	445	1,128	1,637	509
Total revenues	<u>\$ 408,218</u>	<u>\$ 461,460</u>	<u>\$ 502,328</u>	<u>\$ 40,868</u>
EXPENDITURES				
General government	\$ 30,000	\$ 30,000	\$ 2,637	\$ 27,363
Highways and streets	-	-	-	-
Public safety	217,926	260,241	396,973	(136,732)
Culture and recreation	428,050	442,680	394,677	48,003
Total expenditures	<u>\$ 675,976</u>	<u>\$ 732,921</u>	<u>\$ 794,287</u>	<u>\$ (61,366)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 247,146	\$ 247,146	\$ 213,083	\$ (34,063)
Transfers out	-	-	-	-
Loan proceeds	-	-	61,534	61,534
Total other financing sources (uses)	<u>\$ 247,146</u>	<u>\$ 247,146</u>	<u>\$ 274,617</u>	<u>\$ 27,471</u>
BUDGETED CASH BALANCE	<u>\$ 24,238</u>	<u>\$ 27,641</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
State sources	363,386	363,386	168,088	(195,298)
Federal sources	-	-	-	-
Earnings on investments	-	-	405	405
Total revenues	<u>\$ 363,386</u>	<u>\$ 363,386</u>	<u>\$ 168,493</u>	<u>\$ (194,893)</u>
EXPENDITURES				
Capital outlay	\$ 368,486	\$ 368,486	\$ 193,088	\$ 175,398
Total expenditures	<u>\$ 368,486</u>	<u>\$ 368,486</u>	<u>\$ 193,088</u>	<u>\$ 175,398</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,100	\$ 5,100	\$ 5,100	\$ -
Total other financing sources (uses)	<u>\$ 5,100</u>	<u>\$ 5,100</u>	<u>\$ 5,100</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</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)

LOS AMIGOS FUND - To account for rents received from the "Los Amigos" nursing home located in Guadalupe County, City of Santa Rosa.

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, 2015

	Santa Rosa Chile Pepper Rally	EMS Fund	Corrections Fund	Recreation Fund	Library Fund	Los Amigos Fund
ASSETS						
Cash on deposit	\$ 12,045	\$ -	\$ 931	\$ 10,038	\$ 26,140	\$ 43,740
Accounts receivable	-	-	-	-	-	-
Total assets	\$ 12,045	\$ -	\$ 931	\$ 10,038	\$ 26,140	\$ 43,740
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -
Total Liabilities	-	-	4,000	-	-	-
FUND BALANCE						
Restricted	12,045	-	-	10,038	26,140	43,740
Unassigned	-	-	(3,069)	-	-	-
Total fund balance	12,045	-	(3,069)	10,038	26,140	43,740
Total liabilities and fund balance	\$ 12,045	\$ -	\$ 931	\$ 10,038	\$ 26,140	\$ 43,740

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, 2015

	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	\$ 8,742	\$ -	\$ 517	\$ 16,307	\$ 11,950	\$ 15,160	\$ 145,570
Accounts receivable	-	-	-	-	-	8,545	8,545
Total assets	<u>\$ 8,742</u>	<u>\$ -</u>	<u>\$ 517</u>	<u>\$ 16,307</u>	<u>\$ 11,950</u>	<u>\$ 23,705</u>	<u>\$ 154,115</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000</u>
FUND BALANCE							
Restricted	8,742	-	517	16,307	11,950	23,705	153,184
Unassigned	-	-	-	-	-	-	(3,069)
Total fund balance	<u>8,742</u>	<u>-</u>	<u>517</u>	<u>16,307</u>	<u>11,950</u>	<u>23,705</u>	<u>150,115</u>
Total liabilities and fund balance	<u>\$ 8,742</u>	<u>\$ -</u>	<u>\$ 517</u>	<u>\$ 16,307</u>	<u>\$ 11,950</u>	<u>\$ 23,705</u>	<u>\$ 154,115</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2015

	Santa Rosa Chile Pepper Rally Fund	EMS Fund	Corrections Fund	Recreation Fund	Library Fund	Los Amigos Fund
REVENUES	\$	\$	\$	\$	\$	\$
Taxes	-	-	-	-	-	-
Gas taxes	-	-	-	-	-	-
Charges for services	-	-	-	-	-	30,000
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	6,603	-	-	-
Local sources	-	18,776	-	10,000	17,000	-
State sources	-	-	-	-	14,455	-
Federal sources	-	-	-	-	-	-
Earnings on investments	18	59	9	1	250	199
Total revenues	18	13,835	6,612	10,001	31,705	30,199
EXPENDITURES						
Current:						
General government	-	-	-	-	-	2,637
Highways and streets	-	-	-	-	-	-
Public safety	-	18,934	7,080	-	-	-
Culture and recreation	-	-	-	78	39,851	-
Capital outlay	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-
Principle	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	-	18,934	7,080	78	39,851	2,637
Excess (deficiency) of revenues over expenditures	18	(99)	(468)	9,923	(8,146)	27,562
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	18	(99)	(468)	9,923	(8,146)	27,562
Fund balance, beginning of year	12,027	99	(2,601)	115	34,286	16,178
Fund balance, end of year	\$ 12,045	\$ -	\$ (3,069)	\$ 10,038	\$ 26,140	\$ 43,740

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, 2015

	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	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	15,763	45,763
Licenses and permits	750	-	-	-	-	-	750
Fines and forfeitures	-	-	-	-	-	-	6,603
Local sources	-	-	-	-	-	121	27,121
State sources	-	-	23,000	-	249,687	81,794	387,712
Federal sources	-	-	-	-	-	35,869	35,869
Earnings on investments	17	-	146	133	715	115	1,662
Total revenues	767	-	23,146	133	250,402	133,662	505,480
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	2,637
Highways and streets	-	-	-	-	-	-	-
Public safety	-	-	14,306	5,732	187,114	-	233,166
Culture and recreation	6,652	193,589	-	-	154,507	-	394,677
Capital outlay	-	-	69,868	-	28,557	-	98,425
Debt service:	-	-	-	-	61,727	-	61,727
Principle	-	-	-	-	3,655	-	3,655
Interest	-	-	-	-	-	-	-
Total expenditures	6,652	193,589	84,174	5,732	281,053	154,507	794,287
Excess (deficiency) of revenues over expenditures	(5,885)	(193,589)	(61,028)	(5,599)	(30,651)	(20,845)	(288,807)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	193,589	-	-	-	19,494	213,083
Transfers out	-	-	-	-	-	-	-
Loan proceeds	-	-	61,534	-	-	-	61,534
Total other financing sources (uses)	-	193,589	61,534	-	-	19,494	274,617
Net change in fund balance	(5,885)	-	506	(5,599)	(30,651)	(1,351)	(14,190)
Fund balance, beginning of year	14,627	-	11	21,906	42,601	25,056	164,305
Fund balance, end of year	\$ 8,742	\$ -	\$ 517	\$ 16,307	\$ 11,950	\$ 23,705	\$ 150,115

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ 50	\$ 50	\$ 18	\$ (32)
Total revenues	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 18</u>	<u>\$ (32)</u>
EXPENDITURES				
Public safety	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Total expenditures	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>
BUDGETED CASH BALANCE	<u>\$ 10,000</u>	<u>\$ 10,000</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 15,505	\$ 18,776	\$ 18,776	\$ -
Earnings on investments	<u>15</u>	<u>60</u>	<u>59</u>	<u>(1)</u>
Total revenues	<u>\$ 15,520</u>	<u>\$ 18,836</u>	<u>\$ 18,835</u>	<u>\$ (1)</u>
EXPENDITURES				
Public safety	<u>\$ 15,505</u>	<u>\$ 18,821</u>	<u>\$ 18,934</u>	<u>\$ (113)</u>
Total expenditures	<u>\$ 15,505</u>	<u>\$ 18,821</u>	<u>\$ 18,934</u>	<u>\$ (113)</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 6,603	\$ (13,397)
Earnings on investments	<u>10</u>	<u>10</u>	<u>9</u>	<u>(1)</u>
Total revenues	<u>\$ 20,010</u>	<u>\$ 20,010</u>	<u>\$ 6,612</u>	<u>\$ (13,398)</u>
EXPENDITURES				
Public safety	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 7,080</u>	<u>\$ 9,920</u>
Total expenditures	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 7,080</u>	<u>\$ 9,920</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ 10,000	\$ 10,000	\$ -
State shared taxes	-	-	-	-
Earnings on investments	-	-	1	1
	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total revenues	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 10,001</u>	<u>\$ 1</u>
EXPENDITURES				
Culture & recreation	\$ 115	\$ 10,115	\$ 78	\$ 10,037
	<u>115</u>	<u>10,115</u>	<u>78</u>	<u>10,037</u>
Total expenditures	<u>\$ 115</u>	<u>\$ 10,115</u>	<u>\$ 78</u>	<u>\$ 10,037</u>
BUDGETED CASH BALANCE	<u>\$ 115</u>	<u>\$ 115</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 14,000	\$ 14,000	\$ 17,000	\$ 3,000
State sources	13,336	14,263	14,455	192
Earnings on investments	100	100	250	150
Total revenues	<u>\$ 27,436</u>	<u>\$ 28,363</u>	<u>\$ 31,705</u>	<u>\$ 3,342</u>
EXPENDITURES				
Culture & recreation	\$ 36,284	\$ 40,914	\$ 39,851	\$ 1,063
Total expenditures	<u>\$ 36,284</u>	<u>\$ 40,914</u>	<u>\$ 39,851</u>	<u>\$ 1,063</u>
BUDGETED CASH BALANCE	<u>\$ 8,848</u>	<u>\$ 12,551</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - Los Amigos Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Earnings on investments	<u>-</u>	<u>-</u>	<u>199</u>	<u>199</u>
Total revenues	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,199</u>	<u>\$ 199</u>
EXPENDITURES				
General government	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 2,637</u>	<u>\$ 27,363</u>
Total expenditures	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 2,637</u>	<u>\$ 27,363</u>

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Special Revenue - Main Street Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 750	\$ (4,250)
Earnings on investments	<u>25</u>	<u>25</u>	<u>17</u>	<u>(8)</u>
Total revenues	<u>\$ 5,025</u>	<u>\$ 5,025</u>	<u>\$ 767</u>	<u>\$ (4,258)</u>
EXPENDITURES				
Culture & recreation	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 6,652</u>	<u>\$ 3,348</u>
Total expenditures	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 6,652</u>	<u>\$ 3,348</u>
BUDGETED CASH BALANCE	<u>\$ 4,975</u>	<u>\$ 4,975</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
Culture and recreation	\$ 225,000	\$ 225,000	\$ 193,589	\$ 31,411
Total expenditures	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 193,589</u>	<u>\$ 31,411</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 225,000	\$ 225,000	\$ 193,589	\$ (31,411)
Total other financing sources	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 193,589</u>	<u>\$ (31,411)</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 23,000	\$ 23,000	\$ 23,000	\$ -
Earnings on investments	<u>50</u>	<u>50</u>	<u>121</u>	<u>71</u>
Total revenues	<u>\$ 23,050</u>	<u>\$ 23,050</u>	<u>\$ 23,121</u>	<u>\$ 71</u>
EXPENDITURES				
Public safety	\$ 23,350	\$ 23,350	\$ 84,174	\$ (60,824)
Total expenditures	<u>\$ 23,350</u>	<u>\$ 23,350</u>	<u>\$ 84,174</u>	<u>\$ (60,824)</u>
OTHER FINANCING SOURCES				
Loan proceeds	\$ -	\$ -	\$ 61,534	\$ 61,534
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,534</u>	<u>\$ 61,534</u>
BUDGETED CASH BALANCE	<u>\$ 300</u>	<u>\$ 300</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)
Earnings on investments	<u>100</u>	<u>100</u>	<u>133</u>	<u>33</u>
Total revenues	<u>\$ 6,100</u>	<u>\$ 6,100</u>	<u>\$ 133</u>	<u>\$ (5,967)</u>
EXPENDITURES				
Public safety	\$ 6,100	\$ 6,100	\$ 5,732	\$ 368
Total expenditures	<u>\$ 6,100</u>	<u>\$ 6,100</u>	<u>\$ 5,732</u>	<u>\$ 368</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 501	\$ 501	\$ -	\$ (501)
State sources	145,946	184,307	249,687	65,380
Earnings on investments	<u>75</u>	<u>713</u>	<u>715</u>	<u>2</u>
Total revenues	<u>\$ 146,522</u>	<u>\$ 185,521</u>	<u>\$ 250,402</u>	<u>\$ 64,881</u>
EXPENDITURES				
Public safety	\$ 145,971	\$ 184,970	\$ 281,053	\$ (96,083)
Total expenditures	<u>\$ 145,971</u>	<u>\$ 184,970</u>	<u>\$ 281,053</u>	<u>\$ (96,083)</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 14,205	\$ 14,205	\$ 15,763	\$ 1,558
Local sources	-	-	121	121
State sources	82,001	82,001	80,818	(1,183)
Federal sources	38,279	38,279	33,718	(4,561)
Earnings on investments	20	20	115	95
	<u>134,505</u>	<u>134,505</u>	<u>130,535</u>	<u>(3,970)</u>
Total revenues	\$ 134,505	\$ 134,505	\$ 130,535	\$ (3,970)
EXPENDITURES				
Culture and recreation	\$ 156,651	\$ 156,651	\$ 154,507	\$ 2,144
	<u>156,651</u>	<u>156,651</u>	<u>154,507</u>	<u>2,144</u>
Total expenditures	\$ 156,651	\$ 156,651	\$ 154,507	\$ 2,144
BUDGETED CASH BALANCE	\$ -	\$ -		
OTHER FINANCING SOURCES				
Transfer in	\$ 22,146	\$ 22,146	\$ 19,494	\$ (2,652)
	<u>22,146</u>	<u>22,146</u>	<u>19,494</u>	<u>(2,652)</u>
Total other financing sources	\$ 22,146	\$ 22,146	\$ 19,494	\$ (2,652)
REVENUES				
Budgetary basis			\$ 130,535	
Increase in receivables			3,127	
			<u>133,662</u>	
Modified accrual basis			\$ 133,662	

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

NON-MAJOR CAPITAL PROJECT FUNDS

SAFE ROUTES TO SCHOOL - To account for funds received to construct pedestrian facilities on designated streets located within City limits.

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.

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.

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.

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.

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

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, 2015

	Safe Routes to School Fund	Blue Hole Improvement Fund	Power Dam Improvements Fund	YCC Grant Fund	Blue Hole Road & Drainage Improvements Fund
ASSETS					
Cash on deposit	\$ 5,100	\$ 402	\$ 11,496	\$ 1,691	\$ 10,859
Total assets	\$ 5,100	\$ 402	\$ 11,496	\$ 1,691	\$ 10,859
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES					
Restricted	5,100	402	11,496	1,691	10,859
Unassigned	-	-	-	-	-
Total fund balance	5,100	402	11,496	1,691	10,859
Total liabilities and fund balances	\$ 5,100	\$ 402	\$ 11,496	\$ 1,691	\$ 10,859

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, 2015

	Cultural Corridors Fund	CDGB 2nd Street	Downtown Improvements	Ilfeld Fund	Total
ASSETS					
Cash on deposit	\$ 6,297	\$ 26,480	\$ 6,143	\$ 294	\$ 68,762
Total assets	\$ 6,297	\$ 26,480	\$ 6,143	\$ 294	\$ 68,762
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES					
Restricted	6,297	26,480	6,143	294	68,762
Unassigned	-	-	-	-	-
Total fund balance	6,297	26,480	6,143	294	68,762
Total liabilities and fund balances	\$ 6,297	\$ 26,480	\$ 6,143	\$ 294	\$ 68,762

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, 2015

	Safe Routes to School Fund	Blue Hole Improvement Fund	Power Dam Improvements Fund	YCC Grant Fund	Blue Hole Road & Drainage Improvements Fund
REVENUES					
Charges for services	-	\$ -	-	-	\$ -
Local sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Earnings on investments	-	18	74	11	55
Total revenues	-	18	74	11	55
EXPENDITURES					
General government	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	18	74	11	55
OTHER FINANCING SOURCES (USES)					
Transfers in	5,100	-	-	-	-
Transfers out	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Total other financing sources (uses)	5,100	-	-	-	-
Net change in fund balance	5,100	18	74	11	55
Fund balance, beginning of year	-	384	11,422	1,680	10,804
Fund balance, end of year	\$ 5,100	\$ 402	\$ 11,496	\$ 1,691	\$ 10,859

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, 2015

Statement C-2
Page 2 of 2

	Cultural Corridors Fund	CDBG 2nd Street	Downtown Improvements	Ilfeld Fund	Totals
REVENUES					
Charges for services	-	-	-	-	-
Local sources	-	-	-	-	-
State sources	-	-	-	168,088	168,088
Federal sources	-	-	-	-	-
Earnings on investments	41	-	40	166	405
Total revenues	41	-	40	168,254	168,493
EXPENDITURES					
General government	-	-	-	-	-
Capital outlay	-	-	-	193,088	193,088
Total expenditures	-	-	-	193,088	193,088
Excess (deficiency) of revenues over expenditures	41	-	40	(24,834)	(24,595)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	5,100
Transfers out	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	5,100
Net change in fund balance	41	-	40	(24,834)	(19,495)
Fund balance, beginning of year	6,256	26,480	6,103	25,128	88,257
Fund balance, end of year	<u>6,297</u>	<u>26,480</u>	<u>6,143</u>	<u>294</u>	<u>68,762</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 - Safe Routes to School
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 135,000	\$ 135,000	\$ -	\$ (135,000)
Total revenues	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ -</u>	<u>\$ (135,000)</u>
EXPENDITURES				
Capital outlay	\$ 140,100	\$ 140,100	\$ -	\$ 140,100
Total expenditures	<u>\$ 140,100</u>	<u>\$ 140,100</u>	<u>\$ -</u>	<u>\$ 140,100</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,100	\$ 5,100	\$ 5,100	\$ -
Total other financing sources (uses)	<u>\$ 5,100</u>	<u>\$ 5,100</u>	<u>\$ 5,100</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 18	\$ 18
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 18</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 - Power Dam Improvements Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 74	\$ 74
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ 74</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 - YCC Grant Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 11	\$ 11
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 11</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 55	\$ 55
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ 55</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 41	\$ 41
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 41</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 - CDBG 2nd Street Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
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>

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ 40	\$ 40
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ 40</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 - Ilfeld Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 228,386	\$ 228,386	\$ 168,088	\$ (60,298)
Earnings from investments	<u> -</u>	<u> -</u>	<u> 166</u>	<u> 166</u>
Total revenues	<u>\$ 228,386</u>	<u>\$ 228,386</u>	<u>\$ 168,254</u>	<u>\$ (60,132)</u>
EXPENDITURES				
Capital outlay	\$ 228,386	\$ 228,386	\$ 193,088	\$ 35,298
Total expenditures	<u>\$ 228,386</u>	<u>\$ 228,386</u>	<u>\$ 193,088</u>	<u>\$ 35,298</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, 2015

Statement D-1

	Operational Fund	Golf Fund	Airport Fund	Totals
ASSETS				
Cash on deposit	\$ 1,096,086	\$ 649	\$ (496)	\$ 1,096,239
Accounts receivable	163,888	-	-	163,888
Due from other funds	4,000	-	-	4,000
Total assets	\$ 1,263,974	\$ 649	\$ (496)	\$ 1,264,127
LIABILITIES				
Accounts payable	\$ 32,198	-	-	\$ 32,198
Due to Solid Waste	11,639	-	-	11,639
Total liabilities	43,837	-	-	43,837
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	564,707	649	(496)	564,860
Committed	400,573	-	-	400,573
Unassigned	254,857	-	-	254,857
Total fund balance	1,220,137	649	(496)	1,220,290
Total liabilities and fund balance	\$ 1,263,974	\$ 649	\$ (496)	\$ 1,264,127

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, 2015

	Operational Fund	Golf Fund	Airport Fund	Totals
REVENUES				
Taxes	\$ 237,946	\$ -	\$ -	\$ 237,946
Franchise taxes	20,077	-	-	20,077
Gross receipts taxes	2,058,466	-	-	2,058,466
Charges for services	2,627	16,945	43,385	62,957
Licenses and permits	119,498	-	-	119,498
Fines and forfeits	17,273	-	-	17,273
Local sources	740,215	-	-	740,215
State sources	90,000	-	23,986	113,986
Federal sources	127,484	-	-	127,484
Earnings from investments	6,464	16	44	6,524
Total revenues	3,420,050	16,961	67,415	3,504,426
EXPENDITURES				
Current:				
General government	1,485,958	-	-	1,485,958
Highways and streets	161,532	-	-	161,532
Public safety	586,639	-	-	586,639
Culture and recreation	575,139	76,328	76,978	728,445
Capital outlay	185,104	15,702	-	200,806
Debt service:				
Loan principle	119,512	-	-	119,512
Loan interest	94,336	-	-	94,336
Total expenditures	3,208,220	92,030	76,978	3,377,228
Excess (deficiency) of revenues over expenditures	211,830	(75,069)	(9,563)	127,198
OTHER FINANCING SOURCES (USES)				
Transfers in	102,500	71,983	6,400	180,883
Transfers out	(164,073)	-	-	(164,073)
Loan proceeds	-	-	-	-
Total other financing sources (uses)	(61,573)	71,983	6,400	16,810
Net change in fund balance	150,257	(3,086)	(3,163)	144,008
Fund balance, beginning of year	1,069,880	3,735	2,667	1,076,282
Fund balance at end of year	<u>\$ 1,220,137</u>	<u>\$ 649</u>	<u>\$ (496)</u>	<u>\$ 1,220,290</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
General Fund - Operating Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

Statement D-3

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 204,252	\$ 238,212	\$ 238,212	\$ -
Franchise taxes	17,000	20,077	20,077	-
Gross receipts taxes	1,741,348	2,033,643	2,027,606	(6,037)
Charges for services	3,700	7,024	2,627	(4,397)
Licenses and permits	10,250	108,966	119,498	10,532
Fines and forfeits	24,350	24,350	17,273	(7,077)
Local sources	547,800	742,267	740,215	(2,052)
State sources	116,100	117,288	90,000	(27,288)
Federal sources	47,000	47,000	127,484	80,484
Earnings from investments	3,000	4,280	6,464	2,184
	<u>\$ 2,714,800</u>	<u>\$ 3,343,107</u>	<u>\$ 3,389,456</u>	<u>\$ 46,349</u>
EXPENDITURES				
General government	\$ 1,399,303	\$ 1,420,654	\$ 1,473,061	\$ (52,407)
Highways and streets	141,300	156,500	150,965	5,535
Public safety	611,664	611,664	584,009	27,655
Culture and recreation	420,676	736,498	569,034	167,464
Capital outlay	-	66,368	185,104	(118,736)
Debt service:				
Loan principle	119,512	119,512	119,512	-
Loan interest	94,336	94,336	94,336	-
	<u>\$ 2,786,791</u>	<u>\$ 3,205,532</u>	<u>\$ 3,176,021</u>	<u>\$ 29,511</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 102,500	\$ 102,500	\$ 102,500	\$ -
Transfers out	(282,070)	(282,070)	(164,073)	117,997
Loan proceeds	-	-	-	-
	<u>\$ (179,570)</u>	<u>\$ (179,570)</u>	<u>\$ (61,573)</u>	<u>\$ 117,997</u>
BUDGETED CASH BALANCE	<u>\$ 251,561</u>	<u>\$ 41,995</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 27,000	\$ 27,000	\$ 16,945	\$ (10,055)
Local sources	-	-	-	-
Earnings from investments	1,000	1,000	16	(984)
Total revenues	<u>\$ 28,000</u>	<u>\$ 28,000</u>	<u>\$ 16,961</u>	<u>\$ (11,039)</u>
EXPENDITURES				
Culture and recreation	\$ 78,548	\$ 94,790	\$ 92,030	\$ 2,760
Total expenditures	<u>\$ 78,548</u>	<u>\$ 94,790</u>	<u>\$ 92,030</u>	<u>\$ 2,760</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 55,741	\$ 71,983	\$ 71,983	\$ -
Total other financing sources	<u>\$ 55,741</u>	<u>\$ 71,983</u>	<u>\$ 71,983</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 41,300	\$ 43,316	\$ 43,385	\$ 69
State sources	-	23,986	23,986	-
Earnings from investments	100	100	44	(56)
	<u>41,400</u>	<u>67,402</u>	<u>67,415</u>	<u>13</u>
Total revenues	\$ 41,400	\$ 67,402	\$ 67,415	\$ 13
EXPENDITURES				
Culture and recreation	\$ 39,200	\$ 77,255	\$ 76,978	\$ 277
	<u>39,200</u>	<u>77,255</u>	<u>76,978</u>	<u>277</u>
Total expenditures	\$ 39,200	\$ 77,255	\$ 76,978	\$ 277
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ 10,000	\$ 6,400	\$ (3,600)
	<u>-</u>	<u>10,000</u>	<u>6,400</u>	<u>(3,600)</u>
Total other financing sources	\$ -	\$ 10,000	\$ 6,400	\$ (3,600)
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.

AMBULANCE FUND - To account for the operations of the emergency ambulance services.

MOTOR VEHICLE DEPARTMENT FUND - To account for the operations of the Motor Vehicle Department.

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 982,200	\$ 982,200	\$ 1,088,401	\$ 106,201
Local sources	17,100	17,100	19,820	2,720
State sources				
Federal sources				
Interest income	1,500	1,500	6,967	5,467
Total revenues	<u>\$ 1,000,800</u>	<u>\$ 1,000,800</u>	<u>\$ 1,115,188</u>	<u>\$ 114,388</u>
EXPENDITURES				
Personal services	\$ 295,000	\$ 295,000	\$ 291,747	\$ 3,253
Maintenance and operations	440,856	440,856	402,682	38,174
Capital outlay	80,000	80,000	75,560	4,440
Revenue bonds principle	107,300	107,300	107,300	
Interest expense	142,963	142,963	142,963	
Total expenditures	<u>\$ 1,066,119</u>	<u>\$ 1,066,119</u>	<u>\$ 1,020,252</u>	<u>\$ 45,867</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 87,324	\$ 87,324	\$ -	\$ (87,324)
Transfers out	(141,431)	(141,431)	(100,104)	41,327
Total financing sources (uses)	<u>\$ (54,107)</u>	<u>\$ (54,107)</u>	<u>\$ (100,104)</u>	<u>\$ (45,997)</u>
BUDGETED CASH BALANCE	<u>\$ 119,426</u>	<u>\$ 119,426</u>		
Revenues				
Budgetary basis			\$ 1,115,188	
(Decrease) in receivables			(7,233)	
Modified accrual basis			<u>\$ 1,107,955</u>	
Expenditures				
Budgetary basis			\$ 1,020,252	
Capital acquisitions			(75,560)	
Principal payments			(107,300)	
Interest payments			(142,963)	
Depreciation			1,204,645	
Increase in accounts payable/ compensated absences			12,564	
Modified accrual basis			<u>\$ 1,911,638</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 519,000	\$ 519,000	\$ 423,586	\$ (95,414)
Local sources	100	100	16,898	16,798
Environmental gross receipts tax	41,000	41,000	38,342	(2,658)
Earnings on investments	300	300	318	18
Total revenues	\$ 560,400	\$ 560,400	\$ 479,144	\$ (81,256)
EXPENDITURES				
Personal services	\$ 138,519	\$ 138,519	\$ -	\$ 138,519
Maintenance and operations	277,450	277,450	424,193	(146,743)
Capital outlay	23,000	23,000	-	23,000
Loan principle	19,110	19,110	19,110	-
Loan interest	1,814	1,814	906	908
Total expenditures	\$ 459,893	\$ 459,893	\$ 444,209	\$ 15,684
OPERATING TRANSFERS				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Loan proceeds	-	-	-	-
Total operating transfers	\$ -	\$ -	\$ -	\$ -
BUDGETED CASH BALANCE				
	\$ -	\$ -		
Revenues				
Budgetary basis			\$ 479,144	
(Decrease) in receivables			(197)	
Modified accrual basis			\$ 478,947	
Expenditures				
Budgetary basis			\$ 444,209	
Capital acquisitions			-	
Principal payments			(19,110)	
Depreciation			48,487	
Increase in accounts payable/ compensated absences			2,242	
(Decrease) in Landfill Closure			(378,343)	
Modified accrual basis			\$ 97,485	

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 170,000	\$ 170,000	\$ 129,715	\$ (40,285)
Local sources	117,638	117,638	164,435	46,797
State sources	40,000	40,000	-	(40,000)
Earnings on investments	1,500	1,500	164	(1,336)
Total revenues	\$ 329,138	\$ 329,138	\$ 294,314	\$ (34,824)
EXPENDITURES				
Personal services	\$ 264,578	\$ 264,578	\$ 188,420	\$ 76,158
Maintenance and operations	71,300	71,300	87,687	(16,387)
Capital outlay	-	-	-	-
Loan principle	-	-	-	-
Investment expense	-	-	-	-
Total expenditures	\$ 335,878	\$ 335,878	\$ 276,107	\$ 59,771
OPERATING TRANSFERS				
Transfers in	\$ 34,000	\$ 34,000	\$ 28,462	\$ (5,538)
Transfers out	-	-	-	-
Loan proceeds	-	-	-	-
Total operating transfers	\$ 34,000	\$ 34,000	\$ 28,462	\$ (5,538)
BUDGETED CASH BALANCE	\$ 6,740	\$ 6,740		
Expenditures				
Budgetary basis			\$ 276,107	
Capital acquisitions			-	
Principal payments			-	
Depreciation			13,184	
Increase in accounts payable/ compensated absences			-	
Modified accrual basis			\$ 289,291	

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 25,000	\$ 25,000	\$ 13,570	\$ (11,430)
State sources	-	-	-	-
MVD Fees	42,000	42,000	30,425	(11,575)
Interest income	50	50	60	10
Total revenues	<u>\$ 67,050</u>	<u>\$ 67,050</u>	<u>\$ 44,055</u>	<u>\$ (22,995)</u>
EXPENDITURES				
Personal services	\$ 48,976	\$ 48,976	\$ 48,462	\$ 514
Maintenance and operations	18,074	18,074	9,223	8,851
Capital outlay	-	-	-	-
Loan principle	-	-	-	-
Investment expense	-	-	-	-
Total expenditures	<u>\$ 67,050</u>	<u>\$ 67,050</u>	<u>\$ 57,685</u>	<u>\$ 9,365</u>
OPERATING TRANSFERS				
Transfers in	\$ -	\$ 4,672	\$ 4,672	\$ -
Transfers out	-	-	-	-
Total operating transfers	<u>\$ -</u>	<u>\$ 4,672</u>	<u>\$ 4,672</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

AGENCY FUND

ECONOMIC DEVELOPMENT FUND - To account for resources received from various agencies, including the City of Santa Rosa, to be used for economic development within City limits.

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Changes in Assets
and Liabilities - All Agency Funds
Year Ended June 30, 2015

	Balances June 30, 2014	Additions	Deletions	Balances June 30, 2015
ASSETS				
Cash of deposit	\$ -	\$ 102,504	\$ 82,255	\$ 20,249
Total assets	<u>\$ -</u>	<u>\$ 102,504</u>	<u>\$ 82,255</u>	<u>\$ 20,249</u>
LIABILITIES				
Deposits held for others	\$ -	\$ 102,504	\$ 82,255	\$ 20,249
Total liabilities	<u>\$ -</u>	<u>\$ 102,504</u>	<u>\$ 82,255</u>	<u>\$ 20,249</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF SANTA ROSA
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF PERA FUND MUNICIPAL GENERAL DIVISION
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2015
City of Santa Rosa proportion of the net pension liability (asset)	0.1185%
City of Santa Rosa proportionate share of the net pension liability (asset)	\$ 924,427
City of Santa Rosa covered-employee payroll	\$ 1,042,204
City of Santa Rosa proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	88.70%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City of Santa Rosa will present information for those years for which information is available.

See Independent Auditor's Report
See notes to required supplementary information

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY OF PERA FUND MUNICIPAL POLICE DIVISION
 Public Employees Retirement Association (PERA) Plan
 Last 10 Fiscal Years*

	2015
City of Santa Rosa proportion of the net pension liability (asset)	0.1150%
City of Santa Rosa proportionate share of the net pension liability (asset)	\$ 374,887
City of Santa Rosa covered-employee payroll	\$ 268,612
City of Santa Rosa proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	139.57%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City of Santa Rosa will present information for those years for which information is available.

See Independent Auditor's Report
 See notes to required supplementary information

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
 Public Employees Retirement Association (PERA) Plan
 PERA Municipal General Division
 Last 10 Fiscal Years*

	2015
Contractually required contribution	\$ 99,267
Contributions in relation to the contractually required contribution	(99,267)
Contribution deficiency (excess)	\$ -
City of Santa Rosa covered-employee payroll	\$1,042,204
Contributions as a percentage of covered-employee payroll	9.55%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City of Santa Rosa will present information for those years for which information is available.

See Independent Auditor's Report
 See notes to required supplementary information

Schedule IV

STATE OF NEW MEXICO
CITY OF SANTA ROSA
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
Public Employees Retirement Association (PERA) Plan
PERA Municipal Police Division
Last 10 Fiscal Years*

	2015
Contractually required contribution	\$ 50,768
Contributions in relation to the contractually required contribution	(50,768)
Contribution deficiency (excess)	\$ -
City of Santa Rosa covered-employee payroll	\$ 268,612
Contributions as a percentage of covered-employee payroll	18.9%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City of Santa Rosa will present information for those years for which information is available.

See Independent Auditor's Report
 See notes to required supplementary information

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Notes to Required Supplementary Information
June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at:

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at:

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf

The summary of Key Findings for the PERA Fund (on page 2 of the report) states "Based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

See Independent Auditor's Report
See notes to required supplementary information

SUPPLEMENTARY INFORMATION

City of Santa Rosa
 SCHEDULE OF VENDOR INFORMATION
 (for Purchases Exceeding \$60,000 excluding GRT)
 For the Year Ended June 30, 2015

Prepared by (Agency Staff Name): Yolanda Garcia

Title: Interim City Clerk

Date: December 14, 2015

RFB# / RFP#	Type of Procurement	Awarded Vendor	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address of All Respondents	In-State/Out-of-State Vendor	Veteran's Preference N/A for Federal Funds	Scope of Work
N/A	Purchase	Commercial Recreation Specialists	\$ -	\$ -	Commercial Recreation Specialist 807 Liberty Dr #101 Verona, WI 53593	Out-of State	N	Water Wabbit
N/A	Purchase	Farmers Electric Cooperative	\$ -	\$ -	Farmers Electric Cooperative Summer Ave Summer, NM 88119	In-State	N	Electricity
N/A	CES CONTRACT	CES	\$ 325,000	\$ -	4216 Balloon Park Rd NE Albuquerque, NM 87109	In-State	N	Remodeling
2015-01	RFP	Jim Sena Construction Co. Inc	\$ 137,790	\$ 204,882	Jim Sena Construction Rte 66 Santa Rosa, NM 88435	In-State	N	Hall Damage Repairs
No RFP Assigned	RFP	WH Pacific, Inc.	\$ 288,333	\$ -	WH Pacific, Inc. Americas Pkwy #400 NM 87110	In-State	N	Construction Support Services, Design, Construction Observation & Testing
No RFP Assigned	RFP	Robert E. Rivera Construction	\$ 2,287,079	\$ -	Robert E. Rivera Construction 1261 Rivera Rd Santa Rosa, NM 88435	In-State	N	Airport Construction

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

<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	\$ 14,434
Total Department of Justice			14,434
<u>U.S. Department of Agriculture</u>			
Passed through Eastern New Mexico Area on Aging, Inc.			
Cash in Lieu of Commodities	N/A	10.570	12,182
Total U.S. Department of Agriculture			12,182
<u>U.S. Department of Transportation</u>			
*Federal Aviation Administration			
Passed through NM State Highway and Transportation Department:			
100 Days/Nights	14-PT-DS-092	20.600	665
Click it/Ticket	15-OP-RF-092	20.600	1,155
STEP	15-ST-RF-092	20.600	456
ENDWI	15-AL-64-092	20.600	1,203
Total Department of Transportation			1,831,724
<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	2,001
Title III C1	N/A	93.045	13,356
Title III C2	N/A	93.045	7,155
Total Department of Health and Human Services			22,512
<u>U.S. Department of Homeland Security</u>			
Passed through Department of Finance and Administration			
FEMA	N/A	97.036	102,974
Total Department of Homeland Security			102,974
Total Expenditures of Federal Awards			\$ 1,983,826

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

Rice and Associates, C.P.A.

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Albuquerque, NM 87112

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FAX (505) 294-8904

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

INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
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, 2015 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 15, 2015.

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.

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.

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.

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.

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.

Compliance and Other Matters

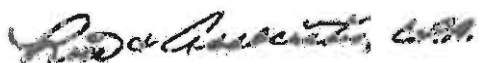
As part of obtaining reasonable assurance about whether the City of Santa Rosa financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and 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 Deposits in Transit (2014-003), Transactions Made by Third Parties Not Recorded on Books of Record (2014-005), Outstanding Utility Balance (2014-011), Payroll and Gross Receipts Tax Penalties (2014-014), Water Meter Deposits (2014-016) 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.



Albuquerque, New Mexico
December 15, 2015

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. Tim Keller
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, 2015. 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, 2015.

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.

Red & Associates, LLP

Albuquerque, New Mexico
December 15, 2015

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

Part 1 - Summary of Auditor Results

1. Type of Report - Unmodified
2. Significant Deficiencies - NONE
3. Non-Compliance - 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 - Deposits in Transit (2014-003), Transactions Made
by Third Parties Not Recorded on Books of Record (2014-005),
Outstanding Utility Balance (2014-011), Payroll and Gross
Receipts Tax Penalties (2014-014), Water Meter Deposits (2014-
016), Budget Overruns (2014-018)

Part 3 - Questioned Costs

NONE

STATUS OF FINDINGS AND RESPONSES

Prior Year Audit Findings:

1. Pledged Collateral (2013-001) - Resolved.
2. Landfill Charges (2014-001) - Resolved.
3. Imprest Bank Account (2014-002) - Resolved.
4. Deposits in Transit (2014-003) - Repeated.
5. Transactions Made by Third Parties Not Recorded on Books of Record (2014-005)- Repeated.
6. Amounts Due To/From Individual Funds (2014-006) - Resolved.
7. Landfill Closure Costs (2014-007) - Resolved.
8. Revenue Resources for Post-Closure Costs of Landfill (2014-008)- Resolved.
9. DFA Quarterly Report Incorrect (2014-009) - Resolved.
10. Drug Testing Policy (2014-010) - Resolved.
11. Outstanding Utility Balance (2014-011) - Repeated.
12. Annual Leave Policy (2014-012) - Resolved.
13. Pay Rate Documentation (2014-013) - Resolved.
14. Payroll and Gross Receipts Tax Penalties (2014-014) - Repeated.
15. Lodgers Tax Audit (2014-015) - Resolved.
16. Water Meter Deposits (2014-016) - Repeated.
17. Seniors Program Reviewed (2014-017) - Resolved.
18. Budget Overruns (2014-018) - Repeated.
19. Depreciation of Capital Assets (2014-019) - Resolved.
20. Capital Asset Listing (2014-020) - Resolved.

Current Year Audit Findings:

NONE

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. The City has made progress in this area but there are still several funds that still report these incorrect deposits in transit.
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	Staff has already begun working with CPA to correct errors in bank statements. The Finance Officer is currently working on this and will resolve this situation by June 30, 2016.

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. The City has made no progress with these transactions.
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	Staff is working with CPA to correct all outstanding balances from NMFA. Staff is recording debt service payments. The Finance Officer is currently working on this and will resolve this situation by June 30, 2016.

Outstanding Utility Balance - Other Matter
(2014-011)

CONDITION	Management of the City has allowed an individual to accrue a balance of \$8,066 in water/sewer/solid waste charges. This situation has been in existence since before June 30, 2008. The City has made no progress in resolving this outstanding balance.
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 balance for this customer is not being claimed due to a utility easement. City Management is currently working with the City Attorney to resolve this issue due to a project 15 years ago. The City Manager is currently working on this and will resolve this situation by June 30, 2016.

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

CONDITION	During the last two quarters of the 2014 calendar year, the City paid \$1,922 in penalties and interest to the IRS and the State of New Mexico due to late filing and/or late payment of taxes due. The City has made no progress in resolving these penalties.
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	Newly trained staff has implemented a new calendar method to assure that all reports and payments are filed in a timely manner. The Payroll/Accounts Payable Clerk has already corrected this issue and is keeping current with deadlines.

Water Meter Deposits - Other Matter
(2014-016)

CONDITION The City reconciled the meter deposit at the end of the fiscal year. The list only posts \$29,395 in deposits due. The trial balance on the system however, still shows \$50,920 due. Neither of these amounts agrees to the \$98,966 shown as cash in bank for customer meter deposits in the audit report. The City has made some progress as stated above.

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 and has completed an accurate meter deposit list and reconciled it to the reconciled bank account at June 30, 2015. The City has still not changed the books of record.

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 Staff has worked to reconcile Water Meter Deposits. Software does not properly distribute payments between Water, Sewer and Solid Waste when an account is closed. The overage amount is a result of this process. Staff has recognized amounts to be transferred. The Utility Clerk and Finance Officer is currently working on this and will resolve this situation by June 30, 2016. Staff will keep up with monthly distributions.

Budget Overruns - Compliance Matter
(2014-018)

CONDITION	The City overspent the final approved budget of the Fire Protection Fund by \$96,083. The EMS Fund was overspent by \$113. The LEPF Fund had a budget overrun of \$60,824. These budget overruns are related to the third party transactions at NMFA that are not being reported on the City's books of record. The City has not made progress with this situation.
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	Staff failed to budget expenses for cash roll over, and a revenue and expense for new loan was budgeted in the wrong fiscal year. Staff is aware of the errors, and will ensure to budget accordingly and catch these on the end of year BAR. The Finance Officer is currently working on this and will resolve this situation by June 30, 2016. Staff will be keeping up with revenues and expenditures to avoid end of year overruns. End of year BAR will be addressed.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2015 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 December 11, 2015 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, Ms. Eileen Romero, Accounts Payable/Payroll Specialist and Ms. Pamela A. Rice, CPA, Contract Auditor.