

State of New Mexico

CITY OF SANTA ROSA



FOR YEAR ENDED JUNE 30, 2016

ANNUAL FINANCIAL REPORT

RICE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

CITY OF SANTA ROSA

AUDIT REPORT

For The Year Ended June 30, 2016

(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, 2016

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	City Clerk

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

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, 2016, 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, Proprietary 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, 2016 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, 2016, 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, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the Major Capital Project Funds, Proprietary Funds and the non-major governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparisons for the other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Schedule VII, 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 14, 2016 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.

Road & Associates, C.A.

Albuquerque, New Mexico
December 14, 2016

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Statement of Net Position
June 30, 2016

Statement 1
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 1,176,168	\$ 344,716	\$ 1,520,884
Accounts receivable (net of uncollectible accounts)	442,625	201,065	643,690
Due from other funds	<u>5,111</u>	<u>3,030</u>	<u>8,141</u>
Total current assets	<u>1,623,904</u>	<u>548,811</u>	<u>2,172,715</u>
Restricted Assets (Cash)			
Customer meter deposits	-	109,961	109,961
Repair and replacement	-	167,782	167,782
Sewer asset management	-	310,619	310,619
Debt service reserve	393,918	129,514	523,432
Capital outlay	<u>376,341</u>	<u>-</u>	<u>376,341</u>
Total restricted assets	<u>770,259</u>	<u>717,876</u>	<u>1,488,135</u>
Capital Assets			
Land	1,688,145	158,559	1,846,704
Land improvements	5,285,615	-	5,285,615
Buildings and improvements	10,871,538	385,532	11,257,070
Airport	7,207,479	-	7,207,479
Infrastructure	8,202,898	-	8,202,898
Vehicles	608,224	303,334	911,558
Equipment	1,104,079	218,966	1,323,045
Heavy Equipment	2,101,516	1,040,308	3,141,824
Plant	<u>-</u>	<u>18,987,909</u>	<u>18,987,909</u>
Total capital assets	<u>37,069,494</u>	<u>21,094,608</u>	<u>58,164,102</u>
Less accumulated depreciation	(15,523,296)	(7,626,029)	(23,149,325)
Total capital assets (net of accumulated depreciation)	<u>21,546,198</u>	<u>13,468,579</u>	<u>35,014,777</u>
Deferred outflows of resources related to pension	<u>305,437</u>	<u>-</u>	<u>305,437</u>
Total assets	<u>\$ 24,245,798</u>	<u>\$ 14,735,266</u>	<u>\$ 38,981,064</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, 2016

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 35,019	\$ 21,338	\$ 56,357
Customer meter deposits (restricted)	-	69,759	69,759
Accrued interest payable	153,549	-	153,549
Revenue bonds payable - current portion	181,904	110,400	292,304
Loans payable - current portion	122,308	-	122,308
Total current liabilities	492,780	201,497	694,277
Non-Current Liabilities			
Revenue bonds payable (less current portion)	2,260,020	4,532,900	6,792,920
Compensated absences payable	57,710	24,602	82,312
Landfill closure and post closure liability	-	825,051	825,051
Net Pension liability	1,940,393	-	1,940,393
Loans payable (less current portion)	1,032,404	-	1,032,404
Due to other funds	2,660	5,111	7,771
NM Environment loan	-	350,000	350,000
Total non-current liabilities	5,293,187	5,737,664	11,030,851
Total liabilities	5,785,967	5,939,161	11,725,128
Deferred Inflows of resources related to pension	62,023	-	62,023
Net Position			
Net investment			
in capital assets	17,949,562	8,475,279	26,424,841
Restricted for repair and replacement	-	495,335	495,335
Restricted for capital outlay	376,341	-	376,341
Restricted for debt service	393,918	129,514	523,432
Restricted for special grants	757,148	-	757,148
Restricted for water meter deposit	-	40,202	40,202
Unrestricted	(1,079,161)	(344,225)	(1,423,386)
Total net position	18,397,808	8,796,105	27,193,913
Total liabilities and net position	\$ 24,245,798	\$ 14,735,266	\$ 38,981,064

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, 2016

Statement 2

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	\$ 1,499,451	\$ 52,070	\$ 731,340	\$ 341,196	\$ (374,845)	\$ -	\$ (374,845)
Highways and streets	405,310	-	-	-	(405,310)	-	(405,310)
Public safety	919,788	-	285,227	-	(634,561)	-	(634,561)
Culture and recreation	1,399,122	24,848	518,775	136,877	(718,622)	-	(718,622)
Depreciation - unallocated	780,987	-	-	-	(780,987)	-	(780,987)
Interest	154,914	-	-	-	(154,914)	-	(154,914)
Total governmental activities	<u>5,159,572</u>	<u>76,918</u>	<u>1,535,342</u>	<u>478,073</u>	<u>(3,069,239)</u>	<u>-</u>	<u>(3,069,239)</u>
Business-type activities:							
Water/sewer services	1,670,917	1,151,801	28,361	65,363	-	(425,392)	(425,392)
Solid waste services	474,606	429,883	7,282	-	-	(37,441)	(37,441)
Ambulance services	261,567	162,979	74,951	-	-	(23,637)	(23,637)
Los Amigos	326,028	206,927	51,081	-	-	(68,020)	(68,020)
MVD services	48,870	27,952	-	-	-	(20,918)	(20,918)
Total business-type activities	<u>2,781,988</u>	<u>1,979,542</u>	<u>161,675</u>	<u>65,363</u>	<u>-</u>	<u>(575,408)</u>	<u>(575,408)</u>
Total all activities	<u>\$ 7,941,560</u>	<u>\$ 2,056,460</u>	<u>\$ 1,697,017</u>	<u>\$ 543,436</u>	<u>(3,069,239)</u>	<u>(575,408)</u>	<u>(3,644,647)</u>
General Revenues:							
Property taxes					219,291	-	219,291
Franchise taxes					16,445	-	16,445
Gross receipts taxes					2,004,922	32,637	2,037,559
Motor vehicle taxes					-	11,768	11,768
Gas taxes					215,140	-	215,140
Lodgers taxes					587,471	-	587,471
State aid not restricted to special purpose:							
General					90,000	-	90,000
Investment earnings					13,740	9,184	22,924
Transfers					(117,258)	94,758	(22,500)
Total general revenues and transfers					<u>3,029,751</u>	<u>148,347</u>	<u>3,178,098</u>
Change in net position					(39,488)	(427,061)	(466,549)
Net position - beginning					<u>18,437,296</u>	<u>9,223,166</u>	<u>27,660,462</u>
Net position - ending					<u>\$ 18,397,808</u>	<u>\$ 8,796,105</u>	<u>\$ 27,193,913</u>

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

STATE OF NEW MEXICO
City of Santa Rosa
Balance Sheet
Governmental Funds
June 30, 2016

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	\$ 993,230	\$ 69,988	\$ 437,653	\$ 67,793	\$ 256,125	\$ -	\$ 121,638	\$ 1,946,427
Accounts receivable	204,996	-	70,649	16,760	-	22,827	127,393	442,625
Due from other funds	125,108	-	-	-	-	-	-	125,108
Total assets	<u>\$ 1,323,334</u>	<u>\$ 69,988</u>	<u>\$ 508,302</u>	<u>\$ 84,553</u>	<u>\$ 256,125</u>	<u>\$ 22,827</u>	<u>\$ 249,031</u>	<u>\$ 2,514,160</u>
LIABILITIES								
Due to other funds	\$ 2,660	\$ -	\$ -	\$ -	\$ -	\$ 14,494	\$ 105,503	\$ 122,657
Accounts payable	35,019	-	-	-	-	-	-	35,019
Total liabilities	<u>37,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,494</u>	<u>105,503</u>	<u>157,676</u>
FUND BALANCE								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	823,974	69,988	508,302	84,553	256,125	8,333	143,528	1,894,803
Committed	-	-	-	-	-	-	-	-
Unassigned	461,681	-	-	-	-	-	-	461,681
Total fund balance	<u>1,285,655</u>	<u>69,988</u>	<u>508,302</u>	<u>84,553</u>	<u>256,125</u>	<u>8,333</u>	<u>143,528</u>	<u>2,356,484</u>
Total liabilities and fund balance	<u>\$ 1,323,334</u>	<u>\$ 69,988</u>	<u>\$ 508,302</u>	<u>\$ 84,553</u>	<u>\$ 256,125</u>	<u>\$ 22,827</u>	<u>\$ 249,031</u>	<u>\$ 2,514,160</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2016

Statement 4

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

Total fund balances - governmental funds	\$	2,356,484
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		37,069,494
Accumulated depreciation		<u>(15,523,296)</u>
		21,546,198
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		(57,710)
Revenue bonds payable		(2,441,924)
Loans payable		(1,154,712)
Interest payable		<u>(153,549)</u>
		(3,807,895)
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		(1,940,393)
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 pension		305,437
Deferred inflows or resources related to pension		<u>(62,023)</u>
Net position of governmental activities	\$	<u>18,397,808</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, 2016

Statement 5

	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	\$ 235,736	\$ -	\$ 587,471	\$ -	\$ -	\$ -	\$ -	\$ 823,207
Charges for services	52,070	11,443	-	-	-	-	13,405	76,918
Licenses and permits	302,213	29,455	-	-	-	-	-	331,668
Fines and forfeitures	15,335	-	-	-	-	-	4,563	19,898
Local sources	731,340	-	7,000	-	-	-	23,924	762,264
State sources	90,000	85,000	-	-	-	15,085	540,460	730,545
Federal sources	49,968	-	-	-	-	172,280	36,792	259,040
State shared taxes	2,004,922	-	-	215,140	-	-	-	2,220,062
Earnings from investments	7,467	319	2,245	604	1,720	70	1,315	13,740
Total revenues	3,489,051	126,217	596,716	215,744	1,720	187,435	620,459	5,237,342
EXPENDITURES								
Current:								
General government	1,469,973	-	-	-	-	-	-	1,469,973
Highways and streets	160,684	-	-	244,626	-	-	-	405,310
Public safety	776,559	-	-	-	-	-	143,229	919,788
Health & welfare	-	-	-	-	-	-	-	-
Culture and recreation	691,974	136,624	107,784	-	-	-	462,740	1,399,122
Capital outlay	218,741	103,033	44,076	-	14,003	181,058	201,800	762,711
NMFA principle	139,055	87,392	-	-	-	-	65,265	291,712
NMFA interest	93,055	51,762	-	-	-	-	2,483	147,300
Total expenditures	3,550,041	378,811	151,860	244,626	14,003	181,058	875,517	5,395,916
Excess (deficiency) revenues over expenditures	(60,990)	(252,594)	444,856	(28,882)	(12,283)	6,377	(255,058)	(158,574)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	12,058	226,918	-	-	-	1,918	235,508	476,402
Operating transfers (out)	(97,936)	-	(439,926)	-	-	-	(55,798)	(593,660)
Loan proceeds	212,236	-	-	-	-	-	-	212,236
Total other financing sources (uses)	126,358	226,918	(439,926)	-	-	1,918	179,710	94,978
Net change in fund balances	65,368	(25,676)	4,930	(28,882)	(12,283)	8,295	(75,348)	(63,596)
Fund balance beginning of year	1,220,287	95,664	503,372	113,435	268,408	38	218,876	2,420,080
Fund balance end of year	\$ 1,285,655	\$ 69,988	\$ 508,302	\$ 84,553	\$ 256,125	\$ 8,333	\$ 143,528	\$ 2,356,484

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, 2016

Statement 6

Net change in fund balances - total governmental funds \$ (63,596)

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 depreciation expense exceeds capital outlay in the period.

Depreciation expense	(780,987)	
Capital outlays	<u>762,709</u>	
Excess of depreciation expense over capital outlay		(18,278)

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		161,752
Pension expense		(177,311)

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		(13,917)
Accrued interest payable		(7,614)

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	(212,236)	
Repayment of long-term debt	<u>291,712</u>	
		<u>79,476</u>

Change in net position of governmental activities \$ (39,488)

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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 202,847	\$ 224,416	\$ 218,885	\$ (5,531)
Franchise taxes	18,000	18,000	16,445	(1,555)
Gross receipts taxes	1,566,500	1,758,468	1,980,512	222,044
Charges for services	181,100	181,909	52,070	(129,839)
Licenses and permits	150,975	375,716	302,213	(73,503)
Fines and forfeits	17,050	20,023	15,335	(4,688)
Local sources	588,700	649,106	731,340	82,234
State sources	90,000	90,000	90,000	-
Federal sources	47,000	49,176	33,677	(15,499)
Earnings from investments	3,110	3,110	7,467	4,357
Total revenues	<u>\$ 2,865,282</u>	<u>\$ 3,369,924</u>	<u>\$ 3,447,944</u>	<u>\$ 78,020</u>
EXPENDITURES				
Current:				
General government	\$ 1,479,005	\$ 1,504,212	\$ 1,462,150	\$ 42,062
Highways and streets	154,500	163,500	162,678	822
Public safety	799,702	775,602	777,288	(1,686)
Culture and recreation	545,502	728,404	705,487	22,917
Capital outlay	-	200,568	207,507	(6,939)
Debt service:				
Loan principle	123,493	123,493	139,055	(15,562)
Loan interest	90,363	90,363	93,055	(2,692)
Total expenditures	<u>\$ 3,192,565</u>	<u>\$ 3,586,142</u>	<u>\$ 3,547,220</u>	<u>\$ 38,922</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 23,437	\$ 12,058	\$ (11,379)
Transfers out	(98,616)	(153,556)	(97,936)	55,620
Loan proceeds	-	-	212,236	212,236
Total other financing sources (uses)	<u>\$ (98,616)</u>	<u>\$ (130,119)</u>	<u>\$ 126,358</u>	<u>\$ 256,477</u>
BUDGETED CASH BALANCE	<u>\$ 381,765</u>	<u>\$ 381,765</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Convention and Visitors Center Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 13,500	\$ 16,400	\$ 11,443	\$ (4,957)
Licenses and permits	15,000	27,955	29,455	1,500
Local sources	-	-	-	-
State sources	-	85,000	85,000	-
Earnings from investments	500	500	319	(181)
	<u>500</u>	<u>500</u>	<u>319</u>	<u>(181)</u>
Total revenues	<u>\$ 29,000</u>	<u>\$ 129,855</u>	<u>\$ 126,217</u>	<u>\$ (3,638)</u>
EXPENDITURES				
Culture & recreation	\$ 317,120	\$ 402,120	\$ 378,811	\$ 23,309
Total expenditures	<u>\$ 317,120</u>	<u>\$ 402,120</u>	<u>\$ 378,811</u>	<u>\$ 23,309</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 195,000	\$ 226,918	\$ 226,918	\$ -
Total other financing sources (uses)	<u>\$ 195,000</u>	<u>\$ 226,918</u>	<u>\$ 226,918</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 93,120</u>	<u>\$ 93,120</u>		

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Lodger's Tax Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 451,100	\$ 570,271	\$ 571,112	\$ 841
Local sources	-	7,000	7,000	-
State sources	-	-	-	-
Earnings from investments	1,500	1,500	2,245	745
Total revenues	<u>\$ 452,600</u>	<u>\$ 578,771</u>	<u>\$ 580,357</u>	<u>\$ 1,586</u>
EXPENDITURES				
Culture & recreation	\$ 53,500	\$ 443,009	\$ 151,860	\$ 291,149
Total expenditures	<u>\$ 53,500</u>	<u>\$ 443,009</u>	<u>\$ 151,860</u>	<u>\$ 291,149</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (195,000)	\$ (439,926)	\$ (439,926)	\$ -
Total other financing sources (uses)	<u>\$ (195,000)</u>	<u>\$ (439,926)</u>	<u>\$ (439,926)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 304,164</u>		

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Gas Tax Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 200,000	\$ 215,475	\$ 216,499	\$ 1,024
Earnings from investments	400	400	604	204
Total revenues	<u>\$ 200,400</u>	<u>\$ 215,875</u>	<u>\$ 217,103</u>	<u>\$ 1,228</u>
EXPENDITURES				
Highways and streets	\$ 231,333	\$ 246,808	\$ 244,626	\$ 2,182
Total expenditures	<u>\$ 231,333</u>	<u>\$ 246,808</u>	<u>\$ 244,626</u>	<u>\$ 2,182</u>
BUDGETED CASH BALANCE	<u>\$ 30,933</u>	<u>\$ 30,933</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, 2016

Statement 11
Page 1 of 2

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Los Amigos Fund	Motor Vehicle Department Fund	Total
ASSETS						
Current Assets						
Cash on deposit	\$ 233,578	\$ 50,251	\$ 46,693	\$ 10,942	\$ 3,252	\$ 344,716
Accounts receivable (net)	<u>148,570</u>	<u>52,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,065</u>
Total Current Assets	<u>382,148</u>	<u>102,746</u>	<u>46,693</u>	<u>10,942</u>	<u>3,252</u>	<u>545,781</u>
Non-Current Assets						
Restricted Assets (Cash)	607,915	-	-	-	-	607,915
Customer meter deposits	109,961	-	-	-	-	109,961
Due from other funds	<u>3,030</u>	<u>45,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,145</u>
Total Non-Current Assets	<u>720,906</u>	<u>45,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>766,021</u>
Capital Assets						
Land	158,559	-	-	-	-	158,559
Land improvements	-	-	-	-	-	-
Buildings and Improvements	236,962	148,570	-	-	-	385,532
Equipment	192,085	26,881	-	-	-	218,966
Vehicles	293,632	9,702	-	-	-	303,334
Heavy equipment	-	908,472	131,836	-	-	1,040,308
Plant/infrastructure	18,567,767	420,142	-	-	-	18,987,909
Accumulated depreciation	<u>(6,501,844)</u>	<u>(1,084,634)</u>	<u>(39,551)</u>	<u>-</u>	<u>-</u>	<u>(7,626,029)</u>
Total Capital Assets	<u>12,947,161</u>	<u>429,133</u>	<u>92,285</u>	<u>-</u>	<u>-</u>	<u>13,468,579</u>
Total Assets	<u>\$ 14,050,215</u>	<u>\$ 576,994</u>	<u>\$ 138,978</u>	<u>\$ 10,942</u>	<u>\$ 3,252</u>	<u>\$ 14,780,381</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, 2016

Statement 11
Page 2 of 2

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Los Amigos Fund	Motor Vehicle Department Fund	Total
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 18,423	\$ 2,005	\$ -	\$ -	\$ -	\$ 20,428
Unapplied credits	910	-	-	-	-	910
Current portion revenue bonds payable	110,400	-	-	-	-	110,400
Current portion loan payable	-	-	-	-	-	-
Customer meter deposits payable from Restricted Assets	69,759	-	-	-	-	69,759
Total Current Liabilities	<u>199,492</u>	<u>2,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,497</u>
Long-Term Liabilities						
Compensated absences payable	19,257	5,345	-	-	-	24,602
Revenue bonds payable	4,532,900	-	-	-	-	4,532,900
Landfill post closure liabilities	-	825,051	-	-	-	825,051
Due to other funds	45,115	5,111	-	-	-	50,226
NM Environment loan	350,000	-	-	-	-	350,000
Total Long-Term Liabilities	<u>4,947,272</u>	<u>835,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,782,779</u>
Total Liabilities	<u>5,146,764</u>	<u>837,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,984,276</u>
NET POSITION						
Net investment in capital assets	7,953,861	429,133	92,285	-	-	8,475,279
Restricted for debt service	129,514	-	-	-	-	129,514
Restricted for repair & replacement	495,335	-	-	-	-	495,335
Restricted water deposit	40,202	-	-	-	-	40,202
Unrestricted	284,539	(689,651)	46,693	10,942	3,252	(344,225)
Total Net Position	<u>8,903,451</u>	<u>(260,518)</u>	<u>138,978</u>	<u>10,942</u>	<u>3,252</u>	<u>8,796,105</u>
Total Liabilities and Net Position	<u>\$ 14,050,215</u>	<u>\$ 576,994</u>	<u>\$ 138,978</u>	<u>\$ 10,942</u>	<u>\$ 3,252</u>	<u>\$ 14,780,381</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, 2016

Statement 12

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Los Amigos Fund	Motor Vehicle Department Fund	Total
OPERATING REVENUES						
Sales and services	\$ 1,151,801	\$ 429,883	\$ 162,979	\$ 206,927	\$ 27,952	\$ 1,979,542
Local sources	28,361	7,282	74,951	51,081	-	161,675
State sources	65,363	-	-	-	-	65,363
Federal sources	-	-	-	-	-	-
State shared taxes	-	32,637	-	-	11,768	44,405
Total operating revenue	1,245,525	469,802	237,930	258,008	39,720	2,250,985
OPERATING EXPENSES						
Personal services	283,150	161,200	171,224	-	45,598	661,172
Maintenance and operations	703,840	266,608	77,161	326,028	3,272	1,376,909
Major contractual services	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-
Depreciation	546,232	46,798	13,182	-	-	606,212
Total operating expenses	1,533,222	474,606	261,567	326,028	48,870	2,644,293
Operating income (loss)	(287,697)	(4,804)	(23,637)	(68,020)	(9,150)	(393,308)
NON-OPERATING REVENUE (EXPENSE)						
Investment income	8,257	270	414	222	21	9,184
Investment expense	(137,695)	-	-	-	-	(137,695)
Transfers in	-	6,000	-	78,740	10,018	94,758
Transfers out	-	-	-	-	-	-
Total Non-Operating Revenue (Expense)	(129,438)	6,270	414	78,962	10,039	(33,753)
Change in Net Position	(417,135)	1,466	(23,223)	10,942	889	(427,061)
Net position, beginning of year	9,320,586	(261,984)	162,201	-	2,363	9,223,166
Net position, end of year	\$ 8,903,451	\$ (260,518)	\$ 138,978	\$ 10,942	\$ 3,252	\$ 8,796,105

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, 2016

Statement 13

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Los Amigos Fund	Motor Vehicle Department Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 1,130,910	\$ 421,737	\$ 162,979	\$ 206,927	\$ 27,952	\$ 1,950,505
Cash received from local sources	28,361	12,392	74,951	51,081	-	166,785
Cash received from state sources	65,363	-	-	-	11,768	77,131
Cash received from federal sources	-	-	-	-	-	-
Cash received from state shared taxes	-	32,084	-	-	-	32,084
Cash payments to employees and to suppliers for goods and services	(969,317)	(450,869)	(248,385)	(326,028)	(48,870)	(2,043,469)
Net cash provided by operating activities	<u>255,317</u>	<u>15,344</u>	<u>(10,455)</u>	<u>(68,020)</u>	<u>(9,150)</u>	<u>183,036</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Loan proceeds	-	-	-	-	-	-
Principal paid	(110,400)	-	-	-	-	(110,400)
Acquisition of capital assets	(210,279)	(18,006)	-	-	-	(228,285)
Investment expense	(137,695)	-	-	-	-	(137,695)
Net cash provided (used) by capital and related financing activities	<u>(458,374)</u>	<u>(18,006)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(476,380)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating transfers from other funds	-	6,000	-	78,740	10,018	94,758
Operating transfers to other funds	-	-	-	-	-	-
Change in due to/from other funds	25,241	-	-	-	-	25,241
Net cash provided (used) by noncapital financing activities	<u>25,241</u>	<u>6,000</u>	<u>-</u>	<u>78,740</u>	<u>10,018</u>	<u>119,999</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	8,257	271	414	222	21	9,185
Net cash provided by investing activities	<u>8,257</u>	<u>271</u>	<u>414</u>	<u>222</u>	<u>21</u>	<u>9,185</u>
Net increase (decrease) in cash	(169,559)	3,609	(10,041)	10,942	889	(164,160)
Cash, beginning of year	1,011,052	46,642	56,734	-	2,363	1,116,791
Cash, end of year	<u>\$ 841,493</u>	<u>\$ 50,251</u>	<u>\$ 46,693</u>	<u>\$ 10,942</u>	<u>\$ 3,252</u>	<u>\$ 952,631</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (287,697)	\$ (4,804)	\$ (23,637)	\$ (68,020)	\$ (9,150)	\$ (393,308)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	546,232	46,798	13,182	-	-	606,212
Changes in assets and liabilities:						
(Increase) decrease in receivables	(20,891)	(8,699)	-	-	-	(29,590)
Increase (decrease) in accounts payable	18,422	(2,186)	-	-	-	16,236
Increase (decrease) in compensated absences	(749)	1,019	-	-	-	270
(Increase) in due from other funds	-	(16,784)	-	-	-	(16,784)
Net cash provided (used) by operating activities	<u>\$ 255,317</u>	<u>\$ 15,344</u>	<u>\$ (10,455)</u>	<u>\$ (68,020)</u>	<u>\$ (9,150)</u>	<u>\$ 183,036</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, 2016

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>2,243</u>
Total Assets	<u>\$ 2,243</u>
LIABILITIES	
Due to other agencies	\$ 54
Deposits held for others	<u>2,189</u>
Total Liabilities	<u>\$ 2,243</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, 2016

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

Notes to Financial Statements (continued)

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

Notes to Financial Statements (continued)

revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and 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.

Enterprise Fund - Los Amigos Fund - To account for the operations of the nursing home located in Santa Rosa.

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.

Notes to Financial Statements (continued)

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

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

Notes to Financial Statements (continued)

currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

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

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.

Notes to Financial Statements (continued)

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 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 Position

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

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

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

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

Notes to Financial Statements (continued)

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 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 purposed specified by the legislation.

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority by the City Council or ordinance.

Notes to Financial Statements (continued)

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

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

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.

Notes to Financial Statements (continued)

First National Bank	Checking	Landfill Closure	\$ 3,766
First National Bank	Checking	Solid Waste	59,054
First National Bank	Checking	Ambulance	47,653
First National Bank	Checking	Motor Vehicle	3,222
First National Bank	Checking	Golf Course	12,553
First National Bank	Checking	Airport	14,062
First National Bank	Checking	General	208,913
First National Bank	Checking	Gasoline Tax	67,793
First National Bank	Checking	LGC	3,947
First National Bank	Checking	Convention Center	124,080
First National Bank	Checking	Riverroad	256,125
First National Bank	Checking	Lodgers Tax	327,598
First National Bank	Checking	ARRA Waste Water	16,934
First National Bank	Checking	Blue Hole Road	10,930
First National Bank	Checking	Safe Routes to School	1,690
First National Bank	Checking	Water Meter Deposit	99,116
First National Bank	Checking	Mainstreet	3,469
First National Bank	Checking	Lake Drive	6
First National Bank	Checking	Activity	2,274
First National Bank	Checking	Park Renovations	-
First National Bank	Checking	El Rito Creek	-
First National Bank	Checking	Sewer Reserve	129,514
First National Bank	Checking	Sewer Asset Management	36,441
First National Bank	Checking	Sewer Capital Reserve	274,178
First National Bank	Checking	R & R Water	167,782
First National Bank	Checking	Water	77,910
First National Bank	Checking	Recreation	7,563
First National Bank	Checking	LEPF	1,086
First National Bank	Checking	Fire	8,242
First National Bank	Checking	EMS	-
First National Bank	Checking	Library	21,578
First National Bank	Checking	EMS/Fire	16,103
First National Bank	Checking	Seniors	11,558
First National Bank	Checking	Power Dam	11,571
First National Bank	Checking	Blue Hole Improvements	405
First National Bank	Checking	YCC Grant	1,702
First National Bank	Checking	Cultural Corridors	6,338
First National Bank	Checking	Downtown Improvements	6,183
First National Bank	Checking	Los Amigos	95,476
First National Bank	Checking	CDBG 2 nd Street	26,480
First National Bank	Checking	Ilfeld	-
First National Bank	Checking	Airport Construction	63,572
First National Bank	Checking	Sewer	35,773
First Community Bank	Checking	Lodgers Tax	583
First Community Bank	Checking	Mainstreet	489
Wells Fargo Bank	Certificate of Deposit	General	11,866
Wells Fargo Bank	Certificate of Deposit	Lodgers Tax	17,818
First National Bank	Savings	General IMMA	206,103
First National Bank	Savings	General Money Market	314,396
First National Bank	Savings	Water/Sewer IMMA	8,681
First National Bank	Savings	Water Meter Deposit	12,265
Wells Fargo Bank	Certificate of Deposit	Water	<u>96,478</u>
		Total	<u>\$2,931,319</u>

Notes to Financial Statements (continued)

NM Finance Authority	<u>\$ 393,918</u>
Total amount on deposit	\$3,325,237
Deposit in transit	2,013
Petty Cash	3,700
Outstanding checks	<u>(319,688)</u>
Total per financial statements	<u>\$3,011,262</u>

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	\$ 126,162	\$ 2,804,085	\$ 1,072
Less FDIC	<u>(126,162)</u>	<u>(346,478)</u>	<u>(1,072)</u>
Uninsured funds	-	2,457,607	-
Funds needing collateralization at 50% (required by State Law)	-	1,228,804	-
Pledged collateral at June 30	<u>-</u>	<u>(1,262,556)</u>	<u>-</u>
Excess (deficiency) of Pledged Collateral	<u>\$ -</u>	<u>\$ 33,752</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, 2016, \$2,457,607 of the City's bank balance of \$2,931,319 was exposed to custodial credit risk as follows:

A. Uninsured and uncollateralized	\$ 1,195,051
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the City's name	<u>1,262,556</u>
Total	<u>\$ 2,457,607</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:

Notes to Financial Statements (continued)

<u>First National Bank</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FHLB #547413DQ4	7-15-24	\$ 196,227
FHLB #3136G02EO	10-29-21	499,588
FHLB #3128P7PH0	8-01-30	434,766
FHLB #5410668E5	4-15-21	<u>131,975</u>
		<u>\$ 1,262,556</u>

The amount held at the New Mexico Finance Authority totaling \$393,918 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	\$ -	\$ 221,863
Less allowance for Uncollectible accounts	<u>-</u>	<u>(20,798)</u>
Subtotal	-	201,065
Property taxes receivable	4,377	-
Lodgers tax receivable	70,649	-
Gross receipts taxes receivable	184,328	-
Gas taxes receivable	16,760	-
Intergovernmental	<u>166,511</u>	<u>-</u>
Total	<u>\$ 442,625</u>	<u>\$ 201,065</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.

Notes to Financial Statements (continued)

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.

5. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

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

Hydrant Meter deposits \$ 69,759

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>General Fund</u>	<u>Major Funds</u>	<u>Non-Major Governmental</u>	<u>Proprietary Funds</u>	<u>Activity Fund</u>	
General Fund	\$ 84,328	\$ 1,918	\$ 25,000	\$ 51,018	\$ 20,000	\$ (182,264)
Lodgers Tax Fund	-	226,918	213,008	-	-	(439,926)
Non-Major Funds	12,058	-	-	43,740	-	(55,798)
Total Transfers In/Out	<u>\$ 96,386</u>	<u>\$ 228,836</u>	<u>\$ 238,008</u>	<u>\$ 94,758</u>	<u>\$ 20,000</u>	<u>\$ -</u>

Notes to Financial Statements (continued)

Balance of Transfers

Transfer to Proprietary Fund	\$ 43,740	From Non-Major Governmental Fund
Transfer to Convention & Visitors Center Fund	226,918	From Lodgers Tax Fund
Transfer to Non-Major Governmental Fund	2,500	From General Fund
Transfer to Airport Construction Fund	1,918	From General Fund
Transfer to Activity Fund	20,000	From General Fund
Transfer to Proprietary Fund	51,018	From General Fund
Transfer to Non-Major Governmental Fund	213,008	From Lodgers Tax Fund
Transfer to General	12,058	From Non-Major Governmental Fund
Transfer to General Fund	<u>84,328</u>	From General Fund
Total Interfund Transfers Between Governmental and Business-Type Activities	<u>\$ 677,988</u>	

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, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Land	\$ 1,688,145	\$ -	\$ -	\$ 1,688,145
Land Improvements	5,182,582	103,033	-	5,285,615
Buildings & improvements	10,638,199	233,339	-	10,871,538
Airport	7,026,422	181,057	-	7,207,479
Street improvements	8,075,965	126,933	-	8,202,898
Equipment	1,007,778	106,509	(10,208)	1,104,079
Heavy equipment	2,101,516	-	-	2,101,516
Vehicles	<u>596,386</u>	<u>11,838</u>	<u>-</u>	<u>608,224</u>
Sub-total	<u>36,316,993</u>	<u>762,709</u>	<u>(10,208)</u>	<u>37,069,494</u>
Less: Accumulated Depreciation	<u>(14,752,517)</u>	<u>(780,987)</u>	<u>10,208</u>	<u>(15,523,296)</u>
Total Capital Assets	<u>\$21,564,476</u>	<u>\$ (18,278)</u>	<u>\$ -</u>	<u>\$21,546,198</u>

Notes to Financial Statements (continued)

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

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Land	\$ 158,559	\$ -	\$ -	\$ 158,559
Buildings	385,532	-	-	385,532
Equipment	184,254	34,712	-	218,966
Heavy Equipment	1,022,302	18,006	-	1,040,308
Vehicles	303,334	-	-	303,334
Plant	<u>18,812,343</u>	<u>175,566</u>	<u>-</u>	<u>18,987,909</u>
Sub-total	<u>20,866,324</u>	<u>228,284</u>	<u>-</u>	<u>21,094,608</u>
Less: Accumulated Depreciation	<u>(7,019,815)</u>	<u>(606,214)</u>	<u>-</u>	<u>(7,626,029)</u>
Total Capital Assets	<u>\$13,846,509</u>	<u>\$ (377,930)</u>	<u>\$ -</u>	<u>\$13,468,579</u>

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, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Revenue bonds payable	\$ 4,703,700	\$ -	\$ 85,400	\$ 4,618,300	\$ 85,400
NM Environment Loan	400,000	-	25,000	375,000	25,000
Compensated absences payable	<u>24,332</u>	<u>270</u>	<u>-</u>	<u>24,602</u>	<u>-</u>
Total	<u>\$ 5,128,032</u>	<u>\$ 270</u>	<u>\$ 110,400</u>	<u>\$ 5,017,902</u>	<u>\$ 110,400</u>

Compensated Absences

The compensated absences due by each fund are as follows:

Solid Waste Fund \$5,345 Water/Sewer Fund \$19,257

Notes to Financial Statements (continued)

The detail by individual fund follows:

Water/Sewer Fund

	<u>Balances</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2016</u>
Revenue Bonds				
Series 2001A	\$ 207,300	\$ -	\$ 5,000	\$ 202,300
Revenue Bonds				
Series 2001B	164,000	-	4,000	160,000
Revenue Bonds				
Series 2006	359,000	-	6,000	353,000
NMEnvironment				
Loan	400,000	-	25,000	375,000
Revenue Bonds				
Series 2006	22,400	-	400	22,000
Revenue Bonds				
Series 2009	<u>3,951,000</u>	<u>-</u>	<u>70,000</u>	<u>3,881,000</u>
Total	<u>\$ 5,103,700</u>	<u>\$ -</u>	<u>\$ 110,400</u>	<u>\$ 4,993,300</u>

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

<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u> <u>June 30, 2016</u>
2001A	5/31/2041	\$ 256,300	4.50%	\$ 202,300
2001B	5/31/2041	\$ 200,000	4.50%	160,000
2006	6/23/2046	\$ 400,000	4.25%	353,000
NMED	6/30/2031	\$ 500,000	N/A	375,000
2006	6/30/2033	\$ 25,000	4.25%	22,000
2009	4/22/2050	\$ 4,201,000	2.75%	<u>3,881,000</u>
				<u>\$ 4,993,300</u>

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

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	122,400	113,600	236,000
2022-2026	645,500	527,700	1,173,200
2027-2031	729,100	452,700	1,181,800
2032-2036	714,800	364,100	1,078,900
2037-2041	805,000	261,600	1,066,600
2042-2046	832,900	156,300	989,200
2047-2051	<u>691,000</u>	<u>49,700</u>	<u>740,700</u>
Total	<u>\$ 4,993,300</u>	<u>\$ 2,404,800</u>	<u>\$ 7,398,100</u>

Notes to Financial Statements (continued)

The debt service requirement to maturity is as follows:

Governmental Funds

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

	<u>Balances</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
Loans payable to New Mexico Finance Authority	\$ 1,058,821	\$ 212,236	\$ 116,345	\$ 1,154,712	\$ 122,308
Revenues Bonds Series 2006A/B	2,617,291	-	175,367	2,441,924	181,904
Compensated absences	<u>43,793</u>	<u>13,917</u>	<u>-</u>	<u>57,710</u>	<u>-</u>
Total	<u>\$ 3,719,905</u>	<u>\$ 226,153</u>	<u>\$ 291,712</u>	<u>\$ 3,654,346</u>	<u>\$ 304,212</u>

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

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	<u>\$ 50,449</u>	<u>\$ 1,953</u>	<u>\$ 52,402</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>
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	11,094	684	11,778
2022-2026	56,848	2,043	58,891
2027	<u>11,670</u>	<u>108</u>	<u>11,778</u>
Total	<u>\$ 123,175</u>	<u>\$ 6,381</u>	<u>\$ 129,556</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.

The City added \$212,236 to the current loan for a new total of \$975,268. It was re-structured to reflect an interest rate of 0.250% to 3.610%. The maturity date is still May 1, 2035.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 43,296	\$ 18,242	\$ 61,538
2018	43,495	18,044	61,539
2019	43,763	17,776	61,539
2020	44,090	17,449	61,539
2021	44,480	17,059	61,539
2022-2026	231,448	76,248	307,696
2027-2031	255,250	52,445	307,695
2032-2035	<u>229,068</u>	<u>17,088</u>	<u>246,156</u>
Total	<u>\$ 934,890</u>	<u>\$ 234,351</u>	<u>\$ 1,169,241</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>
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	106,126	33,992	140,118
2022-2026	597,852	102,904	700,756
2027	<u>134,602</u>	<u>5,586</u>	<u>140,188</u>
Total	<u>\$ 1,224,994</u>	<u>\$ 316,444</u>	<u>\$ 1,541,438</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</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	105,426	33,773	139,199
2022-2026	593,922	102,242	696,164
2027	133,721	5,549	139,270
Total	<u>\$ 1,216,930</u>	<u>\$ 314,404</u>	<u>\$ 1,531,334</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</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 15,384	\$ 46	\$ 15,430
2018	15,399	31	15,430
2019	15,415	15	15,430
Total	<u>\$ 46,198</u>	<u>\$ 92</u>	<u>\$ 46,290</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 2017	\$ 2,984
Fiscal year 2018	1,409
Fiscal year 2019	470
Total	<u>\$ 4,863</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, \$292,549 has been paid for post-closure costs, leaving a balance of \$825,051 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	\$ 3,489,051	\$ 126,217	\$ 596,716	\$ 215,744
Budget basis	<u>3,447,944</u>	<u>126,217</u>	<u>580,357</u>	<u>217,103</u>
Increase (decrease) in receivables	<u>\$ 41,108</u>	<u>\$ -</u>	<u>\$ 16,359</u>	<u>\$ (1,359)</u>
 <u>Expenditures</u>				
Accrual basis	\$ 3,550,041	\$ 378,811	\$ 151,860	\$ 244,626
Budget basis	<u>3,547,220</u>	<u>378,811</u>	<u>151,860</u>	<u>244,626</u>
Increase (decrease) in payables	<u>\$ 2,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Financial Statements (continued)

<u>Revenues</u>	Riverroad Drainage Fund	Airport Construction Fund	Other Governmental Funds	Proprietary Fund
Accrual basis	\$ 1,720	\$ 187,435	\$ 620,459	\$ 2,260,169
Budget basis	<u>1,720</u>	<u>164,608</u>	<u>501,611</u>	<u>2,235,690</u>
Increase (decrease) in receivables	<u>\$ -</u>	<u>\$ 22,827</u>	<u>\$ 118,848</u>	<u>\$ 24,479</u>
 <u>Expenditures</u>				
Accrual basis	\$ 14,003	\$ 181,058	\$ 875,517	\$ 2,644,293
Budget basis	14,003	181,058	879,517	2,519,848
Depreciation	-	-	-	(606,212)
Principal paid	-	-	-	110,400
Interest paid	-	-	-	137,695
Capital acquisitions	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,285</u>
(Increase) decrease in compensated absences/ accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,000)</u>	<u>\$ (5,387)</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),

Notes to Financial Statements (continued)

and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 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, 2015 available at: http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.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_2015.pdf.

The PERA coverage options that apply to the City of Santa Rosa are: Municipal General Division and Police Division. Statutorily required contributions to the pension plan from the City of Santa Rosa were \$104,807 and \$56,945 and there were NO employer paid member benefits that were "picked up" by the employer for the year ended June 30, 2016.

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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015.

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, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 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, 2016, the City of Santa Rosa reported a liability of \$1,281,620 for its proportionate share of the net pension liability. At June 30, 2015, the City of Santa Rosa's proportion was 0.1257%, which was increased .0072% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City of Santa Rosa recognized PERA Fund Municipal General Division pension expense of \$84,224. At June 30, 2016, 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	\$ -	\$ 499
Experience versus actual	-	28,388
Net difference between projected and actual earnings on pension plan investments	42,890	4,054
City of Santa Rosa's contributions subsequent to the measurement date	<u>104,807</u>	<u>-</u>
Total	<u>\$ 147,697</u>	<u>\$ 32,941</u>

Notes to Financial Statements (continued)

\$104,807 reported as deferred outflows of resources related to pensions resulting from City of Santa Rosa's contributions subsequent to the measurement date June 30, 2015 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:

2017	\$ (23,806)
2018	(23,806)
2019	(23,806)
2020	79,032
2021	<u>2,334</u>
	<u>\$ 9,948</u>

For PERA Fund Municipal Police Division, at June 30, 2016, the City of Santa Rosa reported a liability of \$658,773 for its proportionate share of the net pension liability. At June 30, 2015, the City of Santa Rosa's proportion was 0.1370%, which increased .0220% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City of Santa Rosa recognized PERA Fund Municipal Police Division pension expense of \$32,507. At June 30, 2016, the City of Santa Rosa reported PERA Fund Municipal Police 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	\$ -	\$ 27,255
Experience versus actual	-	(46,032)
Net difference between projected and actual earnings on pension plan investments	54,763	1,827
City of Santa Rosa's contributions subsequent to the measurement date	<u>56,945</u>	<u>-</u>
Total	<u>\$ 111,708</u>	<u>\$ (16,950)</u>

Notes to Financial Statements (continued)

\$56,945 reported as deferred outflows of resources related to pensions resulting from City of Santa Rosa's contributions subsequent to the measurement date June 30, 2015 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:

2017	\$ 7,337
2018	7,337
2019	7,337
2020	46,724
2021	<u>2,979</u>
	<u>\$ 71,714</u>

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, 2014 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, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
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
- Projected benefit payment	100 years
- Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projections to 2018 using Scale AA.
- Experience study dates	July 1, 2008 to June 30, 2013

Notes to Financial Statements (continued)

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:

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 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.

Notes to Financial Statements (continued)

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
	<hr/>	<hr/>	<hr/>
City of Santa Rosa's proportionate share of the net pension liability	<u>\$ 2,182,091</u>	<u>\$ 1,281,620</u>	<u>\$ 532,940</u>
PERA Fund Municipal Police Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
	<hr/>	<hr/>	<hr/>
City of Santa Rosa's proportionate share of the net pension liability	<u>\$ 1,087,924</u>	<u>\$ 658,773</u>	<u>\$ 306,724</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>.

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

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

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. The report

Notes to Financial Statements (continued)

and further information can be obtained by writing to Retiree Health Care Authority, 4308 Carlisle Boulevard, Suite 104, Albuquerque, New Mexico 87107.

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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

The City contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$21,950, \$27,225 and \$24,552, respectively, which equal the required contributions for each year.

Notes to Financial Statements (continued)

13. BUDGET VIOLATIONS

The Mainstreet Fund had an overall budget overrun of \$1,136.

14. LEGISLATIVE APPROPRIATIONS

The City of Santa Rosa received an appropriation of \$953,684 to purchase library resource acquisitions, including print, non-print and electronic resources. This appropriation has not been completed.

<u>Appropriation</u>	<u>Term</u>	<u>Appropriation Amount</u>	<u>Remaining Balance</u>
Laws of 2014, Chapter 65 Section 10, Paragraph B (1)(a)	March 30, 2015 to June 30, 2018	\$ 953,684	\$ 953,684

The City of Santa Rosa received an appropriation of \$41,470 to purchase and install equipment to serve meals for the Senior Center.

<u>Appropriation</u>	<u>Term</u>	<u>Appropriation Amount</u>	<u>Remaining Balance</u>
Laws of 2012, Chapter 54 Section 10A, Paragraph 37	April 12, 2016 to June 30, 2016	\$ 41,470	\$ 2,099

The City of Santa Rosa received an appropriation of \$7,920 to plan, design, renovate and equip the Campos Senior Center.

<u>Appropriation</u>	<u>Term</u>	<u>Appropriation Amount</u>	<u>Remaining Balance</u>
Laws of 2014, Chapter 65 Section 10.A, Paragraph 45	April 19, 2016 to June 30, 2018	\$ 7,920	\$ 3,280

The City of Santa Rosa received an appropriation of \$325,000 to plan, design and renovate the Ilfeld building located in Santa Rosa.

<u>Appropriation</u>	<u>Term</u>	<u>Appropriation Amount</u>	<u>Remaining Balance</u>
Laws of 2012, Chapter 64 Section 16, Paragraph 65	September 5, 2012 to June 30, 2016	\$ 325,000	\$ 894

The City of Santa Rosa received an appropriation of \$85,000 to plan, design and construct a parking facility at the Blue Hole Convention Center.

<u>Appropriation</u>	<u>Term</u>	<u>Appropriation Amount</u>	<u>Remaining Balance</u>
Laws of 2013, Chapter 226 Section 31, Paragraph 120	June 12, 2015 to June 30, 2017	\$ 85,000	\$ -

Notes to Financial Statements (continued)

The City of Santa Rosa received an appropriation of \$173,835 to design and construct projects that improve surface water or river habitat.

<u>Appropriation</u>	<u>Term</u>	<u>Appropriation Amount</u>	<u>Remaining Balance</u>
Laws of 2014, Chapter 66 Section 16	May 14, 2015 to June 30, 2018	\$ 173,835	\$ 68,612

The City of Santa Rosa received an appropriation of \$25,000 to replace a damaged water line. The remaining balance is to be reverted.

<u>Appropriation</u>	<u>Term</u>	<u>Appropriation Amount</u>	<u>Remaining Balance</u>
Laws of 2014, Chapter 66 Section 16, Paragraph 42	December 9, 2014 to June 30, 2018	\$ 25,000	\$ 1,569

The City of Santa Rosa received an appropriation of \$800,000 to plan, design, renovate and construct improvements to Power Lake Dam.

<u>Appropriation</u>	<u>Term</u>	<u>Appropriation Amount</u>	<u>Remaining Balance</u>
Laws of 2014, Chapter 66 Section 15, Paragraph 6	October 7, 2014 to June 30, 2018	\$ 800,000	\$ 800,000

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.

<u>Fund Balances</u>	General Fund	Convention & Visitors Center Fund	Lodgers Tax Fund	Gas Tax Fund	River Road Drainage Fund	Airport Construction Fund	Other Governmental Fund	Totals
<u>Nonspendable:</u>								
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total nonspendable	-	-	-	-	-	-	-	-
<u>Restricted for:</u>								
Road improvements	-	-	-	84,553	-	-	-	84,553
Fire protection	-	-	-	-	-	-	8,266	8,266
Law enforcement	-	-	-	-	-	-	696	696
Emergency services	-	-	-	-	-	-	16,103	16,103
Local government corrections	-	-	-	-	-	-	3,947	3,947
Senior services	-	-	-	-	-	-	19,554	19,554
Debt service	393,918	-	-	-	-	-	-	393,918
Convention services	-	69,988	-	-	-	-	-	69,988
Tourism programs	-	-	508,302	-	-	-	-	508,302
Culture and recreation	53,715	-	-	-	-	-	29,017	82,732
Capital outlay	376,341	-	-	-	256,125	8,333	65,945	706,744
Total restricted	823,974	69,988	508,302	84,553	256,125	8,333	143,528	1,894,803
<u>Committed to:</u>								
Other purposes	-	-	-	-	-	-	-	-
Total committed	-	-	-	-	-	-	-	-
<u>Unassigned:</u>	461,681	-	-	-	-	-	-	461,681
Total Fund Balances	<u>\$ 1,285,655</u>	<u>\$ 69,988</u>	<u>\$ 508,302</u>	<u>\$ 84,553</u>	<u>\$ 256,125</u>	<u>\$ 8,333</u>	<u>\$ 143,528</u>	<u>\$ 2,356,484</u>

OTHER MAJOR FUNDS BUDGETS

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 River Road Drainage Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 1,720	\$ 1,720
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,720</u>	<u>\$ 1,720</u>
EXPENDITURES				
Capital outlay	\$ 16,455	\$ 16,455	\$ 14,003	\$ 2,452
Total expenditures	<u>\$ 16,455</u>	<u>\$ 16,455</u>	<u>\$ 14,003</u>	<u>\$ 2,452</u>
BUDGETED CASH BALANCE	<u>\$ 16,455</u>	<u>\$ 16,455</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 13,000	\$ 13,000	\$ 11,247	\$ (1,753)
Federal sources	231,500	231,500	153,291	(78,209)
Earnings from investments	500	500	70	(430)
	<u>500</u>	<u>500</u>	<u>70</u>	<u>(430)</u>
Total revenues	<u>\$ 245,000</u>	<u>\$ 245,000</u>	<u>\$ 164,608</u>	<u>\$ (80,392)</u>
EXPENDITURES				
Capital outlay	\$ 258,000	\$ 258,000	\$ 181,058	\$ 76,942
Total expenditures	<u>\$ 258,000</u>	<u>\$ 258,000</u>	<u>\$ 181,058</u>	<u>\$ 76,942</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 13,000	\$ 13,000	\$ 1,918	\$ (11,082)
Total other financing sources	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ 1,918</u>	<u>\$ (11,082)</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, 2016

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Totals</u>
ASSETS			
Cash on deposit	\$ 58,029	\$ 63,609	\$ 121,638
Accounts receivable	<u>65,779</u>	<u>61,614</u>	<u>127,393</u>
 Total assets	 <u>\$ 123,808</u>	 <u>\$ 125,223</u>	 <u>\$ 249,031</u>
LIABILITIES			
Cash overdraft	\$ 46,225	\$ 2,599	\$ 48,824
Due to other funds	<u>-</u>	<u>56,679</u>	<u>56,679</u>
 Total liabilities	 <u>46,225</u>	 <u>59,278</u>	 <u>105,503</u>
FUND BALANCE			
Nonspendable	-	-	-
Restricted	77,583	65,945	143,528
Committed	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balance	 <u>77,583</u>	 <u>65,945</u>	 <u>143,528</u>
 Total liabilities and fund balance	 <u>\$ 123,808</u>	 <u>\$ 125,223</u>	 <u>\$ 249,031</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, 2016

Statement A-2

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Taxes	\$ -	\$ -	\$ -
Gas taxes	-	-	-
Charges for services	13,405	-	13,405
Licenses and permits	-	-	-
Fines and forfeitures	4,563	-	4,563
Local sources	23,924	-	23,924
State sources	371,544	168,916	540,460
Federal sources	36,792	-	36,792
State shared taxes	-	-	-
Earnings from investments	1,061	254	1,315
Total revenues	451,289	169,170	620,459
EXPENDITURES			
Current:			
General government	-	-	-
Highways and streets	-	-	-
Public safety	143,229	-	143,229
Culture and recreation	462,740	-	462,740
Capital outlay	29,813	171,987	201,800
Debt service			
Principle	65,265	-	65,265
Interest	2,483	-	2,483
Total expenditures	703,530	171,987	875,517
Excess (deficiency) of revenues over expenditures	(252,241)	(2,817)	(255,058)
OTHER FINANCING SOURCES (USES)			
Transfers in	235,508	-	235,508
Transfer out	(55,798)	-	(55,798)
Loan proceeds	-	-	-
Total other financing sources (uses)	179,710	-	179,710
Net change in fund balance	(72,531)	(2,817)	(75,348)
Fund balance at beginning of year	150,114	68,762	218,876
Fund balance at end of year	\$ 77,583	\$ 65,945	\$ 143,528

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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	15,600	15,600	13,405	(2,195)
Licenses and permits	-	-	-	-
Fines and forfeitures	13,100	13,100	4,563	(8,537)
Local sources	15,000	25,800	23,924	(1,876)
State sources	277,947	377,988	313,581	(64,407)
Federal sources	40,014	40,336	37,521	(2,815)
State shared taxes	-	-	-	-
Earnings from investments	525	538	1,061	523
Total revenues	<u>\$ 362,186</u>	<u>\$ 473,362</u>	<u>\$ 394,055</u>	<u>\$ (79,307)</u>
EXPENDITURES				
General government	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-
Public safety	186,396	296,287	226,816	69,471
Culture and recreation	441,954	534,728	480,714	54,014
Total expenditures	<u>\$ 628,350</u>	<u>\$ 831,015</u>	<u>\$ 707,530</u>	<u>\$ 123,485</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 247,149	\$ 247,149	\$ 226,508	\$ (20,641)
Transfers out	-	(12,058)	(12,058)	-
Loan proceeds	-	-	-	-
Total other financing sources (uses)	<u>\$ 247,149</u>	<u>\$ 235,091</u>	<u>\$ 214,450</u>	<u>\$ (20,641)</u>
BUDGETED CASH BALANCE	<u>\$ 21,855</u>	<u>\$ 124,734</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
State sources	195,298	300,521	107,302	(193,219)
Federal sources	-	-	-	-
Earnings from investments	-	-	254	254
Total revenues	<u>\$ 195,298</u>	<u>\$ 300,521</u>	<u>\$ 107,556</u>	<u>\$ (192,965)</u>
EXPENDITURES				
Capital outlay	\$ 200,398	\$ 305,621	\$ 171,987	\$ 133,634
Total expenditures	<u>\$ 200,398</u>	<u>\$ 305,621</u>	<u>\$ 171,987</u>	<u>\$ 133,634</u>
BUDGETED CASH BALANCE	<u>\$ 5,100</u>	<u>\$ 5,100</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.

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)

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)

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.

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)

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

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)

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)

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, 2016

	Recreation Fund	Los Amigos Fund	Law Enforcement Protection Fund	Chile Pepper Rally Fund	Library Fund	Mainstreet Fund
ASSETS						
Cash on deposit	\$ 7,563	\$ -	\$ 696	\$ -	\$ 17,085	\$ 4,369
Accounts receivable	-	-	-	-	-	-
Total assets	<u>\$ 7,563</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ -</u>	<u>\$ 17,085</u>	<u>\$ 4,369</u>
LIABILITIES						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-
FUND BALANCE						
Restricted	7,563	-	696	-	17,085	4,369
Unassigned	-	-	-	-	-	-
Total fund balance	<u>7,563</u>	<u>-</u>	<u>696</u>	<u>-</u>	<u>17,085</u>	<u>4,369</u>
Total liabilities and fund balance	<u>\$ 7,563</u>	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ -</u>	<u>\$ 17,085</u>	<u>\$ 4,369</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 Balance Sheet
June 30, 2016

	Corrections Fund	Lodger's Tax Promotion Fund	EMS/Fire Rescue Fund	Fire Protection Fund	Senior Citizens Fund	Totals
ASSETS						
Cash on deposit	\$ 3,947	\$ -	\$ 16,103	\$ 8,266	\$ -	\$ 58,029
Accounts receivable	-	-	-	-	65,779	65,779
Total assets	<u>\$ 3,947</u>	<u>\$ -</u>	<u>\$ 16,103</u>	<u>\$ 8,266</u>	<u>\$ 65,779</u>	<u>\$ 123,808</u>
LIABILITIES						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 46,225	\$ 46,225
Total Liabilities	-	-	-	-	46,225	46,225
FUND BALANCE						
Restricted	3,947	-	16,103	8,266	19,554	77,583
Unassigned	-	-	-	-	-	-
Total fund balance	<u>3,947</u>	<u>-</u>	<u>16,103</u>	<u>8,266</u>	<u>19,554</u>	<u>77,583</u>
Total liabilities and fund balance	<u>\$ 3,947</u>	<u>\$ -</u>	<u>\$ 16,103</u>	<u>\$ 8,266</u>	<u>\$ 65,779</u>	<u>\$ 123,808</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, 2016

Statement B-2
Page 1 of 2

	Recreation Fund	Los Amigos Fund	Law Enforcement Protection Fund	Chile Pepper Rally Fund	Library Fund	Mainstreet Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Local sources	300	-	-	-	13,000	10,624
State sources	-	-	24,200	-	10,922	-
Federal sources	-	-	-	-	-	-
Earnings from investments	60	-	67	13	213	5
Total revenues	360	-	24,267	13	24,135	10,629
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Public safety	-	-	8,660	-	-	-
Culture and recreation	2,835	-	-	-	33,190	18,502
Capital outlay	-	-	-	-	-	-
Debt service:						
Principle	-	-	15,336	-	-	-
Interest	-	-	91	-	-	-
Total expenditures	2,835	-	24,087	-	33,190	18,502
Excess (deficiency) of revenues over expenditures	(2,475)	-	180	13	(9,055)	(7,873)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	3,500
Transfers out	-	(43,740)	-	(12,058)	-	-
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	-	(43,740)	-	(12,058)	-	3,500
Net change in fund balance	(2,475)	(43,740)	180	(12,045)	(9,055)	(4,373)
Fund balance, beginning of year	10,038	43,740	516	12,045	26,140	8,742
Fund balance, end of year	\$ 7,563	\$ -	\$ 696	\$ -	\$ 17,085	\$ 4,369

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, 2016

Statement B-2
Page 2 of 2

	Corrections Fund	Lodger's Tax Promotion Fund	EMS/Fire Rescue Fund	Fire Protection Fund	Senior Citizens Fund	Totals
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	-	-
Charges for services	-	-	-	-	13,405	13,405
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	4,563	-	-	-	-	4,563
Local sources	-	-	-	-	-	23,924
State sources	-	-	-	191,161	145,261	371,544
Federal sources	-	-	-	-	36,792	36,792
Earnings from investments	14	-	106	513	70	1,061
	<u>4,577</u>	<u>-</u>	<u>106</u>	<u>191,674</u>	<u>195,528</u>	<u>451,289</u>
Total revenues						
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Public safety	3,060	-	310	143,038	-	155,068
Culture and recreation	-	213,008	-	-	195,205	462,740
Capital outlay	-	-	-	-	17,974	17,974
Debt service:						
Principle	-	-	-	49,929	-	65,265
Interest	-	-	-	2,392	-	2,483
	<u>3,060</u>	<u>213,008</u>	<u>310</u>	<u>195,359</u>	<u>213,179</u>	<u>703,530</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>1,517</u>	<u>(213,008)</u>	<u>(204)</u>	<u>(3,685)</u>	<u>(17,651)</u>	<u>(252,241)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	5,500	213,008	-	-	13,500	235,508
Transfers out	-	-	-	-	-	(55,798)
Loan proceeds	-	-	-	-	-	-
	<u>5,500</u>	<u>213,008</u>	<u>-</u>	<u>-</u>	<u>13,500</u>	<u>179,710</u>
Total other financing sources (uses)						
Net change in fund balance	7,017	-	(204)	(3,685)	(4,151)	(72,531)
Fund balance, beginning of year	<u>(3,070)</u>	<u>-</u>	<u>16,307</u>	<u>11,951</u>	<u>23,705</u>	<u>150,114</u>
Fund balance, end of year	<u>\$ 3,947</u>	<u>\$ -</u>	<u>\$ 16,103</u>	<u>\$ 8,266</u>	<u>\$ 19,554</u>	<u>\$ 77,583</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ 300	\$ 300	\$ -
Earnings from investments	-	-	60	60
Total revenues	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 360</u>	<u>\$ 60</u>
EXPENDITURES				
Culture & recreation	\$ -	\$ 8,268	\$ 2,835	\$ 5,433
Total expenditures	<u>\$ -</u>	<u>\$ 8,268</u>	<u>\$ 2,835</u>	<u>\$ 5,433</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 7,968</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 24,200	\$ 24,200	\$ 24,200	\$ -
Earnings from investments	100	100	67	(33)
Total revenues	<u>\$ 24,300</u>	<u>\$ 24,300</u>	<u>\$ 24,267</u>	<u>\$ (33)</u>
EXPENDITURES				
Public safety	\$ 24,300	\$ 24,300	\$ 24,087	\$ 213
Total expenditures	<u>\$ 24,300</u>	<u>\$ 24,300</u>	<u>\$ 24,087</u>	<u>\$ 213</u>

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Special Revenue - Santa Rosa Chile Pepper Rally
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ 13	\$ 13	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ -</u>
EXPENDITURES				
Culture & recreation	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING USES				
Transfers out	\$ -	\$ (12,058)	\$ (12,058)	\$ -
Total other financing uses	<u>\$ -</u>	<u>\$ (12,058)</u>	<u>\$ (12,058)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 12,045</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 14,000	\$ 14,000	\$ 13,000	\$ (1,000)
State sources	11,129	11,129	10,922	(207)
Earnings from investments	<u>200</u>	<u>200</u>	<u>213</u>	<u>13</u>
Total revenues	<u>\$ 25,329</u>	<u>\$ 25,329</u>	<u>\$ 24,135</u>	<u>\$ (1,194)</u>
EXPENDITURES				
Culture & recreation	\$ 47,184	\$ 47,184	\$ 33,190	\$ 13,994
Total expenditures	<u>\$ 47,184</u>	<u>\$ 47,184</u>	<u>\$ 33,190</u>	<u>\$ 13,994</u>
BUDGETED CASH BALANCE	<u>\$ 21,855</u>	<u>\$ 21,855</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 1,000	\$ 11,500	\$ 10,624	\$ (876)
Earnings from investments	25	25	5	(20)
Total revenues	<u>\$ 1,025</u>	<u>\$ 11,525</u>	<u>\$ 10,629</u>	<u>\$ (896)</u>
EXPENDITURES				
Culture & recreation	\$ 1,025	\$ 17,366	\$ 18,502	\$ (1,136)
Total expenditures	<u>\$ 1,025</u>	<u>\$ 17,366</u>	<u>\$ 18,502</u>	<u>\$ (1,136)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 841</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Licenses and permits	\$ 13,100	\$ 13,100	\$ 4,563	\$ (8,537)
Earnings from investments	10	10	14	4
 Total revenues	 <u>\$ 13,110</u>	 <u>\$ 13,110</u>	 <u>\$ 4,577</u>	 <u>\$ (8,533)</u>
EXPENDITURES				
Culture & recreation	\$ 10,000	\$ 10,000	\$ 7,060	\$ 2,940
 Total expenditures	 <u>\$ 10,000</u>	 <u>\$ 10,000</u>	 <u>\$ 7,060</u>	 <u>\$ 2,940</u>
EXPENDITURES				
Budgetary basis			\$ 7,060	
Decrease in due from other funds			<u>(4,000)</u>	
 Modified accrual basis			 <u>\$ 3,060</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES				
Culture and recreation	\$ 225,000	\$ 225,000	\$ 213,008	\$ 11,992
Total expenditures	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 213,008</u>	<u>\$ 11,992</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 225,000	\$ 225,000	\$ 213,008	\$ (11,992)
Total other financing sources	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 213,008</u>	<u>\$ (11,992)</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)
Earnings from investments	50	50	106	56
Total revenues	<u>\$ 6,050</u>	<u>\$ 6,050</u>	<u>\$ 106</u>	<u>\$ (5,944)</u>
EXPENDITURES				
Public safety	\$ 6,050	\$ 6,050	\$ 310	\$ 5,740
Total expenditures	<u>\$ 6,050</u>	<u>\$ 6,050</u>	<u>\$ 310</u>	<u>\$ 5,740</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 145,946	\$ 184,251	\$ 191,161	\$ 6,910
Earnings from investments	100	100	513	413
Total revenues	<u>\$ 146,046</u>	<u>\$ 184,351</u>	<u>\$ 191,674</u>	<u>\$ 7,323</u>
EXPENDITURES				
Public safety	\$ 146,046	\$ 255,937	\$ 195,359	\$ 60,578
Total expenditures	<u>\$ 146,046</u>	<u>\$ 255,937</u>	<u>\$ 195,359</u>	<u>\$ 60,578</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 71,586</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 15,600	\$ 15,600	\$ 13,405	\$ (2,195)
State sources	90,672	152,408	87,298	(65,110)
Federal sources	40,014	40,336	37,521	(2,815)
Earnings from investments	40	40	70	30
	<u>40</u>	<u>40</u>	<u>70</u>	<u>30</u>
Total revenues	<u>\$ 146,326</u>	<u>\$ 208,384</u>	<u>\$ 138,294</u>	<u>\$ (70,090)</u>
EXPENDITURES				
Culture and recreation	\$ 168,745	\$ 236,910	\$ 213,179	\$ 23,731
	<u>168,745</u>	<u>236,910</u>	<u>213,179</u>	<u>23,731</u>
Total expenditures	<u>\$ 168,745</u>	<u>\$ 236,910</u>	<u>\$ 213,179</u>	<u>\$ 23,731</u>
OTHER FINANCING SOURCES				
Transfer in	\$ 22,149	\$ 22,149	\$ 13,500	\$ (8,649)
	<u>22,149</u>	<u>22,149</u>	<u>13,500</u>	<u>(8,649)</u>
Total other financing sources	<u>\$ 22,149</u>	<u>\$ 22,149</u>	<u>\$ 13,500</u>	<u>\$ (8,649)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 10,439</u>		
REVENUES				
Budgetary basis			\$ 138,294	
Increase in receivables			<u>57,234</u>	
Modified accrual basis			<u>\$ 195,528</u>	

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.

EL RITO CREEK - To account for a River Stewardship Grant to improve the El Rito Creek area.

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Non-Major Capital Projects Fund
Combining Balance Sheet
June 30, 2016

Statement C-1
Page 1 of 2

	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	\$ -	\$ 405	\$ 11,571	\$ 1,702	\$ 10,930
Accounts receivable	4,289	-	-	-	-
Total assets	\$ 4,289	\$ 405	\$ 11,571	\$ 1,702	\$ 10,930
LIABILITIES					
Cash overdraft	\$ 2,599	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	2,599	-	-	-	-
FUND BALANCES					
Restricted	1,690	405	11,571	1,702	10,930
Unassigned	-	-	-	-	-
Total fund balance	1,690	405	11,571	1,702	10,930
Total liabilities and fund balances	\$ 4,289	\$ 405	\$ 11,571	\$ 1,702	\$ 10,930

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, 2016

Statement C-1
Page 2 of 2

	Cultural Corridors Fund	CDGB 2nd Street	Downtown Improvements	Ilfeld Fund	El Rito Creek Total	Total
ASSETS						
Cash on deposit	\$ 6,338	\$ 26,480	\$ 6,183	\$ -	\$ -	\$ 63,609
Accounts receivable	-	-	-	57,325	-	61,614
Total assets	<u>\$ 6,338</u>	<u>\$ 26,480</u>	<u>\$ 6,183</u>	<u>\$ 57,325</u>	<u>\$ -</u>	<u>\$ 125,223</u>
LIABILITIES						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,599
Due to other funds	-	-	-	56,679	-	56,679
Total liabilities	-	-	-	56,679	-	59,278
FUND BALANCES						
Restricted	6,338	26,480	6,183	646	-	65,945
Unassigned	-	-	-	-	-	-
Total fund balance	<u>6,338</u>	<u>26,480</u>	<u>6,183</u>	<u>646</u>	<u>-</u>	<u>65,945</u>
Total liabilities and fund balances	<u>\$ 6,338</u>	<u>\$ 26,480</u>	<u>\$ 6,183</u>	<u>\$ 57,325</u>	<u>\$ -</u>	<u>\$ 125,223</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
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 Year Ended June 30, 2016

	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	4,289	-	-	-	-
Federal sources	-	-	-	-	-
Earnings from investments	<u>8</u>	<u>3</u>	<u>75</u>	<u>11</u>	<u>71</u>
Total revenues	<u>4,297</u>	<u>3</u>	<u>75</u>	<u>11</u>	<u>71</u>
EXPENDITURES					
General government	-	-	-	-	-
Capital outlay	<u>7,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>7,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(3,410)</u>	<u>3</u>	<u>75</u>	<u>11</u>	<u>71</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Loan proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(3,410)	3	75	11	71
Fund balance, beginning of year	<u>5,100</u>	<u>402</u>	<u>11,496</u>	<u>1,691</u>	<u>10,859</u>
Fund balance, end of year	<u><u>\$ 1,690</u></u>	<u><u>\$ 405</u></u>	<u><u>\$ 11,571</u></u>	<u><u>\$ 1,702</u></u>	<u><u>\$ 10,930</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
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2016

Statement C-2
Page 2 of 2

	Cultural Corridors Fund	CDBG 2nd Street	Downtown Improvements	Ilfeld Fund	El Rito Creek Fund	Totals
REVENUES						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-
State sources	-	-	-	59,404	105,223	168,916
Federal sources	-	-	-	-	-	-
Earnings from investments	41	-	40	5	-	254
Total revenues	41	-	40	59,409	105,223	169,170
EXPENDITURES						
General government	-	-	-	-	-	-
Capital outlay	-	-	-	59,057	105,223	171,987
Total expenditures	-	-	-	59,057	105,223	171,987
Excess (deficiency) of revenues over expenditures	41	-	40	352	-	(2,817)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balance	41	-	40	352	-	(2,817)
Fund balance, beginning of year	6,297	26,480	6,143	294	-	68,762
Fund balance, end of year	\$ 6,338	\$ 26,480	\$ 6,183	\$ 646	\$ -	\$ 65,945

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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 135,000	\$ 135,000	\$ -	\$ (135,000)
Earnings from investments	-	-	8	8
Total revenues	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ 8</u>	<u>\$ (134,992)</u>
EXPENDITURES				
Capital outlay	\$ 140,100	\$ 140,100	\$ 7,707	\$ 132,393
Total expenditures	<u>\$ 140,100</u>	<u>\$ 140,100</u>	<u>\$ 7,707</u>	<u>\$ 132,393</u>
BUDGETED CASH BALANCE	<u>\$ 5,100</u>	<u>\$ 5,100</u>		
REVENUES				
Budgetary basis			\$ 8	
Increase in accounts receivable			4,289	
Modified accrual basis			<u>\$ 4,297</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 3	\$ 3
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ 3</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 75	\$ 75
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 75</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from 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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 71	\$ 71
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ 71</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from 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, 2016

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

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

STATE OF NEW MEXICO
 CITY OF SANTA ROSA
 Non-Major Capital Projects Fund - Downtown Improvements Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from 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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
State sources	\$ 60,298	\$ 60,298	\$ 2,079	\$ (58,219)
Earnings from investments	<u> -</u>	<u> -</u>	<u> 5</u>	<u> 5</u>
Total revenues	<u>\$ 60,298</u>	<u>\$ 60,298</u>	<u>\$ 2,084</u>	<u>\$ (58,214)</u>
EXPENDITURES				
Capital outlay	\$ 60,298	\$ 60,298	\$ 59,057	\$ 1,241
Total expenditures	<u>\$ 60,298</u>	<u>\$ 60,298</u>	<u>\$ 59,057</u>	<u>\$ 1,241</u>
REVENUES				
Budgetary basis			\$ 2,084	
Increase in accounts receivable			<u>57,325</u>	
Modified accrual basis			<u>\$ 59,409</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 - El Rito Creek Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 105,223	\$ 105,223	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 105,223</u>	<u>\$ 105,223</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ 105,223	\$ 105,223	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 105,223</u>	<u>\$ 105,223</u>	<u>\$ -</u>

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

GENERAL FUND DETAIL

GENERAL FUND

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
General Fund
Combining Balance Sheet
June 30, 2016

Statement D-1

	Operational Fund	Golf Fund	Airport Fund	Totals
ASSETS				
Cash on deposit	\$ 1,039,698	\$ 10,448	\$ 6,402	\$ 1,056,548
Accounts receivable	204,996	-	-	204,996
Due from other funds	61,790	-	-	61,790
Total assets	\$ 1,306,484	\$ 10,448	\$ 6,402	\$ 1,323,334
LIABILITIES				
Accounts payable	\$ 35,019	\$ -	\$ -	\$ 35,019
Due to other funds	2,660	-	-	2,660
Total liabilities	37,679	-	-	37,679
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	807,124	10,448	6,402	823,974
Committed	-	-	-	-
Unassigned	461,681	-	-	461,681
Total fund balance	1,268,805	10,448	6,402	1,285,655
Total liabilities and fund balance	\$ 1,306,484	\$ 10,448	\$ 6,402	\$ 1,323,334

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, 2016

	Operational Fund	Golf Fund	Airport Fund	Totals
REVENUES				
Taxes	\$ 219,291	\$ -	\$ -	\$ 219,291
Franchise taxes	16,445	-	-	16,445
Gross receipts taxes	2,004,922	-	-	2,004,922
Charges for services	2,687	19,138	30,245	52,070
Licenses and permits	302,213	-	-	302,213
Fines and forfeits	15,335	-	-	15,335
Local sources	730,340	1,000	-	731,340
State sources	90,000	-	-	90,000
Federal sources	49,968	-	-	49,968
Earnings from investments	7,432	14	21	7,467
Total revenues	3,438,633	20,152	30,266	3,489,051
EXPENDITURES				
Current:				
General government	1,469,973	-	-	1,469,973
Highways and streets	160,684	-	-	160,684
Public safety	776,559	-	-	776,559
Culture and recreation	585,161	67,782	39,031	691,974
Capital outlay	207,507	11,234	-	218,741
Debt service:				
Loan principle	139,055	-	-	139,055
Loan interest	93,055	-	-	93,055
Total expenditures	3,431,994	79,016	39,031	3,550,041
Excess (deficiency) of revenues over expenditures	6,639	(58,864)	(8,765)	(60,990)
OTHER FINANCING SOURCES (USES)				
Transfers in	12,058	68,664	15,664	96,386
Transfers out	(182,264)	-	-	(182,264)
Loan proceeds	212,236	-	-	212,236
Total other financing sources (uses)	42,030	68,664	15,664	126,358
Net change in fund balance	48,669	9,800	6,899	65,368
Fund balance, beginning of year	1,220,136	648	(497)	1,220,287
Fund balance at end of year	\$ 1,268,805	\$ 10,448	\$ 6,402	\$ 1,285,655

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, 2016

Statement D-3

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 202,847	\$ 224,416	\$ 218,885	\$ (5,531)
Franchise taxes	18,000	18,000	16,445	(1,555)
Gross receipts taxes	1,566,500	1,758,468	1,980,512	222,044
Charges for services	116,800	117,609	2,687	(114,922)
Licenses and permits	150,975	375,716	302,213	(73,503)
Fines and forfeits	17,050	20,023	15,335	(4,688)
Local sources	588,700	649,106	730,340	81,234
State sources	90,000	90,000	90,000	-
Federal sources	47,000	49,176	33,677	(15,499)
Earnings from investments	3,000	3,000	7,432	4,432
Total revenues	<u>\$ 2,800,872</u>	<u>\$ 3,305,514</u>	<u>\$ 3,397,526</u>	<u>\$ 92,012</u>
EXPENDITURES				
General government	\$ 1,479,005	\$ 1,504,212	\$ 1,462,150	\$ 42,062
Highways and streets	154,500	163,500	162,678	822
Public safety	799,702	775,602	777,288	(1,686)
Culture and recreation	436,958	587,660	587,440	220
Capital outlay	-	200,568	207,507	(6,939)
Debt service:				
Loan principle	123,493	123,493	139,055	(15,562)
Loan interest	90,363	90,363	93,055	(2,692)
Total expenditures	<u>\$ 3,084,021</u>	<u>\$ 3,445,398</u>	<u>\$ 3,429,173</u>	<u>\$ 16,225</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 23,437	\$ 12,058	\$ (11,379)
Transfers out	(98,616)	(237,884)	(182,264)	55,620
Loan proceeds	-	-	212,236	212,236
Total other financing sources (uses)	<u>\$ (98,616)</u>	<u>\$ (214,447)</u>	<u>\$ 42,030</u>	<u>\$ 256,477</u>
BUDGETED CASH BALANCE	<u>\$ 381,765</u>	<u>\$ 381,765</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 25,100	\$ 25,100	\$ 19,138	\$ (5,962)
Local sources	-	-	1,000	1,000
Earnings from investments	10	10	14	4
Total revenues	<u>\$ 25,110</u>	<u>\$ 25,110</u>	<u>\$ 20,152</u>	<u>\$ (4,958)</u>
EXPENDITURES				
Culture and recreation	\$ 73,644	\$ 85,780	\$ 79,016	\$ 6,764
Total expenditures	<u>\$ 73,644</u>	<u>\$ 85,780</u>	<u>\$ 79,016</u>	<u>\$ 6,764</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 56,529	\$ 68,664	\$ 68,664	\$ -
Total other financing sources	<u>\$ 56,529</u>	<u>\$ 68,664</u>	<u>\$ 68,664</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, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 39,200	\$ 39,200	\$ 30,245	\$ (8,955)
Earnings from investments	<u>100</u>	<u>100</u>	<u>21</u>	<u>(79)</u>
Total revenues	<u>\$ 39,300</u>	<u>\$ 39,300</u>	<u>\$ 30,266</u>	<u>\$ (9,034)</u>
EXPENDITURES				
Culture and recreation	<u>\$ 34,900</u>	<u>\$ 54,964</u>	<u>\$ 39,031</u>	<u>\$ 15,933</u>
Total expenditures	<u>\$ 34,900</u>	<u>\$ 54,964</u>	<u>\$ 39,031</u>	<u>\$ 15,933</u>
OTHER FINANCING SOURCES				
Transfers in	<u>\$ -</u>	<u>\$ 15,664</u>	<u>\$ 15,664</u>	<u>\$ -</u>
Total other financing sources	<u>\$ -</u>	<u>\$ 15,664</u>	<u>\$ 15,664</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

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.

LOS AMIGOS FUND - To account for the operations of the Nursing home located in Santa Rosa, New Mexico.

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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 1,060,300	\$ 1,139,505	\$ 1,130,910	\$ (8,595)
Local sources	-	-	28,361	28,361
State sources	-	65,363	65,363	-
Federal sources	-	-	-	-
Interest income	2,500	2,500	8,257	5,757
	<u>\$ 1,062,800</u>	<u>\$ 1,207,368</u>	<u>\$ 1,232,891</u>	<u>\$ 25,523</u>
EXPENDITURES				
Personal services	\$ 313,023	\$ 313,023	\$ 283,898	\$ 29,125
Maintenance and operations	493,900	708,103	685,418	22,685
Capital outlay	674,000	1,310,225	210,279	1,099,946
Revenue bonds principle	110,400	110,400	110,400	-
Interest expense	147,650	147,650	137,695	9,955
	<u>\$ 1,738,973</u>	<u>\$ 2,589,401</u>	<u>\$ 1,427,690</u>	<u>\$ 1,161,711</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE				
	<u>\$ 726,173</u>	<u>\$ 1,382,033</u>		
Revenues				
Budgetary basis			\$ 1,232,891	
Increase in receivables			20,891	
Difference in due to/from			(8,257)	
			<u>\$ 1,245,525</u>	
Expenditures				
Budgetary basis			\$ 1,427,690	
Capital acquisitions			(210,279)	
Principal payments			(110,400)	
Interest payments			(137,695)	
Depreciation			546,232	
Increase in accounts payable/ compensated absences			(17,673)	
Difference in due to/froms			35,347	
			<u>\$ 1,533,222</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 442,000	\$ 442,000	\$ 421,737	\$ (20,263)
Local sources	1,000	8,000	12,392	4,392
Environmental gross receipts tax	41,000	41,000	32,084	(8,916)
Interest income	300	300	271	(29)
Total revenues	<u>\$ 484,300</u>	<u>\$ 491,300</u>	<u>\$ 466,484</u>	<u>\$ (24,816)</u>
EXPENDITURES				
Personal services	\$ 163,278	\$ 163,278	\$ 160,181	\$ 3,097
Maintenance and operations	368,650	414,077	290,688	123,389
Capital outlay	-	-	18,006	(18,006)
Total expenditures	<u>\$ 531,928</u>	<u>\$ 577,355</u>	<u>\$ 468,875</u>	<u>\$ 108,480</u>
OPERATING TRANSFERS				
Transfers in	\$ -	\$ 6,000	\$ 6,000	\$ -
Transfers out	-	-	-	-
Total operating transfers	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 47,628</u>	<u>\$ 80,055</u>		
Revenues				
Budgetary basis			\$ 466,484	
Increase in receivables			8,699	
(Increase) in due to other funds			(5,111)	
Modified accrual basis			<u>\$ 470,072</u>	
Expenditures				
Budgetary basis			\$ 468,875	
Capital acquisitions			(18,006)	
Depreciation			46,798	
Changes in accounts payable/ compensated absences			(1,167)	
(Increase) in due from other funds			(21,894)	
Modified accrual basis			<u>\$ 474,606</u>	

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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 150,000	\$ 163,901	\$ 162,979	\$ (922)
Local sources	90,700	90,700	74,951	(15,749)
Interest income	1,200	1,200	414	(786)
Total revenues	<u>\$ 241,900</u>	<u>\$ 255,801</u>	<u>\$ 238,344</u>	<u>\$ (17,457)</u>
EXPENDITURES				
Personal services	\$ 131,078	\$ 221,834	\$ 171,224	\$ 50,610
Maintenance and operations	90,700	90,700	77,161	13,539
Capital outlay	-	-	-	-
Loan principle	-	-	-	-
Investment expense	-	-	-	-
Total expenditures	<u>\$ 221,778</u>	<u>\$ 312,534</u>	<u>\$ 248,385</u>	<u>\$ 64,149</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 56,733</u>		
Expenditures				
Budgetary basis			\$ 248,385	
Capital acquisitions			-	
Principal payments			-	
Depreciation			13,182	
Increase in accounts payable/ compensated absences			-	
Modified accrual basis			<u>\$ 261,567</u>	

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

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Proprietary Funds
Los Amigos Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 30,000	\$ 340,000	\$ 206,927	\$ (133,073)
Local sources	-	75,000	51,081	(23,919)
State sources	-	-	-	-
MVD Fees	-	-	-	-
Interest income	-	-	222	222
Total revenues	<u>\$ 30,000</u>	<u>\$ 415,000</u>	<u>\$ 258,230</u>	<u>\$ (156,770)</u>
EXPENDITURES				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	30,000	490,000	326,028	163,972
Capital outlay	-	-	-	-
Revenue bonds principle	-	-	-	-
Interest expense	-	-	-	-
Total expenditures	<u>\$ 30,000</u>	<u>\$ 490,000</u>	<u>\$ 326,028</u>	<u>\$ 163,972</u>
OPERATING TRANSFERS				
Transfers in	\$ -	\$ 78,740	\$ 78,740	\$ -
Transfers out	-	-	-	-
Total operating transfers	<u>\$ -</u>	<u>\$ 78,740</u>	<u>\$ 78,740</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
Proprietary Funds
Motor Vehicle Department Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 36,600	\$ 36,600	\$ 27,952	\$ (8,648)
State sources	-	-	-	-
MVD Fees	15,000	15,000	11,768	(3,232)
Interest income	50	50	21	(29)
Total revenues	\$ 51,650	\$ 51,650	\$ 39,741	\$ (11,909)
EXPENDITURES				
Personal services	\$ 42,588	\$ 46,040	\$ 45,598	\$ 442
Maintenance and operations	4,400	4,400	3,272	1,128
Capital outlay	-	-	-	-
Loan principle	-	-	-	-
Investment expense	-	-	-	-
Total expenditures	\$ 46,988	\$ 50,440	\$ 48,870	\$ 1,570
OPERATING TRANSFERS				
Transfers in	\$ 6,938	\$ 10,018	\$ 10,018	\$ -
Transfers out	-	-	-	-
Total operating transfers	\$ 6,938	\$ 10,018	\$ 10,018	\$ -
BUDGETED CASH BALANCE	\$ -	\$ 371		

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*

	2016
City of Santa Rosa proportion of the net pension liability (asset)	0.1257%
City of Santa Rosa proportionate share of the net pension liability (asset)	\$ 1,281,620
City of Santa Rosa covered-employee payroll	\$ 1,097,488
City of Santa Rosa proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	117%
Plan fiduciary net position as a percentage of the total pension liability	76.99%

*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*

	2016
City of Santa Rosa proportion of the net pension liability (asset)	0.1370%
City of Santa Rosa proportionate share of the net pension liability (asset)	\$ 658,773
City of Santa Rosa covered-employee payroll	\$ 301,299
City of Santa Rosa proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	219%
Plan fiduciary net position as a percentage of the total pension liability	76.99%

*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*

	2016
Contractually required contribution	\$ 104,807
Contributions in relation to the contractually required contribution	(104,807)
Contribution deficiency (excess)	\$ -
City of Santa Rosa covered-employee payroll	\$1,097,488
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*

	<u>2016</u>
Contractually required contribution	\$ 56,945
Contributions in relation to the contractually required contribution	<u>(56,945)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
City of Santa Rosa covered-employee payroll	\$ 301,299
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, 2016

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_2015.pdf

Changes of assumptions. - The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2015%20PERA%20Valuation%20Report_FINAL.pdf

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

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.

ACTIVITY FUND - To account for resources received from a General Fund transfer and from entry fees for events so that prizes and awards can be provided to the event participants.

AGENCY FUND - To account for Judicial Education Center fees and Administrative Office of the Courts fees that are charges from traffic and non-traffic citations issued by the police department of the City of Santa Rosa.

STATE OF NEW MEXICO
CITY OF SANTA ROSA
Schedule of Changes in Assets
and Liabilities - All Agency Funds
Year Ended June 30, 2016

	Balances June 30, 2015	Additions	Deletions	Balances June 30, 2016
ASSETS				
Cash	\$ 20,249	\$ 91,320	\$ 109,326	\$ 2,243
Total assets	<u>\$ 20,249</u>	<u>\$ 91,320</u>	<u>\$ 109,326</u>	<u>\$ 2,243</u>
LIABILITIES				
Deposits held for others	\$ 20,249	\$ 88,670	\$ 106,730	\$ 2,189
Due to other agencies	-	2,650	2,596	54
Total liabilities	<u>\$ 20,249</u>	<u>\$ 91,320</u>	<u>\$ 109,326</u>	<u>\$ 2,243</u>

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

SUPPLEMENTARY INFORMATION

City of Santa Rosa
 SCHEDULE OF VENDOR INFORMATION
 (for Purchases Exceeding \$60,000 excluding GRT)
 For the Year Ended June 30, 2016

Prepared by (Agency Staff Name): Yolanda Garcia

Title: City Clerk

Date: December 12, 2016

RFB#/RFP#	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
N/A	Sole Source	Coats Pump and Supply, Inc.	Winner	\$ -	\$ -	Coats Pump and Supply, Inc 113 South Monroe Ave Cexter, NM 88230	Yes	No	Water/Sewer Repair Services	N/A
N/A	Exempt	Farmers Electric Cooperative	Winner	\$ -	\$ -	Farmers Electric Cooperative Sumner Ave Fort Sumner, NM 88119	Yes	No	Electricity	N/A
N/A	Exempt	Rymark Construction, Inc.	Winner	\$ -	\$ -	Rymark Construction, Inc. 1020 Quail Rd. Santa Rosa, NM 88435	Yes	No	Miscellaneous Construction	N/A
N/A	Emergency	Jim Sena Construction Co, Inc	Winner	\$ -	\$ -	Jim Sena Construction 2201 Rte 66 Santa Rosa, NM 88435	Yes	No	Emergency Repairs to Nursing Home	N/A
N/A	Sole Source	Estancia Valley Regional Landfill	Winner	\$ -	\$ -	Estancia Valley Regional Landfill 515 Allen Ave. Estancia, NM 87016	Yes	No	Solid Waste	N/A
N/A	Small Purchase	Cliffdweller Productions	Winner	\$ 51,117	\$ -	Cliffdweller Productions 3791 Southern Blvd. SE #101 Rio Rancho, NM 87124	Yes	No	Advertising	N/A
N/A	Small Purchase	WEX Bank	Winner	\$ -	\$ -	WEX Bank 7090 Union Park Avenue Branch Midvale, UT 84047	Yes	No	Fuel Cards	N/A
N/A	Competitive (RFP or RFB)	Souder, Miller and Associates	Winner	\$ 105,791	\$ 135,791	Souder, Miller and Associates 401 W Broadway Farmington, NM 87401	Yes	No	Wastewater study/Project Management	N/A
N/A	Sole Source	HDR, Inc.	Loser	\$ -	\$ -	HDR, Inc 2155 Louisiana Blvd NE #9500 Albuquerque, NM 87110	Yes	No	Wastewater study/Project Management	N/A
N/A	Emergency	Alliance Fire Protection, Inc.	Winner	\$ -	\$ -	Alliance Fire Protection, Inc. 315 Wyoming Blvd SE Albuquerque, NM 87123	Yes	No	Emergency Fire Suppression Repairs to Nursing Home	N/A
3-350038-014-2015	Competitive (RFP or RFB)	Aquatic Consultants	Winner	\$ 181,060	\$ 181,060	Aquatic consultants 4421 Irving Blvd NW Albuquerque, NM 87114	Yes	No	Lake Management/River Stewardship Program	N/A
N/A	Competitive (RFP or RFB)	Century Club Construction	Winner	\$ 174,949	\$ -	Century Club Construction 8201 Golf Course Rd NW Albuquerque, NM 87120	Yes	No	Airport Construction	N/A
N/A	Competitive (RFP or RFB)	Engineers Inc.	Winner	\$ 101,918	\$ 237,352	Engineers Inc. 1601 Camino del Coronado Tucumcari, NM 88401	Yes	No	Engineering services	N/A
N/A	Sole Source	Vecino Sanos/Healthy Neighbors	Winner	\$ -	\$ -	Vecino Sanos/Healthy Neighbors 117 Camino De Vida #300 Santa Rosa, NM 88435	Yes	No	Nursing Home Management	N/A

Rice and Associates, C.P.A.

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

INDEPENDENT AUDITOR'S REPORT

Mr. 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, 2016 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 14, 2016.

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 Status of Findings and Responses as Deposits in Transit (2014-003), Transactions Made by Third Parties Not Recorded on Books of Record (2014-005), Water Meter Deposits (2014-016) and Budget Overruns (2014-018), Capital Asset Listing/Depreciation Schedule (2016-001), Failure to Receipt Monies Timely (2016-002), Court Fees Not Timely Remitted to the State (2016-003), Debt Collection Policy (2016-004), Receipts not Deposited within Twenty Four Hours (2016-005) and Pre-Numbered Checks (2016-006).

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 14, 2016

STATUS OF FINDINGS AND RESPONSES

Prior Year Audit Findings:

1. Deposits in Transit (2014-003) - Repeated.
2. Transactions Made by Third Parties Not Recorded on Books of Record (2014-005)- Repeated.
3. Outstanding Utility Balance (2014-011) - Resolved.
4. Payroll and Gross Receipts Tax Penalties (2014-014) - Resolved.
5. Water Meter Deposits (2014-016) - Repeated.
6. Budget Overruns (2014-018) - Repeated.

Current Year Audit Findings:

1. Capital Asset Listing/Depreciation Schedule - (2016-001)
2. Failure to Receipt Monies Timely - (2016-002)
3. Court Fees Not Timely Remitted to the State - (2016-003)
4. Debt Collection Policy - (2016-004)
5. Receipts not Deposited within Twenty Four Hours - (2016-005)
6. Pre-Numbered Checks - (2016-006)

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. Also, staff are not investigating any new incorrect deposit items.
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 (Consultant) to correct these items on bank statements. We are finalizing the last few funds needed to be corrected. The Finance Officer will ensure all of these items are corrected by June 30, 2017.

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. The total amount of transactions not reported is \$1,007,055.
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, gross receipt taxes and interest income were understated on the City's books of record. Adjustments had to be made to adjust certain trial balances so these amounts were included.
RECOMMENDATION	Management should ensure all amounts/ transactions are posted/recorded to the entity's books of record.
RESPONSE	The Staff has been working with CPA (Consultant) to correct all outstanding balances from NMFA. The Staff is in the final process of updating and recording all debt service payments, interest and cash balances. The Finance Officer will ensure all of these items are posted to the books of record by June 30, 2017.

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	The Staff is working to reconcile Water Meter Deposits. The software does not properly distribute customer payments between Water, Sewer, and Solid Waste when an account is closed. The overage amount is a result of this process. The Staff has recognized amounts to be transferred. This is currently being corrected. The Staff is working with the software company to possibly change this process to avoid this issue. The Utility Clerk, Utility Supervisor and Finance Officer are all working together to reconcile the meter deposit list to the meter deposit bank account. The Staff are to have this process done by March 31, 2017.

Budget Overruns - Compliance Matter
(2014-018)

CONDITION	The City overspent the final approved budget of the Special Revenue Mainstreet Fund by \$1,136. The City has progressed in resolving this situation, however, based on the number of funds and the limited staff it is understandable that a small amount for a small fund may not be adjusted before the required deadline set by the Department of Finance and Administration.
CRITERIA	NMSA 1978 Section 22-8-11 B requires all funds to be spent within the established guidelines set for budgets.
CAUSE	Management did not ensure budget adjustment requests were obtained from DFA by the required deadline.
EFFECT	The City had the adequate cash to pay the overruns but not the required budget authority from DFA.
RECOMMENDATION	Management should review its budget quarterly and request all budget adjustments at that time to ensure budget overruns do not occur.
RESPONSE	The Staff processed payments for events that occurred in late June which caused the overage of \$1,136 in expenditures. Accounts payable staff is aware of the error and will ensure to avoid processing in late June to avoid budget overruns. The Accounts Payable Clerk and Finance Officer will review all Funds before June 30, 2017 and make all necessary adjustments.

Capital Asset Listing/Depreciation Schedule -
Other Matter
(2016-001)

CONDITION	The City could not provide a Capital Asset Listing and Depreciation Schedule that had current year additions and current year depreciation for the fiscal year ending June 30, 2016.
CRITERIA	A complete clear capital asset listing segregated by fund by major class needs to be prepared annually. A depreciation schedule should be maintained. The depreciation schedule should be separated by each major class of asset to comply with GASB 34.177a. Also, a depreciation schedule is required to comply with 2.20.1.12 NMAC.
CAUSE	Management of the City is relying on the auditors to prepare this schedule.
EFFECT	Management is not complying with Generally Accepted Accounting Principles.
RECOMMENDATION	Management should update their capital asset list including depreciation based on the policy approved by the Board.
RESPONSE	The Staff has scheduled training on a monthly basis from a CPA (Consultant) to manage, update and complete their capital asset list including depreciation based on the policy approved by the board. The accounts Payable Clerk will be trained on how to recognize and post these Capital Assets to the software that is linked to the accounts payable system. The Finance Officer will then review and approve all additions or deletions made to the list. This will be done by June 30, 2017.

Failure to Receipt Monies Timely - Other Matter
(2016-002)

CONDITION	In 6 of 12 tested, the City receipted monies over 30 days past the date deposited. The City also did not receipt all monies in chronological order.
CRITERIA	The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with managements assertions embodied in the financial statements.
CAUSE	Management is not ensuring proper internal controls are being performed to ensure that all monies are being receipted timely and in the same order the monies are received.
EFFECT	Management is not complying with Generally Accepted Accounting Principles.
RECOMMENDATION	Management should ensure all monies being deposited are receipted, receipted timely as monies are received, and in chronological order.
RESPONSE	Management will ensure all monies being deposited are receipted in a timely manner. Changes have been made as to the way monies are received by the State of New Mexico, and will receipt items in chronological order. The Cash Collection Clerk is now required to post all receipts received by the end of the day. These procedures will be reviewed by the Finance Officer on a daily basis to ensure this procedure is completed. This will be done by January 1, 2017.

Court Fees Not Timely Remitted to the State - Other Matter

(2016-003)

CONDITION	The City Court is not remitting the \$6 Automation Fee or \$3 Education Fee timely. Three of the twelve months tested were remitted to the State over 30 days past the end of the reporting month.
CRITERIA	All automation and education fees should be remitted to the State within 30 days after the end of each month.
CAUSE	Management is not ensuring this is done timely.
EFFECT	The Court is not complying with the required filing deadline.
RECOMMENDATION	Management needs to ensure these reports and fees are remitted within 30 days of the end of each reporting month.
RESPONSE	Management has notified the Municipal Court that these reports are to be submitted to the Finance Department for payments to be remitted within 30 days of the end of each reporting month. Finance staff has currently been monitoring to ensure payments have been remitted and are up-to-date. The Municipal Judge has been notified of the situation. The Accounts Payable Clerk is to request these documents from the Court five days before it is due. If the documents are not received a memo will be sent to the Court by the Finance Officer. Upon receiving the information the Accounts Payable Clerk will pay the fees due. This will be done by January 1, 2017.

Debt Collection Policy - Other Matter

(2016-004)

CONDITION	The City has not approved a debt collection policy so management can take appropriate actions on delinquent accounts (including collections while tenant is still on the property) in accordance with Board approval.
CRITERIA	The City needs a Debt Collection Policy in order to identify the appropriate actions management needs to take on delinquent utility accounts on both customers that no longer utilize services as well as customer still living in serviced property.
CAUSE	The City has not approved a policy for management to follow.
EFFECT	Management is not implementing effective debt collection practices on delinquent accounts.
RECOMMENDATION	The City should approve a policy as soon as possible. Management should then implement that policy as soon as possible.
RESPONSE	The City will develop and approve a policy as soon as possible. Management will then implement the policy as soon as possible. The policy will be presented to the Board by June 30, 2017. The approved policy will be implemented by the Utility Clerk and reviewed and approved by the Utility Supervisor.

Receipts Not Deposited Within Twenty-Four Hours - Other Matter

(2016-005)

CONDITION	The Court is not ensuring deposits for Court fines are being deposited within 24 hours. Only four out of ten deposits tested were deposited within the required deadline.
CRITERIA	Per DFA regulations all receipts are to be deposited within a 24 hour period.
CAUSE	The court has experienced a shortage of employees that can perform this function/duty.
EFFECT	The required 24 hours deadline is not being met.
RECOMMENDATION	The Court needs to staff the department so these procedures can be accomplished within the deadline.
RESPONSE	Court Staff and Collections Staff have already been working to correct this issue so these procedures can be accomplished within the deadline. The Municipal Judge has been notified of this situation. A change in how tickets are receipted and deposited has been approved. They are now collected through the Utility cash receipting department. This started on January 1, 2017.

Pre-Numbered Checks - Other Matter

(2016-006)

CONDITION	The City is not using pre-numbered checks. During the audit an instance was found where the same check number was used twice for the same fund.
CRITERIA	The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with managements assertions embodied in the financial statements. This is completed by having pre-numbered checks.
CAUSE	Management was not aware that this internal control could be circumvented by not having pre-numbered checks.
EFFECT	Assets are not being safeguarded.
RECOMMENDATION	Management should obtain pre-numbered checks and use them as soon as possible.
RESPONSE	Management has contacted the software provider to obtain direction and implement the pre-numbered checks and use them as soon as possible. The Finance Officer will ensure this procedure is completed by June 30, 2017.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2016 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 14, 2016 to discuss the current audit report. In attendance were Mr. Pat Cordova, Mayor Pro-Tem, Mr. Tim Dodge, City Manager, Ms. Yolanda Garcia, City Clerk/Finance Officer, Ms. Eileen Romero, Assistant Finance Officer, Danica Gonzales, Community Development Supervisor, Mark Micelli, Sewer Supervisor and Ms. Pamela A. Rice, CPA, Contract Auditor.