

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS**

**AUDIT REPORT**

**JUNE 30, 2012**



## TABLE OF CONTENTS

	<b><u>Page Number</u></b>
<b>INTRODUCTORY SECTION</b>	
Official Roster.....	1
<b>FINANCIAL STATEMENTS SECTION</b>	
Independent Auditors' Report.....	4 – 5
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Assets .....	7
Statement of Activities .....	8 – 9
<b>Fund Financial Statements</b>	
Balance Sheet-Governmental Funds.....	10 – 11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	13
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds .....	14 – 15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	17
<b>Statement of Revenues and Expenditures</b>	
<b>Budget (Non-GAAP Basis) and Actual (Budgetary Basis)</b>	
General Fund.....	19
Municipal Street Fund.....	21
<b>Statement of Net Assets – Proprietary Fund</b> .....	23
<b>Statement of Revenues, Expenses and Changes in Fund Net Assets –         Proprietary Fund</b> .....	25
<b>Statement of Cash Flows – Proprietary Fund</b> .....	27
<b>Notes to the Financial Statements</b> .....	29 – 46
<b>SUPPLEMENTARY INFORMATION</b>	
<b>Nonmajor Governmental Funds</b> .....	49
<b>Combining and Individual Fund Financial Statements:</b>	
<b>Combining Balance Sheet-Nonmajor Governmental Funds</b> .....	51
<b>Combining Statement of Revenues, Expenditures and Changes in             Fund Balances-Nonmajor Governmental Funds</b> .....	53

**Statement of Revenues and Expenditures**

**Budget (Non-GAAP Basis) and Actual (Budgetary Basis):**

EMS Fund .....	55
Fire Protection Fund .....	56
Capital Projects Fund.....	57

**Statement of Revenues and Expenses**

**Budget and Actual**

Water Fund.....	58
-----------------	----

**OTHER SUPPLEMENTARY INFORMATION**

**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 .....**

60 – 61

**Schedule of Findings and Responses .....**

63 – 68

**Exit Conference .....**

69

## **INTRODUCTORY SECTION**

(This page intentionally left blank)

## OFFICIAL ROSTER

### Village Council

<u>Name</u>	<u>Title</u>
Ms. Gloria Chavez	Mayor
Mr. Felix Garcia	Councilor
Mr. Gilbert Gutierrez	Councilor
Mr. Don Johnson	Councilor
Ms. Tina King	Councilor
Ms. Maxine Wilson	Councilor

### Administrative Officials

Ms. Louise B. Marquez	Clerk/Treasurer
Ms. Joyce Sherrod	Deputy Clerk
Ms. Kathy Soloman	Business Manager

(This page intentionally left blank)



## **FINANCIAL STATEMENTS SECTION**

## INDEPENDENT AUDITORS' REPORT

Gloria Chavez, Mayor  
and the  
Village Council  
Village of Tijeras  
Tijeras, New Mexico  
and  
Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the Village of Tijeras, New Mexico (Village), as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparisons for the major capital project fund, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Village of Tijeras, New Mexico's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Tijeras, New Mexico, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2012, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The additional schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
September 25, 2012

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
STATEMENT OF NET ASSETS  
JUNE 30, 2012**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash	\$ 194,333	\$ 92,409	\$ 286,742
Investments	606,361	-	606,361
Receivables (net of allowance for uncollectibles)	355,816	25,912	381,728
Total current assets	<u>1,156,510</u>	<u>118,321</u>	<u>1,274,831</u>
Noncurrent assets:			
Restricted cash	-	3,135	3,135
Capital assets:			
Land	708,458	62,977	771,435
Construction in progress	-	311,956	311,956
Intangible assets - water rights	-	54,848	54,848
Capital assets being depreciated, net	<u>7,797,003</u>	<u>4,722,242</u>	<u>12,519,245</u>
Total noncurrent assets	<u>8,505,461</u>	<u>5,155,158</u>	<u>13,660,619</u>
<b>Total assets</b>	<u>9,661,971</u>	<u>5,273,479</u>	<u>14,935,450</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	112,167	4,624	116,791
Accrued payroll liabilities	14,863	-	14,863
Customer deposits	-	3,135	3,135
Current portion of long term debt	<u>-</u>	<u>6,631</u>	<u>6,631</u>
Total current liabilities	<u>127,030</u>	<u>14,390</u>	<u>141,420</u>
Noncurrent liabilities:			
Long-term debt	<u>-</u>	<u>115,304</u>	<u>115,304</u>
Total noncurrent liabilities	<u>-</u>	<u>115,304</u>	<u>115,304</u>
<b>Total liabilities</b>	<u>127,030</u>	<u>129,694</u>	<u>256,724</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	8,505,461	5,030,088	13,535,549
Unrestricted	<u>1,029,480</u>	<u>113,697</u>	<u>1,143,177</u>
<b>Total net assets</b>	<u>\$ 9,534,941</u>	<u>\$ 5,143,785</u>	<u>\$ 14,678,726</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 971,350	\$ 118,023	\$ 35,000	\$ -
Public safety	165,336	-	87,439	-
Highways and streets	47,992	-	-	408,080
Culture and recreation	<u>86,410</u>	<u>6,201</u>	<u>-</u>	<u>1,011,688</u>
Total governmental activities	<u>1,271,088</u>	<u>124,224</u>	<u>122,439</u>	<u>1,419,768</u>
Business-type activities:				
Water	<u>274,169</u>	<u>100,561</u>	<u>-</u>	<u>889,410</u>
Total primary government	<u>\$ 1,545,257</u>	<u>\$ 224,785</u>	<u>\$ 122,439</u>	<u>\$ 2,309,178</u>
General revenues:				
Taxes:				
Property				
Gross receipts				
State shared				
Franchise				
Interest on investments				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets, beginning of year				
Restatement				
Net assets, as restated				
Net assets, end of year				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and  
and Changes in Net Assets

---

Primary Government

---

Governmental Activities	Business-type Activities	Total
\$( 818,327)	\$ -	\$( 818,327)
( 77,897)	-	( 77,897)
360,088	-	360,088
931,479	-	931,479
395,343	-	395,343
-	715,802	715,802
395,343	715,802	1,111,145
13,664	-	13,664
629,035	-	629,035
10,890	-	10,890
38,251	-	38,251
7,394	-	7,394
8,993	-	8,993
708,227	-	708,227
1,103,570	715,802	1,819,372
8,417,855	3,971,835	12,389,690
13,516	456,148	469,664
8,431,371	4,427,983	12,859,354
\$ 9,534,941	\$ 5,143,785	\$ 14,678,726

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<u>General Fund</u>	<u>Municipal Street</u>	<u>Capital Projects</u>
<b>Assets</b>			
Cash	\$ 151,521	\$ -	\$ -
Investment	606,361	-	-
Accounts receivable (net of allowance for uncollectible)	<u>58,634</u>	<u>86,067</u>	<u>211,115</u>
<b>Total assets</b>	<u>\$ 816,516</u>	<u>\$ 86,067</u>	<u>\$ 211,115</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 22,675	\$ -	\$ 88,422
Accrued payroll liabilities	14,863	-	-
Deferred revenue	<u>3,944</u>	<u>38,080</u>	<u>-</u>
<b>Total liabilities</b>	<u>41,482</u>	<u>38,080</u>	<u>88,422</u>
<b>Fund balances:</b>			
Restricted for:			
Special revenue	-	47,987	-
Capital projects	-	-	122,693
Unassigned	<u>775,034</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>775,034</u>	<u>47,987</u>	<u>122,693</u>
<b>Total liabilities and fund balances</b>	<u>\$ 816,516</u>	<u>\$ 86,067</u>	<u>\$ 211,115</u>

The notes to the financial statements are an integral part of this statement.



<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 42,812	\$ 194,333
-	606,361
<u>-</u>	<u>355,816</u>
<u>\$ 42,812</u>	<u>\$ 1,156,510</u>
\$ 1,070	\$ 112,167
-	14,863
<u>-</u>	<u>42,024</u>
<u>1,070</u>	<u>169,054</u>
41,742	89,729
-	122,693
<u>-</u>	<u>775,034</u>
<u>41,742</u>	<u>987,456</u>
<u>\$ 42,812</u>	<u>\$ 1,156,510</u>

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

Fund Balances - Total Governmental Funds		\$	987,456
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Governmental capital assets			10,930,032
Less accumulated depreciation	(	<u>2,424,571)</u>	8,505,461
A portion of accounts receivable is not available to pay for current period expenditures and, therefore, is deferred in the funds.			
			38,080
A portion of property taxes receivable is not available to pay for current period expenditures and, therefore, is deferred in the funds.			
			<u>3,944</u>
Net assets of governmental activities		\$	<u><u>9,534,941</u></u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Municipal Street</u>	<u>Capital Projects</u>
<b>Revenues</b>			
Taxes:			
Gross receipts	\$ 556,020	\$ 69,071	\$ -
Gas	-	10,890	-
Property	13,664	-	-
Franchise	38,251	-	-
Licenses and permits	3,240	-	-
Intergovernmental:			
Federal	-	210,000	21,689
State	35,000	160,000	989,999
Fines and forfeitures	20	-	-
Charges for services	120,964	-	-
Interest on investments	7,394	-	-
Miscellaneous	8,583	-	-
	<u>783,136</u>	<u>449,961</u>	<u>1,011,688</u>
<b>Total revenues</b>			
<b>Expenditures</b>			
<b>Current operations:</b>			
General government	733,177	-	-
Public safety	36,260	-	-
Highways and streets	6,688	29,061	-
Culture and recreation	81,635	-	4,775
<b>Capital outlay</b>	<u>66,196</u>	<u>555,198</u>	<u>1,004,014</u>
	<u>923,956</u>	<u>584,259</u>	<u>1,008,789</u>
<b>Total expenditures</b>			
<b>Excess (deficiency) of revenues over expenditures</b>	( 140,820)	( 134,298)	2,899
<b>Other financing sources (uses):</b>			
Transfers in (out)	( 218,558)	98,764	119,794
<b>Net change in fund balances</b>	<u>( 359,378)</u>	<u>( 35,534)</u>	<u>122,693</u>
<b>Fund balances, beginning of year</b>	1,077,402	106,913	-
Restatement	57,010	( 23,392)	-
<b>Fund balances, as restated</b>	<u>1,134,412</u>	<u>83,521</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 775,034</u>	<u>\$ 47,987</u>	<u>\$ 122,693</u>

The notes to the financial statements are an integral part of this statement.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 625,091
-	10,890
-	13,664
-	38,251
-	3,240
-	231,689
87,439	1,272,438
-	20
-	120,964
-	7,394
410	8,993
87,849	2,332,634
-	733,177
70,302	106,562
-	35,749
-	86,410
-	1,625,408
70,302	2,587,306
17,547	( 254,672)
-	-
17,547	( 254,672)
24,195	1,208,510
-	33,618
24,195	1,242,128
\$ 41,742	\$ 987,456

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

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

Net change in fund balances - total governmental funds	\$( 254,672)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:

	Capital outlay	1,625,408
	Depreciation expense	( 309,190)

Recognition of accounts receivable and deferred revenues is reflected on the full accrual basis within the statement of activities.	<u>42,024</u>
---	---------------

Change in net assets of governmental activities	<u><u>\$ 1,103,570</u></u>
---	----------------------------

**The notes to the financial statements are an integral part of this statement.**

(This page intentionally left blank)



**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
GENERAL FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Taxes:				
Gross receipts	\$ 600,000	\$ 600,000	\$ 568,056	\$( 31,944)
Franchise	40,000	40,000	38,324	( 1,676)
Property	13,008	13,008	13,478	470
Licenses and permits	3,050	3,050	3,240	190
Intergovernmental:				
State	35,000	35,000	35,000	-
Fines and forfeitures	120	120	20	( 100)
Charges for services	81,200	81,200	120,603	39,403
Interest on investments	7,000	7,000	7,394	394
Miscellaneous	<u>6,700</u>	<u>6,700</u>	<u>6,739</u>	<u>39</u>
<b>Total revenues</b>	<u>786,078</u>	<u>786,078</u>	<u>792,854</u>	<u>6,776</u>
<b>Expenditures</b>				
<b>Current operations:</b>				
General government	962,705	962,705	777,367	185,338
Public safety	-	-	36,260	( 36,260)
Highways and streets	19,200	19,200	6,688	12,512
Culture and recreation	72,066	72,066	81,635	( 9,569)
<b>Capital outlay</b>	<u>99,653</u>	<u>99,653</u>	<u>55,472</u>	<u>44,181</u>
<b>Total expenditures</b>	<u>1,153,624</u>	<u>1,153,624</u>	<u>957,422</u>	<u>196,202</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 367,546)	( 367,546)	( 164,568)	202,978
<b>Other financing sources (uses):</b>				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>( 218,558)</u>	<u>( 218,558)</u>
<b>Net change in fund balances</b>	<u>\$( 367,546)</u>	<u>\$( 367,546)</u>	<u>\$( 383,126)</u>	<u>\$( 15,580)</u>
Beginning cash	<u>\$ 903,992</u>	<u>\$ 903,992</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 383,126)	
Change in receivables			( 5,773)	
Change in accounts payable			40,931	
Change in accrued payroll expenses			( 7,466)	
Change in deferred revenue			<u>( 3,944)</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 359,378)</u>	

The notes to the financial statements are an integral part of this statement.

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
MUNICIPAL STREET FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Taxes:				
Gross receipts	\$ 76,000	\$ 76,000	\$ 70,536	\$( 5,464)
Gas	11,000	11,000	8,852	( 2,148)
Intergovernmental:				
Federal	210,000	210,000	169,494	( 40,506)
State	<u>400,205</u>	<u>400,205</u>	<u>160,000</u>	<u>( 240,205)</u>
<b>Total revenues</b>	<u>697,205</u>	<u>697,205</u>	<u>408,882</u>	<u>( 288,323)</u>
<b>Expenditures</b>				
<b>Current operations:</b>				
Highways and streets	-	-	29,061	( 29,061)
<b>Capital outlay</b>	<u>810,797</u>	<u>810,797</u>	<u>595,387</u>	<u>215,410</u>
<b>Total expenditures</b>	<u>810,797</u>	<u>810,797</u>	<u>624,448</u>	<u>186,349</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 113,592)	( 113,592)	( 215,566)	( 101,974)
<b>Other financing sources (uses):</b>				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>98,764</u>	<u>98,764</u>
<b>Net change in fund balances</b>	<u>\$( 113,592)</u>	<u>\$( 113,592)</u>	<u>\$( 116,802)</u>	<u>\$( 3,210)</u>
Beginning cash	<u>\$ 116,802</u>	<u>\$ 116,802</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 116,802)	
Change in receivables			79,159	
Change in accounts payable			40,189	
Change in deferred revenue			<u>( 38,080)</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 35,534)</u>	

The notes to the financial statements are an integral part of this statement.

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2012**

	<u><b>Water Fund</b></u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 92,409
Accounts receivables (net of allowance for uncollectible):	<u>25,912</u>
Total current assets	<u>118,321</u>
Noncurrent assets:	
Restricted cash	3,135
Capital assets:	
Land	62,977
Construction in progress	311,956
Intangible assets - water rights	54,848
Capital assets being depreciated, net	<u>4,722,242</u>
Total noncurrent assets	<u>5,155,158</u>
Total assets	<u>5,273,479</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	4,624
Customer deposits	3,135
Current portion of long term debt	<u>6,631</u>
Total current liabilities	<u>14,390</u>
Noncurrent liabilities:	
Long-term debt	<u>115,304</u>
Total noncurrent liabilities	<u>115,304</u>
Total liabilities	<u>129,694</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	5,030,088
Unrestricted	<u>113,697</u>
Total net assets	<u>\$ 5,143,785</u>

The notes to the financial statements are an integral part of this statement.

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Water Fund</u>
<b>Operating Revenues</b>	
Charges for sales and services:	
Charges for services	\$ 97,692
Miscellaneous revenue	<u>2,869</u>
Total operating revenues	<u>100,561</u>
 <b>Operating Expenses</b>	
Cost of sales and services	2,477
Administration	2,241
Other operating expenses	59,484
Depreciation	<u>209,440</u>
Total operating expenses	<u>273,642</u>
<b>Operating income (loss)</b>	<u>( 173,081)</u>
 <b>Nonoperating Revenues (Expenses)</b>	
Capital contributions	
Federal	256,532
State	632,878
Interest expense	<u>( 527)</u>
Nonoperating revenues (expenses)	<u>888,883</u>
 <b>Change in net assets</b>	<u>715,802</u>
<b>Net Assets, Beginning of Year</b>	3,971,835
Restatement	<u>456,148</u>
<b>Net Assets, as Restated</b>	<u>4,427,983</u>
 <b>Net Assets, End of Year</b>	<u><u>\$ 5,143,785</u></u>

The notes to the financial statements are an integral part of this statement.

(This page intentionally left blank)



**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Water Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 411,198
Cash payments to suppliers for goods and services	( 402,376)
Net cash provided (used) by operating activities	<u>8,822</u>
<b>Cash flows from capital and related financing activities</b>	
Capital contributions	1,210,410
(Acquisition) disposition of capital assets	( 1,042,419)
Proceeds from debt	135,148
Principal paid on debt	( 13,213)
Interest paid on debt	( 527)
Net cash provided (used) by capital financing activities	<u>289,399</u>
<b>Cash flows from investing activities</b>	
Transfer out of restricted cash	<u>1,800</u>
Net cash provided (used) by noncapital investing activities	<u>1,800</u>
Net increase (decrease) in cash and cash equivalents	<u>300,021</u>
Cash and cash equivalents beginning of year	( 207,612)
Cash and cash equivalents end of year	<u>\$ 92,409</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income	\$( 173,081)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:	
Depreciation expense	209,440
Decrease (increase) in customer receivable	311,537
Increase (decrease) in accounts payable	( 338,174)
Increase (decrease) in customer deposits	( 900)
Net cash provided by operating activities	<u>\$ 8,822</u>

**The notes to the financial statements are an integral part of this statement.**

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Tijeras is incorporated under Section 3 of the New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

**A. Reporting Entity**

This summary of significant accounting policies of the Village of Tijeras is presented to assist in the understanding of the Village of Tijeras' financial statements. The financial statements and notes are the representation of the Village of Tijeras' management who is responsible for their integrity and objectivity. The financial statements of the Village 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 more significant of the government's accounting policies are described below.

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 generally accepted accounting principles (GAAP).

The basic (but not the only) criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has no component units.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like 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 revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

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 revenue in the year for which they are levied. Sales, franchise, gas, and other similar taxes are recognized when the underlying exchange transaction takes place. 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 revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Village reports the following major governmental funds:

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

The **Road Fund** accounts for revenues received for the levy of a tax per gallon of gasoline purchased within the Village boundaries, pursuant to the County and Municipal Gasoline Tax Act, NMSA 7-21-1. Expenditures from this fund may be used for bridge and road projects on transit routes; for purchasing, maintaining or operating transit facilities; for operating a transit authority; for operating a vehicle emissions inspection program; or for road, street or highway construction, repair or maintenance on transit routes. Financing is also provided by grants from the New Mexico State Highway and Transportation Department.

The **Capital Project – Senior Center** accounts for the grant funds used to plan, design, construct, equip and furnish the senior center in the Village.

The Village reports the following major proprietary fund:

The **Water Fund** is used to account for activities of the Village's water utility service.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Amounts reported as 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 funds is charged to customers for sales and services. The enterprise fund also recognizes 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

### D. Assets, Liabilities, and Net Assets or Equity

#### **Cash and Investments**

Cash and cash equivalents include amounts in demand deposits, certificates of deposit and investments with a maturity date within three months of the date acquired by the Village. Investments are certificates of deposit and government backed securities with maturity dates in excess of three months. Investments are stated at fair market value. For the purposes of the statement of cash flows, cash and cash equivalents include unrestricted amounts in demand deposits and certificates of deposit with a maturity date within three months of the acquisition date.

#### **Receivables**

Accounts receivable of the enterprise fund represent the amounts due from customer utility accounts. The governmental funds report taxes and other fees collected at the Village, County and State level as receivables. All trade and tax receivables are shown net of an allowance for uncollectible.

#### **Property Taxes**

An enforceable legal claim to taxable property arises on January 1 in the year of levy. Taxes are due on November 10 and May 10 and are collected by the Bernalillo County Treasurer. Taxes not paid within 30 days are declared delinquent. The Village records all delinquent property taxes not collected within 60 days of year-end as deferred revenue in the fund financial statements. All property taxes received after the 60-day period are accrued in the government-wide financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Liabilities, and Net Assets or Equity** (continued)

**Capital Assets**

Capital assets, which include property, plant, equipment, improvements, and water and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Village defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 the asset 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, improvements, equipment, and water and sewer systems are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	30
Public domain infrastructure	40
Vehicles	10-15
Equipment	10-15
Furniture and fixtures	3-10

**Compensated Absences**

It is the policy of the Village of Tijeras to permit certain employees to accumulate a limited amount of earned but unused vacation, which will not be paid to employees upon separation from the Village's service. All vacation earned must be taken before year end or it is lost. There is no leave balance as of the end of the fiscal year. Sick pay does not vest, and is recorded as an expenditure when it is paid.

**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.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Assets, Liabilities, and Net Assets or Equity (continued)

#### **Fund Balances**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance.* This classification reflects the amounts constrained by the Village’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Village council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

#### **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Village or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Assets, Liabilities, and Net Assets or Equity (continued)

#### **Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Budgetary Information

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments. That is, expenditures in each fund may not exceed the budgeted appropriation for that fund.
3. Formal budgetary integration is employed as a management control device during the year for the Governmental and Enterprise Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classifications detail in which expenditures or expenses may not legally exceed appropriation for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for Governmental and Enterprise Funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for Governmental and Enterprise Funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

### 3. DETAILED NOTES ON ALL FUNDS

#### Deposits and Investments

The Village invests its funds in accordance with state statutes which require that financial institutions pledge collateral consisting of approved federal or state securities whose market value is equal to at least 50% of the deposits in excess of FDIC insurance coverage. In accordance with state statutes, the Village may have deposits only in financial institutions, federal direct obligations, or the New Mexico State Treasurer's Local Government Pooled Investment Plan.

#### Cash and Investments

	Balance Per Bank <u>June 30</u>	Add Deposits <u>In Transit</u>	Less Outstanding <u>Checks</u>	Balance Per Books <u>June 30</u>
Wells Fargo				
Checking Accounts				
Operating	\$ 386,555	\$ 86,496	\$ 230,141	\$ 242,910
Church Restoration	300	-	-	300
Memorial Park	720	-	-	720
EMS	2,920	-	-	2,920
Fire Fighters	46,852	-	6,960	39,892
Water Meter	3,135	-	-	3,135
Certificate of Deposit	131,437	-	-	131,437
Wells Fargo Advisors				
Investments				
Treasury Money Market	1,545	-	-	1,545
GNMA	52,100	-	-	52,100
Certificate of Deposit - Barclays	48,675	-	-	48,675
Certificate of Deposit - Capital Federal Savings	96,317			96,317
Bank of the West				
Certificate of Deposit	138,474	-	-	138,474
Compass Bank				
Certificate of Deposit	<u>137,813</u>	<u>-</u>	<u>-</u>	<u>137,813</u>
 Total Cash in Banks	 <u>\$ 1,046,843</u>	 <u>\$ 86,496</u>	 <u>\$ 237,101</u>	 <u>\$ 896,238</u>

As Reported in the Financial Statements:

Equity in Cash

Cash	\$ 286,742
Restricted Cash	3,135
Investments	<u>606,361</u>
	<u>\$ 896,238</u>

**3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Cash and Investments** (continued)

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation.

	Wells Fargo	Bank of the West	Compass Bank	Wells Fargo Advisors	Total
Amount on Deposit in Bank	\$ 571,919	\$ 138,474	\$ 137,813	\$ 144,992	\$ 993,198
FDIC Coverage	( 250,000)	(138,474)	(137,813)	(144,992)	\$( 671,279)
Covered by Section 343 of the Dodd-Frank Act	( 321,919)	-	-	-	( 321,919)
Total uninsured public funds	\$ -	\$ -	\$ -	\$ -	\$ -

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Village’s deposits may not be returned. Effective December 31, 2010 and continuing through December 31, 2012, all funds in non-interest bearing transaction accounts held at FDIC-insured depository institutions will be fully insured under the Dodd-Frank Deposit Insurance Provision. A “noninterest-bearing transaction account” is defined as an account with respect to which interest is neither accrued nor paid. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$-0- of the Village’s bank balance of \$993,198 was exposed to custodial credit risk.

**Custodial Credit Risk – Investments**

In accordance with GASB 40, the Village’s investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the counter party. All of the Village’s investments are purchased through the Wells Fargo Advisors account, which holds all U.S. depository – eligible securities with the federally regulated Depository Trust Company or through the Federal Reserve Bank System in Wells Fargo’s name. The CDs held in this investment account are FDIC insured. The remaining investments are insured under the Securities Investor Protection Corporation (SPIC). The total Investor Protection for Wells Fargo per account is \$500,000, including up to \$250,000 for claims for cash. The Village does not have a formal investment policy to limit this risk.

**Interest Rate Risk – Investments**

The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Cash and Investments** (continued)

**Credit Risk – Investments**

The Village’s investments in GNMA Securities are backed by the full faith of the United States Government.

**Concentration of Credit Risk – Investments**

The Village places no limit on the amount the Village may invest in any one issuer. Approximately 26 percent of the Village’s investments are invested in GNMA’s.

**Receivables**

Receivables as of year-end for the Village’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Total
	General Fund	Municipal Street Fund	Capital Projects Fund	Proprietary Water Fund	
Receivables:					
Customer	\$ -	\$ -	\$ -	\$ 8,682	\$ 8,682
Taxes					
Gross receipts	23,568	4,711	-	-	28,279
State shared	14,133	2,770	-	-	16,903
Property	4,762	-	-	-	4,762
Franchise	4,380	-	-	-	4,380
Other	11,791	-	-	-	11,791
Other governments	<u>-</u>	<u>78,586</u>	<u>211,115</u>	<u>17,230</u>	<u>306,931</u>
Gross receivables	58,634	86,067	211,115	25,912	381,728
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 58,634</u>	<u>\$ 86,067</u>	<u>\$ 211,115</u>	<u>\$ 25,912</u>	<u>\$ 381,728</u>

**3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 708,458	\$ -	\$ -	\$ -	\$ 708,458
Total capital assets not being depreciated	<u>708,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>708,458</u>
Capital assets, being depreciated:					
Infrastructure	2,702,304	616,180	-		3,318,484
Building and improvements	4,572,492	1,004,013	-	25,749	5,602,254
Equipment and vehicles	<u>1,321,370</u>	<u>5,215</u>	<u>-</u>	<u>( 25,749)</u>	<u>1,300,836</u>
Total capital assets being depreciated	<u>8,596,166</u>	<u>1,625,408</u>	<u>-</u>	<u>-</u>	<u>10,221,574</u>
Less accumulated depreciation:					
Infrastructure	( 223,973)	( 70,199)	-	( 5,953)	( 300,125)
Building and improvements	( 1,037,913)	( 151,916)	-	( 5,258)	( 1,195,087)
Equipment and vehicles	<u>( 833,393)</u>	<u>( 87,075)</u>	<u>-</u>	<u>( 8,891)</u>	<u>( 929,359)</u>
Total accumulated depreciation	<u>(2,095,279)</u>	<u>( 309,190)</u>	<u>-</u>	<u>( 20,102)</u>	<u>( 2,424,571)</u>
Total capital assets being depreciated, net	<u>6,500,887</u>	<u>1,316,218</u>	<u>-</u>	<u>( 20,102)</u>	<u>7,797,003</u>
Governmental activities capital assets, net	<u>\$ 7,209,345</u>	<u>\$ 1,316,218</u>	<u>\$ -</u>	<u>\$ ( 20,102)</u>	<u>\$ 8,505,461</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

**Capital Assets** (continued)

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 102,859	\$ -	\$ -	\$( 39,882)	\$ 62,977
Construction in Progress	-	311,956	-	-	311,956
Water Rights	-	12,220	-	42,628	54,848
Total capital assets not being depreciated	<u>102,859</u>	<u>324,176</u>	<u>-</u>	<u>2,746</u>	<u>429,781</u>
Capital assets, being depreciated:					
Infrastructure	6,162,756	718,243	-	( 2,746)	6,878,253
Building and improvements	183,836	-	-	-	183,836
Equipment and vehicles	<u>1,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,875</u>
Total capital assets being depreciated	<u>6,348,467</u>	<u>718,243</u>	<u>-</u>	<u>( 2,746)</u>	<u>7,063,964</u>
Less accumulated depreciation:					
Infrastructure	( 2,041,882)	( 203,312)	-	-	( 2,245,194)
Building and improvements	( 88,525)	( 6,128)	-	-	( 94,653)
Equipment and vehicles	<u>( 1,875)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 1,875)</u>
Total accumulated depreciation	<u>(2,132,282)</u>	<u>( 209,440)</u>	<u>-</u>	<u>-</u>	<u>( 2,341,722)</u>
Total capital assets being depreciated, net	<u>4,216,185</u>	<u>508,803</u>	<u>-</u>	<u>( 2,746)</u>	<u>4,722,242</u>
Business-type activities capital assets, net	<u>\$ 4,319,044</u>	<u>\$ 832,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,152,023</u>

**3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Capital Assets** (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 238,173
Highways and streets	\$ 12,243
Public safety	<u>58,774</u>
Total depreciation expense - Governmental Activities:	<u>\$ 309,190</u>
Business-type Activities:	
Water	<u>\$ 209,440</u>
Total depreciation expense - Business-type Activities:	<u>\$ 209,440</u>

**Interfund Transfers**

Legally authorized transfers between funds are recorded as other financing sources and uses in the respective funds. Transfers were made to move money from the general fund to the special revenue funds.

	<u>Transfers out</u>	
	<u>General</u>	<u>Total</u>
Transfers In:		
Municipal Street	\$ 98,764	\$ 98,764
Capital Projects	<u>119,794</u>	<u>119,794</u>
Total transfers out	218,558	218,558
Less transfers in	<u>218,558</u>	<u>218,558</u>
Net transfers	<u>\$ -</u>	<u>\$ -</u>

**Short Term Debt**

The Village does not have any short-term debt.

**3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Long Term Debt – Enterprise Funds**

The Village has entered into a loan agreement with the New Mexico Finance Authority (NMFA), pursuant to Village Ordinance No. 144, dated October 22, 2010. The proceeds of the note were used for the Phase III Water System Improvement Schematic. The Principal amount of the loan was \$135,148, with 0.0% interest and an NMFA administrative fee of 0.25%. Principal and administrative fee payments are due June 30<sup>th</sup> of every year. The note matures in 2030. The loan is collateralized by the net revenues of the joint water and waste water utility system.

Annual debt service requirements for notes payable are as follows:

June 30,	Notes		Total
	Principal	NMFA Fees	
2013	\$ 6,631	\$ 305	\$ 6,936
2014	6,648	288	6,936
2015	6,665	272	6,937
2016	6,681	255	6,936
2017	6,698	238	6,936
2018-2022	33,741	939	34,680
2023-2027	34,165	516	34,681
2028-2030	<u>20,706</u>	<u>104</u>	<u>20,810</u>
	<u>\$ 121,935</u>	<u>\$ 2,917</u>	<u>\$ 124,852</u>

**Changes in Long-term Liabilities – Enterprise Funds**

Long-term liability activity for the year ended June 30, 2012, was as follows:

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
<b>Business-type Activities</b>					
Note Payable	\$ <u>135,148</u>	\$ <u>-</u>	\$ <u>13,213</u>	\$ <u>121,935</u>	\$ <u>6,631</u>
	\$ <u>135,148</u>	\$ <u>-</u>	\$ <u>13,213</u>	\$ <u>121,935</u>	\$ <u>6,631</u>

**Restricted Net Assets/Reserved Fund Balances**

The cash balances for the meter deposit accounts are restricted in the amount of \$3,135. Therefore, total cash balances of \$3,135 are reported as restricted in the government-wide financial statements and the proprietary statement of net assets.



### 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### **Post-Employment Benefits:**

##### **Public Employees Retirement Association**

**Plan Description.** Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy.** Plan members are required to contribute 7.00% of their gross salary. The Village is required to contribute 7.00% of the gross covered salary for regular members. The contribution requirements of plan members and the Village are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the fiscal years ending June 30, 2012, 2011 and 2010 were \$20,483, \$19,815, and \$17,430, respectively, which equal the amount of the required contributions for each fiscal year.

##### **State Retiree Health Care Plan**

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

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

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

**Post-Employment Benefits:** (continued)

**State Retiree Health Care Plan** (continued)

That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal years ending June 30, 2013 through June 30, 2014 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY 13	2.000%	1.000%

Also, employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Village's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$5,327, \$4,698 and \$3,229, respectively, which equal the required contributions for each year.

**3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Risk Management**

The Village 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 Village has obtained insurance through the Self Insurance Fund operating as a common risk management and insurance program. The Village pays an annual premium to the New Mexico Self Insurers Fund for its general insurance coverage and all risk of loss is transferred. No losses were reported or incurred during the year.

**Joint Powers Agreements**

The Village entered into an agreement with the Energy, Minerals and Natural Resources Department (EMNRD) for wildland fire protection and suppression. Both EMNRD and the Village will provide both Non-Reimbursable and Reimbursable Assistance in the control and suppression of wildland fires. This agreement is effective March 6, 2009 and is ongoing unless terminated by either party by written notification at least 90 days prior to the termination date. During the fiscal year ending June 30, 2012, \$-0- was received and \$-0- was paid out under this agreement.

The Village entered into a memorandum of understanding (MOU) for mutual and/or automatic aid for fire protection and emergency medical service with the following:

Bernalillo County	Town of Bernalillo	City of Albuquerque
Cibola County	Village of Corrales	Kirtland Air Force Base
Los Alamos County	Village of Cuba	Village of Los Ranchos de
McKinley County	Village of Jemez Springs	Albuquerque
Rio Arriba County	City of Rio Rancho	City of Santa Fe
San Juan County	Village of San Ysidro	Santa Fe County
Torrance County		

No party to this MOU is entitled to any reimbursement or compensation for all or any part of the cost incurred by such party in furnishing either mutual or automatic aid in emergency responses and in preserving life and property, except as negotiated by the parties for particular assignments in advance of performance. This MOU is effective starting April 6, 2009 for a period of five years, unless terminated by either party upon a thirty day written notification.

**3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Restatements**

The following restatements were required:

<u>Description</u>	<u>Amount</u>
To restate beginning accounts receivable balances in the following funds:	
General Fund - gross receipts, state shared, and property taxes, franchise fees and MVD fees	\$ 64,407
Road Fund - state shared taxes	6,908
To restate beginning accounts payable in the Road Fund for services rendered in the year ending June 30, 2011.	( 30,300)
To restate beginning accrued payroll liabilities applicable to June 30, 2011, paid in the current fiscal year.	<u>( 7,397)</u>
Total restatement - Governmental Funds	33,618
Adjust beginning accumulated depreciation for governmental activities	<u>( 20,102)</u>
Total restatement - Governmental Activities	<u>\$ 13,516</u>
To adjust beginning accounts receivable balances for grant funds that were earned and requested for reimbursement in the year ending June 30, 2011.	\$ 321,000
To adjust use of loan proceeds for a capital project to the year ending June 30, 2011	<u>135,148</u>
	<u>\$ 456,148</u>

**Capital Outlay Appropriations**

The Village's capital outlay appropriations are as follows:

<u>Capital Project</u>	<u>Project Appropriations</u>	<u>Expenditures to Date</u>	<u>Unexpended Balance</u>	<u>Appropriation Period</u>
Water Project	\$ 540,592	\$ 145,249	\$ 395,343	10/10 to 10/13
Water System Improvement	953,400	872,013	81,387	11/10 to 6/13
Water System Improvement	299,285	264,099	35,186	11/10 to 6/13
Water System Improvement	40,000	40,000	-	9/09 to 6/12
Senior Center	1,000,000	992,699	7,301	8/11 to 6/14
Camino Primera Agua (MAP)	160,000	-	160,000	8/10 to 6/12
Pedestrian Improvements	<u>37,500</u>	<u>9,520</u>	<u>27,980</u>	4/12 to 9/16
Total	<u>\$ 3,030,777</u>	<u>\$ 2,323,580</u>	<u>\$ 707,197</u>	

The term of the grants are contingent upon sufficient state appropriations and may be reverted prior to the expiration dates.

## **SUPPLEMENTARY INFORMATION**

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

**SPECIAL REVENUE FUNDS**

**EMS Fund** – authorized by State Statute 24-10A-1 to 24-10A-10, to account for operations of emergency medical and trauma services. Financing is provided by the EMS grant

**Fire Protection Fund** – authorized by the State Statute Chapter 48, Section 2, Laws of 1963, is used to account for the operations of the Fire Department. Financing is provided by the State Fire Allotment, emergency medical services, interest on investments and miscellaneous revenues.

(This page intentionally left blank)



**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Special Revenue</b>		
	<b>EMS</b>	<b>Fire Protection</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ <u>2,920</u>	\$ <u>39,892</u>	\$ <u>42,812</u>
<b>Total assets</b>	<u>\$ 2,920</u>	<u>\$ 39,892</u>	<u>\$ 42,812</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ <u>170</u>	\$ <u>900</u>	\$ <u>1,070</u>
<b>Total liabilities</b>	<u>170</u>	<u>900</u>	<u>1,070</u>
<b>Fund balances:</b>			
Restricted for:			
Special revenue	<u>2,750</u>	<u>38,992</u>	<u>41,742</u>
<b>Total fund balances</b>	<u>2,750</u>	<u>38,992</u>	<u>41,742</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,920</u>	<u>\$ 39,892</u>	<u>\$ 42,812</u>

The notes to the financial statements are an integral part of this statement.

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Special Revenue</u>		
	<u>EMS</u>	<u>Fire Protection</u>	<u>Total</u>
<b>Revenues</b>			
Intergovernmental:			
State grants	\$ 9,560	\$ 77,879	\$ 87,439
Miscellaneous	<u>-</u>	<u>410</u>	<u>410</u>
<b>Total revenues</b>	<u>9,560</u>	<u>78,289</u>	<u>87,849</u>
<b>Expenditures</b>			
<b>Current operations:</b>			
Public safety	<u>8,721</u>	<u>61,581</u>	<u>70,302</u>
<b>Total expenditures</b>	<u>8,721</u>	<u>61,581</u>	<u>70,302</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>839</u>	<u>16,708</u>	<u>17,547</u>
<b>Net change in fund balances</b>	839	16,708	17,547
<b>Fund balances, beginning of year</b>	<u>1,911</u>	<u>22,284</u>	<u>24,195</u>
<b>Fund balances, end of year</b>	<u>\$ 2,750</u>	<u>\$ 38,992</u>	<u>\$ 41,742</u>

The notes to the financial statements are an integral part of this statement.

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
EMS FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Intergovernmental:				
State	\$ <u>16,000</u>	\$ <u>16,000</u>	\$ <u>9,560</u>	\$( <u>6,440</u> )
<b>Total revenues</b>	<u>16,000</u>	<u>16,000</u>	<u>9,560</u>	<u>( 6,440)</u>
<b>Expenditures</b>				
<b>Current operations:</b>				
Public safety	<u>17,911</u>	<u>17,911</u>	<u>8,551</u>	<u>9,360</u>
<b>Total expenditures</b>	<u>17,911</u>	<u>17,911</u>	<u>8,551</u>	<u>9,360</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 1,911)</u>	<u>( 1,911)</u>	<u>1,009</u>	<u>2,920</u>
<b>Net change in fund balances</b>	<u>\$( 1,911)</u>	<u>\$( 1,911)</u>	<u>\$ 1,009</u>	<u>\$ 2,920</u>
Beginning cash	<u>\$ 1,911</u>	<u>\$ 1,911</u>		
<b>Reconciliation to GAAP Basis</b>				
Net increase (decrease) in fund balances budget basis			\$ 1,009	
Change in payables			<u>( 170)</u>	
Net change in fund balances GAAP basis			<u>\$ 839</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
FIRE PROTECTION FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Revenues</b>				
Intergovernmental:				
State	\$ 77,879	\$ 77,879	\$ 77,879	\$ -
Miscellaneous	<u>          -</u>	<u>          -</u>	<u>          410</u>	<u>          410</u>
<b>Total revenues</b>	<u>      77,879</u>	<u>      77,879</u>	<u>      78,289</u>	<u>          410</u>
<b>Expenditures</b>				
<b>Current operations:</b>				
Public safety	<u>      100,163</u>	<u>      100,163</u>	<u>      60,681</u>	<u>      39,482</u>
<b>Total expenditures</b>	<u>      100,163</u>	<u>      100,163</u>	<u>      60,681</u>	<u>      39,482</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>      ( 22,284)</u>	<u>      ( 22,284)</u>	<u>      17,608</u>	<u>      39,892</u>
<b>Net change in fund balances</b>	<u>      \$( 22,284)</u>	<u>      \$( 22,284)</u>	<u>      \$ 17,608</u>	<u>      \$ 39,892</u>
Beginning cash	<u>      \$ 22,284</u>	<u>      \$ 22,284</u>		
<b>Reconciliation to GAAP Basis</b>				
Net increase (decrease) in fund balances budget basis			\$ 17,608	
Change in payables			<u>      ( 900)</u>	
Net change in fund balances GAAP basis			<u>      \$ 16,708</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Revenues</b>				
Intergovernmental:				
Federal	\$ 256,532	\$ 256,532	\$ 21,689	\$( 234,843)
State	<u>2,039,641</u>	<u>2,039,641</u>	<u>778,884</u>	<u>( 1,260,757)</u>
<b>Total revenues</b>	<u>2,296,173</u>	<u>2,296,173</u>	<u>800,573</u>	<u>( 1,495,600)</u>
<b>Expenditures</b>				
<b>Current operations:</b>				
Culture and recreation	-	-	4,775	( 4,775)
<b>Capital outlay</b>	<u>2,415,967</u>	<u>2,415,967</u>	<u>915,592</u>	<u>1,500,375</u>
<b>Total expenditures</b>	<u>2,415,967</u>	<u>2,415,967</u>	<u>920,367</u>	<u>1,495,600</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 119,794)	( 119,794)	( 119,794)	-
<b>Other financing sources (uses):</b>				
Transfers in (out)	<u>119,794</u>	<u>119,794</u>	<u>119,794</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning cash	<u>\$ -</u>	<u>\$ -</u>		
<b>Reconciliation to GAAP Basis</b>				
Net increase (decrease) in fund balances budget basis			\$ -	
Change in receivables			211,115	
Change in payables			<u>( 88,422)</u>	
Net change in fund balances GAAP basis			<u>\$ 122,693</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
STATEMENT OF REVENUES AND EXPENSES  
BUDGET and ACTUAL  
WATER FUND  
YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>OPERATING REVENUES</b>				
Charges for services	\$ 64,000	\$ 64,000	\$ 97,692	\$ 33,692
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>2,869</u>	<u>2,869</u>
Total operating revenues	<u>64,000</u>	<u>64,000</u>	<u>100,561</u>	<u>36,561</u>
<b>OPERATING EXPENSES</b>				
Cost of sales and services	-	-	2,477	( 2,477)
Administration	-	-	2,241	( 2,241)
Other operating expenses	<u>113,800</u>	<u>113,800</u>	<u>59,484</u>	<u>54,316</u>
Total operating expenses	<u>113,800</u>	<u>113,800</u>	<u>64,202</u>	<u>49,598</u>
Operating income (loss)	<u>( 49,800)</u>	<u>( 49,800)</u>	<u>36,359</u>	<u>86,159</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental				
Federal	-	-	256,532	256,532
State	-	-	632,878	632,878
Interest expense	<u>-</u>	<u>-</u>	<u>( 527)</u>	<u>( 527)</u>
Nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>888,883</u>	<u>888,883</u>
<b>NON-BUDGETED ITEMS</b>				
Depreciation	<u>-</u>	<u>-</u>	<u>( 209,440)</u>	<u>( 209,440)</u>
Total non-budgeted items	<u>-</u>	<u>-</u>	<u>( 209,440)</u>	<u>( 209,440)</u>
Net income (loss)	<u>\$( 49,800)</u>	<u>\$( 49,800)</u>	<u>\$ 715,802</u>	<u>\$ 765,602</u>
Beginning cash balances	<u>\$( 207,612)</u>	<u>\$( 207,612)</u>		

The notes to the financial statements are an integral part of this statement.



## **OTHER SUPPLEMENTARY INFORMATION**

**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**

Gloria Chavez, Mayor  
and the  
Village Council  
Village of Tijeras  
Tijeras, New Mexico  
and  
Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Village of Tijeras, New Mexico (Village), as of and for the year ended June 30, 2012, and have issued our report thereon dated September 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village'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 Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

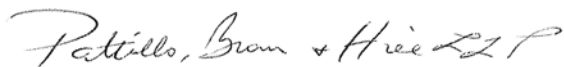
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting: 07-06. 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items: 2012-A, 2012-B, 2012-C, and 2012-D.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Village Council, the State Auditor, the New Mexico Legislature, applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
September 25, 2012

(This page intentionally left blank)

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2012**

**Financial Statement Findings**

**Prior Year**

07-06	Financial Statement Preparation – Repeated and Modified
08-05	Bank Reconciliations – Resolved
08-21	Incomplete General Ledger – Resolved
09-01	Late Audit Report – Resolved
10-02	Ordinance for Mayor/Council Members Payments – Resolved
10-03	Budget Adjustments Not Reviewed – Resolved
10-04	Payments to Mayor and Council Members – Resolved
10-06	Budget Overruns – Resolved

**Current Year**

07-06	Financial Statement Preparation – Repeated and Modified
2012-A	Travel and Per-Diem Reimbursements
2012-B	Deposit of Public Money
2012-C	Budget Deficit in Excess of Cash
2012-D	Expenditures in Excess of Budget

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2012**

**07-06**                    **Financial Statement Preparation**  
**(significant deficiency)**

**Condition:**            The Village of Tijeras does not have personnel with the ability to prepare or take responsibility for the audited financial statements.

**Criteria:**              AU Section 325.05 implies that the Village of Tijeras should have sufficient expertise in selecting and applying accounting principles in conformity with generally accepted accounting principles. The financial statements are prepared from the Village's trial balance and adjusted to a GAAP basis by Pattillo, Brown & Hill, L.L.P.

**Effect:**                The Village does not prepare their own financial statements on a GAAP basis.

**Cause:**                 The Village does not have the financial resources to keep an experienced accountant on staff and the Business Manager is required to maintain the trial balance.

**Recommendation:**    The Village should continue to maintain the trial balance on a cash basis, reconciling all accounts each month. The auditor should propose entries to convert the trial balance to a GAAP basis. These entries should be reviewed and approved by the Business Manager and other responsible parties.

**Response:**            The Village agrees with this recommendation.

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2012**

**2012-A**                      **Travel and Per-Diem Reimbursements**  
**(significant deficiency)**

**Condition:**                      Eight travel and per diem requests were tested. Of the eight tested, five of the per diem checks were paid out at 100% prior to the date of travel.

**Criteria:**                      Pursuant to 2.42.2.10 NMAC, Travel Advances “Upon written request accompanied by a travel voucher, agency heads and governing boards of local public bodies or their authorized designees may approve a public officer’s or employee’s request to be advanced up to 80% of per diem rates and mileage cost...”

**Effect:**                      The Village is in violation of 2.42.2.10, and is advancing in excess of allowed per diem prior to the employee travel.

**Cause:**                      The Village has been advancing 100% of per diem requests in advance of travel.

**Recommendation:**                      The Village should change their travel policies and only advance up to 80% prior to travel. The remaining 20% should be paid out to the employee upon return from travel.

**Response:**                      The Village agrees with this recommendation.

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2012**

**2012-B**                      **Deposit of Public Money**  
**(significant deficiency)**

**Condition:**                      During the testing of cash receipts and deposits. Of the seventy deposits tested for timely deposit, three deposits for the proprietary fund and eight deposits the governmental funds were not deposited by the Village within the 24 hour time period.

**Criteria:**                      State Statute, Section 6-10-3, NMSA 1978 requires agencies to deposit monies by the next business day after receipt.

**Effect:**                      The Village was not in compliance State Statute, Section 6-10-3. A total of 11 receipts were held for more than 24 hours before deposit. Holding deposits in excess of 24 hours could result in theft or loss of public monies.

**Cause:**                      Due to employee turnover, and limited staffing, the Village did not always make deposits within 24 hours of receipt.

**Recommendation:**                      The Village should ensure the timely deposit of public monies collected by improving the transfer of monies to the bank.

**Response:**                      The Village agrees with this recommendation.



**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2012**

**2012-C**

**Budget Deficit in Excess of Cash**  
**(significant deficiency)**

**Condition:**

The Village's final approved budget for the Proprietary Water Fund included a deficit that exceeded the beginning cash.

**Criteria:**

The New Mexico State Statute, Section 6-6-11 NMSA 1978, states "it is unlawful for any municipal governing body for any purpose whatever to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year."

**Effect:**

The Village's final approved budget included expenditures in excess of revenues and the beginning cash balance, in violation of state statutes. Expenditures budgeted in excess of available cash balances increase the likelihood of the Village overspending on expenditures in excess of available funds.

**Cause:**

The Village budgeted expenditures in excess of revenues, creating a budget deficit in excess of beginning cash.

**Recommendation:**

The Village should review available cash balances when preparing a Budget Adjustment Request, to ensure that they have the funds available.

**Response:**

The Village agrees with this recommendation.

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2012**

**2012-D**                    **Expenditures in Excess of Budget**  
**(significant deficiency)**

**Condition:**            Actual expenditures exceeded budgeted expenditures at the total fund level for the following fund:

General Fund	\$22,356.
--------------	-----------

**Criteria:**            The New Mexico State Statute, Section 6-6-6 NMSA 1978, requires that the Village keep expenditures within the budgeted amounts. NMAC 2.2.2.10.P(1) requires a finding when actual expenditures exceed budgeted expenditures.

**Effect:**              The Village's expenditures in the above funds exceeded the approved budget by the amount noted, which violates state statutes and can create cash short falls.

**Cause:**                The Village transferred funds out of the general fund that were in excess of the budgeted amount.

**Recommendation:** Budget adjustment requests should be presented to and approved by DFA before expending funds in excess of budget, including any transfers out of the fund.

**Response:**            The Village agrees with this recommendation.

**STATE OF NEW MEXICO  
VILLAGE OF TIJERAS  
EXIT CONFERENCE  
JUNE 30, 2012**

**EXIT CONFERENCE**

An exit conference was held on September 25, 2012 at the Village's offices. In attendance were Gloria Chavez, Mayor and Kathy Solomon, Business Manager from the Village of Tijeras. John Gordon, CPA and Regina Gordon, CPA were in attendance for Pattillo, Brown & Hill, L.L.P.

**PREPARATION OF FINANCIAL STATEMENTS**

The financial statements presented in this report have been prepared by the auditors, Pattillo, Brown, and Hill, L.L.P., Certified Public Accountants; however the financial statements are the responsibility of the management.