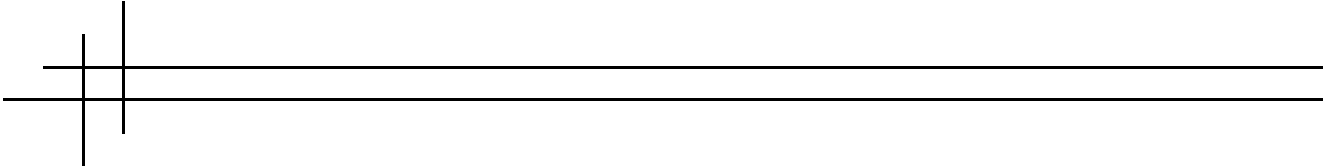




STATE OF NEW MEXICO
VILLAGE OF TULAROSA

ANNUAL FINANCIAL REPORT
June 30, 2009

De'Aun Willoughby CPA, PC
Certified Public Accountant
Melrose, New Mexico



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VILLAGE OF TULAROSA
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STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Official Roster
June 30, 2009

BOARD OF TRUSTEES

Ray S. Cordova	Mayor
Patrick Garcia	Mayor-ProTem
Gloria Sainz	Trustee
Thomas McKean	Trustee
Fred Tyler	Trustee

ADMINISTRATIVE OFFICIAL

Dianna Brusuelas	Clerk/Treasurer
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De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

Independent Auditor's Report

Mr. Hector H. Balderas
State Auditor of the State of New Mexico
Board Members of the VILLAGE OF TULAROSA

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the VILLAGE OF TULAROSA, (Village), as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Village'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 above 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 as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison 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 above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2009, 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 for 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 18, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Village has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

De'Ann Willoughby CPA PC

September 18, 2009

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Government-Wide Statement of Net Assets
 June 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 290,136	\$ 544,702	\$ 834,838
Investments	55,825	0	55,825
Receivable			
Accounts	0	114,199	114,199
Taxes	81,079	0	81,079
Due from Grantor	124,630	0	124,630
Total Current Assets	<u>551,670</u>	<u>658,901</u>	<u>1,210,571</u>
Noncurrent Assets			
Capital Assets	7,777,300	12,697,896	20,475,196
Less: Accumulated Depreciation	<u>(2,714,633)</u>	<u>(4,639,987)</u>	<u>(7,354,620)</u>
Total Noncurrent Assets	<u>5,062,667</u>	<u>8,057,909</u>	<u>13,120,576</u>
 Total Assets	 <u>5,614,337</u>	 <u>8,716,810</u>	 <u>14,331,147</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	723	1,164	1,887
Accrued Salaries and Benefits	34,758	14,271	49,029
Accrued Interest	4,946	12,570	17,516
Current Portion of Long-Term Debt	72,872	81,842	154,714
Total Current Liabilities	<u>113,299</u>	<u>109,847</u>	<u>223,146</u>
Noncurrent Liabilities			
Compensated Absences	30,696	25,468	56,164
Customer Deposits	0	58,200	58,200
Bonds and Notes	231,624	1,212,321	1,443,945
Total Noncurrent Liabilities	<u>262,320</u>	<u>1,295,989</u>	<u>1,558,309</u>
 Total Liabilities	 <u>375,619</u>	 <u>1,405,836</u>	 <u>1,781,455</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	4,758,171	6,763,746	11,521,917
Unrestricted	480,547	547,228	1,027,775
Total Net Assets	<u>\$ 5,238,718</u>	<u>\$ 7,310,974</u>	<u>\$ 12,549,692</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2009

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
Governmental Activities							
General	\$ 393,026	\$ 37,806	\$ 231,931	\$ 0	\$ (123,289)	\$ 0	\$ (123,289)
Public Safety	649,988	0	84,179	0	(565,809)	0	(565,809)
Public Works	35,622	0	0	691,325	655,703	0	655,703
Culture & Recreation	473,936	36,630	225,564	0	(211,742)	0	(211,742)
Depreciation	177,882	0	0	0	(177,882)	0	(177,882)
Interest on Long-Term Obligations	15,206	0	0	0	(15,206)	0	(15,206)
Total Governmental Activities	\$ 1,745,660	\$ 74,436	\$ 541,674	\$ 691,325	\$ (438,225)	\$ 0	\$ (438,225)
Business-type Activities							
Water	\$ 636,956	\$ 636,724	\$ 0	\$ 0	0	(232)	(232)
Sewer	240,289	177,745	0	0	0	(62,544)	(62,544)
Solid Waste	232,058	168,808	0	0	0	(63,250)	(63,250)
Total Business-type Activities	\$ 1,109,303	\$ 983,277	\$ 0	\$ 0	0	(126,026)	(126,026)
General Revenues							
Franchise Taxes					\$ 56,170	\$ 0	\$ 56,170
Gross Receipts Tax					666,290	42,856	709,146
Gasoline Taxes					53,933	0	53,933
Property Taxes					152,980	0	152,980
Other Taxes					7,761	0	7,761
Interest and investment earnings					4,226	4,397	8,623
Miscellaneous					224,492	0	224,492
Total General Revenues					1,165,852	47,253	1,213,105
Other Items							
Transfers					12,554	(12,554)	0
Capital Contribution to the Utility Funds					(2,572,612)	2,572,612	0
Change in Net Assets					(1,832,431)	2,481,285	648,854
Net Assets - beginning					7,071,149	4,829,689	11,900,838
Net Assets - ending					\$ 5,238,718	\$ 7,310,974	\$ 12,549,692

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2009

	<u>General Fund</u>	<u>Gas Tax</u>	<u>Older American</u>
ASSETS			
Cash and Cash Equivalents	\$ 46,918	\$ 108,786	\$ 9,103
Investment	55,825		
Receivables			
Taxes	76,103	4,843	0
Interfund Balance	70,855	0	0
Due from Grantor	0	0	53,775
Total Assets	<u>\$ 249,701</u>	<u>\$ 113,629</u>	<u>\$ 62,878</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 0	\$ 498	\$ 0
Interfund Balance	0	0	0
Accrued Salaries and Benefits	27,393	0	5,764
Total Liabilities	<u>27,393</u>	<u>498</u>	<u>5,764</u>
Fund Balances			
Reserved for:			
Capital Projects	0	0	0
Debt Service	0	0	0
Unreserved Reported In:			
General Fund	222,308	0	0
Special Revenue Fund	0	113,131	57,114
Total Fund Balances	<u>222,308</u>	<u>113,131</u>	<u>57,114</u>
Total Liabilities and Fund Balances	<u>\$ 249,701</u>	<u>\$ 113,629</u>	<u>\$ 62,878</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2009

	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 125,329	\$ 290,136
Investment			55,825
Receivables			
Taxes	0	133	81,079
Interfund Balance	0	0	70,855
Due from Grantor	70,855	0	124,630
Total Assets	<u>\$ 70,855</u>	<u>\$ 125,462</u>	<u>\$ 622,525</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 0	\$ 225	\$ 723
Interfund Balance	70,855	0	70,855
Accrued Salaries and Benefits	0	1,601	34,758
Total Liabilities	<u>70,855</u>	<u>1,826</u>	<u>106,336</u>
Fund Balances			
Reserved for:			
Capital Projects	0	0	0
Debt Service	0	103,758	103,758
Unreserved Reported In:			
General Fund	0	0	222,308
Special Revenue Fund	0	19,878	190,123
Total Fund Balances	<u>0</u>	<u>123,636</u>	<u>516,189</u>
Total Liabilities and Fund Balances	<u>\$ 70,855</u>	<u>\$ 125,462</u>	<u>\$ 622,525</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 June 30, 2009

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

Total Fund Balance - Governmental Funds	\$	516,189
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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	\$	7,777,300	
Accumulated depreciation is		<u>(2,714,633)</u>	5,062,667

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 :

Bond payable		(304,496)	
Accrued interest on bonds		(4,946)	
Compensated Absences	\$	<u>(30,696)</u>	<u>(340,138)</u>

Total net assets - governmental activities	\$	<u><u>5,238,718</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2009

	General Fund	Gas Tax	Older American
Revenues			
Taxes			
Franchise	\$ 56,170	\$ 0	\$ 0
Gross Receipts	629,320	36,970	0
Gasoline	0	53,933	0
Property	152,980	0	0
Cigarette	5,188	0	0
Charges for Services	37,806	0	36,630
License & Permits	9,681	0	0
Fines & Forfeitures	104,517	0	0
Fees	0	0	0
Federal Grants	0	0	62,720
State & Local Grants Grants	231,931	111,037	141,446
Interest Income	0	823	167
Miscellaneous	55,620	0	4,704
Total Revenues	<u>1,283,213</u>	<u>202,763</u>	<u>245,667</u>
Expenditures			
Current			
General Government	387,373	3,321	0
Public Safety	571,900	0	0
Public Works	35,087	0	0
Culture and Recreation	138,924	0	277,086
Capital Outlay	11,729	206,387	0
Debt Service			
Principal	0	16,498	0
Interest	0	3,806	0
Total Expenditures	<u>1,145,013</u>	<u>230,012</u>	<u>277,086</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>138,200</u>	<u>(27,249)</u>	<u>(31,419)</u>
Other Financing Sources (Uses)			
Transfers In	12,554	0	0
Transfers Out	(123,926)	0	34,851
Total Other Sources (Uses)	<u>(111,372)</u>	<u>0</u>	<u>34,851</u>
Net Change in Fund Balance	26,828	(27,249)	3,432
Fund Balances at Beginning of Year	<u>195,480</u>	<u>140,380</u>	<u>53,682</u>
Fund Balance End of Year	<u>\$ 222,308</u>	<u>\$ 113,131</u>	<u>\$ 57,114</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2009

	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes			
Franchise	\$ 0	\$ 0	\$ 56,170
Gross Receipts	0	0	666,290
Gasoline	0	0	53,933
Property	0	0	152,980
Cigarette	0	2,573	7,761
Charges for Services	0	0	74,436
License & Permits	0	0	9,681
Fines & Forfeitures	0	0	104,517
Fees	0	20,645	20,645
Federal Grants	305,685	0	368,405
State & Local Grants Grants	274,603	105,577	864,594
Interest Income	124	3,112	4,226
Miscellaneous	20,957	8,368	89,649
Total Revenues	<u>601,369</u>	<u>140,275</u>	<u>2,473,287</u>
Expenditures			
Current			
General Government	0	0	390,694
Public Safety	0	74,960	646,860
Public Works	0	0	35,087
Culture and Recreation	0	56,428	472,438
Capital Outlay	602,805	10,040	830,961
Debt Service			
Principal	0	70,092	86,590
Interest	0	12,113	15,919
Total Expenditures	<u>602,805</u>	<u>223,633</u>	<u>2,478,549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,436)</u>	<u>(83,358)</u>	<u>(5,262)</u>
Other Financing Sources (Uses)			
Transfers In	0	0	12,554
Transfers Out	0	89,075	0
Total Other Sources (Uses)	<u>0</u>	<u>89,075</u>	<u>12,554</u>
Net Change in Fund Balance	(1,436)	5,717	7,292
Fund Balances at Beginning of Year	<u>1,436</u>	<u>117,919</u>	<u>508,897</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 123,636</u>	<u>\$ 516,189</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2009

Net Change in Fund Balance \$ 7,292

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 exceeds capital outlays in the period.

Depreciation expense	\$	(177,882)	
Capital Assets Contributed to Proprietary Fund		(2,572,612)	
Capital Outlays		830,961	(1,919,533)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 86,590

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 712

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (7,492)

Changes in Net Assets of Governmental Activities \$ (1,832,431)

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget (Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Municipal Taxes				
Franchise Tax	\$ 53,887	\$ 53,887	\$ 58,695	\$ 4,808
Gross Receipt Tax	849,684	849,684	608,553	(241,131)
Municipal Equivalent	0	0	890	890
Property Tax	138,926	138,926	152,123	13,197
Cigarette Tax	4,673	4,673	5,338	665
Total Municipal Taxes	<u>1,047,170</u>	<u>1,047,170</u>	<u>825,599</u>	<u>(221,571)</u>
Licenses & Permits				
Business Licenses	6,227	6,227	7,215	988
Liquor License	0	0	1,000	1,000
Site Permits	3,165	3,165	1,030	(2,135)
Miscellaneous	455	455	436	(19)
Total License & Permits	<u>9,847</u>	<u>9,847</u>	<u>9,681</u>	<u>(166)</u>
Charges for Services				
Motor Vehicle	40,020	40,020	36,284	(3,736)
Collection Fees	1,200	1,200	1,455	255
Miscellaneous	424	424	811	387
Total Charges for Services	<u>41,644</u>	<u>41,644</u>	<u>38,550</u>	<u>(3,094)</u>
Fines and Forfeitures				
Court Fines	118,772	118,772	104,376	(14,396)
Miscellaneous	124	124	141	17
Total Fines and Forfeitures	<u>118,896</u>	<u>118,896</u>	<u>104,517</u>	<u>(14,379)</u>
Grants				
Small Cities Assistance	<u>129,277</u>	<u>129,277</u>	<u>231,931</u>	<u>102,654</u>
Total Grants	<u>129,277</u>	<u>129,277</u>	<u>231,931</u>	<u>102,654</u>
Miscellaneous Revenues				
Interest Income	5,234	5,234	0	(5,234)
Library Donations	27,313	27,313	20,681	(6,632)
Miscellaneous	18,756	18,756	34,938	16,182
Total Grants	<u>51,303</u>	<u>51,303</u>	<u>55,619</u>	<u>4,316</u>
Total Revenues	<u>\$ 1,398,137</u>	<u>\$ 1,398,137</u>	<u>\$ 1,265,897</u>	<u>\$ (132,240)</u>

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget (Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Expenditures				
Executive/Legislative				
Salaries	\$ 56,793	\$ 56,793	\$ 55,944	\$ 849
Benefits	11,772	11,772	10,754	1,018
Travel	5,000	5,000	3,449	1,551
Miscellaneous	2,300	13,887	13,887	0
Total Executive/Legislative	<u>75,865</u>	<u>87,452</u>	<u>84,034</u>	<u>3,418</u>
Judicial Department				
Salaries	72,008	73,000	72,310	690
Benefits	7,435	7,435	7,540	(105)
Travel	1,377	1,377	1,377	0
Professional Fees	1,495	1,495	1,495	0
Office Supplies	3,019	3,019	3,099	(80)
Telephone	3,244	3,244	3,244	0
Utilities	3,984	4,732	4,732	0
Total Judicial Department	<u>92,562</u>	<u>94,302</u>	<u>93,797</u>	<u>505</u>
Financial Department				
Salaries	47,611	47,611	48,283	(672)
Benefits	15,735	15,735	14,851	884
Travel & Fuel	6,000	6,000	725	5,275
Maintenance	5,500	5,500	4,738	762
Professional Fees	38,660	38,660	26,366	12,294
Contract Services	4,500	4,500	4,214	286
Supplies	7,000	7,000	5,812	1,188
Training	2,000	2,000	518	1,482
Insurance	47,358	47,358	59,948	(12,590)
Miscellaneous	23,293	23,293	9,802	13,491
Telephone	8,000	8,000	7,908	92
Utilities	35,000	35,000	16,974	18,026
Capital Outlay	38,715	38,715	11,206	27,509
Total Financial Department	<u>279,372</u>	<u>279,372</u>	<u>211,345</u>	<u>68,027</u>
Motor Vehicle Dept				
Salaries	27,540	27,540	27,086	454
Benefits	8,410	8,410	6,466	1,944
Miscellaneous	650	650	1,263	(613)
Total Motor Vehicle Dept	<u>\$ 36,600</u>	<u>\$ 36,600</u>	<u>\$ 34,815</u>	<u>\$ 1,785</u>

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget (Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Museum/Library				
Salaries	\$ 22,849	\$ 22,849	\$ 15,746	\$ 7,103
Benefits	2,871	2,871	1,213	1,658
Supplies	15,772	15,772	15,813	(41)
Office	1,500	1,500	1,500	0
Utilities	5,800	5,800	6,056	(256)
Miscellaneous	1,000	1,000	246	754
Total Museum/Library	<u>49,792</u>	<u>49,792</u>	<u>40,574</u>	<u>9,218</u>
Animal Control				
Salaries	20,197	20,197	21,615	(1,418)
Benefits	2,969	2,969	2,835	134
Maintenance	3,300	3,300	1,670	1,630
Miscellaneous	1,988	1,988	2,334	(346)
Total Animal Control	<u>28,454</u>	<u>28,454</u>	<u>28,454</u>	<u>0</u>
Fire Department				
Salaries	9,600	9,600	9,600	0
Benefits	734	734	734	0
Total Fire Department	<u>10,334</u>	<u>10,334</u>	<u>10,334</u>	<u>0</u>
Ambulance Department				
Ambulance Contract	13,135	13,135	13,134	1
Dispatch Contract	8,722	8,722	8,709	13
Total Ambulance Department	<u>21,857</u>	<u>21,857</u>	<u>21,843</u>	<u>14</u>
Public Safety				
Salaries	327,376	327,376	313,472	13,904
Benefits	87,641	87,641	69,146	18,495
Travel & Fuel	28,000	28,000	19,141	8,859
Maintenance	9,500	9,500	8,084	1,416
Contract Services	2,000	2,000	697	1,303
Supplies	6,000	6,000	4,992	1,008
Utilities	12,400	12,400	11,065	1,335
Miscellaneous	8,748	8,748	7,984	764
Training	3,000	3,000	1,374	1,626
Insurance	69,571	69,571	69,571	0
Capital Outlay	15,899	15,899	11,615	4,284
Total Public Safety	<u>\$ 570,135</u>	<u>\$ 570,135</u>	<u>\$ 517,141</u>	<u>\$ 52,994</u>

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget (Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Community Center				
Salaries	\$ 61,202	\$ 61,202	\$ 59,535	\$ 1,667
Benefits	17,366	17,366	16,777	589
Maintenance	8,000	8,000	7,714	286
Supplies	3,000	3,000	3,029	(29)
Miscellaneous	700	700	759	(59)
Utilities	9,400	9,400	11,760	(2,360)
Total Community Center	<u>99,668</u>	<u>99,668</u>	<u>99,574</u>	<u>94</u>
Total Expenditures	<u>1,264,639</u>	<u>1,277,966</u>	<u>1,141,911</u>	<u>136,055</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>133,498</u>	<u>120,171</u>	<u>123,986</u>	<u>(268,295)</u>
Other Financing Sources (Uses)				
Transfer in from Solid Waste	0	0	12,554	12,554
Transfer to Older Americans	46,468	46,468	34,851	(11,617)
Transfer to Recreation	28,404	28,404	28,404	0
Transfer to Debt Service	56,066	56,066	56,025	(41)
Transfer to LEPF	4,455	4,455	4,647	192
Total Other Sources (Uses)	<u>135,393</u>	<u>135,393</u>	<u>(111,373)</u>	<u>1,088</u>
Net Change in Cash Balance	268,891	255,564	12,613	(267,207)
Cash Balance Beginning of Year	<u>160,985</u>	<u>160,985</u>	<u>160,985</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 429,876</u>	<u>\$ 416,549</u>	<u>\$ 173,598</u>	<u>\$ (267,207)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 12,613	
Net change in Taxes Receivable			17,315	
Net change in Accounts Payable			6,577	
Net change in Accrued Salaries & Benefits			(9,676)	
Net Change in Fund Balance			<u>\$ 26,829</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
NON-MAJOR FUND-GAS TAX FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gasoline Tax	\$ 39,591	\$ 39,591	\$ 55,201	\$ 15,610
Gross Receipts Tax	44,019	44,019	36,970	(7,049)
State Grant	111,036	111,036	111,037	1
Interest Income	1,050	1,050	823	(227)
Total Revenues	<u>195,696</u>	<u>195,696</u>	<u>204,031</u>	<u>8,335</u>
Expenditures				
Public Works				
Maintenance	10,000	10,000	2,823	7,177
Capital Outlay	186,046	206,387	206,387	0
Debt Service				
Principal	16,498	16,498	16,498	0
Interest	3,806	3,806	3,806	0
Total Expenditures	<u>216,350</u>	<u>236,691</u>	<u>229,514</u>	<u>7,177</u>
Excess (Deficiency) of Revenues Over Expenditures	(20,654)	(40,995)	(25,483)	15,512
Cash Balance Beginning of Year	<u>134,269</u>	<u>134,269</u>	<u>134,269</u>	<u>0</u>
Cash Balance End of Year	\$ <u>113,615</u>	\$ <u>93,274</u>	\$ <u>108,786</u>	\$ <u>15,512</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (25,483)	
Net change in Taxes Receivable			(1,268)	
Net change in Accounts Payable			(498)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(27,249)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
SPECIAL REVENUE-OLDER AMERICAN FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget (Budgetary Basis) and Actual
June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 27,200	\$ 27,200	\$ 36,630	\$ 9,430
Interest Income	350	350	167	(183)
State Grants	158,691	158,691	117,455	(41,236)
Federal Grants	51,249	51,249	39,499	(11,750)
Total Revenues	<u>237,490</u>	<u>237,490</u>	<u>193,751</u>	<u>(43,739)</u>
Expenditures				
Public Works				
Salaries	154,045	154,045	154,670	(625)
Benefits	51,686	51,686	46,850	4,836
Insurance	5,000	5,000	5,000	0
Maintenance	10,315	10,315	8,197	2,118
Miscellaneous	26,000	26,000	948	25,052
Professional Fees	1,500	1,500	1,500	0
Supplies	49,085	49,085	45,535	3,550
Travel	1,400	1,400	1,110	290
Utilities	12,220	12,220	14,279	(2,059)
Total Expenditures	<u>311,251</u>	<u>311,251</u>	<u>278,089</u>	<u>33,162</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(73,761)</u>	<u>(73,761)</u>	<u>(84,338)</u>	<u>(10,577)</u>
Other Financing Sources (Uses)				
Transfer From General Fund	73,761	73,761	34,851	(38,910)
Total Other Sources (Uses)	<u>73,761</u>	<u>73,761</u>	<u>34,851</u>	<u>(38,910)</u>
Net Change in Cash Balance	0	0	(49,487)	(49,487)
Cash Balance Beginning of Year	<u>58,590</u>	<u>58,590</u>	<u>58,590</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 58,590</u>	<u>\$ 58,590</u>	<u>\$ 9,103</u>	<u>\$ (49,487)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (49,487)	
Net change in Due from Grantor			51,916	
Net change in Accounts Payable			621	
Net change in Accrued Salaries and Benefits			383	
Net Change in Fund Balance			<u>\$ 3,433</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 PROPRIETARY FUND
 Statement of Fund Net Assets
 June 30, 2009

ASSETS	Water	Sewer	Solid Waste	Total
Current Assets				
Cash and Cash Equivalents	\$ 282,853	\$ 84,163	\$ 177,686	\$ 544,702
Receivables (net of allowance for uncollectible accounts)				
Accounts	85,072	11,736	17,391	114,199
Total Current Assets	<u>367,925</u>	<u>95,899</u>	<u>195,077</u>	<u>658,901</u>
Noncurrent Assets				
Capital Assets	4,944,792	7,316,135	436,969	12,697,896
Less: Accumulated Depreciation	<u>(3,369,398)</u>	<u>(1,248,741)</u>	<u>(21,848)</u>	<u>(4,639,987)</u>
Total Noncurrent Assets	<u>1,575,394</u>	<u>6,067,394</u>	<u>415,121</u>	<u>8,057,909</u>
Total Assets	<u>1,943,319</u>	<u>6,163,293</u>	<u>610,198</u>	<u>8,716,810</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	30	0	1,134	1,164
Accrued Salaries & Benefits	9,767	2,760	1,744	14,271
Accrued Interest	9,269	2,040	1,261	12,570
Current Portion of Long-Term Debt	<u>50,423</u>	<u>1,000</u>	<u>30,419</u>	<u>81,842</u>
Total Current Liabilities	<u>69,489</u>	<u>5,800</u>	<u>34,558</u>	<u>109,847</u>
Noncurrent Liabilities				
Compensated Absences	23,318	2,150	0	25,468
Customer Deposits	58,200	0	0	58,200
Long Term Debt	<u>582,910</u>	<u>95,000</u>	<u>534,411</u>	<u>1,212,321</u>
Total Noncurrent Liabilities	<u>664,428</u>	<u>97,150</u>	<u>534,411</u>	<u>1,295,989</u>
Total Liabilities	<u>733,917</u>	<u>102,950</u>	<u>568,969</u>	<u>1,405,836</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	932,792	5,969,354	383,441	7,285,587
Unrestricted	<u>276,610</u>	<u>90,989</u>	<u>(342,212)</u>	<u>25,387</u>
Total Net Assets	<u>\$ 1,209,402</u>	<u>\$ 6,060,343</u>	<u>\$ 41,229</u>	<u>\$ 7,310,974</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 PROPRIETARY FUND
 Statement of Revenue, Expenses and Changes in Net Assets
 For the Year Ended June 30, 2009

	Water	Sewer	Solid Waste	Total
Operating Revenues				
Sales & Service	\$ 601,039	\$ 133,982	\$ 168,808	\$ 903,829
Fees	28,293	5,600	0	33,893
Miscellaneous	7,392	38,163	0	45,555
Total Operating Revenues	<u>636,724</u>	<u>177,745</u>	<u>168,808</u>	<u>983,277</u>
Operating Expenses				
Salaries	264,892	75,191	5,856	345,939
Benefits	64,260	16,264	1,651	82,175
Contract Services	17,145	0	197,066	214,211
Supplies	0	9,142	0	9,142
Insurance	45,937	0	0	45,937
Utilities	32,481	29,017	0	61,498
Fees	7,589	0	0	7,589
Miscellaneous	79,475	24,548	4,376	108,399
Depreciation	104,932	82,009	21,848	208,789
Total Operating Expenses	<u>616,711</u>	<u>236,171</u>	<u>230,797</u>	<u>1,083,679</u>
Operating Income (Loss)	<u>20,013</u>	<u>(58,426)</u>	<u>(61,989)</u>	<u>(100,402)</u>
Nonoperating Revenue (Expenses)				
Taxes	23,483	0	19,373	42,856
Interest Income	2,582	573	1,242	4,397
Transfer to General Fund	0	0	(12,554)	(12,554)
Capital Contribution	0	2,572,612	0	2,572,612
Interest Expense	(20,245)	(4,118)	(1,261)	(25,624)
Total Nonoperating Revenue (Expense)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Assets	25,833	2,510,641	(55,189)	2,481,285
Total Net Assets - Beginning	<u>1,183,569</u>	<u>3,549,702</u>	<u>96,418</u>	<u>4,829,689</u>
Total Net Assets - Ending	<u>\$ 1,209,402</u>	<u>\$ 6,060,343</u>	<u>\$ 41,229</u>	<u>\$ 7,310,974</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 PROPRIETARY FUND
 Statement of Cash Flows
 For the Year Ended June 30, 2009

	<u>Water</u>	<u>Sewer</u>
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 688,372	\$ 157,913
Cash Paid to Suppliers and Employees	(566,805)	(138,608)
Net Cash Provided by Operating Activities	<u>121,567</u>	<u>19,305</u>
Cash Flows from Noncapital Financing Activities		
Taxes	23,483	0
Net Cash Provided by Noncapital Financing Activities	<u>23,483</u>	<u>0</u>
Cash Flows from Capital & Related Financing Activities		
Purchase of Capital Assets	(5,000)	0
Loan Proceeds	0	0
Transfer in (out) from (to) General	0	0
Principal Paid	(48,379)	(1,000)
Interest Paid	(20,245)	(4,118)
Net Cash Provided by Capital & Related Financing Activities	<u>(73,624)</u>	<u>(5,118)</u>
Cash Flows from Investing Activities		
Interest Received	<u>2,582</u>	<u>573</u>
Net Cash Provided by Investing Activities	<u>2,582</u>	<u>573</u>
Net Increase (Decrease) in Cash	74,008	14,760
Cash, Beginning of Year	<u>208,845</u>	<u>69,403</u>
Cash, End of Year	<u>\$ 282,853</u>	<u>\$ 84,163</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 20,013	\$ (58,426)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	104,932	82,009
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(14,868)	(1,281)
(Increase) Decrease in Taxes Receivable	0	0
Increase (Decrease) in Accounts Payable	(2,771)	(3,306)
Increase (Decrease) in Accrued Salaries and Benefits	1,480	(122)
Increase (Decrease) in Accrued Interest	(697)	(5)
Increase (Decrease) in Compensated Absences	(222)	436
Increase (Decrease) in Customer Deposits	13,700	0
Net Cash Provided by Operating Activities	<u>\$ 121,567</u>	<u>\$ 19,305</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 PROPRIETARY FUND
 Statement of Cash Flows
 For the Year Ended June 30, 2009

	Solid Waste	Total
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 167,285	\$ 1,013,570
Cash Paid to Suppliers and Employees	(206,079)	(911,492)
Net Cash Provided by Operating Activities	<u>(38,794)</u>	<u>102,078</u>
Cash Flows from Noncapital Financing Activities		
Taxes	19,373	42,856
Net Cash Provided by Noncapital Financing Activities	<u>19,373</u>	<u>42,856</u>
Cash Flows from Capital & Related Financing Activities		
Purchase of Capital Assets	(436,969)	(441,969)
Loan Proceeds	564,830	564,830
Transfer in (out) from (to) General	(12,554)	(12,554)
Principal Paid	0	(49,379)
Interest Paid	(1,261)	(25,624)
Net Cash Provided by Capital & Related Financing Activities	<u>114,046</u>	<u>35,304</u>
Cash Flows from Investing Activities		
Interest Received	1,242	4,397
Net Cash Provided by Investing Activities	<u>1,242</u>	<u>4,397</u>
Net Increase (Decrease) in Cash	95,867	184,635
Cash, Beginning of Year	<u>81,819</u>	<u>360,067</u>
Cash, End of Year	<u>\$ 177,686</u>	<u>\$ 544,702</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (61,989)	\$ (100,402)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	21,848	208,789
Change in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(2,791)	(18,940)
(Increase) Decrease in Taxes Receivable	0	0
Increase (Decrease) in Accounts Payable	1,134	(4,943)
Increase (Decrease) in Accrued Salaries and Benefits	1,744	3,102
Increase (Decrease) in Accrued Interest	1,260	558
Increase (Decrease) in Compensated Absences	0	214
Increase (Decrease) in Customer Deposits	0	13,700
Net Cash Provided by Operating Activities	<u>\$ (38,794)</u>	<u>\$ 102,078</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Statement of Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2009

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 12,204
Total Assets	<u>\$ 12,204</u>
Liabilities	
Deposits Held for Others	\$ 12,204
Total Liabilities	<u>\$ 12,204</u>

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Tularosa (Village) , has 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. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the Village's accounting policies are described below.

Financial Reporting Entity

The Village was incorporated under the laws of the State of New Mexico. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The Village has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Village members are financially accountable. There are no other primary governments with which the Village Board Members are financially accountable. There are no other primary governments with which the Village has a significant relationship

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Village are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Village. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

Amounts reported as program revenue in the government-wide financial statements include: (1) charges to customers or applicants for goods received, services rendered or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. The Village's operating grants include the Small Cities Assistance Grant and State Grants.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

The specific revenue recognition policy for property taxes are recognized when levied, derived tax revenue (such as gross receipts tax) are recognized when the underlying transaction takes place, and grants are recognized when all of the eligibility requirements have been met.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

Proprietary Fund - Enterprise Funds Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following major governmental funds:

The Village has presented the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Village and accounts for all revenues and expenditures of the Village not encompassed within other funds.

Gas Tax

To account for the receipts and expenditures of special gasoline tax which is restricted for use in repairing and maintaining roads and streets within the municipality. The fund was created by the authority of state grant provisions. (NMSA 29-13-3)

Older American

To account for the receipts and expenditures related to the Senior Citizens Center. The fund was created by the village ordinance.

Capital Projects Fund

The Capital Projects Funds is used to account for the revenue and expenditures related to capital improvements.

Additionally, the Village reports the following non-major funds types:

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

Debt Services-To account for resources and payments made for debt service.

Fiduciary Fund - The Fiduciary funds account for assets held by the Village in a trustee or agent capacity.

Measurement Focus and Basis of Accounting

The government wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenue, such as franchise and sales tax revenue, is recognized when the underlying exchange transaction occurs.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Property taxes, sales taxes, franchise tax, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreement, the Village funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to financial the program. It is the Village's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Control

1. Prior to June 1, the Village's Clerk-Treasurer submits the budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.
3. The Village treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Trustees and the State Department of Finance and Administration.
4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The level of budget authority is at the fund level.
6. The cash basis is used to present the budgetary comparisons.

Cash and Cash Equivalents

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Village is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the Village may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or Village which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Prepaid Items

Prepaid balances are for payments made by the Village in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Capital Assets

Capital assets, which includes property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the Village as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

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Infrastructure	30 Years
Buildings	50 Years
Building Improvements	20 Years
Vehicles	2-15 Years
Equipment	3-15 Years
Information Technology Equipment and Software	3-5 Years

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The Village does not have any activity in short-term debt.

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

Revenue

The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

Deferred Revenue

The Village reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Compensated Absences

Each employee that has been employed between 1 and 5 years is entitled to 4 hrs of vacation pay per pay period, 6 to 10 years is 6 hours per pay period and 11 years or more is 8 hours per pay period. Sick leave is determined for all employees no mater the length of employment is 4 hours per pay period. Sick leave will be granted only from the duty because of personal illness, legal quarantine or medical, dental or optical appointments. Also for family members that include spouse, parents, spouses parents, children and grand children.

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 by creditors, grantors or laws or regulations of other governments.

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

NOTE B: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are included on each Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual Schedules.

NOTE C: CASH AND INVESTMENTS

The Village is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

1st National Bank:

<u>Name of Account</u>	Balance Per Bank 06-30-09	Reconciled Balance	<u>Type</u>
General Fund	\$ 127,007	\$ 117,773	Checking
Fire Department	10,774	10,425	Checking
Law Enforcement	2,046	2,046	Checking
Local Government Correction	432	432	Checking
Special Gas Tax	109,175	108,786	Checking
Recreation Fund	3,370	3,352	Checking
Summer Food Program	8,615	5,316	Checking
Older American Program	9,308	9,103	Checking
Capital Projects	42,261	(71,085)	Checking
Debt Service	1,231	1,231	Checking
Revenue Bond Proceeds	49,717	49,717	Savings
Motor Vehicle Department	11,166	775	Checking
Court	8,578	8,534	Checking
Disbursement	894	894	Checking
Payroll	29,541	2,001	Checking
Water	178,694	179,284	Checking
Sewer	69,470	69,836	Checking
Sewer Fund-CD	9,077	9,077	Savings
WWP Phase 2 Reserve	5,250	5,250	Checking
Solid Waste	23,130	21,716	Checking
TOTAL Deposited	<u>699,736</u>	<u>\$ 534,463</u>	
Less: FDIC Coverage	<u>(699,736)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>484,155</u>		
Over (Under) requirement	<u>\$ 484,155</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at **1st National Bank:**

<u>Description</u>	<u>CUSIP #</u>	Fair <u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLMC Pool E01479	31294KUC7	\$ 484,155	09-01-18	Dallas, TX
		<u>\$ 484,155</u>		

The difference between the bank balance and reconciled balance is outstanding deposits, outstanding checks, and pending bank adjustments.

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Wells Fargo

<u>Name of Account</u>	<u>Balance Per Bank 06-30-09</u>	<u>Reconciled Balance</u>	<u>Type</u>
Rural Utility Service Fund	\$ 230	\$ 230	Checking
Reserve Fund	52,810	52,810	Savings
Solid Waste	35,342	35,342	Savings
TOTAL Deposited	<u>88,382</u>	<u>\$ 88,382</u>	
Less: FDIC Coverage	<u>(88,382)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

Western Bank

<u>Name of Account</u>	<u>Balance Per Bank 06-30-09</u>	<u>Reconciled Balance</u>	<u>Type</u>
Water	\$ 31,879	\$ 31,879	Savings
WB-CD	71,690	71,690	Savings
TOTAL Deposited	<u>103,569</u>	<u>\$ 103,569</u>	
Less: FDIC Coverage	<u>(103,569)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

Bank of Albuquerque

<u>Name of Account</u>	<u>Balance Per Bank 06-30-09</u>	<u>Reconciled Balance</u>	<u>Type</u>
Solid Waste Reserve	\$ 120,627	\$ 120,627	Savings
TOTAL Deposited	<u>120,627</u>	<u>\$ 120,627</u>	
Less: FDIC Coverage	<u>(120,627)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 1,012,314
Collateralized:	
Collateral held by the pledging bank in Village's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 1,012,314</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009 none of the Village's bank balance of \$1,012,314 was exposed to custodial credit risk.

New Mexico State Treasurer

<u>Name of Account</u>	<u>Fair Market Value 06-30-09</u>	<u>Reconciled Balance</u>	<u>Type</u>
Village of Tularosa	\$ <u>55,825</u>	\$ <u>55,825</u>	Savings

GASB Statement No. 40, Deposit and Investment Risk Disclosures, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure.

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3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity (“WAM”). The State Treasurer’s Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer’s Office website at www.stonm.org. As of June 30, 2009, the LGIP WAM is 43 days.

4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

NOTE D: DEFERRED REVENUES

There were no Deferred Revenues for the year ended June 30, 2009.

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2009, is as follows:

	Beginning Balance 6/30/08	Increases	Decreases	Ending Balance 6/30/09
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 588,363	\$ 0	\$ 0	\$ 588,363
Total Capital Assets, not being Depreciated	<u>588,363</u>	<u>0</u>	<u>0</u>	<u>588,363</u>
Capital Assets, being Depreciated				
Construction in Progress	2,127,399	578,295	2,572,612	133,082
Infrastructure	425,816	206,387	0	632,203
Buildings & Improvements	4,112,436	0	0	4,112,436
Equipment	2,264,938	46,278	0	2,311,216
Total Capital Assets, being Depreciated	<u>8,930,589</u>	<u>830,960</u>	<u>2,572,612</u>	<u>7,188,937</u>
Total Capital Assets	<u>9,518,952</u>	<u>830,960</u>	<u>2,572,612</u>	<u>7,777,300</u>
Less Accumulated Depreciation				
Buildings & Improvements	1,055,481	47,982	0	1,103,463
Infrastructure	20,630	12,573	0	33,203
Equipment	1,460,640	117,327	0	1,577,967
Total Accumulated Depreciation	<u>2,536,751</u>	<u>177,882</u>	<u>0</u>	<u>2,714,633</u>
Capital Assets, net	<u>\$ 6,982,201</u>	<u>\$ 653,078</u>	<u>\$ 2,572,612</u>	<u>\$ 5,062,667</u>

The information to disclose depreciation charges by functions was not available.

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	Beginning Balance 6/30/08	Increases	Decreases	Ending Balance 6/30/09
Business-Type Activities				
Water				
Other Capital Assets				
Water System	\$ 4,939,792	\$ 5,000	\$ 0	\$ 4,944,792
Total Capital	4,939,792	5,000	0	4,944,792
Assets at Historical Cost	4,939,792	5,000	0	4,944,792
Less Accumulated Depreciation				
Improvements	3,264,466	104,932	0	3,369,398
Total Accumulated Depreciation	3,264,466	104,932	0	3,369,398
Capital Assets, net	\$ 1,675,326	\$ (99,932)	\$ 0	\$ 1,575,394
	Beginning Balance 6/30/08	Increases	Decreases	Ending Balance 6/30/09
Sewer				
Other Capital Assets				
Sewer System	\$ 4,724,738	\$ 2,572,612	\$ 0	\$ 7,297,350
Equipment	18,785	0	0	18,785
Total Capital	4,743,523	2,572,612	0	7,316,135
Assets at Historical Cost	4,743,523	2,572,612	0	7,316,135
Less Accumulated Depreciation				
Improvements	1,151,614	78,342	0	1,229,956
Equipment	15,118	3,667	0	18,785
Total Accumulated Depreciation	1,166,732	82,009	0	1,248,741
Capital Assets, net	\$ 3,576,791	\$ 2,490,603	\$ 0	\$ 6,067,394
	Beginning Balance 6/30/08	Increases	Decreases	Ending Balance 6/30/09
Solid Waste				
Other Capital Assets				
Equipment	\$ 0	\$ 436,969	\$ 0	\$ 436,969
Total Capital	0	436,969	0	436,969
Assets at Historical Cost	0	436,969	0	436,969
Less Accumulated Depreciation				
Equipment	0	21,848	0	21,848
Total Accumulated Depreciation	0	21,848	0	21,848
Capital Assets, net	\$ 0	\$ 415,121	\$ 0	\$ 415,121

NOTE F: LONG TERM DEBT

A summary of activity in the Long-Term Debt is as follows:

	Beginning Balance 6/30/08	Additions	Reductions	Ending Balance 6/30/09	Amounts Due Within One Year
Governmental Activities					
Notes Payable					
NM GRT	\$ 195,000	\$ 0	\$ 45,000	\$ 150,000	\$ 45,000
NMFA Fire Truck	55,272	0	10,722	44,550	10,878
Government	14,370	0	14,370	0	0
NMFA Paving	126,444	0	16,498	109,946	16,994
	<u>391,086</u>	<u>0</u>	<u>86,590</u>	<u>304,496</u>	<u>72,872</u>
Other Liabilities					
Compensated Absences					
	23,204	48,817	41,325	30,696	0
Long-Term Liabilities	<u>\$ 414,290</u>	<u>\$ 48,817</u>	<u>\$ 127,915</u>	<u>\$ 335,192</u>	<u>\$ 72,872</u>

The current portion of the compensated absences is estimated at zero since there are no anticipated retirements or terminations. The compensated absences ultimately will be liquidated by the General Fund or Water Fund as they have been in the past.

The annual requirements to amortize the above loans as of June 30, 2009, including interest payments are as follows:

	Principal	Interest	Total
2010	\$ 72,872	\$ 12,575	\$ 85,447
2011	78,549	9,334	87,883
2012	84,252	5,783	90,035
2013	29,982	1,920	31,902
2014	19,133	1,168	20,301
2015	19,708	591	20,299
	<u>\$ 304,496</u>	<u>\$ 31,371</u>	<u>\$ 335,867</u>

	Beginning Balance 6/30/08	Additions	Reductions	Ending Balance 6/30/09	Amounts Due Within One Year
Business-Type Activities					
Bonds Payable					
RIP 96-03	\$ 278,786	\$ 0	\$ 17,851	\$ 260,935	\$ 18,386
RIP 93-11	133,009	0	11,602	121,407	11,950
NMFA PPRF	270,025	0	19,034	250,991	20,086
USDA RUS 2004	97,000	0	1,000	96,000	1,000
NMFA-Equip 5/1/09	0	564,831	0	564,831	30,419
	<u>\$ 778,820</u>	<u>\$ 564,831</u>	<u>\$ 49,487</u>	<u>\$ 1,294,164</u>	<u>\$ 81,841</u>

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Other Liabilities

Compensated

Absences \$ 25,254 \$ 25,548 \$ 25,334 \$ 25,468 \$ 0

Long-Term

Liabilities \$ 1,582,894 \$ 25,548 \$ 124,308 \$ 2,613,796 \$ 163,682

Utility Bonds

The following bonds were issued for the purpose of improving and expanding the Village's water utility system. The water utility fund charges a fee for water and services to retire the principal and interest on the bond issue.

Series	Maturity Date	Original Amount	Interest Rate	Balance
NMFA Water	5/1/2020	\$ 405,405	3.8%-5.83%	\$ 250,991
USDA RIP 93-11	9/25/2017	186,144	3%	121,406
USDA RIP 96-03	11/8/2020	390,000	3%	260,935
USDA RUS 2004	12/31/2044	100,000	4.25%	96,000
NMFA -Equip	5/1/2019	564,831	2.95%	564,831
				<u>\$ 1,294,163</u>

The annual requirements to amortize the above bonds as of June 30, 2008, including interest payments are as follows:

	Principal	Interest	Total
2010	\$ 81,842	\$ 38,592	\$ 120,434
2011	82,888	36,788	119,676
2012	84,082	34,797	118,879
2013	117,893	32,701	150,594
2014	121,273	29,709	150,982
2015-2019	645,373	93,226	738,599
2020-2024	86,814	20,253	107,067
2025-2029	10,000	14,890	24,890
2030-2034	15,000	12,340	27,340
2035-2039	17,000	9,110	26,110
2040-2044	21,000	5,100	26,100
2045	11,000	470	11,470
	<u>\$ 1,294,165</u>	<u>\$ 327,976</u>	<u>\$ 1,622,141</u>

NOTE G: PROPERTY TAXES

The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

NOTE H: PENSION PLAN

The Village offers a deferred compensation plan in accordance with Internal Revenue Service code 457. All full-time employees are covered by the plan after completing 1,000 hours of service. As employer, the Village matches the employees contribution up to an amount equal to 5% of the employee's compensation each month. Employees are 100% vested after enrollment, and benefits are available at age 59 1/2. If an employee terminates his employment before age 59 1/2, 100% of the account is available to the beneficiary. The plan has certain provisions for hardship withdrawal. The plan is funded through Equi-vest. The employees take full responsibility for investing their contributions as well as their share of the Village's contributions. The Village Clerk is the plan administrator. For the fiscal year ended June 30, 2009, 2008 and 2007 the Village incurred \$13,296, \$13,819 and \$13,323 in total pension costs. Pension costs are in current service costs accrued and funded on a current basis. There are no prior service costs.

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.

Funding Policy. Plan members are required to contribute 7% of their gross salary, 10% for Police Officers. The Village is required to contribute 7% for employees and 10 % for Police Officers of the gross covered salary. 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 total contributions to PERA for the fiscal year ending June 30, 2009 was \$67,548.34, respectively, which equal the amount of the required contributions for the fiscal year. The Village started this plan in August of 2008.

NOTE I: POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico as authorized under Section 9D of Chapter 6, Laws of 1990. The village has elected not to participate in this plan.

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NOTE J: RECEIVABLES

Receivables as of June 30, 2009, were as follows:

	General Funds	Gas Tax	Older American	Capital Project
Franchise Taxes	\$ 6,710	\$ 0	\$ 0	\$ 0
Gross Receipts Taxes	58,377	0	0	0
Gasoline Taxes	0	4,843	0	0
Other Taxes	11,016	0	0	0
Due from Grantor	0	0	53,775	70,855
	<u>\$ 76,103</u>	<u>\$ 4,843</u>	<u>\$ 53,775</u>	<u>\$ 70,855</u>
	Non-Major			
	Funds	Utilities		
Accounts Receivable	\$ 0	\$ 114,199		
Other Taxes	133	0		
	<u>\$ 133</u>	<u>\$ 114,199</u>		

All receivable balances are expected to be collected within one year.

NOTE K: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

As of June 30, 2009, the Village had the following interfund transfers:

Transfer From		Transfer To	
General	\$ 34,851	Older American	\$ 34,851
General	28,404	Recreation	28,404
General	56,025	Debt Service	56,025
General	4,647	Law Enforcement	4,647
	<u>\$ 123,927</u>		<u>\$ 123,927</u>
Utility	<u>\$ 12,554</u>	General	<u>\$ 12,554</u>

The above transfers were made to the funds to support current operations in the listed funds. The transfer from Solid Waste to General was to repay the General Fund for gross receipts tax that is off set to pay a NMFA loan for the Solid Waste fund. None of the above transfers will be repaid.

The composition of interfund balances is as follows:

<u>Receivable</u>	<u>Payable</u>
	Capital Projects
General Fund	\$ 70,855
Totals	<u>\$ 70,855</u>

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General fund. All transactions will be repaid within one year.

NOTE L: RISK MANAGEMENT

The Village is exposed to various risks of losses 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 a commercial carrier to insure against potential losses and claims. The premiums are based on payroll and other expenditures, and are not directly related to claims filed. The policies are retrospectively rated and premiums may be adjusted after year end based on the ultimate level of expenditures.

NOTE M: SURETY BOND

The officials and certain employees of the Village are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

NOTE N: LANDFILL

The Village is a member of the Otero Regional Waste Authority and consequently does not account for landfill closure and post-closure care cost since the Authority is a separate entity that has its own accounting system. The Village has also hired a contractor for solid waste service pick-up, and therefore is also not subject to these accounting requirements.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 CAPITAL PROJECTS FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 2,972,682	\$ 2,972,682	\$ 203,748	\$ (2,768,934)
Federal Grant	1,687,483	1,687,483	305,685	(1,381,798)
Interest Income	2,267	2,267	124	(2,143)
Miscellaneous	20,769	20,769	20,957	188
Total Revenues	<u>4,683,201</u>	<u>4,683,201</u>	<u>530,514</u>	<u>(4,152,687)</u>
Expenditures				
Capital Projects				
Capital Outlay				
Equipment	24,510	24,510	24,510	0
Utility-Water	768,185	768,185	23,265	744,920
Utility-Sewer	1,873,576	1,873,576	265,934	1,607,642
Buildings & Improvement	2,011,697	2,011,697	289,096	1,722,601
Total Expenditures	<u>4,677,968</u>	<u>4,677,968</u>	<u>602,805</u>	<u>4,075,163</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,233</u>	<u>5,233</u>	<u>(72,291)</u>	<u>(77,524)</u>
Cash Balance Beginning of Year	<u>1,436</u>	<u>1,436</u>	<u>1,436</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 6,669</u>	<u>\$ 6,669</u>	<u>\$ (70,855)</u>	<u>\$ (77,524)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (72,291)	
Net change in Due from Grantor			70,855	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,436)</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR FUNDS

Fire Protection

To account for the operation and maintenance of the Village Fire Department. Financing is primarily from an annual state fire allotment. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

Law Enforcement

To account for funds received from the State of New Mexico for law enforcement purposes. The fund was created by the authority of state grant provisions. (NMSA 29-13-3)

Correction Fund

To account for the collection of fines which are used to supplement the cost of prisoner housing. The fund was created by the authority of state statute. (Section 29-1301 NASA 1978)

Recreation

To account for the operation and maintenance of the Village's youth recreation program. Financing is provided by the state shared cigarette tax. The fund was created by the authority of state statute. (NMSA 7-12-15)

Summer Food

To account for the receipts and expenditures related to the state grants based upon agreement with the New Mexico Children, Youth and Families Department for the purpose of providing meals for the youth of Tularosa during the summer months when school nutritional facilities are not available. The fund was created by the authority of state grant provisions.

Debt Service

To account for resources and payments made for debt service.

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2009

	<u>Special Revenue Funds</u>		
	<u>Fire Department</u>	<u>Law Enforcement</u>	<u>Correction Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 10,425	\$ 2,046	\$ 432
Receivables			
Taxes	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 10,425</u>	<u>\$ 2,046</u>	<u>\$ 432</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 8	\$ 0	\$ 0
Accrued Salaries & Benefits	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>8</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for:			
Debt Service	0	0	0
Unreserved Reported In:			
Special Revenue Fund	<u>10,417</u>	<u>2,046</u>	<u>432</u>
Total Fund Balance	<u>10,417</u>	<u>2,046</u>	<u>432</u>
Total Liabilities and Fund Balance	<u>\$ 10,425</u>	<u>\$ 2,046</u>	<u>\$ 432</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 NONMAJOR FUNDS
 Combining Balance Sheet
 June 30, 2009

	<u>Special Revenue Funds</u>		<u>Debt Service</u>
	<u>Recreation Fund</u>	<u>Summer Food</u>	<u>Debt Service</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,352	\$ 5,316	\$ 103,758
Receivables			
Taxes	133	0	0
Total Assets	<u>\$ 3,485</u>	<u>\$ 5,316</u>	<u>\$ 103,758</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 217	\$ 0	\$ 0
Accrued Salaries & Benefits	874	727	0
Total Liabilities	<u>1,091</u>	<u>727</u>	<u>0</u>
Fund Balance			
Reserved for:			
Debt Service	0	0	103,758
Unreserved Reported In:			
Special Revenue Fund	<u>2,394</u>	<u>4,589</u>	<u>0</u>
Total Fund Balance	<u>2,394</u>	<u>4,589</u>	<u>103,758</u>
Total Liabilities and Fund Balance	<u>\$ 3,485</u>	<u>\$ 5,316</u>	<u>\$ 103,758</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 NONMAJOR FUNDS
 Combining Balance Sheet
 June 30, 2009

	Total
ASSETS	
Cash and Cash Equivalents	\$ 125,329
Receivables	
Taxes	133
Total Assets	\$ <u>125,462</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 225
Accrued Salaries & Benefits	1,601
Total Liabilities	<u>1,826</u>
 Fund Balance	
Reserved for:	
Debt Service	103,758
Unreserved Reported In:	
Special Revenue Fund	19,878
Total Fund Balance	<u>123,636</u>
 Total Liabilities and Fund Balance	\$ <u>125,462</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2009

	Special Revenue Funds		
	Fire Department	Law Enforcement	Correction Fund
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 0
Cigarette	0	0	0
Fees	0	0	20,645
State Grant	60,579	23,600	0
Interest Income	203	107	64
Miscellaneous	1,969	0	0
Total Revenues	<u>62,751</u>	<u>23,707</u>	<u>20,709</u>
Expenditures			
Current			
Public Safety	40,416	1,752	32,792
Cultural & Recreation	0	0	0
Capital Outlay	0	10,040	0
Debt Services			
Principal	10,722	14,370	0
Interest	881	145	0
Total Expenditures	<u>52,019</u>	<u>26,307</u>	<u>32,792</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,732</u>	<u>(2,600)</u>	<u>(12,083)</u>
Other Financing Sources (Uses)			
Transfers In/Out	0	4,646	0
Total Other Sources (Uses)	<u>0</u>	<u>4,646</u>	<u>0</u>
Net Change in Fund Balance	10,732	2,046	(12,083)
Fund Balance at Beginning of Year	<u>(315)</u>	<u>0</u>	<u>12,515</u>
Fund Balance End of Year	<u>\$ 10,417</u>	<u>\$ 2,046</u>	<u>\$ 432</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2009

	Special Revenue Funds		Debt Service
	Recreation Fund	Summer Food Fund	Debt Service
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 0
Cigarette	2,573	0	0
Fees	0	0	0
State Grant	0	21,398	0
Interest Income	18	0	2,720
Miscellaneous	6,346	53	0
Total Revenues	<u>8,937</u>	<u>21,451</u>	<u>2,720</u>
Expenditures			
Current			
Public Safety	0	0	0
Cultural & Recreation	38,621	17,807	0
Capital Outlay	0	0	0
Debt Services			
Principal	0	0	45,000
Interest	0	0	11,087
Total Expenditures	<u>38,621</u>	<u>17,807</u>	<u>56,087</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(29,684)</u>	<u>3,644</u>	<u>(53,367)</u>
Other Financing Sources (Uses)			
Transfers In/Out	28,404	0	56,025
Total Other Sources (Uses)	<u>28,404</u>	<u>0</u>	<u>56,025</u>
Net Change in Fund Balance	(1,280)	3,644	2,658
Fund Balance at Beginning of Year	<u>3,674</u>	<u>945</u>	<u>101,100</u>
Fund Balance End of Year	<u>\$ 2,394</u>	<u>\$ 4,589</u>	<u>\$ 103,758</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2009

	<u>Total</u>
Revenues	
Taxes	
Gross Receipts	\$ 0
Cigarette	2,573
Fees	20,645
State Grant	105,577
Interest Income	3,112
Miscellaneous	8,368
Total Revenues	<u>140,275</u>
Expenditures	
Current	
Public Safety	74,960
Cultural & Recreation	56,428
Capital Outlay	10,040
Debt Services	0
Principal	70,092
Interest	12,113
Total Expenditures	<u>223,633</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(83,358)</u>
Other Financing Sources (Uses)	
Transfers In/Out	89,075
Total Other Sources (Uses)	<u>89,075</u>
Net Change in Fund Balance	5,717
Fund Balance at Beginning of Year	<u>117,919</u>
Fund Balance End of Year	<u>\$ 123,636</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
SPECIAL REVENUE FUND-FIRE
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 55,501	\$ 55,501	\$ 60,579	\$ 5,078
Interest	0	0	203	203
Miscellaneous	0	0	1,969	1,969
Total Revenues	<u>55,501</u>	<u>55,501</u>	<u>62,751</u>	<u>7,250</u>
Expenditures				
Public Safety				
Travel & Training	1,000	1,000	1,110	(110)
Maintenance	5,529	5,600	5,557	43
Insurance	8,819	10,681	10,681	0
Utilities	5,000	5,000	4,222	778
Supplies	24,000	24,000	24,210	(210)
Capital Purchase	11,153	11,153	0	11,153
Debt Service				
Principal	0	0	10,722	(10,722)
Interest	0	0	881	(881)
Total Expenditures	<u>55,501</u>	<u>57,434</u>	<u>57,383</u>	<u>51</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(1,933)</u>	<u>5,368</u>	<u>7,301</u>
Cash Balance Beginning of Year	<u>5,057</u>	<u>5,057</u>	<u>5,057</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 5,057</u>	<u>\$ 3,124</u>	<u>\$ 10,425</u>	<u>\$ 7,301</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,368	
Net change in Accounts Payable			<u>5,363</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 10,731</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
SPECIAL REVENUE FUND-LAW ENFORCEMENT
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 23,600	\$ 23,600	\$ 23,600	\$ 0
Interest Income	0	0	107	107
Total Revenues	<u>23,600</u>	<u>23,600</u>	<u>23,707</u>	<u>107</u>
Expenditures				
Public Safety				
Training	3,911	3,911	1,013	2,898
Capital Outlay	0	4,647	10,780	(6,133)
Principal	19,689	19,689	14,370	5,319
Interest	0	0	145	(145)
Total Expenditures	<u>23,600</u>	<u>28,247</u>	<u>26,308</u>	<u>1,939</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(4,647)</u>	<u>(2,601)</u>	<u>2,046</u>
Other Financing Sources (Uses)				
Transfers from General Fund	0	4,647	4,647	0
Total Other Sources (Uses)	<u>0</u>	<u>4,647</u>	<u>4,647</u>	<u>0</u>
Net Change in Cash Balance	0	0	2,046	2,046
Cash Balance Beginning of Year	<u>2,046</u>	<u>2,046</u>	<u>2,046</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,046</u>	<u>\$ 2,046</u>	<u>\$ 4,092</u>	<u>\$ 2,046</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 2,046	
Net Change in Fund Balance			<u>\$ 2,046</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
SPECIAL REVENUE FUND-CORRECTION FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 33,756	\$ 33,756	\$ 20,645	\$ (13,111)
Interest Earned	<u>0</u>	<u>0</u>	<u>65</u>	<u>65</u>
Total Revenues	<u>33,756</u>	<u>33,756</u>	<u>20,710</u>	<u>(13,046)</u>
Expenditures				
Public Safety				
Housing Of Prisoners	<u>33,756</u>	<u>33,756</u>	<u>32,793</u>	<u>963</u>
Total Expenditures	<u>33,756</u>	<u>33,756</u>	<u>32,793</u>	<u>963</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(12,083)	(12,083)
Cash Balance Beginning of Year	<u>12,515</u>	<u>12,515</u>	<u>12,515</u>	<u>0</u>
Cash Balance End of Year	\$ <u>12,515</u>	\$ <u>12,515</u>	\$ <u>432</u>	\$ <u>(12,083)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(12,083)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(12,083)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
SPECIAL REVENUE FUND-RECREATION
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Cigarette Taxes	\$ 2,345	\$ 2,345	\$ 2,679	\$ 334
Contributions/Donations	5,000	5,000	6,346	1,346
Interest Income	0	0	18	18
Total Revenues	<u>7,345</u>	<u>7,345</u>	<u>9,043</u>	<u>1,698</u>
Expenditures				
Culture & Recreation				
Salaries	21,778	21,778	19,236	2,542
Benefits	3,200	3,200	1,481	1,719
Travel	1,070	1,070	416	654
Utilities	8,000	10,565	10,565	0
Miscellaneous	1,701	1,800	6,684	(4,884)
Total Expenditures	<u>35,749</u>	<u>38,413</u>	<u>38,382</u>	<u>31</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(28,404)</u>	<u>(31,068)</u>	<u>(29,339)</u>	<u>1,729</u>
Other Financing Sources (Uses)				
Transfers from General Fund	28,404	28,404	28,404	0
Total Other Sources (Uses)	<u>28,404</u>	<u>28,404</u>	<u>28,404</u>	<u>0</u>
Net Change in Cash Balance	0	(2,664)	(935)	1,729
Cash Balance Beginning of Year	<u>4,287</u>	<u>4,287</u>	<u>4,287</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 4,287</u>	<u>\$ 1,623</u>	<u>\$ 3,352</u>	<u>\$ 1,729</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (935)	
Net change in Taxes Receivable			(106)	
Net change in Accounts Payable			(72)	
Net change in Accrued Salaries & Benefits			(167)	
Net Change in Fund Balance			<u>\$ (1,280)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
SPECIAL REVENUE-SUMMER FOOD FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget (Budgetary Basis) and Actual
June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 17,508	\$ 17,508	\$ 21,398	\$ 3,890
Miscellaneous	3,135	3,135	53	(3,082)
Total Revenues	<u>\$ 20,643</u>	<u>\$ 20,643</u>	<u>\$ 21,451</u>	<u>\$ 808</u>
Expenditures				
Salaries	6,030	6,030	4,905	1,125
Benefits	461	461	584	(123)
Supplies	9,803	9,803	11,846	(2,043)
Miscellaneous	3,659	3,659	202	3,457
Travel	690	690	677	13
Total Expenditures	<u>20,643</u>	<u>20,643</u>	<u>18,214</u>	<u>2,429</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>3,237</u>	<u>(1,621)</u>
Cash Balance Beginning of Year	<u>2,079</u>	<u>2,079</u>	<u>2,079</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,079</u>	<u>\$ 2,079</u>	<u>\$ 5,316</u>	<u>\$ (1,621)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,237	
Net change in Due from Grantor			0	
Net change in Accounts Payable			212	
Net change in Accrued Salaries & Benefits			195	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,644</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
DEBT SERVICE FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 0	\$ 0	\$ 2,720	\$ 2,720
Total Revenues	<u>0</u>	<u>0</u>	<u>2,720</u>	<u>2,720</u>
Expenditures				
Debt Service				
Principal	45,000	45,000	45,000	0
Interest	11,026	11,026	11,025	1
Fiscal Charges	40	62	62	0
Total Expenditures	<u>56,066</u>	<u>56,088</u>	<u>56,087</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(56,066)</u>	<u>(56,088)</u>	<u>(53,367)</u>	<u>2,721</u>
Other Financing Sources (Uses)				
Transfer in from General	56,066	56,066	56,025	(41)
Total Other Sources (Uses)	<u>56,066</u>	<u>56,066</u>	<u>56,025</u>	<u>(41)</u>
Net Change in Cash Balance	0	(22)	2,658	2,680
Cash Balance Beginning of Year	<u>101,100</u>	<u>101,100</u>	<u>101,100</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 101,100</u>	<u>\$ 101,078</u>	<u>\$ 103,758</u>	<u>\$ 2,680</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 2,658	
Net Change in Fund Balance			<u>\$ 2,658</u>	

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

ENTERPRISE FUNDS

Water, Sewer, and Solid Waste Funds- The Water, Sewer and Solid Waste Funds are used to account for the provision of water, sewer, and solid waste services to the residents of the Village. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

STATE OF NEW MEXICO

VILLAGE OF TULAROSA

ENTERPRISE FUND-WATER

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)

June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 562,059	\$ 562,059	\$ 599,871	\$ 37,812
Fees	33,888	33,888	28,293	(5,595)
Interest Income	841	841	2,582	1,741
Miscellaneous	2,385	2,385	7,392	5,007
Gross Receipts Tax	35,629	35,629	52,816	17,187
Total Revenues	<u>634,802</u>	<u>634,802</u>	<u>690,954</u>	<u>56,152</u>
Expenditures				
Salaries	260,249	260,249	263,634	(3,385)
Benefits	72,357	72,357	64,260	8,097
Travel	2,000	2,000	1,824	176
Maintenance	54,375	54,375	52,942	1,433
Contract Services	29,000	29,000	17,145	11,855
Supplies	23,600	23,600	20,495	3,105
Training	2,000	2,000	2,241	(241)
Insurance	45,000	45,000	45,937	(937)
Utilities	32,900	32,900	35,253	(2,353)
Other	2,000	2,000	1,973	27
Gross Receipts Tax	25,500	25,500	29,333	(3,833)
Water Conservation Fee	6,000	6,000	6,252	(252)
Water Assessments	5,000	5,000	1,338	3,662
Capital Outlay	5,000	5,000	5,000	0
Debt Service				
Principal	48,488	48,488	48,379	109
Interest	20,834	20,834	20,245	589
Total Expenditures	<u>634,303</u>	<u>634,303</u>	<u>616,251</u>	<u>18,052</u>
Excess (Deficiency) of Revenues Over Expenditures	499	499	74,703	74,204
Cash Balance Beginning of Year	<u>208,845</u>	<u>208,845</u>	<u>208,845</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 209,344</u>	<u>\$ 209,344</u>	<u>\$ 283,548</u>	<u>\$ 74,204</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 74,703	
Depreciation			(104,932)	
Capital Outlay			5,000	
Principal Paid			48,379	
Net change in Accounts Receivable			14,868	
Net change in Accounts Payable			2,772	
Net change in Accrued Salaries & Benefits			(1,479)	
Net change in Accrued Interest			697	
Net change in Compensated Absences			222	
Net change in Customer Deposits			(13,700)	
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 26,530</u>	

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

STATE OF NEW MEXICO

VILLAGE OF TULAROSA

ENTERPRISE FUND-SEWER

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)

June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 128,232	\$ 128,232	\$ 132,700	\$ 4,468
Connection Fees	3,200	3,200	5,600	2,400
Interest Income	877	877	573	(304)
Insurance Claim	0	0	19,040	19,040
Miscellaneous	14,810	14,810	19,122	4,312
Total Revenues	<u>147,119</u>	<u>147,119</u>	<u>177,035</u>	<u>29,916</u>
Expenditures				
Salaries	66,518	76,518	74,876	1,642
Benefits	18,495	18,495	16,264	2,231
Travel	1,350	1,350	0	1,350
Maintenance	20,283	20,283	22,354	(2,071)
Supplies	5,981	5,981	9,142	(3,161)
Office	1,200	1,200	1,469	(269)
Utilities	37,548	37,548	32,323	5,225
Other	700	700	724	(24)
Capital Outlay				
Principal	1,000	1,000	1,000	0
Interest	4,123	4,123	4,123	0
Total Expenditures	<u>157,198</u>	<u>167,198</u>	<u>162,275</u>	<u>4,923</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,079)</u>	<u>(20,079)</u>	<u>14,760</u>	<u>34,839</u>
Cash Balance Beginning of Year	<u>69,403</u>	<u>69,403</u>	<u>69,403</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 59,324</u>	<u>\$ 49,324</u>	<u>\$ 84,163</u>	<u>\$ 34,839</u>
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 14,760	
Depreciation			(82,009)	
Purchase of Capital Assets			2,572,612	
Net change in Accounts Receivable			1,282	
Net change in Accounts Payable			3,306	
Net change in Accrued Salaries & Benefits			121	
Net change in Accrued Interest			5	
Principle Payment			1,000	
Net change in Compensated Absenses			(437)	
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 2,510,640</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
ENTERPRISE FUND-SOLID WASTE
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 162,991	\$ 162,991	\$ 166,017	\$ 3,026
Interest Income	0	0	1,241	1,241
Enviromental Gross Receipts Tax	18,501	18,501	10,331	(8,170)
Excess Gross Receipts Tax	16,520	16,520	7,774	(8,746)
Taxes	1,325	1,325	1,268	(57)
Total Revenues	<u>199,337</u>	<u>199,337</u>	<u>186,631</u>	<u>(12,706)</u>
Expenditures				
Salaries	0	0	4,112	(4,112)
Benefits	0	0	1,651	(1,651)
Contract Services	193,706	193,706	197,066	(3,360)
Miscellaneous	0	0	3,242	(3,242)
Capital Outlay	0	564,830	436,969	127,861
Total Expenditures	<u>193,706</u>	<u>758,536</u>	<u>643,040</u>	<u>115,496</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,631</u>	<u>(559,199)</u>	<u>(456,409)</u>	<u>102,790</u>
Other Financing Sources (Uses)				
Loan from NMFA	0	564,830	564,830	0
Transfer to General	(5,631)	0	(12,554)	(12,554)
Total Other Sources (Uses)	<u>(5,631)</u>	<u>564,830</u>	<u>552,276</u>	<u>(12,554)</u>
Net Change in Cash Balance	0	5,631	95,867	90,236
Cash Balance Beginning of Year	<u>81,819</u>	<u>81,819</u>	<u>81,819</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 81,819</u>	<u>\$ 87,450</u>	<u>\$ 177,686</u>	<u>\$ 90,236</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 95,867	
Net Change in Accounts Receivable			2,791	
Purchase of Fixed Assets			436,969	
Depreciation			(21,848)	
Net change in Accounts Payable			(1,134)	
Net change in Accrued Salaries & Benefits			(1,744)	
Net change in Accrued Interest			(1,261)	
Loan Proceeds			(564,830)	
Net Change in Fund Balance			<u>\$ (55,190)</u>	

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

AGENCY FUNDS

Motor Vehicle Department

To account for the collection and disbursement of Motor Vehicle Department fees to the State Motor Vehicle Department.

Disbursement Fund

These funds are used to account for transfers from other funds to disburse expenditures.

Payroll Fund

These funds are used to account for transfers from other funds to disburse payroll and related expenditures.

Courts

To account for funds collected for the fines that are remitted to the State of New Mexico for judicial education and court automation.

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 AGENCY FUND
 Schedule of Changes on Assets and Liabilities
 June 30, 2009

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
ASSETS				
Cash	\$ 18,746	\$ 1,759,208	\$ 1,765,750	\$ 12,204
Total Assets	<u>\$ 18,746</u>	<u>\$ 1,759,208</u>	<u>\$ 1,765,750</u>	<u>\$ 12,204</u>
LIABILITIES				
Due To Other Agencies	\$ 18,746	\$ 1,759,208	\$ 1,765,750	\$ 12,204
Total Liabilities	<u>\$ 18,746</u>	<u>\$ 1,759,208</u>	<u>\$ 1,765,750</u>	<u>\$ 12,204</u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 8812
(575) 253-4313

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*

Mr. Hector H. Balderas
State Auditor of the State of New Mexico
Board Members of the VILLAGE OF TULAROSA

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund, and the combining and individual funds presented as supplemental information of the VILLAGE OF TULAROSA (Village), as of and for the year ended June 30, 2009, and have issued our report thereon dated September 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing the audit procedures for the purpose of expressing 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be 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.

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 one instance 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 09-1.

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 response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the New Mexico State Legislature and its committees, the Office of the State Auditor, the New Mexico Department of Finance and Administration - Local Government and 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.

 CPA PC

September 18, 2009

Prior Year Audit Findings

There were no prior year audit findings.

Current Year Audit Findings

09-1 Preparation of Financial Statements

Condition

The Village's employees or management do not have the qualifications and training to apply GAAP in recording their financial transactions and preparing their financial statements.

Criteria

According to the SAS 112: SAO Rule 2.2.2.8 J (4) if the auditor prepares the financial statements, it should be included as a finding.

Effect

By preparing the financial statements, the auditors are auditing their own work product.

Cause

The Village is so small, it cannot afford to hire personnel that have adequate qualifications and training to prepare the financial statements.

Recommendation

The Village should hire someone with adequate qualifications and training to prepare the financial statements.

Response

Our Village is so small and does not have sufficient funding to hire personnel to prepare the financial statements. We chose to receive a finding rather than spend additional funds hiring personnel capable of preparing our financial statements.

Financial Statement Preparation

The financial statements were prepared by De'Aun Willoughby, CPA. However, management is responsible for the contents of the Financial Statements.

Exit Conference

An exit conference was held on September 18, 2009. In attendance were Ray Cordova-Mayor, Dianna Brusuelas-Village Clerk, Monica Voorbach-Payroll Clerk, Valarie Delgado-Accounts Payable Clerk and De'Aun Willoughby, CPA.