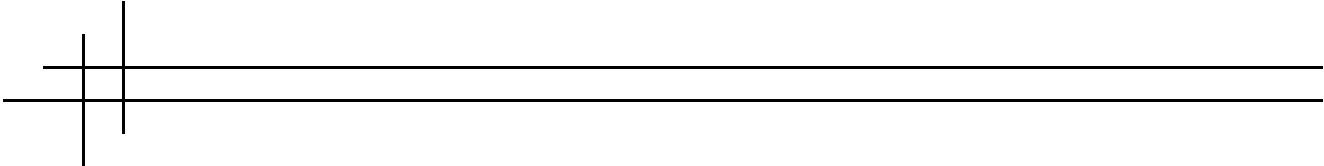




STATE OF NEW MEXICO  
**VILLAGE OF TULAROSA**

**ANNUAL FINANCIAL REPORT**  
June 30, 2010

**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, 2010

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Patrick Garcia

**BOARD OF TRUSTEES**

Ray S. Cordova	Mayor
Gloria Sainz	Mayor-ProTem
Patrick Garcia	Trustee
Joe Dan Lueras	Trustee
Fred Tyler	Trustee

**ADMINISTRATIVE OFFICIAL**

Dianna Brusuelas	Clerk/Treasurer
------------------	-----------------

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, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the VILLAGE OF TULAROSA, (Village), as of and for the year ended June 30, 2010, 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 and the budgetary comparisons for the major capital project fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, 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, 2010, 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 funds of the Village as of June 30, 2010, 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 December 1, 2010, 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 *Government 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'Aun Willoughby CPA PC*

December 1, 2010

STATE OF NEW MEXICO  
**VILLAGE OF TULAROSA**  
Government-Wide Statement of Net Assets  
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 474,001	\$ 358,975	\$ 832,976
Investments	57,277	0	57,277
Receivable			
Accounts	0	114,848	114,848
Taxes	98,174	1,723	99,897
Due from Grantor	9,301	0	9,301
Total Current Assets	<u>638,753</u>	<u>475,546</u>	<u>1,114,299</u>
Noncurrent Assets			
Restricted Cash	0	74,967	74,967
Capital Assets	8,467,950	13,035,052	21,503,002
Less: Accumulated Depreciation	<u>(2,898,848)</u>	<u>(4,849,202)</u>	<u>(7,748,050)</u>
Total Noncurrent Assets	<u>5,569,102</u>	<u>8,260,817</u>	<u>13,829,919</u>
Total Assets	<u>6,207,855</u>	<u>8,736,363</u>	<u>14,944,218</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	9,602	7,339	16,941
Accrued Salaries and Benefits	0	0	0
Accrued Interest	3,647	11,701	15,348
Compensated Absences	27,714	28,648	56,362
Current Portion of Long-Term Debt	78,549	82,888	161,437
Total Current Liabilities	<u>119,512</u>	<u>130,576</u>	<u>250,088</u>
Noncurrent Liabilities			
Customer Deposits	0	58,200	58,200
Bonds and Notes	153,075	1,129,434	1,282,509
Total Noncurrent Liabilities	<u>153,075</u>	<u>1,187,634</u>	<u>1,340,709</u>
Total Liabilities	<u>272,587</u>	<u>1,318,210</u>	<u>1,590,797</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	5,337,478	7,048,495	12,385,973
Unrestricted	597,790	369,658	967,448
Total Net Assets	<u>\$ 5,935,268</u>	<u>\$ 7,418,153</u>	<u>\$ 13,353,421</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, 2010

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
<b>Governmental Activities</b>							
General	\$ 327,007	\$ 10,312	\$ 147,906	\$ 0	\$ (168,789)	\$ 0	\$ (168,789)
Public Safety	689,500	77,270	96,375	0	(515,855)	0	(515,855)
Public Works	72,184	0	33,845	887,339	849,000	0	849,000
Culture & Recreation	484,872	39,604	220,190	0	(225,078)	0	(225,078)
Depreciation	184,215	0	0	0	(184,215)	0	(184,215)
Interest on Long-Term Obligations	11,018	0	0	0	(11,018)	0	(11,018)
<b>Total Governmental Activities</b>	<b>\$ 1,768,796</b>	<b>\$ 127,186</b>	<b>\$ 498,316</b>	<b>\$ 887,339</b>	<b>(255,955)</b>	<b>0</b>	<b>(255,955)</b>
<b>Business-type Activities</b>							
Water	\$ 855,135	\$ 720,634	\$ 0	\$ 0	0	(134,501)	(134,501)
Sewer	239,462	142,479	0	0	0	(96,983)	(96,983)
Solid Waste	159,798	191,853	0	0	0	32,055	32,055
<b>Total Business-type Activities</b>	<b>\$ 1,254,395</b>	<b>\$ 1,054,966</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0</b>	<b>(199,429)</b>	<b>(199,429)</b>
<b>General Revenues</b>							
Franchise Taxes					53,668	0	53,668
Gross Receipts Tax					830,159	18,013	848,172
Gasoline Taxes					67,495	0	67,495
Property Taxes					165,223	0	165,223
Other Taxes					8,823	0	8,823
Interest and investment earnings					2,764	2,451	5,215
Miscellaneous					110,518	0	110,518
<b>Total General Revenues</b>					<b>1,238,650</b>	<b>20,464</b>	<b>1,259,114</b>
<b>Other Items</b>							
Capital Contribution to the Utility Funds					(286,145)	286,145	0
Change in Net Assets					696,550	107,180	803,730
Net Assets - beginning					5,238,718	7,310,973	12,549,691
Net Assets - ending					<b>\$ 5,935,268</b>	<b>\$ 7,418,153</b>	<b>\$ 13,353,421</b>

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, 2010

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	<u>General</u>	<u>Gas Tax</u>	<u>Older American</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 186,772	\$ 131,848	\$ 13,387
Investment	57,277	0	0
Receivables			
Taxes	88,341	9,597	0
Due from Grantor	0	0	9,301
Total Assets	<u>\$ 332,390</u>	<u>\$ 141,445</u>	<u>\$ 22,688</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 8,286	\$ 507	\$ 543
Compensated Absences	0	0	2,755
Total Liabilities	<u>8,286</u>	<u>507</u>	<u>3,298</u>
Fund Balances			
Reserved for			
Special Revenue Fund	0	140,938	19,390
Capital Projects	0	0	0
Debt Service	0	0	0
Unreserved Reported In			
General Fund	324,104	0	0
Total Fund Balances	<u>324,104</u>	<u>140,938</u>	<u>19,390</u>
Total Liabilities and Fund Balances	<u>\$ 332,390</u>	<u>\$ 141,445</u>	<u>\$ 22,688</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, 2010

	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 18,354	\$ 123,640	\$ 474,001
Investment	0	0	57,277
Receivables			
Taxes	0	236	98,174
Due from Grantor	0	0	9,301
Total Assets	<u>\$ 18,354</u>	<u>\$ 123,876</u>	<u>\$ 638,753</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 0	\$ 266	\$ 9,602
Compensated Absences	0	0	2,755
Total Liabilities	<u>0</u>	<u>266</u>	<u>12,357</u>
<b>Fund Balances</b>			
Reserved for			
Special Revenue Fund	0	19,054	179,382
Capital Projects	18,354	0	18,354
Debt Service	0	104,556	104,556
Unreserved Reported In			
General Fund	0	0	324,104
Total Fund Balances	<u>18,354</u>	<u>123,610</u>	<u>626,396</u>
Total Liabilities and Fund Balances	<u>\$ 18,354</u>	<u>\$ 123,876</u>	<u>\$ 638,753</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, 2010

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Total Fund Balance - Governmental Funds \$ 626,396

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

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	\$ 8,467,950	
Accumulated depreciation is	<u>(2,898,848)</u>	5,569,102

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 :

Bonds and notes payable	(231,624)	
Accrued interest on bonds	(3,647)	
Compensated Absences	<u>(24,959)</u>	<u>(260,230)</u>

Total net assets - governmental activities \$ 5,935,268

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, 2010

	<u>General</u>	<u>Gas Tax</u>	<u>Older American</u>
Revenues			
Taxes			
Franchise	\$ 53,668	\$ 0	\$ 0
Gross Receipts	785,171	44,988	0
Gasoline	0	67,495	0
Property	165,223	0	0
Cigarette	5,833	0	0
Charges for Services	34,487	0	39,604
License & Permits	10,312	0	0
Fines & Forfeitures	36,070	0	0
Federal Grants	0	0	78,403
State & Local Grants	147,906	34,145	118,537
Interest Income	1,418	243	64
Miscellaneous	73,700	0	5,793
Total Revenues	<u>1,313,788</u>	<u>146,871</u>	<u>242,401</u>
Expenditures			
Current			
General Government	332,082	0	0
Public Safety	598,004	0	0
Public Works	31,191	40,751	0
Culture and Recreation	143,611	0	280,125
Capital Outlay	28,072	58,021	0
Debt Service			
Principal	0	16,994	0
Interest	0	3,298	0
Total Expenditures	<u>1,132,960</u>	<u>119,064</u>	<u>280,125</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>180,828</u>	<u>27,807</u>	<u>(37,724)</u>
Other Financing Sources (Uses)			
Transfers	(79,032)	0	0
Total Other Financing Sources (Uses)	<u>(79,032)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	101,796	27,807	(37,724)
Fund Balances at Beginning of Year	<u>222,308</u>	<u>113,131</u>	<u>57,114</u>
Fund Balance End of Year	<u>\$ 324,104</u>	<u>\$ 140,938</u>	<u>\$ 19,390</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, 2010

	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes			
Franchise	\$ 0	\$ 0	\$ 53,668
Gross Receipts	0	0	830,159
Gasoline	0	0	67,495
Property	0	0	165,223
Cigarette	0	2,990	8,823
Charges for Services	0	0	74,091
License & Permits	0	0	10,312
Fines & Forfeitures	0	6,713	42,783
Federal Grants	62,730	0	141,133
State & Local Grants	824,609	119,625	1,244,822
Interest Income	75	964	2,764
Miscellaneous	21,642	9,382	110,517
<b>Total Revenues</b>	<u>909,056</u>	<u>139,674</u>	<u>2,751,790</u>
<b>Expenditures</b>			
Current			
General Government	0	0	332,082
Public Safety	0	95,788	693,792
Public Works	0	0	71,942
Culture and Recreation	0	57,747	481,483
Capital Outlay	890,702	0	976,795
Debt Service			
Principal	0	55,878	72,872
Interest	0	9,319	12,617
<b>Total Expenditures</b>	<u>890,702</u>	<u>218,732</u>	<u>2,641,583</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>18,354</u>	<u>(79,058)</u>	<u>110,207</u>
<b>Other Financing Sources (Uses)</b>			
Transfers	0	79,032	0
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>79,032</u>	<u>0</u>
Net Change in Fund Balance	18,354	(26)	110,207
Fund Balances at Beginning of Year	<u>0</u>	<u>123,636</u>	<u>516,189</u>
Fund Balance End of Year	<u>\$ 18,354</u>	<u>\$ 123,610</u>	<u>\$ 626,396</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, 2010

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Net Change in Fund Balance \$ 110,207

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.

Depreciation expense	\$ (184,215)	
Capital Assets Contributed to Proprietary Fund	(286,145)	
Capital Outlays	976,795	506,435

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 72,872

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

Accrued Interest, June 30, 2009	4,946	
Accrued Interest, June 30, 2010	(3,647)	1,299

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.

Compensated Absences, June 30, 2009	30,696	
Compensated Absences, June 30, 2010	(27,714)	
Less Current Portion reported in the fund	2,755	5,737

Changes in Net Assets of Governmental Activities \$ 696,550

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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
<b>Taxes</b>				
Franchise Tax	\$ 64,908	\$ 64,908	\$ 51,482	\$ (13,426)
Gross Receipt Tax	646,967	646,967	771,403	124,436
Property Tax	153,276	153,276	165,471	12,195
Cigarette Tax	5,961	5,961	5,688	(273)
Total Taxes	<u>871,112</u>	<u>871,112</u>	<u>994,044</u>	<u>122,932</u>
Licenses & Permits	8,563	8,563	10,312	1,749
Charges for Services	38,321	38,321	38,099	(222)
Fines and Forfeitures	20,978	20,978	36,070	15,092
Small Cities Assistance	200,000	200,000	147,906	(52,094)
Investment Income	1,030	1,030	1,418	388
Miscellaneous Revenues	47,923	47,923	73,701	25,778
Total Revenues	<u>1,187,927</u>	<u>1,187,927</u>	<u>1,301,550</u>	<u>113,623</u>
<b>Expenditures</b>				
<b>Executive</b>				
Salaries	58,793	58,793	60,441	(1,648)
Benefits	11,934	11,934	12,182	(248)
Other	5,300	5,300	17,954	(12,654)
Total Executive	<u>76,027</u>	<u>76,027</u>	<u>90,577</u>	<u>(14,550)</u>
<b>Judicial</b>				
Salaries	63,513	63,513	63,513	0
Benefits	8,007	8,007	8,244	(237)
Other	19,595	19,595	16,889	2,706
Total Judicial	<u>91,115</u>	<u>91,115</u>	<u>88,646</u>	<u>2,469</u>
<b>Elections</b>				
Other	6,011	6,011	3,030	2,981
Total Elections	<u>6,011</u>	<u>6,011</u>	<u>3,030</u>	<u>2,981</u>
<b>Financial</b>				
Salaries	36,981	36,981	35,530	1,451
Benefits	11,895	11,895	10,200	1,695
Other	130,962	130,962	103,902	27,060
Capital Outlay	28,072	28,072	28,072	0
Total Financial	<u>207,910</u>	<u>207,910</u>	<u>177,704</u>	<u>30,206</u>
<b>Public Safety</b>				
Salaries	323,434	323,434	351,184	(27,750)
Benefits	78,643	78,643	80,562	(1,919)
Other	129,471	129,471	116,521	12,950
Total Public Safety	<u>\$ 531,548</u>	<u>\$ 531,548</u>	<u>\$ 548,267</u>	<u>\$ (16,719)</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Fire				
Salaries	\$ 9,600	\$ 9,600	\$ 9,600	\$ 0
Benefits	734	734	734	0
Total Fire	<u>10,334</u>	<u>10,334</u>	<u>10,334</u>	<u>0</u>
Ambulance				
Ambulance Contract	13,135	13,135	13,133	2
Dispatch Contract	8,722	8,722	8,729	(7)
Total Ambulance	<u>21,857</u>	<u>21,857</u>	<u>21,862</u>	<u>(5)</u>
Animal Control				
Salaries	20,197	20,197	24,375	(4,178)
Benefits	2,969	2,969	3,424	(455)
Other	5,288	5,288	4,509	779
Total Animal Control	<u>28,454</u>	<u>28,454</u>	<u>32,308</u>	<u>(3,854)</u>
Motor Vehicle				
Salaries	27,540	27,540	25,526	2,014
Benefits	6,482	6,482	6,164	318
Other	650	650	618	32
Total Motor Vehicle	<u>34,672</u>	<u>34,672</u>	<u>32,308</u>	<u>2,364</u>
Museum & Library				
Salaries	17,118	17,118	17,725	(607)
Benefits	1,227	1,227	1,365	(138)
Other	29,524	29,524	26,763	2,761
Total Museum & Library	<u>47,869</u>	<u>47,869</u>	<u>45,853</u>	<u>2,016</u>
Community Center				
Salaries	61,201	61,201	64,550	(3,349)
Benefits	17,446	17,446	18,145	(699)
Other	19,300	19,300	18,483	817
Total Community Center	<u>97,947</u>	<u>97,947</u>	<u>101,178</u>	<u>(3,231)</u>
Total Expenditures	<u>1,153,744</u>	<u>1,153,744</u>	<u>1,152,067</u>	<u>1,677</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>34,183</u>	<u>34,183</u>	<u>149,483</u>	<u>115,300</u>
Other Financing Sources (Uses)				
Transfer to Older Americans	(46,468)	(46,468)	0	46,468
Transfer to Recreation	(22,773)	(22,773)	(25,482)	(2,709)
Transfer to Debt Service	(53,590)	(53,590)	(53,550)	40
Total Other Financing Sources (Uses)	<u>\$ (122,831)</u>	<u>\$ (122,831)</u>	<u>\$ (79,032)</u>	<u>\$ 43,799</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Net Change in Cash Balance	\$ (88,648)	\$ (88,648)	\$ 70,451	\$ 159,099
Cash Balance Beginning of Year	<u>173,598</u>	<u>173,598</u>	<u>173,598</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 84,950</u>	<u>\$ 84,950</u>	<u>\$ 244,049</u>	<u>\$ 159,099</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 70,451	
Net change in Taxes Receivable			12,238	
Net change in Accounts Payable			(8,286)	
Net change in Accrued Salaries & Benefits			<u>27,393</u>	
Net Change in Fund Balance			<u>\$ 101,796</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)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Gasoline Tax	\$ 39,591	\$ 39,591	\$ 65,090	\$ 25,499
Gross Receipts Tax	44,019	44,019	42,640	(1,379)
State Grant	111,036	111,036	34,145	(76,891)
Investment Income	1,050	1,050	243	(807)
<b>Total Revenues</b>	<u>195,696</u>	<u>195,696</u>	<u>142,118</u>	<u>(53,578)</u>
<b>Expenditures</b>				
Public Works				
Maintenance	10,000	10,000	40,743	(30,743)
Capital Outlay	186,046	186,046	58,021	128,025
Debt Service				
Principal	16,498	16,498	16,994	(496)
Interest	3,806	3,806	3,298	508
<b>Total Expenditures</b>	<u>216,350</u>	<u>216,350</u>	<u>119,056</u>	<u>97,294</u>
Excess (Deficiency) of Revenues Over Expenditures	(20,654)	(20,654)	23,062	43,716
Cash Balance Beginning of Year	<u>108,786</u>	<u>108,786</u>	<u>108,786</u>	<u>0</u>
Cash Balance End of Year	\$ <u>88,132</u>	\$ <u>88,132</u>	\$ <u>131,848</u>	\$ <u>43,716</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 23,062	
Net change in Taxes Receivable			4,753	
Net change in Accounts Payable			(8)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>27,807</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  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Fees	\$ 32,438	\$ 32,438	\$ 39,604	\$ 7,166
Investment Income	261	261	64	(197)
State & Local Grants	129,530	129,530	155,036	25,506
Federal Grants	77,355	77,355	86,378	9,023
Other	5,038	5,038	5,793	755
Total Revenues	<u>244,622</u>	<u>244,622</u>	<u>286,875</u>	<u>42,253</u>
<b>Expenditures</b>				
<b>Culture and Recreation</b>				
Salaries	157,132	157,132	163,595	(6,463)
Benefits	47,974	47,974	48,737	(763)
Other	111,464	111,464	70,258	41,206
Total Expenditures	<u>316,570</u>	<u>316,570</u>	<u>282,590</u>	<u>33,980</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(71,948)</u>	<u>(71,948)</u>	<u>4,285</u>	<u>76,233</u>
<b>Other Financing Sources (Uses)</b>				
Transfer From General Fund	46,468	46,468	0	(46,468)
Total Other Financing Sources (Uses)	<u>46,468</u>	<u>46,468</u>	<u>0</u>	<u>(46,468)</u>
Net Change in Cash Balance	(25,480)	(25,480)	4,285	29,765
Cash Balance Beginning of Year	<u>9,103</u>	<u>9,103</u>	<u>9,103</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (16,377)</u>	<u>\$ (16,377)</u>	<u>\$ 13,388</u>	<u>\$ 29,765</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net Change in Cash Balance			\$ 4,285	
Net change in Due from Grantor			(44,474)	
Net change in Accounts Payable			(543)	
Net change in Accrued Salaries and Benefits			5,763	
Net change in Compensated Absences			(2,755)	
Net Change in Fund Balance			<u>\$ (37,724)</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, 2010

ASSETS	Water	Sewer	Solid Waste	Total
Current Assets				
Cash and Cash Equivalents	\$ 205,039	\$ 57,313	\$ 96,623	\$ 358,975
Receivables (net of allowance for uncollectible accounts)				
Accounts	84,960	11,704	18,184	114,848
Taxes	0	0	1,723	1,723
Total Current Assets	<u>289,999</u>	<u>69,017</u>	<u>116,530</u>	<u>475,546</u>
Noncurrent Assets				
Restricted Assets	0	5,250	69,717	74,967
Capital Assets	5,133,212	7,413,861	487,979	13,035,052
Less: Accumulated Depreciation	<u>(3,475,885)</u>	<u>(1,327,997)</u>	<u>(45,320)</u>	<u>(4,849,202)</u>
Total Noncurrent Assets	<u>1,657,327</u>	<u>6,091,114</u>	<u>512,376</u>	<u>8,260,817</u>
Total Assets	<u>1,947,326</u>	<u>6,160,131</u>	<u>628,906</u>	<u>8,736,363</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	5,886	1,179	274	7,339
Accrued Interest	8,447	2,020	1,234	11,701
Compensated Absences	26,514	755	1,379	28,648
Current Portion of Long-Term Debt	<u>51,385</u>	<u>1,000</u>	<u>30,503</u>	<u>82,888</u>
Total Current Liabilities	<u>92,232</u>	<u>4,954</u>	<u>33,390</u>	<u>130,576</u>
Noncurrent Liabilities				
Customer Deposits	58,200	0	0	58,200
Long Term Debt	<u>531,526</u>	<u>94,000</u>	<u>503,908</u>	<u>1,129,434</u>
Total Noncurrent Liabilities	<u>589,726</u>	<u>94,000</u>	<u>503,908</u>	<u>1,187,634</u>
Total Liabilities	<u>681,958</u>	<u>98,954</u>	<u>537,298</u>	<u>1,318,210</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,074,416	5,994,094	480,639	7,549,149
Unrestricted	<u>190,952</u>	<u>67,083</u>	<u>(389,031)</u>	<u>(130,996)</u>
Total Net Assets	<u>\$ 1,265,368</u>	<u>\$ 6,061,177</u>	<u>\$ 91,608</u>	<u>\$ 7,418,153</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, 2010

	Water	Sewer	Solid Waste	Total
Operating Revenues				
Sales & Service	\$ 677,007	\$ 136,079	\$ 190,933	\$ 1,004,019
Fees	27,806	6,400	0	34,206
Miscellaneous	15,821	0	920	16,741
Total Operating Revenues	<u>720,634</u>	<u>142,479</u>	<u>191,853</u>	<u>1,054,966</u>
Operating Expenses				
Salaries	305,017	79,290	41,373	425,680
Benefits	84,093	17,167	18,854	120,114
Operating Expenses	340,978	59,689	60,997	461,664
Depreciation	106,487	79,256	23,472	209,215
Total Operating Expenses	<u>836,575</u>	<u>235,402</u>	<u>144,696</u>	<u>1,216,673</u>
Operating Income (Loss)	<u>(115,941)</u>	<u>(92,923)</u>	<u>47,157</u>	<u>(161,707)</u>
Nonoperating Revenue (Expenses)				
Environmental Gross Receipts Tax	0	0	18,013	18,013
Interest Income	2,046	92	312	2,450
Capital Contribution	188,420	97,726	0	286,146
Interest Expense	(18,560)	(4,060)	(15,102)	(37,722)
Total Nonoperating Revenue (Expense)	<u>171,906</u>	<u>93,758</u>	<u>3,223</u>	<u>268,887</u>
Change in Net Assets	55,965	835	50,380	107,180
Total Net Assets - Beginning	<u>1,209,403</u>	<u>6,060,342</u>	<u>41,228</u>	<u>7,310,973</u>
Total Net Assets - Ending	<u>\$ 1,265,368</u>	<u>\$ 6,061,177</u>	<u>\$ 91,608</u>	<u>\$ 7,418,153</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, 2010

	<u>Water</u>	<u>Sewer</u>
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 720,746	\$ 142,511
Cash Paid to Suppliers and Employees	(731,624)	(159,143)
Net Cash Provided by Operating Activities	<u>(10,878)</u>	<u>(16,632)</u>
Cash Flows from Noncapital Financing Activities		
Environmental Gross Receipts Tax	<u>0</u>	<u>0</u>
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>
Cash Flows from Capital & Related Financing Activities		
Purchase of Capital Assets	0	0
Principal Paid	(50,422)	(1,000)
Interest Paid	(18,560)	(4,060)
Net Cash Provided by Capital & Related Financing Activities	<u>(68,982)</u>	<u>(5,060)</u>
Cash Flows from Investing Activities		
Interest Received	<u>2,046</u>	<u>92</u>
Net Cash Provided by Investing Activities	<u>2,046</u>	<u>92</u>
Net Increase (Decrease) in Cash	(77,814)	(21,600)
Cash, Beginning of Year	<u>282,853</u>	<u>84,163</u>
Cash, End of Year	<u>\$ 205,039</u>	<u>\$ 62,563</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 205,039	57,313
Restricted Assets	0	5,250
	<u>\$ 205,039</u>	<u>\$ 62,563</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (115,941)	\$ (92,923)
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities		
Depreciation	106,487	79,256
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	0	0
(Increase) Decrease in Accounts Receivable	112	32
Increase (Decrease) in Accounts Payable	5,856	1,179
Increase (Decrease) in Accrued Salaries and Benefits	(9,767)	(2,761)
Increase (Decrease) in Accrued Interest	(822)	(20)
Increase (Decrease) in Compensated Absences	3,197	(1,395)
Net Cash Provided by Operating Activities	<u>\$ (10,878)</u>	<u>\$ (16,632)</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, 2010

	Solid Waste	Total
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 190,140	\$ 1,053,397
Cash Paid to Suppliers and Employees	(123,279)	(1,014,046)
Net Cash Provided by Operating Activities	<u>66,861</u>	<u>39,351</u>
Cash Flows from Noncapital Financing Activities		
Environmental Gross Receipts Tax	18,013	18,013
Net Cash Provided by Noncapital Financing Activities	<u>18,013</u>	<u>18,013</u>
Cash Flows from Capital & Related Financing Activities		
Purchase of Capital Assets	(51,010)	(51,010)
Principal Paid	(30,419)	(81,841)
Interest Paid	(15,102)	(37,722)
Net Cash Provided by Capital & Related Financing Activities	<u>(96,531)</u>	<u>(170,573)</u>
Cash Flows from Investing Activities		
Interest Received	312	2,450
Net Cash Provided by Investing Activities	<u>312</u>	<u>2,450</u>
Net Increase (Decrease) in Cash	(11,345)	(110,759)
Cash, Beginning of Year	<u>177,685</u>	<u>544,701</u>
Cash, End of Year	<u>\$ 166,340</u>	<u>\$ 433,942</u>
Reconciliation of Cash		
Cash and Cash Equivalents	96,623	358,975
Restricted Assets	69,717	74,967
	<u>\$ 166,340</u>	<u>\$ 433,942</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 47,157	\$ (161,707)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	23,472	209,215
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	(1,723)	(1,723)
(Increase) Decrease in Accounts Receivable	(793)	(649)
Increase (Decrease) in Accounts Payable	(860)	6,175
Increase (Decrease) in Accrued Salaries and Benefits	(1,744)	(14,272)
Increase (Decrease) in Accrued Interest	(28)	(870)
Increase (Decrease) in Compensated Absences	1,380	3,182
Net Cash Provided by Operating Activities	<u>\$ 66,861</u>	<u>\$ 39,351</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 such as Small Cities Assistance, Fire Protection, EMS, LEPP 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.

**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.

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:

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 matter 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 grandchildren.

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.

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**NOTE C: DEPOSITS 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>	<u>Balance Per Bank 06/30/10</u>	<u>Reconciled Balance</u>	<u>Type</u>
General Fund	\$ 188,089	\$ 186,772	Checking
Fire Department	6,002	5,717	Checking
Law Enforcement	5,070	5,070	Checking
Local Government Correction	443	443	Checking
Special Gas Tax	131,997	131,848	Checking
Recreation Fund	421	421	Checking
Summer Food Program	9,365	7,434	Checking
Older American Program	13,597	13,386	Checking
Capital Projects	35,599	18,211	Checking
Debt Service	50,511	1,215	Checking
Revenue Bond Proceeds	50,438	50,438	Savings
Motor Vehicle Department	10,054	0	Checking
Court	5,536	0	Checking
Disbursement	11,517	0	Checking
Payroll	54,535	0	Checking
Water	118,348	100,075	Checking
Sewer	47,172	48,158	Checking
Sewer Fund-CD	9,154	9,154	Savings
WWP Phase 2 Reserve	5,250	5,250	Checking
Solid Waste	60,919	61,171	Checking
TOTAL Deposited	<u>814,017</u>	<u>\$ 644,763</u>	
Less: FDIC Coverage	<u>(814,017)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>520,895</u>		
Over (Under) requirement	<u>\$ 520,895</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, the custodian of the securities is FHLB in Dallas, TX.:

<u>Description</u>	<u>CUSIP #</u>	<u>Fair Market Value</u>	<u>Maturity Date</u>
Stephens Cnty Okla Gov	858763AU9	\$ 520,895	1/1/21
Keller Tex Ind School Dist	487694EJ6	532,450	2/15/28
		<u>\$ 520,895</u>	



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

**Wells Fargo**

<u>Name of Account</u>	Balance Per Bank 06/30/10	Reconciled Balance	Type
Rural Utility Service Fund	\$ 143	\$ 143	Checking
Reserve Fund	52,903	52,903	Savings
Solid Waste	35,452	35,452	Savings
TOTAL Deposited	<u>88,498</u>	<u>\$ 88,498</u>	
Less: FDIC Coverage	<u>(88,498)</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>	Balance Per Bank 06/30/10	Reconciled Balance	Type
Water	\$ 32,360	\$ 32,360	Savings
WB-CD	72,605	72,605	Savings
TOTAL Deposited	<u>104,965</u>	<u>\$ 104,965</u>	
Less: FDIC Coverage	<u>(104,965)</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>	Balance Per Bank 06/30/10	Reconciled Balance	Type
Solid Waste Reserve	\$ 69,717	\$ 69,717	Savings
TOTAL Deposited	<u>69,717</u>	<u>\$ 69,717</u>	
Less: FDIC Coverage	<u>(69,717)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

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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	\$ 1,077,197
Collateralized:	
Collateral held by the pledging bank in Village's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 1,077,197</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, 2010 none of the Village's bank balance of \$1,077,197 was exposed to custodial credit risk.

**New Mexico State Treasurer**

<u>Name of Account</u>	<u>Fair Market Value 06/30/10</u>	<u>Reconciled Balance</u>	<u>Type</u>
Village of Tularosa	\$ 57,059	\$ 57,059	Savings
Village of Tularosa Reserve	219	219	Savings
	<u>\$ 57,278</u>	<u>\$ 57,278</u>	

The investments with the State Treasurer are valued at fair value based on quoted market prices as of valuation date.

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.

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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. However, our portfolio is posted on the State Treasurer's website [www.stonm.org](http://www.stonm.org) and available for review by participants at any time.

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](http://www.stonm.org). As of June 30, 2010, the LGIP WAM is 50 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, 2010.

**NOTE E: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2010, is as follows:

	Beginning Balance 6/30/09	Increases	Decreases	Ending Balance 6/30/10
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 588,363	\$ 0	\$ 0	\$ 588,363
Construction in Progress	133,082	764,491	764,491	133,082
Total Capital Assets, not being Depreciated	<u>721,445</u>	<u>764,491</u>	<u>764,491</u>	<u>721,445</u>
Capital Assets, being Depreciated				
Infrastructure	632,203	58,021	0	690,224
Buildings & Improvements	4,112,436	478,346	0	4,590,782
Equipment	2,311,216	154,283	0	2,465,499
	<u>7,055,855</u>	<u>690,650</u>	<u>0</u>	<u>7,746,505</u>
Total Capital Assets	<u>7,777,300</u>	<u>1,455,141</u>	<u>764,491</u>	<u>8,467,950</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	1,103,463	52,759	0	1,156,222
Infrastructure	33,203	15,724	0	48,927
Equipment	1,577,967	115,732	0	1,693,699
Total Accumulated Depreciation	<u>2,714,633</u>	<u>184,215</u>	<u>0</u>	<u>2,898,848</u>
Capital Assets, net	<u>\$ 5,062,667</u>	<u>\$ 1,270,926</u>	<u>\$ 764,491</u>	<u>\$ 5,569,102</u>

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

	Beginning Balance 6/30/09	Increases	Decreases	Ending Balance 6/30/10
<b>Business-Type Activities</b>				
<b>Water</b>				
Other Capital Assets				
Water System	\$ 4,944,792	\$ 188,420	\$ 0	\$ 5,133,212
Total Capital	<u>4,944,792</u>	<u>188,420</u>	<u>0</u>	<u>5,133,212</u>
Assets at Historical Cost	<u>4,944,792</u>	<u>188,420</u>	<u>0</u>	<u>5,133,212</u>
<b>Less Accumulated Depreciation</b>				
Improvements	<u>3,369,398</u>	<u>106,487</u>	<u>0</u>	<u>3,475,885</u>
Total Accumulated Depreciation	<u>3,369,398</u>	<u>106,487</u>	<u>0</u>	<u>3,475,885</u>
Capital Assets, net	<u>\$ 1,575,394</u>	<u>\$ 81,933</u>	<u>\$ 0</u>	<u>\$ 1,657,327</u>
	Beginning Balance 6/30/09	Increases	Decreases	Ending Balance 6/30/10
<b>Sewer</b>				
Other Capital Assets				
Sewer System	\$ 7,297,350	\$ 97,726	\$ 0	\$ 7,395,076
Equipment	<u>18,785</u>	<u>0</u>	<u>0</u>	<u>18,785</u>
Total Capital	<u>7,316,135</u>	<u>97,726</u>	<u>0</u>	<u>7,413,861</u>
Assets at Historical Cost	<u>7,316,135</u>	<u>97,726</u>	<u>0</u>	<u>7,413,861</u>
<b>Less Accumulated Depreciation</b>				
Improvements	<u>1,229,956</u>	<u>75,589</u>	<u>0</u>	<u>1,305,545</u>
Equipment	<u>18,785</u>	<u>3,667</u>	<u>0</u>	<u>22,452</u>
Total Accumulated Depreciation	<u>1,248,741</u>	<u>79,256</u>	<u>0</u>	<u>1,327,997</u>
Capital Assets, net	<u>\$ 6,067,394</u>	<u>\$ 18,470</u>	<u>\$ 0</u>	<u>\$ 6,085,864</u>
	Beginning Balance 6/30/09	Increases	Decreases	Ending Balance 6/30/10
<b>Solid Waste</b>				
Other Capital Assets				
Equipment	\$ 436,969	\$ 51,010	\$ 0	\$ 487,979
Total Capital	<u>436,969</u>	<u>51,010</u>	<u>0</u>	<u>487,979</u>
Assets at Historical Cost	<u>436,969</u>	<u>51,010</u>	<u>0</u>	<u>487,979</u>
<b>Less Accumulated Depreciation</b>				
Equipment	<u>21,848</u>	<u>23,472</u>	<u>0</u>	<u>45,320</u>
Total Accumulated Depreciation	<u>21,848</u>	<u>23,472</u>	<u>0</u>	<u>45,320</u>
Capital Assets, net	<u>\$ 415,121</u>	<u>\$ 27,538</u>	<u>\$ 0</u>	<u>\$ 442,659</u>

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**NOTE F: LONG TERM DEBT**

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

	Beginning Balance 6/30/09	Additions	Reductions	Ending Balance 6/30/10	Amounts Due Within One Year
<b>Governmental Activities</b>					
Notes Payable					
NM GRT	\$ 150,000	\$ 0	\$ 45,000	\$ 105,000	\$ 50,000
NMFA Fire Truck	44,550	0	10,878	33,672	11,044
NMFA Paving	109,946	0	16,994	92,952	17,505
	<u>304,496</u>	<u>0</u>	<u>72,872</u>	<u>231,624</u>	<u>78,549</u>
Other Liabilities					
Compensated Absences					
	30,696	56,019	59,001	27,714	27,714
	<u>30,696</u>	<u>56,019</u>	<u>59,001</u>	<u>27,714</u>	<u>27,714</u>
Long-Term Liabilities	<u>\$ 335,192</u>	<u>\$ 56,019</u>	<u>\$ 131,873</u>	<u>\$ 259,338</u>	<u>\$ 106,263</u>

The compensated absences will be liquidated by the General Fund or Water Fund.

The annual requirements to amortize the above loans as of June 30, 2010, including interest payments are as follows:

	Principal	Interest	Total
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>\$ 231,624</u>	<u>\$ 18,796</u>	<u>\$ 250,420</u>

	Beginning Balance 6/30/09	Additions	Reductions	Ending Balance 6/30/10	Amounts Due Within One Year
<b>Business-Type Activities</b>					
Bonds Payable					
RIP 96-03	\$ 260,935	\$ 0	\$ 18,386	\$ 242,549	\$ 18,938
RIP 93-11	121,407	0	11,950	109,457	12,309
NMFA PPRF	250,991	0	20,086	230,905	20,138
USDA RUS 2004	96,000	0	1,000	95,000	1,000
NMFA-Equip 5/1/09	564,831	0	30,419	534,412	30,503
	<u>\$ 1,294,164</u>	<u>\$ 0</u>	<u>\$ 81,841</u>	<u>\$ 1,212,323</u>	<u>\$ 82,888</u>

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Other Liabilities

Compensated

Absences	\$	<u>25,468</u>	\$	<u>29,567</u>	\$	<u>26,387</u>	\$	<u>28,648</u>	\$	<u>28,648</u>
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Long-Term

Liabilities	\$	<u>2,613,796</u>	\$	<u>29,567</u>	\$	<u>190,069</u>	\$	<u>2,453,294</u>	\$	<u>194,424</u>
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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 issues.

Series	Maturity Date	Original Amount	Interest Rate	Balance
NMFA Water	5/1/2020	\$ 405,405	3.8%-5.83%	\$ 230,905
USDA RIP 93-11	9/25/2017	186,144	3%	109,456
USDA RIP 96-03	11/8/2020	390,000	3%	242,549
USDA RUS 2004	12/31/2044	100,000	4.25%	95,000
NMFA -Equip	5/1/2019	564,831	2.95%	534,412
				<u>\$ 1,212,322</u>

The annual requirements to amortize the above bonds as of June 30, 2010, including interest payments are as follows:

	Principal	Interest	Total
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	123,965	26,351	150,316
2016-2020	574,771	72,924	647,695
2021-2025	35,451	17,354	52,805
2026-2030	11,000	14,460	25,460
2031-2035	15,000	11,710	26,710
2036-2040	18,000	8,380	26,380
2041-2045	28,000	4,210	32,210
	<u>\$ 1,212,323</u>	<u>\$ 289,384</u>	<u>\$ 1,501,707</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 Fund. Only those collections received are recorded as revenues for the budget presentation.

**NOTE H: PENSION PLAN**

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

**Funding Policy.** Plan members are required to contribute 7% 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, 2010 and 2009 were \$44,185.86 and \$35,912.68, 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.

**NOTE J: RECEIVABLES**

Receivables as of June 30, 2010, were as follows:

	General	Gas Tax	Older American	Non-Major Funds
Franchise Taxes	\$ 8,897	\$ 0	\$ 0	\$ 0
Gross Receipts Taxes	76,194	0	0	0
Property Taxes	2,780	0	0	0
Gasoline Taxes	0	9,597	0	0
Other Taxes	470	0	0	236
Due from Grantor	0	0	9,301	0
	<u>\$ 88,341</u>	<u>\$ 9,597</u>	<u>\$ 9,301</u>	<u>\$ 236</u>

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

**NOTE K: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Transfer from		Transfer to	
General	\$ 25,482	Recreation	\$ 25,482
General	53,550	Debt Service	53,550
	<u>\$ 79,032</u>		<u>\$ 79,032</u>

**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.

**NOTE O. BUDGET**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

The following funds maintained a deficit fund balance as of June 30, 2010.

Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2010:

<u>Nonmajor Funds</u>	<u>Amount</u>
Fire	(25,189)
Recreation	(7,398)
Summer Food	(1,087)
Enterprise Fund-Water	(127,949)



**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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 2,216,704	\$ 2,216,704	\$ 895,465	\$ (1,321,239)
Federal Grant	1,990,539	1,990,539	62,730	(1,927,809)
Investment Income	2,267	2,267	75	(2,192)
Miscellaneous	11,685	11,685	21,642	9,957
Total Revenues	<u>4,221,195</u>	<u>4,221,195</u>	<u>979,912</u>	<u>(3,241,283)</u>
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Equipment	600,558	600,558	126,212	474,346
Utility-Water	922,420	922,420	188,420	734,000
Utility-Sewer	1,707,642	1,707,642	97,726	1,609,916
Buildings & Improvement	914,109	914,109	478,345	435,764
Total Expenditures	<u>4,144,729</u>	<u>4,144,729</u>	<u>890,703</u>	<u>3,254,026</u>
Excess (Deficiency) of Revenues Over Expenditures	76,466	76,466	89,209	12,743
Cash Balance Beginning of Year	<u>(70,855)</u>	<u>(70,855)</u>	<u>(70,855)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 5,611</u>	<u>\$ 5,611</u>	<u>\$ 18,354</u>	<u>\$ 12,743</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 89,209	
Net change in Due from Grantor			<u>(70,855)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 18,354</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, 2010

	<u>Special Revenue Funds</u>		
	<u>Fire Department</u>	<u>Law Enforcement</u>	<u>Correction Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,717	\$ 5,070	\$ 443
Receivables			
Taxes	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 5,717</u>	<u>\$ 5,070</u>	<u>\$ 443</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries & Benefits	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Special Revenue Fund	5,717	5,070	443
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>5,717</u>	<u>5,070</u>	<u>443</u>
Total Liabilities and Fund Balance	<u>\$ 5,717</u>	<u>\$ 5,070</u>	<u>\$ 443</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, 2010

	<u>Special Revenue Funds</u>		<u>Debt Service</u>
	<u>Recreation Fund</u>	<u>Summer Food</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 420	\$ 7,434	\$ 104,556
Receivables			
Taxes	236	0	0
Total Assets	<u>\$ 656</u>	<u>\$ 7,434</u>	<u>\$ 104,556</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 266	\$ 0
Accrued Salaries & Benefits	0	0	0
Total Liabilities	<u>0</u>	<u>266</u>	<u>0</u>
Fund Balance			
Reserved for			
Special Revenue Fund	656	7,168	0
Debt Service	0	0	104,556
Total Fund Balance	<u>656</u>	<u>7,168</u>	<u>104,556</u>
Total Liabilities and Fund Balance	<u>\$ 656</u>	<u>\$ 7,434</u>	<u>\$ 104,556</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, 2010

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	Total
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 123,640
Receivables	
Taxes	236
<b>Total Assets</b>	<b>\$ 123,876</b>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts Payable	\$ 266
Accrued Salaries & Benefits	0
<b>Total Liabilities</b>	<b>266</b>
Fund Balance	
Reserved for	
Special Revenue Fund	19,054
Debt Service	104,556
<b>Total Fund Balance</b>	<b>123,610</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 123,876</b>

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, 2010

	Special Revenue Funds		
	Fire Department	Law Enforcement	Correction Fund
Revenues			
Taxes			
Cigarette	\$ 0	\$ 0	\$ 0
Fines & Forfeitures	0	0	6,713
State Grant	73,375	23,000	0
Investment Income	87	30	2
Miscellaneous	2,520	0	0
Total Revenues	<u>75,982</u>	<u>23,030</u>	<u>6,715</u>
Expenditures			
Current			
Public Safety	69,078	20,006	6,704
Cultural & Recreation	0	0	0
Capital Outlay	0	0	0
Debt Services			
Principal	10,878	0	0
Interest	726	0	0
Total Expenditures	<u>80,682</u>	<u>20,006</u>	<u>6,704</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,700)</u>	<u>3,024</u>	<u>11</u>
Other Financing Sources (Uses)			
Transfers In/Out	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(4,700)	3,024	11
Fund Balance at Beginning of Year	<u>10,417</u>	<u>2,046</u>	<u>432</u>
Fund Balance End of Year	<u>\$ 5,717</u>	<u>\$ 5,070</u>	<u>\$ 443</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, 2010

	Special Revenue Funds		Debt Service
	Recreation Fund	Summer Food Fund	Debt Service
Revenues			
Taxes			
Cigarette	\$ 2,990	\$ 0	\$ 0
Fines & Forfeitures	0	0	0
State Grant	0	23,250	0
Investment Income	4	0	841
Miscellaneous	6,858	4	0
Total Revenues	<u>9,852</u>	<u>23,254</u>	<u>841</u>
Expenditures			
Current			
Public Safety	0	0	0
Cultural & Recreation	37,072	20,675	0
Capital Outlay	0	0	0
Debt Services			
Principal	0	0	45,000
Interest	0	0	8,593
Total Expenditures	<u>37,072</u>	<u>20,675</u>	<u>53,593</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(27,220)</u>	<u>2,579</u>	<u>(52,752)</u>
Other Financing Sources (Uses)			
Transfers In/Out	25,482	0	53,550
Total Other Sources (Uses)	<u>25,482</u>	<u>0</u>	<u>53,550</u>
Net Change in Fund Balance	(1,738)	2,579	798
Fund Balance at Beginning of Year	<u>2,394</u>	<u>4,589</u>	<u>103,758</u>
Fund Balance End of Year	<u>\$ 656</u>	<u>\$ 7,168</u>	<u>\$ 104,556</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, 2010

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	<u>Total</u>
Revenues	
Taxes	
Cigarette	\$ 2,990
Fines & Forfeitures	6,713
State Grant	119,625
Investment Income	964
Miscellaneous	9,382
Total Revenues	<u>139,674</u>
Expenditures	
Current	
Public Safety	95,788
Cultural & Recreation	57,747
Capital Outlay	0
Debt Services	
Principal	55,878
Interest	9,319
Total Expenditures	<u>218,732</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(79,058)</u>
Other Financing Sources (Uses)	
Transfers In/Out	79,032
Total Other Sources (Uses)	<u>79,032</u>
Net Change in Fund Balance	(26)
Fund Balance at Beginning of Year	<u>123,636</u>
Fund Balance End of Year	<u>\$ 123,610</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)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 55,501	\$ 55,501	\$ 73,375	\$ 17,874
Investment Income	0	0	87	87
Miscellaneous	0	0	2,520	2,520
Total Revenues	<u>55,501</u>	<u>55,501</u>	<u>75,982</u>	<u>20,481</u>
<b>Expenditures</b>				
<b>Public Safety</b>				
Operating Expenses	55,501	55,501	69,087	(13,586)
<b>Debt Service</b>				
Principal	0	0	10,877	(10,877)
Interest	0	0	726	(726)
Total Expenditures	<u>55,501</u>	<u>55,501</u>	<u>80,690</u>	<u>(25,189)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(4,708)	(4,708)
Cash Balance Beginning of Year	<u>10,425</u>	<u>10,425</u>	<u>10,425</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 10,425</u>	<u>\$ 10,425</u>	<u>\$ 5,717</u>	<u>\$ (4,708)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,708)	
Net change in Accounts Payable			8	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (4,700)</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)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 23,000	\$ 23,000	\$ 23,000	\$ 0
Investment Income	0	0	30	30
Total Revenues	<u>23,000</u>	<u>23,000</u>	<u>23,030</u>	<u>30</u>
Expenditures				
Public Safety				
Operating Expenses	<u>23,000</u>	<u>23,000</u>	<u>20,006</u>	<u>2,994</u>
Total Expenditures	<u>23,000</u>	<u>23,000</u>	<u>20,006</u>	<u>2,994</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	3,024	3,024
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>\$ 5,070</u>	<u>\$ 3,024</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 3,024</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,024</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)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 22,196	\$ 22,196	\$ 6,713	\$ (15,483)
Investment Income	0	0	2	2
Total Revenues	<u>22,196</u>	<u>22,196</u>	<u>6,715</u>	<u>(15,481)</u>
Expenditures				
Public Safety				
Operating Expenses	<u>22,196</u>	<u>22,196</u>	<u>6,704</u>	<u>15,492</u>
Total Expenditures	<u>22,196</u>	<u>22,196</u>	<u>6,704</u>	<u>15,492</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	11	11
Cash Balance Beginning of Year	<u>432</u>	<u>432</u>	<u>432</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 432</u>	<u>\$ 432</u>	<u>\$ 443</u>	<u>\$ 11</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>11</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>11</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)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Cigarette Taxes	\$ 2,991	\$ 2,345	\$ 2,886	\$ 541
Contributions/Donations	5,000	5,000	6,858	1,858
Investment Income	0	0	4	4
Total Revenues	<u>7,991</u>	<u>7,345</u>	<u>9,748</u>	<u>2,403</u>
<b>Expenditures</b>				
Culture & Recreation				
Salaries	21,778	21,778	22,620	(842)
Benefits	1,676	1,676	1,740	(64)
Other	7,310	7,310	13,802	(6,492)
Total Expenditures	<u>30,764</u>	<u>30,764</u>	<u>38,162</u>	<u>(7,398)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(22,773)</u>	<u>(23,419)</u>	<u>(28,414)</u>	<u>(4,995)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers from General Fund	28,404	28,404	25,482	(2,922)
Total Other Financing Sources (Uses)	<u>28,404</u>	<u>28,404</u>	<u>25,482</u>	<u>(2,922)</u>
Net Change in Cash Balance	5,631	4,985	(2,932)	(7,917)
Cash Balance Beginning of Year	<u>3,352</u>	<u>3,352</u>	<u>3,352</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 8,983</u>	<u>\$ 8,337</u>	<u>\$ 420</u>	<u>\$ (7,917)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net Change in Cash Balance			\$ (2,932)	
Net change in Taxes Receivable			103	
Net change in Accounts Payable			218	
Net change in Accrued Salaries & Benefits			873	
Net Change in Fund Balance			<u>\$ (1,738)</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  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 20,049	\$ 20,049	\$ 23,250	\$ 3,201
Miscellaneous	0	0	4	4
Total Revenues	<u>20,049</u>	<u>20,049</u>	<u>23,254</u>	<u>3,205</u>
<b>Expenditures</b>				
Cultural & Recreation				
Salaries	6,183	6,183	6,628	(445)
Benefits	473	473	792	(319)
Other	13,393	13,393	13,716	(323)
Total Expenditures	<u>20,049</u>	<u>20,049</u>	<u>21,136</u>	<u>(1,087)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	2,118	2,118
Cash Balance Beginning of Year	<u>5,316</u>	<u>5,316</u>	<u>5,316</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 5,316</u>	<u>\$ 5,316</u>	<u>\$ 7,434</u>	<u>\$ 2,118</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,118	
Net change in Accounts Payable			(266)	
Net change in Accrued Salaries & Benefits			727	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 2,579</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)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Investment Income	\$ 0	\$ 0	\$ 841	\$ 841
Total Revenues	<u>0</u>	<u>0</u>	<u>841</u>	<u>841</u>
<b>Expenditures</b>				
<b>Debt Service</b>				
Principal	45,000	45,000	45,000	0
Interest	8,550	8,550	8,550	0
Fiscal Charges	40	40	43	3
Total Expenditures	<u>53,590</u>	<u>53,590</u>	<u>53,593</u>	<u>3</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(53,590)</u>	<u>(53,590)</u>	<u>(52,752)</u>	<u>838</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in from General	53,590	53,590	53,550	(40)
Total Other Financing Sources (Uses)	<u>53,590</u>	<u>53,590</u>	<u>53,550</u>	<u>(40)</u>
Net Change in Cash Balance	0	0	798	798
Cash Balance Beginning of Year	<u>103,758</u>	<u>103,758</u>	<u>103,758</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 103,758</u>	<u>\$ 103,758</u>	<u>\$ 104,556</u>	<u>\$ 798</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net Change in Cash Balance			\$ 798	
Net Change in Fund Balance			<u>\$ 798</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)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Sales & Service	\$ 642,686	\$ 642,686	\$ 677,119	\$ 34,433
Fees	28,999	28,999	27,806	(1,193)
Investment Income	939	939	2,046	1,107
Miscellaneous	0	0	15,821	15,821
Total Revenues	<u>672,624</u>	<u>672,624</u>	<u>722,792</u>	<u>50,168</u>
<b>Expenditures</b>				
Salaries	292,020	292,020	311,587	(19,567)
Benefits	78,567	78,567	84,093	(5,526)
Other	232,266	232,266	335,122	(102,856)
Debt Service				
Principal	50,422	50,422	50,422	0
Interest	19,382	19,382	19,382	0
Total Expenditures	<u>672,657</u>	<u>672,657</u>	<u>800,606</u>	<u>(127,949)</u>
Excess (Deficiency) of Revenues Over Expenditures	(33)	(33)	(77,814)	(77,781)
Cash Balance Beginning of Year	<u>282,853</u>	<u>282,853</u>	<u>282,853</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 282,820</u>	<u>\$ 282,820</u>	<u>\$ 205,039</u>	<u>\$ (77,781)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (77,814)	
Depreciation			(106,487)	
Principal Paid			50,422	
Contributed Capital			188,420	
Net change in Accounts Receivable			(112)	
Net change in Accounts Payable			(5,856)	
Net change in Accrued Salaries & Benefits			9,767	
Net change in Accrued Interest			822	
Net change in Compensated Absences			(3,197)	
Change in Net Assets			<u>\$ 55,965</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)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Sales & Service	\$ 130,076	\$ 130,076	\$ 136,111	\$ 6,035
Connection Fees	8,400	8,400	6,400	(2,000)
Investment Income	456	456	91	(365)
Total Revenues	<u>138,932</u>	<u>138,932</u>	<u>142,602</u>	<u>3,670</u>
<b>Expenditures</b>				
Salaries	66,518	66,518	83,445	(16,927)
Benefits	16,201	16,201	17,167	(966)
Other	57,092	57,092	58,510	(1,418)
Debt Service				
Principal	4,080	4,080	1,000	3,080
Interest	1,000	1,000	4,080	(3,080)
Total Expenditures	<u>144,891</u>	<u>144,891</u>	<u>164,202</u>	<u>(19,311)</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,959)	(5,959)	(21,600)	(15,641)
Cash Balance Beginning of Year	<u>84,163</u>	<u>84,163</u>	<u>84,163</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 78,204</u>	<u>\$ 78,204</u>	<u>\$ 62,563</u>	<u>\$ (15,641)</u>
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (21,600)	
Depreciation			79,256	
Principal Payment			1,000	
Net change in Accounts Receivable			(32)	
Net change in Accounts Payable			(1,179)	
Net change in Accrued Salaries & Benefits			2,760	
Net change in Accrued Interest			20	
Net change in Compensated Absenses			1,395	
Change in Net Assets			<u>\$ 61,620</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)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 190,000	\$ 190,000	\$ 190,140	\$ 140
Investment Income	500	500	312	(188)
Environmental Gross Receipts Tax	15,000	15,000	16,290	1,290
Other	0	0	920	920
Total Revenues	<u>205,500</u>	<u>205,500</u>	<u>207,662</u>	<u>2,162</u>
Expenditures				
Salaries	45,000	45,000	41,738	3,262
Benefits	20,000	20,000	18,854	1,146
Other	60,000	60,000	61,858	(1,858)
Capital Outlay	50,000	50,000	51,010	(1,010)
Debt Service				
Principal	30,419	30,419	30,419	0
Interest	15,129	15,129	15,129	0
Total Expenditures	<u>220,548</u>	<u>220,548</u>	<u>219,008</u>	<u>1,540</u>
Excess (Deficiency) of Revenues Over Expenditures	(15,048)	(15,048)	(11,346)	3,702
Cash Balance Beginning of Year	<u>177,685</u>	<u>177,685</u>	<u>177,685</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 162,637</u>	<u>\$ 162,637</u>	<u>\$ 166,339</u>	<u>\$ 3,702</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (11,346)	
Depreciation			(23,472)	
Capital Outlay			51,010	
Principal Payment			30,419	
Net change in Taxes Receivable			1,723	
Net change in Accounts Receivable			793	
Net change in Accounts Payable			860	
Net change in Accrued Salaries & Benefits			1,744	
Net change in Accrued Interest			28	
Net change in Compensated Absenses			(1,379)	
Change in Net Assets			<u>\$ 50,380</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 88124

(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 major special revenue funds, and the combining and individual funds and related budgetary comparison presented as supplemental information of the VILLAGE OF TULAROSA (Village), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 1, 2010. 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 auditing 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses listed as 9-1, 10-1, 10-2 and 10-3.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

*De'Ann Willoughby CPA PC*

December 1, 2010

**Prior Year Audit Findings**

	<u>Status</u>
<b>09-1 Preparation of Financial Statements</b>	Repeated

**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.

**10-1 Use of Incorrect Pledged Collateral**

**Condition**

The audit revealed that 1st National Bank has pledged collateral to the Village that includes bonds from Texas entities.

**Criteria**

Section 6-10-16 -16.1, NMSA 1978 limits the type of securities a Village may accept as collateral for deposits of public funds to securities issued by the United States and New Mexico, including surety bonds as provided in Section 6-10-15.

**Effect**

Texas bonds are a violation of Section 6-10-16 and Section 6-10-16.1 NMSA 1978.

**Cause**

It appears that the bank used by the Village inadvertently pledged Texas bonds.

Recommendation

The Village should request that 1st National Bank only use approved securities and monitor its pledged collateral more closely to avoid such situations in the future.

Response

The Village will closely monitor pledges to avoid any future violation. 1st National Bank has been notified of this oversight and has committed to use only approved securities in the future.

**10-2 Budget**

Condition

The Village has maintained expenditures at the fund level in which actual expenditures exceeded budgetary authority in the following funds:

Fire	(\$25,189)
Recreation	(\$7,398)
Summer Food	(\$1,087)
Enterprise Fund-Water	(\$127,949)

Criteria

Sound financial management and state regulation (6.20.2.9(A), NMAC) and state statutes (§§ 22-8-5 - 12.2, NMSA 1978), require that budgets not be exceeded at the legal level of control. A Village's expenditure function is deemed to be the legal level of control.

Effect

As a result, the Village has failed to comply with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

Cause

The Village failed to make the appropriate budgetary adjustment requests and transfers to the above listed funds, which would alleviate over-expenditure within the functions prior to the year end.

Recommendation

The Village must establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Response

The Village will make the appropriate budgetary adjustment requests and transfers as needed and will review the budget at year-end.

**10-3 Cash Appropriations in Excess of Available Cash Balances**

Condition

The Village maintained a deficit budget in excess of available cash balance in the Older American Fund of \$(16,377).



#### Criteria

Section 2.2.2.10. (P) (1), NMAC, requires all funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the DFA for approval. Cash balances re-budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

#### Effect

The Village will be required to supplement this budget deficit in this fund with cash reserves from other funds. This supplement may lead to financial difficulties and deplete the budget in other funds.

#### Cause

The Village lacks a proper procedure to ensure that sufficient beginning cash balances exist to absorb budget deficits later in the fiscal year.

#### Recommendation

The Village should review the budget for future years to insure that all funds have adequate budget authority for budgeted expenditures. Greater attention should be given to the budget monitoring process and the end of the year cash balance estimates.

#### Response

The Village has implemented a policy whereby they will review and compare the June 30th reconciled cash balances in each fund to ensure that budgeted cash balances are sufficient for the fund's purposes. If this review reveals a that there is not sufficient cash to balance the budget, budget amendments will be made.

#### **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 December 1, 2010. In attendance were Ray Cordova-Mayor, Valarie Delgado-Accounts Payable Clerk and De'Aun Willoughby, CPA.