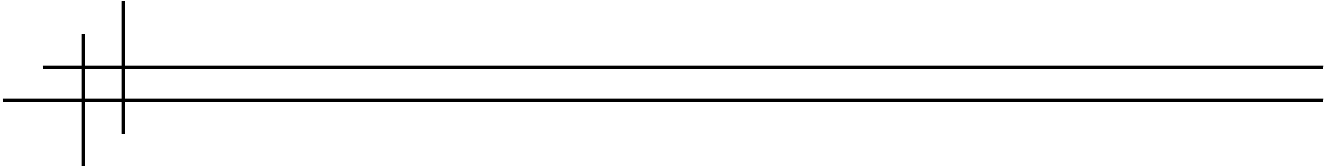




STATE OF NEW MEXICO
VILLAGE OF TULAROSA

ANNUAL FINANCIAL REPORT
June 30, 2011

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



	<u>Page</u>
Official Roster.....	5
Independent Auditor's Report.....	6-7

FINANCIAL SECTION

Basic Financial Statements

Government Wide Financial Statements

Statement of Net Assets.....	8
Statement of Activities.....	9

Fund Financial Statements

Government Funds - Balance Sheet.....	10-11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	13-14
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	15

SUPPLEMENTAL INFORMATION RELATED TO MAJOR FUNDS

General Fund

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	16-18
---	-------

Proprietary Funds

Statement of Net Assets.....	19
Statement of Revenues, Expenses and Changes in Net Assets.....	20
Statement of Cash Flows.....	21-22

Notes to Financial Statements.....	23-38
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SUPPLEMENTAL INFORMATION RELATED TO MAJOR CAPITAL PROJECTS FUNDS

Capital Projects Fund

Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	40
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	<u>Page</u>
SUPPLEMENTAL INFORMATION RELATED TO NON-MAJOR FUNDS	
Combining Non-Major Governmental Funds	
Combining Balance Sheet - by Fund Type.....	43-45
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - by Fund Type.....	46-48
Non-Major Capital Projects Funds	
Fire	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	49
Law Enforcement	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	50
Correction Fund	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	51
Gas Tax	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	52
Recreation	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	53
Summer Food Fund	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	54
Older American	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	55
Debt Service Fund	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	56
Proprietary Funds	
Water	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	58
Sewer	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	59
Solid Waste	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Non-GAAP Budgetary Basis).....	60

	<u>Page</u>
FEDERAL COMPLIANCE	
Schedule of Expenditures of Federal Awards.....	61
Notes to the Schedule of Expenditures of Federal Awards.....	62
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	63-64
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	65-66
Schedule of Findings and Questioned Costs.....	67-72

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Official Roster
June 30, 2011

BOARD OF TRUSTEES

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

ADMINISTRATIVE OFFICIAL

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

DeAun Willoughby CPA, PC

Certified Public Accountant

Innsdale Terrace, Clovis, NM 88101

(855) 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 of the Village of Tularosa, (Village), as of and for the year ended June 30, 2011, 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, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2011, 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 July 27, 2012, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

De'Ann Willoughby, CPA PC

July 27, 2012

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Government-Wide Statement of Net Assets
 June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 586,108	\$ 358,817	\$ 944,925
Investments	57,407	0	57,407
Receivable			
Accounts	0	113,113	113,113
Taxes	74,113	1,077	75,190
Total Current Assets	<u>717,628</u>	<u>473,007</u>	<u>1,190,635</u>
Noncurrent Assets			
Restricted Cash	24,506	104,281	128,787
Capital Assets	10,585,747	13,059,816	23,645,563
Less: Accumulated Depreciation	<u>(3,111,932)</u>	<u>(5,132,300)</u>	<u>(8,244,232)</u>
Total Noncurrent Assets	<u>7,498,321</u>	<u>8,031,797</u>	<u>15,530,118</u>
Total Assets	<u>8,215,949</u>	<u>8,504,804</u>	<u>16,720,753</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	6,293	13,290	19,583
Accrued Salaries and Benefits	5,704	5,427	11,131
Accrued Interest	1,845	10,905	12,750
Compensated Absences	37,847	31,810	69,657
Current Portion of Long-Term Debt	<u>84,252</u>	<u>84,082</u>	<u>168,334</u>
Total Current Liabilities	<u>135,941</u>	<u>145,514</u>	<u>281,455</u>
Noncurrent Liabilities			
Customer Deposits	0	64,030	64,030
Bonds and Notes	<u>68,886</u>	<u>1,045,352</u>	<u>1,114,238</u>
Total Noncurrent Liabilities	<u>68,886</u>	<u>1,109,382</u>	<u>1,178,268</u>
Total Liabilities	<u>204,827</u>	<u>1,254,896</u>	<u>1,459,723</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	7,345,183	6,902,363	14,247,546
Unrestricted	<u>665,939</u>	<u>347,545</u>	<u>1,013,484</u>
Total Net Assets	<u>\$ 8,011,122</u>	<u>\$ 7,249,908</u>	<u>\$ 15,261,030</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, 2011

Functions/Programs	Program Revenues				Net(Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General	\$ 337,579	\$ 9,090	\$ 175,710	\$ 0	\$ (152,779)	\$ 0	\$ (152,779)
Public Safety	746,334	53,001	141,170	0	(552,163)	0	(552,163)
Public Works	33,684	45,960	2,104,572	0	2,116,848	0	2,116,848
Culture & Recreation	581,515	45,754	186,083	24,541	(325,137)	0	(325,137)
Depreciation	213,084	0	0	0	(213,084)	0	(213,084)
Interest on Long-Term Obligations	7,508	0	0	0	(7,508)	0	(7,508)
Total Governmental Activities	\$ 1,919,704	\$ 153,805	\$ 2,607,535	\$ 24,541	866,177	0	866,177
Business-type Activities							
Water	\$ 804,689	\$ 780,274	\$ 0	\$ 0	0	(24,415)	(24,415)
Sewer	304,323	136,923	0	0	0	(167,400)	(167,400)
Solid Waste	215,074	221,290	0	0	0	6,216	6,216
Total Business-type Activities	\$ 1,324,086	\$ 1,138,487	\$ 0	\$ 0	0	(185,599)	(185,599)
General Revenues							
Franchise Taxes					51,805	0	51,805
Gross Receipts Tax					847,533	17,354	864,887
Gasoline Taxes					66,584	0	66,584
Property Taxes					162,513	0	162,513
Other Taxes					5,064	0	5,064
Miscellaneous					76,178	0	76,178
Total General Revenues					1,209,677	17,354	1,227,031
Change in Net Assets					2,075,854	(168,245)	1,907,609
Net Assets - beginning					5,935,268	7,418,153	13,353,421
Net Assets - ending					\$ 8,011,122	\$ 7,249,908	\$ 15,261,030

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, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 294,900	\$ 47,110	\$ 244,098
Investment	57,407	0	0
Receivables			
Taxes	67,576	0	6,537
Restricted Cash	0	0	24,506
Total Assets	<u>\$ 419,883</u>	<u>\$ 47,110</u>	<u>\$ 275,141</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 2,483	\$ 0	\$ 3,810
Accrued Salaries & Benefits	5,704	0	0
Compensated Absences	0	0	2,054
Total Liabilities	<u>8,187</u>	<u>0</u>	<u>5,864</u>
Fund Balances			
Restricted for, reported in			
Special Revenue Fund	0	0	164,814
Debt Service			104,463
Assigned-Capital Projects	0	47,110	0
Unassigned- General Fund	411,696	0	0
Total Fund Balances	<u>411,696</u>	<u>47,110</u>	<u>269,277</u>
Total Liabilities and Fund Balances	<u>\$ 419,883</u>	<u>\$ 47,110</u>	<u>\$ 275,141</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, 2011

	<u>Total Governmental Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 586,108
Investment	57,407
Receivables	
Taxes	74,113
Restricted Cash	24,506
Total Assets	<u>\$ 742,134</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 6,293
Accrued Salaries & Benefits	5,704
Compensated Absences	2,054
Total Liabilities	<u>14,051</u>
Fund Balances	
Restricted for, reported in	
Special Revenue Fund	164,814
Debt Service	104,463
Assigned-Capital Projects	47,110
Unassigned- General Fund	411,696
Total Fund Balances	<u>728,083</u>
Total Liabilities and Fund Balances	<u>\$ 742,134</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, 2011

Total Fund Balance - Governmental Funds \$ 728,083

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	\$ 10,585,747	
Accumulated depreciation is	<u>(3,111,932)</u>	7,473,815

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	(153,138)	
Accrued interest on bonds	(1,845)	
Compensated Absences	<u>(35,793)</u>	<u>(190,776)</u>

Total net assets - governmental activities \$ 8,011,122

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, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>
Revenues			
Taxes			
Franchise	\$ 51,805	\$ 0	\$ 0
Gross Receipts	802,530	0	45,003
Gasoline	0	0	66,584
Property	162,513	0	0
Other	4,849	0	215
Charges for Services	45,960	0	45,754
License & Permits	9,090	0	0
Fines & Forfeitures	43,324	0	9,677
State & Local Grants	175,710	1,108,539	329,574
Federal Grants	0	946,455	71,798
Miscellaneous	36,140	5,499	34,539
Total Revenues	<u>1,331,921</u>	<u>2,060,493</u>	<u>603,144</u>
Expenditures			
Current			
General Government	331,065	0	0
Public Safety	595,515	0	149,782
Public Works	30,192	0	0
Culture and Recreation	138,137	0	443,583
Capital Outlay	11,944	2,031,737	74,119
Debt Service			
Principal	0	0	78,486
Interest	0	0	9,310
Total Expenditures	<u>1,106,853</u>	<u>2,031,737</u>	<u>755,280</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>225,068</u>	<u>28,756</u>	<u>(152,136)</u>
Other Financing Sources (Uses)			
Transfers	(137,476)	0	137,476
Total Other Financing Sources (Uses)	<u>(137,476)</u>	<u>0</u>	<u>137,476</u>
Net Change in Fund Balance	87,592	28,756	(14,660)
Fund Balances at Beginning of Year	<u>324,104</u>	<u>18,354</u>	<u>283,937</u>
Fund Balance End of Year	<u>\$ 411,696</u>	<u>\$ 47,110</u>	<u>\$ 269,277</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, 2011

	<u>Total Governmental Funds</u>
Revenues	
Taxes	
Franchise	\$ 51,805
Gross Receipts	847,533
Gasoline	66,584
Property	162,513
Other	5,064
Charges for Services	91,714
License & Permits	9,090
Fines & Forfeitures	53,001
State & Local Grants	1,613,823
Federal Grants	1,018,253
Miscellaneous	<u>76,178</u>
Total Revenues	<u>3,995,558</u>
Expenditures	
Current	
General Government	331,065
Public Safety	745,297
Public Works	30,192
Culture and Recreation	581,720
Capital Outlay	2,117,800
Debt Service	
Principal	78,486
Interest	<u>9,310</u>
Total Expenditures	<u>3,893,870</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>101,688</u>
Other Financing Sources (Uses)	
Transfers	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>
Net Change in Fund Balance	101,688
Fund Balances at Beginning of Year	<u>626,395</u>
Fund Balance End of Year	<u>\$ 728,083</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, 2011

Net Change in Fund Balance \$ 101,688

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	\$ (213,084)	
Capital Outlays	<u>2,117,800</u>	1,904,716

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 78,486

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, 2010	3,647	
Accrued Interest, June 30, 2011	<u>(1,845)</u>	1,802

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, 2010	24,955	
Compensated Absences, June 30, 2011	(37,847)	
Less Current Portion reported in the fund	<u>2,054</u>	<u>(10,838)</u>

Changes in Net Assets of Governmental Activities \$ 2,075,854

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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Franchise Tax	\$ 50,429	\$ 50,429	\$ 50,769	\$ 340
Gross Receipt Tax	655,570	655,570	829,359	173,789
Property Tax	160,728	160,728	161,202	474
Other	0	0	1,134	1,134
Total Taxes	<u>866,727</u>	<u>866,727</u>	<u>1,042,464</u>	<u>175,737</u>
Charges for Services	37,681	37,681	45,960	8,279
Licenses & Permits	10,098	10,098	9,090	(1,008)
Fines and Forfeitures	36,944	36,944	43,324	6,380
Small Cities Assistance	147,906	147,906	175,710	27,804
Miscellaneous	38,981	38,981	36,140	(2,841)
Total Revenues	<u>1,138,337</u>	<u>1,138,337</u>	<u>1,352,688</u>	<u>214,351</u>
Expenditures				
Executive				
Salaries	62,797	62,797	62,797	0
Benefits	12,240	12,240	12,412	(172)
Other	8,000	8,000	16,461	(8,461)
Total Executive	<u>83,037</u>	<u>83,037</u>	<u>91,670</u>	<u>(8,633)</u>
Judicial				
Salaries	63,064	63,064	62,899	165
Benefits	15,685	15,685	18,521	(2,836)
Other	11,900	11,900	13,231	(1,331)
Total Judicial	<u>90,649</u>	<u>90,649</u>	<u>94,651</u>	<u>(4,002)</u>
Financial				
Salaries	12,389	12,389	10,386	2,003
Benefits	4,966	4,966	4,955	11
Other	76,735	76,735	74,340	2,395
Insurance	43,400	43,400	43,388	12
Capital Outlay	16,900	16,900	16,898	2
Total Financial	<u>154,390</u>	<u>154,390</u>	<u>149,967</u>	<u>4,423</u>
Public Safety				
Salaries	322,686	322,686	327,291	(4,605)
Benefits	85,346	85,346	91,267	(5,921)
Other	40,410	40,410	50,125	(9,715)
Insurance	60,000	60,000	60,000	0
Capital Outlay	11,944	11,944	11,944	0
Total Public Safety	<u>\$ 520,386</u>	<u>\$ 520,386</u>	<u>\$ 540,627</u>	<u>\$ (20,241)</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, 2011

	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	13,150	13,150	13,134	16
Dispatch Contract	8,800	8,800	9,046	(246)
Total Ambulance	<u>21,950</u>	<u>21,950</u>	<u>22,180</u>	<u>(230)</u>
Animal Control				
Salaries	21,757	21,757	22,703	(946)
Benefits	3,197	3,197	3,269	(72)
Other	3,600	3,600	4,868	(1,268)
Total Animal Control	<u>28,554</u>	<u>28,554</u>	<u>30,840</u>	<u>(2,286)</u>
Motor Vehicle				
Salaries	27,540	27,540	24,523	3,017
Benefits	6,482	6,482	4,378	2,104
Other	600	600	794	(194)
Total Motor Vehicle	<u>34,622</u>	<u>34,622</u>	<u>29,695</u>	<u>4,927</u>
Museum & Library				
Salaries	17,118	17,118	17,188	(70)
Benefits	1,310	1,310	1,319	(9)
Other	21,471	21,471	18,083	3,388
Total Museum & Library	<u>39,899</u>	<u>39,899</u>	<u>36,590</u>	<u>3,309</u>
Community Center				
Salaries	63,614	63,614	63,683	(69)
Benefits	21,392	21,392	22,145	(753)
Other	14,210	14,210	14,572	(362)
Total Community Center	<u>99,216</u>	<u>99,216</u>	<u>100,400</u>	<u>(1,184)</u>
Total Expenditures	<u>1,083,037</u>	<u>1,083,037</u>	<u>1,106,954</u>	<u>(23,917)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>55,300</u>	\$ <u>55,300</u>	\$ <u>245,734</u>	\$ <u>190,434</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Other Financing Sources (Uses)				
Transfer to Older Americans	\$ (31,741)	\$ (31,741)	\$ (51,241)	\$ (19,500)
Transfer to Recreation	(30,206)	(30,206)	(30,206)	0
Transfer to Debt Service	<u>(56,029)</u>	<u>(56,029)</u>	<u>(56,029)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(117,976)</u>	<u>(117,976)</u>	<u>(137,476)</u>	<u>(19,500)</u>
Net Change in Cash Balance	(62,676)	(62,676)	108,258	170,934
Cash Balance Beginning of Year	<u>244,049</u>	<u>244,049</u>	<u>244,049</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 181,373</u>	<u>\$ 181,373</u>	<u>\$ 352,307</u>	<u>\$ 170,934</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 108,258	
Net change in Taxes Receivable			(20,765)	
Net change in Accounts Payable			5,803	
Net change in Accrued Salaries & Benefits			<u>(5,704)</u>	
Net Change in Fund Balance			<u>\$ 87,592</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, 2011

ASSETS	Water	Sewer	Solid Waste	Total
Current Assets				
Cash and Cash Equivalents	\$ 189,770	\$ 37,554	\$ 131,493	\$ 358,817
Receivables (net of allowance for uncollectible accounts)				
Accounts	83,443	11,119	18,551	113,113
Taxes	0	0	1,077	1,077
Total Current Assets	<u>273,213</u>	<u>48,673</u>	<u>151,121</u>	<u>473,007</u>
Noncurrent Assets				
Restricted Assets	34,851	5,250	64,180	104,281
Capital Assets	5,157,976	7,413,861	487,979	13,059,816
Less: Accumulated Depreciation	<u>(3,578,549)</u>	<u>(1,475,899)</u>	<u>(77,852)</u>	<u>(5,132,300)</u>
Total Noncurrent Assets	<u>1,614,278</u>	<u>5,943,212</u>	<u>474,307</u>	<u>8,031,797</u>
Total Assets	<u>1,887,491</u>	<u>5,991,885</u>	<u>625,428</u>	<u>8,504,804</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	10,567	66	2,657	13,290
Accrued Salaries & Benefits	4,038	880	509	5,427
Accrued Interest	7,710	2,000	1,195	10,905
Compensated Absences	28,667	1,162	1,981	31,810
Current Portion of Long-Term Debt	52,376	1,000	30,706	84,082
Total Current Liabilities	<u>103,358</u>	<u>5,108</u>	<u>37,048</u>	<u>145,514</u>
Noncurrent Liabilities				
Customer Deposits	64,030	0	0	64,030
Long Term Debt	479,150	93,000	473,202	1,045,352
Total Noncurrent Liabilities	<u>543,180</u>	<u>93,000</u>	<u>473,202</u>	<u>1,109,382</u>
Total Liabilities	<u>646,538</u>	<u>98,108</u>	<u>510,250</u>	<u>1,254,896</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,082,752	5,847,212	442,406	7,372,370
Unrestricted	158,201	46,565	(327,228)	(122,462)
Total Net Assets	<u>\$ 1,240,953</u>	<u>\$ 5,893,777</u>	<u>\$ 115,178</u>	<u>\$ 7,249,908</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, 2011

	Water	Sewer	Solid Waste	Total
Operating Revenues				
Sales & Service	\$ 657,073	\$ 134,831	\$ 216,768	\$ 1,008,672
Fees	29,861	2,018	0	31,879
Miscellaneous	93,340	74	4,522	97,936
Total Operating Revenues	<u>780,274</u>	<u>136,923</u>	<u>221,290</u>	<u>1,138,487</u>
Operating Expenses				
Salaries	344,042	83,137	43,280	470,459
Benefits	94,242	17,299	19,748	131,289
Operating Expenses	246,619	51,965	104,745	403,329
Depreciation	102,664	147,902	32,532	283,098
Total Operating Expenses	<u>787,567</u>	<u>300,303</u>	<u>200,305</u>	<u>1,288,175</u>
Operating Income (Loss)	<u>(7,293)</u>	<u>(163,380)</u>	<u>20,985</u>	<u>(149,688)</u>
Nonoperating Revenue (Expenses)				
Environmental Gross Receipts Tax	0	0	17,354	17,354
Interest Expense	(17,122)	(4,020)	(14,769)	(35,911)
Total Nonoperating Revenue (Expense)	<u>(17,122)</u>	<u>(4,020)</u>	<u>2,585</u>	<u>(18,557)</u>
Change in Net Assets	(24,415)	(167,400)	23,570	(168,245)
Total Net Assets - Beginning	<u>1,265,368</u>	<u>6,061,177</u>	<u>91,608</u>	<u>7,418,153</u>
Total Net Assets - Ending	<u>\$ 1,240,953</u>	<u>\$ 5,893,777</u>	<u>\$ 115,178</u>	<u>\$ 7,249,908</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, 2011

	<u>Water</u>	<u>Sewer</u>
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 787,621	\$ 137,434
Cash Paid to Suppliers and Employees	(674,768)	(152,173)
Net Cash Provided by Operating Activities	<u>112,853</u>	<u>(14,739)</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	(24,764)	0
Principal Paid	(51,385)	(1,000)
Interest Paid	(17,122)	(4,020)
Net Cash Provided by Capital & Related Financing Activities	<u>(93,271)</u>	<u>(5,020)</u>
Net Increase (Decrease) in Cash	19,582	(19,759)
Cash, Beginning of Year	<u>205,039</u>	<u>62,563</u>
Cash, End of Year	<u>\$ 224,621</u>	<u>\$ 42,804</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 189,770	\$ 37,554
Restricted Assets	0	5,250
	<u>\$ 189,770</u>	<u>\$ 42,804</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (7,293)	\$ (163,380)
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities		
Depreciation	102,664	147,902
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	0	0
(Increase) Decrease in Accounts Receivable	1,517	585
Increase (Decrease) in Accounts Payable	4,681	(1,112)
Increase (Decrease) in Accrued Salaries and Benefits	4,038	880
Increase (Decrease) in Accrued Interest	(737)	(20)
Increase (Decrease) in Compensated Absences	2,153	406
Increase (Decrease) in Customer Deposits	5,830	0
Net Cash Provided by Operating Activities	<u>\$ 112,853</u>	<u>\$ (14,739)</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, 2011

	Solid Waste	Total
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 220,923	\$ 1,145,978
Cash Paid to Suppliers and Employees	(163,672)	(990,613)
Net Cash Provided by Operating Activities	<u>57,251</u>	<u>155,365</u>
Cash Flows from Noncapital Financing Activities		
Environmental Gross Receipts Tax	17,354	17,354
Net Cash Provided by Noncapital Financing Activities	<u>17,354</u>	<u>17,354</u>
Cash Flows from Capital & Related Financing Activities		
Purchase of Capital Assets	0	(24,764)
Principal Paid	(30,503)	(82,888)
Interest Paid	(14,769)	(35,911)
Net Cash Provided by Capital & Related Financing Activities	<u>(45,272)</u>	<u>(143,563)</u>
Net Increase (Decrease) in Cash	29,333	29,156
Cash, Beginning of Year	<u>166,340</u>	<u>433,942</u>
Cash, End of Year	<u>\$ 195,673</u>	<u>\$ 463,098</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 131,493	\$ 358,817
Restricted Assets	64,180	69,430
	<u>\$ 195,673</u>	<u>\$ 428,247</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 20,985	\$ (149,688)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	32,532	283,098
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	647	647
(Increase) Decrease in Accounts Receivable	(367)	1,735
Increase (Decrease) in Accounts Payable	2,383	5,952
Increase (Decrease) in Accrued Salaries and Benefits	510	5,428
Increase (Decrease) in Accrued Interest	(40)	(797)
Increase (Decrease) in Compensated Absences	601	3,160
Increase (Decrease) in Customer Deposits	0	5,830
Net Cash Provided by Operating Activities	<u>\$ 57,251</u>	<u>\$ 155,365</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.

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.

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 06/30/11</u>	<u>Reconciled Balance</u>	<u>Type</u>
General Fund	\$ 297,664	\$ 294,712	Checking
Covert Account	190	190	Checking
Fire Department	14,675	4,542	Checking
Law Enforcement	691	1	Checking
Local Government Correction	2,568	2,568	Checking
Special Gas Tax	127,728	127,728	Checking
Recreation Fund	783	678	Checking
Summer Food Program	9,615	3,617	Checking
Older American Program	12,434	501	Checking
Capital Projects	49,192	46,968	Checking
Debt Service	960	960	Checking
Revenue Bond Proceeds	50,560	50,560	Savings
Motor Vehicle Department	9,609	0	Checking
Municipal Court	15,581	0	Checking
Disbursement	12,037	0	Checking
Payroll	48,159	0	Checking
Water	92,329	83,864	Checking
Sewer	30,058	28,313	Checking
Sewer Fund-CD	\$ 9,240	\$ 9,240	Savings

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2011

WWP Phase 2 Reserve	\$ 5,250	\$ 5,250	Checking
Solid Waste	96,119	95,922	Checking
TOTAL Deposited	<u>885,442</u>	<u>\$ 755,614</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	635,442		
50% collateral requirement	317,721		
Pledged securities	<u>682,603</u>		
Over (Under) requirement	<u>\$ 364,882</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, Texas:

<u>Description</u>	<u>CUSIP #</u>	<u>Fair Market Value</u>	<u>Maturity Date</u>
Santa Fe NM Water Utility System	802169BH4	332,760	6/1/2024
Questa ISD	748352DA6	349,843	9/1/2027
		<u>\$ 682,603</u>	

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>	<u>Balance Per Bank 06/30/11</u>	<u>Reconciled Balance</u>	<u>Type</u>
Rural Utility Service Fund	\$ 143	\$ 143	Checking
Reserve Fund	52,942	52,942	Savings
Solid Waste	<u>35,571</u>	<u>35,571</u>	Savings
TOTAL Deposited	88,656	<u>\$ 88,656</u>	
Less: FDIC Coverage	<u>(88,656)</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.

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2011

Western Bank

<u>Name of Account</u>	Balance Per Bank 06/30/11	Reconciled Balance	Type
Water	\$ 32,650	\$ 32,650	Savings
Village of Tularosa	73,255	73,255	Savings
TOTAL Deposited	105,905	<u>\$ 105,905</u>	
Less: FDIC Coverage	<u>(105,905)</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 06/30/11	Reconciled Balance	Type
Village of Tularosa-Fire Department	\$ 18	\$ 18	Savings
Village of Tularosa-Special Gas Tax	24,488	24,488	Savings
Village of Tularosa-Water	34,851	34,851	Savings
Village of Tularosa-Solid Waste	64,180	64,180	Savings
TOTAL Deposited	123,537	<u>\$ 123,537</u>	
Less: FDIC Coverage	<u>(123,537)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

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

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 568,098
Collateralized:	
Collateral held by the pledging bank in Village's name	635,442
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 1,203,540</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, 2011 none of the Village's bank balance of \$1,203,540 was exposed to custodial credit risk.

New Mexico State Treasurer

<u>Name of Account</u>	<u>Fair Market Value 06/30/11</u>	<u>Reconciled Balance</u>	<u>Type</u>
Village of Tularosa	\$ 57,242	\$ 57,242	Investment
Village of Tularosa-Reserve	166	166	Investment
	<u>\$ 57,408</u>	<u>\$ 57,408</u>	

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

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAm by Standard & Poor’s. Therefore, the LGIP reports AAAm for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer’s website 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. As of June 30, 2011, 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, 2011.

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2011

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2011, is as follows:

	Beginning Balance 6/30/10	Increases	Decreases	Ending Balance 6/30/11
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 588,363	\$ 0	\$ 0	\$ 588,363
Construction in Progress	133,082	483,800		616,882
Total Capital Assets, not being Depreciated	<u>721,445</u>	<u>483,800</u>	<u>0</u>	<u>1,205,245</u>
Capital Assets, being Depreciated				
Infrastructure	690,224	49,578	0	739,802
Buildings & Improvements	4,590,782	1,480,189	0	6,070,971
Equipment	2,465,499	104,230	0	2,569,729
	<u>7,746,505</u>	<u>1,633,997</u>	<u>0</u>	<u>9,380,502</u>
Total Capital Assets	<u>8,467,950</u>	<u>2,117,797</u>	<u>0</u>	<u>10,585,747</u>
Less Accumulated Depreciation				
Buildings & Improvements	1,156,222	84,625	0	1,240,847
Infrastructure	48,927	18,643	0	67,570
Equipment	1,693,699	109,816	0	1,803,515
Total Accumulated Depreciation	<u>2,898,848</u>	<u>213,084</u>	<u>0</u>	<u>3,111,932</u>
Capital Assets, net	<u>\$ 5,569,102</u>	<u>\$ 1,904,713</u>	<u>\$ 0</u>	<u>\$ 7,473,815</u>

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

	Beginning Balance 6/30/10	Increases	Decreases	Ending Balance 6/30/11
Business-Type Activities				
Water				
Other Capital Assets				
Water System	\$ 5,133,212	\$ 24,764	\$ 0	\$ 5,157,976
Total Capital Assets at Historical Cost	<u>5,133,212</u>	<u>24,764</u>	<u>0</u>	<u>5,157,976</u>
Less Accumulated Depreciation				
Improvements	3,475,885	102,664	0	3,578,549
Total Accumulated Depreciation	<u>3,475,885</u>	<u>102,664</u>	<u>0</u>	<u>3,578,549</u>
Capital Assets, net	<u>\$ 1,657,327</u>	<u>\$ (77,900)</u>	<u>\$ 0</u>	<u>\$ 1,579,427</u>

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2011

	Beginning Balance 6/30/10	Increases	Decreases	Ending Balance 6/30/11
Sewer				
Other Capital Assets				
Sewer System	\$ 7,395,076	\$ 0	\$ 0	\$ 7,395,076
Equipment	18,785	0	0	18,785
Total Capital Assets at Historical Cost	7,413,861	0	0	7,413,861
Less Accumulated Depreciation				
Improvements	1,305,545	147,902	0	1,453,447
Equipment	22,452	0	0	22,452
Total Accumulated Depreciation	1,327,997	147,902	0	1,475,899
Capital Assets, net	\$ 6,085,864	\$ (147,902)	\$ 0	\$ 5,937,962
Solid Waste				
Other Capital Assets				
Equipment	\$ 487,979	\$ 0	\$ 0	\$ 487,979
Total Capital Assets at Historical Cost	487,979	0	0	487,979
Less Accumulated Depreciation				
Equipment	45,320	32,532	0	77,852
Total Accumulated Depreciation	45,320	32,532	0	77,852
Capital Assets, net	\$ 442,659	\$ (32,532)	\$ 0	\$ 410,127

NOTE F: LONG TERM DEBT

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

	Beginning Balance 6/30/10	Additions	Reductions	Ending Balance 6/30/11	Amounts Due Within One Year
Governmental Activities					
Notes Payable					
NM GRT	\$ 105,000	\$ 0	\$ 50,000	\$ 55,000	\$ 55,000
NMFA Fire Truck	33,672	0	10,981	22,691	11,220
NMFA Paving	92,952	0	17,505	75,447	18,032
	231,624	0	78,486	153,138	84,252
Other Liabilities					
Compensated Absences	27,714	53,060	42,927	37,847	37,847
Long-Term Liabilities	\$ 259,338	\$ 53,060	\$ 121,413	\$ 190,985	\$ 122,099

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2011

The annual requirements to amortize the above loans as of June 30, 2011, including interest payments are as follows:

	Principal	Interest	Total
2012	\$ 84,252	\$ 5,783	\$ 90,035
2013	30,045	1,920	31,965
2014	19,133	1,168	20,301
2015	19,708	591	20,299
	<u>\$ 153,138</u>	<u>\$ 9,462</u>	<u>\$ 162,600</u>

	Beginning Balance 6/30/10	Additions	Reductions	Ending Balance 6/30/11	Amounts Due Within One Year
Business-Type Activities					
Bonds Payable					
RIP 96-03	\$ 242,549	\$ 0	\$ 18,938	\$ 223,611	\$ 19,506
RIP 93-11	109,457	0	12,309	97,148	12,678
NMFA PPRF	230,905	0	20,138	210,767	20,192
USDA RUS 2004	95,000	0	1,000	94,000	1,000
NMFA-Equip 5/1/09	534,412	0	30,503	503,909	30,706
	<u>\$ 1,212,323</u>	<u>\$ 0</u>	<u>\$ 82,888</u>	<u>\$ 1,129,435</u>	<u>\$ 84,082</u>
Other Liabilities					
Compensated Absences					
	\$ 28,648	\$ 29,726	\$ 26,564	\$ 31,810	\$ 31,810
Long-Term Liabilities					
	<u>\$ 2,453,294</u>	<u>\$ 29,726</u>	<u>\$ 192,340</u>	<u>\$ 2,290,680</u>	<u>\$ 199,974</u>

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%	\$ 223,612
USDA RIP 93-11	9/25/2017	186,144	3%	97,147
USDA RIP 96-03	11/8/2020	390,000	3%	210,767
USDA RUS 2004	12/31/2044	100,000	4.25%	94,000
NMFA -Equip	5/1/2019	564,831	2.95%	503,908
				<u>\$ 1,129,434</u>

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Notes to the Financial Statements
 June 30, 2011

The annual requirements to amortize the above bonds as of June 30, 2011, including interest payments are as follows:

	Principal	Interest	Total
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	127,859	22,784	150,643
2016-2020	474,362	54,393	528,755
2021-2025	10,000	16,160	26,160
2026-2030	12,000	14,000	26,000
2031-2035	15,000	11,710	26,710
2036-2040	19,000	7,610	26,610
2041-2045	24,000	3,020	27,020
	<u>\$ 1,129,434</u>	<u>\$ 253,235</u>	<u>\$ 1,382,669</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.

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, 2011, 2010 and 2009 were \$53,049, \$44,185.86 and \$35,912.68, respectively, which equal the amount of the required contributions for the fiscal year.

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, 2011, were as follows:

	General	Non-Major Funds
Franchise Taxes	\$ 9,933	\$ 0
Gross Receipts Taxes	49,367	1,305
Property Taxes	4,092	0
Gasoline Taxes	0	5,232
Other Taxes	4,184	0
Due from Grantor	0	0
	<u>\$ 67,576</u>	<u>\$ 6,537</u>

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

NOTE K: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfer from		Transfer to	
General	\$ 30,206	Recreation	\$ 30,206
General	51,241	Older Americans	51,241
General	56,029	Debt Service	56,029
	<u>\$ 137,476</u>		<u>\$ 137,476</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.

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2011

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, 2011:

<u>Nonmajor Fund</u>	<u>Amount</u>
Older American	\$ (1,619)

Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2011:

<u>Major Funds</u>	<u>Amount</u>
General	\$ (23,917)
Water	(36,365)
Sewer	(15,294)
<u>Nonmajor Funds</u>	
Fire	(3,429)
Law Enforcement	(5,103)
Corrections	(865)
Recreation	(196)
Older American	(8,371)
Debt Service	\$ (272)

**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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 2,141,089	\$ 2,141,089	\$ 1,108,539	\$ (1,032,550)
Federal Grant	1,927,809	1,927,809	946,455	(981,354)
Miscellaneous	7,591	7,591	5,499	(2,092)
Total Revenues	<u>4,076,489</u>	<u>4,076,489</u>	<u>2,060,493</u>	<u>(2,015,996)</u>
Expenditures				
Capital Outlay				
Equipment	89,900	89,900	0	89,900
Utility-Water	738,932	738,932	31,610	707,322
Utility-Sewer	1,603,887	1,603,887	452,193	1,151,694
Buildings & Improvement	1,657,252	1,657,252	1,547,934	109,318
Total Expenditures	<u>4,089,971</u>	<u>4,089,971</u>	<u>2,031,737</u>	<u>2,058,234</u>
Excess (Deficiency) of Revenues Over Expenditures	(13,482)	(13,482)	28,756	42,238
Cash Balance Beginning of Year	<u>18,354</u>	<u>18,354</u>	<u>18,354</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 4,872</u>	<u>\$ 4,872</u>	<u>\$ 47,110</u>	<u>\$ 42,238</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 28,756	
Net change in Due from Grantor			0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 28,756</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)

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)

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.

Older American

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

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, 2011

	<u>Special Revenue Funds</u>		
	<u>Fire Department</u>	<u>Law Enforcement</u>	<u>Correction</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,542	\$ 1	\$ 2,568
Receivables			
Taxes	0	0	0
Restricted Cash	18	0	0
Total Assets	<u>\$ 4,560</u>	<u>\$ 1</u>	<u>\$ 2,568</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 2,232	\$ 0	\$ 1,495
Accrued Salaries & Benefits	0	0	0
Total Liabilities	<u>2,232</u>	<u>0</u>	<u>1,495</u>
Fund Balance			
Restricted for, reported in			
Special Revenue Fund	2,328	1	1,073
Debt Service	0	0	0
Total Fund Balance	<u>2,328</u>	<u>1</u>	<u>1,073</u>
Total Liabilities and Fund Balance	<u>\$ 4,560</u>	<u>\$ 1</u>	<u>\$ 2,568</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, 2011

	Special Revenue Funds		
	Gas Tax	Recreation	Summer Food
ASSETS			
Cash and Cash Equivalents	\$ 127,728	\$ 678	\$ 3,617
Receivables			
Taxes	6,537	0	0
Restricted Cash	24,488	0	0
Total Assets	<u>\$ 158,753</u>	<u>\$ 678</u>	<u>\$ 3,617</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 17	\$ 0
Accrued Salaries & Benefits	0	0	0
Total Liabilities	<u>0</u>	<u>17</u>	<u>0</u>
Fund Balance			
Restricted for, reported in			
Special Revenue Fund	158,753	661	3,617
Debt Service	0	0	0
Total Fund Balance	<u>158,753</u>	<u>661</u>	<u>3,617</u>
Total Liabilities and Fund Balance	<u>\$ 158,753</u>	<u>\$ 678</u>	<u>\$ 3,617</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, 2011

	<u>Special Revenue</u>		
	<u>Older American</u>	<u>Debt Service</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 501	\$ 104,463	\$ 244,098
Receivables			
Taxes	0	0	6,537
Restricted Cash	0	0	24,506
Total Assets	<u>\$ 501</u>	<u>\$ 104,463</u>	<u>\$ 250,635</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 66	\$ 0	\$ 3,810
Accrued Salaries & Benefits	2,054	0	2,054
Total Liabilities	<u>2,120</u>	<u>0</u>	<u>5,864</u>
Fund Balance			
Restricted for, reported in			
Special Revenue Fund	(1,619)	0	164,814
Debt Service	0	104,463	104,463
Total Fund Balance	<u>(1,619)</u>	<u>104,463</u>	<u>269,277</u>
Total Liabilities and Fund Balance	<u>\$ 501</u>	<u>\$ 104,463</u>	<u>\$ 275,141</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, 2011

	Special Revenue Funds		
	Fire Department	Law Enforcement	Correction
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 0
Gasoline			
Other			
Charge for Services	0	0	0
Fines & Forfeitures	0	0	9,677
State & Local Grants	117,570	23,600	0
Federal Grants	0	0	0
Miscellaneous	2,272	34	2
Total Revenues	<u>119,842</u>	<u>23,634</u>	<u>9,679</u>
Expenditures			
Current			
Public Safety	112,030	28,703	9,049
Cultural & Recreation	0	0	0
Capital Outlay	0	0	0
Debt Services			
Principal	10,981	0	0
Interest	220	0	0
Total Expenditures	<u>123,231</u>	<u>28,703</u>	<u>9,049</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,389)</u>	<u>(5,069)</u>	<u>630</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	(3,389)	(5,069)	630
Fund Balance at Beginning of Year	<u>5,717</u>	<u>5,070</u>	<u>443</u>
Fund Balance End of Year	<u>\$ 2,328</u>	<u>\$ 1</u>	<u>\$ 1,073</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, 2011

	Special Revenue Funds		
	Gas Tax	Recreation	Summer Food
Revenues			
Taxes			
Gross Receipts	\$ 45,003	\$ 0	\$ 0
Gasoline	66,584	0	0
Other		215	0
Charge for Services	0	0	0
Fines & Forfeitures	0	0	0
State & Local Grants	49,578		20,891
Federal Grants	0	0	0
Miscellaneous	24,678	7,138	236
Total Revenues	<u>185,843</u>	<u>7,353</u>	<u>21,127</u>
Expenditures			
Current			
Public Safety	0	0	0
Cultural & Recreation	98,156	37,554	24,677
Capital Outlay	49,578	0	0
Debt Services			
Principal	17,505	0	0
Interest	2,789	0	0
Total Expenditures	<u>168,028</u>	<u>37,554</u>	<u>24,677</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>17,815</u>	<u>(30,201)</u>	<u>(3,550)</u>
Other Financing Sources (Uses)			
Transfers In/Out	0	30,206	0
Total Other Sources (Uses)	<u>0</u>	<u>30,206</u>	<u>0</u>
Net Change in Fund Balance	17,815	5	(3,550)
Fund Balance at Beginning of Year	<u>140,938</u>	<u>656</u>	<u>7,167</u>
Fund Balance End of Year	<u>\$ 158,753</u>	<u>\$ 661</u>	<u>\$ 3,617</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, 2011

	Special Revenue		Total
	Older American	Debt Service	
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 45,003
Gasoline	0	0	66,584
Other	0	0	215
Charge for Services	45,754	0	45,754
Fines & Forfeitures	0	0	9,677
State & Local Grants	117,935	0	329,574
Federal Grants	71,798	0	71,798
Miscellaneous	0	179	34,539
Total Revenues	<u>235,487</u>	<u>179</u>	<u>603,144</u>
Expenditures			
Current			
Public Safety	0	0	149,782
Cultural & Recreation	283,196	0	443,583
Capital Outlay	24,541	0	74,119
Debt Services			
Principal	0	50,000	78,486
Interest	0	6,301	9,310
Total Expenditures	<u>307,737</u>	<u>56,301</u>	<u>755,280</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(72,250)</u>	<u>(56,122)</u>	<u>(152,136)</u>
Other Financing Sources (Uses)			
Transfers In/Out	51,241	56,029	137,476
Total Other Sources (Uses)	<u>51,241</u>	<u>56,029</u>	<u>137,476</u>
Net Change in Fund Balance	(21,009)	(93)	(14,660)
Fund Balance at Beginning of Year	<u>19,390</u>	<u>104,556</u>	<u>283,937</u>
Fund Balance End of Year	<u>\$ (1,619)</u>	<u>\$ 104,463</u>	<u>\$ 269,277</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 117,570	\$ 117,570	\$ 117,570	\$ 0
Miscellaneous	2,076	0	2,272	2,272
Total Revenues	<u>119,646</u>	<u>117,570</u>	<u>119,842</u>	<u>2,272</u>
Expenditures				
Public Safety				
Operating Expenses	62,150	62,150	63,750	(1,600)
Debt Service				
Principal	55,420	55,420	46,048	9,372
Interest	0	0	11,201	(11,201)
Total Expenditures	<u>117,570</u>	<u>117,570</u>	<u>120,999</u>	<u>(3,429)</u>
Excess (Deficiency) of Revenues Over Expenditures	2,076	0	(1,157)	(1,157)
Cash Balance Beginning of Year	<u>5,717</u>	<u>5,717</u>	<u>5,717</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 7,793</u>	<u>\$ 5,717</u>	<u>\$ 4,560</u>	<u>\$ (1,157)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,157)	
Net change in Accounts Payable			<u>(2,232)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (3,389)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 23,000	\$ 23,000	\$ 23,600	\$ 600
Investment Income	0	0	34	34
Total Revenues	<u>23,000</u>	<u>23,000</u>	<u>23,634</u>	<u>634</u>
Expenditures				
Public Safety				
Operating Expenses	<u>23,600</u>	<u>23,600</u>	<u>28,703</u>	<u>(5,103)</u>
Total Expenditures	<u>23,600</u>	<u>23,600</u>	<u>28,703</u>	<u>(5,103)</u>
Excess (Deficiency) of Revenues Over Expenditures	(600)	(600)	(5,069)	(4,469)
Cash Balance Beginning of Year	<u>5,070</u>	<u>5,070</u>	<u>5,070</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 4,470</u>	<u>\$ 4,470</u>	<u>\$ 1</u>	<u>\$ (4,469)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (5,069)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (5,069)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 6,688	\$ 6,688	\$ 9,677	\$ 2,989
Other	0	0	2	2
Total Revenues	<u>6,688</u>	<u>6,688</u>	<u>9,679</u>	<u>2,991</u>
Expenditures				
Public Safety				
Operating Expenses	<u>6,688</u>	<u>6,688</u>	<u>7,554</u>	<u>(866)</u>
Total Expenditures	<u>6,688</u>	<u>6,688</u>	<u>7,554</u>	<u>(866)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	2,125	2,125
Cash Balance Beginning of Year	<u>443</u>	<u>443</u>	<u>443</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 443</u>	<u>\$ 443</u>	<u>\$ 2,568</u>	<u>\$ 2,125</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,125	
Net change in Accounts Payable			<u>(1,495)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 630</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gross Receipts Tax	\$ 41,653	\$ 41,653	\$ 46,046	\$ 4,393
Gasoline Tax	65,090	65,090	68,601	3,511
State Grant	66,000	66,000	49,578	(16,422)
Other	0	0	24,678	24,678
Total Revenues	<u>172,743</u>	<u>172,743</u>	<u>188,903</u>	<u>16,160</u>
Expenditures				
Public Works	65,090	65,090	98,663	(33,573)
Capital Outlay	103,849	103,849	49,578	54,271
Debt Service				
Principal	20,304	20,304	17,505	2,799
Interest	0	0	2,789	(2,789)
Total Expenditures	<u>189,243</u>	<u>189,243</u>	<u>168,535</u>	<u>54,281</u>
Excess (Deficiency) of Revenues Over Expenditures	(16,500)	(16,500)	20,368	36,868
Cash Balance Beginning of Year	<u>131,848</u>	<u>131,848</u>	<u>131,848</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 115,348</u>	<u>\$ 115,348</u>	<u>\$ 152,216</u>	<u>\$ 36,868</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 20,368	
Net change in Taxes Receivable			(3,060)	
Net change in Accounts Payable			507	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 17,815</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Cigarette Taxes	\$ 0	\$ 0	\$ 450	\$ 450
Contributions/Donations	7,135	7,135	7,138	3
Total Revenues	<u>7,135</u>	<u>7,135</u>	<u>7,588</u>	<u>453</u>
Expenditures				
Culture & Recreation				
Salaries	21,798	21,798	21,798	0
Benefits	1,678	1,678	2,557	(879)
Other	13,865	13,865	13,181	684
Total Expenditures	<u>37,341</u>	<u>37,341</u>	<u>37,536</u>	<u>(195)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(30,206)</u>	<u>(30,206)</u>	<u>(29,948)</u>	<u>258</u>
Other Financing Sources (Uses)				
Transfers from General Fund	30,206	30,206	30,206	0
Total Other Financing Sources (Uses)	<u>30,206</u>	<u>30,206</u>	<u>30,206</u>	<u>0</u>
Net Change in Cash Balance	0	0	258	258
Cash Balance Beginning of Year	<u>420</u>	<u>420</u>	<u>420</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 420</u>	<u>\$ 420</u>	<u>\$ 678</u>	<u>\$ 258</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 258	
Net change in Taxes Receivable			(236)	
Net change in Accounts Payable			(17)	
Net Change in Fund Balance			<u>\$ 5</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 26,032	\$ 26,032	\$ 20,891	\$ (5,141)
Other	0	0	236	236
Total Revenues	<u>26,032</u>	<u>26,032</u>	<u>21,127</u>	<u>(4,905)</u>
Expenditures				
Cultural & Recreation				
Salaries	7,341	7,341	6,436	905
Benefits	562	562	498	64
Other	18,129	18,129	18,010	119
Total Expenditures	<u>26,032</u>	<u>26,032</u>	<u>24,944</u>	<u>1,088</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(3,817)	(3,817)
Cash Balance Beginning of Year	<u>7,434</u>	<u>7,434</u>	<u>7,434</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 7,434</u>	<u>\$ 7,434</u>	<u>\$ 3,617</u>	<u>\$ (3,817)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,817)	
Net change in Accounts Payable			267	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (3,550)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Program Income	\$ 28,200	\$ 28,200	\$ 31,968	\$ 3,768
Local Grant	6,000	6,000	6,000	0
County Subsidy	29,800	29,800	29,800	0
State Grant	93,310	93,310	91,436	(1,874)
Federal Grants				
IIIB	18,610	18,610	15,305	(3,305)
IIIC-1	26,932	26,932	27,469	537
IIIC-2	9,690	9,690	9,690	0
Cash in Lieu of Commodities	13,153	13,153	19,261	6,108
ARRA	0	0	73	73
Other	15,815	15,815	13,786	(2,029)
Total Revenues	<u>241,510</u>	<u>241,510</u>	<u>244,788</u>	<u>3,278</u>
Expenditures				
Culture and Recreation				
Salaries	155,146	155,146	157,385	(2,239)
Benefits	47,501	47,501	48,881	(1,380)
Other	72,897	72,897	78,109	(5,212)
Capital Outlay	25,000	25,000	24,541	459
Total Expenditures	<u>300,544</u>	<u>300,544</u>	<u>308,916</u>	<u>(8,372)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(59,034)</u>	<u>(59,034)</u>	<u>(64,128)</u>	<u>(5,094)</u>
Other Financing Sources (Uses)				
Transfer From General Fund	<u>59,034</u>	<u>59,034</u>	<u>51,241</u>	<u>(7,793)</u>
Total Other Financing Sources	<u>59,034</u>	<u>59,034</u>	<u>51,241</u>	<u>(7,793)</u>
Net Change in Cash Balance	0	0	(12,887)	(12,887)
Cash Balance Beginning of Year	<u>13,388</u>	<u>13,388</u>	<u>13,388</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 13,388</u>	<u>\$ 13,388</u>	<u>\$ 501</u>	<u>\$ (12,887)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (12,887)	
Net change in Due from Grantor			(9,301)	
Net change in Accounts Payable			477	
Net change in Accrued Salaries and Benefits			(2,054)	
Net change in Compensated Absences			2,756	
Net Change in Fund Balance			<u>\$ (21,009)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 0	\$ 0	\$ 179	\$ 179
Total Revenues	<u>0</u>	<u>0</u>	<u>179</u>	<u>179</u>
Expenditures				
Debt Service				
Principal	50,000	50,000	50,000	0
Interest	5,985	5,985	5,985	0
Fiscal Charges	44	44	316	(272)
Total Expenditures	<u>56,029</u>	<u>56,029</u>	<u>56,301</u>	<u>(272)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(56,029)</u>	<u>(56,029)</u>	<u>(56,122)</u>	<u>(93)</u>
Other Financing Sources (Uses)				
Transfer in from General	53,590	53,590	56,029	2,439
Total Other Financing Sources (Uses)	<u>53,590</u>	<u>53,590</u>	<u>56,029</u>	<u>2,439</u>
Net Change in Cash Balance	(2,439)	(2,439)	(93)	2,346
Cash Balance Beginning of Year	<u>104,556</u>	<u>104,556</u>	<u>104,556</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 102,117</u>	<u>\$ 102,117</u>	<u>\$ 104,463</u>	<u>\$ 2,346</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (93)	
Net Change in Fund Balance			\$ (93)	

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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 684,535	\$ 684,535	\$ 664,420	\$ (20,115)
Fees	26,241	26,241	29,861	3,620
Miscellaneous	331	331	93,340	93,009
Total Revenues	<u>711,107</u>	<u>711,107</u>	<u>787,621</u>	<u>76,514</u>
Expenditures				
Salaries	304,860	304,860	337,850	(32,990)
Benefits	96,595	96,595	94,242	2,353
Other	237,292	237,292	241,939	(4,647)
Capital Outlay	23,683	23,683	24,764	(1,081)
Debt Service				
Principal	69,245	69,245	51,385	17,860
Interest	0	0	17,859	(17,859)
Total Expenditures	<u>731,675</u>	<u>731,675</u>	<u>768,039</u>	<u>(36,364)</u>
Excess (Deficiency) of Revenues Over Expenditures	(20,568)	(20,568)	19,582	40,150
Cash Balance Beginning of Year	<u>205,039</u>	<u>205,039</u>	<u>205,039</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 184,471</u>	<u>\$ 184,471</u>	<u>\$ 224,621</u>	<u>\$ 40,150</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 19,582	
Capital Outlay			24,764	
Depreciation			(102,664)	
Principal Paid			51,385	
Net change in Accounts Receivable			(1,517)	
Net change in Accounts Payable			(4,681)	
Net change in Accrued Salaries & Benefits			(4,038)	
Net change in Accrued Interest			737	
Net change in Compensated Absences			(2,153)	
Net change in Customer Deposits			(5,830)	
Change in Net Assets			<u>\$ (24,415)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 134,556	\$ 134,556	\$ 135,416	\$ 860
Connection Fees	4,267	4,267	2,018	(2,249)
Investment Income	3,215	3,215	140	(3,075)
Total Revenues	<u>142,038</u>	<u>142,038</u>	<u>137,574</u>	<u>(4,464)</u>
Expenditures				
Salaries	66,518	66,518	81,851	(15,333)
Benefits	15,805	15,805	17,299	(1,494)
Other	54,675	54,675	53,143	1,532
Debt Service				
Principal	5,040	5,040	1,000	4,040
Interest	0	0	4,040	(4,040)
Total Expenditures	<u>142,038</u>	<u>142,038</u>	<u>157,333</u>	<u>(15,295)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(19,759)	(19,759)
Cash Balance Beginning of Year	<u>62,563</u>	<u>62,563</u>	<u>62,563</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 62,563</u>	<u>\$ 62,563</u>	<u>\$ 42,804</u>	<u>\$ (19,759)</u>
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (19,759)	
Depreciation			147,902	
Principal Payment			1,000	
Net change in Accounts Receivable			(585)	
Net change in Accounts Payable			1,113	
Net change in Accrued Salaries & Benefits			(880)	
Net change in Accrued Interest			20	
Net change in Compensated Absenses			(406)	
Change in Net Assets			<u>\$ 128,405</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 189,147	\$ 189,147	\$ 216,401	\$ 27,254
Environmental Gross Receipts Tax	61,069	61,069	18,000	(43,069)
Other	5,555	5,555	4,522	(1,033)
Total Revenues	<u>255,771</u>	<u>255,771</u>	<u>238,923</u>	<u>(16,848)</u>
Expenditures				
Salaries	46,800	46,800	42,169	4,631
Benefits	22,858	22,858	19,748	3,110
Other	95,581	95,581	102,362	(6,781)
Debt Service				
Principal	45,266	45,266	30,503	14,763
Interest	0	0	14,809	(14,809)
Total Expenditures	<u>210,505</u>	<u>210,505</u>	<u>209,591</u>	<u>914</u>
Excess (Deficiency) of Revenues Over Expenditures	45,266	45,266	29,332	(15,934)
Cash Balance Beginning of Year	<u>166,340</u>	<u>166,340</u>	<u>166,340</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 211,606</u>	<u>\$ 211,606</u>	<u>\$ 195,672</u>	<u>\$ (15,934)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 29,332	
Depreciation			(32,532)	
Principal Payment			30,503	
Net change in Taxes Receivable			(647)	
Net change in Accounts Receivable			367	
Net change in Accounts Payable			(2,383)	
Net change in Accrued Salaries & Benefits			(509)	
Net change in Accrued Interest			40	
Net change in Compensated Absenses			(601)	
Change in Net Assets			<u>\$ 23,570</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2011

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
US Department of Agriculture Water and Waste Disposal Systems for Rural communities	10.760		\$ <u>452,190</u>
US Department of Housing and Urban Development Pass through New Mexico Environmental Protection Agency Community Development Block Grants/Entitlement Grants	14.218		<u>494,265</u>
US Department of Health Services Pass through the Area Agency on Aging ARRA-Aging Home-Delivered Nutrition Services for States	93.705		73
Nutrition Services Incentive Program	93.053		19,261
Special Programs for Aging-Title III, Part B- Grants for Supportive Services and Senior Centers	93.044		15,305
Special Programs for Aging-Title III, Part C Nutrition Services	93.045		<u>37,159</u>
Total US Department of Health Services			<u>71,798</u>
Total Federal Assistance			\$ <u><u>1,018,253</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO

VILLAGE OF TULAROSA

Notes to the Schedule of Expenditures of Federal Awards

June 30, 2011

Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

Note 3: Loans or Loan Guarantees

There was a loan outstanding at year end.

DeAun Willoughby CPA, PC

Certified Public Accountant

Innsdale Terrace, Clovis, NM 88101

(855) 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 of the general fund, budgetary comparisons for the major capital project funds and the combining 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, 2011, and have issued our report thereon dated July 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and correct on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting; 10-2, 10-3, 11-1, 11-2, and 11-3. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs; 09-1, 10-2, 10-3, 11-1, 11-2, 11-3, 11-4 and 11-5.

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

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby CPA PC

July 27, 2012

Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Village of Tularosa

Mr. Balderas and Members of the Board

Compliance

We have audited Village of Tularosa (Village) compliance with the types of compliance requirements described in the OMB A-133 Compliance Supplement that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2011. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 11-1.

Internal Control Over Compliance

Management of the Village, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board members, the Office of the State Auditor, the New Mexico Department of Finance and Administration, the New Mexico State Legislature and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby CPA PC

July 27, 2012

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting

* Material weaknesses identified? No

* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

* Material weaknesses identified? No

* Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
10.760	Water and Waste Disposal Systems for Rural communities
14.218	Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Audited qualified as low risk auditee No

Federal Award Findings

Prior Year Audit Findings

There were no audit findings for the prior year.

**11-1 Late Filed Data Collection Form and Reporting Package to the Federal Clearinghouse-
 Compliance Condition**

The audit report was filed after the due date.

Criteria

As required by OMB Circular A-133.320, the reporting package is due nine months after the fiscal year end.

Cause

The audit could not be completed timely because the District did not contract with an auditor until after the due date of the audit.

Effect

Late report filing is an instance of noncompliance with the District's internal controls related to financial reporting.

Recommendation

Care should be taken to ensure that the data collection form and reporting package are completed in a timely fashion.

Response

We will complete the data collection forms timely in the future.

Financial Statement Audit Findings

Prior Year Audit Findings

Status

09-1 Preparation of Financial Statements	Repeated
10-1 Use of Incorrect Pledged Collateral	Resolved
10-2 Budget	Modified & Repeated
10-3 Cash Appropriations in Excess of Available Cash Balances	Modified & Repeated

Current Year Audit Findings

09-1 Preparation of Financial Statements-Compliance

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.

10-2 Budget-Internal Control & Compliance Condition

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

Major Funds	Amount
General	(23,917)
Water	(36,365)
Sewer	(15,294)
Nonmajor Funds	
Fire	(3,429)
Law Enforcement	(5,103)
Corrections	(865)
Recreation	(196)
Older American	(8,371)
Debt Service	(272)

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-Internal Control & Compliance Condition

The Village maintained a deficit budget in excess of available cash balance in the Older American Fund of \$(1,619).

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.

11-2 Use of a Credit Card by the Village - Internal Control & Compliance**Condition**

During the test of expenditures we found that the Village had a Bank of America credit card and a Wal-Mart credit card.

Criteria

In accordance with Laws of 2007, Regular session, Chapter 28, Section 3, Subsection L states, "Except for gasoline credit cards used solely for operation of official vehicles, telephone credit cards used solely for official business and procurement cards used as authorized by section 6-5-9(l) NMSA 1978, none of the appropriations contained in the General Appropriation Act of 2007 may be expended for payment of agency-issued credit card invoices."

Effect

The Village potentially could lose spending control with this card as the purchases do not have to follow the Village's purchase order system. In addition the Village has a potential risk of loss and theft through inappropriate purchases by an employee or the loss of control of the credit card number resulting in fraudulent use.

Cause

The Village was not aware that credit cards were not allowable.

Recommendation

The Village should immediately cancel the credit card and only utilize procurement cards authorized by Section 6-5-9(l) NMSA 1978.

Response

The Village was not aware that it was illegal to enter into an agreement with credit cards. The credit card has been cancelled and the account closed. The Village is currently looking into state approved procurement/purchasing cards.

11-3 Disposition of Property-Internal Control & Compliance**Condition**

The Village disposed of the Recreation Van and the Older American Van with out following the requirements of the disposal of fixed assets.

Criteria

In accordance with Sections 13-6-1 and 13-6-2 NMSA 1978 Sections 13-6-1 and 13-6-2 NMSA 1978 govern the disposition of obsolete, worn-out or unusable tangible personal property owned by state agencies, local public bodies, school districts, and state educational institutions. At least thirty days prior to any disposition of property on the agency inventory list described below in Subsection Y of 2.2.2.10 NMAC, written notification of the official

Effect

The Village is not in compliance and risks the misappropriation of assets.

Cause

The Village was not aware of the requirements.

Recommendation

The Village should make every effort to comply with state statutes when disposing of fixed assets.

Response

The Village will follow the requirements when disposing fixed assets in the future.

11-4 Expenditures-Internal Control & Compliance

Condition

The following were found when testing of expenditures:

- (1) \$10,010 was paid for injuries incurred for a voluntary fireman because the incorrect coverage was selected for voluntary firemen.
- (2) 4 computers were coded to financial administration as a copier machine.
- (3) A late penalty fee of \$39 was included on a credit card. See finding 11-1.
- (4) Of a sample of 269 items, 4 expenditures were missing purchase orders, 4 purchase orders were issued after the invoice date and 1 did not include all of the supporting documentation.
- (5) There were 2 times the Village's credit card was used by a board member for personal charges. There was no evidence that the Village was reimbursed for the personal expenses.

Criteria

In accordance with 6.20.2.17 Purchasing each entity shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

Effect

Without proper documentation and following the procurement act, there are not adequate controls

Cause

Everyone makes mistakes and no one is perfect. The mistakes found are typical.

Recommendation

All staff should strive to follow procurement requirements and document such so that mistakes are found quickly and dealt with promptly.

Response

We will strive to do the very best at our jobs as possible to avoid the above mentioned problems.

11-5 Late Audit Report - Compliance

Condition

The audit report was not timely submitted to the State Auditor by the due date of December 1, 2011. The audit report was received by the State Auditor's Office by July 31, 2012.

Criteria

All audit reports should be submitted to the State Auditor by the required due date according the State Auditors Rule 2.2.2 9 A (1) (c).

Cause

The Village was a single audit and the contract had to be amended.

Effect

The users of the financial statements such as legislators, creditors, bondholders, state and federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit report could have an effect on state and federal funding.

Recommendation

The Village and auditor should make every effort to assure the audits are completed timely.

Response

The Village will contract with the auditor for a single audit when required.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on July 27, 2012. In attendance were Ray Cordova-Mayor, Dianna Brusuelas-Clerk, Monica Voorbach-Payroll Clerk, Valarie Delgado-Accounts Payable Clerk and De'Aun Willoughby, CPA.