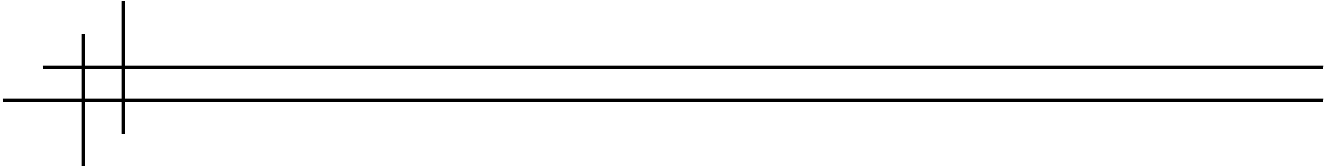




STATE OF NEW MEXICO
VILLAGE OF TULAROSA

ANNUAL FINANCIAL REPORT
June 30, 2012

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



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STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Official Roster
June 30, 2012

BOARD OF TRUSTEES

Ray S. Cordova	Mayor
Patrick Garcia	Mayor-ProTem
Gloria Sainz	Trustee
Joseph 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 and special revenue funds of the Village of Tularosa, (Village), as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. We 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, 2012, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project fund and 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 November 26, 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's management has omitted the Management's Discussion and Analysis that the Governmental Accounting Standards Board require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

De'Aun Willoughby, CPA PC

November 26, 2012

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Government-Wide Statement of Net Assets
 June 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 646,902	\$ 304,702	\$ 951,604
Investments	57,402	0	57,402
Receivable			
Accounts	0	101,187	101,187
Taxes	86,419	1,240	87,659
Due from Grantor	14,111	0	14,111
Total Current Assets	<u>804,834</u>	<u>407,129</u>	<u>1,211,963</u>
Noncurrent Assets			
Restricted Cash	24,571	115,473	140,044
Capital Assets	10,294,329	13,994,609	24,288,938
Less: Accumulated Depreciation	<u>(3,321,333)</u>	<u>(5,430,921)</u>	<u>(8,752,254)</u>
Total Noncurrent Assets	<u>6,997,567</u>	<u>8,679,161</u>	<u>15,676,728</u>
Total Assets	<u>7,802,401</u>	<u>9,086,290</u>	<u>16,888,691</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	29,935	23,445	53,380
Accrued Salaries and Benefits	5,279	3,264	8,543
Accrued Interest	165	10,081	10,246
Compensated Absences	35,878	33,287	69,165
Current Portion of Long-Term Debt	<u>29,839</u>	<u>117,893</u>	<u>147,732</u>
Total Current Liabilities	<u>101,096</u>	<u>187,970</u>	<u>289,066</u>
Noncurrent Liabilities			
Customer Deposits	0	65,560	65,560
Bonds and Notes	<u>39,149</u>	<u>927,459</u>	<u>966,608</u>
Total Noncurrent Liabilities	<u>39,149</u>	<u>993,019</u>	<u>1,032,168</u>
Total Liabilities	<u>140,245</u>	<u>1,180,989</u>	<u>1,321,234</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,928,579	7,633,809	14,562,388
Unrestricted	<u>733,577</u>	<u>271,492</u>	<u>1,005,069</u>
Total Net Assets	<u>\$ 7,662,156</u>	<u>\$ 7,905,301</u>	<u>\$ 15,567,457</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, 2012

Functions/Programs	Expenses	Program Revenues			Net(Expenses) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General	\$ 318,747	\$ 10,758	\$ 199,483	\$ 0	\$ (108,506)	\$ 0	\$ (108,506)
Public Safety	716,453	60,495	94,292	94,292	(467,374)	0	(467,374)
Public Works	67,509	46,247	532,382	0	511,120	0	511,120
Culture & Recreation	527,244	40,480	254,839	0	(231,925)	0	(231,925)
Depreciation	209,401	0	0	0	(209,401)	0	(209,401)
Interest	4,020	0	0	0	(4,020)	0	(4,020)
Total Governmental Activities	\$ 1,843,374	\$ 157,980	\$ 1,080,996	\$ 94,292	(510,106)	0	(510,106)
Business-type Activities							
Water	\$ 822,119	\$ 745,512	\$ 0	\$ 0	0	(76,607)	(76,607)
Sewer	319,425	140,882	0	0	0	(178,543)	(178,543)
Solid Waste	254,142	215,984	0	0	0	(38,158)	(38,158)
Total Business-type Activities	\$ 1,395,686	\$ 1,102,378	\$ 0	\$ 0	0	(293,308)	(293,308)
General Revenues							
Franchise Taxes					59,670	0	59,670
Gross Receipts Tax					698,034	13,907	711,941
Gasoline Taxes					58,962	0	58,962
Property Taxes					177,053	0	177,053
Other Taxes					3,986	0	3,986
Miscellaneous					98,229	0	98,229
Total General Revenues					1,095,934	13,907	1,109,841
Other Items							
Contribution of Capital Assets					(934,794)	934,794	0
Change in Net Assets					(348,966)	655,393	306,427
Net Assets - beginning					8,011,122	7,249,908	15,261,030
Net Assets - ending					\$ 7,662,156	\$ 7,905,301	\$ 15,567,457

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

FINANCIAL SECTION

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2012

	General	Special Revenue Funds	
		Gas Tax	Older Americans
ASSETS			
Cash and Cash Equivalents	\$ 293,006	\$ 101,530	\$ 2,741
Investment	57,402	0	0
Receivables			
Taxes	78,281	8,138	0
Due from Grantor	0	0	14,111
Restricted Cash	0	24,570	0
Total Assets	<u>\$ 428,689</u>	<u>\$ 134,238</u>	<u>\$ 16,852</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 17,049	\$ 2,845	\$ 2,460
Accrued Salaries & Benefits	3,709	0	1,067
Total Liabilities	<u>20,758</u>	<u>2,845</u>	<u>3,527</u>
Fund Balances			
Restricted for, reported in			
Special Revenue Fund	0	131,393	13,325
Debt Service			
Capital Projects	0	0	0
Unassigned- General Fund	407,931	0	0
Total Fund Balances	<u>407,931</u>	<u>131,393</u>	<u>13,325</u>
Total Liabilities and Fund Balances	<u>\$ 428,689</u>	<u>\$ 134,238</u>	<u>\$ 16,852</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, 2012

	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 120,297	\$ 129,328	\$ 646,902
Investment	0	0	57,402
Receivables			
Taxes	0	0	86,419
Due from Grantor	0	0	14,111
Restricted Cash	0	1	24,571
Total Assets	<u>\$ 120,297</u>	<u>\$ 129,329</u>	<u>\$ 829,405</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 0	\$ 7,581	\$ 29,935
Accrued Salaries & Benefits	0	503	5,279
Total Liabilities	<u>0</u>	<u>8,084</u>	<u>35,214</u>
 Fund Balances			
Restricted for, reported in			
Special Revenue Fund	0	16,589	161,307
Debt Service		104,656	104,656
Capital Projects	120,297	0	120,297
Unassigned- General Fund	0	0	407,931
Total Fund Balances	<u>120,297</u>	<u>121,245</u>	<u>794,191</u>
 Total Liabilities and Fund Balances	 <u>\$ 120,297</u>	 <u>\$ 129,329</u>	 <u>\$ 829,405</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, 2012

Total Fund Balance - Governmental Funds \$ 794,191

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	\$ 10,294,329	
Accumulated depreciation is	<u>(3,321,333)</u>	6,972,996

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	(68,988)	
Accrued interest on bonds	(165)	
Compensated Absences	<u>(35,878)</u>	<u>(105,031)</u>

Total net assets - governmental activities \$ 7,662,156

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, 2012

	General	Special Revenue Funds	
		Gas Tax	Older Americans
Revenues			
Taxes			
Franchise	\$ 59,670	\$ 0	\$ 0
Gross Receipts	658,413	39,621	0
Gasoline	0	58,962	0
Property	177,053	0	0
Other	3,984	0	0
Charges for Services	46,247	0	40,480
License & Permits	10,758	0	0
Fines & Forfeitures	45,706	0	0
State & Local Grants	199,483	212,979	141,103
Federal Grants	0	0	91,011
Miscellaneous	93,790	176	260
Total Revenues	<u>1,295,104</u>	<u>311,738</u>	<u>272,854</u>
Expenditures			
Current			
General Government	317,066	0	0
Public Safety	623,117	0	0
Public Works	34,934	31,731	0
Culture and Recreation	175,385	0	292,511
Capital Outlay	15,796	287,072	0
Debt Service			
Principal	0	18,032	0
Interest	0	2,263	0
Total Expenditures	<u>1,166,298</u>	<u>339,098</u>	<u>292,511</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>128,806</u>	<u>(27,360)</u>	<u>(19,657)</u>
Other Financing Sources (Uses)			
Transfers	(132,572)	0	34,601
Total Other Financing Sources (Uses)	<u>(132,572)</u>	<u>0</u>	<u>34,601</u>
Net Change in Fund Balance	(3,766)	(27,360)	14,944
Fund Balances at Beginning of Year	<u>411,697</u>	<u>158,753</u>	<u>(1,619)</u>
Fund Balance End of Year	<u>\$ 407,931</u>	<u>\$ 131,393</u>	<u>\$ 13,325</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, 2012

	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes			
Franchise	\$ 0	\$ 0	\$ 59,670
Gross Receipts	0	0	698,034
Gasoline	0	0	58,962
Property	0	0	177,053
Other	0	2	3,986
Charges for Services	0	0	86,727
License & Permits	0	0	10,758
Fines & Forfeitures	0	14,789	60,495
State & Local Grants	140,768	117,017	811,350
Federal Grants	272,927	0	363,938
Miscellaneous	0	4,003	98,229
Total Revenues	<u>413,695</u>	<u>135,811</u>	<u>2,429,202</u>
Expenditures			
Current			
General Government	0	0	317,066
Public Safety	0	94,042	717,159
Public Works	0	0	66,665
Culture and Recreation	0	61,082	528,978
Capital Outlay	340,508	0	643,376
Debt Service			
Principal	0	66,118	84,150
Interest	0	3,437	5,700
Total Expenditures	<u>340,508</u>	<u>224,679</u>	<u>2,363,094</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>73,187</u>	<u>(88,868)</u>	<u>66,108</u>
Other Financing Sources (Uses)			
Transfers	0	97,971	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>97,971</u>	<u>0</u>
Net Change in Fund Balance	73,187	9,103	66,108
Fund Balances at Beginning of Year	<u>47,110</u>	<u>112,142</u>	<u>728,083</u>
Fund Balance End of Year	<u>\$ 120,297</u>	<u>\$ 121,245</u>	<u>\$ 794,191</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, 2012

Net Change in Fund Balance \$ 66,108

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	\$ (209,401)	
Capital Assets Contributed to Proprietary Fund	(934,794)	
Capital Outlays	<u>643,376</u>	(500,819)

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

84,150

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, 2011	1,845	
Accrued Interest, June 30, 2012	<u>(165)</u>	1,680

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, 2011	35,793	
Compensated Absences, June 30, 2012	<u>(35,878)</u>	<u>(85)</u>

Changes in Net Assets of Governmental Activities \$ (348,966)

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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Franchise Tax	\$ 51,587	\$ 51,587	\$ 58,188	\$ 6,601
Gross Receipt Tax	747,340	747,340	649,271	(98,069)
Property Tax	164,725	164,725	176,768	12,043
Other	0	0	3	3
Total Taxes	<u>963,652</u>	<u>963,652</u>	<u>884,230</u>	<u>(79,422)</u>
Charges for Services	42,530	42,530	50,433	7,903
Licenses & Permits	8,920	8,920	10,758	1,838
Fines and Forfeitures	10,283	10,283	45,706	35,423
Small Cities Assistance	175,710	175,710	199,483	23,773
Miscellaneous	49,526	49,526	93,790	44,264
Total Revenues	<u>1,250,621</u>	<u>1,250,621</u>	<u>1,284,400</u>	<u>33,779</u>
Expenditures				
Executive				
Salaries	62,797	62,797	63,597	(800)
Benefits	13,220	13,220	13,295	(75)
Other	9,536	9,536	7,705	1,831
Total Executive	<u>85,553</u>	<u>85,553</u>	<u>84,597</u>	<u>956</u>
Judicial				
Salaries	52,664	52,664	62,974	(10,310)
Benefits	31,880	31,880	21,473	10,407
Other	9,650	9,650	14,211	(4,561)
Total Judicial	<u>94,194</u>	<u>94,194</u>	<u>98,658</u>	<u>(4,464)</u>
Elections				
Other	6,000	6,000	3,076	2,924
Total Elections	<u>6,000</u>	<u>6,000</u>	<u>3,076</u>	<u>2,924</u>
Financial				
Salaries	23,396	23,396	25,525	(2,129)
Benefits	3,638	3,638	3,423	215
Other	64,147	64,147	67,744	(3,597)
Insurance	47,000	47,000	29,166	17,834
Capital Outlay	23,312	23,312	0	23,312
Total Financial	<u>161,493</u>	<u>161,493</u>	<u>125,858</u>	<u>35,635</u>
Public Safety				
Salaries	321,126	321,126	324,743	(3,617)
Benefits	110,800	110,800	106,290	4,510
Other	47,146	47,146	64,580	(17,434)
Insurance	55,000	55,000	55,000	0
Capital Outlay	0	0	0	0
Total Public Safety	<u>\$ 534,072</u>	<u>\$ 534,072</u>	<u>\$ 550,613</u>	<u>\$ (16,541)</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Fire				
Salaries	\$ 9,000	\$ 9,000	\$ 9,600	\$ (600)
Benefits	734	734	739	(5)
Other	0	0	1,000	(1,000)
Total Fire	<u>9,734</u>	<u>9,734</u>	<u>11,339</u>	<u>(1,605)</u>
Ambulance				
Ambulance Contract	13,150	13,150	13,134	16
Dispatch Contract	8,800	8,800	9,200	(400)
Total Ambulance	<u>21,950</u>	<u>21,950</u>	<u>22,334</u>	<u>(384)</u>
Animal Control				
Salaries	21,757	21,757	23,171	(1,414)
Benefits	3,197	3,197	3,227	(30)
Other	4,100	4,100	3,789	311
Total Animal Control	<u>29,054</u>	<u>29,054</u>	<u>30,187</u>	<u>(1,133)</u>
Motor Vehicle				
Salaries	25,480	25,480	25,657	(177)
Benefits	9,097	9,097	9,125	(28)
Other	800	800	448	352
Total Motor Vehicle	<u>35,377</u>	<u>35,377</u>	<u>35,230</u>	<u>147</u>
Museum & Library				
Salaries	17,118	17,118	17,118	0
Benefits	1,310	1,310	1,319	(9)
Other	34,279	34,279	27,287	6,992
Total Museum & Library	<u>52,707</u>	<u>52,707</u>	<u>45,724</u>	<u>6,983</u>
Culture & Recreation				
Other	46,281	46,281	22,749	23,532
Capital Outlay	0	0	15,796	(15,796)
Total Culture & Recreation	<u>46,281</u>	<u>46,281</u>	<u>38,545</u>	<u>7,736</u>
Community Center				
Salaries	63,635	63,635	64,721	(1,086)
Benefits	24,141	24,141	25,344	(1,203)
Other	16,485	16,485	17,501	(1,016)
Total Community Center	<u>104,261</u>	<u>104,261</u>	<u>107,566</u>	<u>(3,305)</u>
Total Expenditures	<u>1,180,676</u>	<u>1,180,676</u>	<u>1,153,727</u>	<u>26,949</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>69,945</u>	\$ <u>69,945</u>	\$ <u>130,673</u>	\$ <u>60,728</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Other Financing Sources (Uses)				
Transfer to Older Americans	\$ (34,601)	\$ (34,601)	\$ (34,601)	0
Transfer to Recreation	(39,814)	(39,814)	(39,814)	0
Transfer to Debt Service	<u>(58,157)</u>	<u>(58,157)</u>	<u>(58,157)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(132,572)</u>	<u>(132,572)</u>	<u>(132,572)</u>	<u>0</u>
Net Change in Cash Balance	(62,627)	(62,627)	(1,899)	60,728
Cash Balance Beginning of Year	<u>352,307</u>	<u>352,307</u>	<u>352,307</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 289,680</u>	<u>\$ 289,680</u>	<u>\$ 350,408</u>	<u>\$ 60,728</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (1,899)	
Net change in Taxes Receivable			10,705	
Net change in Accounts Payable			(14,566)	
Net change in Accrued Salaries & Benefits			<u>1,994</u>	
Net Change in Fund Balance			<u>\$ (3,766)</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gross Receipts Tax	\$ 43,616	\$ 43,616	\$ 37,602	\$ (6,014)
Gasoline Tax	67,343	67,343	59,381	(7,962)
State Grant	53,083	53,080	212,979	159,899
Other	0	0	176	176
Total Revenues	<u>164,042</u>	<u>164,039</u>	<u>310,138</u>	<u>146,099</u>
Expenditures				
Public Works	64,184	64,184	28,887	35,297
Capital Outlay	310,443	310,443	287,072	23,371
Debt Service				
Principal	20,304	20,304	18,032	2,272
Interest	0	0	2,263	(2,263)
Total Expenditures	<u>394,931</u>	<u>394,931</u>	<u>336,254</u>	<u>23,380</u>
Excess (Deficiency) of Revenues Over Expenditures	(230,889)	(230,892)	(26,116)	204,776
Cash Balance Beginning of Year	<u>152,216</u>	<u>152,216</u>	<u>152,216</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (78,673)</u>	<u>\$ (78,676)</u>	<u>\$ 126,100</u>	<u>\$ 204,776</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (26,116)	
Net change in Taxes Receivable			1,601	
Net change in Accounts Payable			(2,845)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (27,360)</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Program Income	\$ 28,200	\$ 28,200	\$ 40,481	\$ 12,281
Local Grant	17,054	17,054	17,054	0
County Subsidy	31,000	31,000	31,000	0
State Grant	92,376	92,376	83,955	(8,421)
Federal Grants				
IIIB	18,610	18,610	22,186	3,576
IIIC-1	26,932	26,932	41,085	14,153
IIIC-2	9,690	9,690	8,583	(1,107)
Cash in Lieu of Commodities	16,293	16,293	14,140	(2,153)
Other	0	0	260	260
Total Revenues	<u>240,155</u>	<u>240,155</u>	<u>258,744</u>	<u>18,589</u>
Expenditures				
Culture and Recreation				
Salaries	155,086	155,086	153,131	1,955
Benefits	54,173	54,173	53,737	436
Other	70,847	70,847	84,237	(13,390)
Total Expenditures	<u>280,106</u>	<u>280,106</u>	<u>291,105</u>	<u>(10,999)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(39,951)</u>	<u>(39,951)</u>	<u>(32,361)</u>	<u>7,590</u>
Other Financing Sources (Uses)				
Transfer From General Fund	<u>34,601</u>	<u>34,601</u>	<u>34,601</u>	<u>0</u>
Total Other Financing Sources	<u>34,601</u>	<u>34,601</u>	<u>34,601</u>	<u>0</u>
Net Change in Cash Balance	(5,350)	(5,350)	2,240	7,590
Cash Balance Beginning of Year	<u>501</u>	<u>501</u>	<u>501</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (4,849)</u>	<u>\$ (4,849)</u>	<u>\$ 2,741</u>	<u>\$ 7,590</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 2,240	
Net change in Due from Grantor			14,111	
Net change in Accounts Payable			(2,394)	
Net change in Accrued Salaries and Benefits			987	
Net Change in Fund Balance			<u>\$ 14,944</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, 2012

ASSETS	Water	Sewer	Solid Waste	Total
Current Assets				
Cash and Cash Equivalents	\$ 166,878	\$ 18,901	\$ 118,923	\$ 304,702
Receivables (net of allowance for uncollectible accounts)				
Accounts	89,358	11,829	0	101,187
Taxes	0	0	1,240	1,240
Total Current Assets	<u>256,236</u>	<u>30,730</u>	<u>120,163</u>	<u>407,129</u>
Noncurrent Assets				
Restricted Assets	35,014	5,250	75,209	115,473
Capital Assets	5,367,652	8,138,978	487,979	13,994,609
Less: Accumulated Depreciation	<u>(3,685,902)</u>	<u>(1,634,635)</u>	<u>(110,384)</u>	<u>(5,430,921)</u>
Total Noncurrent Assets	<u>1,716,764</u>	<u>6,509,593</u>	<u>452,804</u>	<u>8,679,161</u>
Total Assets	<u>1,973,000</u>	<u>6,540,323</u>	<u>572,967</u>	<u>9,086,290</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	14,275	4,081	5,089	23,445
Accrued Salaries & Benefits	2,368	584	312	3,264
Accrued Interest	6,952	1,980	1,149	10,081
Compensated Absences	30,672	327	2,288	33,287
Current Portion of Long-Term Debt	54,397	1,000	62,496	117,893
Total Current Liabilities	<u>108,664</u>	<u>7,972</u>	<u>71,334</u>	<u>187,970</u>
Noncurrent Liabilities				
Customer Deposits	65,560	0	0	65,560
Long Term Debt	424,753	92,000	410,706	927,459
Total Noncurrent Liabilities	<u>490,313</u>	<u>92,000</u>	<u>410,706</u>	<u>993,019</u>
Total Liabilities	<u>598,977</u>	<u>99,972</u>	<u>482,040</u>	<u>1,180,989</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,237,614	6,414,613	389,159	8,041,386
Unrestricted	136,409	25,738	(298,232)	(136,085)
Total Net Assets	<u>\$ 1,374,023</u>	<u>\$ 6,440,351</u>	<u>\$ 90,927</u>	<u>\$ 7,905,301</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, 2012

	Water	Sewer	Solid Waste	Total
Operating Revenues				
Sales & Service	\$ 679,639	\$ 136,145	\$ 210,963	\$ 1,026,747
Fees	20,973	4,600	0	25,573
Miscellaneous	44,900	137	5,021	50,058
Total Operating Revenues	<u>745,512</u>	<u>140,882</u>	<u>215,984</u>	<u>1,102,378</u>
Operating Expenses				
Salaries	333,800	80,251	44,204	458,255
Benefits	107,504	18,814	21,372	147,690
Operating Expenses	257,757	57,648	141,745	457,150
Depreciation	107,353	158,737	32,532	298,622
Total Operating Expenses	<u>806,414</u>	<u>315,450</u>	<u>239,853</u>	<u>1,361,717</u>
Operating Income (Loss)	<u>(60,902)</u>	<u>(174,568)</u>	<u>(23,869)</u>	<u>(259,339)</u>
Nonoperating Revenue (Expenses)				
Environmental Gross Receipts Tax	0	0	13,907	13,907
Contribution from Capital Projects	209,677	725,117	0	934,794
Interest Expense	(15,704)	(3,975)	(14,289)	(33,968)
Total Nonoperating Revenue (Expense)	<u>193,973</u>	<u>721,142</u>	<u>(382)</u>	<u>914,733</u>
Change in Net Assets	133,071	546,574	(24,251)	655,394
Total Net Assets - Beginning	<u>1,240,952</u>	<u>5,893,777</u>	<u>115,178</u>	<u>7,249,907</u>
Total Net Assets - Ending	<u>\$ 1,374,023</u>	<u>\$ 6,440,351</u>	<u>\$ 90,927</u>	<u>\$ 7,905,301</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, 2012

	<u>Water</u>	<u>Sewer</u>
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 741,126	\$ 143,819
Cash Paid to Suppliers and Employees	(695,775)	(157,497)
Net Cash Provided by Operating Activities	<u>45,351</u>	<u>(13,678)</u>
Cash Flows from Noncapital Financing Activities		
Environmental Gross Receipts Tax	<u>0</u>	<u>0</u>
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>
Cash Flows from Capital & Related Financing Activities		
Purchase of Capital Assets	0	0
Principal Paid	(52,376)	(1,000)
Interest Paid	(15,704)	(3,975)
Net Cash Provided by Capital & Related Financing Activities	<u>(68,080)</u>	<u>(4,975)</u>
Net Increase (Decrease) in Cash	(22,729)	(18,653)
Cash, Beginning of Year	<u>224,621</u>	<u>42,804</u>
Cash, End of Year	<u>\$ 201,892</u>	<u>\$ 24,151</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 166,878	\$ 18,901
Restricted Assets	35,014	5,250
	<u>\$ 201,892</u>	<u>\$ 24,151</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (60,902)	\$ (174,568)
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities		
Depreciation	107,353	158,737
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	0	0
(Increase) Decrease in Accounts Receivable	(5,914)	(711)
Increase (Decrease) in Accounts Payable	3,708	4,016
Increase (Decrease) in Accrued Salaries and Benefits	(1,670)	(298)
Increase (Decrease) in Accrued Interest	(759)	(20)
Increase (Decrease) in Compensated Absences	2,005	(834)
Increase (Decrease) in Customer Deposits	1,530	0
Net Cash Provided by Operating Activities	<u>\$ 45,351</u>	<u>\$ (13,678)</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, 2012

	Solid Waste	Total
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 234,535	\$ 1,119,480
Cash Paid to Suppliers and Employees	(204,987)	(1,058,259)
Net Cash Provided by Operating Activities	<u>29,548</u>	<u>61,221</u>
Cash Flows from Noncapital Financing Activities		
Environmental Gross Receipts Tax	13,907	13,907
Net Cash Provided by Noncapital Financing Activities	<u>13,907</u>	<u>13,907</u>
Cash Flows from Capital & Related Financing Activities		
Purchase of Capital Assets	0	0
Principal Paid	(30,706)	(84,082)
Interest Paid	(14,289)	(33,968)
Net Cash Provided by Capital & Related Financing Activities	<u>(44,995)</u>	<u>(118,050)</u>
Net Increase (Decrease) in Cash	(1,540)	(42,922)
Cash, Beginning of Year	<u>195,672</u>	<u>463,097</u>
Cash, End of Year	<u>\$ 194,132</u>	<u>\$ 420,175</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 118,923	\$ 304,702
Restricted Assets	75,209	115,473
	<u>\$ 194,132</u>	<u>\$ 420,175</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (23,869)	\$ (259,339)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	32,532	298,622
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	(163)	(163)
(Increase) Decrease in Accounts Receivable	18,550	11,925
Increase (Decrease) in Accounts Payable	2,435	10,159
Increase (Decrease) in Accrued Salaries and Benefits	(197)	(2,165)
Increase (Decrease) in Accrued Interest	(45)	(824)
Increase (Decrease) in Compensated Absences	305	1,476
Increase (Decrease) in Customer Deposits	0	1,530
Net Cash Provided by Operating Activities	<u>\$ 29,548</u>	<u>\$ 61,221</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, LEPF grants and contributions, and (3) capital grants and contributions. The Village's operating grants include the Small Cities Assistance Grant and State Grants.

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

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

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

Proprietary Fund - Enterprise Funds Financial Statements

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

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

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

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

The Village has presented the following major governmental funds:

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

Gas Tax Fund

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

Older American Fund

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

Capital Projects Fund

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Budgetary Control

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

Cash and Cash Equivalents

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

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

Investments

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

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

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

Prepaid Items

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

Receivables and Payables

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Capital Assets

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

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

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

Short -Term Debt

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

Capital Leases

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

Revenue

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

Deferred Revenue

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

Compensated Absences

Each employee that has been employed between 1 and 5 years is entitled to 4 hrs of vacation pay per pay period, 6 to 10 years is 6 hours per pay period and 11 years or more is 8 hours per pay period. Sick leave is determined for all employees no mater the length of employment is 4 hours per pay period. Sick leave will be granted only from the duty because of personal illness, legal quarantine or medical, dental or optical appointments. Also for family members that include spouse, parents, spouses parents, children and 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 06/30/12</u>	<u>Reconciled Balance</u>	<u>Type</u>
General Fund	\$ 255,244	\$ 245,984	Checking-Interest Bearing
General Fund CD	50,084	50,084	Savings-Interest Bearing
Covert Account	190	190	Checking-Non Interest Bearing
Fire Department	2,464	321	Checking-Interest Bearing
Law Enforcement	21,782	9,195	Checking-Interest Bearing
Local Government Correction	8,744	8,744	Checking-Interest Bearing
Special Gas Tax	102,398	101,530	Checking-Interest Bearing
Recreation Fund	7,221	6,366	Checking-Interest Bearing
Summer Food Program	2,090	47	Checking-Non Interest Bearing
Older American Program	3,391	2,741	Checking-Interest Bearing
Capital Projects	117,116	116,902	Checking-Interest Bearing
Debt Service	1,007	1,007	Checking-Interest Bearing
Revenue Bond Proceeds	50,680	50,680	Savings-Interest Bearing
Motor Vehicle Department	8,620	0	Checking-Non Interest Bearing
Municipal Court	5,268	0	Checking-Non Interest Bearing
Disbursement	909	0	Checking-Interest Bearing
Payroll	47,816	0	Checking-Non Interest Bearing
Water	114,375	88,971	Checking-Interest Bearing
Sewer	9,595	9,626	Checking-Interest Bearing
Sewer Fund-CD	\$ 9,274	\$ 9,274	Savings-Interest Bearing

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2012

WWP Phase 2 Reserve	\$	5,250	\$	5,250	Checking-Non Interest Bearing
Solid Waste		84,188		83,298	Checking-Interest Bearing
TOTAL Deposited		<u>907,706</u>	\$	<u>790,210</u>	
Less: FDIC Coverage		<u>(250,000)</u>			
Uninsured Amount		657,706			
50% collateral requirement		328,853			
Pledged securities		<u>722,816</u>			
Over (Under) requirement	\$	<u>393,963</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	348,441	6/1/2024
Questa ISD	748352DA6	374,375	9/1/2027
		<u>\$ 722,816</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 06/30/12</u>	<u>Reconciled Balance</u>	<u>Type</u>
Rural Utility Service Fund	\$ 143	\$ 143	Checking-Non Interest Bearing
Reserve Fund	52,969	52,969	Savings-Interest Bearing
Solid Waste	<u>35,625</u>	<u>35,625</u>	Savings-Interest Bearing
TOTAL Deposited	88,737	<u>\$ 88,737</u>	
Less: FDIC Coverage	<u>(88,737)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>0</u>		
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, 2012

<u>Name of Account</u>	Balance Per Bank 06/30/12	Reconciled Balance	<u>Type</u>
Water-CD	\$ 32,855	\$ 32,855	Savings-Interest Bearing
WB-CD	45,052	45,052	Savings-Interest Bearing
TOTAL Deposited	<u>77,907</u>	<u>\$ 77,907</u>	
Less: FDIC Coverage	<u>(77,907)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>0</u>		
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.

<u>Name of Account</u>	Balance Per Bank 06/30/12	Reconciled Balance	<u>Type</u>
Village of Tularosa-Fire Department	\$ 1	\$ 1	Savings
Village of Tularosa-Road Renovation	24,570	24,570	Savings
Village of Tularosa-Water	35,014	35,014	Savings
Village of Tularosa-Solid Waste	<u>75,209</u>	<u>75,209</u>	Savings
TOTAL Deposited	<u>134,794</u>	<u>\$ 134,794</u>	
Less: FDIC Coverage	<u>(134,794)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>0</u>		
Over (Under) requirement	<u>\$ 0</u>		

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

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 551,438
Collateralized:	
Collateral held by the pledging bank in Village's name	657,706
Uninsured and uncollateralized	<u>0</u>
Total Deposits	<u>\$ 1,209,144</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, 2012 none of the Village's bank balance of \$1,209,144 was exposed to custodial credit risk.

New Mexico State Treasurer

<u>Name of Account</u>	<u>Fair Market Value 06/30/12</u>	<u>Reconciled Balance</u>	<u>Type</u>
Village of Tularosa	\$ 57,374	\$ 57,374	Investment
Village of Tularosa-Reserve	28	28	Investment
	<u>\$ 57,402</u>	<u>\$ 57,402</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, 2012, the LGIP WAM(R) is 60 days and WAM(F) is 83 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, 2012.

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2012

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2012, is as follows:

	Beginning Balance 6/30/11	Increases	Decreases	Ending Balance 06/30/12
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 588,363	\$ 0	\$ 0	\$ 588,363
Construction in Progress	616,882	317,911	934,793	0
Total Capital Assets, not being Depreciated	<u>1,205,245</u>	<u>317,911</u>	<u>934,793</u>	<u>588,363</u>
Capital Assets, being Depreciated				
Infrastructure	739,802	287,072	0	1,026,874
Buildings & Improvements	6,070,971	22,597	0	6,093,568
Equipment	2,569,728	15,796	0	2,585,524
	<u>9,380,501</u>	<u>325,465</u>	<u>0</u>	<u>9,705,966</u>
Total Capital Assets	<u>10,585,746</u>	<u>643,376</u>	<u>934,793</u>	<u>10,294,329</u>
Less Accumulated Depreciation				
Buildings & Improvements	1,240,847	85,754	0	1,326,601
Infrastructure	67,570	25,023	0	92,593
Equipment	1,803,515	98,624	0	1,902,139
Total Accumulated Depreciation	<u>3,111,932</u>	<u>209,401</u>	<u>0</u>	<u>3,321,333</u>
Capital Assets, net	<u>\$ 7,473,814</u>	<u>\$ 433,975</u>	<u>\$ 934,793</u>	<u>\$ 6,972,996</u>

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

	Beginning Balance 6/30/11	Increases	Decreases	Ending Balance 06/30/12
Business-Type Activities				
Water				
Other Capital Assets				
Water System	\$ 5,157,975	\$ 209,677	\$ 0	\$ 5,367,652
Total Capital Assets at Historical Cost	<u>5,157,975</u>	<u>209,677</u>	<u>0</u>	<u>5,367,652</u>
Less Accumulated Depreciation				
Improvements	3,578,549	107,353	0	3,685,902
Total Accumulated Depreciation	<u>3,578,549</u>	<u>107,353</u>	<u>0</u>	<u>3,685,902</u>
Capital Assets, net	<u>\$ 1,579,426</u>	<u>\$ 102,324</u>	<u>\$ 0</u>	<u>\$ 1,681,750</u>

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2012

	Beginning Balance 6/30/11	Increases	Decreases	Ending Balance 06/30/12
Sewer				
Other Capital Assets				
Sewer System	\$ 7,395,076	\$ 725,117	\$ 0	\$ 8,120,193
Equipment	18,785	0	0	18,785
Total Capital Assets at Historical Cost	7,413,861	725,117	0	8,138,978
Less Accumulated Depreciation				
Improvements	1,453,447	158,737	0	1,612,184
Equipment	22,451	0	0	22,451
Total Accumulated Depreciation	1,475,898	158,737	0	1,634,635
Capital Assets, net	\$ 5,937,963	\$ 566,380	\$ 0	\$ 6,504,343
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	77,852	32,532	0	110,384
Total Accumulated Depreciation	77,852	32,532	0	110,384
Capital Assets, net	\$ 410,127	\$ (32,532)	\$ 0	\$ 377,595

NOTE F: LONG TERM DEBT

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

	Beginning Balance 6/30/11	Additions	Reductions	Ending Balance 06/30/12	Amounts Due Within One Year
Governmental Activities					
Notes Payable					
NM GRT	\$ 55,000	\$ 0	\$ 55,000	\$ 0	0
NMFA Fire Truck	22,691	0	11,118	11,573	11,265
NMFA Paving	75,447	0	18,032	57,415	18,574
	153,138	0	84,150	68,988	29,839
Other Liabilities					
Compensated Absences	37,847	47,503	49,472	35,878	0
Long-Term Liabilities	\$ 190,985	\$ 47,503	\$ 133,622	\$ 104,866	\$ 29,839

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, 2012

The annual requirements to amortize the above loans as of June 30, 2012, including interest payments are as follows:

	Principal	Interest	Total
2013	\$ 30,045	\$ 1,920	\$ 31,965
2014	19,133	1,168	20,301
2015	19,708	591	20,299
	<u>\$ 68,886</u>	<u>\$ 3,679</u>	<u>\$ 72,565</u>

	Beginning Balance 6/30/11	Additions	Reductions	Ending Balance 06/30/12	Amounts Due Within One Year
Business-Type Activities					
Bonds Payable					
RIP 96-03	\$ 223,611	\$ 0	\$ 19,506	\$ 204,105	20,091
RIP 93-11	97,148	0	12,678	84,470	13,059
NMFA PPRF	210,767	0	20,192	190,575	21,247
USDA RUS 2004	94,000	0	1,000	93,000	1,000
NMFA-Equip 5/1/09	503,909	0	30,706	473,203	62,496
	<u>\$ 1,129,435</u>	<u>\$ 0</u>	<u>\$ 84,082</u>	<u>\$ 1,045,353</u>	<u>\$ 117,893</u>
Other Liabilities					
Compensated Absences					
	\$ 31,810	\$ 35,616	\$ 34,139	\$ 33,287	\$ 0
Long-Term Liabilities					
	<u>\$ 2,290,680</u>	<u>\$ 35,616</u>	<u>\$ 202,303</u>	<u>\$ 2,123,993</u>	<u>\$ 235,786</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%	\$ 190,575
USDA RIP 93-11	9/25/2017	186,144	3%	84,470
USDA RIP 96-03	11/8/2020	390,000	3%	204,105
USDA RUS 2004	12/31/2044	100,000	4.25%	93,000
NMFA -Equip	5/1/2019	564,831	2.95%	473,203
				<u>\$ 1,045,353</u>

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Notes to the Financial Statements
 June 30, 2012

The annual requirements to amortize the above bonds as of June 30, 2012, including interest payments are as follows:

	Principal	Interest	Total
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
2017	131,958	18,951	150,909
2018-2022	344,405	38,842	383,247
2023-2027	10,000	15,740	25,740
2028-2032	13,000	13,490	26,490
2033-2037	15,000	10,430	25,430
2038-2042	20,000	6,800	26,800
2043-2045	20,000	2,000	22,000
	<u>\$ 1,045,353</u>	<u>\$ 217,798</u>	<u>\$ 1,263,151</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, 7% 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, 2012, 2011 and 2010 were \$107,935, \$100,704 and \$80,324 respectively, which equal the amount of the required contributions for the fiscal year. The Village enrolled into this plan in August of 2009.

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, 2012, were as follows:

	General	Gas Tax	Older Americans	Non-Major Funds
Franchise Taxes	\$ 11,416	\$ 0	\$ 0	\$ 0
Gross Receipts Taxes	58,508	0	0	0
Property Taxes	4,377	0	0	0
Gasoline Taxes	0	8,138	0	0
Other Taxes	3,980	0	0	0
Due from Grantor	0	0	14,111	0
	<u>\$ 78,281</u>	<u>\$ 8,138</u>	<u>\$ 14,111</u>	<u>\$ 0</u>

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

NOTE K: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfer from		Transfer to	
General	\$ 39,814	Recreation	\$ 39,814
General	34,601	Older Americans	34,601
General	58,157	Debt Service	58,157
	<u>\$ 132,572</u>		<u>\$ 132,572</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, 2012

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, 2012:

<u>Nonmajor Fund</u>	<u>Amount</u>
Fire Department	\$ (3,716)
Summer Food	(283)

Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2012:

<u>Major Funds</u>	<u>Amount</u>
Older American	\$ (10,999)
Water	(55,482)
Sewer	(25,299)
Solid Waste	(7,833)

<u>Nonmajor Funds</u>	
Fire	\$ (4,345)
Corrections	(1,435)

**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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 968,861	\$ 669,803	\$ 140,768	\$ (529,035)
Federal Grant	981,354	981,354	272,927	(708,427)
Miscellaneous	0	35,275	0	(35,275)
Total Revenues	<u>1,950,215</u>	<u>1,686,432</u>	<u>413,695</u>	<u>(1,272,737)</u>
Expenditures				
Capital Outlay				
Senior Citizens	21,201	21,201	22,597	(1,396)
Utility-Water	130,416	130,416	44,984	85,432
Utility-Sewer	981,267	981,267	272,927	708,340
Buildings & Improvement	861,665	597,882	0	597,882
Total Expenditures	<u>1,994,549</u>	<u>1,730,766</u>	<u>340,508</u>	<u>1,390,258</u>
Excess (Deficiency) of Revenues Over Expenditures	(44,334)	(44,334)	73,187	117,521
Cash Balance Beginning of Year	<u>47,110</u>	<u>47,110</u>	<u>47,110</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,776</u>	<u>\$ 2,776</u>	<u>\$ 120,297</u>	<u>\$ 117,521</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 73,187	
Net change in Due from Grantor			0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 73,187</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR FUNDS

Fire Protection

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

Law Enforcement

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

Correction Fund

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

Recreation

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

Summer Food

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

Debt Service

To account for resources and payments made for debt service.

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2012

	Special Revenue Funds		
	Fire Department	Law Enforcement	Correction
ASSETS			
Cash and Cash Equivalents	\$ 321	\$ 9,194	\$ 8,744
Receivables			
Taxes	0	0	0
Restricted Cash	1	0	0
Total Assets	<u>\$ 322</u>	<u>\$ 9,194</u>	<u>\$ 8,744</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 4,038	\$ 1,879	\$ 1,540
Accrued Salaries & Benefits	0	0	0
Total Liabilities	<u>4,038</u>	<u>1,879</u>	<u>1,540</u>
Fund Balance			
Restricted for, reported in			
Special Revenue Fund	(3,716)	7,315	7,204
Debt Service	0	0	0
Total Fund Balance	<u>(3,716)</u>	<u>7,315</u>	<u>7,204</u>
Total Liabilities and Fund Balance	<u>\$ 322</u>	<u>\$ 9,194</u>	<u>\$ 8,744</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, 2012

	<u>Special Revenue Funds</u>		
	<u>Recreation</u>	<u>Summer Food</u>	<u>Debt Service</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,366	\$ 47	\$ 104,656
Receivables			
Taxes	0	0	0
Restricted Cash	0	0	0
Total Assets	<u>\$ 6,366</u>	<u>\$ 47</u>	<u>\$ 104,656</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 124	\$ 0	\$ 0
Accrued Salaries & Benefits	173	330	0
Total Liabilities	<u>297</u>	<u>330</u>	<u>0</u>
Fund Balance			
Restricted for, reported in			
Special Revenue Fund	6,069	(283)	0
Debt Service	0	0	104,656
Total Fund Balance	<u>6,069</u>	<u>(283)</u>	<u>104,656</u>
Total Liabilities and Fund Balance	<u>\$ 6,366</u>	<u>\$ 47</u>	<u>\$ 104,656</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, 2012

	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$ 129,328
Receivables	
Taxes	0
Restricted Cash	<u>1</u>
Total Assets	<u>\$ 129,329</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	\$ 7,581
Accrued Salaries & Benefits	<u>503</u>
Total Liabilities	<u>8,084</u>
Fund Balance	
Restricted for, reported in	
Special Revenue Fund	16,589
Debt Service	<u>104,656</u>
Total Fund Balance	<u>121,245</u>
Total Liabilities and Fund Balance	<u>\$ 129,329</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, 2012

	Special Revenue Funds		
	Fire Department	Law Enforcement	Correction
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 0
Gasoline	0	0	0
Other	0	0	0
Charge for Services	0	0	0
Fines & Forfeitures	0	0	14,789
State & Local Grants	70,092	24,200	0
Federal Grants	0	0	0
Miscellaneous	3,756	22	5
Total Revenues	<u>73,848</u>	<u>24,222</u>	<u>14,794</u>
Expenditures			
Current			
Public Safety	68,472	16,907	8,663
Cultural & Recreation	0	0	0
Capital Outlay	0	0	0
Debt Services			
Principal	11,118	0	0
Interest	302	0	0
Total Expenditures	<u>79,892</u>	<u>16,907</u>	<u>8,663</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,044)</u>	<u>7,315</u>	<u>6,131</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	(6,044)	7,315	6,131
Fund Balance at Beginning of Year	<u>2,328</u>	<u>0</u>	<u>1,073</u>
Fund Balance End of Year	<u>\$ (3,716)</u>	<u>\$ 7,315</u>	<u>\$ 7,204</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, 2012

	<u>Special Revenue Funds</u>		
	<u>Recreation</u>	<u>Summer Food</u>	<u>Debt Service</u>
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 0
Gasoline	0	0	0
Other	2	0	0
Charge for Services	0	0	0
Fines & Forfeitures	0	0	0
State & Local Grants	4,891	17,834	0
Federal Grants	0	0	0
Miscellaneous	0	49	171
Total Revenues	<u>4,893</u>	<u>17,883</u>	<u>171</u>
Expenditures			
Current			
Public Safety	0	0	0
Cultural & Recreation	39,299	21,783	0
Capital Outlay	0	0	0
Debt Services			
Principal	0	0	55,000
Interest	0	0	3,135
Total Expenditures	<u>39,299</u>	<u>21,783</u>	<u>58,135</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(34,406)</u>	<u>(3,900)</u>	<u>(57,964)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	39,814	0	58,157
Total Other Sources (Uses)	<u>39,814</u>	<u>0</u>	<u>58,157</u>
Net Change in Fund Balance	5,408	(3,900)	193
Fund Balance at Beginning of Year	<u>661</u>	<u>3,617</u>	<u>104,463</u>
Fund Balance End of Year	<u>\$ 6,069</u>	<u>\$ (283)</u>	<u>\$ 104,656</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, 2012

	<u>Total</u>
Revenues	
Taxes	
Gross Receipts	\$ 0
Gasoline	0
Other	2
Charge for Services	0
Fines & Forfeitures	14,789
State & Local Grants	117,017
Federal Grants	0
Miscellaneous	4,003
Total Revenues	<u>135,811</u>
Expenditures	
Current	
Public Safety	94,042
Cultural & Recreation	61,082
Capital Outlay	0
Debt Services	
Principal	66,118
Interest	3,437
Total Expenditures	<u>224,679</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(88,868)</u>
Other Financing Sources (Uses)	
Transfers In (Out)	97,971
Total Other Sources (Uses)	<u>97,971</u>
Net Change in Fund Balance	9,103
Fund Balance at Beginning of Year	<u>112,142</u>
Fund Balance End of Year	<u>\$ 121,245</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 70,092	\$ 70,092	\$ 70,092	\$ 0
Miscellaneous	2,578	2,578	3,756	1,178
Total Revenues	<u>72,670</u>	<u>72,670</u>	<u>73,848</u>	<u>1,178</u>
Expenditures				
Public Safety				
Operating Expenses	62,295	62,295	66,666	(4,371)
Debt Service				
Principal	11,446	11,446	11,118	328
Interest	0	0	302	(302)
Total Expenditures	<u>73,741</u>	<u>73,741</u>	<u>78,086</u>	<u>(4,345)</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,071)	(1,071)	(4,238)	(3,167)
Cash Balance Beginning of Year	<u>4,560</u>	<u>4,560</u>	<u>4,560</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,489</u>	<u>\$ 3,489</u>	<u>\$ 322</u>	<u>\$ (3,167)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,238)	
Net change in Accounts Payable			<u>(1,806)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (6,044)</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 24,200	\$ 24,200	\$ 24,200	\$ 0
Miscellaneous	0	0	22	22
Total Revenues	<u>24,200</u>	<u>24,200</u>	<u>24,222</u>	<u>22</u>
Expenditures				
Public Safety				
Operating Expenses	24,200	24,200	15,028	9,172
Total Expenditures	<u>24,200</u>	<u>24,200</u>	<u>15,028</u>	<u>9,172</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	9,194	9,194
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,194</u>	<u>\$ 9,194</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9,194	
Net change in Accounts Payable			<u>(1,879)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 7,315</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 7,183	\$ 7,183	\$ 14,789	\$ 7,606
Other	0	0	5	5
Total Revenues	<u>7,183</u>	<u>7,183</u>	<u>14,794</u>	<u>7,611</u>
Expenditures				
Public Safety				
Operating Expenses	<u>7,183</u>	<u>7,183</u>	<u>8,618</u>	<u>(1,435)</u>
Total Expenditures	<u>7,183</u>	<u>7,183</u>	<u>8,618</u>	<u>(1,435)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	6,176	6,176
Cash Balance Beginning of Year	<u>2,568</u>	<u>2,568</u>	<u>2,568</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,568</u>	<u>\$ 2,568</u>	<u>\$ 8,744</u>	<u>\$ 6,176</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 6,176	
Net change in Accounts Payable			(45)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 6,131</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Cigarette Taxes	\$ 0	\$ 0	\$ 2	\$ 2
Contributions/Donations	4,710	4,710	4,891	181
Total Revenues	<u>4,710</u>	<u>4,710</u>	<u>4,893</u>	<u>183</u>
Expenditures				
Culture & Recreation				
Salaries	21,798	21,798	19,116	2,682
Benefits	3,204	3,204	2,998	206
Other	19,522	19,522	16,905	2,617
Total Expenditures	<u>44,524</u>	<u>44,524</u>	<u>39,019</u>	<u>5,505</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(39,814)</u>	<u>(39,814)</u>	<u>(34,126)</u>	<u>5,688</u>
Other Financing Sources (Uses)				
Transfers from General Fund	39,814	39,814	39,814	0
Total Other Financing Sources (Uses)	<u>39,814</u>	<u>39,814</u>	<u>39,814</u>	<u>0</u>
Net Change in Cash Balance	0	0	5,688	5,688
Cash Balance Beginning of Year	<u>678</u>	<u>678</u>	<u>678</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 678</u>	<u>\$ 678</u>	<u>\$ 6,366</u>	<u>\$ 5,688</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 5,688	
Net change in Accounts Payable			(107)	
Net change in Accrued Salaries & Benefits			(173)	
Net Change in Fund Balance			<u>\$ 5,408</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 22,936	\$ 22,936	\$ 17,834	\$ (5,102)
Other	0	3,000	49	(2,951)
Total Revenues	<u>22,936</u>	<u>25,936</u>	<u>17,883</u>	<u>(8,053)</u>
Expenditures				
Cultural & Recreation				
Salaries	6,576	6,576	5,825	751
Benefits	503	503	450	53
Other	15,857	15,857	15,178	679
Total Expenditures	<u>22,936</u>	<u>22,936</u>	<u>21,453</u>	<u>1,483</u>
Excess (Deficiency) of Revenues Over Expenditures	0	3,000	(3,570)	(6,570)
Cash Balance Beginning of Year	<u>3,617</u>	<u>3,617</u>	<u>3,617</u>	<u>0</u>
Cash Balance End of Year	\$ <u>3,617</u>	\$ <u>6,617</u>	\$ <u>47</u>	\$ <u>(6,570)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,570)	
Net change in Accrued Salaries & Benefits			<u>(330)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(3,900)</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$ 171	\$ 171
Total Revenues	<u>0</u>	<u>0</u>	<u>171</u>	<u>171</u>
Expenditures				
Debt Service				
Principal	55,000	55,000	55,000	0
Interest	3,134	3,134	3,135	(1)
Fiscal Charges	23	23	0	23
Total Expenditures	<u>58,157</u>	<u>58,157</u>	<u>58,135</u>	<u>22</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(58,157)</u>	<u>(58,157)</u>	<u>(57,964)</u>	<u>193</u>
Other Financing Sources (Uses)				
Transfer in from General	58,157	58,157	58,157	0
Total Other Financing Sources (Uses)	<u>58,157</u>	<u>58,157</u>	<u>58,157</u>	<u>0</u>
Net Change in Cash Balance	0	0	193	193
Cash Balance Beginning of Year	<u>104,463</u>	<u>104,463</u>	<u>104,463</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 104,463</u>	<u>\$ 104,463</u>	<u>\$ 104,656</u>	<u>\$ 193</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 193	
Net Change in Fund Balance			\$ 193	

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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 679,412	\$ 679,412	\$ 675,254	\$ (4,158)
Fees	21,188	21,188	20,972	(216)
Miscellaneous	7,773	7,773	44,900	37,127
Total Revenues	<u>708,373</u>	<u>708,373</u>	<u>741,126</u>	<u>32,753</u>
Expenditures				
Salaries	304,860	304,860	333,464	(28,604)
Benefits	95,749	95,749	107,504	(11,755)
Insurance	63,722	63,722	63,722	0
Repairs	90,648	90,648	64,786	25,862
Utilities	23,500	23,500	27,574	(4,074)
Other	60,969	60,969	97,966	(36,997)
Debt Service				
Principal	68,925	68,925	52,376	16,549
Interest	0	0	16,463	(16,463)
Total Expenditures	<u>708,373</u>	<u>708,373</u>	<u>763,855</u>	<u>(55,482)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(22,729)	(22,729)
Cash Balance Beginning of Year	<u>224,621</u>	<u>224,621</u>	<u>224,621</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 224,621</u>	<u>\$ 224,621</u>	<u>\$ 201,892</u>	<u>\$ (22,729)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (22,729)	
Depreciation			(107,353)	
Contribution from Capital Projects			209,677	
Principal Paid			52,376	
Net change in Accounts Receivable			5,914	
Net change in Accounts Payable			(3,708)	
Net change in Accrued Salaries & Benefits			1,670	
Net change in Accrued Interest			759	
Net change in Compensated Absences			(2,005)	
Net change in Customer Deposits			(1,530)	
Change in Net Assets			<u>\$ 133,071</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 136,583	\$ 136,583	\$ 139,219	\$ 2,636
Connection Fees	667	667	4,600	3,933
Miscellaneous	0	0	137	137
Total Revenues	<u>137,250</u>	<u>137,250</u>	<u>143,956</u>	<u>6,706</u>
Expenditures				
Salaries	66,518	66,518	81,086	(14,568)
Benefits	17,743	17,743	18,814	(1,071)
Other	48,049	48,049	57,714	(9,665)
Debt Service				
Principal	5,000	5,000	1,000	4,000
Interest	0	0	3,995	(3,995)
Total Expenditures	<u>137,310</u>	<u>137,310</u>	<u>162,609</u>	<u>(25,299)</u>
Excess (Deficiency) of Revenues Over Expenditures	(60)	(60)	(18,653)	(18,593)
Cash Balance Beginning of Year	<u>42,804</u>	<u>42,804</u>	<u>42,804</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 42,744</u>	<u>\$ 42,744</u>	<u>\$ 24,151</u>	<u>\$ (18,593)</u>
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (18,653)	
Depreciation			(158,737)	
Contribution from Capital Projects			725,117	
Principal Payment			1,000	
Net change in Accounts Receivable			710	
Net change in Accounts Payable			(4,015)	
Net change in Accrued Salaries & Benefits			298	
Net change in Accrued Interest			20	
Net change in Compensated Absences			834	
Change in Net Assets			<u>\$ 546,574</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, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 216,736	\$ 216,736	\$ 229,514	\$ 12,778
Environmental Gross Receipts Tax	19,695	19,695	13,744	(5,951)
Other	5,555	5,555	5,021	(534)
Total Revenues	<u>241,986</u>	<u>241,986</u>	<u>248,279</u>	<u>6,293</u>
Expenditures				
Salaries	46,800	46,800	44,095	2,705
Benefits	21,643	21,643	21,372	271
Other	123,299	123,299	139,311	(16,012)
Debt Service				
Principal	50,244	50,244	30,706	19,538
Interest	0	0	14,335	(14,335)
Total Expenditures	<u>241,986</u>	<u>241,986</u>	<u>249,819</u>	<u>(7,833)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(1,540)	(1,540)
Cash Balance Beginning of Year	<u>195,672</u>	<u>195,672</u>	<u>195,672</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 195,672</u>	<u>\$ 195,672</u>	<u>\$ 194,132</u>	<u>\$ (1,540)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,540)	
Depreciation			(32,532)	
Principal Payment			30,706	
Net change in Taxes Receivable			163	
Net change in Accounts Receivable			(18,551)	
Net change in Accounts Payable			(2,435)	
Net change in Accrued Salaries & Benefits			198	
Net change in Accrued Interest			45	
Net change in Compensated Absenses			(305)	
Change in Net Assets			<u>\$ (24,251)</u>	

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

DeAun Willoughby CPA, PC

Certified Public Accountant

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Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

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 and special revenue funds, 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, 2012, and have issued our report thereon dated November 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Villages 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 corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting; 09-1, 10-2, 10-3, and 11-4. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

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 management, the New Mexico State Legislature and its committees, the Office of the State Auditor, the New Mexico Department of Finance and Administration - Local Government and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby CPA PC

November 26, 2012

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Schedule of Findings and Responses
 June 30, 2012

Financial Statement Audit Findings

Prior Year Audit Findings	Status
09-1 Preparation of Financial Statements	Repeated
10-2 Budget	Modified & Repeated
10-3 Cash Appropriations in Excess of Available Cash Balances	Modified & Repeated
11-2 Use of a Credit Card by the Village	Resolved
11-3 Disposition of Property	Resolved
11-4 Expenditures	Modified & Repeated
11-5 Late Audit Report	Resolved

Current Year Audit Findings

09-1 Preparation of Financial Statements-Compliance and Internal Control-Significant Deficiency 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 115: SAO Rule 2.2.2.8 J (4) if the auditor prepares the financial statements, it should be included as a finding.

Cause

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

Effect

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

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-Compliance and Internal Control-Significant Deficiency Condition

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

<u>Major Funds</u>	<u>Amount</u>
Older American	\$ (10,999)
Water	(55,482)
Sewer	(25,299)
Solid Waste	(7,833)
<u>Nonmajor Funds</u>	
Fire	(4,345)
Corrections	(1,435)

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.

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.

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.

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-Compliance and Internal Control-Significant Deficiency**Condition**

The Village maintained a deficit budget in excess of available cash balance in the Gas Tax Fund of \$(78,676) and Older American Fund of \$(4,849).

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.

Cause

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

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.

11-4 Expenditures-Compliance and Internal Control-Significant Deficiency**Condition**

Of a sample of 194 expenditures, the following were found:

(1) Three were paid late, for a total of \$9,680.85.

(2) Two were for per diem that was 100% paid before the travel date, totaling \$494.90.

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.

Cause

There are several reason invoices may not be paid within 30 days and management was not aware only 80% of the per diem could be advanced prior to the travel date.

Effect

Without following the procurement act, there are not adequate controls over expenditures. Results are over spending.

Recommendation

Reasons for late payment of an invoice should be documented on the bill package and on 80% of travel expenses should be paid prior to the travel.

Response

We will document late payments and only pay 80% of travel expenses prior to the travel.

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 November 26, 2012. In attendance were Ray Cordova-Mayor, Dianna Brusuelas-Clerk, Monica Voorbach-Payroll Clerk, Valarie Delgado-Accounts Payable Clerk and De'Aun Willoughby, CPA.