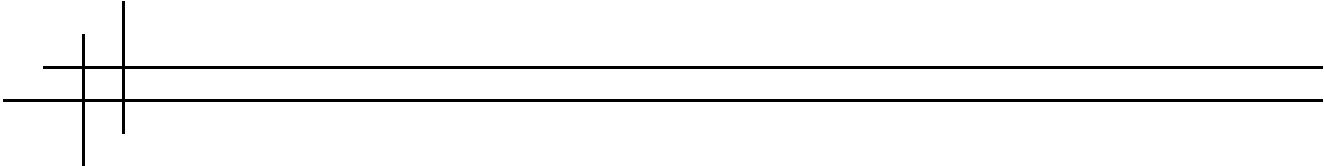




STATE OF NEW MEXICO
VILLAGE OF TULAROSA

ANNUAL FINANCIAL REPORT
June 30, 2013

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, 2013

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
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De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101
(855) 253-4313

Independent Auditor's Report

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

Mr. Balderas and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Village of Tularosa (Village), as of and for the year ended June 30, 2013, and the related notes to the financial statements 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 projects fund and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance 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, 2013, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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 Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule required by 2.2.2.NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule required by 2.2.2 NMAC is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule required by 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2013, 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 in considering the Village's internal control over financial reporting and compliance.

 CPA PC

Clovis, New Mexico
October 30, 2013

FINANCIAL SECTION

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Government-Wide Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 561,130	\$ 257,940	\$ 819,070
Investments	57,491	0	57,491
Receivable			
Accounts	0	100,304	100,304
Taxes	84,693	3,193	87,886
Due from Grantor	14,694	0	14,694
Total Current Assets	<u>718,008</u>	<u>361,437</u>	<u>1,079,445</u>
Noncurrent Assets			
Restricted Cash	24,638	115,812	140,450
Capital Assets	10,640,311	13,994,609	24,634,920
Less: Accumulated Depreciation	<u>(3,564,366)</u>	<u>(5,733,210)</u>	<u>(9,297,576)</u>
Total Noncurrent Assets	<u>7,004,883</u>	<u>8,377,211</u>	<u>15,382,094</u>
Total Assets	<u>7,722,891</u>	<u>8,738,648</u>	<u>16,461,539</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	18,009	10,060	28,069
Accrued Salaries and Benefits	5,737	2,390	8,127
Accrued Interest	89	8,155	8,244
Compensated Absences	40,111	35,576	75,687
Current Portion of Long-Term Debt	<u>19,133</u>	<u>121,273</u>	<u>140,406</u>
Total Current Liabilities	<u>83,079</u>	<u>179,454</u>	<u>262,533</u>
Noncurrent Liabilities			
Customer Deposits	0	65,435	65,435
Bonds and Notes	<u>19,708</u>	<u>806,186</u>	<u>825,894</u>
Total Noncurrent Liabilities	<u>19,708</u>	<u>871,621</u>	<u>891,329</u>
Total Liabilities	<u>102,787</u>	<u>1,050,075</u>	<u>1,152,862</u>
NET POSITION			
Invested in Net Capital Assets	6,960,142	7,449,752	14,410,894
Unrestricted	<u>654,062</u>	<u>238,621</u>	<u>892,683</u>
Total Net Position	<u>\$ 7,620,204</u>	<u>\$ 7,688,373</u>	<u>\$ 15,308,577</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, 2013

Functions/Programs	Expenses	Program Revenues			Net(Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General	\$ 384,687	\$ 9,588	\$ 189,736	\$ 0	\$ (185,363)	\$ 0	\$ (185,363)
Public Safety	757,072	49,528	91,885	173,182	(442,477)	0	(442,477)
Public Works	147,472	47,919	0	0	(99,553)	0	(99,553)
Culture & Recreation	622,542	44,922	248,198	0	(329,422)	0	(329,422)
Interest	1,852	0	0	0	(1,852)	0	(1,852)
Total Governmental Activities	<u>\$ 1,913,625</u>	<u>\$ 151,957</u>	<u>\$ 529,819</u>	<u>\$ 173,182</u>	<u>(1,058,667)</u>	<u>0</u>	<u>(1,058,667)</u>
Business-type Activities							
Water	\$ 803,091	\$ 694,654	\$ 0	\$ 0	0	(108,437)	(108,437)
Sewer	290,483	149,911	0	0	0	(140,572)	(140,572)
Solid Waste	234,461	253,084	0	0	0	18,623	18,623
Total Business-type Activities	<u>\$ 1,328,035</u>	<u>\$ 1,097,649</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>(230,386)</u>	<u>(230,386)</u>
General Revenues							
Franchise Taxes					55,724	0	55,724
Gross Receipts Tax					663,467	13,658	677,125
Gasoline Taxes					51,149	0	51,149
Property Taxes					174,526	0	174,526
Miscellaneous					71,849	0	71,849
Total General Revenues					<u>1,016,715</u>	<u>13,658</u>	<u>1,030,373</u>
Change in Net Position					(41,952)	(216,728)	(258,680)
Net Position - beginning					<u>7,662,156</u>	<u>7,905,301</u>	<u>15,567,457</u>
Net Position - ending					<u>\$ 7,620,204</u>	<u>\$ 7,688,573</u>	<u>\$ 15,308,777</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, 2013

	<u>General</u>	<u>Special Revenue Fund Older Americans</u>	<u>Capital Projects</u>
ASSETS			
Cash and Cash Equivalents	\$ 327,942	\$ 9,615	\$ 35,149
Investment	57,491	0	0
Receivables			
Taxes	79,412	0	0
Due from Grantor	0	14,694	0
Interfund Balance	15,932	0	7,348
Restricted Cash	0	0	0
Total Assets	<u>\$ 480,777</u>	<u>\$ 24,309</u>	<u>\$ 42,497</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 8,847	\$ 2,452	\$ 0
Accrued Salaries & Benefits	4,347	739	0
Interfund Balance	<u>7,348</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>20,542</u>	<u>3,191</u>	<u>0</u>
Fund Balances			
Restricted for, reported in			
Special Revenue Fund	0	21,118	0
Debt Service			
Capital Projects	0	0	42,497
Unassigned- General Fund	<u>460,235</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>460,235</u>	<u>21,118</u>	<u>42,497</u>
Total Liabilities and Fund Balances	<u>\$ 480,777</u>	<u>\$ 24,309</u>	<u>\$ 42,497</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, 2013

	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 188,424	\$ 561,130
Investment	0	57,491
Receivables		
Taxes	5,281	84,693
Due from Grantor	0	14,694
Interfund Balance	0	23,280
Restricted Cash	24,638	24,638
Total Assets	<u>\$ 218,343</u>	<u>\$ 765,926</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 6,710	\$ 18,009
Accrued Salaries & Benefits	651	5,737
Interfund Balance	<u>15,932</u>	<u>23,280</u>
Total Liabilities	<u>23,293</u>	<u>47,026</u>
 Fund Balances		
Restricted for, reported in		
Special Revenue Fund	195,050	216,168
Debt Service	0	0
Capital Projects	0	42,497
Unassigned- General Fund	0	460,235
Total Fund Balances	<u>195,050</u>	<u>718,900</u>
 Total Liabilities and Fund Balances	 <u>\$ 218,343</u>	 <u>\$ 765,926</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 Position
 June 30, 2013

Total Fund Balance - Governmental Funds \$ 718,900

Amounts reported for governmental activities in the statement of net position
 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	\$ 10,545,311	
Accumulated depreciation is	<u>(3,564,966)</u>	6,980,345

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	(38,841)	
Accrued interest on bonds	(89)	
Compensated Absences	<u>(40,111)</u>	<u>(79,041)</u>

Total Net Position - Governmental Activities \$ 7,620,204

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, 2013

	General	Special Revenue Fund Older Americans	Capital Projects
Revenues			
Taxes			
Franchise	\$ 55,724	\$ 0	\$ 0
Gross Receipts	626,040	0	0
Gasoline	0	0	0
Property	174,526	0	0
Charges for Services	47,919	44,922	0
License & Permits	9,588	0	0
Fines & Forfeitures	36,109	0	0
State & Local Grants	189,736	149,744	173,182
Federal Grants	0	75,001	0
Miscellaneous	60,966	0	0
Total Revenues	<u>1,200,608</u>	<u>269,667</u>	<u>173,182</u>
Expenditures			
Current			
General Government	372,840	0	0
Public Safety	588,347	0	0
Public Works	37,203	0	0
Culture and Recreation	185,900	302,675	0
Capital Outlay	0	0	250,982
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>1,184,290</u>	<u>302,675</u>	<u>250,982</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>16,318</u>	<u>(33,008)</u>	<u>(77,800)</u>
Other Financing Sources (Uses)			
Transfers	22,986	40,801	0
Total Other Financing Sources (Uses)	<u>22,986</u>	<u>40,801</u>	<u>0</u>
Net Change in Fund Balance	<u>39,304</u>	<u>7,793</u>	<u>(77,800)</u>
Fund Balances at Beginning of Year	407,931	13,325	120,297
Restatement	13,000	0	0
Restated Beginning Fund Balance	<u>420,931</u>	<u>13,325</u>	<u>120,297</u>
Fund Balance End of Year	<u>\$ 460,235</u>	<u>\$ 21,118</u>	<u>\$ 42,497</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, 2013

	Non-Major Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues		
Taxes		
Franchise	\$ 0	\$ 55,724
Gross Receipts	37,427	663,467
Gasoline	51,149	51,149
Property	0	174,526
Charges for Services	0	92,841
License & Permits	0	9,588
Fines & Forfeitures	13,419	49,528
State & Local Grants	115,338	628,000
Federal Grants	0	75,001
Miscellaneous	10,883	71,849
Total Revenues	<u>228,216</u>	<u>1,871,673</u>
Expenditures		
Current		
General Government	0	372,840
Public Safety	80,146	668,493
Public Works	29,449	66,652
Culture and Recreation	67,347	555,922
Capital Outlay	0	250,982
Debt Service		
Principal	30,147	30,147
Interest	1,928	1,928
Total Expenditures	<u>209,017</u>	<u>1,946,964</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>19,199</u>	<u>(75,291)</u>
Other Financing Sources (Uses)		
Transfers	(63,787)	0
Total Other Financing Sources (Uses)	<u>(63,787)</u>	<u>0</u>
Net Change in Fund Balance	<u>(44,588)</u>	<u>(75,291)</u>
Fund Balances at Beginning of Year	252,638	794,191
Restatement	(13,000)	0
Restated Beginning Fund Balance	<u>239,638</u>	<u>794,191</u>
Fund Balance End of Year	<u>\$ 195,050</u>	<u>\$ 718,900</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, 2013

Net Change in Fund Balance \$ (75,291)

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 Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Depreciation expense	\$ (243,634)	
Capital Outlays	<u>250,982</u>	7,348

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 30,147

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, 2012	166	
Accrued Interest, June 30, 2013	<u>(89)</u>	77

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, 2012	35,878	
Compensated Absences, June 30, 2013	<u>(40,111)</u>	<u>(4,233)</u>

Changes in Net Position of Governmental Activities \$ (41,952)

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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Franchise Tax	\$ 57,477	\$ 57,477	\$ 55,757	\$ (1,720)
Gross Receipt Tax	626,803	626,803	631,431	4,628
Property Tax	172,729	172,729	167,384	(5,345)
Total Taxes	<u>857,009</u>	<u>857,009</u>	<u>854,572</u>	<u>(2,437)</u>
Charges for Services	45,057	45,057	48,505	3,448
Licenses & Permits	9,885	9,885	9,588	(297)
Fines and Forfeitures	43,277	43,277	36,109	(7,168)
Small Cities Assistance	199,483	199,483	189,736	(9,747)
Miscellaneous	30,765	30,765	60,637	29,872
Total Revenues	<u>1,185,476</u>	<u>1,185,476</u>	<u>1,199,147</u>	<u>13,671</u>
Expenditures				
Executive				
Salaries	75,787	75,787	75,742	45
Benefits	14,768	14,768	14,829	(61)
Other	7,153	7,153	6,178	975
Total Executive	<u>97,708</u>	<u>97,708</u>	<u>96,749</u>	<u>959</u>
Judicial				
Salaries	54,774	54,774	54,773	1
Benefits	22,118	22,118	22,273	(155)
Other	9,821	9,821	14,738	(4,917)
Total Judicial	<u>86,713</u>	<u>86,713</u>	<u>91,784</u>	<u>(5,071)</u>
Financial				
Salaries	23,093	23,093	26,903	(3,810)
Benefits	3,773	3,773	3,491	282
Other	62,191	62,191	66,057	(3,866)
Insurance	81,000	81,000	81,352	(352)
Capital Outlay	20,868	20,868	9,747	11,121
Total Financial	<u>190,925</u>	<u>190,925</u>	<u>187,550</u>	<u>3,375</u>
Public Safety				
Salaries	323,505	323,505	323,690	(185)
Benefits	107,068	107,068	94,060	13,008
Other	56,226	56,226	59,620	(3,394)
Insurance	55,000	55,000	55,000	0
Total Public Safety	<u>\$ 541,799</u>	<u>\$ 541,799</u>	<u>\$ 532,370</u>	<u>\$ 9,429</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Fire				
Salaries	\$ 9,600	\$ 9,600	\$ 9,600	\$ 0
Benefits	740	740	744	(4)
Total Fire	<u>10,340</u>	<u>10,340</u>	<u>10,344</u>	<u>(4)</u>
Ambulance				
Ambulance Contract	13,150	13,150	13,134	16
Dispatch Contract	9,200	9,200	9,310	(110)
Total Ambulance	<u>22,350</u>	<u>22,350</u>	<u>22,444</u>	<u>(94)</u>
Animal Control				
Salaries	22,677	22,677	22,725	(48)
Benefits	3,332	3,332	3,332	0
Other	3,500	3,500	3,979	(479)
Total Animal Control	<u>29,509</u>	<u>29,509</u>	<u>30,036</u>	<u>(527)</u>
Motor Vehicle				
Salaries	26,400	26,400	26,494	(94)
Benefits	9,717	9,717	9,784	(67)
Other	650	650	868	(218)
Total Motor Vehicle	<u>36,767</u>	<u>36,767</u>	<u>37,146</u>	<u>(379)</u>
Museum & Library				
Salaries	18,746	18,746	18,747	(1)
Benefits	1,435	1,435	1,443	(8)
Other	34,883	34,883	26,358	8,525
Total Museum & Library	<u>55,064</u>	<u>55,064</u>	<u>46,548</u>	<u>8,516</u>
Culture & Recreation				
Other	18,001	18,001	16,532	1,469
Total Culture & Recreation	<u>18,001</u>	<u>18,001</u>	<u>16,532</u>	<u>1,469</u>
Community Center				
Salaries	65,475	65,475	68,063	(2,588)
Benefits	30,099	30,099	30,550	(451)
Other	21,889	21,889	21,408	481
Total Community Center	<u>117,463</u>	<u>117,463</u>	<u>120,021</u>	<u>(2,558)</u>
Total Expenditures	<u>1,206,639</u>	<u>1,206,639</u>	<u>1,191,524</u>	<u>15,115</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>(21,163)</u>	\$ <u>(21,163)</u>	\$ <u>7,623</u>	\$ <u>28,786</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, 2013

	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)	\$ (40,800)	\$ (6,199)
Transfer to Recreation	(39,814)	(39,814)	(40,869)	(1,055)
Transfer in From Debt Service	0	0	104,656	104,656
Loan to Summer Food	0	0	(2,932)	(2,932)
Due to Capital Projects	0	0	7,347	7,347
Total Other Financing Sources (Uses)	<u>(74,415)</u>	<u>(74,415)</u>	<u>27,402</u>	<u>97,402</u>
Net Change in Cash Balance	(95,578)	(95,578)	35,025	126,188
Cash Balance Beginning of Year	<u>350,408</u>	<u>350,408</u>	<u>350,408</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 254,830</u>	<u>\$ 254,830</u>	<u>\$ 385,433</u>	<u>\$ 126,188</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 35,025	
Net change in Taxes Receivable			1,131	
Net change in Accounts Payable			8,202	
Net change in Accrued Salaries & Benefits			(638)	
Net change in Loans to Other Funds			<u>(4,416)</u>	
Net Change in Fund Balance			<u>\$ 39,304</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Program Income	\$ 41,868	\$ 41,868	\$ 43,846	\$ 1,978
Local Grant	17,222	17,222	13,602	(3,620)
County Subsidy	31,000	31,000	31,000	0
State Grant	96,305	96,305	100,765	4,460
Federal Grants				
IIIB	18,610	18,610	21,548	2,938
IIIC-1	30,362	30,362	27,902	(2,460)
IIIC-2	10,821	10,821	12,116	1,295
Cash in Lieu of Commodities	15,208	15,208	17,229	2,021
Other	10,000	10,000	1,076	(8,924)
Total Revenues	<u>271,396</u>	<u>271,396</u>	<u>269,084</u>	<u>(2,312)</u>
Expenditures				
Culture and Recreation				
Salaries	153,435	153,435	157,777	(4,342)
Benefits	57,402	57,402	58,108	(706)
Other	95,160	95,160	87,126	8,034
Total Expenditures	<u>305,997</u>	<u>305,997</u>	<u>303,011</u>	<u>2,986</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(34,601)</u>	<u>(34,601)</u>	<u>(33,927)</u>	<u>674</u>
Other Financing Sources (Uses)				
Transfer From General Fund	<u>34,601</u>	<u>34,601</u>	<u>40,801</u>	<u>6,200</u>
Total Other Financing Sources	<u>34,601</u>	<u>34,601</u>	<u>40,801</u>	<u>6,200</u>
Net Change in Cash Balance	0	0	6,874	6,874
Cash Balance Beginning of Year	<u>2,741</u>	<u>2,741</u>	<u>2,741</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,741</u>	<u>\$ 2,741</u>	<u>\$ 9,615</u>	<u>\$ 6,874</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 6,874	
Net change in Due from Grantor			583	
Net change in Accounts Payable			8	
Net change in Accrued Salaries and Benefits			328	
Net Change in Fund Balance			<u>\$ 7,793</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 Position
 June 30, 2013

ASSETS	Water	Sewer	Solid Waste	Total
Current Assets				
Cash and Cash Equivalents	\$ 121,759	\$ 38,325	\$ 97,856	\$ 257,940
Receivables (net of allowance for uncollectible accounts)				
Accounts	67,982	12,592	19,730	100,304
Taxes	0	0	3,193	3,193
Total Current Assets	<u>189,741</u>	<u>50,917</u>	<u>120,779</u>	<u>361,437</u>
Noncurrent Assets				
Restricted Assets	35,152	5,250	75,410	115,812
Capital Assets	5,367,652	8,138,978	487,979	13,994,609
Less: Accumulated Depreciation	<u>(3,793,255)</u>	<u>(1,797,039)</u>	<u>(142,916)</u>	<u>(5,733,210)</u>
Total Noncurrent Assets	<u>1,609,549</u>	<u>6,347,189</u>	<u>420,473</u>	<u>8,377,211</u>
Total Assets	<u>1,799,290</u>	<u>6,398,106</u>	<u>541,252</u>	<u>8,738,648</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	3,706	3,161	3,193	10,060
Accrued Salaries & Benefits	1,880	226	284	2,390
Accrued Interest	6,162	1,955	1,038	9,155
Compensated Absences	31,768	985	2,823	35,576
Current Portion of Long-Term Debt	56,445	1,000	63,828	121,273
Total Current Liabilities	<u>99,961</u>	<u>7,327</u>	<u>71,166</u>	<u>178,454</u>
Noncurrent Liabilities				
Customer Deposits	65,435	0	0	65,435
Long Term Debt	368,308	91,000	346,878	806,186
Total Noncurrent Liabilities	<u>433,743</u>	<u>91,000</u>	<u>346,878</u>	<u>871,621</u>
Total Liabilities	<u>533,704</u>	<u>98,327</u>	<u>418,044</u>	<u>1,050,075</u>
NET POSITION				
Invested in Net Capital Assets	1,184,796	6,253,234	355,607	7,793,637
Unrestricted	80,790	46,545	(232,399)	(105,064)
Total Net Position	<u>\$ 1,265,586</u>	<u>\$ 6,299,779</u>	<u>\$ 123,208</u>	<u>\$ 7,688,573</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 Position
 For the Year Ended June 30, 2013

	Water	Sewer	Solid Waste	Total
Operating Revenues				
Sales & Service	\$ 639,399	\$ 141,099	\$ 250,846	\$ 1,031,344
Fees	31,916	7,780	0	39,696
Miscellaneous	23,339	1,032	2,238	26,609
Total Operating Revenues	<u>694,654</u>	<u>149,911</u>	<u>253,084</u>	<u>1,097,649</u>
Operating Expenses				
Salaries	361,095	57,043	42,411	460,549
Benefits	121,625	10,906	22,681	155,212
Operating Expenses	195,283	55,532	122,118	372,933
Bad Debts	3,578	663	1,038	5,279
Depreciation	107,353	162,404	32,532	302,289
Total Operating Expenses	<u>788,934</u>	<u>286,548</u>	<u>220,780</u>	<u>1,296,262</u>
Operating Income (Loss)	<u>(94,280)</u>	<u>(136,637)</u>	<u>32,304</u>	<u>(198,613)</u>
Nonoperating Revenue (Expenses)				
Environmental Gross Receipts Tax	0		13,658	13,658
Interest Expense	(14,157)	(3,935)	(13,681)	(31,773)
Federal Grant	0	154,950	0	154,950
Environmental Remediation	0	(154,950)	0	(154,950)
Total Nonoperating Revenue (Expense)	<u>(14,157)</u>	<u>(3,935)</u>	<u>(23)</u>	<u>(18,115)</u>
Change in Net Position	(108,437)	(140,572)	32,281	(216,728)
Total Net Position - Beginning	<u>1,374,023</u>	<u>6,440,351</u>	<u>90,927</u>	<u>7,905,301</u>
Total Net Position - Ending	<u>\$ 1,265,586</u>	<u>\$ 6,299,779</u>	<u>\$ 123,208</u>	<u>\$ 7,688,573</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, 2013

	<u>Water</u>	<u>Sewer</u>
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 712,328	\$ 147,680
Cash Paid to Suppliers and Employees	(688,755)	(123,321)
Net Cash Provided by Operating Activities	<u>23,573</u>	<u>24,359</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	(54,397)	(1,000)
Interest Paid	(14,157)	(3,935)
Net Cash Provided by Capital & Related Financing Activities	<u>(68,554)</u>	<u>(4,935)</u>
Net Increase (Decrease) in Cash	(44,981)	19,424
Cash, Beginning of Year	<u>201,892</u>	<u>24,151</u>
Cash, End of Year	<u>\$ 156,911</u>	<u>\$ 43,575</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 121,759	\$ 38,325
Restricted Assets	35,152	5,250
	<u>\$ 156,911</u>	<u>\$ 43,575</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (94,280)	\$ (136,637)
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities		
Depreciation	107,353	162,404
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	0	0
(Increase) Decrease in Accounts Receivable	21,375	(763)
Increase (Decrease) in Accounts Payable	(10,569)	(919)
Increase (Decrease) in Accrued Salaries and Benefits	(488)	(358)
Increase (Decrease) in Accrued Interest	(789)	(25)
Increase (Decrease) in Compensated Absences	1,096	657
Increase (Decrease) in Customer Deposits	(125)	0
Net Cash Provided by Operating Activities	<u>\$ 23,573</u>	<u>\$ 24,359</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, 2013

	Solid Waste	Total
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 232,316	\$ 1,092,324
Cash Paid to Suppliers and Employees	(190,663)	(1,002,739)
Net Cash Provided by Operating Activities	<u>41,653</u>	<u>89,585</u>
Cash Flows from Noncapital Financing Activities		
Environmental Gross Receipts Tax	13,658	13,658
Net Cash Provided by Noncapital Financing Activities	<u>13,658</u>	<u>13,658</u>
Cash Flows from Capital & Related Financing Activities		
Purchase of Capital Assets	0	0
Principal Paid	(62,496)	(117,893)
Interest Paid	(13,681)	(31,773)
Net Cash Provided by Capital & Related Financing Activities	<u>(76,177)</u>	<u>(149,666)</u>
Net Increase (Decrease) in Cash	(20,866)	(46,423)
Cash, Beginning of Year	<u>194,132</u>	<u>420,175</u>
Cash, End of Year	<u>\$ 173,266</u>	<u>\$ 373,752</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 97,856	\$ 257,940
Restricted Assets	75,410	115,812
	<u>\$ 173,266</u>	<u>\$ 373,752</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 32,304	\$ (198,613)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	32,532	302,289
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	(1,953)	(1,953)
(Increase) Decrease in Accounts Receivable	(19,732)	880
Increase (Decrease) in Accounts Payable	(1,896)	(13,384)
Increase (Decrease) in Accrued Salaries and Benefits	(27)	(873)
Increase (Decrease) in Accrued Interest	(111)	(925)
Increase (Decrease) in Compensated Absences	536	2,289
Increase (Decrease) in Customer Deposits	0	(125)
Net Cash Provided by Operating Activities	<u>\$ 41,653</u>	<u>\$ 89,585</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. 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 Position and the Statement of Activities) 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 Assets and Liabilities 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, 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 Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. 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.

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 position available to finance 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 Position 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 Position 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 Position

Net Position represent the difference between assets and liabilities. Net position 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 positions are reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments.

Restricted Net Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed on net positions 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 position 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 6/30/13</u>	<u>Reconciled Balance</u>	<u>Type</u>
General Fund	\$ 242,005	\$ 218,524	Checking-Interest Bearing
General Fund CD	50,207	50,207	Savings-Interest Bearing
Fire Department	8,501	2,916	Checking-Interest Bearing
Law Enforcement	13,835	8,657	Checking-Interest Bearing
Local Government Correction	16,629	16,629	Checking-Interest Bearing
Special Gas Tax	144,086	142,377	Checking-Interest Bearing
Recreation Fund	14,289	13,066	Checking-Interest Bearing
Summer Food Program	5,378	4,777	Checking-Non Interest Bearing
Older American Program	13,544	9,615	Checking-Interest Bearing
Capital Projects	4,107	35,007	Checking-Interest Bearing
Debt Service	1,007	1,007	Checking-Interest Bearing
Motor Vehicle Department	8,020	0	Checking-Non Interest Bearing
Municipal Court	8,168	0	Checking-Non Interest Bearing
Disbursement	912	912	Checking-Interest Bearing
Payroll	81,925	4,071	Checking-Non Interest Bearing
Water	71,005	63,546	Checking-Interest Bearing
Sewer	34,342	29,018	Checking-Interest Bearing
Sewer Fund-CD	\$ 9,307	\$ 9,307	Savings-Interest Bearing

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2013

WWP Phase 2 Reserve	\$	5,250	\$	5,250	Checking-Non Interest Bearing
Solid Waste		62,286		62,149	Checking-Interest Bearing
TOTAL Deposited		<u>794,803</u>	\$	<u>677,035</u>	
Less: FDIC Coverage		<u>(250,000)</u>			
Uninsured Amount		544,803			
50% collateral requirement		272,402			
Pledged securities		<u>630,000</u>			
Over (Under) requirement	\$	<u>357,599</u>			

There is \$200 cash on hand.

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	300,000	6/1/2024
Questa ISD	748352DA6	330,000	9/1/2027
		<u>\$ 630,000</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 6/30/13</u>	<u>Reconciled Balance</u>	<u>Type</u>
Rural Utility Service Fund	\$ 143	\$ 143	Checking-Non Interest Bearing
Solid Waste	<u>35,707</u>	<u>35,707</u>	Savings-Interest Bearing
TOTAL Deposited	35,850	<u>\$ 35,850</u>	
Less: FDIC Coverage	<u>(35,850)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2013

<u>Name of Account</u>	Balance Per Bank 6/30/13	Reconciled Balance	<u>Type</u>
General-CD	\$ 53,022	\$ 53,022	Savings-Interest Bearing
Water-CD	25,202	25,202	Savings-Interest Bearing
WB-CD	33,011	33,011	Savings-Interest Bearing
TOTAL Deposited	<u>111,235</u>	<u>\$ 111,235</u>	
Less: FDIC Coverage	<u>(111,235)</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 6/30/13	Reconciled Balance	<u>Type</u>
Village of Tularosa-Fire Department	\$ 2	\$ 0	Savings
Village of Tularosa-Road Renovation	24,638	24,638	Savings
Village of Tularosa-Water	35,152	35,152	Savings
Village of Tularosa-Solid Waste	75,410	75,410	Savings
TOTAL Deposited	<u>135,202</u>	<u>\$ 135,200</u>	
Less: FDIC Coverage	<u>(135,202)</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	\$ 532,287
Collateralized:	
Collateral held by the pledging bank in Village's name	544,803
Uninsured and uncollateralized	<u>0</u>
Total Deposits	<u>\$ 1,077,090</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, 2013 none of the Village's bank balance of \$1,024,068 was exposed to custodial credit risk.

New Mexico State Treasurer

<u>Name of Account</u>	Fair Market Value 6/30/13	Reconciled Balance	Type
Village of Tularosa	\$ 57,463	\$ 57,463	Investment
Village of Tularosa-Reserve	28	28	Investment
	<u>\$ 57,491</u>	<u>\$ 57,491</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, 2013, the LGIP WAM(R) is 59 days and WAM(F) is 90 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, 2013.

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2013

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2013, is as follows:

	Beginning Balance 6/30/12	Increases	Decreases	Ending Balance 6/30/13
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 588,363	\$ 0	\$ 0	\$ 588,363
Construction in Progress	0	0	0	0
Total Capital Assets, not being Depreciated	<u>588,363</u>	<u>0</u>	<u>0</u>	<u>588,363</u>
Capital Assets, being Depreciated				
Infrastructure	1,026,874	0	0	1,026,874
Buildings & Improvements	6,093,568	95,784	0	6,189,352
Equipment	2,585,524	155,198	0	2,740,722
	<u>9,705,966</u>	<u>250,982</u>	<u>0</u>	<u>9,956,948</u>
Total Capital Assets	<u>10,294,329</u>	<u>250,982</u>	<u>0</u>	<u>10,545,311</u>
Less Accumulated Depreciation				
Buildings & Improvements	1,326,601	88,947	0	1,415,548
Infrastructure	92,593	25,023	0	117,616
Equipment	1,902,139	129,663	0	2,031,802
Total Accumulated Depreciation	<u>3,321,333</u>	<u>243,633</u>	<u>0</u>	<u>3,564,966</u>
Capital Assets, net	<u>\$ 6,972,996</u>	<u>\$ 7,349</u>	<u>\$ 0</u>	<u>\$ 6,980,345</u>

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

	Beginning Balance 6/30/12	Increases	Decreases	Ending Balance 6/30/13
Business-Type Activities				
Water				
Other Capital Assets				
Water System	\$ 5,367,652	\$ 0	\$ 0	\$ 5,367,652
Total Capital Assets at Historical Cost	<u>5,367,652</u>	<u>0</u>	<u>0</u>	<u>5,367,652</u>
Less Accumulated Depreciation				
Improvements	3,685,902	107,353	0	3,793,255
Total Accumulated Depreciation	<u>3,685,902</u>	<u>107,353</u>	<u>0</u>	<u>3,793,255</u>
Capital Assets, net	<u>\$ 1,681,750</u>	<u>\$ (107,353)</u>	<u>\$ 0</u>	<u>\$ 1,574,397</u>

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2013

	Beginning Balance 6/30/12	Increases	Decreases	Ending Balance 6/30/13
Sewer				
Other Capital Assets		0		
Sewer System	\$ 8,120,193	\$ 0	\$ 0	\$ 8,120,193
Equipment	18,785	0	0	18,785
Total Capital Assets at Historical Cost	8,138,978	0	0	8,138,978
Less Accumulated Depreciation				
Improvements	1,612,184	0	0	1,612,184
Equipment	22,451	162,404	0	184,855
Total Accumulated Depreciation	1,634,635	162,404	0	1,797,039
Capital Assets, net	\$ 6,504,343	\$ (162,404)	\$ 0	\$ 6,341,939
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	110,384	32,532	0	142,916
Total Accumulated Depreciation	110,384	32,532	0	142,916
Capital Assets, net	\$ 377,595	\$ (32,532)	\$ 0	\$ 345,063

NOTE F: LONG TERM DEBT

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

	Beginning Balance 6/30/12	Additions	Reductions	Ending Balance 6/30/13	Amounts Due Within One Year
Governmental Activities					
Notes Payable					
NMFA Fire Truck	\$ 11,573	\$ 0	\$ 11,573	\$ 0	0
NMFA Paving	57,415	0	18,574	38,841	19,133
	68,988	0	30,147	38,841	19,133
Other Liabilities					
Compensated Absences					
	35,878	55,243	51,010	40,111	0
Long-Term Liabilities	\$ 104,866	\$ 55,243	\$ 81,157	\$ 78,952	\$ 19,133

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, 2013

The annual requirements to amortize the above loans as of June 30, 2013, including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 19,133	\$ 1,168	\$ 20,301
2015	19,708	591	20,299
	<u>\$ 38,841</u>	<u>\$ 1,759</u>	<u>\$ 40,600</u>

	Beginning Balance 6/30/12	Additions	Reductions	Ending Balance 6/30/13	Amounts Due Within One Year
Business-Type Activities					
Bonds Payable					
RIP 96-03	\$ 204,105	\$ 0	\$ 20,090	\$ 184,015	20,694
RIP 93-11	84,470	0	13,060	71,410	13,450
NMFA PPRF	190,575	0	21,247	169,328	22,301
USDA RUS 2004	93,000	0	1,000	92,000	1,000
NMFA-Equip 5/1/09	473,203	0	62,496	410,707	63,828
	<u>\$ 1,045,353</u>	<u>\$ 0</u>	<u>\$ 117,893</u>	<u>\$ 927,460</u>	<u>\$ 121,273</u>
Other Liabilities					
Compensated Absences					
	\$ 33,287	\$ 31,391	\$ 29,102	\$ 35,576	0
Long-Term Liabilities					
	<u>\$ 2,123,993</u>	<u>\$ 31,391</u>	<u>\$ 264,888</u>	<u>\$ 1,890,496</u>	<u>\$ 242,546</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%	\$ 184,015
USDA RIP 93-11	9/25/2017	186,144	3%	71,410
USDA RIP 96-03	11/8/2020	390,000	3%	169,328
USDA RUS 2004	12/31/2044	100,000	4.25%	92,000
NMFA -Equip	5/1/2019	564,831	2.95%	410,707
				<u>\$ 927,460</u>

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2013

The annual requirements to amortize the above bonds as of June 30, 2013, including interest payments are as follows:

	Principal	Interest	Total
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	136,307	14,785	151,092
2019-2023	210,098	27,378	237,476
2024-2028	10,000	15,310	25,310
2029-2033	14,000	12,940	26,940
2034-2038	16,000	9,790	25,790
2039-2043	20,000	5,950	25,950
2044-2045	16,000	1,150	17,150
	<u>\$ 927,460</u>	<u>\$ 185,098</u>	<u>\$ 1,112,558</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 municipality'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 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 <http://www.pera.state.nm.us>.

Funding Policy. Non-police plan members are required to contribute 7% of their gross salary. The municipality is required to contribute 7% of the gross covered salary. Police plan members are required to contribute 7% of their gross salary. The municipality is required to contribute 10% of the gross covered salary. The contribution requirements of the plan members and the municipality are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The municipality's contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$59,535, \$56,499, and \$53,049, respectively, which equal the amount of the required for each fiscal year.

NOTE I: POST-EMPLOYMENT BENEFITS

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

NOTE J: RECEIVABLES

Receivables as of June 30, 2013, were as follows:

	General	Gas Tax	Older Americans	Non-Major Funds
Franchise Taxes	\$ 11,382	\$ 0	\$ 0	\$ 0
Gross Receipts Taxes	53,117	3,160	0	0
Property Taxes	11,519	0	0	0
Gasoline Taxes	0	2,121	0	0
Other Taxes	3,394	0	0	0
Due from Grantor	0	0	14,694	0
	<u>\$ 79,412</u>	<u>\$ 5,281</u>	<u>\$ 14,694</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	\$ 40,869	Recreation	\$ 40,869
General	40,801	Older Americans	40,801
Debt Service	104,656	General	104,656
	<u>\$ 186,326</u>		<u>\$ 186,326</u>

NOTE L: RISK MANAGEMENT

The Village is exposed to various risks of losses related to torts: theft of, damage to and destruction of assets: errors and omissions: injuries to employees: and natural disasters. The Village has obtained insurance through a commercial carrier to insure against potential losses and claims. The premiums are based on payroll and other expenditures, and are not directly related to claims filed. The policies are retrospectively rated and premiums may be adjusted after year end based on the ultimate level of expenditures.

NOTE M: SURETY BOND

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

NOTE N: LANDFILL

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

NOTE O: RESTATEMENT

The General fund balance was increased by \$13,000 and Summer Food Program fund balance was reduced by \$13,000 for a loan rather than a transfer as reported in the prior year.

**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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 300,000	\$ 300,000	\$ 173,182	\$ (126,818)
Total Revenues	<u>300,000</u>	<u>300,000</u>	<u>173,182</u>	<u>(126,818)</u>
Expenditures				
Capital Outlay				
Police	300,000	300,000	155,198	144,802
Senior Citizens	95,784	95,784	95,784	0
Total Expenditures	<u>395,784</u>	<u>395,784</u>	<u>250,982</u>	<u>144,802</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(95,784)</u>	<u>(95,784)</u>	<u>(77,800)</u>	<u>17,984</u>
Other Financing Sources (Uses)				
Due from General			(7,348)	(7,348)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(7,348)</u>	<u>(7,348)</u>
Net Change Cash	(95,784)	(95,784)	(85,148)	10,636
Cash Balance Beginning of Year	<u>120,297</u>	<u>120,297</u>	<u>120,297</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 24,513</u>	<u>\$ 24,513</u>	<u>\$ 35,149</u>	<u>\$ 10,636</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (77,800)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (77,800)</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR FUNDS

Fire Protection

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

Law Enforcement

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

Correction Fund

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

Gas Tax 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)

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, 2013

	<u>Special Revenue Funds</u>		
	<u>Fire Department</u>	<u>Law Enforcement</u>	<u>Correction</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,918	\$ 8,657	\$ 16,629
Receivables			
Taxes	0	0	0
Restricted Cash	0	0	0
Total Assets	<u>\$ 2,918</u>	<u>\$ 8,657</u>	<u>\$ 16,629</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 2,273	\$ 0	\$ 40
Accrued Salaries & Benefits	0	0	0
Interfund Balance	0	0	0
Total Liabilities	<u>2,273</u>	<u>0</u>	<u>40</u>
Fund Balance			
Restricted for, reported in			
Special Revenue Fund	645	8,657	16,589
Debt Service	0	0	0
Total Fund Balance	<u>645</u>	<u>8,657</u>	<u>16,589</u>
Total Liabilities and Fund Balance	<u>\$ 2,918</u>	<u>\$ 8,657</u>	<u>\$ 16,629</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, 2013

	<u>Special Revenue Funds</u>		
	<u>Gas Tax</u>	<u>Recreation</u>	<u>Summer Food</u>
ASSETS			
Cash and Cash Equivalents	\$ 142,377	\$ 13,066	\$ 4,777
Receivables			
Taxes	5,281	0	0
Restricted Cash	24,638	0	0
Total Assets	<u>\$ 172,296</u>	<u>\$ 13,066</u>	<u>\$ 4,777</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 1,795	\$ 1,059	\$ 1,543
Accrued Salaries & Benefits	0	224	427
Interfund Balance	0	0	15,932
Total Liabilities	<u>1,795</u>	<u>1,283</u>	<u>17,902</u>
Fund Balance			
Restricted for, reported in			
Special Revenue Fund	170,501	11,783	(13,125)
Debt Service	0	0	0
Total Fund Balance	<u>170,501</u>	<u>11,783</u>	<u>(13,125)</u>
Total Liabilities and Fund Balance	<u>\$ 172,296</u>	<u>\$ 13,066</u>	<u>\$ 4,777</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, 2013

	<u>Debt Service</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 0	\$ 188,424
Receivables		
Taxes	0	5,281
Restricted Cash	<u>0</u>	<u>24,638</u>
Total Assets	<u>\$ 0</u>	<u>\$ 218,343</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 0	\$ 6,710
Accrued Salaries & Benefits	0	651
Interfund Balance	<u>0</u>	<u>15,932</u>
Total Liabilities	<u>0</u>	<u>7,361</u>
Fund Balance		
Restricted for, reported in		
Special Revenue Fund	0	195,050
Debt Service	<u>0</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>195,050</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 218,343</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, 2013

	Special Revenue Funds		
	Fire Department	Law Enforcement	Correction
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 0
Gasoline	0	0	0
Fines & Forfeitures	0	0	13,419
State & Local Grants	68,885	23,000	0
Miscellaneous	1,673	18	10
Total Revenues	<u>70,558</u>	<u>23,018</u>	<u>13,429</u>
Expenditures			
Current			
Public Safety	54,426	21,676	4,044
Public Works	0	0	0
Cultural & Recreation	0	0	0
Capital Outlay	0	0	0
Debt Services			
Principal	11,573	0	0
Interest	198	0	0
Total Expenditures	<u>66,197</u>	<u>21,676</u>	<u>4,044</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,361</u>	<u>1,342</u>	<u>9,385</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	<u>4,361</u>	<u>1,342</u>	<u>9,385</u>
Fund Balance at Beginning of Year	(3,716)	7,315	7,204
Restatement	0	0	0
Restated Beginning Fund Balance	<u>(3,716)</u>	<u>7,315</u>	<u>7,204</u>
Fund Balance End of Year	\$ <u>645</u>	\$ <u>8,657</u>	\$ <u>16,589</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, 2013

	Special Revenue Funds		
	Gas Tax	Recreation	Summer Food
Revenues			
Taxes			
Gross Receipts	\$ 37,427	\$ 0	\$ 0
Gasoline	51,149	0	0
Fines & Forfeitures	0	0	0
State & Local Grants	0	0	23,453
Miscellaneous	285	6,255	2,642
Total Revenues	<u>88,861</u>	<u>6,255</u>	<u>26,095</u>
Expenditures			
Current			
Public Safety	0	0	0
Public Works	29,449	0	0
Cultural & Recreation	0	41,410	25,937
Capital Outlay	0	0	0
Debt Services			
Principal	18,574	0	0
Interest	1,730	0	0
Total Expenditures	<u>49,753</u>	<u>41,410</u>	<u>25,937</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>39,108</u>	<u>(35,155)</u>	<u>158</u>
Other Financing Sources (Uses)			
Transfers In (Out)	0	40,869	0
Total Other Sources (Uses)	<u>0</u>	<u>40,869</u>	<u>0</u>
Net Change in Fund Balance	<u>39,108</u>	<u>5,714</u>	<u>158</u>
Fund Balance at Beginning of Year	131,393	6,069	(283)
Restatement	0	0	(13,000)
Restated Beginning Fund Balance	<u>131,393</u>	<u>6,069</u>	<u>(13,283)</u>
Fund Balance End of Year	<u>\$ 170,501</u>	<u>\$ 11,783</u>	<u>\$ (13,125)</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, 2013

	<u>Debt Service</u>	<u>Total</u>
Revenues		
Taxes		
Gross Receipts	\$ 0	\$ 37,427
Gasoline	0	51,149
Fines & Forfeitures	0	13,419
State & Local Grants	0	115,338
Miscellaneous	0	10,883
Total Revenues	<u>0</u>	<u>228,216</u>
Expenditures		
Current		
Public Safety	0	80,146
Public Works	0	29,449
Cultural & Recreation	0	67,347
Capital Outlay	0	0
Debt Services		
Principal	0	30,147
Interest	0	1,928
Total Expenditures	<u>0</u>	<u>209,017</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>19,199</u>
Other Financing Sources (Uses)		
Transfers In (Out)	(104,656)	(63,787)
Total Other Sources (Uses)	<u>(104,656)</u>	<u>(63,787)</u>
Net Change in Fund Balance	<u>(104,656)</u>	<u>(44,588)</u>
Fund Balance at Beginning of Year	104,656	252,638
Restatement	0	(13,000)
Restated Beginning Fund Balance	<u>104,656</u>	<u>239,638</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 195,050</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 68,885	\$ 68,885	\$ 68,885	\$ 0
Miscellaneous	1,175	1,175	1,673	498
Total Revenues	<u>70,060</u>	<u>70,060</u>	<u>70,558</u>	<u>498</u>
Expenditures				
Public Safety				
Other	71,192	71,192	56,191	15,001
Debt Service				
Principal	11,468	11,468	11,573	(105)
Interest	0	0	198	(198)
Total Expenditures	<u>82,660</u>	<u>82,660</u>	<u>67,962</u>	<u>14,698</u>
Excess (Deficiency) of Revenues Over Expenditures	(12,600)	(12,600)	2,596	15,196
Cash Balance Beginning of Year	<u>322</u>	<u>322</u>	<u>322</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (12,278)</u>	<u>\$ (12,278)</u>	<u>\$ 2,918</u>	<u>\$ 15,196</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,596	
Net change in Accounts Payable			<u>1,765</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,361</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 23,000	\$ 23,000	\$ 23,000	\$ 0
Miscellaneous	0	0	18	18
Total Revenues	<u>23,000</u>	<u>23,000</u>	<u>23,018</u>	<u>18</u>
Expenditures				
Public Safety				
Other	32,195	32,195	23,556	8,639
Total Expenditures	<u>32,195</u>	<u>32,195</u>	<u>23,556</u>	<u>8,639</u>
Excess (Deficiency) of Revenues Over Expenditures	(9,195)	(9,195)	(538)	8,657
Cash Balance Beginning of Year	<u>9,195</u>	<u>9,195</u>	<u>9,195</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,657</u>	<u>\$ 8,657</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (538)	
Net change in Accounts Payable			<u>1,880</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,342</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gross Receipts Tax	\$ 36,633	\$ 36,633	\$ 37,591	\$ 958
Gasoline Tax	60,890	60,890	53,841	(7,049)
State Grant	55,557	55,557	0	(55,557)
Other	0	0	285	285
Total Revenues	<u>153,080</u>	<u>153,080</u>	<u>91,717</u>	<u>(61,363)</u>
Expenditures				
Public Works	60,890	60,890	30,499	30,391
Capital Outlay	55,557	55,557	0	55,557
Debt Service				
Principal	18,032	18,032	18,574	(542)
Interest	2,272	2,272	1,730	542
Total Expenditures	<u>136,751</u>	<u>136,751</u>	<u>50,803</u>	<u>55,557</u>
Excess (Deficiency) of Revenues Over Expenditures	16,329	16,329	40,914	24,585
Cash Balance Beginning of Year	<u>126,101</u>	<u>126,101</u>	<u>126,101</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 142,430</u>	<u>\$ 142,430</u>	<u>\$ 167,015</u>	<u>\$ 24,585</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 40,914	
Net change in Taxes Receivable			(2,857)	
Net change in Accounts Payable			1,051	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 39,108</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 10,000	\$ 10,000	\$ 13,419	\$ 3,419
Other	0	0	10	10
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>13,429</u>	<u>3,429</u>
Expenditures				
Public Safety				
Other	10,000	10,000	5,544	4,456
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>5,544</u>	<u>4,456</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	7,885	7,885
Cash Balance Beginning of Year	<u>8,744</u>	<u>8,744</u>	<u>8,744</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 8,744</u>	<u>\$ 8,744</u>	<u>\$ 16,629</u>	<u>\$ 7,885</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 7,885	
Net change in Accounts Payable			<u>1,500</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 9,385</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Contributions/Donations	\$ 5,844	\$ 5,844	\$ 6,255	\$ 411
Total Revenues	<u>5,844</u>	<u>5,844</u>	<u>6,255</u>	<u>411</u>
Expenditures				
Culture & Recreation				
Salaries	22,718	22,718	23,076	(358)
Benefits	3,339	3,339	3,145	194
Other	20,656	20,656	14,203	6,453
Total Expenditures	<u>46,713</u>	<u>46,713</u>	<u>40,424</u>	<u>6,289</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(40,869)</u>	<u>(40,869)</u>	<u>(34,169)</u>	<u>6,700</u>
Other Financing Sources (Uses)				
Transfers from General Fund	39,814	39,814	40,869	1,055
Total Other Financing Sources (Uses)	<u>39,814</u>	<u>39,814</u>	<u>40,869</u>	<u>1,055</u>
Net Change in Cash Balance	(1,055)	(1,055)	6,700	7,755
Cash Balance Beginning of Year	<u>6,366</u>	<u>6,366</u>	<u>6,366</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 5,311</u>	<u>\$ 5,311</u>	<u>\$ 13,066</u>	<u>\$ 7,755</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 6,700	
Net change in Accounts Payable			(935)	
Net change in Accrued Salaries & Benefits			(51)	
Net Change in Fund Balance			<u>\$ 5,714</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 21,142	\$ 21,142	\$ 23,453	\$ 2,311
Other	5,572	5,572	2,642	(2,930)
Total Revenues	<u>26,714</u>	<u>26,714</u>	<u>26,095</u>	<u>(619)</u>
Expenditures				
Cultural & Recreation				
Salaries	6,589	6,589	6,256	333
Benefits	503	503	483	20
Other	19,669	19,669	17,558	2,111
Total Expenditures	<u>26,761</u>	<u>26,761</u>	<u>24,297</u>	<u>2,464</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(47)</u>	<u>(47)</u>	<u>1,798</u>	<u>1,845</u>
Other Financing Sources (Uses)				
Transfers from General Fund	0	0	2,932	2,932
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>2,932</u>	<u>2,932</u>
Net Change in Cash Balance	(47)	(47)	4,730	4,777
Cash Balance Beginning of Year	<u>47</u>	<u>47</u>	<u>47</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,777</u>	<u>\$ 4,777</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 1,798	
Net change in Accounts Payable			(1,543)	
Net change in Accrued Salaries & Benefits			(97)	
Net Change in Fund Balance			<u>\$ 158</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Miscellaneous	\$ 0	\$ 0	\$	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
Fiscal Charges	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfer to General	<u>0</u>	<u>0</u>	<u>(104,656)</u>	<u>(104,656)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(104,656)</u>	<u>(104,656)</u>
Net Change in Cash Balance	0	0	(104,656)	(104,656)
Cash Balance Beginning of Year	<u>104,656</u>	<u>104,656</u>	<u>104,656</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 104,656</u>	<u>\$ 104,656</u>	<u>\$ 0</u>	<u>\$ (104,656)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (104,656)	
Net Change in Fund Balance			<u>\$ (104,656)</u>	

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

ENTERPRISE FUNDS

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
ENTERPRISE FUND-WATER
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 651,403	\$ 651,403	\$ 657,073	\$ 5,670
Fees	27,203	27,203	31,916	4,713
Miscellaneous	97	97	23,339	23,242
Total Revenues	<u>678,703</u>	<u>678,703</u>	<u>712,328</u>	<u>33,625</u>
Expenditures				
Salaries	366,872	366,872	360,487	6,385
Benefits	120,139	120,139	121,625	(1,486)
Insurance	50,604	50,604	50,477	127
Repairs	46,906	46,906	46,534	372
Utilities	29,879	29,879	33,809	(3,930)
Other	73,869	73,869	75,032	(1,163)
Debt Service				
Principal	52,376	52,376	54,397	(2,021)
Interest	17,043	17,043	14,948	2,095
Total Expenditures	<u>757,688</u>	<u>757,688</u>	<u>757,309</u>	<u>379</u>
Excess (Deficiency) of Revenues Over Expenditures	(78,985)	(78,985)	(44,981)	34,004
Cash Balance Beginning of Year	<u>201,892</u>	<u>201,892</u>	<u>201,892</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 122,907</u>	<u>\$ 122,907</u>	<u>\$ 156,911</u>	<u>\$ 34,004</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (44,981)	
Depreciation			(107,353)	
Contribution from Capital Projects			(2,048)	
Principal Paid			56,445	
Net change in Accounts Receivable			(21,375)	
Net change in Accounts Payable			10,569	
Net change in Accrued Salaries & Benefits			488	
Net change in Accrued Interest			789	
Net change in Compensated Absences			(1,096)	
Net change in Customer Deposits			125	
Change in Net Assets			<u>\$ (108,437)</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 139,856	\$ 139,856	\$ 139,900	\$ 44
Connection Fees	4,867	4,867	7,780	2,913
Miscellaneous	25	25	1,032	1,007
Federal Grants	708,427	708,427	154,950	(553,477)
Total Revenues	<u>853,175</u>	<u>853,175</u>	<u>303,662</u>	<u>(549,513)</u>
Expenditures				
Salaries	42,035	42,035	56,969	(14,934)
Benefits	11,686	11,686	10,906	780
Other	53,876	53,876	56,453	(2,577)
Capital Outlay	708,427	708,427	154,950	553,477
Debt Service				
Principal	1,000	1,000	1,000	0
Interest	4,000	4,000	3,960	40
Total Expenditures	<u>821,024</u>	<u>821,024</u>	<u>284,238</u>	<u>536,786</u>
Excess (Deficiency) of Revenues Over Expenditures	32,151	32,151	19,424	(12,727)
Cash Balance Beginning of Year	<u>24,151</u>	<u>24,151</u>	<u>24,151</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 56,302</u>	<u>\$ 56,302</u>	<u>\$ 43,575</u>	<u>\$ (12,727)</u>
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 19,424	
Depreciation			(162,404)	
Principal Payment			1,000	
Net change in Accounts Receivable			762	
Net change in Accounts Payable			920	
Net change in Accrued Salaries & Benefits			358	
Net change in Accrued Interest			25	
Net change in Compensated Absences			(657)	
Change in Net Assets			<u>\$ (140,572)</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, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 230,102	\$ 230,102	\$ 230,078	\$ (24)
Environmental Gross Receipts Tax	13,263	13,263	13,739	476
Other	0	0	2,238	2,238
Total Revenues	<u>243,365</u>	<u>243,365</u>	<u>246,055</u>	<u>2,690</u>
Expenditures				
Salaries	41,378	41,378	41,903	(525)
Benefits	23,217	23,217	22,681	536
Vehicle	42,556	42,556	43,499	(943)
Insurance	50,477	50,477	50,477	0
Landfill Fees	27,575	27,575	32,072	(4,497)
Other	6,015	6,015	0	6,015
Debt Service				
Principal	62,602	62,602	62,496	106
Interest	13,682	13,682	13,793	(111)
Total Expenditures	<u>267,502</u>	<u>267,502</u>	<u>266,921</u>	<u>581</u>
Excess (Deficiency) of Revenues Over Expenditures	(24,137)	(24,137)	(20,866)	3,271
Cash Balance Beginning of Year	<u>194,132</u>	<u>194,132</u>	<u>194,132</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 169,995</u>	<u>\$ 169,995</u>	<u>\$ 173,266</u>	<u>\$ 3,271</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (20,866)	
Depreciation			(32,532)	
Principal Payment			62,496	
Net change in Taxes Receivable			1,953	
Net change in Accounts Receivable			19,731	
Net change in Accounts Payable			1,896	
Net change in Accrued Salaries & Benefits			28	
Net change in Accrued Interest			111	
Net change in Compensated Absences			(536)	
Change in Net Assets			<u>\$ 32,281</u>	

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

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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*

Independent Auditor's Report

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

Mr. Balderas and Members of the Board

We have audited, in accordance with the 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, 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 major special revenue fund, of the Village of Tularosa (Village) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated October 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 Village's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 09-1


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 is described in the accompanying Schedule of Findings and Responses; 09-1

The Village's Responses to Findings

The Village's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. The Village's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 De'Aun Willoughby CPA PC

Clovis, New Mexico

October 30, 2013

Financial Statement Audit Findings

Prior Year Audit Findings	<u>Status</u>
09-1 Preparation of Financial Statements	Repeated
10-2 Budget	Resolved
10-3 Cash Appropriations in Excess of Available Cash Balances	Resolved
11-4 Expenditures	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.

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 October 30, 2013. In attendance were Ray Cordova-Mayor, Dianna Brusuelas-Clerk, Monica Voorbach-Payroll Clerk, Valarie Delgado-Accounts Payable Clerk and De'Aun Willoughby, CPA.