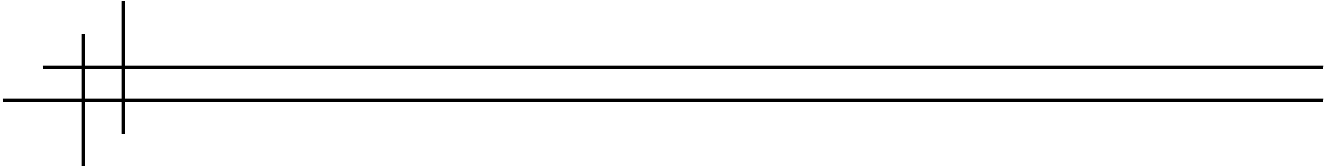




STATE OF NEW MEXICO
VILLAGE OF TULAROSA

ANNUAL FINANCIAL REPORT
June 30, 2014

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, 2014

BOARD OF TRUSTEES

Ray S. Cordova	Mayor
Patrick Garcia	Mayor-Pro Tem
John R Telles	Trustee
Robert Sainz	Trustee
Ronald Cooksey	Trustee

ADMINISTRATIVE OFFICIAL

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

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 comparison for the general fund and major special revenue funds of the Village of Tularosa (Village), as of and for the year ended June 30, 2014, 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 capital projects 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, 2014, 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, the major fund, and the aggregate remaining fund information of the Village as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue funds 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, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the capital projects 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 November 20, 2014, 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
November 20, 2014

FINANCIAL SECTION

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 Government-Wide Statement of Net Position
 June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 421,042	\$ 293,903	\$ 714,945
Investments	57,552	0	57,552
Receivables			
Accounts	0	115,526	115,526
Taxes	86,364	1,163	87,527
Due from Grantor	93,819	0	93,819
Total Current Assets	<u>658,777</u>	<u>410,592</u>	<u>1,069,369</u>
Noncurrent Assets			
Restricted Cash	274,825	198,750	473,575
Capital Assets	11,237,794	14,302,141	25,539,935
Less: Accumulated Depreciation	<u>(3,859,866)</u>	<u>(6,042,905)</u>	<u>(9,902,771)</u>
Total Noncurrent Assets	<u>7,652,753</u>	<u>8,457,986</u>	<u>16,110,739</u>
 Total Assets	 <u>8,311,530</u>	 <u>8,868,578</u>	 <u>17,180,108</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	14,796	1,634	16,430
Accrued Salaries and Benefits	12,889	5,067	17,956
Accrued Interest	49	8,242	8,291
Compensated Absences	45,793	30,704	76,497
Current Portion of Long-Term Debt	<u>31,818</u>	<u>129,970</u>	<u>161,788</u>
Total Current Liabilities	<u>105,345</u>	<u>175,617</u>	<u>280,962</u>
Noncurrent Liabilities			
Customer Deposits	0	65,995	65,995
Bonds and Notes	<u>239,780</u>	<u>794,545</u>	<u>1,034,325</u>
Total Noncurrent Liabilities	<u>239,780</u>	<u>860,540</u>	<u>1,100,320</u>
 Total Liabilities	 <u>345,125</u>	 <u>1,036,157</u>	 <u>1,381,282</u>
NET POSITION			
Net Investment in Capital Assets	7,381,155	7,533,471	14,914,626
Unrestricted	<u>585,250</u>	<u>298,950</u>	<u>884,200</u>
Total Net Position	<u>\$ 7,966,405</u>	<u>\$ 7,832,421</u>	<u>\$ 15,798,826</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, 2014

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	\$ 455,845	\$ 20,814	\$ 372,937	\$ 0	\$ (62,094)	\$ 0	\$ (62,094)
Public Safety	881,724	74,479	90,129	128,661	(588,455)	0	(588,455)
Public Works	176,679	0	0	497,969	321,290	0	321,290
Culture & Recreation	634,480	41,283	219,214	53,875	(320,108)	0	(320,108)
Interest	1,131	0	0	0	(1,131)	0	(1,131)
Total Governmental Activities	\$ 2,149,859	\$ 136,576	\$ 682,280	\$ 680,505	(650,498)	0	(650,498)
Business-type Activities							
Water	\$ 781,584	\$ 759,346	\$ 0	\$ 0	0	(22,238)	(22,238)
Sewer	307,506	164,710	0	146,771	0	3,975	3,975
Solid Waste	246,706	270,459	0	0	0	23,753	23,753
Total Business-type Activities	\$ 1,335,796	\$ 1,194,515	\$ 0	\$ 146,771	0	5,490	5,490
General Revenues							
Franchise Taxes					51,472	0	51,472
Gross Receipts Tax					735,707	12,682	748,389
Gasoline Taxes					216,435	0	216,435
Property Taxes					38,883	0	38,883
Miscellaneous					79,878	0	79,878
Total General Revenues					1,122,375	12,682	1,135,057
Other Items							
Contribution to Utilities					(125,676)	125,676	0
Change in Net Position					346,201	143,848	490,049
Net Position - Beginning					7,620,204	7,688,573	15,308,777
Net Position - Ending					\$ 7,966,405	\$ 7,832,421	\$ 15,798,826

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, 2014

	Special Revenue		
	General	Fire	Municipal Streets
ASSETS			
Cash and Cash Equivalents	\$ 288,850	\$ 12,831	\$ 66,272
Investment	57,552	0	0
Receivables			
Taxes	78,346	0	8,018
Due from Grantor	0	0	0
Interfund Balances	67,893	0	0
Restricted Cash	0	250,107	24,718
Total Assets	<u>\$ 492,641</u>	<u>\$ 262,938</u>	<u>\$ 99,008</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 12,218	\$ 394	\$ 0
Accrued Salaries & Benefits	10,248	0	0
Interfund Balances	0	0	0
Total Liabilities	<u>22,466</u>	<u>394</u>	<u>0</u>
Fund Balances			
Restricted for:			
Special Revenue Fund	0	262,544	99,008
Capital Projects	0	0	0
Unassigned	470,175	0	0
Total Fund Balances	<u>470,175</u>	<u>262,544</u>	<u>99,008</u>
Total Liabilities and Fund Balances	<u>\$ 492,641</u>	<u>\$ 262,938</u>	<u>\$ 99,008</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, 2014

	Special Revenue <u>Older Americans</u>	Capital Projects	Non-Major Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 12,724	\$ 0	\$ 40,365
Investment	0	0	0
Receivables			
Taxes	0	0	0
Due from Grantor	11,172	82,647	0
Interfund Balances	0	0	0
Restricted Cash	0	0	0
Total Assets	<u>\$ 23,896</u>	<u>\$ 82,647</u>	<u>\$ 40,365</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 380	\$ 0	\$ 1,804
Accrued Salaries & Benefits	2,204	0	437
Interfund Balances	0	51,961	15,932
Total Liabilities	<u>2,584</u>	<u>51,961</u>	<u>18,173</u>
Fund Balances			
Restricted for:			
Special Revenue Fund	21,312	0	22,192
Capital Projects	0	30,686	0
Unassigned	0	0	0
Total Fund Balances	<u>21,312</u>	<u>30,686</u>	<u>22,192</u>
Total Liabilities and Fund Balances	<u>\$ 23,896</u>	<u>\$ 82,647</u>	<u>\$ 40,365</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, 2014

	Total Governmental Funds
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 421,042
Investment	57,552
Receivables	
Taxes	86,364
Due from Grantor	93,819
Interfund Balances	67,893
Restricted Cash	<u>274,825</u>
Total Assets	<u>\$ 1,001,495</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 14,796
Accrued Salaries & Benefits	12,889
Interfund Balances	<u>67,893</u>
Total Liabilities	<u>95,578</u>
Fund Balances	
Restricted for:	
Special Revenue Fund	405,056
Capital Projects	30,686
Unassigned	<u>470,175</u>
Total Fund Balances	<u>905,917</u>
Total Liabilities and Fund Balances	<u>\$ 1,001,495</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, 2014

Total Fund Balance - Governmental Funds \$ 905,917

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	\$ 11,237,794	
Accumulated depreciation is	<u>(3,859,866)</u>	7,377,928

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	(271,598)	
Accrued interest on bonds	(49)	
Compensated Absences	<u>(45,793)</u>	<u>(317,440)</u>

Total Net Position - Governmental Activities \$ 7,966,405

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, 2014

	Special Revenue		
	General	Fire	Municipal Streets
Revenues			
Taxes			
Franchise	\$ 51,472	\$ 0	\$ 0
Gross Receipts	696,144	0	39,563
Gasoline	185,194	0	31,241
Property	38,883	0	0
Charges for Services	20,814	0	0
License & Permits	9,379	0	0
Fines & Forfeitures	61,254	0	0
State & Local Grants	381,652	67,129	204,099
Federal Grants	0	0	0
Miscellaneous	56,739	4,378	161
Total Revenues	<u>1,501,531</u>	<u>71,507</u>	<u>275,064</u>
Expenditures			
Current			
General Government	444,000	0	0
Public Safety	677,269	53,609	0
Public Works	39,755	0	29,883
Culture and Recreation	201,917	0	0
Capital Outlay	26,697	6,000	269,589
Debt Service			
Principal	0	0	19,133
Interest	0	0	1,171
Loan Fees	0	1,889	0
Total Expenditures	<u>1,389,638</u>	<u>61,498</u>	<u>319,776</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>111,893</u>	<u>10,009</u>	<u>(44,712)</u>
Other Financing Sources (Uses)			
Loan Proceeds	0	251,890	0
Transfers	(101,953)	0	(26,781)
Total Other Financing Sources (Uses)	<u>(101,953)</u>	<u>251,890</u>	<u>(26,781)</u>
Net Change in Fund Balance	9,940	261,899	(71,493)
Fund Balances at Beginning of Year	<u>460,235</u>	<u>645</u>	<u>170,501</u>
Fund Balance End of Year	<u>\$ 470,175</u>	<u>\$ 262,544</u>	<u>\$ 99,008</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, 2014

	Special Revenue		Non-Major Governmental Funds
	Older Americans	Capital Projects	
Revenues			
Taxes			
Franchise	\$ 0	\$ 0	\$ 0
Gross Receipts	0	0	0
Gasoline	0	0	0
Property	0	0	0
Charges for Services	41,283	0	0
License & Permits	0	0	0
Fines & Forfeitures	0	0	13,225
State & Local Grants	138,355	468,280	31,125
Federal Grants	72,145	0	0
Miscellaneous	19	0	9,202
Total Revenues	<u>251,802</u>	<u>468,280</u>	<u>53,552</u>
Expenditures			
Current			
General Government	0	0	0
Public Safety	0	0	38,843
Public Works	0	0	0
Culture and Recreation	301,230	0	59,752
Capital Outlay	0	515,873	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Loan Fees	0	0	0
Total Expenditures	<u>301,230</u>	<u>515,873</u>	<u>98,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(49,428)</u>	<u>(47,593)</u>	<u>(45,043)</u>
Other Financing Sources (Uses)			
Loan Proceeds	0	0	0
Transfers	49,621	35,782	43,331
Total Other Financing Sources (Uses)	<u>49,621</u>	<u>35,782</u>	<u>43,331</u>
Net Change in Fund Balance	193	(11,811)	(1,712)
Fund Balances at Beginning of Year	<u>21,119</u>	<u>42,497</u>	<u>23,904</u>
Fund Balance End of Year	<u>\$ 21,312</u>	<u>\$ 30,686</u>	<u>\$ 22,192</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, 2014

	Total Governmental Funds
Revenues	
Taxes	
Franchise	\$ 51,472
Gross Receipts	735,707
Gasoline	216,435
Property	38,883
Charges for Services	62,097
License & Permits	9,379
Fines & Forfeitures	74,479
State & Local Grants	1,290,640
Federal Grants	72,145
Miscellaneous	70,499
Total Revenues	<u>2,621,736</u>
Expenditures	
Current	
General Government	444,000
Public Safety	769,721
Public Works	69,638
Culture and Recreation	562,899
Capital Outlay	818,159
Debt Service	
Principal	19,133
Interest	1,171
Loan Fees	1,889
Total Expenditures	<u>2,686,610</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(64,874)</u>
Other Financing Sources (Uses)	
Loan Proceeds	251,890
Transfers	0
Total Other Financing Sources (Uses)	<u>251,890</u>
Net Change in Fund Balance	187,016
Fund Balances at Beginning of Year	<u>718,901</u>
Fund Balance End of Year	<u>\$ 905,917</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, 2014

Net Change in Fund Balance \$ 187,016

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	\$ (294,900)	
Contribution to Utilities	(125,676)	
Capital Outlays	<u>818,159</u>	397,583

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (251,890)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 19,133

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, 2013	89	
Accrued Interest, June 30, 2014	<u>(49)</u>	40

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, 2013	40,112	
Compensated Absences, June 30, 2014	<u>(45,793)</u>	<u>(5,681)</u>

Change in Net Position of Governmental Activities \$ 346,201

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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Franchise Tax	\$ 53,249	\$ 53,249	\$ 53,344	\$ 95
Gross Receipt Tax	654,080	654,080	688,244	34,164
Property Tax	176,910	176,910	192,177	15,267
Motor Vehicle Tax	0	0	38,994	38,994
Total Taxes	<u>884,239</u>	<u>884,239</u>	<u>972,759</u>	<u>88,520</u>
Charges for Services	43,374	43,374	20,814	(22,560)
Licenses & Permits	9,493	9,493	9,379	(114)
Fines and Forfeitures	50,349	50,349	61,254	10,905
Small Cities Assistance	177,742	218,560	381,652	163,092
Miscellaneous	19,607	49,958	56,739	6,781
Total Revenues	<u>1,184,804</u>	<u>1,255,973</u>	<u>1,502,597</u>	<u>246,624</u>
Expenditures				
Executive				
Salaries	78,717	78,717	77,897	820
Benefits	14,818	14,818	15,638	(820)
Other	4,457	41,265	40,421	844
Total Executive	<u>97,992</u>	<u>134,800</u>	<u>133,956</u>	<u>844</u>
Judicial				
Salaries	54,744	54,744	54,706	38
Benefits	23,689	23,689	21,373	2,316
Other	9,650	13,527	14,615	(1,088)
Total Judicial	<u>88,083</u>	<u>91,960</u>	<u>90,694</u>	<u>1,266</u>
Elections				
Other	4,000	4,000	3,393	607
Total Elections	<u>4,000</u>	<u>4,000</u>	<u>3,393</u>	<u>607</u>
Financial				
Salaries	52,066	52,066	35,750	16,316
Benefits	13,539	13,539	10,315	3,224
Other	88,927	110,737	103,473	7,264
Insurance	54,395	54,395	64,717	(10,322)
Total Financial	<u>208,927</u>	<u>230,737</u>	<u>214,255</u>	<u>16,482</u>
Public Safety				
Salaries	346,415	368,415	370,704	(2,289)
Benefits	110,027	117,527	117,207	320
Other	13,368	45,921	44,663	1,258
Insurance	70,531	78,031	78,031	0
Total Public Safety	<u>\$ 540,341</u>	<u>\$ 609,894</u>	<u>\$ 610,605</u>	<u>\$ (711)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Fire				
Salaries	\$ 9,600	\$ 9,600	\$ 9,600	\$ 0
Benefits	743	743	743	0
Total Fire	<u>10,343</u>	<u>10,343</u>	<u>10,343</u>	<u>0</u>
Ambulance				
Ambulance Contract	13,150	13,150	13,124	26
Dispatch Contract	9,600	9,600	9,558	42
Total Ambulance	<u>22,750</u>	<u>22,750</u>	<u>22,682</u>	<u>68</u>
Animal Control				
Salaries	17,946	18,000	17,795	205
Benefits	3,501	3,501	2,562	939
Other	3,553	3,553	4,054	(501)
Total Animal Control	<u>25,000</u>	<u>25,054</u>	<u>24,411</u>	<u>643</u>
Motor Vehicle				
Salaries	27,560	27,560	27,694	(134)
Benefits	10,520	10,520	10,520	0
Other	1,559	1,559	1,425	134
Total Motor Vehicle	<u>39,639</u>	<u>39,639</u>	<u>39,639</u>	<u>0</u>
Museum & Library				
Salaries	20,800	20,800	20,800	0
Benefits	1,600	6,500	6,522	(22)
Other	12,000	21,597	21,552	45
Total Museum & Library	<u>34,400</u>	<u>48,897</u>	<u>48,874</u>	<u>23</u>
Culture & Recreation				
Other	7,500	23,700	32,414	(8,714)
Capital Outlay	0	45,750	26,697	19,053
Total Culture & Recreation	<u>7,500</u>	<u>69,450</u>	<u>59,111</u>	<u>10,339</u>
Community Center				
Salaries	73,890	73,975	72,400	1,575
Benefits	33,000	33,000	32,986	14
Other	14,789	14,789	17,017	(2,228)
Total Community Center	<u>121,679</u>	<u>121,764</u>	<u>122,403</u>	<u>(639)</u>
Total Expenditures	<u>1,200,654</u>	<u>1,409,288</u>	<u>1,380,366</u>	<u>28,922</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>(15,850)</u>	\$ <u>(153,315)</u>	\$ <u>122,231</u>	\$ <u>275,546</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Other Financing Sources (Uses)				
Transfer to Older Americans	\$ (53,621)	\$ (53,621)	\$ (49,621)	\$ 4,000
Transfer to Recreation	(37,031)	(37,031)	(37,031)	0
Transfer to Summer Food	(4,300)	4,300	(6,300)	(10,600)
Transfer to Streets	(17,509)	17,509	0	(17,509)
Transfer to Capital Projects	(128,397)	128,397	(43,129)	(171,526)
Transfer in From Streets	100,543	100,543	26,781	(73,762)
Total Other Financing Sources (Uses)	<u>(140,315)</u>	<u>160,097</u>	<u>(109,300)</u>	<u>(269,397)</u>
Net Change in Cash Balance	(156,165)	6,782	12,931	6,149
Cash Balance Beginning of Year	<u>401,364</u>	<u>401,364</u>	<u>401,364</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 245,199</u>	<u>\$ 408,146</u>	<u>\$ 414,295</u>	<u>\$ 6,149</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 12,931	
Net Change in Taxes Receivable			(1,066)	
Net Change in Accounts Payable			(3,371)	
Net Change in Accrued Salaries & Benefits			(5,901)	
Net Change in Loans to Other Funds			<u>7,347</u>	
Net Change in Fund Balance			<u>\$ 9,940</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 67,129	\$ 67,129	\$ 67,129	\$ 0
Loan Proceeds	0	0	251,890	251,890
Miscellaneous	6,147	6,147	4,378	(1,769)
Total Revenues	<u>73,276</u>	<u>73,276</u>	<u>323,397</u>	<u>250,121</u>
Expenditures				
Public Safety				
Operating	74,251	74,251	55,488	18,763
Capital Outlay	0	0	6,000	(6,000)
Loan Fees	0	0	1,889	(1,889)
Total Expenditures	<u>74,251</u>	<u>74,251</u>	<u>63,377</u>	<u>10,874</u>
Excess (Deficiency) of Revenues Over Expenditures	(975)	(975)	260,020	260,995
Cash Balance Beginning of Year	<u>2,918</u>	<u>2,918</u>	<u>2,918</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,943</u>	<u>\$ 1,943</u>	<u>\$ 262,938</u>	<u>\$ 260,995</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 260,020	
Net Change in Accounts Payable			<u>1,879</u>	
Net Change in Fund Balance			<u>\$ 261,899</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
NON-MAJOR FUND-MUNICIPAL STREETS FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gross Receipts Tax	\$ 37,813	\$ 37,813	\$ 37,212	\$ (601)
Gasoline Tax	58,604	58,604	30,854	(27,750)
State Grant	204,409	204,409	204,099	(310)
Other	0	0	161	161
Total Revenues	<u>300,826</u>	<u>300,826</u>	<u>272,326</u>	<u>(28,500)</u>
Expenditures				
Public Works	25,042	25,042	31,677	(6,635)
Capital Outlay	290,054	290,054	269,589	20,465
Debt Service				
Principal	20,304	20,304	19,133	1,171
Interest	0	0	1,171	(1,171)
Total Expenditures	<u>335,400</u>	<u>335,400</u>	<u>321,570</u>	<u>20,465</u>
Excess (Deficiency) of Revenues Over Expenditures	(34,574)	(34,574)	(49,244)	(14,670)
Other Financing Sources (Uses)				
Transfer to General Fund	(33,562)	(33,562)	(26,781)	6,781
Total Other Financing Sources	<u>(33,562)</u>	<u>(33,562)</u>	<u>(26,781)</u>	<u>6,781</u>
Net Change in Cash Balance	(68,136)	(68,136)	(76,025)	(7,889)
Cash Balance Beginning of Year	<u>167,015</u>	<u>167,015</u>	<u>167,015</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 98,879</u>	<u>\$ 98,879</u>	<u>\$ 90,990</u>	<u>\$ (7,889)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (76,025)	
Net Change in Taxes Receivable			2,737	
Net Change in Accounts Payable			1,795	
Net Change in Fund Balance			<u>\$ (71,493)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Program Income	\$ 41,136	\$ 41,136	\$ 41,283	\$ 147
Local Grant	11,214	11,214	12,277	1,063
County Subsidy	31,000	31,000	31,000	0
State Grant	98,655	98,655	98,009	(646)
Federal Grants				
IIIB	18,610	18,610	15,349	(3,261)
IIIC-1	30,362	30,362	31,247	885
IIIC-2	10,821	10,821	10,832	11
Cash in Lieu of Commodities	15,208	15,208	15,308	100
Other	0	0	19	19
Total Revenues	<u>257,006</u>	<u>257,006</u>	<u>255,324</u>	<u>(1,682)</u>
Expenditures				
Culture and Recreation				
Salaries	157,566	157,566	161,015	(3,449)
Benefits	62,936	62,936	56,705	6,231
Other	82,275	82,275	84,116	(1,841)
Total Expenditures	<u>302,777</u>	<u>302,777</u>	<u>301,836</u>	<u>941</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(45,771)</u>	<u>(45,771)</u>	<u>(46,512)</u>	<u>(741)</u>
Other Financing Sources (Uses)				
Transfer From General Fund	<u>53,621</u>	<u>53,621</u>	<u>49,621</u>	<u>(4,000)</u>
Total Other Financing Sources	<u>53,621</u>	<u>53,621</u>	<u>49,621</u>	<u>(4,000)</u>
Net Change in Cash Balance	7,850	7,850	3,109	(4,741)
Cash Balance Beginning of Year	<u>9,615</u>	<u>9,615</u>	<u>9,615</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 17,465</u>	<u>\$ 17,465</u>	<u>\$ 12,724</u>	<u>\$ (4,741)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 3,109	
Net Change in Due from Grantor			(3,522)	
Net Change in Accounts Payable			2,072	
Net Change in Accrued Salaries and Benefits			(1,466)	
Net Change in Fund Balance			<u>\$ 193</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 Net Position
 June 30, 2014

ASSETS	Water	Sewer	Solid Waste	Total
Current Assets				
Cash and Cash Equivalents	\$ 140,673	\$ 56,358	\$ 96,872	\$ 293,903
Receivables (net of allowance for uncollectible accounts)				
Accounts	75,483	15,239	24,804	115,526
Taxes	0	0	1,163	1,163
Total Current Assets	<u>216,156</u>	<u>71,597</u>	<u>122,839</u>	<u>410,592</u>
Noncurrent Assets				
Restricted Assets	117,844	5,250	75,656	198,750
Capital Assets	5,528,413	8,285,749	487,979	14,302,141
Less: Accumulated Depreciation	<u>(3,903,122)</u>	<u>(1,964,335)</u>	<u>(175,448)</u>	<u>(6,042,905)</u>
Total Noncurrent Assets	<u>1,743,135</u>	<u>6,326,664</u>	<u>388,187</u>	<u>8,457,986</u>
Total Assets	<u>1,959,291</u>	<u>6,398,261</u>	<u>511,026</u>	<u>8,868,578</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	1,110	392	132	1,634
Accrued Salaries & Benefits	3,687	625	755	5,067
Accrued Interest	5,403	1,935	904	8,242
Compensated Absences	27,435	555	2,714	30,704
Current Portion of Long-Term Debt	63,531	1,000	65,439	129,970
Total Current Liabilities	<u>101,166</u>	<u>4,507</u>	<u>69,944</u>	<u>175,617</u>
Noncurrent Liabilities				
Customer Deposits	65,995	0	0	65,995
Long Term Debt	423,106	90,000	281,439	794,545
Total Noncurrent Liabilities	<u>489,101</u>	<u>90,000</u>	<u>281,439</u>	<u>860,540</u>
Total Liabilities	<u>590,267</u>	<u>94,507</u>	<u>351,383</u>	<u>1,036,157</u>
NET POSITION				
Net Investment in Capital Assets	1,256,498	6,233,729	321,844	7,812,071
Unrestricted	112,526	70,025	(162,201)	20,350
Total Net Position	<u>\$ 1,369,024</u>	<u>\$ 6,303,754</u>	<u>\$ 159,643</u>	<u>\$ 7,832,421</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 Revenues, Expenses and Changes in Net Position
 For the Year Ended June 30, 2014

	Water	Sewer	Solid Waste	Total
Operating Revenues				
Sales & Service	\$ 737,420	\$ 164,671	\$ 264,862	\$ 1,166,953
Fees	14,942	0	0	14,942
Miscellaneous	6,984	39	5,597	12,620
Total Operating Revenues	<u>759,346</u>	<u>164,710</u>	<u>270,459</u>	<u>1,194,515</u>
Operating Expenses				
Salaries	322,562	55,285	43,154	421,001
Benefits	110,841	10,734	24,377	145,952
Operating Expenses	222,748	69,639	133,203	425,590
Bad Debts	2,986	662	1,118	4,766
Depreciation	109,867	167,296	32,532	309,695
Total Operating Expenses	<u>769,004</u>	<u>303,616</u>	<u>234,384</u>	<u>1,307,004</u>
Operating Income (Loss)	<u>(9,658)</u>	<u>(138,906)</u>	<u>36,075</u>	<u>(112,489)</u>
Nonoperating Revenue (Expenses)				
Environmental Gross Receipts Tax	0	0	12,682	12,682
Contributed from Capital Projects	125,675	0	0	125,675
Interest Expense	(12,579)	(3,890)	(12,322)	(28,791)
Federal Grant	0	146,771	0	146,771
Total Nonoperating Revenue (Expense)	<u>113,096</u>	<u>142,881</u>	<u>360</u>	<u>256,337</u>
Change in Net Position	103,438	3,975	36,435	143,848
Total Net Position - Beginning	<u>1,265,586</u>	<u>6,299,779</u>	<u>123,208</u>	<u>7,688,573</u>
Total Net Position - Ending	<u>\$ 1,369,024</u>	<u>\$ 6,303,754</u>	<u>\$ 159,643</u>	<u>\$ 7,832,421</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, 2014

	Water	Sewer
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 749,418	\$ 161,799
Cash Paid to Suppliers and Employees	(662,031)	(138,876)
Net Cash Provided by Operating Activities	<u>87,387</u>	<u>22,923</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		
Contributed from Capital Projects	125,675	0
Purchase of Capital Assets	(160,761)	0
Loan Proceeds	120,084	0
Principal Paid	(58,200)	(1,000)
Interest Paid	(12,579)	(3,890)
Net Cash Provided by Capital & Related Financing Activities	<u>14,219</u>	<u>(4,890)</u>
Net Increase (Decrease) in Cash	101,606	18,033
Cash, Beginning of Year	<u>156,911</u>	<u>43,575</u>
Cash, End of Year	<u>\$ 258,517</u>	<u>\$ 61,608</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 140,673	\$ 56,358
Restricted Assets	117,844	5,250
	<u>\$ 258,517</u>	<u>\$ 61,608</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (9,658)	\$ (138,906)
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities		
Depreciation	109,867	167,296
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	0	0
(Increase) Decrease in Accounts Receivable	(7,500)	(2,649)
Increase (Decrease) in Accounts Payable	(2,596)	(2,768)
Increase (Decrease) in Accrued Salaries and Benefits	1,807	399
Increase (Decrease) in Accrued Interest	(760)	(20)
Increase (Decrease) in Compensated Absences	(4,333)	(429)
Increase (Decrease) in Customer Deposits	560	0
Net Cash Provided by Operating Activities	<u>\$ 87,387</u>	<u>\$ 22,923</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, 2014

	Solid Waste	Total
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 260,839	\$ 1,172,056
Cash Paid to Suppliers and Employees	(198,109)	(999,016)
Net Cash Provided by Operating Activities	<u>62,730</u>	<u>173,040</u>
Cash Flows from Noncapital Financing Activities		
Environmental Gross Receipts Tax	12,682	12,682
Net Cash Provided by Noncapital Financing Activities	<u>12,682</u>	<u>12,682</u>
Cash Flows from Capital & Related Financing Activities		
Contributed from Capital Projects	0	125,675
Purchase of Capital Assets	0	(160,761)
Loan Proceeds	0	120,084
Principal Paid	(63,828)	(123,028)
Interest Paid	(12,322)	(28,791)
Net Cash Provided by Capital & Related Financing Activities	<u>(76,150)</u>	<u>(192,496)</u>
Net Increase (Decrease) in Cash	(738)	(6,774)
Cash, Beginning of Year	<u>173,266</u>	<u>373,752</u>
Cash, End of Year	<u>\$ 172,528</u>	<u>\$ 492,653</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 96,872	\$ 293,903
Restricted Assets	75,656	198,750
	<u>\$ 172,528</u>	<u>\$ 492,653</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 36,075	\$ (112,489)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	32,532	309,695
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	2,030	2,030
(Increase) Decrease in Accounts Receivable	(5,076)	(15,225)
Increase (Decrease) in Accounts Payable	(3,059)	(8,423)
Increase (Decrease) in Accrued Salaries and Benefits	472	2,678
Increase (Decrease) in Accrued Interest	(134)	(914)
Increase (Decrease) in Compensated Absences	(110)	(4,872)
Increase (Decrease) in Customer Deposits	0	560
Net Cash Provided by Operating Activities	<u>\$ 62,730</u>	<u>\$ 173,040</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) , have 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, LEPP grants and contributions, and (3) capital grants and contributions. The Village's operating grants include the Small Cities Assistance Grant and

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

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.

Fire Protection Fund-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)

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

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

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

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

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

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

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
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.

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2014

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.

Unearned and Unavailable Revenue

The Village reports unearned and unavailable revenues on its Statement of Net Position and Fund Balance Sheet. Unearned 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 unearned revenue is removed from the combined balance sheet and the revenue is recognized. Unavailable revenues also occur in the fund financial statements when revenue is earned but is not available such as property taxes. The revenue becomes available if received within 30 days of the fiscal year end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet for governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has no deferred outflows of resources during the fiscal year 2014.

In addition to liabilities, the statement of net position and/or the balance sheet for the governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position/fund balance that applied to a future period and so will not be recognized until then. The Village has the no deferred inflows of resources in the fiscal year 2014.

Compensated Absences

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

Net 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.

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

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 6/30/14</u>	<u>Reconciled Balance</u>	<u>Type</u>
General Fund	\$ 250,022	\$ 236,367	Checking-Interest Bearing
General Fund CD	50,306	50,306	Savings-Interest Bearing
Debt Services	1,008	1,008	Checking-Interest Bearing
Fire Department	15,108	12,831	Checking-Interest Bearing
Law Enforcement	2	2	Checking-Interest Bearing
Local Government Correction Fund	23,774	23,134	Checking-Interest Bearing
Special Gas Tax	67,926	66,272	Checking-Interest Bearing
Recreation Fund	16,236	14,496	Checking-Interest Bearing
Summer Food Program	4,723	2,733	Checking-Non Interest Bearing
Older American Program	21,975	12,724	Checking-Interest Bearing
Capital Projects	186,027	(52,104)	Checking-Interest Bearing
Motor Vehicle Department	10,745	0	Checking-Non Interest Bearing
Municipal Court	8,638	0	Checking-Non Interest Bearing
Disbursement	915	0	Checking-Interest Bearing
Payroll	76,769	0	Checking-Non Interest Bearing
Water	92,925	82,344	Checking-Interest Bearing
Sewer	51,400	47,042	Checking-Interest Bearing
Sewer Fund-CD	9,316	9,316	Savings-Interest Bearing
WWP Phase 2 Reserve	5,250	5,250	Checking-Non Interest Bearing
Solid Waste	68,184	61,065	Checking-Interest Bearing
TOTAL Deposited	<u>961,249</u>	<u>\$ 572,786</u>	
Less: FDIC Coverage	<u>(309,622)</u>		
Uninsured Amount	651,627		
50% collateral requirement	325,814		
Pledged securities	<u>630,000</u>		
Over (Under) requirement	<u>\$ 304,187</u>		

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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	06/01/2024
Questa ISD	748352DA6	330,000	09/01/2027
		<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 6/30/14</u>	<u>Reconciled Balance</u>	<u>Type</u>
Rural Utility Service Fund	\$ 143	\$ 143	Checking-Non Interest Bearing
Solid Waste	35,808	35,808	Savings-Interest Bearing
TOTAL Deposited	<u>35,951</u>	<u>\$ 35,951</u>	
Less: FDIC Coverage	<u>(35,951)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

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

Western Bank

<u>Name of Account</u>	<u>Balance Per Bank 6/30/14</u>	<u>Reconciled Balance</u>	<u>Type</u>
General-CD	\$ 53,129	\$ 53,129	Savings-Interest Bearing
Water-CD	25,252	25,252	Savings-Interest Bearing
WB-CD	<u>33,077</u>	<u>33,077</u>	Savings-Interest Bearing
TOTAL Deposited	<u>111,458</u>	<u>\$ 111,458</u>	
Less: FDIC Coverage	<u>(111,458)</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
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 Notes to the Financial Statements
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Bank of America	Balance		Reconciled	
<u>Name of Account</u>	Per Bank		Balance	Type
	6/30/14		Balance	
Village of Tularosa-Fire Departmen	\$ 250,107	\$	250,107	Savings
Village of Tularosa-Road Renovation	24,718		24,718	Savings
Village of Tularosa-Water	32,846		32,846	Savings
Village of Tularosa-Water System	84,998		84,998	Savings
Village of Tularosa-Solid Waste	75,656		75,656	Savings
TOTAL Deposited	<u>468,325</u>	\$	<u>468,325</u>	

Bank of America is the fiscal agent for New Mexico Finance Authority (NMFA). NMFA is responsible for pledged securities.

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank
	Balance
Insured	\$ 457,031
Collateralized:	
Collateral held by the pledging bank in Village's name	630,000
Uninsured and uncollateralized	489,952
Total Deposits	<u>\$ 1,576,983</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, 2014 \$489,952 of the Village's bank balance of \$1,576,983 was exposed to custodial credit risk.

New Mexico State Treasurer

<u>Name of Account</u>	Fair Market		Reconciled	
	Value		Balance	Type
	6/30/14		Balance	
Village of Tularosa	\$ 57,524	\$	57,524	Investment
Village of Tularosa-Reserve	28		28	Investment
	<u>\$ 57,552</u>	\$	<u>57,552</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.

STATE OF NEW MEXICO
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2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website www.stonm.org 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, 2014, the LGIP WAM(R) is 59 days and WAM(F) is 96 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: UNEARNED AND UNAVAILABLE REVENUES

There were no unearned or unavailable revenues for the year ended June 30, 2014.

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2014, is as follows:

	Beginning Balance 6/30/13	Increases	Decreases	Ending Balance 6/30/14
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	395,264	125,675	1,296,463
Buildings & Improvements	6,189,352	165,786	0	6,355,138
Equipment	2,740,722	257,108	0	2,997,830
	<u>9,956,948</u>	<u>818,158</u>	<u>125,675</u>	<u>10,649,431</u>
Total Capital Assets	<u>10,545,311</u>	<u>818,158</u>	<u>125,675</u>	<u>11,237,794</u>
Less Accumulated Depreciation				
Buildings & Improvements	1,415,548	92,263	0	1,507,811
Infrastructure	117,616	35,806	0	153,422
Equipment	2,031,802	166,831	0	2,198,633
Total Accumulated Depreciation	<u>3,564,966</u>	<u>294,900</u>	<u>0</u>	<u>3,859,866</u>
Capital Assets, net	<u>\$ 6,980,345</u>	<u>\$ 523,258</u>	<u>\$ 125,675</u>	<u>\$ 7,377,928</u>

STATE OF NEW MEXICO
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Notes to the Financial Statements
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Depreciation expense was charged to the following functions:

General	\$ 11,587
Public Safety	109,038
Public Works	107,041
Culture & Recreation	67,234
	<u>\$ 294,900</u>

	Beginning Balance 6/30/13	Increases	Decreases	Ending Balance 6/30/14
Business-Type Activities				
Water				
Other Capital Assets				
Water System	\$ 5,367,652	\$ 160,761	\$ 0	\$ 5,528,413
Total Capital	<u>5,367,652</u>	<u>160,761</u>	<u>0</u>	<u>5,528,413</u>
Assets at Historical Cost	<u>5,367,652</u>	<u>160,761</u>	<u>0</u>	<u>5,528,413</u>
Less Accumulated Depreciation				
Improvements	3,793,255	109,867	0	3,903,122
Total Accumulated Depreciation	<u>3,793,255</u>	<u>109,867</u>	<u>0</u>	<u>3,903,122</u>
Capital Assets, net	<u>\$ 1,574,397</u>	<u>\$ 50,894</u>	<u>\$ 0</u>	<u>\$ 1,625,291</u>
Sewer				
Other Capital Assets				
Sewer System	\$ 8,120,193	\$ 146,771	\$ 0	\$ 8,266,964
Equipment	18,785	0	0	18,785
Total Capital	<u>8,138,978</u>	<u>146,771</u>	<u>0</u>	<u>8,285,749</u>
Assets at Historical Cost	<u>8,138,978</u>	<u>146,771</u>	<u>0</u>	<u>8,285,749</u>
Less Accumulated Depreciation				
Improvements	1,612,184	167,296	0	1,779,480
Equipment	184,855	0	0	184,855
Total Accumulated Depreciation	<u>1,797,039</u>	<u>167,296</u>	<u>0</u>	<u>1,964,335</u>
Capital Assets, net	<u>\$ 6,341,939</u>	<u>\$ (20,525)</u>	<u>\$ 0</u>	<u>\$ 6,321,414</u>
Solid Waste				
Other Capital Assets				
Equipment	\$ 487,979	\$ 0	\$ 0	\$ 487,979
Total Capital	<u>487,979</u>	<u>0</u>	<u>0</u>	<u>487,979</u>
Assets at Historical Cost	<u>487,979</u>	<u>0</u>	<u>0</u>	<u>487,979</u>
Less Accumulated Depreciation				
Equipment	142,916	32,532	0	175,448
Total Accumulated Depreciation	<u>142,916</u>	<u>32,532</u>	<u>0</u>	<u>175,448</u>
Capital Assets, net	<u>\$ 345,063</u>	<u>\$ (32,532)</u>	<u>\$ 0</u>	<u>\$ 312,531</u>

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VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2014

NOTE F: LONG TERM DEBT

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

	Beginning Balance 6/30/13	Additions	Retirements	Ending Balance 6/30/14	Amounts Due Within One Year
Governmental Activities					
Notes Payable					
NMFA Paving	\$ 38,841	\$ 0	\$ 19,133	\$ 19,708	\$ 19,708
NMFA Fire	0	251,890	0	251,890	12,110
	<u>38,841</u>	<u>251,890</u>	<u>19,133</u>	<u>271,598</u>	<u>31,818</u>
Other Liabilities					
Compensated Absences	\$ 40,111	\$ 61,658	\$ 55,976	\$ 45,793	\$ 45,793

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

The annual requirements to amortize the above loans as of June 30, 2014, including interest payments are as follows:

	Principal	Interest	Total
2015	\$ 31,890	\$ 1,267	\$ 33,157
2016	12,253	533	12,786
2017	12,311	476	12,787
2018	12,403	383	12,786
2019	12,542	244	12,786
2020-2024	63,107	825	63,932
2025-2029	63,423	509	63,932
2030-2034	63,669	191	63,860
	<u>\$ 271,598</u>	<u>\$ 4,428</u>	<u>\$ 276,026</u>

	Beginning Balance 6/30/13	Additions	Retirements	Ending Balance 6/30/14	Amounts Due Within One Year
Business-Type Activities					
Bonds Payable					
RIP 96-03	\$ 184,015	\$ 0	\$ 20,694	\$ 163,321	\$ 21,314
RIP 93-11	71,410	0	13,450	57,960	13,854
NMFA PPRF	169,328	0	22,301	147,027	22,358
USDA RUS 2004	92,000	0	1,000	91,000	1,000
NMFA-Equip 5/1/09	410,706	0	63,828	346,878	65,439
NMFA for Match	0	35,086	1,755	33,331	1,755
NMFA Colonias	0	84,998	0	84,998	4,250
	<u>\$ 927,459</u>	<u>\$ 120,084</u>	<u>\$ 123,028</u>	<u>\$ 924,515</u>	<u>\$ 129,970</u>
Other Liabilities					
Compensated Absences	\$ 35,576	\$ 31,492	\$ 36,364	\$ 30,704	\$ 30,704

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2014

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	05/01/2020	\$ 405,405	3.8%-5.83%	\$ 163,322
USDA RIP 93-11	09/25/2017	186,144	3%	57,959
USDA RIP 96-03	11/08/2020	390,000	3%	147,027
USDA RUS 2004	12/31/2044	100,000	4.25%	91,000
NMFA -Equip	05/01/2019	564,831	2.95%	346,878
NMFA for Match	05/01/2033	35,086	0.00%	33,331
NMFA Colonias	05/01/2034	84,998	0.00%	84,998
				<u>\$ 924,515</u>

The annual requirements to amortize the above bonds as of June 30, 2014, including interest payments are as follows:

	Principal	Interest	Total
2015	\$ 129,970	\$ 26,351	\$ 156,321
2016	133,864	22,784	156,648
2017	137,962	18,951	156,913
2018	142,312	14,785	157,097
2019	131,289	10,355	141,644
2020-2024	116,833	20,253	137,086
2025-2029	40,020	14,890	54,910
2030-2034	43,265	12,340	55,605
3035-3039	17,000	9,110	26,110
2040-2044	21,000	5,100	26,100
2045	11,000	470	11,470
	<u>\$ 924,515</u>	<u>\$ 155,389</u>	<u>\$ 1,079,904</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. The municipality are members of the municipal plan 1 and the municipal police plan 1. Non-police Plan members are required to contribute 8.5% of their gross salary. The municipality is required to contribute 7% of the gross covered salary. Police Plan members are required to contribute 8.5% 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, 2014, 2013 and 2012 were \$64,067, \$59,535, and \$56,499, 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, 2014, were as follows:

	General	Gas Tax	Older Americans	Capital Projects
Franchise Taxes	\$ 9,510	\$ 0	\$ 0	\$ 0
Gross Receipts	61,018	5,511	0	0
Property Taxes	4,535	0	0	0
Gasoline Taxes	0	2,507	0	0
Other Taxes	3,283	0	0	0
Due from Grantor	0	0	11,172	82,647
	<u>\$ 78,346</u>	<u>\$ 8,018</u>	<u>\$ 11,172</u>	<u>\$ 82,647</u>

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

NOTE K: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfer from		Transfer to	
General	\$ 37,301	Recreation	\$ 37,301
General	49,621	Older Americans	49,621
General	6,300	Summer Foods	6,300
General	43,129	Capital Projects	43,129
Streets	26,781	General	26,781
	<u>\$ 163,132</u>		<u>\$ 163,132</u>

NOTE L: COMMITMENTS

The Village is involved in small renovations and repairs.

NOTE M: SUBSEQUENT EVENTS

Subsequent events were evaluated through November 24, 2014, which is the date the financial statements were available to be issued.

NOTE N: 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 O: 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 P: 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 Q: SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27, Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50, Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. The Village is reviewing the effects of the implementation of this statement and expects it will result in a material liability for pension participation in future years.

**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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 762,768	\$ 762,768	\$ 385,633	\$ (377,135)
Total Revenues	<u>762,768</u>	<u>762,768</u>	<u>385,633</u>	<u>(377,135)</u>
Expenditures				
Capital Outlay	791,415	791,415	515,872	275,543
Total Expenditures	<u>791,415</u>	<u>791,415</u>	<u>515,872</u>	<u>275,543</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(28,647)</u>	<u>(28,647)</u>	<u>(130,239)</u>	<u>(101,592)</u>
Other Financing Sources (Uses)				
Transfer from General	0	0	43,129	43,129
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>43,129</u>	<u>43,129</u>
Net Change in Cash Balance	(28,647)	(28,647)	(87,110)	(58,463)
Cash Balance Beginning of Year	<u>35,149</u>	<u>35,149</u>	<u>35,149</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 6,502</u>	<u>\$ 6,502</u>	<u>\$ (51,961)</u>	<u>\$ (58,463)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (87,110)	
Net Change in Due from Grantor			75,299	
Net Change in Fund Balance			<u>\$ (11,811)</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR FUNDS

Law Enforcement

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

Correction Fund

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

Recreation

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

Summer Food

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2014

	Special Revenue Funds		
	Law Enforcement	Correction	Recreation
ASSETS			
Cash and Cash Equivalents	\$ 2	\$ 23,134	\$ 14,496
Total Assets	<u>\$ 2</u>	<u>\$ 23,134</u>	<u>\$ 14,496</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 480	\$ 695
Accrued Salaries & Benefits	0	0	320
Interfund Balance	0	0	0
Total Liabilities	<u>0</u>	<u>480</u>	<u>1,015</u>
Fund Balance			
Restricted for:			
Special Revenue Fund	2	22,654	13,481
Total Fund Balance	<u>2</u>	<u>22,654</u>	<u>13,481</u>
Total Liabilities and Fund Balance	<u>\$ 2</u>	<u>\$ 23,134</u>	<u>\$ 14,496</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, 2014

	<u>Special Revenue</u>	
	<u>Summer Food</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,733	\$ 40,365
Total Assets	<u>\$ 2,733</u>	<u>\$ 40,365</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 629	\$ 1,804
Accrued Salaries & Benefits	117	437
Interfund Balance	<u>15,932</u>	<u>15,932</u>
Total Liabilities	<u>16,678</u>	<u>2,241</u>
Fund Balance		
Restricted for:		
Special Revenue Fund	<u>(13,945)</u>	<u>22,192</u>
Total Fund Balance	<u>(13,945)</u>	<u>22,192</u>
Total Liabilities and Fund Balance	<u>\$ 2,733</u>	<u>\$ 40,365</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, 2014

	Special Revenue Funds		
	Law Enforcement	Correction	Recreation
Revenues			
Taxes			
Fines & Forfeitures	\$ 0	\$ 13,225	\$ 0
State & Local Grants	23,000	0	0
Miscellaneous	12	16	9,174
Total Revenues	<u>23,012</u>	<u>13,241</u>	<u>9,174</u>
Expenditures			
Current			
Public Safety	31,667	7,176	0
Cultural & Recreation	0	0	44,507
Total Expenditures	<u>31,667</u>	<u>7,176</u>	<u>44,507</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,655)</u>	<u>6,065</u>	<u>(35,333)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	0	0	37,031
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>37,031</u>
Net Change in Fund Balance	(8,655)	6,065	1,698
Fund Balance at Beginning of Year	<u>8,657</u>	<u>16,589</u>	<u>11,783</u>
Fund Balance End of Year	<u>\$ 2</u>	<u>\$ 22,654</u>	<u>\$ 13,481</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, 2014

	Special Revenue	
	Summer Food	Total
Revenues		
Taxes		
Fines & Forfeitures	\$ 0	\$ 13,225
State & Local Grants	8,125	31,125
Miscellaneous	0	9,202
Total Revenues	<u>8,125</u>	<u>53,552</u>
Expenditures		
Current		
Public Safety	0	38,843
Cultural & Recreation	15,245	59,752
Total Expenditures	<u>15,245</u>	<u>98,595</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,120)</u>	<u>(45,043)</u>
Other Financing Sources (Uses)		
Transfers In (Out)	6,300	43,331
Total Other Sources (Uses)	<u>6,300</u>	<u>43,331</u>
Net Change in Fund Balance	(820)	(1,712)
Fund Balance at Beginning of Year	<u>(13,125)</u>	<u>23,904</u>
Fund Balance End of Year	<u>\$ (13,945)</u>	<u>\$ 22,192</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 23,000	\$ 23,000	\$ 23,000	\$ 0
Miscellaneous	12	12	12	0
Total Revenues	<u>23,012</u>	<u>23,012</u>	<u>23,012</u>	<u>0</u>
Expenditures				
Public Safety				
Other	31,669	31,669	31,667	2
Total Expenditures	<u>31,669</u>	<u>31,669</u>	<u>31,667</u>	<u>2</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,657)	(8,657)	(8,655)	2
Cash Balance Beginning of Year	<u>8,657</u>	<u>8,657</u>	<u>8,657</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ 2</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (8,655)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (8,655)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 12,279	\$ 12,279	\$ 13,225	\$ 946
Other	0	0	16	16
Total Revenues	<u>12,279</u>	<u>12,279</u>	<u>13,241</u>	<u>962</u>
Expenditures				
Public Safety				
Other	12,279	12,279	6,736	5,543
Total Expenditures	<u>12,279</u>	<u>12,279</u>	<u>6,736</u>	<u>5,543</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	6,505	6,505
Cash Balance Beginning of Year	<u>16,629</u>	<u>16,629</u>	<u>16,629</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 16,629</u>	<u>\$ 16,629</u>	<u>\$ 23,134</u>	<u>\$ 6,505</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 6,505	
Net Change in Accounts Payable			(440)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 6,065</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Contributions/Donations	\$ 9,170	\$ 9,170	\$ 9,174	\$ 4
Total Revenues	<u>9,170</u>	<u>9,170</u>	<u>9,174</u>	<u>4</u>
Expenditures				
Culture & Recreation				
Salaries	23,899	23,899	24,227	(328)
Benefits	3,511	3,511	3,536	(25)
Other	18,791	18,791	17,012	1,779
Total Expenditures	<u>46,201</u>	<u>46,201</u>	<u>44,775</u>	<u>1,426</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(37,031)</u>	<u>(37,031)</u>	<u>(35,601)</u>	<u>1,430</u>
Other Financing Sources (Uses)				
Transfers from General Fund	37,031	37,031	37,031	0
Total Other Financing Sources (Uses)	<u>37,031</u>	<u>37,031</u>	<u>37,031</u>	<u>0</u>
Net Change in Cash Balance	0	0	1,430	1,430
Cash Balance Beginning of Year	<u>13,066</u>	<u>13,066</u>	<u>13,066</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 13,066</u>	<u>\$ 13,066</u>	<u>\$ 14,496</u>	<u>\$ 1,430</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 1,430	
Net Change in Accounts Payable			364	
Net Change in Accrued Salaries & Benefits			(96)	
Net Change in Fund Balance			<u>\$ 1,698</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 22,749	\$ 22,749	\$ 8,125	\$ (14,624)
Total Revenues	<u>22,749</u>	<u>22,749</u>	<u>8,125</u>	<u>(14,624)</u>
Expenditures				
Cultural & Recreation				
Salaries	6,914	6,914	4,879	2,035
Benefits	529	529	376	153
Other	20,994	20,994	11,214	9,780
Total Expenditures	<u>28,437</u>	<u>28,437</u>	<u>16,469</u>	<u>11,968</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,688)</u>	<u>(5,688)</u>	<u>(8,344)</u>	<u>(2,656)</u>
Other Financing Sources (Uses)				
Transfers from General Fund	4,300	4,300	6,300	2,000
Total Other Financing Sources (Uses)	<u>4,300</u>	<u>4,300</u>	<u>6,300</u>	<u>2,000</u>
Net Change in Cash Balance	(1,388)	(1,388)	(2,044)	(656)
Cash Balance Beginning of Year	<u>4,777</u>	<u>4,777</u>	<u>4,777</u>	<u>0</u>
Cash Balance End of Year	\$ <u>3,389</u>	\$ <u>3,389</u>	\$ <u>2,733</u>	\$ <u>(656)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (2,044)	
Net Change in Accounts Payable			914	
Net Change in Accrued Salaries & Benefits			310	
Net Change in Fund Balance			\$ <u>(820)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 723,235	\$ 723,235	\$ 727,492	\$ 4,257
Fees	14,300	14,300	14,942	642
Miscellaneous	63	63	6,984	6,921
Loan Proceeds	120,000	120,000	120,084	84
Total Revenues	<u>857,598</u>	<u>857,598</u>	<u>869,502</u>	<u>11,820</u>
Expenditures				
Salaries	322,208	322,208	325,087	(2,879)
Benefits	115,247	115,247	110,841	4,406
Insurance	38,909	38,909	38,918	(9)
Repairs	25,315	25,315	25,014	301
Utilities	29,580	29,580	30,466	(886)
Other	136,659	136,659	130,946	5,713
Capital Outlay	35,000	35,000	35,086	(86)
Debt Service				
Principal	69,680	69,680	58,200	11,480
Interest	0	0	13,338	(13,338)
Total Expenditures	<u>772,598</u>	<u>772,598</u>	<u>767,896</u>	<u>4,702</u>
Excess (Deficiency) of Revenues Over Expenditures	85,000	85,000	101,606	16,606
Cash Balance Beginning of Year	<u>156,911</u>	<u>156,911</u>	<u>156,911</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 241,911</u>	<u>\$ 241,911</u>	<u>\$ 258,517</u>	<u>\$ 16,606</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 101,606	
Depreciation			(109,867)	
Capital Outlay			160,761	
Loan Proceeds			(120,084)	
Principal Paid			58,200	
Net Change in Accounts Receivable			7,500	
Net Change in Accounts Payable			2,596	
Net Change in Accrued Salaries & Benefits			(1,807)	
Net Change in Accrued Interest			760	
Net Change in Compensated Absences			4,333	
Net Change in Customer Deposits			(560)	
Change in Net Assets			<u>\$ 103,438</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 158,473	\$ 158,473	\$ 161,760	\$ 3,287
Miscellaneous	0	0	39	39
Federal Grants	553,477	553,477	146,771	(406,706)
Total Revenues	<u>711,950</u>	<u>711,950</u>	<u>308,570</u>	<u>(403,380)</u>
Expenditures				
Salaries	41,080	41,080	55,715	(14,635)
Benefits	10,709	10,709	10,734	(25)
Other	85,007	85,007	72,407	12,600
Capital Outlay	553,390	553,390	146,771	406,619
Debt Service				
Principal	4,910	4,910	1,000	3,910
Interest	0	0	3,910	(3,910)
Total Expenditures	<u>695,096</u>	<u>695,096</u>	<u>290,537</u>	<u>404,559</u>
Excess (Deficiency) of Revenues Over Expenditures	16,854	16,854	18,033	1,179
Cash Balance Beginning of Year	<u>43,575</u>	<u>43,575</u>	<u>43,575</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 60,429</u>	<u>\$ 60,429</u>	<u>\$ 61,608</u>	<u>\$ 1,179</u>
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 18,033	
Depreciation			(167,296)	
Capital Outlay			146,771	
Principal Payment			1,000	
Net Change in Accounts Receivable			2,648	
Net Change in Accounts Payable			2,769	
Net Change in Accrued Salaries & Benefits			(399)	
Net Change in Accrued Interest			20	
Net Change in Compensated Absences			429	
Change in Net Assets			<u>\$ 3,975</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 246,580	\$ 246,580	\$ 255,242	\$ 8,662
Gross Receipts Tax	93,277	93,277	18,140	(75,137)
Other	0	0	5,597	5,597
Total Revenues	<u>339,857</u>	<u>339,857</u>	<u>278,979</u>	<u>(60,878)</u>
Expenditures				
Salaries	40,300	40,300	42,792	(2,492)
Benefits	24,141	24,141	24,377	(236)
Vehicle	32,723	32,723	53,738	(21,015)
Insurance	50,500	50,500	25,000	25,500
Landfill Fees	43,670	43,670	43,670	0
Other	88,647	88,647	13,856	74,791
Debt Service				
Principal	76,284	76,284	63,828	12,456
Interest		0	12,456	(12,456)
Total Expenditures	<u>356,265</u>	<u>356,265</u>	<u>279,717</u>	<u>76,548</u>
Excess (Deficiency) of Revenues Over Expenditures	(16,408)	(16,408)	(738)	15,670
Cash Balance Beginning of Year	<u>173,266</u>	<u>173,266</u>	<u>173,266</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 156,858</u>	<u>\$ 156,858</u>	<u>\$ 172,528</u>	<u>\$ 15,670</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (738)	
Depreciation			(32,532)	
Principal Payment			63,828	
Net Change in Taxes Receivable			(2,030)	
Net Change in Accounts Receivable			5,075	
Net Change in Accounts Payable			3,059	
Net Change in Accrued Salaries & Benefits			(471)	
Net Change in Accrued Interest			134	
Net Change in Compensated Absences			110	
Change in Net Assets			<u>\$ 36,435</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

(855) 253-4313

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

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 funds, of the Village of Tularosa (Village) as of and for the year ended June 30, 2014, 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 November 20, 2014.

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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2009-001, 2014-001, 2014-002

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of it's 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; 2009-001, 2014-001, 2014-002

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.

Purpose of this Report

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'Ann Willoughby CPA PC

Clovis, New Mexico

November 20, 2014

Financial Statement Audit Findings

Prior Year Audit Findings	<u>Status</u>
09-1 Preparation of Financial Statements	Repeated

Current Year Audit Findings

2009-001 Preparation of Financial Statements-Compliance and Internal Control-Significant Deficiency (09-1) 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.

2014-001 New Hire Reporting-Compliance and Internal Control-Significant Deficiency

Condition

The Municipality was unable to provide documentation that the three new hires were reported within the 20 day limit.

Criteria

Under New Mexico law (§50-13-1 to 50-13-4) and Federal law (42 USC §653.a.(b)(1)(A)), all public, private, non-profit, and government employers are required to report all newly hired employees within 20 days of hire or rehire to the New Mexico New Hires Directory.

Cause

A lack of training and supervision allowed the process to fail.

Effect

Pursuant to federal law, states have the option of imposing civil monetary penalties on employers who fail to report new hires. The fine can be up to \$20 per newly hired employee, and if there is a conspiracy between the employer and employee not to report, the penalty can be up to \$500 per newly hired employee.

Recommendation

Additional training and supervision is necessary to avoid this oversight in the future.

Response

We will make the new reporting requirement part of our new employee set up to assure it is filed timely.

2014-002 Payroll-Compliance and Internal Control-Significant Deficiency

Condition

During our review of 22 employees payroll and personnel files we noted the following:

- (1) Six had no supervisor approval signature on timesheet.
- (2) Two I-9's were incomplete.
- (3) Two I-9 was filled out incorrectly.

Criteria

NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School district shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, direct deposit authorizations, pay or position change notices and ERA plan application.

Cause

A change in personnel, lack of training and supervision caused errors in the completion of the I-9s.

Effect

The District is subject to penalties. The penalties can include \$250 to \$3,000 for improper completion of the I-9 form. Improper completion, retention or making it available for inspection fines range from \$100 to \$1,100 for each I-9. Knowingly hiring or continuing to employ unauthorized workers fines range from \$250 up to \$11,000 per violation.

Recommendation

Training and supervision is necessary to assure the I-9s are completed correctly.

Response

We will implement a time clock system that requires supervisor signature and review all I-9s and complete new ones when necessary.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on November 20, 2014. In attendance were Ray Cordova-Mayor, -Board Member Dianna Brusuelas-Clerk, Monica Voorbach-Payroll Clerk, Valarie Delgado-Accounts Payable Clerk and De'Aun Willoughby, CPA.