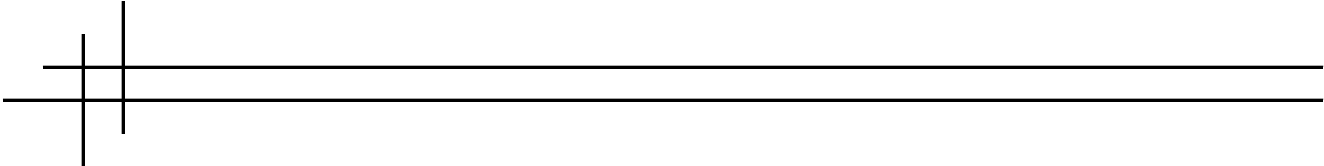




STATE OF NEW MEXICO
VILLAGE OF TULAROSA

ANNUAL FINANCIAL REPORT
June 30, 2015

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



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VILLAGE OF TULAROSA
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STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Official Roster
June 30, 2015

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-Guilez	Clerk/Treasurer
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De'Aun Willoughby CPA, PC

Certified Public Accountant

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

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Village of Tularosa

Mr. Keller 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, 2015, 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, 2015, 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, 2015, 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, 2015, 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

Required Supplementary Information

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.

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for the Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not

Other Information

The Vendor Schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, 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 30, 2015

FINANCIAL SECTION

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Government-Wide Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 1,048,909	\$ 378,394	\$ 1,427,303
Investments	57,610	0	57,610
Receivables			
Accounts	0	111,914	111,914
Taxes	76,845	1,140	77,985
Due from Grantor	9,743	0	9,743
Total Current Assets	<u>1,193,107</u>	<u>491,448</u>	<u>1,684,555</u>
Noncurrent Assets			
Restricted Cash	0	140,494	140,494
Capital Assets	12,109,285	14,730,238	26,839,523
Less: Accumulated Depreciation	<u>(4,190,388)</u>	<u>(6,353,600)</u>	<u>(10,543,988)</u>
Total Noncurrent Assets	<u>7,918,897</u>	<u>8,517,132</u>	<u>16,436,029</u>
Total Assets	<u>9,112,004</u>	<u>9,008,580</u>	<u>18,120,584</u>
Deferred Outflows of Resources			
Deferred Outflows Related to Pensions	69,314	0	69,314
Total Deferred Outflows of Resources	<u>69,314</u>	<u>0</u>	<u>69,314</u>
Liabilities			
Current Liabilities			
Accounts Payable	8,359	31,745	40,104
Accrued Salaries and Benefits	14,497	5,755	20,252
Accrued Interest	0	7,221	7,221
Compensated Absences	53,364	28,593	81,957
Current Portion of Long-Term Debt	12,253	133,864	146,117
Total Current Liabilities	<u>88,473</u>	<u>207,178</u>	<u>295,651</u>
Noncurrent Liabilities			
Customer Deposits	0	66,345	66,345
Bonds and Notes	227,527	666,685	894,212
Pension Liability	645,400	0	645,400
Total Noncurrent Liabilities	<u>872,927</u>	<u>733,030</u>	<u>1,605,957</u>
Total Liabilities	<u>961,400</u>	<u>940,208</u>	<u>1,901,608</u>
Deferred Inflows of Resources			
Deferred Inflows Related to Pensions	265,364	0	265,364
Total Deferred Inflows of Resources	<u>265,364</u>	<u>0</u>	<u>265,364</u>
Net Position			
Net Investment in Capital Assets	7,679,117	7,716,583	15,395,700
Unrestricted	275,437	351,789	627,226
Total Net Position	<u>\$ 7,954,554</u>	<u>\$ 8,068,372</u>	<u>\$ 16,022,926</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, 2015

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	\$ 398,375	\$ 62,775	\$ 709,513	\$ 0	\$ 373,913	\$ 0	\$ 373,913
Public Safety	910,375	101,957	193,089	0	(615,329)	0	(615,329)
Public Works	154,991	0	0	446,876	291,885	0	291,885
Culture & Recreation	638,840	73,716	255,014	0	(310,110)	0	(310,110)
Interest	1,218	0	0	0	(1,218)	0	(1,218)
Total Governmental Activities	\$ 2,103,799	\$ 238,448	\$ 1,157,616	\$ 446,876	(260,859)	0	(260,859)
Business-Type Activities							
Water	\$ 683,675	\$ 714,378	\$ 0	\$ 333,100	0	363,803	363,803
Sewer	367,013	169,014	0	45,301	0	(152,698)	(152,698)
Solid Waste	255,008	264,499	0	0	0	9,491	9,491
Total Business-Type Activities	\$ 1,305,696	\$ 1,147,891	\$ 0	\$ 378,401	0	220,596	220,596
General Revenues							
Franchise Taxes					56,582	0	56,582
Gross Receipts Tax					744,502	15,355	759,857
Gasoline Taxes					195,531	0	195,531
Property Taxes					39,203	0	39,203
Miscellaneous					91,861	0	91,861
Total General Revenues					1,127,679	15,355	1,143,034
Change in Net Position					866,820	235,951	1,102,771
Net Position - Beginning					7,966,405	7,832,421	15,798,826
Restatement					(878,671)	0	(878,671)
Restated Beginning Net Position					7,087,734	7,832,421	14,920,155
Net Position - Ending					\$ 7,954,554	\$ 8,068,372	\$ 16,022,926

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, 2015

	Special Revenue		
	General	Fire	Older Americans
Assets			
Cash and Cash Equivalents	\$ 853,785	\$ 33,109	\$ 7,606
Investment	57,610	0	0
Receivables			
Taxes	72,755	0	0
Due from Grantor	0	0	9,743
Interfund Balances	1,040	0	0
Total Assets	<u>\$ 985,190</u>	<u>\$ 33,109</u>	<u>\$ 17,349</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 5,415	\$ 8	\$ 554
Accrued Salaries & Benefits	11,410	0	2,443
Interfund Balances	7,233	0	0
Total Liabilities	<u>24,058</u>	<u>8</u>	<u>2,997</u>
Fund Balances			
Restricted for:			
Special Revenue Fund	0	33,101	14,352
Capital Projects	0	0	0
Unassigned	961,132	0	0
Total Fund Balances	<u>961,132</u>	<u>33,101</u>	<u>14,352</u>
Total Liabilities and Fund Balances	<u>\$ 985,190</u>	<u>\$ 33,109</u>	<u>\$ 17,349</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, 2015

	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Cash Equivalents	\$ 17,502	\$ 136,907	\$ 1,048,909
Investment	0	0	57,610
Receivables			
Taxes	0	4,090	76,845
Due from Grantor	0	0	9,743
Interfund Balances	7,233	0	8,273
Total Assets	<u>\$ 24,735</u>	<u>\$ 140,997</u>	<u>\$ 1,201,380</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 0	\$ 2,382	\$ 8,359
Accrued Salaries & Benefits	0	644	14,497
Interfund Balances	0	1,040	8,273
Total Liabilities	<u>0</u>	<u>4,066</u>	<u>31,129</u>
Fund Balances			
Restricted for:			
Special Revenue Fund	0	136,931	184,384
Capital Projects	24,735	0	24,735
Unassigned	0	0	961,132
Total Fund Balances	<u>24,735</u>	<u>136,931</u>	<u>1,170,251</u>
Total Liabilities and Fund Balances	<u>\$ 24,735</u>	<u>\$ 140,997</u>	<u>\$ 1,201,380</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, 2015

Total Fund Balance - Governmental Funds \$ 1,170,251

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.

Capital Assets	\$ 12,109,285	
Accumulated Depreciation	<u>(4,190,388)</u>	7,918,897

Deferred Outflows and Inflows Related to Pensions are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions.

Deferred Outflows Related to Pensions	69,314	
Deferred Inflows Related to Pensions	<u>(265,364)</u>	(196,050)

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	(239,780)	
Pension Liability	(645,400)	
Compensated Absences	<u>(53,364)</u>	<u>(938,544)</u>

Total Net Position - Governmental Activities		\$ <u><u>7,954,554</u></u>
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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, 2015

	Special Revenue		
	General	Fire	Older Americans
Revenues			
Taxes			
Franchise	\$ 56,582	\$ 0	\$ 0
Gross Receipts	706,216	0	0
Property	195,531	0	0
Other	18,863	0	0
Charges for Services	87,194	0	40,776
License & Permits	8,521	0	0
Fines & Forfeitures	81,232	0	0
State & Local Grants	742,453	170,089	135,664
Federal Grants	0	0	73,069
Miscellaneous	57,958	3,984	9,960
Total Revenues	<u>1,954,550</u>	<u>174,073</u>	<u>259,469</u>
Expenditures			
Current			
General Government	412,651	0	0
Public Safety	689,101	59,408	0
Public Works	40,137	0	0
Culture and Recreation	193,506	0	314,050
Capital Outlay	30,654	331,322	0
Debt Service			
Principal	0	12,110	0
Interest	0	676	0
Total Expenditures	<u>1,366,049</u>	<u>403,516</u>	<u>314,050</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>588,501</u>	<u>(229,443)</u>	<u>(54,581)</u>
Other Financing Sources (Uses)			
Transfers	(97,544)	0	47,621
Total Other Financing Sources (Uses)	<u>(97,544)</u>	<u>0</u>	<u>47,621</u>
Net Change in Fund Balance	490,957	(229,443)	(6,960)
Fund Balances at Beginning of Year	<u>470,175</u>	<u>262,544</u>	<u>21,312</u>
Fund Balance End of Year	<u>\$ 961,132</u>	<u>\$ 33,101</u>	<u>\$ 14,352</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, 2015

	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes			
Franchise	\$ 0	\$ 0	\$ 56,582
Gross Receipts	0	38,286	744,502
Property	0	0	195,531
Other	0	20,340	39,203
Charges for Services	0	0	127,970
License & Permits	0	0	8,521
Fines & Forfeitures	0	20,725	101,957
State & Local Grants	282,346	200,871	1,531,423
Federal Grants	0	0	73,069
Miscellaneous	0	19,959	91,861
Total Revenues	<u>282,346</u>	<u>300,181</u>	<u>2,970,619</u>
Expenditures			
Current			
General Government	0	0	412,651
Public Safety	0	19,929	768,438
Public Works	0	17,526	57,663
Culture and Recreation	0	55,403	562,959
Capital Outlay	288,297	221,216	871,489
Debt Service			
Principal	0	19,708	31,818
Interest	0	591	1,267
Total Expenditures	<u>288,297</u>	<u>334,373</u>	<u>2,706,285</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,951)</u>	<u>(34,192)</u>	<u>264,334</u>
Other Financing Sources (Uses)			
Transfers	0	49,923	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>49,923</u>	<u>0</u>
Net Change in Fund Balance	(5,951)	15,731	264,334
Fund Balances at Beginning of Year	<u>30,686</u>	<u>121,200</u>	<u>905,917</u>
Fund Balance End of Year	<u>\$ 24,735</u>	<u>\$ 136,931</u>	<u>\$ 1,170,251</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, 2015

Net Change in Fund Balance \$ 264,334

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	\$ (330,522)	
Capital Outlays	<u>871,489</u>	540,967

Pension contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	69,314	
Pension Expense	<u>(32,091)</u>	37,223

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

31,818

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, 2014	49	
Accrued Interest, June 30, 2015	<u>0</u>	49

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, 2014	45,793	
Compensated Absences, June 30, 2015	<u>(53,364)</u>	<u>(7,571)</u>

Change in Net Position of Governmental Activities \$ 866,820

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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Franchise Tax	\$ 52,156	\$ 52,156	\$ 55,158	\$ 3,002
Gross Receipt Tax	692,510	692,510	715,152	22,642
Property Tax	179,582	179,582	194,141	14,559
Motor Vehicle Tax	20,967	20,967	18,333	(2,634)
Total Taxes	<u>945,215</u>	<u>945,215</u>	<u>982,784</u>	<u>37,569</u>
Charges for Services	90,539	90,539	87,194	(3,345)
Licenses & Permits	8,427	8,427	8,521	94
Fines and Forfeitures	78,497	78,497	81,232	2,735
State & Local Grants	234,940	234,940	742,453	507,513
Miscellaneous	5,912	5,912	65,190	59,278
Total Revenues	<u>1,363,530</u>	<u>1,363,530</u>	<u>1,967,374</u>	<u>603,844</u>
Expenditures				
Executive				
Salaries	78,717	78,717	71,914	6,803
Benefits	15,972	15,972	15,500	472
Lobbyist	34,897	34,897	29,528	5,369
Other	5,000	5,000	7,257	(2,257)
Total Executive	<u>134,586</u>	<u>134,586</u>	<u>124,199</u>	<u>10,387</u>
Judicial				
Salaries	54,744	54,744	54,744	0
Benefits	19,356	19,356	19,356	0
Other	11,885	11,885	11,885	0
Total Judicial	<u>85,985</u>	<u>85,985</u>	<u>85,985</u>	<u>0</u>
Financial				
Salaries	52,066	52,066	35,840	16,226
Benefits	13,844	13,844	11,638	2,206
Other	59,575	59,575	65,338	(5,763)
Insurance	87,482	87,482	87,481	1
Capital Outlay	21,000	21,000	0	21,000
Total Financial	<u>233,967</u>	<u>233,967</u>	<u>200,297</u>	<u>33,670</u>
Public Safety				
Salaries	390,457	390,457	381,655	8,802
Benefits	121,515	121,515	125,941	(4,426)
Other	58,018	58,018	57,830	188
Insurance	64,786	64,786	68,010	(3,224)
Capital Outlay	0	0	0	0
Total Public Safety	<u>\$ 634,776</u>	<u>\$ 634,776</u>	<u>\$ 633,436</u>	<u>\$ 1,340</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	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	13,134	16
Dispatch Contract	9,558	9,558	9,689	(131)
Total Ambulance	<u>22,708</u>	<u>22,708</u>	<u>22,823</u>	<u>(115)</u>
Animal Control				
Salaries	22,880	22,880	23,116	(236)
Benefits	3,453	3,453	3,456	(3)
Other	3,400	3,400	4,385	(985)
Total Animal Control	<u>29,733</u>	<u>29,733</u>	<u>30,957</u>	<u>(1,224)</u>
Public Works				
Capital Outlay	0	0	30,654	(30,654)
Total Public Works	<u>0</u>	<u>0</u>	<u>30,654</u>	<u>(30,654)</u>
Motor Vehicle				
Salaries	27,703	27,703	27,703	0
Benefits	10,708	10,708	10,775	(67)
Other	1,603	1,603	1,536	67
Total Motor Vehicle	<u>40,014</u>	<u>40,014</u>	<u>40,014</u>	<u>0</u>
Museum & Library				
Salaries	20,800	20,800	20,800	0
Benefits	13,434	13,434	13,602	(168)
Other	34,963	34,963	25,295	9,668
Total Museum & Library	<u>69,197</u>	<u>69,197</u>	<u>59,697</u>	<u>9,500</u>
Culture & Recreation				
Other	29,041	29,041	12,837	16,204
Total Culture & Recreation	<u>29,041</u>	<u>29,041</u>	<u>12,837</u>	<u>16,204</u>
Community Center				
Salaries	73,975	73,975	66,301	7,674
Benefits	33,534	33,534	33,139	395
Other	16,812	16,812	21,008	(4,196)
Total Community Center	<u>124,321</u>	<u>124,321</u>	<u>120,448</u>	<u>3,873</u>
Total Expenditures	<u>1,414,671</u>	<u>1,414,671</u>	<u>1,371,690</u>	<u>42,981</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>(51,141)</u>	\$ <u>(51,141)</u>	\$ <u>595,684</u>	\$ <u>646,825</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Transfer to Older Americans	\$ (48,621)	\$ (48,621)	\$ (47,621)	\$ 1,000
Transfer to Recreation	(37,031)	(37,031)	(37,031)	0
Transfer to Summer Food	<u>(15,000)</u>	<u>(15,000)</u>	<u>(12,892)</u>	<u>2,108</u>
Total Other Financing Sources (Uses)	<u>(100,652)</u>	<u>(100,652)</u>	<u>(97,544)</u>	<u>3,108</u>
Net Change in Cash Balance	(151,793)	(151,793)	498,140	649,933
Cash Balance Beginning of Year	<u>414,295</u>	<u>414,295</u>	<u>414,295</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 262,502</u>	<u>\$ 262,502</u>	<u>\$ 912,435</u>	<u>\$ 649,933</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 498,140	
Net Change in Taxes Receivable			(5,592)	
Net Change in Accounts Payable			6,803	
Net Change in Accrued Salaries & Benefits			(1,162)	
Net Change in Due to Capital Projects			<u>(7,232)</u>	
Net Change in Fund Balance			<u>\$ 490,957</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 170,089	\$ 170,089	\$ 170,089	\$ 0
Miscellaneous	2,775	2,775	3,984	1,209
Total Revenues	<u>172,864</u>	<u>172,864</u>	<u>174,073</u>	<u>1,209</u>
Expenditures				
Public Safety				
Operating	166,249	166,249	59,794	106,455
Capital Outlay	264,676	264,676	331,322	(66,646)
Debt Service				
Principal	0	0	12,110	(12,110)
Interest	0	0	676	(676)
Total Expenditures	<u>430,925</u>	<u>430,925</u>	<u>403,902</u>	<u>27,023</u>
Excess (Deficiency) of Revenues Over Expenditures	(258,061)	(258,061)	(229,829)	28,232
Cash Balance Beginning of Year	<u>262,938</u>	<u>262,938</u>	<u>262,938</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 4,877</u>	<u>\$ 4,877</u>	<u>\$ 33,109</u>	<u>\$ 28,232</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (229,829)	
Net Change in Accounts Payable			386	
Net Change in Fund Balance			<u>\$ (229,443)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
SPECIAL REVENUE FUNC-OLDER AMERICAN
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget (Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Program Income	\$ 42,100	\$ 42,100	\$ 40,776	\$ (1,324)
Local Grant	4,000	4,000	5,000	1,000
County Subsidy	31,000	31,000	31,000	0
State Grant	105,911	105,911	100,146	(5,765)
Federal Grants				
IIIB	19,669	19,669	18,418	(1,251)
IIIC-1	31,573	31,573	30,195	(1,378)
IIIC-2	10,821	10,821	10,194	(627)
Cash in Lieu of Commodities	15,208	15,208	15,208	0
Miscellaneous	7,214	7,214	9,961	2,747
Total Revenues	<u>267,496</u>	<u>267,496</u>	<u>260,898</u>	<u>(6,598)</u>
Expenditures				
Culture and Recreation				
Salaries	165,486	165,486	162,991	2,495
Benefits	56,573	56,573	58,144	(1,571)
Food	54,178	54,178	54,068	110
Other	39,910	39,910	38,434	1,476
Total Expenditures	<u>316,147</u>	<u>316,147</u>	<u>313,637</u>	<u>2,510</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(48,651)</u>	<u>(48,651)</u>	<u>(52,739)</u>	<u>(4,088)</u>
Other Financing Sources (Uses)				
Transfer From General Fund	<u>47,621</u>	<u>47,621</u>	<u>47,621</u>	<u>0</u>
Total Other Financing Sources	<u>47,621</u>	<u>47,621</u>	<u>47,621</u>	<u>0</u>
Net Change in Cash Balance	(1,030)	(1,030)	(5,118)	(4,088)
Cash Balance Beginning of Year	<u>12,724</u>	<u>12,724</u>	<u>12,724</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 11,694</u>	<u>\$ 11,694</u>	<u>\$ 7,606</u>	<u>\$ (4,088)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (5,118)	
Net Change in Receivables			(1,429)	
Net Change in Accounts Payable			(174)	
Net Change in Accrued Salaries and Benefits			(239)	
Net Change in Fund Balance			<u>\$ (6,960)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 PROPRIETARY FUNDS
 Statement of Net Position
 June 30, 2015

Assets	Water	Sewer	Solid Waste	Total
Current Assets				
Cash and Cash Equivalents	\$ 221,786	\$ 63,844	\$ 92,764	\$ 378,394
Receivables (net of allowance for uncollectible accounts)				
Accounts	64,223	22,785	24,906	111,914
Taxes	0	0	1,140	1,140
Total Current Assets	<u>286,009</u>	<u>86,629</u>	<u>118,810</u>	<u>491,448</u>
Noncurrent Assets				
Restricted Cash	33,019	31,357	76,118	140,494
Capital Assets	5,956,510	8,285,749	487,979	14,730,238
Less: Accumulated Depreciation	<u>(4,013,988)</u>	<u>(2,131,632)</u>	<u>(207,980)</u>	<u>(6,353,600)</u>
Total Noncurrent Assets	<u>1,975,541</u>	<u>6,185,474</u>	<u>356,117</u>	<u>8,517,132</u>
Total Assets	<u>2,261,550</u>	<u>6,272,103</u>	<u>474,927</u>	<u>9,008,580</u>
Liabilities				
Current Liabilities				
Accounts Payable	1,642	26,009	4,094	31,745
Accrued Salaries & Benefits	4,733	502	520	5,755
Accrued Interest	4,550	1,915	756	7,221
Compensated Absences	22,343	2,621	3,629	28,593
Current Portion of Long-Term Debt	<u>65,643</u>	<u>1,000</u>	<u>67,221</u>	<u>133,864</u>
Total Current Liabilities	<u>98,911</u>	<u>32,047</u>	<u>76,220</u>	<u>207,178</u>
Noncurrent Liabilities				
Customer Deposits	66,345	0	0	66,345
Long Term Debt	<u>363,467</u>	<u>89,000</u>	<u>214,218</u>	<u>666,685</u>
Total Noncurrent Liabilities	<u>429,812</u>	<u>89,000</u>	<u>214,218</u>	<u>733,030</u>
Total Liabilities	<u>528,723</u>	<u>121,047</u>	<u>290,438</u>	<u>940,208</u>
Net Position				
Net Investment in Capital Assets	1,546,431	6,093,559	288,140	7,928,130
Unrestricted	<u>186,396</u>	<u>57,497</u>	<u>(103,651)</u>	<u>140,242</u>
Total Net Position	<u>\$ 1,732,827</u>	<u>\$ 6,151,056</u>	<u>\$ 184,489</u>	<u>\$ 8,068,372</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 PROPRIETARY FUNDS
 Statement of Revenues, Expenses and Changes in Net Position
 For the Year Ended June 30, 2015

	Water	Sewer	Solid Waste	Total
Operating Revenues				
Sales & Service	\$ 676,245	\$ 167,676	\$ 263,845	\$ 1,107,766
Fees	27,715	1,206	0	28,921
Miscellaneous	10,418	132	654	11,204
Total Operating Revenues	<u>714,378</u>	<u>169,014</u>	<u>264,499</u>	<u>1,147,891</u>
Operating Expenses				
Salaries	262,256	61,755	50,331	374,342
Benefits	90,992	14,283	25,672	130,947
Operating Expenses	208,782	119,831	135,776	464,389
Depreciation	110,867	167,296	32,532	310,695
Total Operating Expenses	<u>672,897</u>	<u>363,165</u>	<u>244,311</u>	<u>1,280,373</u>
Operating Income (Loss)	<u>41,481</u>	<u>(194,151)</u>	<u>20,188</u>	<u>(132,482)</u>
Nonoperating Revenue (Expenses)				
Environmental Gross Receipts Tax	0	0	15,355	15,355
Interest Expense	(10,778)	(3,848)	(10,697)	(25,323)
State Grant	251,613	0	0	251,613
Federal Grant	81,487	45,301	0	126,788
Total Nonoperating Revenue (Expense)	<u>322,322</u>	<u>41,453</u>	<u>4,658</u>	<u>368,433</u>
Change in Net Position	363,803	(152,698)	24,846	235,951
Total Net Position - Beginning	<u>1,369,024</u>	<u>6,303,754</u>	<u>159,643</u>	<u>7,832,421</u>
Total Net Position - Ending	<u>\$ 1,732,827</u>	<u>\$ 6,151,056</u>	<u>\$ 184,489</u>	<u>\$ 8,068,372</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 PROPRIETARY FUNDS
 Statement of Cash Flows
 For the Year Ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 725,988	\$ 205,431
Cash Paid to Suppliers and Employees	(566,399)	(212,291)
Net Cash Provided by Operating Activities	<u>159,589</u>	<u>(6,860)</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		
Capital Grants	333,100	45,301
Purchase of Capital Assets	(428,097)	0
Loan Proceeds	0	0
Principal Paid	(57,526)	(1,000)
Interest Paid	(10,778)	(3,848)
Net Cash Provided by Capital & Related Financing Activities	<u>(163,301)</u>	<u>40,453</u>
Net Increase (Decrease) in Cash	(3,712)	33,593
Cash, Beginning of Year	<u>258,517</u>	<u>61,608</u>
Cash, End of Year	<u>\$ 254,805</u>	<u>\$ 95,201</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 221,786	\$ 63,844
Restricted Assets	33,019	31,357
	<u>\$ 254,805</u>	<u>\$ 95,201</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 41,481	\$ (194,151)
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities		
Depreciation	110,867	167,296
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	0	0
(Increase) Decrease in Accounts Receivable	11,260	(7,546)
Increase (Decrease) in Accounts Payable	532	25,618
Increase (Decrease) in Accrued Salaries and Benefits	1,046	(123)
Increase (Decrease) in Accrued Interest	(854)	(20)
Increase (Decrease) in Compensated Absences	(5,093)	2,066
Increase (Decrease) in Customer Deposits	350	0
Net Cash Provided by Operating Activities	<u>\$ 159,589</u>	<u>\$ (6,860)</u>

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 PROPRIETARY FUNDS
 Statement of Cash Flows
 For the Year Ended June 30, 2015

	Solid Waste	Total
Cash Flows from Operating Activities		
Cash Received From Customers	\$ 264,397	\$ 1,195,816
Cash Paid to Suppliers and Employees	(207,262)	(985,952)
Net Cash Provided by Operating Activities	<u>57,135</u>	<u>209,864</u>
Cash Flows from Noncapital Financing Activities		
Environmental Gross Receipts Tax	15,355	15,355
Net Cash Provided by Noncapital Financing Activities	<u>15,355</u>	<u>15,355</u>
Cash Flows from Capital & Related Financing Activities		
Capital Grants	0	378,401
Purchase of Capital Assets	0	(428,097)
Loan Proceeds	0	0
Principal Paid	(65,439)	(123,965)
Interest Paid	(10,697)	(25,323)
Net Cash Provided by Capital & Related Financing Activities	<u>(76,136)</u>	<u>(198,984)</u>
Net Increase (Decrease) in Cash	(3,646)	26,235
Cash, Beginning of Year	<u>172,528</u>	<u>492,653</u>
Cash, End of Year	<u>\$ 168,882</u>	<u>\$ 518,888</u>
Reconciliation of Cash		
Cash and Cash Equivalents	\$ 92,764	\$ 378,394
Restricted Assets	76,118	140,494
	<u>\$ 168,882</u>	<u>\$ 518,888</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 20,188	\$ (132,482)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	32,532	310,695
Change in Assets and Liabilities		
(Increase) Decrease in Taxes Receivable	23	23
(Increase) Decrease in Accounts Receivable	(103)	3,611
Increase (Decrease) in Accounts Payable	3,962	30,112
Increase (Decrease) in Accrued Salaries and Benefits	(233)	690
Increase (Decrease) in Accrued Interest	914	40
Increase (Decrease) in Compensated Absences	(148)	(3,175)
Increase (Decrease) in Customer Deposits	0	350
Net Cash Provided by Operating Activities	<u>\$ 57,135</u>	<u>\$ 209,864</u>

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

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, LEPF grants and contributions, and (3) capital grants and contributions. The Village's operating grants include the Small Cities Assistance Grant and State Grants.

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

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

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

Proprietary Fund - Enterprise Funds Financial Statements

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

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

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

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

The Village has presented the following major governmental funds:

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

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)

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 sources.

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

Budgetary Control

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

Cash and Cash Equivalents

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

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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.

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.

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.

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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.

B. 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:	Balance		Reconciled	
<u>Name of Account</u>	<u>Per Bank</u>		<u>Balance</u>	<u>Type</u>
	6/30/15			
General Fund	\$ 810,043	\$	744,079	Checking-Interest Bearing
General Fund CD	50,341		50,341	Savings-Interest Bearing
Debt Services	1,009		1,009	Checking-Interest Bearing
Disbursement	918		918	Checking-Interest Bearing
Payroll	49,513		4,205	Checking-Non Interest Bearing
Fire Department	38,480		33,105	Checking-Interest Bearing
Law Enforcement	10,324		4,681	Checking-Interest Bearing
Local Government Correction	41,852		41,812	Checking-Interest Bearing
Special Gas Tax	70,791		70,674	Checking-Interest Bearing
Recreation Fund	15,864		15,813	Checking-Interest Bearing
Summer Food Program	9,163		3,927	Checking-Non Interest Bearing
Older American Program	13,429		7,606	Checking-Interest Bearing
Capital Projects	17,602		17,502	Checking-Interest Bearing
Water	181,384		163,340	Checking-Interest Bearing
Sewer	54,869		54,522	Checking-Interest Bearing
Sewer Fund-CD	9,322		9,322	Savings-Interest Bearing
WWP Phase 2 Reserve	5,250		5,250	Checking-Non Interest Bearing
Solid Waste	67,592		56,895	Checking-Interest Bearing
TOTAL Deposited	<u>1,447,746</u>	\$	<u>1,285,001</u>	
Less: FDIC Coverage	<u>(697,436)</u>			
Uninsured Amount	750,310			
50% collateral requirement	375,155			
Pledged securities	<u>697,436</u>			
Over (Under) requirement	<u>\$ 322,281</u>			

There is \$200 cash on hand.

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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	336,891	06/01/2024
Questa ISD	748352DA6	360,545	09/01/2027
		<u>\$ 697,436</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 6/30/15</u>	<u>Reconciled Balance</u>	<u>Type</u>
Rural Utility Service Fund	\$ 26,107	\$ 26,107	Checking-Non Interest Bearing
Solid Waste	35,869	35,869	Savings-Interest Bearing
TOTAL Deposited	61,976	<u>\$ 61,976</u>	
Less: FDIC Coverage	(61,976)		
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 6/30/15</u>	<u>Reconciled Balance</u>	<u>Type</u>
General-CD	\$ 53,235	\$ 53,235	Savings-Interest Bearing
Water-CD	25,303	25,303	Savings-Interest Bearing
WB-CD	33,143	33,143	Savings-Interest Bearing
TOTAL Deposited	111,681	<u>\$ 111,681</u>	
Less: FDIC Coverage	(111,681)		
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.

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Bank of America	Balance Per Bank 6/30/15	Reconciled Balance	Type
<u>Name of Account</u>	\$	\$	
Village of Tularosa-Fire Department	2	2	Savings
Village of Tularosa-Water	33,019	33,019	Savings
Village of Tularosa-Solid Waste	76,118	76,118	Savings
TOTAL Deposited	<u>109,139</u>	<u>109,139</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	\$ 871,093
Collateralized:	
Collateral held by the pledging bank in Village's name	697,436
Uninsured and uncollateralized	162,013
Total Deposits	<u>\$ 1,730,542</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 Value 6/30/15	Reconciled Balance	Type
	\$	\$	
Village of Tularosa	<u>57,610</u>	<u>57,610</u>	Investment
	<u>\$ 57,610</u>	<u>\$ 57,610</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.

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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, 2015, the LGIP WAM(R) is 54.6 days and WAM(F) is 77.7 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.

C. Receivables

Receivables as of June 30, 2015, were as follows:

	General	Gas Tax	Older Americans	Capital Projects
Franchise Taxes	\$ 10,934	\$ 0	\$ 0	\$ 0
Gross Receipts	55,365	2,272	0	0
Property Taxes	5,926	0	0	0
Gasoline Taxes	0	1,818	0	0
Other Taxes	530	0	0	0
Due from Grantor	0	0	9,743	0
	<u>\$ 72,755</u>	<u>\$ 4,090</u>	<u>\$ 9,743</u>	<u>\$ 0</u>

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

D. Interfund Receivables, Payables and Transfers

Transfer from		Transfer to	
General	\$ 37,031	Recreation	\$ 37,031
General	47,621	Older Americans	47,621
General	12,892	Summer Foods	12,892
	<u>\$ 97,544</u>		<u>\$ 97,544</u>

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E. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2015, is as follows:

	Beginning Balance 6/30/14	Increases	Decreases	Ending Balance 6/30/15
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 588,363	\$ 0	\$ 0	\$ 588,363
Construction in Progress	0	7,233	0	7,233
Capital Assets, being Depreciated				
Infrastructure	1,296,464	241,869		1,538,333
Buildings & Improvements	6,355,139	560,687	0	6,915,826
Equipment	2,997,830	61,700	0	3,059,530
Total Capital Assets	<u>11,237,796</u>	<u>871,489</u>	<u>0</u>	<u>12,109,285</u>
Less Accumulated Depreciation				
Buildings & Improvements	1,507,811	45,481	0	1,553,292
Infrastructure	153,422	113,764	0	267,186
Equipment	2,198,633	171,277	0	2,369,910
Total Accumulated Depreciation	<u>3,859,866</u>	<u>330,522</u>	<u>0</u>	<u>4,190,388</u>
Capital Assets, net	<u>\$ 7,377,930</u>	<u>\$ 540,967</u>	<u>\$ 0</u>	<u>\$ 7,918,897</u>

Depreciation expense was charged to the following functions:

General	\$ 11,587
Public Safety	75,796
Public Works	121,923
Culture & Recreation	121,216
	<u>\$ 330,522</u>

	Beginning Balance 6/30/14	Increases	Decreases	Ending Balance 6/30/15
Business-Type Activities				
Water				
Water System	\$ 5,528,413	\$ 418,097	\$ 0	\$ 5,946,510
Equipment	0	10,000	0	10,000
Total Capital Assets	<u>5,528,413</u>	<u>428,097</u>	<u>0</u>	<u>5,956,510</u>
Less Accumulated Depreciation				
Improvements	3,903,122	109,866	0	4,012,988
Equipment	0	1,000	0	1,000
Total Accumulated Depreciation	<u>3,903,122</u>	<u>110,866</u>	<u>0</u>	<u>4,013,988</u>
Capital Assets, net	<u>\$ 1,625,291</u>	<u>\$ 317,231</u>	<u>\$ 0</u>	<u>\$ 1,942,522</u>

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	Ending Balance 6/30/14	Increases	Decreases	Ending Balance 6/30/15
Sewer				
Other Capital Assets				
Sewer System	\$ 8,266,964	\$ 0	\$ 0	\$ 8,266,964
Equipment	18,785	0	0	18,785
Total Capital Assets	8,285,749	0	0	8,285,749
Less Accumulated Depreciation				
Improvements	1,945,551	167,296	0	2,112,847
Equipment	18,785	0	0	18,785
Total Accumulated Depreciation	1,964,336	167,296	0	2,131,632
Capital Assets, net	\$ 6,321,413	\$ (167,296)	\$ 0	\$ 6,154,117
Solid Waste				
Other Capital Assets				
Equipment	\$ 487,979	\$ 0	\$ 0	\$ 487,979
Total Capital Assets	487,979	0	0	487,979
Less Accumulated Depreciation				
Equipment	175,448	32,532	0	207,980
Total Accumulated Depreciation	175,448	32,532	0	207,980
Capital Assets, net	\$ 312,531	\$ (32,532)	\$ 0	\$ 279,999

F. Long-Term Liabilities and Other Liabilities

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

	Beginning Balance 6/30/14	Additions	Decreases	Ending Balance 6/30/15	Amounts Due Within One Year
Governmental Activities					
Notes Payable					
NMFA Paving	\$ 19,708	\$ 0	\$ 19,708	\$ 0	0
NMFA Fire Station	251,890	0	12,110	239,780	12,253
	271,598	0	31,818	239,780	12,253
Other Liabilities					
Compensated Absences	\$ 45,793	\$ 61,039	\$ 53,468	\$ 53,364	\$ 53,364

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

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The annual requirements to amortize the above loans as of June 30, 2015, including interest payments are as follows:

	Principal	Interest	Total
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	12,596	190	12,786
2021-2025	63,170	762	63,932
2026-2030	63,487	446	63,933
2031-2034	51,018	128	51,146
	<u>\$ 239,780</u>	<u>\$ 3,162</u>	<u>\$ 242,942</u>

	Beginning Balance 6/30/14	Additions	Decreases	Ending Balance 6/30/15	Amounts Due Within One Year
Business-Type Activities					
Bonds Payable					
USDA RIP 93-11	163,321	\$ 0	\$ 21,314	\$ 142,007	21,954
USDA RIP 96-03	57,960	0	13,854	44,106	14,269
NMFA Water	147,027	0	22,359	124,668	23,415
NMFA for Match	33,331	0	0	33,331	1,755
NMFA Colonias	84,998	0	0	84,998	4,250
USDA RUS 2004	91,000	0	1,000	90,000	1,000
NMFA Equipment	346,879	0	65,440	281,439	67,221
	<u>\$ 924,516</u>	<u>\$ 0</u>	<u>\$ 123,967</u>	<u>\$ 800,549</u>	<u>\$ 133,864</u>
Other Liabilities					
Compensated Absences					
	<u>\$ 30,704</u>	<u>\$ 23,118</u>	<u>\$ 25,229</u>	<u>\$ 28,593</u>	<u>\$ 28,593</u>

Utility Bonds

The following bonds were issued for the purpose of improving and expanding the Village's water utility system. The water utility fund charges a fee for water and services to retire the principal and interest on the bond issues.

Series	Maturity Date	Original Amount	Interest Rate	Balance
USDA RIP 93-11	09/25/2017	186,144	3%	142,007
USDA RIP 96-03	11/08/2020	390,000	3%	44,106
NMFA Water	05/01/2020	\$ 405,405	3.8%-5.83%	\$ 124,668
NMFA for Match	05/01/2033	35,086	0.00%	33,331
NMFA Colonias	05/01/2034	84,998	0.00%	84,998
USDA RUS 2004	12/31/2044	100,000	4.25%	90,000
NMFA Equipment	05/01/2019	564,831	2.95%	281,439
				<u>\$ 800,549</u>

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The annual requirements to amortize the above bonds as of June 30, 2015, including interest payments are as follows:

	Principal	Interest	Total
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	59,367	6,049	65,416
2021-2025	65,471	17,354	82,825
2026-2030	41,020	14,460	55,480
2031-2035	43,264	11,710	54,974
3036-3040	18,000	8,380	26,380
2041-2045	28,000	4,210	32,210
	<u>\$ 800,549</u>	<u>\$ 129,038</u>	<u>\$ 929,587</u>

G. Retirement Plan

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to Village are Municipal Plan 1 (Plan) and Police 2 (Police). Statutorily required contributions to the Plan were \$45,426 and to the Police \$23,888 for a total of \$69,314 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For Village reported a liability of \$442,297 for the Plan and \$203,103 for the Police for a total of \$645,400, at June 30, 2015, for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was .0.11900 %, 0.056% for the Plan and 0.0623% for the Police, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized pension expense for the General Plan of \$18,454 and Police of \$13,639 for a total of \$32,093. At June 30, 2015, the Village reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Notes to the Financial Statements
June 30, 2015

	General Deferred Outflows of Resources	Police Deferred Outflows of Resources	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0	\$ 0
Changes of assumptions	0	0	0
Net difference between projected and actual earnings on pension plan investments	0	0	0
Changes in proportion and differences between the Village's contributions and proportionate share of Village's contributions subsequent to the measurement date	0	0	0
	<u>45,426</u>	<u>23,888</u>	<u>69,314</u>
Total	<u>\$ 45,426</u>	<u>\$ 23,888</u>	<u>\$ 69,314</u>

	General Deferred Inflows of Resources	Police Deferred Inflows of Resources	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0	\$ 0
Changes of assumptions	(300)	(16,498)	(16,798)
Net difference between projected and actual earnings on pension plan investments	(173,048)	(75,518)	(248,566)
Changes in proportion and differences between the Village's contributions and proportionate share of Village's contributions subsequent to the measurement date	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ (173,348)</u>	<u>\$ (92,016)</u>	<u>\$ (265,364)</u>

The Plan's \$45,426 and Police's \$23,888 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	General	Police	Total
2016	\$ (43,336)	\$ (22,984)	\$ (66,320)
2017	(43,336)	(22,984)	(66,320)
2018	(43,336)	(22,984)	(66,320)
2019	(43,336)	(22,984)	(66,320)
2020	(4)	(80)	(84)
Total	<u>\$ (173,348)</u>	<u>\$ (92,016)</u>	<u>\$ (265,364)</u>

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
(1) Investment rate of return	7.75% annual rate, net of investment expense
(2) Payroll growth	3.50% annual rate
(3) Projected salary increases	3.50 to 14.25% annual rate
(4) Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80%	5.20%
Private Equity	7.00%	8.20%
Core and Global Fixed Income	26.10%	1.85%
Fixed Income Plus Sectors	5.00%	4.80%
Real Estate	5.00%	5.30%
Real Assets	7.00%	5.70%
Absolute Return	4.00%	4.15%

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Village's net pension liability in the Municipal Plan 2 and Police 5 PERA Fund Divisions that the Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Village's proportionate share of the net pension liability for the General Plan	\$ 833,874	\$ 442,297	\$ 139,827
	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Village's proportionate share of the net pension liability for Police	\$ 387,295	\$ 203,103	\$ 65,549

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

H. Retiree Health Care

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.

I. 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.

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

J. Joint Powers Agreements

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.

K. Commitments

The Village is involved in small renovations and repairs.

L. Subsequent Events

Subsequent events were evaluated through November 17, 2015 which is the date the financial statements were available to be issued.

M. Restatement

Net Position was restated \$(878,671) for pension liability balance at the end of the prior year.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 1,371,043	\$ 1,371,043	\$ 357,760	\$ (1,013,283)
Total Revenues	<u>1,371,043</u>	<u>1,371,043</u>	<u>357,760</u>	<u>(1,013,283)</u>
Expenditures				
Capital Outlay	<u>753,252</u>	<u>753,252</u>	<u>288,297</u>	<u>464,955</u>
Total Expenditures	<u>753,252</u>	<u>753,252</u>	<u>288,297</u>	<u>464,955</u>
Excess (Deficiency) of Revenues Over Expenditures	617,791	617,791	69,463	(548,328)
Cash Balance Beginning of Year	<u>(51,961)</u>	<u>(51,961)</u>	<u>(51,961)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 565,830</u>	<u>\$ 565,830</u>	<u>\$ 17,502</u>	<u>\$ (548,328)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 69,463	
Net Change in Due from Grantor			(82,647)	
Net Change in Due from General			<u>7,233</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (5,951)</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR 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)

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)

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, 2015

	Special Revenue Funds		
	Law Enforcement	Correction	Municipal Streets
Assets			
Cash and Cash Equivalents	\$ 4,681	\$ 41,812	\$ 70,674
Receivables			
Taxes	0	0	4,090
Total Assets	<u>\$ 4,681</u>	<u>\$ 41,812</u>	<u>\$ 74,764</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries & Benefits	0	0	0
Interfund Balance	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Restricted for:			
Special Revenue Fund	4,681	41,812	74,764
Total Fund Balance	<u>4,681</u>	<u>41,812</u>	<u>74,764</u>
Total Liabilities and Fund Balance	<u>\$ 4,681</u>	<u>\$ 41,812</u>	<u>\$ 74,764</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, 2015

	<u>Special Revenue Funds</u>		
	<u>Recreation</u>	<u>Summer Food</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 15,813	\$ 3,927	\$ 136,907
Receivables			
Taxes	0	0	4,090
Total Assets	<u>\$ 15,813</u>	<u>\$ 3,927</u>	<u>\$ 140,997</u>
Liabilities			
Accounts Payable	\$ 1,108	\$ 1,274	\$ 2,382
Accrued Salaries & Benefits	427	217	644
Interfund Balance	0	1,040	1,040
Total Liabilities	<u>1,535</u>	<u>2,531</u>	<u>4,066</u>
Fund Balance			
Restricted for:			
Special Revenue Fund	14,278	1,396	136,931
Total Fund Balance	<u>14,278</u>	<u>1,396</u>	<u>136,931</u>
Total Liabilities and Fund Balance	<u>\$ 15,813</u>	<u>\$ 3,927</u>	<u>\$ 140,997</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, 2015

	Special Revenue Funds		
	Law Enforcement	Correction	Municipal Streets
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 38,286
Gasoline	0	0	20,340
Fines & Forfeitures	0	20,725	0
State & Local Grants	23,000	0	164,530
Miscellaneous	16	25	11,641
Total Revenues	<u>23,016</u>	<u>20,750</u>	<u>234,797</u>
Expenditures			
Current			
Public Safety	18,337	1,592	0
Public Works	0	0	17,526
Cultural & Recreation	0	0	0
Capital Outlay	0	0	221,216
Debt Service			
Principal	0	0	19,708
Interest	0	0	591
Total Expenditures	<u>18,337</u>	<u>1,592</u>	<u>259,041</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,679</u>	<u>19,158</u>	<u>(24,244)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	4,679	19,158	(24,244)
Fund Balance at Beginning of Year	<u>2</u>	<u>22,654</u>	<u>99,008</u>
Fund Balance End of Year	<u>\$ 4,681</u>	<u>\$ 41,812</u>	<u>\$ 74,764</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, 2015

	<u>Special Revenue Funds</u>		
	<u>Recreation</u>	<u>Summer Food</u>	<u>Total</u>
Revenues			
Taxes			
Gross Receipts	\$ 0	\$ 0	\$ 38,286
Gasoline	0	0	20,340
Fines & Forfeitures	0	0	20,725
State & Local Grants	0	13,341	200,871
Miscellaneous	8,265	12	19,959
Total Revenues	<u>8,265</u>	<u>13,353</u>	<u>300,181</u>
Expenditures			
Current			
Public Safety	0	0	19,929
Public Works	0	0	17,526
Cultural & Recreation	44,499	10,904	55,403
Capital Outlay	0	0	221,216
Debt Service			
Principal	0	0	19,708
Interest	0	0	591
Total Expenditures	<u>44,499</u>	<u>10,904</u>	<u>334,373</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(36,234)</u>	<u>2,449</u>	<u>(34,192)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	37,031	12,892	49,923
Total Other Sources (Uses)	<u>37,031</u>	<u>12,892</u>	<u>49,923</u>
Net Change in Fund Balance	797	15,341	15,731
Fund Balance at Beginning of Year	<u>13,481</u>	<u>(13,945)</u>	<u>121,200</u>
Fund Balance End of Year	<u>\$ 14,278</u>	<u>\$ 1,396</u>	<u>\$ 136,931</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 23,000	\$ 23,000	\$ 23,000	\$ 0
Miscellaneous	0	0	16	16
Total Revenues	<u>23,000</u>	<u>23,000</u>	<u>23,016</u>	<u>16</u>
Expenditures				
Public Safety				
Other	23,000	23,000	18,337	4,663
Total Expenditures	<u>23,000</u>	<u>23,000</u>	<u>18,337</u>	<u>4,663</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	4,679	4,679
Cash Balance Beginning of Year	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 4,681</u>	<u>\$ 4,679</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>4,679</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>4,679</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
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Correction Fees	\$ 12,613	\$ 12,613	\$ 20,725	\$ 8,112
Miscellaneous	0	0	25	25
Total Revenues	<u>12,613</u>	<u>12,613</u>	<u>20,750</u>	<u>8,137</u>
Expenditures				
Public Safety				
Other	12,613	12,613	2,072	10,541
Total Expenditures	<u>12,613</u>	<u>12,613</u>	<u>2,072</u>	<u>10,541</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	18,678	18,678
Cash Balance Beginning of Year	<u>23,134</u>	<u>23,134</u>	<u>23,134</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 23,134</u>	<u>\$ 23,134</u>	<u>\$ 41,812</u>	<u>\$ 18,678</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 18,678	
Net Change in Accounts Payable			480	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 19,158</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
SPECIAL REVENUE FUND-MUNICIPAL STREETS
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Gross Receipts Tax	\$ 38,591	\$ 38,591	\$ 41,525	\$ 2,934
Gasoline Tax	32,484	32,484	21,029	(11,455)
State Grant	164,585	164,585	176,171	11,586
Total Revenues	<u>235,660</u>	<u>235,660</u>	<u>238,725</u>	<u>3,065</u>
Expenditures				
Public Works	22,484	22,484	17,526	4,958
Capital Outlay	249,212	249,212	221,216	27,996
Debt Service				
Principal	20,299	20,299	19,708	591
Interest	0	0	591	(591)
Total Expenditures	<u>291,995</u>	<u>291,995</u>	<u>259,041</u>	<u>27,996</u>
Excess (Deficiency) of Revenues Over Expenditures	(56,335)	(56,335)	(20,316)	36,019
Cash Balance Beginning of Year	<u>90,990</u>	<u>90,990</u>	<u>90,990</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 34,655</u>	<u>\$ 34,655</u>	<u>\$ 70,674</u>	<u>\$ 36,019</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (20,316)	
Net Change in Taxes Receivable			<u>(3,928)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (24,244)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions/Donations	\$ 8,153	\$ 8,153	\$ 8,266	\$ 113
Total Revenues	<u>8,153</u>	<u>8,153</u>	<u>8,266</u>	<u>113</u>
Expenditures				
Culture & Recreation				
Salaries	23,899	23,899	24,770	(871)
Benefits	3,607	3,607	3,669	(62)
Other	22,078	22,078	15,541	6,537
Total Expenditures	<u>49,584</u>	<u>49,584</u>	<u>43,980</u>	<u>5,604</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(41,431)</u>	<u>(41,431)</u>	<u>(35,714)</u>	<u>5,717</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	(4,400)	(4,400)	1,317	5,717
Cash Balance Beginning of Year	<u>14,496</u>	<u>14,496</u>	<u>14,496</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 10,096</u>	<u>\$ 10,096</u>	<u>\$ 15,813</u>	<u>\$ 5,717</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 1,317	
Net Change in Accounts Payable			(413)	
Net Change in Accrued Salaries & Benefits			(107)	
Net Change in Fund Balance			<u>\$ 797</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
SPECIAL REVENUE FUND-SUMMER FOOD
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget (Budgetary Basis) and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 13,414	\$ 13,414	\$ 13,341	\$ (73)
Miscellaneous	0	0	12	12
Total Revenues	<u>13,414</u>	<u>13,414</u>	<u>13,353</u>	<u>(61)</u>
Expenditures				
Cultural & Recreation				
Salaries	5,368	5,368	2,402	2,966
Benefits	411	411	186	225
Other	7,084	7,084	7,571	(487)
Total Expenditures	<u>12,863</u>	<u>12,863</u>	<u>10,159</u>	<u>2,704</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>551</u>	<u>551</u>	<u>3,194</u>	<u>2,643</u>
Other Financing Sources (Uses)				
Transfers from General Fund	0	0	12,892	12,892
Due to General Fund	0	0	(14,892)	(14,892)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(2,000)</u>	<u>(2,000)</u>
Net Change in Cash Balance	551	551	1,194	643
Cash Balance Beginning of Year	<u>2,733</u>	<u>2,733</u>	<u>2,733</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,284</u>	<u>\$ 3,284</u>	<u>\$ 3,927</u>	<u>\$ 643</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 1,194	
Net Change in Accounts Payable			(645)	
Net Change in Accrued Salaries & Benefits			(100)	
Net Change in Due to General Fund			14,892	
Net Change in Fund Balance			<u>\$ 15,341</u>	

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

REQUIRED SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Schedules of Required Supplementary Information for Pension Plan
For the Year Ended June 30, 2015

Schedule of the Village's Proportionate Share of the Net Pension Liability-General Plan

Last 10 Fiscal Years*

	2015
Village's proportion of the net pension liability	5.67000%
Village's proportionate share of the net pension liability	\$ 442,297
Village's covered-employee payroll	\$ 599,910
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.73%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

Schedule of Village's Contributions-General Plan

Last 10 Fiscal Years*

Contractually required contribution	\$ 45,426
Contributions in relation to the contractually required contribution	45,426
Contribution deficiency (excess)	\$ 0
Village's covered-employee payroll	\$ 599,910
Contributions as a percentage of covered-employee payroll	7.57%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

Schedule of the Village's Proportionate Share of the Net Pension Liability-Police

Last 10 Fiscal Years*

Village's proportion of the net pension liability	6.23000%
Village's proportionate share of the net pension liability	\$ 203,103
Village's covered-employee payroll	\$ 220,735
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	92.01%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

Schedule of Village's Contributions-Police

Last 10 Fiscal Years*

Contractually required contribution	\$ 23,888
Contributions in relation to the contractually required contribution	23,888
Contribution deficiency (excess)	\$ 0
Village's covered-employee payroll	\$ 220,735
Contributions as a percentage of covered-employee payroll	10.82%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO

VILLAGE OF TULAROSA

Notes to Required Supplementary Information

For the Year Ended June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement Association 2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement%20Association%202014.pdf).

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

OTHER SUPPLEMENTAL INFORMATION

PROPRIETARY 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
 PROPRIETARY FUND-WATER
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales & Service	\$ 697,473	\$ 697,473	\$ 687,855	\$ (9,618)
Fees	22,746	22,746	27,715	4,969
State Grants	1,016,597	1,016,597	251,613	(764,984)
Federal Grants	0	0	81,487	81,487
Miscellaneous	83	83	10,418	10,335
Loan Proceeds	84,998	84,998	0	(84,998)
Total Revenues	<u>1,821,897</u>	<u>1,821,897</u>	<u>1,059,088</u>	<u>(677,811)</u>
Expenditures				
Salaries	322,208	322,208	266,302	55,906
Benefits	113,739	113,739	90,992	22,747
Insurance	38,909	38,909	46,579	(7,670)
Repairs	14,075	14,075	23,411	(9,336)
Utilities	33,901	33,901	38,471	(4,570)
Other	115,641	115,641	99,791	15,850
Capital Outlay	1,111,595	1,111,595	428,097	683,498
Debt Service				
Principal	29,219	69,219	57,526	11,693
Interest	0	0	11,631	(11,631)
Total Expenditures	<u>1,779,287</u>	<u>1,819,287</u>	<u>1,062,800</u>	<u>756,487</u>
Excess (Deficiency) of Revenues Over Expenditures	42,610	2,610	(3,712)	(6,322)
Cash Balance Beginning of Year	<u>258,517</u>	<u>258,517</u>	<u>258,517</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 301,127</u>	<u>\$ 261,127</u>	<u>\$ 254,805</u>	<u>\$ (6,322)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,712)	
Depreciation			(110,867)	
Capital Outlay			428,097	
Loan Proceeds			0	
Principal Paid			57,526	
Net Change in Accounts Receivable			(11,260)	
Net Change in Accounts Payable			(532)	
Net Change in Accrued Salaries & Benefits			(1,046)	
Net Change in Accrued Interest			854	
Net Change in Compensated Absences			5,093	
Net Change in Customer Deposits			(350)	
Change in Net Assets			<u>\$ 363,803</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 PROPRIETARY FUND-SEWER
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales & Service	\$ 159,021	\$ 159,021	\$ 160,130	\$ 1,109
Fees	0	0	1,206	1,206
Federal Grants	406,706	406,706	45,301	(361,405)
Miscellaneous	0	0	132	132
Total Revenues	<u>565,727</u>	<u>565,727</u>	<u>206,769</u>	<u>(358,958)</u>
Expenditures				
Salaries	52,570	52,570	59,811	(7,241)
Benefits	12,460	12,460	14,283	(1,823)
Other	100,000	100,000	94,214	5,786
Capital Outlay	408,648	408,648	0	408,648
Debt Service				
Principal	1,000	1,000	1,000	0
Interest	3,868	3,868	3,868	0
Total Expenditures	<u>578,546</u>	<u>578,546</u>	<u>173,176</u>	<u>405,370</u>
Excess (Deficiency) of Revenues Over Expenditures	(12,819)	(12,819)	33,593	46,412
Cash Balance Beginning of Year	<u>61,608</u>	<u>61,608</u>	<u>61,608</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 48,789</u>	<u>\$ 48,789</u>	<u>\$ 95,201</u>	<u>\$ 46,412</u>
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 33,593	
Depreciation			(167,296)	
Capital Outlay			0	
Principal Payment			1,000	
Net Change in Accounts Receivable			7,546	
Net Change in Accounts Payable			(25,618)	
Net Change in Accrued Salaries & Benefits			123	
Net Change in Accrued Interest			20	
Net Change in Compensated Absences			(2,066)	
Change in Net Assets			<u>\$ (152,698)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
 PROPRIETARY FUND-SOLID WASTE
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales & Service	\$ 257,107	\$ 257,107	\$ 263,743	\$ 6,636
Environmental Gross Receipts Tax	14,236	14,236	15,378	1,142
Other	0	0	654	654
Total Revenues	<u>271,343</u>	<u>271,343</u>	<u>279,775</u>	<u>8,432</u>
Expenditures				
Salaries	40,300	40,300	49,650	(9,350)
Benefits	24,291	24,291	25,672	(1,381)
Other	233,831	233,831	131,815	102,016
Debt Service				
Principal	65,439	65,439	65,439	0
Interest	10,845	10,845	10,845	0
Total Expenditures	<u>374,706</u>	<u>374,706</u>	<u>283,421</u>	<u>91,285</u>
Excess (Deficiency) of Revenues Over Expenditures	(103,363)	(103,363)	(3,646)	99,717
Cash Balance Beginning of Year	<u>172,528</u>	<u>172,528</u>	<u>172,528</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 69,165</u>	<u>\$ 69,165</u>	<u>\$ 168,882</u>	<u>\$ 99,717</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,646)	
Depreciation			(32,532)	
Principal Payment			65,439	
Net Change in Taxes Receivable			(23)	
Net Change in Accounts Receivable			102	
Net Change in Accounts Payable			(3,962)	
Net Change in Accrued Salaries & Benefits			234	
Net Change in Accrued Interest			(914)	
Net Change in Compensated Absences			148	
Change in Net Assets			<u>\$ 24,846</u>	

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

STATE OF NEW MEXICO
VILLAGE OF TULAROSA
Vendor Schedule
For the Year Ended June 30, 2015

Bid or Quote Number: RFP
Contract Amount: \$ 1,072,500.00
Contracting Vendor: RMCI
6211 Chappell Rd.
Albuquerque, NM 87119
Preference: N/A
Scope of the work: Water Plant Upgrade

Other Vendors responding to the bid or quote: None

Bid or Quote Number: State Purchase Agreement
Contract Amount: \$ 219,373.38
Contracting Vendor: Blue Collar Construction
PO Box 23182
Albuquerque, NM 87192
Preference: N/A
Scope of the work: Street Improvements

Other Vendors responding to the bid or quote: None

Bid or Quote Number: State Purchase Agreement
Contract Amount: \$ 173,250.00
Contracting Vendor: Blue Collar Construction
PO Box 23182
Albuquerque, NM 87192
Preference: N/A
Scope of the work: Senior Center Parking Lot Improvements & Expansion

Other Vendors responding to the bid or quote: None

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. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Village of Tularosa

Mr. Keller 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, 2015, 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 30, 2015.

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. 2015-001, 2015-002, 2015-003, and 2015-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses; 2015-001, 2015-002, 2015-003, and 2015-004.

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 30, 2015

Financial Statement Audit Findings

Prior Year Audit Findings	Status
2009-001 Preparation of Financial Statements	Resolved
2014-001 New Hire Reporting	Resolved
2014-002 Payroll	Resolved

Current Year Audit Findings

2015-001 Per Diem -Compliance and Internal Control-Significant Deficiency

Condition

The Village is pay for 100% of per diem before the trip is taken. 4 checks totaling \$1,559.50.

Criteria

2.42.2.10(A) NMAC-Authorizations: Upon written request accompanied by a travel voucher, agency heads and governing boards of local public bodies or their authorized designees may approve a public officer's or employee's request to be advanced up to 80 percent of per diem rates and mileage cost or for the actual cost of lodging and meals pursuant to 2.42.2.8 NMAC and 2.42.2.9 NMAC and for other travel expenses that may be reimbursed under 2.42.2.12 NMAC. Requests for travel advances shall not be submitted to the financial control division of the department of finance and administration more than two weeks prior to travel unless, by processing the request earlier, significant savings can be realized for travel by common carrier or for registration fees for seminars and conferences.

Cause

Management was not aware 100% of per diem could not be advanced before the trip.

Effect

There is a violation of state law.

Recommendation

Only 80% of per diem should be advanced and after the trip the balance of 20% should be paid.

Response

We will comply. The Village clerk expects to have this corrected by the end the the next fiscal year.

2015-002 Stale Dated Checks-Compliance and Internal Control-Significant Deficiency

Condition

The Water account had 9 checks over a year old totaling \$492.38.

The General account had 1 check over a year old totaling \$245.50.

The Gas Tax account had 1 check over a year old totaling \$117.00.

The Capital Projects account had 1 check over a year old totaling \$100.00.

Criteria

In accordance with 6.20.2.14 whenever any check is unpaid for one year, the fiscal officer shall cancel it in accordance with Section 6-10-57(A), NMSA 1978.

Cause

The old checks were an oversight.

Effect

Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

Recommendation

When a check becomes dated over a year old, the check should be voided, reissued or sent to the

Response

We will monitor stale dated checks and resolve them timely. The Village clerk expects to have this corrected by the end the the next fiscal year.

2015-003 Expenditures-Compliance and Internal Control-Significant Deficiency

Condition

Of 262 expenditures sampled we noted the following:

11 checks were for payment of invoices over 30 days old totaling \$240,163.70.

Criteria

NMAC 6.20.2.17 states that each municipality shall establish and implement written policies and procedures for purchasing, which shall be in compliance with the procurement code section 13-1-21, NMSA 1978.

Cause

The last paid invoices were from capital improvement projects. The reimbursements for the project costs was slow to process. The Village was unable to finance the cost of the projects causing the invoices to be paid late. One of the reasons the reimbursements were slow was because the paperwork was not completed by the Village correctly.

Effect

Late paid invoices results in late fees, penalties and interest as well as damaging the Village's reputation of paying invoices timely.

Recommendation

Completing paperwork for reimbursement correctly and timely causes the reimbursements to flow quickly to the Village allowing bills to be paid promptly.

Response

We will review the paperwork before it is submitted to be sure it is completed correctly and timely. The Village clerk expects to have this corrected by the end the the next fiscal year.

2015-004 Cash-Compliance and Internal Control-Significant Deficiency

Condition

There was more cash in the banks that in the general ledger by \$54,932.03.

Criteria

2.20.2.5 NMAC (2) all transactions are recorded daily in the accounting records and (4) cash account records are reconciled timely.

Cause

Usually this occurs when not all of the revenue is recorded in the general ledger. Gross receipts taxes were \$12,711.80 less in the general ledger than the bank.

Effect

Accounting records that do not reconcile can not be depended on to assist management in making

Recommendation

There are 27 bank, savings and certificates of deposit accounts. It is very difficult to record transactions correctly, timely and reconcile all of the accounts to the general ledger. Please consider consolidating the accounts. Multiple accounts cause constant loans among various funds. Pooled cash would simplify the loaning process. And consider giving the senior citizens record keeping responsibilities back to the director because there is a monthly short fall even after the Village and County support. Tough management decisions need to be made by other than the Village.

Response

We are still researching this issue and will take your recommendation into consideration. The Village clerk expects to have this corrected by the end the the next fiscal year.

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 30, 2015. In attendance were Ray Cordova-Mayor, Monica Voorbach-Payroll Clerk, Valarie Delgado-Accounts Payable Clerk and De'Aun Willoughby, CPA.