

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
AUDIT REPORT
JUNE 30, 2010**

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
JUNE 30, 2010**

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Official Roster	1
FINANCIAL STATEMENTS SECTION	
Independent Auditors' Report	2 – 3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	4
Statement of Activities	5 – 6
Fund Financial Statements	
Balance Sheet-Governmental Funds.....	7 – 8
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds.....	9 – 10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Statement of Revenues, Expenditures and Change in Fund Balances - Budget (Non-GAAP Basis) and Actual (Budgetary Basis)	
General Fund.....	12
Statement of Fiduciary Assets and Liabilities	13
Notes to the Financial Statements	14 – 32
SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	33 – 34
Combining and Individual Fund Financial Statements:	
Combining Balance Sheet-Nonmajor Governmental Funds	35 – 40
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds	41 – 46
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual (Budgetary Basis)	
Corrections Fund.....	47
Court AOC Fund.....	48
Emergency Medical Service (EMS) Fund	49
Fire Protection Fund	50

Law Enforcement Protection Fund	51
Traffic Safety Fund	52
Library Fund	53
Lodgers' Tax Fund	54
Economic Development Fund	55
Municipal Street Fund.....	56
Recreation Fund	57
Landmark Trees Fund.....	58
FEMA-Fire Equipment Fund.....	59
Bosque Fund	60
Safe Routes to School Fund.....	61
Casa San Ysidro Fund.....	62
Police Special Fund.....	63
Mid-Rio Grande Valley Fund	64
Far North West Sector Fund	65
Waste Water Project Fund	66
Record Center Fund	67
HWY 528 Access A Fund.....	68
Farmland Preservation Fund.....	69
Road Co-op Fund	70
Public Safety Facilities Fund	71
Loma Larga Fund.....	72
General Obligation Bond Fund.....	73

OTHER SUPPLEMENTARY INFORMATION

Schedule of Changes in Assets and Liabilities – Agency Funds	74
Schedule of Expenditures of Federal Awards	75
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>.....	76 – 77
Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	78 – 80
Schedule of Findings and Questioned Costs.....	81 – 89
Exit Conference.....	90

INTRODUCTORY SECTION

STATE OF NEW MEXICO
VILLAGE OF CORRALES
JUNE 30, 2010

OFFICAL ROSTER

Mayor and Councilmen

<u>Name</u>	<u>Title</u>
Phillip Gasteyer	Mayor
John P. Alsobrook II	Councilor
Sayre Gerhart	Councilor
Patricia S. Clauser	Councilor
Ennio Garcia-Miera	Councilor
Gerard A. Gagliano	Councilor
Mick Harper	Councilor

Administrative Officials

John Avila	Village Administrator
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FINANCIAL STATEMENTS SECTION



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Philip Gasteyer, Mayor
Village Council
Village of Corrales
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Village of Corrales, New Mexico (Village), as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund, of the Village as of June 30, 2010, and the respective changes in financial position and the respective budgetary comparisons for the capital project funds, debt service fund, and all nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2011, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Village of Corrales has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The additional schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pattillo, Brown & Hill LLP

Pattillo, Brown & Hill, L.L.P.

Albuquerque, New Mexico

June 7, 2011

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
STATEMENT OF NET ASSETS
JUNE 30, 2010**

Governmental
Activities

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,336,724
Receivables (net of allowance for uncollectibles)	<u>1,084,385</u>
Total current assets	<u>3,421,109</u>

Noncurrent assets

Restricted cash	131,799
Other assets-bond issue costs	89,905
Capital assets not being depreciated	
Land	5,472,950
Water Rights	230,621
Construction in progress	1,349,669
Capital assets being depreciated, net	<u>9,678,396</u>
Total noncurrent assets	<u>16,953,340</u>

Total assets	<u>20,374,449</u>
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LIABILITIES

Current liabilities:

Accounts payable	131,168
Accrued payroll liabilities	84,779
Accrued interest payable	25,078
Advance	195,092
Current portion of long term debt	<u>175,000</u>
Total current liabilities	<u>611,117</u>

Noncurrent liabilities:

Compensated absences	70,721
Bonds and notes less current portion	<u>2,495,000</u>
Total noncurrent liabilities	<u>2,565,721</u>

Total liabilities	<u>3,176,838</u>
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NET ASSETS

Invested in capital assets, net of related debt	14,061,636
Restricted for:	
Capital projects	968,701
Debt service	470,572
Unrestricted	<u>1,696,702</u>
Total net assets	<u>\$ 17,197,611</u>

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities				
General Government	\$ 1,465,811	\$ 354,383	\$ 147,906	\$ 5,824
Public Safety	2,512,111	148	828,227	24,756
Culture and Recreation	554,460	35	16,588	-
Public Works	704,477	19,281	-	1,334,737
Debt Service	101,311	-	-	-
Total Governmental Activities	<u>5,338,170</u>	<u>373,847</u>	<u>992,721</u>	<u>1,365,317</u>

General revenues:

Taxes:

Sales

Property, levied for general purposes

Franchise

State shared

Lodgers'

Other

Fines and forfeitures

Investment earnings

Miscellaneous

Total general revenues

Change in net assets

Net assets, beginning

Restatement

Net assets, beginning as restated

Net assets, ending

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

Net (Expense) Revenue
and Changes in
Net Assets

Primary Government
Governmental
Activities

\$(957,698)
(1,658,980)
(537,837)
649,541
(101,311)
(2,606,285)

1,028,641
958,190
258,547
799,407
6,176
442
136,863
3,090
81,401

3,272,757
666,472

16,309,378
221,761

16,531,139

\$ 17,197,611

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>General Fund</u>	<u>Far North West Sector</u>	<u>Waste Water Project</u>	<u>General Obligations</u>
ASSETS				
Cash	\$ 372,568	\$ 422,275	\$ -	\$ 463,373
Accounts receivable (net of allowance for uncollectibles)	153,811	-	605,464	32,277
Due from other funds	831,252	12,268	191,709	-
Cash - restricted	-	131,799	-	-
Total assets	<u>\$ 1,357,631</u>	<u>\$ 566,342</u>	<u>\$ 797,173</u>	<u>\$ 495,650</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 23,061	-	\$ 74,021	\$ -
Accrued payroll liabilities	78,915	-	-	-
Advance	-	-	195,092	-
Deferred revenue	57,528	-	66,390	28,196
Due to other funds	305,442	84,043	509,427	-
Total liabilities	<u>464,946</u>	<u>84,043</u>	<u>844,930</u>	<u>28,196</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	467,454
Capital projects	-	482,299	(47,757)	-
Unreserved, undesignated, reported in:				
General fund	892,685	-	-	-
Special revenue funds	-	-	-	-
Total fund balances	<u>892,685</u>	<u>482,299</u>	<u>(47,757)</u>	<u>467,454</u>
Total liabilities and fund balances	<u>\$ 1,357,631</u>	<u>\$ 566,342</u>	<u>\$ 797,173</u>	<u>\$ 495,650</u>

Long term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

A portion of accounts receivable are not available to pay for current period expenditures and, therefore, is deferred in the funds.

A portion of property taxes receivable is not available to pay current period expenditures and, therefore, is deferred in the funds.

Net assets of governmental activities

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

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,078,508	\$ 2,336,724
292,833	1,084,385
251,768	1,286,997
-	131,799
<u>\$ 1,623,109</u>	<u>\$ 4,839,905</u>

\$ 34,086	\$ 131,168
5,864	84,779
-	195,092
234,879	386,993
388,085	1,286,997
<u>662,914</u>	<u>2,085,029</u>

-	467,454
269,854	704,396
-	892,685
690,341	690,341
<u>960,195</u>	<u>2,754,876</u>
<u>\$ 1,623,109</u>	

(2,675,894)

16,731,636

343,311

43,682

\$ 17,197,611

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>General Fund</u>	<u>Far North West Sector</u>	<u>Waste Water Project</u>	<u>General Obligations</u>
REVENUES				
Taxes:				
Gross receipts	\$ 1,028,641	\$ -	\$ -	\$ -
Property	711,715	-	-	202,793
Franchise	258,547	-	-	-
State-shared	775,270	-	-	-
Lodgers'	-	-	-	-
Other	-	-	-	-
Licenses and permits	206,957	-	-	-
Intergovernmental	147,906	-	904,902	-
Charges for services	147,426	19,281	-	-
Fines and forfeitures	78,002	-	-	-
Interest on investments	2,820	194	-	-
Miscellaneous	21,342	-	-	-
Total revenues	<u>3,378,626</u>	<u>19,475</u>	<u>904,902</u>	<u>202,793</u>
EXPENDITURES				
Current operations:				
General government	1,088,668	-	-	2,271
Public safety	1,746,523	-	-	-
Public works	427,504	55,010	-	-
Culture and recreation	354,801	-	-	-
Debt service:				
Principal retirement	-	-	-	300,000
Interest and fiscal charges	-	40,270	-	65,311
Capital outlay	<u>2,539</u>	<u>76,000</u>	<u>1,042,484</u>	<u>-</u>
Total expenditures	<u>3,620,035</u>	<u>171,280</u>	<u>1,042,484</u>	<u>367,582</u>
Excess (deficiency) of revenues over expenditures	(241,409)	(151,805)	(137,582)	(164,789)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(69,000)	-	-	-
Total other financing sources (uses)	<u>(69,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(310,409)</u>	<u>(151,805)</u>	<u>(137,582)</u>	<u>(164,789)</u>
Fund balances, beginning of year				
As previously reported	1,183,094	634,104	(34,197)	632,243
Restatement	20,000	-	124,022	-
Fund balances, as restated	<u>1,203,094</u>	<u>634,104</u>	<u>89,825</u>	<u>632,243</u>
Fund balances, end of year	<u>\$ 892,685</u>	<u>\$ 482,299</u>	<u>\$ (47,757)</u>	<u>\$ 467,454</u>

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

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,028,641
-	914,508
-	258,547
24,137	799,407
6,176	6,176
442	442
-	206,957
1,003,961	2,056,769
183	166,890
58,861	136,863
76	3,090
<u>60,589</u>	<u>81,931</u>
<u>1,154,425</u>	<u>5,660,221</u>
5,823	1,096,762
599,342	2,345,865
10,643	493,157
92,709	447,510
-	300,000
-	105,581
<u>546,860</u>	<u>1,667,883</u>
<u>1,255,377</u>	<u>6,456,758</u>
(100,952)	(796,537)
105,829	105,829
(36,829)	(105,829)
<u>69,000</u>	<u>-</u>
(31,952)	(796,537)
914,408	3,329,652
<u>77,739</u>	<u>221,761</u>
<u>992,147</u>	<u>3,551,413</u>
<u>\$ 960,195</u>	<u>\$ 2,754,876</u>

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds	\$(796,537)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded the depreciation expense.	828,132
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net assets. Also governmental funds report the effect of issuance of costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	300,000
Under the modified accrual basis of accounting used in the governmental funds, revenue is recognized when available to provide financing resources for the current period. In the statement of activities, however, which is presented on an accrual basis, revenues and related receivables are reported regardless of when financial resources are available. This adjustment combines the net changes of balances.	344,951
The statement of activities reports losses arising from the disposal of existing capital assets. Losses on disposal of capital assets do not appear in the governmental funds. Thus, the change in net assets differs from the change in fund balance.	(530)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(9,544)</u>
Change in net assets of governmental activities	<u>\$ 666,472</u>

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Taxes:				
Gross receipts	\$ 1,173,000	\$ 1,173,000	\$ 1,028,641	(144,359)
Property	665,108	665,108	711,715	46,607
Franchise	225,000	225,000	258,547	33,547
State-shared	1,020,000	1,000,891	775,270	(225,621)
Licenses and permits	153,326	209,370	206,957	(2,413)
Intergovernmental	402,510	147,906	147,906	-
Charges for services	106,000	120,421	147,426	27,005
Fines and forfeitures	110,500	109,901	78,002	(31,899)
Interest on investments	30,000	4,500	2,820	(1,680)
Miscellaneous	13,500	23,830	21,342	(2,488)
Total revenues	<u>3,898,944</u>	<u>3,679,927</u>	<u>3,378,626</u>	<u>(301,301)</u>
EXPENDITURES				
Current operations:				
General government	1,433,987	1,477,192	1,088,668	388,524
Public safety	2,034,969	1,811,164	1,746,523	64,641
Culture and recreation	385,397	386,597	354,801	31,796
Public works	493,948	452,644	427,504	25,140
Capital outlay:	<u>7,000</u>	<u>7,000</u>	<u>2,539</u>	<u>4,461</u>
Total expenditures	<u>4,355,301</u>	<u>4,134,597</u>	<u>3,620,035</u>	<u>514,562</u>
Excess (deficiency) of revenues over expenditures	<u>(456,357)</u>	<u>(454,670)</u>	<u>(241,409)</u>	<u>213,261</u>
Other financing sources (uses):				
Transfers out	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(69,000)</u>	<u>(69,000)</u>	<u>(69,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ (525,357)</u>	<u>\$ (523,670)</u>	<u>\$ (310,409)</u>	<u>\$ 213,261</u>
Beginning cash balance	<u>\$ 1,020,732</u>	<u>\$ 1,020,732</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010**

ASSETS

Cash	\$ <u>1,238</u>
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LIABILITIES

Deposits payable	\$ <u>1,238</u>
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The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Corrales was incorporated under the provisions of the Municipal Code of the State of New Mexico (Sec. 14-2-1 et-Seq. 1971 Comp.) The Village operates under a mayor-council form of government. There are six council members plus the mayor, all of whom are elected at large.

A. Reporting Entity

This summary of significant accounting policies of the Village of Corrales (Village) is presented to assist in the understanding of Village's financial statements. The financial statements and notes are the representation of Village's management who is responsible for their integrity and objectivity. The financial statements of the 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 government's accounting policies are described below.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP).

The basic (but not the only) criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has no component units.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Sales, franchise, lodgers, gas, cigarette and other similar taxes are recognized when the underlying exchange transaction takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange like transactions are recognized when the exchange takes place. Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Village reports the following major governmental funds:

The **General Fund** is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Capital Project - Far North West Sector** accounts for funds accumulated from impact fees and used to construct infrastructure in the Far North West Sector.

The **Capital Project - Waste Water Project** accounts for the funds used for the construction of the sewer system in the Village.

The **Debt Service - General Obligation Bonds** to accumulate monies from the collection of ad valorem taxes for the payment of bonds entered into to purchase farmland easements. The bonds are payable to Bank of New York Mellon.

Additionally, the Village reports the following fund types:

The **Fiduciary Fund** accounts for resources held for others in a custodial capacity by the Village in an Agency Fund. The Village's Agency Fund holds bond monies on behalf of the Administrative Office of the Courts and the Judicial Education Center.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

Cash and Investments

Cash and investments include amounts in demand deposits, certificates of deposit and investments with a maturity date within three months of the date acquired by the Village.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and improvements, are reported in the government-wide financial statements. The Village defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructures, consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are recorded at historical cost.

For depreciation purposes, the Village has identified the following classes of assets and estimated useful lives. Straight-line method is used for the depreciation.

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	40
Land Improvements	20
Infrastructure	20
Equipment and Machinery	3-20
Fire Protection Equipment	15
Furniture and Fixtures	15
Vehicles	5-10
Software	3
Library Books	5

Receivables

Accounts receivable at June 30, 2010 consist of receivables from grantors and various taxes and receivables.

Compensated Absences

Compensated absences are accrued in governmental funds. As of June 30, 2010 those liabilities were approximately \$70,721.

Employees may receive one day's pay for each three days of sick leave for accrued sick leave in excess of 240 hours. All other sick leave is to be forfeited upon termination of the employee. Upon termination, separation or dismissal, the employee shall be paid all accrued annual vacation leave at the pay rate last held.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with generally accepted accounting principles, an accrual for compensated absences is reflected in the accompanying general-purpose financial statements. Accumulation of vacation leave has been recorded as a liability in the basic financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

Long-term Obligations

The long-term obligations are reported in the government-wide financial statements as long-term debt if it is due in over one year. In the fund level financial statement, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as fund liability of a governmental fund.

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors or regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, “long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bond and loans payable - current	\$ 175,000
Bonds and loans - long term	2,495,000
Less: Bond issue costs (amortized over the life of debt)	(89,905)
Accrued interest payable	25,078
Compensated absences	<u>70,721</u>
<i>Net adjustment to reduce fund balance - total governmental funds to arrive at net assets of governmental activities</i>	<u>\$ 2,675,894</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlay	1,667,883
Depreciation expense	<u>(839,751)</u>
<i>Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 828,132</u>

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this difference are as follows:

Compensated absences - increase	\$ (3,581)
Amortization of bond issue costs	(10,233)
Accrued interest - decrease	<u>4,270</u>
<i>Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ (9,544)</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Governing Body adopts a proposed operating budget for the fiscal year commencing July 1. The operating budgets include proposed expenditures and the means of financing them based on previous years history. The budget is legally enacted through passage of an ordinance.
2. The Village Finance Officer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico Department of Finance, Division of Local Governments. The original budget that was adopted in July 2008 was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classifications detail in which expenditures or expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (continued)

6. Budgets for the General, Special Revenue and Capital Project Funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for General, Special Revenue and Capital Projects Funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

4. DETAILED NOTES ON ALL FUNDS

Deposits

The Village invests its funds in accordance with state statutes which require that financial institutions pledge collateral consisting of approved federal or state securities whose market value is equal to at least 50% of the deposits in excess of FDIC insurance coverage. In accordance with state statutes, the Village may have deposits only in financial institutions, federal direct obligations, or the New Mexico State Treasurer's Local Government Pooled Investment Plan. As of June 30, 2010 the Village had \$1,766,685 in financial institutions and \$703,076 invested in the New Mexico State Treasurer's Local Government Pooled Investment.

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

Cash and Cash Equivalents

	Balance Per Bank 6-30-10	Add Deposits In Transit	Less Outstanding Checks	Adjustment	Balance Per Books 6-30-10
Wells Fargo Bank					
Checking Accounts					
General	\$ 841,843	\$ 560	\$(405,938)	\$ 1,198	\$ 437,663
Farmland	236,475	-	-		236,475
Impact fee	61,764	-	-	(6,711)	55,053
Bosque	53,953	-	-	(872)	53,081
Court Bond Account	1,238	-	-	-	1,238
Savings	<u>500,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,447</u>
 Total Cash in Banks	 <u>\$ 1,695,720</u>	 <u>\$ 560</u>	 <u>\$(405,938)</u>	 <u>\$(6,385)</u>	 \$ 1,283,957
 Plus:					
Cash on Hand					250
Funds Held by New Mexico Finance Authority:					
Loan funds					350,679
Loan reserve accounts					99,692
Loan Debt service account					32,107
State Treasurer's Office - Investment pool					<u>703,076</u>
 Total Cash and Investments Per Books					 <u>\$ 2,469,761</u>
 As Reported in Financial Statements:					
Cash					2,336,724
Restricted cash					131,799
Agency fund					<u>1,238</u>
					<u>\$ 2,469,761</u>

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

Pledged Collateral at Banks

	<u>Wells Fargo</u>	<u>Total</u>
Amount on Deposit in Bank	\$ 1,695,720	\$ 1,695,720
Less FDIC Coverage	(250,000)	(250,000)
Uninsured Public Funds	1,445,720	1,445,720
Collateral pledged :		
Wells Fargo Bank Northwest, NA		
FNMA, 06/01/36		
CUSIP, 314103DJW0	333,263	333,263
FNMA, 10/01/36		
CUSIP, 31409GP42	<u>433,025</u>	<u>433,025</u>
Pledged collateral held by the pledging bank's trust department or agent, not in the Village's name	<u>766,288</u>	<u>766,288</u>
Uninsured and uncollateralized	<u>\$ 679,432</u>	<u>\$ 679,432</u>
Collateral requirement		
(50% of uninsured funds)	\$ 722,860	\$ 722,860
Pledged collateral	<u>766,288</u>	<u>766,288</u>
Over (under) collateralized	<u>\$ 43,428</u>	<u>\$ 43,428</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2010 \$1,445,720 of the Village's bank balance of \$1,695,720 was exposed to custodial credit risk as follows:

	<u>Wells Fargo Bank</u>
Uninsured and uncollateralized	\$ 679,432
Uninsured and collateral held by pledging bank's trust department in the Bank's name	<u>766,288</u>
Total	<u>\$ 1,445,720</u>

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Custodial Credit Risk – Deposits (continued)

Additionally, three debt service accounts are managed by the New Mexico Finance Authority (NMFA), on deposit with the Bank of New York Mellon and the State Treasurer's office, in NMFA's name for the benefit of the Village. A change in trustee from the Bank of Albuquerque to the Bank of New York Mellon was completed by NMFA in October 2009. These accounts are exposed to custodial credit risk in the amount of \$482,478.

Reserve Funds Payable - Bank of New York Mellon	\$ 99,692
Program Funds-Bank of New York Mellon	350,679
Debt Services-Bank of New York Mellon	<u>32,107</u>
Total	<u>\$ 482,478</u>

Investments

The Village invests excess cash in the State Treasurer Local Government Investment Pool. The Pool's investments are valued at fair value based on quoted market prices as of the valuation date. The New Mexico State Treasurer Investment Pool is not registered with the SEC. Section 6-10-10.I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued or backed by the United States Government or by its departments or agencies and are either direct obligations of the United States Government or agencies sponsored by the United States Government. The LGIP investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the fund is voluntary. At June 30, 2010 the Village had \$699,731 invested in the LGIP which is AAA rated with a 50-day weighted average maturity and \$3,345 in the reserve contingencies fund which is not rated and is considered a non-performing asset.

4. DETAILED NOTES ON ALL FUNDS (Continued)

Receivables

Receivables as of June 30, 2010 for the Village's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Waste Water Project</u>	<u>General Oblications</u>	<u>Non- major</u>	<u>Total</u>
Receivables:					
Accounts	\$ 20,500	\$ -	\$ -	\$ -	\$ 20,500
Property taxes	91,769	-	32,277	-	124,046
Franchise taxes	36,002	-	-	-	36,002
Grants	-	605,464	-	292,833	898,297
Fines and fees	<u>56,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,204</u>
Gross receivables	204,475	605,464	32,277	292,833	1,135,049
Less: allowance for uncollectibles	<u>50,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,664</u>
Net total receivables	<u>\$ 153,811</u>	<u>\$ 605,464</u>	<u>\$ 32,277</u>	<u>\$ 292,833</u>	<u>\$ 1,084,385</u>

The receivables of the General, Special Revenue, Debt Service, and Capital Project Funds are composed primarily of earned taxes and federal and state revenues or reimbursements. These receivables are primarily from governmental agencies and an allowance for doubtful accounts is maintained only for those receivables deemed to be uncollectible.

4. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,396,950	\$ 76,000	\$ -	\$ 5,472,950
Water rights	230,621	-	-	230,621
Construction in progress	<u>307,185</u>	<u>1,042,484</u>	<u>-</u>	<u>1,349,669</u>
Total capital assets not being depreciated	<u>5,934,756</u>	<u>1,118,484</u>	<u>-</u>	<u>7,053,240</u>
Capital assets, being depreciated:				
Buildings and structures	5,081,143	-	-	5,081,143
Equipment and machinery	1,297,370	49,173	(115,620)	1,230,923
Furniture and fixtures	1,022,602	9,097	-	1,031,699
Library books	60,858	23,591	-	84,449
Vehicles	1,314,268	91,454	(70,596)	1,335,126
Infrastructure	<u>9,476,858</u>	<u>376,084</u>	<u>-</u>	<u>9,852,942</u>
Total capital assets being depreciated	<u>18,253,099</u>	<u>549,399</u>	<u>(186,216)</u>	<u>18,616,282</u>
Less accumulated depreciation:				
Buildings and structures	(1,492,391)	(138,715)	-	(1,631,106)
Equipment and machinery	(933,657)	(89,286)	115,090	(907,853)
Furniture and fixtures	(470,970)	(93,854)	-	(564,824)
Library books	(24,037)	(12,172)	-	(36,209)
Vehicles	(1,065,107)	(51,206)	70,596	(1,045,717)
Infrastructure	<u>(4,297,659)</u>	<u>(454,518)</u>	<u>-</u>	<u>(4,752,177)</u>
Total accumulated depreciation	<u>(8,283,821)</u>	<u>(839,751)</u>	<u>185,686</u>	<u>(8,937,886)</u>
Total capital assets being depreciated, net	<u>9,969,278</u>	<u>(290,352)</u>	<u>(530)</u>	<u>9,678,396</u>
Governmental activities capital assets, net	<u>\$ 15,904,034</u>	<u>\$ 828,132</u>	<u>\$ (530)</u>	<u>\$ 16,731,636</u>

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

Capital Assets (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 365,468
Public safety	166,246
Public works	201,087
Culture and recreation	<u>106,950</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 839,751</u>

Interfund Receivables, Payables and Transfers

The outstanding balances between funds result mainly from the time lags between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The Inter-fund receivables and payables at June 30, 2010 were as follows:

Due to	Due from				Total
	General Fund	Far North West Sector	Waste Water Project	Nonmajor Funds	
General Fund	\$ -	\$ -	\$ 497,159	\$ 334,093	\$ 831,252
Far North West Sector	-	-	12,268	-	12,268
Waste Water Project	53,674	84,043	-	53,992	191,709
Nonmajor Funds	<u>251,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,768</u>
Total	<u>\$ 305,442</u>	<u>\$ 84,043</u>	<u>\$ 509,427</u>	<u>\$ 388,085</u>	<u>\$ 1,286,997</u>

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

Interfund Receivables, Payables and Transfers (continued)

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions. All transfers made during the year were considered routine and were consistent with the general characteristics of the Village's transfers.

The following schedule details the net inter-fund transfers made by the Village during the year ended June 30, 2010:

Transfer Out	Transfer In	Amount
General	Nonmajor	\$ 69,000
Nonmajor	Nonmajor	<u>36,829</u>
		<u>\$ 105,829</u>

Short-term Debt

The Village had no short-term debt activity during the year.

Long-term Debt

The general obligation bonds series 2005 were issued on August 31, 2004 for \$1,700,000. The interest rates range from 2.710% to 4.170%. Portions of the bonds will mature on August 1 of each year commencing on August 1, 2006, and ending no later than August 1, 2018 in amounts to be determined by the Village. The semi-annual payments vary from \$31,440 to \$266,427 and are due on the 1st of August and February of each year.

On June 1, 2007 the Village borrowed \$1,035,000 from New Mexico Finance Authority for equipment and road improvements. The loan bears interest at 3.9060% and is payable in installment payments through May 2027.

The general obligation bonds series 2008 were issued on August 31, 2008 for \$800,000. The interest rates range from 3.50% to 4.25%. Portions of the bonds will mature on August 1 of each year commencing on August 1, 2009, and ending no later than August 1, 2017 in amounts to be determined by the Village. The semi-annual payments vary from \$1,594 to \$214,609 and are due on the 1st of August and February of each year.

Accrued compensated absences are generally liquidated by the General Fund. Notes payable, have been liquidated within the fund in which their corresponding payments have been expensed. The bonds are liquidated within the debt service fund.

4. **DETAILED NOTES ON ALL FUNDS** (Continued)

Long-term Debt (continued)

Annual debt service requirements for bonds and notes are as follows:

<u>June 30,</u>	<u>Bonds</u>		<u>Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 175,000	\$ 58,933	\$ -	\$ 37,683
2012	175,000	52,893	1,126	37,683
2013	180,000	46,623	11,187	37,644
2014	185,000	40,029	21,616	37,263
2015	190,000	33,070	32,434	36,519
2016-2020	730,000	56,043	321,464	155,059
2021-2025	-	-	414,448	92,377
2026-2030	-	-	232,725	13,153
Total	<u>\$ 1,635,000</u>	<u>\$ 287,591</u>	<u>\$ 1,035,000</u>	<u>\$ 447,381</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>			<u>Balance</u>	<u>One Year</u>
General obligation bonds	\$ 1,935,000	\$ -	\$ 300,000	\$ 1,635,000	\$ 175,000
Notes payable	1,035,000	-	-	1,035,000	-
Compensated absences	67,140	94,958	91,377	70,721	-
	<u>\$ 3,037,140</u>	<u>\$ 94,958</u>	<u>\$ 391,377</u>	<u>\$ 2,740,721</u>	<u>\$ 175,000</u>

4. DETAILED NOTES ON ALL FUNDS (Continued)

Deficit Fund Balance

The following funds had deficit fund balances at June 30, 2010.

Special Revenue Funds	
Court AOC	\$ 7,505
Capital Project Funds	
Waste Water Project	47,757
Records Center	5,823
HWY 528 Access A	70,789
Road CO-OP	19,158
Public Safety Facilities	9,233

Deficit fund balances will be eliminated by monitoring budgets and spending in the future.

Deferred Compensation Plan

The Village started a 401(K) plan on July 1, 2005. The Village contributes 3% of the participant compensation. The employees can contribute up to 3% of their compensation to the 401(K) plan. Employee contributions exceeding 3% of compensation go to the 457 plan. The 457 deferred compensation plan was established on July 1, 1993. The 401(K) contribution requirement for the year ended June 30, 2010 was \$27,158 which consisted of \$13,579 for the Village and \$13,579 from employees. The 457 plan contribution from employees was \$40,147 for the year ended June 30, 2010.

The plan assets for the 457 plan and 401(K) plan are held at ICMA-RC Services, LLC.

Plan Description. Starting July 1, 2008, substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute between 7% and 8% of their gross salary depending on classification. The Village is required to contribute between 7% and 11% of the gross covered salary depending on classification. The contribution requirements of plan members and the Village are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The Village's contributions to PERA for the years ending June 30, 2010, and 2009 were \$148,324, and \$136,019, respectively, which equal to the amount of the required contributions for each fiscal year.

4. DETAILED NOTES ON ALL FUNDS (Continued)

Risk Management

The Village of Corrales is insured through the New Mexico Self Insurer's Fund. Coverage provided includes all-peril on buildings and contents; crime coverage; general liability; civil rights and personal injury; motor vehicle and fleet property damage and liability; and statutory workman's compensation coverage. The crime coverage portion of this insurance includes employee fidelity/faithful performance coverage up to \$50,000 each occurrence. The claims have not exceeded the coverage of each of the past three years.

Joint Powers Agreements

A Joint Powers Agreement was entered into by and between the City of Rio Rancho, the County of Sandoval, the Town of Bernalillo, the Pueblo of Santa Ana and the Village of Corrales, as of July 1, 2003, to establish and provide a centralized enhanced 911 communication system and thereby improve public emergency medical service, fire, rescue and law enforcement services to their citizens. The term of the Agreement is indefinite unless terminated by any party upon delivery of a written notice. The City of Rio Rancho acts as the fiscal agent and is responsible for the operation and audit of its records. The Village shall pay a pro rata share of the approved total annual budget. The Village's pro rata share is 4.8946%. The Village is responsible for the maintenance of their own 911 equipment. The Village of Corrales contributed \$148,890 for the current year. Revenues and expenditures are reported to DFA.

A Joint Powers Agreement among the Village, Sandoval County, and the EMNRD for Wildland Fire Protection and Suppression was entered on April 2, 2004. No contributions were made for the current year. Revenues and expenditures are reported to DFA.

Memorandum of Agreement

A Memorandum of Agreement was entered into by and between Sandoval County and the Village on September, 26, 2008 where the County provided \$20,000 to the Village for improvements to La Entrada Park and the Recreational Complex to benefit the residents of Sandoval. According to the scope of work the Village used the funding to construct shade structures over the benches and playground at the La Entrada Park and the Recreational Complex.

A Memorandum of Agreement between the Village and the Middle Rio Grande Valley Task Force (MRGVTF) is entered into annually where the Village employs Special Class Employees, who are assigned solely to the MRGVTF to conduct narcotics investigations. Bernalillo County reimburses the employment expenses for these employees. Bernalillo County reimbursed the Village \$338,866 for the current year.

A Memorandum of Agreement between the County of Sandoval and the Village was entered into on June 19, 2008 to provide funding for the wastewater collection system to benefit the area businesses and residents of Sandoval County. The County committed \$750,000 to be paid to the Village on a cost reimbursable basis or payments made directly to the contractors. This MOU was extended one year and will terminate on June 30, 2011. Sandoval County reimbursed the Village \$407,892 for current year expenditures.

4. **DETAILED NOTES ON ALL FUNDS (Continued)**

Capital Outlay Appropriation

Capital Outlay appropriations are as follows:

<u>Capital Project Fund</u>	<u>Project Appropriation</u>	<u>2010 Expenditures</u>	<u>Expenditures to Date</u>	<u>Unexpended</u>	<u>Appropriation Period</u>
Corrales Records Center	\$ 10,000	\$ -	\$ 1,600	\$ 8,400	1/2006 to 6/2010
Loma Larga Construction	51,000	-	-	51,000	8/2008 to 6/2010
Corrales Sewer System	110,000	110,000	110,000	-	1/2006 to 6/2011
Corrales Sewer System	77,000	77,000	77,000	-	1/2007 to 6/2011
Corrales Emergency Access A	100,000			100,000	11/2007 to 6/2011
NM 528 and Northern Blvd	180,000			180,000	10/2005 to 6/2010
NM 528 and Northern Signal	100,000			100,000	11/2007 to 6/2011
Corrales Public Safety Facility Renovation	10,000		722	9,278	5/2007 to 6/2011
Corrales Roads and Drainage	<u>275,000</u>	<u>153,270</u>	<u>187,818</u>	<u>87,182</u>	1/2006 to 6/2010
	<u>\$ 913,000</u>	<u>\$ 340,270</u>	<u>\$ 377,140</u>	<u>\$ 535,860</u>	

Unexpended appropriations will be recorded as revenue at the time the related costs are incurred.

Expenditures in Excess of Budget

Actual expenditures exceeded budgeted expenditures at the total fund level for the following fund:

Road-Coop	\$(17,295)
-----------	-------------

Restatement

The restatements represent revenues that were received in the current year for prior year activity. The Village found four grants where reimbursement requests had not been submitted based on the grant agreements. The Village requested reimbursements for the prior year expenditures in the following funds:

<u>Fund</u>	<u>Grant</u>	<u>Amount</u>
General	CDBG	\$ 20,000
Waste Water Project	NMED	124,022
Safe Routes to School	Safe Routes	4,703
HWY 528 Access A	NMDOT	<u>73,036</u>
		<u>\$ 221,761</u>

Commitments and Contingencies

The Waste Water Project Fund utilizes grants from the EPA, the State of New Mexico, and Sandoval County for a sewer project. At June 30, 2010 the Village had an advance of federal funds in the amount of \$195,092. Since the project is ongoing the Village will apply future expenditures against this advance.

SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

Local Government Corrections Fund - This Special Revenue Fund, authorized by State Statute Chapter 35, Section 14-11, is used to account for the proceeds collected from a correction fee of \$10, charged to persons violating an ordinance relating to the operation of a motor vehicle. Expenditures are restricted to constructing, operating and maintaining a municipal jail or restricted for paying the costs of housing municipal prisoners in a county jail.

Court AOC – This Special Revenue Fund, authorized by State Statute Chapter 34, Section 9-12, is used to account for municipal court automation funds to purchase, maintain and operate a court automation system in the municipality's courts.

Emergency Medical Service (EMS) Fund - This Special Revenue Fund, authorized by State Statute Chapter 178, Laws of 1978, is used to account for all rescue operations within the fire department. Financing is provided by a state grant and subsidized by the General Fund.

Fire Protection Fund – This Special Revenue Fund, authorized by the State Statute Chapter 48, Section 2, Laws of 1963, is used to account for the operations of the Fire Department. Financing is provided by the State Fire Allotment, emergency medical services, interest on investments and miscellaneous revenues.

Law Enforcement Protection Fund – This Special Revenue Fund, authorized by State Statute Chapter 289, Laws of 1983, is used to account for the purchase of vehicles, radios, and equipment for the police department. Financing is provided by a grant from the State of New Mexico.

Traffic Safety Fund – This Special Revenue Fund is used to account for the traffic safety fee collected under the New Mexico Uniform Traffic Ordinance, Section 12. The fees are expended for traffic safety related equipment.

Library Fund - This Special Revenue Fund, authorized by State Statute Chapter 3, Section 1914, is used to account for money received from private and corporate foundations, individuals and other governments in an effort to implement beneficial cooperative projects for Bernalillo, Rio Rancho, and Corrales Libraries.

Lodgers' Tax Fund – This Special Revenue Fund accounts for revenues and expenditures per the Lodgers' Tax Ordinance 500 of the Village. Funds are restricted to the economic development of the Village.

Economic Development – A Special Revenue Fund that the Governing Body approved for the Wine & Quilt Festival and Corrales Mainstreet.

Municipal Streets Fund – This Special Revenue fund is used to account for a 1 cent gasoline tax which is used for repairing and construction of roads. Also included in this fund is revenue from the State Department of Transportation under a municipal arterial project agreement. Authority 7-1-6.9 ANSD 7-1-6.27 NMSA 1978.

Recreation Fund – This Special Revenue Fund, authorized by State Statute (7-12-15) is used to account for operations and maintenance of the parks and other recreation type activities. Financing is provided by a cigarette tax, grants, interests on investments and miscellaneous revenues.

Landmark Trees – This Special Revenue Fund is for providing the designation and protection of landmark trees in the Village of Corrales. Authority is from Village Ordinance No. 06-01.

FEMA-Fire Equipment – This Special Revenue Fund is used to account for FEMA grant funds used to assist in protecting the health and safety of the public and firefighting personnel against fire and fire-related hazards.

Bosque Fund – This Special Revenue Fund is used to account for contributions by the Nature Conservancy, a non-profit entity that requested accounting for donations.

Safe Routes to School – This Special Revenue Fund is a grant to create a master plan for safe routes to school for school kids.

Casa San Ysidro Fund - This Special Revenue Fund is used to account for a joint project with the City of Albuquerque to operate a historical site called Casa San Ysidro.

Police Special Fund – This Special Revenue Fund is used to account for a grant from neighborhood watch and drug asset forfeitures. Authority is motion by Village Council.

Public Safety Communication Equip Fund – This Special Revenue Fund is used to account for legislative funding to purchase various equipment related to public safety.

Mid-Rio Grande Valley – This Special Revenue Fund is to account for the MOU with the MRGVTF for Federal funds used for narcotics investigations.

CAPITAL PROJECT FUNDS

Records Center – This fund is for legislative appropriation to be used to restructure a room in the public works building to store the Village’s records.

HWY 528 Access A – This fund is to account for the legislative appropriation to be used to create a lighted access road from the Village of Corrales to Rio Rancho at intersection of Northern Blvd and Highway 528.

Farmland Preservation – This fund is to account for the funds used to buy land based on board resolution.

Road Co-op – This fund is to account for state funding to do Co-op projects. Village will pay 25% and the state pays 75%. Governing Body approves road projects to be completed for the fiscal year. Gasoline tax is reported in this fund to supplement the road projects.

Loma Larga – This fund is to account for funds used to construct Loma Larga. State Legislative funds redirected as Roads and Drainage in the Village of Corrales.

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue			
	<u>Corrections</u>	<u>Court AOC</u>	<u>EMS</u>	<u>Fire Protection</u>
ASSETS				
Cash	\$ 249,090	\$ -	\$ 1,842	\$ 28,641
Accounts receivable	-	7,505	-	31,309
Due from other funds	-	-	-	-
Total assets	<u>\$ 249,090</u>	<u>\$ 7,505</u>	<u>\$ 1,842</u>	<u>\$ 59,950</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 7,505	\$ -	\$ 1,024
Accrued payroll liabilities	-	-	-	-
Deferred revenues	-	7,505	-	16,311
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>15,010</u>	<u>-</u>	<u>17,335</u>
Fund balances:				
Reserved for capital projects	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved and undesignated	249,090	(7,505)	1,842	42,615
Total fund balances	<u>249,090</u>	<u>(7,505)</u>	<u>1,842</u>	<u>42,615</u>
Total liabilities and fund balances	<u>\$ 249,090</u>	<u>\$ 7,505</u>	<u>\$ 1,842</u>	<u>\$ 59,950</u>

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

Special Revenue

<u>Law Enforcement Protection</u>	<u>Traffic Safety</u>	<u>Library</u>	<u>Lodgers' Tax</u>	<u>Economic Development</u>	<u>Municipal Street</u>	<u>Recreation</u>
\$ -	\$ 27,311	\$ 187,132	\$ 4,999	\$ -	\$ -	\$ 3,108
-	2,700	588	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 30,011</u>	<u>\$ 187,720</u>	<u>\$ 4,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,108</u>
\$ -	\$ -	\$ 1,736	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	17,184	-	-	-	-	-
<u>-</u>	<u>17,184</u>	<u>1,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>12,827</u>	<u>185,984</u>	<u>4,999</u>	<u>-</u>	<u>-</u>	<u>3,108</u>
<u>-</u>	<u>12,827</u>	<u>185,984</u>	<u>4,999</u>	<u>-</u>	<u>-</u>	<u>3,108</u>
<u>\$ -</u>	<u>\$ 30,011</u>	<u>\$ 187,720</u>	<u>\$ 4,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,108</u>

(Continued)

STATE OF NEW MEXICO
VILLAGE OF CORRALES
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue			
	<u>Landmark Trees</u>	<u>FEMA-Fire Equipment</u>	<u>Bosque</u>	<u>Safe Routes to School</u>
ASSETS				
Cash	\$ 142	\$ -	\$ 51,259	\$ 4,901
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 142</u>	<u>\$ -</u>	<u>\$ 51,259</u>	<u>\$ 4,901</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Due to other funds	-	-	-	1,303
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,303</u>
Fund balances:				
Reserved for capital projects	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved and undesignated	142	-	51,259	3,598
Total fund balances	<u>142</u>	<u>-</u>	<u>51,259</u>	<u>3,598</u>
Total liabilities and fund balances	<u>\$ 142</u>	<u>\$ -</u>	<u>\$ 51,259</u>	<u>\$ 4,901</u>

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

Special Revenue				Capital Projects		
<u>Casa San Ysidro</u>	<u>Police Special</u>	<u>Public Safety Communication Equipment</u>	<u>Mid-Rio Grande Valley</u>	<u>Special Revenue Total</u>	<u>Records Center</u>	<u>HWY 528 Access A</u>
\$ -	\$ 191,604	\$ -	\$ -	\$ 750,029	\$ -	\$ 49,368
-	-	-	38,705	80,807	5,824	195,910
-	-	189	79,633	79,822	-	76,000
<u>\$ -</u>	<u>\$ 191,604</u>	<u>\$ 189</u>	<u>\$ 118,338</u>	<u>\$ 910,658</u>	<u>\$ 5,824</u>	<u>\$ 321,278</u>
\$ -	\$ 2,003	\$ -	\$ -	\$ 12,268	\$ -	\$ 21,421
-	449	-	5,415	5,864	-	-
-	-	-	-	23,816	5,824	195,481
-	56,555	-	103,327	178,369	5,823	175,165
<u>-</u>	<u>59,007</u>	<u>-</u>	<u>108,742</u>	<u>220,317</u>	<u>11,647</u>	<u>392,067</u>
-	-	-	-	-	(5,823)	(70,789)
-	-	-	-	-	-	-
-	132,597	189	9,596	690,341	-	-
<u>-</u>	<u>132,597</u>	<u>189</u>	<u>9,596</u>	<u>690,341</u>	<u>(5,823)</u>	<u>(70,789)</u>
<u>\$ -</u>	<u>\$ 191,604</u>	<u>\$ 189</u>	<u>\$ 118,338</u>	<u>\$ 910,658</u>	<u>\$ 5,824</u>	<u>\$ 321,278</u>

(Continued)

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Capital Projects			
	Farmland Preservation	Road CO-OP	Public Safety Facilities	Loma Larga
ASSETS				
Cash	\$ 279,111	\$ -	\$ -	\$ -
Accounts receivable	-	534	9,758	-
Due from other funds	30,093	-	-	65,853
Total assets	\$ 309,204	\$ 534	\$ 9,758	\$ 65,853
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 200	-	\$ 197	\$ -
Accrued payroll liabilities	-	-	-	-
Deferred revenues	-	-	9,758	-
Due to other funds	-	19,692	9,036	-
Total liabilities	200	19,692	18,991	-
Fund balances:				
Reserved for capital projects	309,004	(19,158)	(9,233)	65,853
Reserved for debt service	-	-	-	-
Unreserved and undesignated	-	-	-	-
Total fund balances	309,004	(19,158)	(9,233)	65,853
Total liabilities and fund balances	\$ 309,204	\$ 534	\$ 9,758	\$ 65,853

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

Capital Projects Total	Nonmajor Governmental Funds
\$ 328,479	\$ 1,078,508
212,026	292,833
<u>171,946</u>	<u>251,768</u>
<u>\$ 712,451</u>	<u>\$ 1,623,109</u>
\$ 21,818	\$ 34,086
-	5,864
211,063	234,879
<u>209,716</u>	<u>388,085</u>
<u>442,597</u>	<u>662,914</u>
269,854	269,854
-	-
-	690,341
<u>269,854</u>	<u>960,195</u>
<u>\$ 712,451</u>	<u>\$ 1,623,109</u>

(Continued)

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue			
	<u>Correction</u>	<u>Court AOC</u>	<u>EMS</u>	<u>Fire Protection</u>
REVENUES				
Taxes:				
State-shared	\$ -	\$ -	\$ -	\$ -
Lodgers'	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	-	9,250	161,748
Charges for services	-	-	-	-
Fines and forfeitures	58,861	-	-	-
Interest income	-	-	-	-
Miscellaneous	11	-	-	-
Total revenues	58,872	-	9,250	161,748
EXPENDITURES				
Current operations:				
General government	-	-	-	-
Public safety	35,121	7,505	8,757	103,654
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	14,787
Total expenditures	35,121	7,505	8,757	118,441
Excess (deficiency) of revenues over expenditures	23,751	(7,505)	493	43,307
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	(692)
Total other financing sources (uses)	-	-	-	(692)
Net change in fund balances	23,751	(7,505)	493	42,615
Fund balances, beginning of year				
As previously reported	225,339	-	1,349	-
Restatement	-	-	-	-
Fund balances, as restated	225,339	-	1,349	-
Fund balances, end of year	\$ 249,090	\$(7,505)	\$ 1,842	\$ 42,615

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

Special Revenue

<u>Law Enforcement Protection</u>	<u>Traffic Safety</u>	<u>Library</u>	<u>Lodgers' Tax</u>	<u>Economic Development</u>	<u>Municipal Street</u>	<u>Recreation</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,137	\$ -
-	-	-	6,176	-	-	-
-	-	-	-	-	-	442
32,600	17,028	16,588	-	-	-	-
-	148	-	-	-	-	35
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1	1,001	-	-	-	-
<u>32,600</u>	<u>17,177</u>	<u>17,589</u>	<u>6,176</u>	<u>-</u>	<u>24,137</u>	<u>477</u>
-	-	-	-	-	-	-
-	15,972	-	-	-	-	-
-	-	-	-	-	-	-
-	-	39,542	9,200	18,000	-	5,817
<u>32,622</u>	<u>-</u>	<u>21,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>32,622</u>	<u>15,972</u>	<u>60,595</u>	<u>9,200</u>	<u>18,000</u>	<u>-</u>	<u>5,817</u>
(22)	1,205	(43,006)	(3,024)	(18,000)	24,137	(5,340)
-	-	-	-	18,000	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,137)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>(24,137)</u>	<u>-</u>
(22)	1,205	(43,006)	(3,024)	-	-	(5,340)
22	11,622	228,990	8,023	-	-	8,448
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22</u>	<u>11,622</u>	<u>228,990</u>	<u>8,023</u>	<u>-</u>	<u>-</u>	<u>8,448</u>
<u>\$ -</u>	<u>\$ 12,827</u>	<u>\$ 185,984</u>	<u>\$ 4,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,108</u>

(Continued)

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	Special Revenue			
	Landmark <u>Trees</u>	FEMA-Fire <u>Equipment</u>	Bosque	Safe Routes to <u>School</u>
REVENUES				
Taxes:				
State-shared	\$ -	\$ -	\$ -	\$ -
Lodgers	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	13,148	-	2,338
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest income	-	-	14	-
Miscellaneous	292	-	49,530	-
Total revenues	<u>292</u>	<u>13,148</u>	<u>49,544</u>	<u>2,338</u>
EXPENDITURES				
Current operations:				
General government	-	-	-	-
Public safety	-	-	-	2,468
Public works	-	-	1,465	-
Culture and recreation	150	-	-	-
Capital outlay	-	13,840	-	-
Total expenditures	<u>150</u>	<u>13,840</u>	<u>1,465</u>	<u>2,468</u>
Excess (deficiency) of revenues over expenditures	142	(692)	48,079	(130)
Other financing sources (uses):				
Transfers in	-	692	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>692</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>142</u>	<u>-</u>	<u>48,079</u>	<u>(130)</u>
Fund balances, beginning of year				
As previously reported	-	-	3,180	(975)
Restatement	-	-	-	4,703
Fund balances, as restated	<u>-</u>	<u>-</u>	<u>3,180</u>	<u>3,728</u>
Fund balances, end of year	<u>\$ 142</u>	<u>\$ -</u>	<u>\$ 51,259</u>	<u>\$ 3,598</u>

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

<u>Special Revenue</u>					<u>Capital Projects</u>	
<u>Casa San Ysidro</u>	<u>Police Special</u>	<u>Public Safety Communication Equipment</u>	<u>Mid-Rio Grande Valley</u>	<u>Special Revenue Total</u>	<u>Records Center</u>	<u>HWY 528 Access A</u>
\$ -	\$ -	\$ -	\$ -	\$ 24,137	\$ -	\$ -
-	-	-	-	6,176	-	-
-	-	-	-	442	-	-
-	237,676	-	345,621	835,997	-	26,964
-	-	-	-	183	-	-
-	-	-	-	58,861	-	-
-	-	-	-	14	-	-
-	9,754	-	-	60,589	-	-
<u>-</u>	<u>247,430</u>	<u>-</u>	<u>345,621</u>	<u>986,399</u>	<u>-</u>	<u>26,964</u>
-	-	-	-	-	5,823	-
-	80,607	-	336,025	590,109	-	-
-	-	-	-	1,465	-	-
20,000	-	-	-	92,709	-	-
-	88,474	-	-	170,776	-	170,789
<u>20,000</u>	<u>169,081</u>	<u>-</u>	<u>336,025</u>	<u>855,059</u>	<u>5,823</u>	<u>170,789</u>
(20,000)	78,349	-	9,596	131,340	(5,823)	(143,825)
20,000	12,000	-	-	50,692	-	-
-	(12,000)	-	-	(36,829)	-	-
<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,863</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>78,349</u>	<u>-</u>	<u>9,596</u>	<u>145,203</u>	<u>(5,823)</u>	<u>(143,825)</u>
-	54,248	189	-	540,435	-	-
-	-	-	-	4,703	-	73,036
-	54,248	189	-	545,138	-	73,036
<u>\$ -</u>	<u>\$ 132,597</u>	<u>\$ 189</u>	<u>\$ 9,596</u>	<u>\$ 690,341</u>	<u>\$(5,823)</u>	<u>\$(70,789)</u>

(Continued)

STATE OF NEW MEXICO
VILLAGE OF CORRALES
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Capital Projects</u>			
	<u>Farmland Preservation</u>	<u>Road CO-OP</u>	<u>Public Safety Facilities</u>	<u>Loma Larga</u>
REVENUES				
Taxes:				
State-shared	\$ -	\$ -	\$ -	\$ -
Lodgers	-	-	-	-
Other	-	-	-	-
Intergovernmental	-	141,000	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest income	62	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>62</u>	<u>141,000</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current operations:				
General government	-	-	-	-
Public safety	-	-	9,233	-
Public works	9,178	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	205,295	-	-
Total expenditures	<u>9,178</u>	<u>205,295</u>	<u>9,233</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(9,116)	(64,295)	(9,233)	-
Other financing sources (uses):				
Transfers in	10,000	45,137	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>10,000</u>	<u>45,137</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>884</u>	<u>(19,158)</u>	<u>(9,233)</u>	<u>-</u>
Fund balances, beginning of year				
As previously reported	308,120	-	-	65,853
Restatement	-	-	-	-
Fund balances, as restated	<u>308,120</u>	<u>-</u>	<u>-</u>	<u>65,853</u>
Fund balances, end of year	<u>\$ 309,004</u>	<u>\$(19,158)</u>	<u>\$(9,233)</u>	<u>\$ 65,853</u>

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

<u>Capital Projects Total</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ 24,137
-	6,176
-	442
167,964	1,003,961
-	183
-	58,861
62	76
-	60,589
<u>168,026</u>	<u>1,154,425</u>
5,823	5,823
9,233	599,342
9,178	10,643
-	92,709
<u>376,084</u>	<u>546,860</u>
<u>400,318</u>	<u>1,255,377</u>
(232,292)	(100,952)
55,137	105,829
-	(36,829)
<u>55,137</u>	<u>69,000</u>
(177,155)	(31,952)
373,973	914,408
73,036	77,739
<u>447,009</u>	<u>992,147</u>
<u>\$ 269,854</u>	<u>\$ 960,195</u>

(Continued)

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
CORRECTIONS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Fines and forfeitures	\$ 72,200	\$ 72,200	\$ 58,861	\$(13,339)
Miscellaneous	-	-	11	11
Total revenues	<u>72,200</u>	<u>72,200</u>	<u>58,872</u>	<u>(13,328)</u>
EXPENDITURES				
Current operations:				
Public safety	<u>74,200</u>	<u>74,200</u>	<u>35,121</u>	<u>39,079</u>
Total expenditures	<u>74,200</u>	<u>74,200</u>	<u>35,121</u>	<u>39,079</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000)</u>	<u>(2,000)</u>	<u>23,751</u>	<u>25,751</u>
Net change in fund balances	<u>\$(2,000)</u>	<u>\$(2,000)</u>	<u>\$ 23,751</u>	<u>\$ 25,751</u>
Beginning cash balance	<u>\$ 227,071</u>	<u>\$ 227,071</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
COURT AOC FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current operations:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Beginning cash balance	\$ -	\$ -		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ -	
Change in payables			(7,505)	
Net change in fund balances GAAP basis			\$(7,505)	

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
EMS FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$ 9,249	\$ 9,249	\$ 9,250	\$ 1
Total revenues	<u>9,249</u>	<u>9,249</u>	<u>9,250</u>	<u>1</u>
EXPENDITURES				
Current operations:				
Public safety	<u>9,249</u>	<u>9,249</u>	<u>8,757</u>	<u>492</u>
Capital outlay:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>9,249</u>	<u>9,249</u>	<u>8,757</u>	<u>492</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>493</u>	<u>493</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493</u>	<u>\$ 493</u>
Beginning cash balance	<u>\$ 2,534</u>	<u>\$ 2,534</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
FIRE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 121,158	\$ 146,750	\$ 161,748	\$ 14,998
Total revenues	<u>121,158</u>	<u>146,750</u>	<u>161,748</u>	<u>14,998</u>
EXPENDITURES				
Current operations:				
Public safety	77,034	113,905	103,654	10,251
Capital outlay:	<u>44,124</u>	<u>27,095</u>	<u>14,787</u>	<u>12,308</u>
Total expenditures	<u>121,158</u>	<u>141,000</u>	<u>118,441</u>	<u>22,559</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>5,750</u>	<u>43,307</u>	<u>37,557</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(692)</u>	<u>692</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(692)</u>	<u>692</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 5,750</u>	<u>\$ 42,615</u>	<u>\$ 38,249</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
TRAFFIC SAFETY FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 15,000	\$ 20,040	\$ 17,028	\$(3,012)
Charges for services	-	-	148	148
Miscellaneous	-	-	1	1
Total revenues	<u>15,000</u>	<u>20,040</u>	<u>17,177</u>	<u>(2,863)</u>
EXPENDITURES				
Current operations:				
Public safety	<u>15,000</u>	<u>20,040</u>	<u>15,972</u>	<u>4,068</u>
Total expenditures	<u>15,000</u>	<u>20,040</u>	<u>15,972</u>	<u>4,068</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,205</u>	<u>1,205</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,205</u>	<u>\$ 1,205</u>
Beginning cash balance	<u>\$ 10,533</u>	<u>\$ 10,533</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
LIBRARY FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 19,159	\$ 22,034	\$ 16,588	\$(5,446)
Miscellaneous	<u>-</u>	<u>1,001</u>	<u>1,001</u>	<u>-</u>
Total revenues	<u>19,159</u>	<u>23,035</u>	<u>17,589</u>	<u>(5,446)</u>
EXPENDITURES				
Current operations:				
Culture and recreation	57,900	56,159	39,542	16,617
Capital outlay:	<u>25,259</u>	<u>27,615</u>	<u>21,053</u>	<u>6,562</u>
Total expenditures	<u>83,159</u>	<u>83,774</u>	<u>60,595</u>	<u>23,179</u>
Excess (deficiency) of revenues over expenditures	<u>(64,000)</u>	<u>(60,739)</u>	<u>(43,006)</u>	<u>17,733</u>
Net change in fund balances	<u>\$(64,000)</u>	<u>\$(60,739)</u>	<u>\$(43,006)</u>	<u>\$ 17,733</u>
Beginning cash balance	<u>\$ 230,258</u>	<u>\$ 230,258</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
LODGERS' TAX FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Lodgers'	\$ <u>7,000</u>	\$ <u>7,000</u>	\$ <u>6,176</u>	\$(<u>824</u>)
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>6,176</u>	(<u>824</u>)
 EXPENDITURES				
Current operations:				
Culture and recreation	<u>7,000</u>	<u>10,000</u>	<u>9,200</u>	<u>800</u>
Total expenditures	<u>7,000</u>	<u>10,000</u>	<u>9,200</u>	<u>800</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	(<u>3,000</u>)	(<u>3,024</u>)	(<u>24</u>)
Net change in fund balances	<u>\$ -</u>	<u>\$(3,000)</u>	<u>\$(3,024)</u>	<u>\$(24)</u>
Beginning cash balance	<u>\$ 8,023</u>	<u>\$ 8,023</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
ECONOMIC DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u> </u>
EXPENDITURES				
Current operations:				
Culture and recreation	\$ 18,000	\$ 18,000	\$ 18,000	\$ -
Total expenditures	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(18,000)	(18,000)	(18,000)	<u>-</u>
Other financing sources (uses):				
Transfers in	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Total other financing sources (uses)	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
MUNICIPAL STREET FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Taxes:				
State-shared	\$ 26,000	\$ 26,000	\$ 24,137	\$(1,863)
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>24,137</u>	<u>(1,863)</u>
 Excess (deficiency) of revenues over expenditures	<u>26,000</u>	<u>26,000</u>	<u>24,137</u>	<u>(1,863)</u>
 Other financing sources (uses):				
Transfers out	(26,000)	(26,000)	(24,137)	1,863
Total other financing sources (uses)	<u>(26,000)</u>	<u>(26,000)</u>	<u>(24,137)</u>	<u>1,863</u>
 Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
RECREATION FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes:				
State-shared	4,950	4,950	442	(4,508)
Charges for services	-	-	35	35
Total revenues	4,950	4,950	477	(4,473)
 EXPENDITURES				
Current operations:				
Culture and recreation	4,950	5,817	5,817	-
Total expenditures	4,950	5,817	5,817	-
 Excess (deficiency) of revenues				
over expenditures	-	(867)	(5,340)	(4,473)
 Net change in fund balances	\$ -	\$(867)	\$(5,340)	\$(4,473)
 Beginning cash balance	\$ 8,483	\$ 8,483		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
LANDMARK TREES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Miscellaneous	\$ -	\$ 292	\$ 292	\$ -
Total revenues	<u>-</u>	<u>292</u>	<u>292</u>	<u>-</u>
EXPENDITURES				
Current operations:				
Culture and recreation	<u>176</u>	<u>176</u>	<u>150</u>	<u>26</u>
Total expenditures	<u>176</u>	<u>176</u>	<u>150</u>	<u>26</u>
Excess (deficiency) of revenues over expenditures	<u>(176)</u>	<u>116</u>	<u>142</u>	<u>26</u>
Net change in fund balances	<u>\$(176)</u>	<u>\$ 116</u>	<u>\$ 142</u>	<u>\$ 26</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
FEMA-FIRE EQUIPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 13,840	\$ 13,148	\$(692)
Total revenues	<u>-</u>	<u>13,840</u>	<u>13,148</u>	<u>(692)</u>
EXPENDITURES				
Capital outlay:	-	13,840	13,840	-
Total expenditures	<u>-</u>	<u>13,840</u>	<u>13,840</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(692)</u>	<u>(692)</u>
Other financing sources (uses):				
Transfers in	-	-	692	692
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>692</u>	<u>692</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
BOSQUE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Interest on investments	\$ -	\$ -	\$ 14	\$ 14
Miscellaneous	<u>-</u>	<u>49,530</u>	<u>49,530</u>	<u>-</u>
Total revenues	<u>-</u>	<u>49,530</u>	<u>49,544</u>	<u>14</u>
EXPENDITURES				
Current operations:				
Public works	<u>-</u>	<u>52,710</u>	<u>1,465</u>	<u>51,245</u>
Total expenditures	<u>-</u>	<u>52,710</u>	<u>1,465</u>	<u>51,245</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(3,180)</u>	<u>48,079</u>	<u>51,259</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (3,180)</u>	<u>\$ 48,079</u>	<u>\$ 51,259</u>
Beginning cash balance	<u>\$ 3,180</u>	<u>\$ 3,180</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SAFE ROUTES TO SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ 7,041	\$ 2,338	\$(4,703)
Total revenues	<u>-</u>	<u>7,041</u>	<u>2,338</u>	<u>(4,703)</u>
EXPENDITURES				
Current operations:				
Public safety	-	2,468	2,468	-
Total expenditures	<u>-</u>	<u>2,468</u>	<u>2,468</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>4,573</u>	<u>(130)</u>	<u>(4,703)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 4,573</u>	<u>\$(130)</u>	<u>\$(4,703)</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
CASA SAN YSIDRO FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
EXPENDITURES				
Current operations:				
Culture and recreation	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(20,000)	(20,000)	(20,000)	-
Other financing sources (uses):				
Transfers in	20,000	20,000	20,000	-
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
POLICE SPECIAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$ 32,000	\$ 236,866	\$ 237,676	\$ 810
Miscellaneous	<u>-</u>	<u>9,754</u>	<u>9,754</u>	<u>-</u>
Total revenues	<u>32,000</u>	<u>246,620</u>	<u>247,430</u>	<u>810</u>
EXPENDITURES				
Current operations:				
Public safety	83,644	97,102	80,607	16,495
Capital outlay:	<u>2,556</u>	<u>130,214</u>	<u>88,474</u>	<u>41,740</u>
Total expenditures	<u>86,200</u>	<u>227,316</u>	<u>169,081</u>	<u>58,235</u>
Excess (deficiency) of revenues over expenditures	<u>(54,200)</u>	<u>19,304</u>	<u>78,349</u>	<u>59,045</u>
Other financing sources (uses):				
Transfers in	-	-	12,000	12,000
Transfers out	<u>-</u>	<u>-</u>	<u>(12,000)</u>	<u>12,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,000</u>
Net change in fund balances	<u>\$(54,200)</u>	<u>\$ 19,304</u>	<u>\$ 78,349</u>	<u>\$ 83,045</u>
Beginning cash balance	<u>\$ 54,380</u>	<u>\$ 54,380</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
MID-RIO GRANDE VALLEY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ 348,950	\$ 345,621	\$(3,329)
Total revenues	<u>-</u>	<u>348,950</u>	<u>345,621</u>	<u>(3,329)</u>
EXPENDITURES				
Current operations:				
Public safety	-	332,294	330,610	1,684
Total expenditures	<u>-</u>	<u>332,294</u>	<u>330,610</u>	<u>1,684</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>16,656</u>	<u>15,011</u>	<u>(1,645)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 16,656</u>	<u>\$ 15,011</u>	<u>\$(1,645)</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 15,011	
Change in accrued payroll liabilities			<u>(5,415)</u>	
Net change in fund balances GAAP basis			<u>\$ 9,596</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
FAR NORTHWEST SECTOR FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Charges for services	\$ 40,270	\$ 95,280	\$ 19,281	\$(75,999)
Interest on investments	-	-	194	194
Total revenues	<u>40,270</u>	<u>95,280</u>	<u>19,475</u>	<u>(75,805)</u>
EXPENDITURES				
Current operations:				
Public works	-	55,010	55,010	-
Debt service:				
Interest and fiscal charges	<u>40,270</u>	<u>40,270</u>	<u>40,270</u>	-
Total expenditures	<u>40,270</u>	<u>95,280</u>	<u>95,280</u>	-
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(75,805)</u>	<u>(75,805)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$(75,805)</u>	<u>\$(75,805)</u>
Beginning cash balance	<u>\$ 521,653</u>	<u>\$ 521,653</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(75,805)	
Change in payables			<u>(76,000)</u>	
Net change in fund balances GAAP basis			<u>\$(151,805)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
WASTE WATER PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 1,806,202	\$ 1,806,202	\$ 1,099,994	\$(706,208)
Total revenues	<u>1,806,202</u>	<u>1,806,202</u>	<u>1,099,994</u>	<u>(706,208)</u>
EXPENDITURES				
Capital outlay:	<u>1,806,202</u>	<u>1,806,202</u>	<u>1,042,484</u>	<u>763,718</u>
Total expenditures	<u>1,806,202</u>	<u>1,806,202</u>	<u>1,042,484</u>	<u>763,718</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>57,510</u>	<u>57,510</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,510</u>	<u>\$ 57,510</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 57,510	
Change in payables			<u>(195,092)</u>	
Net change in fund balances GAAP basis			<u>\$(137,582)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
RECORDS CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Amounts</u>
REVENUES				
Intergovernmental	\$ <u>160,000</u>	\$ <u>10,000</u>	\$ <u>5,824</u>	\$(<u>4,176</u>)
Total revenues	<u>160,000</u>	<u>10,000</u>	<u>5,824</u>	<u>(4,176)</u>
EXPENDITURES				
Current operations:				
General government	<u>160,000</u>	<u>10,000</u>	<u>5,823</u>	<u>4,177</u>
Total expenditures	<u>160,000</u>	<u>10,000</u>	<u>5,823</u>	<u>4,177</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 1	
Change in deferred revenues			<u>(5,824)</u>	
Net change in fund balances GAAP basis			<u>\$(5,823)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
HWY 528 ACCESS A FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 835,000	\$ 250,000	\$ 129,945	\$(120,055)
Total revenues	<u>835,000</u>	<u>250,000</u>	<u>129,945</u>	<u>(120,055)</u>
EXPENDITURES				
Capital outlay:	<u>835,000</u>	<u>250,000</u>	246,789	<u>3,211</u>
Total expenditures	<u>835,000</u>	<u>250,000</u>	<u>246,789</u>	<u>3,211</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(116,844)</u>	<u>(116,844)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$(116,844)</u>	<u>\$(116,844)</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(116,844)	
Change in receivables			76,000	
Change in deferred revenues			<u>(102,981)</u>	
Net change in fund balances GAAP basis			<u>\$(143,825)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
FARMLAND PRESERVATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$ 40,000	\$ -	\$ -	\$ -
Interest on investments	<u>-</u>	<u>-</u>	<u>62</u>	<u>62</u>
Total revenues	<u>40,000</u>	<u>-</u>	<u>62</u>	<u>62</u>
EXPENDITURES				
Current operations:				
Public works	<u>50,000</u>	<u>10,000</u>	<u>9,178</u>	<u>822</u>
Total expenditures	<u>50,000</u>	<u>10,000</u>	<u>9,178</u>	<u>822</u>
Excess (deficiency) of revenues over expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>(9,116)</u>	<u>884</u>
Other financing sources (uses):				
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 884</u>	<u>\$ 884</u>
Beginning cash balance	<u>\$ 308,120</u>	<u>\$ 308,120</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
ROAD CO-OP FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 141,000	\$ 141,000	\$ 141,000	\$ -
Total revenues	<u>141,000</u>	<u>141,000</u>	<u>141,000</u>	<u>-</u>
EXPENDITURES				
Capital outlay:	<u>188,000</u>	<u>188,000</u>	<u>205,295</u>	<u>(17,295)</u>
Total expenditures	<u>188,000</u>	<u>188,000</u>	<u>205,295</u>	<u>(17,295)</u>
Excess (deficiency) of revenues over expenditures	<u>(47,000)</u>	<u>(47,000)</u>	<u>(64,295)</u>	<u>(17,295)</u>
Other financing sources (uses):				
Transfers in	<u>47,000</u>	<u>47,000</u>	<u>45,137</u>	<u>(1,863)</u>
Total other financing sources (uses)	<u>47,000</u>	<u>47,000</u>	<u>45,137</u>	<u>(1,863)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$(19,158)</u>	<u>\$(19,158)</u>
Beginning cash balance	<u>\$ 7,598</u>	<u>\$ 7,598</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
PUBLIC SAFETY FACILITIES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 25,000	\$ 10,000	\$ 9,758	\$(242)
Total revenues	<u>25,000</u>	<u>10,000</u>	<u>9,758</u>	<u>(242)</u>
EXPENDITURES				
Current operations:				
Public safety	-	10,000	9,233	767
Capital outlay:	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>25,000</u>	<u>10,000</u>	<u>9,233</u>	<u>767</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>525</u>	<u>525</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525</u>	<u>\$ 525</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 525	
Change in deferred revenues			<u>(9,758)</u>	
Net change in fund balances GAAP basis			<u>\$(9,233)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
LOMA LARGA FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u> </u>
REVENUES				
Intergovernmental	\$ 457,385	\$ 106,797	\$ -	\$(106,797)
Total revenues	<u>457,385</u>	<u>106,797</u>	<u>-</u>	<u>(106,797)</u>
EXPENDITURES				
Capital outlay:	457,385	106,797	-	106,797
Total expenditures	<u>457,385</u>	<u>106,797</u>	<u>-</u>	<u>106,797</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning cash balance	<u>\$ 65,853</u>	<u>\$ 65,853</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
GENERAL OBLIGATIONS BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 370,093	\$ 370,093	\$ 202,793	\$(167,300)
Total revenues	<u>370,093</u>	<u>370,093</u>	<u>202,793</u>	<u>(167,300)</u>
EXPENDITURES				
Current operations:				
General government	2,500	2,500	2,271	229
Debt service:				-
Principal retirement	300,000	300,000	300,000	-
Interest and fiscal charges	<u>67,593</u>	<u>67,593</u>	<u>65,311</u>	<u>2,282</u>
Total expenditures	<u>370,093</u>	<u>370,093</u>	<u>367,582</u>	<u>2,511</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(164,789)</u>	<u>(164,789)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$(164,789)</u>	<u>\$(164,789)</u>
Beginning cash balance	<u>\$ 604,415</u>	<u>\$ 604,415</u>		

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

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2010

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
ASSETS				
Cash	\$ 2,456	\$ 9,573	\$ (10,791)	\$ 1,238
Total assets	<u>\$ 2,456</u>	<u>\$ 8,886</u>	<u>\$ (10,791)</u>	<u>\$ 1,238</u>
LIABILITIES				
Deposits payable	\$ 2,456	\$ 9,573	\$ (10,791)	1,238
Total liabilities	<u>\$ 2,456</u>	<u>\$ 8,886</u>	<u>\$ (10,791)</u>	<u>\$ 1,238</u>

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

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING JUNE 30, 2010**

<u>Grantor Agency and Grant Title</u>	<u>Federal CFDA Number</u>	<u>Grantor or Pass-Through Number</u>	<u>Federal Expenditures</u>
Environmental Protection Agency			
Direct			
Sanitary Sewer Installation	66.606	XP 98689901	\$ 561,174
Executive Office of the President:			
Office of National Drug Control Policy			
Direct			
High Intensity Drug Trafficking Area (HIDTA)		MOU-MRGVTF	
Mid-Rio Grande Valley Task Force	95.001	PO 3900002068	336,025
U.S. Department of Justice			
Direct			
DEA - Police Fund - Equitable Sharing			
Overtime Reimbursement	16.001		187,121
U.S. Department of Homeland Security			
Direct			
Federal Emergency Management Agency	97.044	EMW-2008-FO-12069	13,840
Federal Emergency Management Agency	97.044	EMW-2007-FO-11592	14,998
			<u>28,838</u>
U.S. Department of Agriculture			
Direct			
EMNRD - Wildland Fire	10.999	10-521-2303-0052	16,311
U.S. Department of Transportation			
Pass Through - New Mexico DOT			
Teen Seat Belt Demonstration	20.600	10-OP-TD1-026	3,060
Operation DWI	20.608	10-AL-410-026	5,520
Operation DWI	20.608	09-AL-64-026	1,620
Safe Routes	20.999	SRSP-7700	2,468
			<u>12,668</u>
Total Expenditures of Federal Awards			<u>\$ 1,142,137</u>

NOTE A: SIGNIFICANT ACCOUNTING POLICY

The accompanying schedule of federal awards is prepared on the modified accrual basis of accounting.



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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**

Philip Gasteyer, Mayor
Village Council
Village of Corrales
Corrales, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparison for the general fund, and the combining and individual finds presented as supplemental information of the Village of Corrales, New Mexico (Village), as of and for the year ended June 30, 2010, which collectively comprise Village's basic financial statements and have issued our report thereon dated June 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2009-B to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies, findings 2007-A and 2009-A.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2007-A and 2009-A.

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

This report is intended solely for the information and use of management, the Village Council, others within the entity, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill LLP

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
June 7, 2011



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Philip Gasteyer, Mayor
Village Council
Village of Corrales
Corrales, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

We have audited the Village of Corrales, New Mexico's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village of Corrales, New Mexico's major federal programs for the year ended June 30, 2010. The Village of Corrales, New Mexico's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village of Corrales, New Mexico's management. Our responsibility is to express an opinion on the Village of Corrales, New Mexico's compliance based on our audit.

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

In our opinion, the Village of Corrales, New Mexico, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-A and 2010-B.

Internal Control over Compliance

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

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

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

The Village of Corrales, New Mexico's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village of Corrales, New Mexico's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, Village Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pattillo, Brown & Hill LLP

Pattillo, Brown & Hill, L.L.P.

Albuquerque, New Mexico

June 7, 2011

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	Yes
Significant deficiency identified not considered to be a material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified not considered to be a material weakness?	Yes
Type of auditors’ report issued on compliance For major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) Of Circular A-133?	Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
66.606	Sanitary Sewer Installation
95.001	High Intensity Drug Trafficking Area

Dollar threshold used to distinguish Between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

Section II – Financial Statement Findings

Prior Year

2007-A	Excess of Expenditures Over Budget – Repeated and Modified
2008-A	Budget Adjustment Request – Resolved
2009-A	Audit Report Due Date – Repeated
2009-B	Grant Monitoring and Reporting – Repeated and Modified
2009-C	Missing and Incomplete I-9s – Resolved

Current Year

2007-A	Excess of Expenditures Over Budget – Repeated and Modified
2009-A	Audit Report Due Date – Repeated
2009-B	Grant Monitoring and Reporting – Repeated and Modified

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

2007-A **Excess of Expenditures Over Budget – Repeated and Modified**
(significant deficiency)

Condition: Actual expenditures exceeded budgeted expenditures at the total fund level for the following fund:

Road-Coop	\$ 17,295
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Criteria: 6-6-6 NMSA 1978 requires that the Village keep expenditures within the budgeted amounts. NMAC 2.2.2.10 P(1) requires a finding when actual expenditures exceed budgeted expenditures.

Effect: The Village's expenditures in the above funds exceeded the approved budgets by the amounts noted above for each fund.

Cause: The Village over spent their budget in the fund noted above and did not apply for budget adjustment requests to the Department of Finance and Administration (DFA) when expenditures in excess of budget were necessary.

Recommendation: Budget adjustment requests should be presented to and approved by DFA before expending funds in excess of budget.

Response: Management agrees with the recommendation.

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

2009-A **Audit Report Due Date - Repeated**
(significant deficiency)

Condition: The audit report was not submitted by the due date, December 1, 2010. The report was submitted to the New Mexico Office of the State Auditor on June 9, 2011.

Criteria: Section 2.2.9 A(1)(d) NMAC Audit Rule 2010, Requirements for Contracting and Conducting Audits of Agencies, states annual audit reports are to be received in the Office of the State Auditor on or before December 1st.

Effect: The Village is not in compliance with the New Mexico State Auditor Rule.

Cause: Due to employee turnover, a completed trial balance was not ready until mid October. The Village had also anticipated preparing the financial statements. Due to the late start of fieldwork, the necessity of a single audit and the lack of time necessary to prepare the financial statements, it was not possible to complete the financial statements for submission to the State Auditor in a timely manner.

Recommendation: In the future emphasis should be directed towards completion of the audit by the required due date.

Response: The Village agrees with this recommendation.

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

2009-B **Grant Monitoring and Reporting – Repeated and Modified
(material weakness)**

Condition: During review of federal and state grants it was noted that the Village did not have complete files on all grants with reports requesting reimbursement of expenditures and related documentation. Due to this lack of good record keeping there were requests for reimbursement, which were not filed timely as follows:

<u>Fund</u>	<u>Grant</u>	<u>Date of Expenditure</u>	<u>Date of Request</u>	<u>Amount</u>
HWY 528 Access A	NMDOT	Fye 2008 to 2009	May 2010	\$ 73,036
Safe Routes to School	NMDOT	Prior to October 2009	January 2010	4,703
General	CDBG	Fye 2008 to 2009	June 2010	<u>20,000</u>
Total				<u>\$ 97,739</u>

In addition, these grants lacked proper documentation as follows:

Trails and Safe Routes – lack of invoices and other documentation for expenditures.

Sandoval County DWI grant – lack of documentation in grant file for overtime expenditures and related reimbursement requests.

Criteria: State of New Mexico, Department of Finance and Administration, Local Government Division, grant agreements state “The Grantee shall keep such records as will fully disclose the amount and disposition of the total funds from all sources budgeted for the Grant Agreement period, the purpose of undertaking for which such funds were used, the amount and nature of all contributions from other sources, and such other records as the Division shall prescribe.”

Effect: The Village is not effectively monitoring grant expenditures, requests for reimbursement and maintaining all required documentation. This could create a situation in which the Village either fails to request reimbursement or the grant deadline expires prior to the request being completed.

Cause: The Village did not have one individual that was responsible for monitoring grants.

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

Recommendation: The Village should appoint one individual to monitor grants, make sure all reports are being filed timely and that grants are closed out as appropriate. Files should be maintained with all relevant information so that at any point in time the Village can determine what money has been expended and what remains unspent. These procedures should be established in writing so that employee turnover will not hamper the Village's efforts to monitor grants on a continual uninterrupted basis.

Response: The Village finance departments is working to have a process for grant administration, which includes the organization and process for grant files, reimbursement requests, and reports.

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

Section III – Findings and Questioned Costs – Major Federal Awards Program Audit

Prior Year

None

Current Year

2010-A

Cash Management

2010-B

Reporting Requirements

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

2010-A

Cash Management
(significant deficiency)

Federal Program
Information:

Funding agency: U.S. Environmental Protection Agency
Title: Sanitary Sewer Installation – Phase 1
CFDA Number: 66.606
Award Number: XP-98689901
Award Period: 09/15/2001 to 10/31/2010

Condition:

The Village requested reimbursements on the EPA Waste Water grant in excess of what was allowed due to improper matching of funds totaling \$195,092. They have not completed expenditures under this grant, as such this money is an advance on the grant funds.

Criteria:

OMB Circular A-133 Compliance Supplement states that “when funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.” Also, “Interest earned by local government and Indian tribal government grantees and subgrantees on advances is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to \$100 per year may be kept for administrative expenses.”

Questioned costs:

None.

Effect:

The Village has an advance of federal grant money in the amount of \$195,092. Interest earned during fiscal year 2010 on this advance of funds did not exceed the \$100 allowance for administrative expenses. Future expenditures for the project will be offset against this advance.

Cause:

When the Village received the EPA grant they used prior expenditures as a match against the EPA grant. The Village’s EPA grant administrator instructed the Village on what procedures to follow and approved funding. However in this process the Village requested federal reimbursement for expenditures that had already been reimbursed by state and county grants in prior years.

Recommendation:

Since the project is ongoing the Village should apply future expenditures against the cash advance. Interest on the advance in excess of \$100 should be remitted to the EPA.

Response:

The Village finance departments is working to have a process for grant administration, which includes the organization and process for grant files, reimbursement requests, and reports. The EPA has extended the grant agreement and the waste water project will continue into the next fiscal year.

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010**

2010-B

Reporting Requirements
(significant deficiency)

Federal Program
Information:

Funding agency: U.S. Environmental Protection Agency
Title: Sanitary Sewer Installation – Phase 1
CFDA Number: 66.606
Award Number: XP-98689901
Award Period: 09/15/2001 to 10/31/2010

Condition: The Village has not complied with federal single audit reporting requirements.

Criteria: OMB Circular A-133 Paragraph .320(a) states “The audit shall be completed and the data collection form and reporting package shall be submitted by the earlier date of either 30 days after receipt of the auditor’s report(s), or nine months after the end of the fiscal year end date.”

Questioned Costs: None

Effect: The Village is in violation of their federal grant agreements which specify timely filing of required reports.

Cause: The audit report was completed late due to employee turnover, Village time constraints and lack of employee availability to complete the financial statements.

Recommendation: The Village should schedule the audit and complete the financial statements in a manner that allows timely submission of federal reports.

Response: The Village finance departments is working to have a process for grant administration, which includes the organization and process for grant files, reimbursement requests, and reports.

**STATE OF NEW MEXICO
VILLAGE OF CORRALES
EXIT CONFERENCE
JUNE 30, 2010**

EXIT CONFERENCE

An exit conference was held on June 1, 2011 at the Village's offices. In attendance were Philip Gasteyer, Mayor; John Avila, Village Administrator; and Terri Gray, Finance Director from the Village of Corrales. Cynthia James, CPA, and Regina Gordon, CPA were in attendance for Pattillo, Brown & Hill, L.L.P.

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the auditors, Pattillo, Brown, and Hill, L.L.C., Certified Public Accountants; however the financial statements are the responsibility of the management.