



State of New Mexico Village of Corrales

Basic Financial Statements
and
Independent Auditors' Report

June 30, 2013

State of New Mexico Village of Corrales

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State of New Mexico
Village of Corrales
June 30, 2013

Official Roster as of June 30, 2013

Mayor and Council Members

<u>Name</u>	<u>Title</u>
Philip Gasteyer	Mayor
John Alsobrook	Councilor
Patricia S. Clauser	Councilor
Ennio Garcia-Miera	Councilor
Hoyt Hart	Councilor
Jim Fahey	Councilor
Mick Harper	Councilor

Administrative Officials

John Avila	Village Administrator
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Independent Auditors' Report

Scott Kominiak, Mayor
Village Council
Village of Corrales
And
Hector H. Balderas
New Mexico State Auditor

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of the Village of Corrales (Village) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparisons of the major capital project funds and the nonmajor governmental funds, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the capital project funds and all nonmajor governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis which is required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the additional schedule listed as "Other Supplemental Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2014 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Loftis Group LLC

Albuquerque, New Mexico
March 24, 2014

Basic Financial Statements

State of New Mexico
Village of Corrales
Statement of Net Position
June 30, 2013

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 2,451,806
Receivables (net of allowance for uncollectibles)	546,980
Total current assets	2,998,786
Noncurrent assets	
Restricted cash	638,718
Other assets-bond issue costs, net	72,421
Capital assets not being depreciated	10,801,689
Capital assets being depreciated, net	9,320,695
Total noncurrent assets	20,833,523
Total assets	\$ 23,832,309
Liabilities	
Current liabilities	
Accounts payable	\$ 44,263
Accrued payroll liabilities	99,775
Accrued interest payable	25,495
Current portion of long-term debt	265,661
Total current liabilities	435,194
Noncurrent liabilities	
Compensated absences	68,363
Bonds and notes less current portion	3,318,303
Total noncurrent liabilities	3,386,666
Total liabilities	\$ 3,821,860
Net position	
Net investment in capital assets	16,538,420
Restricted for capital projects	1,106,743
Restricted for debt services	250,289
Unrestricted	2,114,997
Total net position	\$ 20,010,449

The accompanying notes are an integral part of these financial statements.

State of New Mexico
Village of Corrales
Statement of Activities
For the Year Ended June 30, 2013

	Program Revenues			Net (Expense)	
	Operating		Capital	Revenue and	
Expenses	Charges for	Grants and	Grants and	Change in Net	
Functions/Programs	Services	Contributions	Contributions	Position	
				Governmental	
				Activities	
Primary government					
Governmental activities:					
General government	\$ 1,225,719	\$ 314,694	\$ 200,451	\$ -	\$ (710,574)
Public safety	2,128,315	42	375,541	100,000	(1,652,732)
Culture and Recreation	545,575	-	65,964	-	(479,611)
Public Works	933,528	-	204,420	1,214,843	485,735
Debt Service	117,424	-	-	-	(117,424)
Total governmental activities	4,950,561	314,736	846,376	1,314,843	(2,474,606)
General revenues					
Taxes:					
Gross receipts					1,139,226
Property					1,550,530
Franchise					329,833
State shared					839,004
Lodgers'					5,052
Fines and forfeitures					81,498
Investment income					5,921
Miscellaneous					139,339
Total general revenues					4,090,403
Change in net position					1,615,797
Net position, beginning of year					18,394,652
Net position , end of year					\$ 20,010,449

The accompanying notes are an integral part of these financials statements.

State of New Mexico
Village of Corrales
Balance Sheet - Governmental Funds
June 30, 2013

	General Fund	Far North West Sector	Waste Water Project	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 1,097,947	\$ -	\$ -	\$ 1,353,859	\$ 2,451,806
Accounts receivable (net of allowance for uncollectibles)	155,443	1,363	307,656	82,518	546,980
Due from other funds	405,224	-	-	89,458	494,682
Cash - restricted	-	638,718	-	-	638,718
Total assets	<u>\$ 1,658,614</u>	<u>\$ 640,081</u>	<u>\$ 307,656</u>	<u>\$ 1,525,835</u>	<u>\$ 4,132,186</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 24,978	\$ 16,730	\$ -	\$ 2,555	\$ 44,263
Accrued payroll liabilities	99,775	-	-	-	99,775
Deferred revenue	57,441	-	-	6,832	64,273
Due to other funds	-	144,069	242,331	108,282	494,682
Total liabilities	<u>182,194</u>	<u>160,799</u>	<u>242,331</u>	<u>117,669</u>	<u>702,993</u>
Fund balances					
Restricted for:					
Special revenue	-	-	-	595,741	595,741
Capital projects	-	479,282	65,325	562,136	1,106,743
Debt service	-	-	-	250,289	250,289
Unassigned	1,476,420	-	-	-	1,476,420
Total fund balances	<u>1,476,420</u>	<u>479,282</u>	<u>65,325</u>	<u>1,408,166</u>	<u>3,429,193</u>
Total liabilities and fund balances	<u>\$ 1,658,614</u>	<u>\$ 640,081</u>	<u>\$ 307,656</u>	<u>\$ 1,525,835</u>	<u>\$ 4,132,186</u>

The accompanying notes are an integral part of these financial statements.

State of New Mexico
Village of Corrales
Reconciliation of the Balance Sheet - Governmental Funds to the
Statement of Net Position
June 30, 2013

Total fund balances for governmental funds \$ 3,429,193

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Government capital assets	31,364,710	
Accumulated depreciation	(11,242,326)	
		20,122,384

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

Bonds and loan payable - current	(265,661)	
Bonds and notes - long term	(3,318,303)	
Bond issue costs (amortized over the life of debt)	72,421	
Accrued interest payable	(25,495)	
Compensated absences	(68,363)	
		(3,605,401)

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

Net position of governmental activities		<u>\$20,010,449</u>
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State of New Mexico
Village of Corrales
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Far North West Sector	Waste Water Project	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes:					
Gross receipts	\$ 1,139,226	\$ -	\$ -	\$ -	\$ 1,139,226
Property	1,355,597	-	-	182,533	1,538,130
Franchise	329,833	-	-	-	329,833
State shared	833,842	-	-	5,162	839,004
Lodgers'	-	-	-	5,052	5,052
Licenses and permits	168,174	-	-	-	168,174
Intergovernmental:					
Federal grants	-	-	863,393	121,323	984,716
State grants	200,451	160,161	-	1,098,118	1,458,730
Charges for services	146,520	-	-	42	146,562
Fines and forfeitures	45,830	-	-	35,668	81,498
Investment income	2,019	3,521	-	381	5,921
Miscellaneous	72,274	-	-	67,065	139,339
Total revenues	<u>4,293,766</u>	<u>163,682</u>	<u>863,393</u>	<u>1,515,344</u>	<u>6,836,185</u>
Expenditures					
Current:					
General government	920,455	-	-	2,774	923,229
Public safety	1,654,282	-	-	282,966	1,937,248
Public works	482,603	5,278	-	201,669	689,550
Culture and recreation	427,237	-	-	51,981	479,218
Debt service:					
Principal retirement	-	49,762	-	180,000	229,762
Interest and debt issuance costs	-	72,638	-	44,786	117,424
Capital outlay	239,957	375,095	863,393	983,635	2,462,080
Total expenditures	<u>3,724,534</u>	<u>502,773</u>	<u>863,393</u>	<u>1,747,811</u>	<u>6,838,511</u>
Excess (deficiency) of revenues over (under) expenditures	569,232	(339,091)	-	(232,467)	(2,326)
Other financing sources (uses)					
Transfers in	-	126,844	-	453,711	580,555
Transfers (out)	(485,660)	-	-	(94,895)	(580,555)
Loan proceeds	-	-	540,000	-	540,000
Total other financing sources (uses)	<u>(485,660)</u>	<u>126,844</u>	<u>540,000</u>	<u>358,816</u>	<u>540,000</u>
Net change in fund balances	83,572	(212,247)	540,000	126,349	537,674
Fund balance, beginning of year	1,392,848	691,529	65,325	1,281,817	3,431,519
Restatement	-	-	(540,000)	-	(540,000)
Fund balance, beginning of year, as restated	<u>1,392,848</u>	<u>691,529</u>	<u>(474,675)</u>	<u>1,281,817</u>	<u>2,891,519</u>
Fund balances, end of year	<u>\$ 1,476,420</u>	<u>\$ 479,282</u>	<u>\$ 65,325</u>	<u>\$ 1,408,166</u>	<u>\$ 3,429,193</u>

The accompanying notes are an integral part of these financial statements.

State of New Mexico
Village of Corrales
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances –
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ 537,674

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

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 are reported as depreciation expense. This is the amount by which capital outlay exceeded the depreciation expense.

Capital outlay	2,462,080	
Loss on disposal of capital assets	(4,885)	
Depreciation expense	<u>(798,829)</u>	
		1,658,366

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 position.

Principal retirements	229,762	
Loan proceeds	<u>(540,000)</u>	
		(310,238)

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.

Net change in compensated absences	10,784	
Amortization of bond issue costs	<u>(10,962)</u>	
		(178)

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 the accrual basis, revenues and related receivables are reported regardless of when financial resources are available. This adjustment combines the net changes of balances.

\$ (269,827)

Change in net position of governmental activities \$ 1,615,797

State of New Mexico
Village of Corrales
Statement of Revenues, Expenditures and Change in Fund Balance
Budget and Actual – General Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes:				
Gross receipts	\$ 1,094,224	\$ 1,094,224	\$ 1,139,226	\$ (45,002)
Property	1,109,008	1,109,088	1,355,597	(246,509)
Franchise	260,000	260,000	329,833	(69,833)
State-shared	855,152	855,152	\$ 833,842	21,310
Licenses and permits	322,005	322,005	168,174	153,831
State grants	514,507	511,776	200,451	311,325
Charges for services	115,500	115,500	146,520	(31,020)
Fines and forfeitures	75,000	75,000	45,830	29,170
Interest on investments	2,500	2,500	2,019	481
Miscellaneous	18,500	18,500	72,274	(53,774)
Total revenues	<u>4,366,396</u>	<u>4,363,745</u>	<u>4,293,766</u>	<u>69,979</u>
Expenditures				
Current				
General government	958,250	967,299	920,455	46,844
Public safety	1,804,232	1,806,160	1,654,282	151,878
Culture and recreation	453,220	471,161	427,237	43,924
Public works	856,279	837,148	482,603	354,545
Capital outlay	127,980	179,136	239,957	(60,821)
Total expenditures	<u>4,199,961</u>	<u>4,260,904</u>	<u>3,724,534</u>	<u>536,370</u>
Revenues over/(under) expenditures before other financing sources/(uses)	166,435	102,841	569,232	466,391
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers (out)	-	(411,357)	(485,660)	(74,303)
Total other financing sources (uses)	<u>-</u>	<u>(411,357)</u>	<u>(485,660)</u>	<u>(74,303)</u>
Net change in fund balance	166,435	(308,516)	83,572	392,088
Fund balance, beginning of year	1,392,848	1,392,848	1,392,848	-
Fund balance, end of year	<u>\$ 1,559,283</u>	<u>\$ 1,084,332</u>	<u>\$ 1,476,420</u>	<u>\$ 392,088</u>

The accompanying notes are an integral part of these financial statements.

State of New Mexico
Village of Corrales
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

Assets

Cash	\$ 500
	<hr/>
Total assets	\$ 500
	<hr/> <hr/>

Liabilities

Deposits payable	\$ 500
	<hr/>
Total liabilities	\$ 500
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

1) Summary of Significant Accounting Policies

Reporting Entity

The Village of Corrales (Village) 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.

This summary of significant accounting policies of the Village is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the 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 is made by applying the criteria set forth in GAAP.

The basis (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.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

1) Summary of Significant Accounting Policies – continued

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

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.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

1) Summary of Significant Accounting Policies – continued

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.

The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Village has no business-type activities and has three major governmental funds. The Village reports the following major governmental funds:

- *General Fund* – This is the primary operating fund of the Village. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- *Far Northwest Sector (Capital Projects Fund)* – This fund accounts for the legislative appropriation and debt proceeds to be used to create a lighted access road from the Village to Rio Rancho at the intersection of Northern Blvd and Highway 528.
- *Waste Water Project (Capital Projects Fund)* – This fund accounts for the grant and loan funds used for the construction of the sewer system in the Village.

Additionally, the Village reports the following fund type:

- *Fiduciary fund* – This 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.

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

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

1) Summary of Significant Accounting Policies – continued

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 revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in this order as needed.

Cash and Cash Equivalents

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

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. Infrastructure, 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. The straight-line method is used for 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

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

1) Summary of Significant Accounting Policies – continued

Receivables

Accounts receivable at June 30, 2013 consist of receivables from grantors and various taxes and other receivables.

Compensated Absences

Compensated absences are accrued in the statement of net position. As of June 30, 2013, those liabilities were approximately \$68,000.

Employees may receive one day's pay for each three days of sick leave when accrued sick leave is in excess of 240 hours. An employee who has accumulated over 240 hours of sick leave may choose each year in December or at times designated by the Village Administrator to receive payment for sick leave hours in excess of 240 hours at a rate of one day's pay for two days' sick leave. 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 GAAP, an accrual for compensated absences is reflected in the accompanying financial statements. Accumulation of vacation leave has been recorded as a liability in the basic financial statements.

Long-term Obligations

The long-term obligations are reported in the government-wide financial statements as long-term debt if it is due in more than one year. In the fund level financial statements, 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 a fund liability of a governmental fund.

Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form such as prepaid items or inventories; or (b) are legally or contractually required to be maintained intact.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

1) Summary of Significant Accounting Policies – continued

The spendable portion of fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned:

- Restricted fund balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village Council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village Council removes the specified use restriction by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned fund balance – This classification reflects the amounts constrained by the Village’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Village Council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.
- Unassigned fund balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is 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. When both restricted and unrestricted net position is available for expenses, unrestricted funds are applied first.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

1) Summary of Significant Accounting Policies – continued

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgetary Data

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 2012 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 in fund total. Appropriations lapse at year-end.
6. The adopted budget of the Village is prepared on a basis consistent with accounting principles generally accepted in the United States of America.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

2) Cash and Cash Equivalents

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 Investment Pool.

	Balance Per Bank 6/30/2013	Add Deposits In Transit	Less Outstanding Checks	Adjustments	Balance Per Books 6/30/2013
Wells Fargo Bank					
Checking Accounts					
General	\$ 1,448,301	\$ 139,456	\$ (357,580)	\$ 7,597	\$ 1,237,774
Payroll	-	-	-	2,582	2,582
Farmland	237,850	65	-	-	237,915
Impact fee	135,497	-	(138,030)	-	(2,533)
Bosque	47,088	-	(2,167)	-	44,921
Court Bond Account	501	-	(1)	-	500
Savings	<u>597,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,070</u>
Total cash in banks	<u>\$ 2,466,307</u>	<u>\$ 139,521</u>	<u>\$ (497,778)</u>	<u>\$ 10,179</u>	<u>\$ 2,118,229</u>
Plus:					
Cash on Hand					250
Funds Held by New Mexico Finance Authority					
Loan Funds					389,404
Loan reserve accounts					173,474
Loan debt service accounts					75,840
State Treasurer's Office - Investment pool					<u>333,827</u>
Total cash and cash equivalents per books					<u>\$ 3,091,024</u>
As reported in the financial statements:					
Cash					2,451,806
Restricted cash					638,718
Agency fund					<u>500</u>
					<u>\$ 3,091,024</u>

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

2) Cash and Cash Equivalents – continued

Pledged Collateral at Banks

	Wells Fargo
Deposits	\$ 2,466,307
Less FDIC Coverage	(250,000)
Total uninsured public funds	2,216,307
Collateral pledged:	
BNY Mellon	
FNMA, 08/01/41 CUSIP, 3138ANHX4	37,224
FNMA, 11/01/26 CUSIP, 3138AXCP4	183,123
FNMA, 09/01/42 CUSIP, 3138MBYT7	431,883
FNMA, 02/01/43 CUSIP, 31418MJUN7	115,237
FNMA, 02/01/43 CUSIP, 3138MSC56	9,653
FNMA, 01/01/43 CUSIP, 3138NXXKJ5	24,058
FNMA, 03/01/43 CUSIP, 3138W7GH1	354,757
FNMA, 09/01/42 CUSIP, 31417DAK9	13,734
FNMA, 01/01/43 CUSIP, 31417EDT7	312,939
FNMA, 09/01/40 CUSIP, 31419ANB9	2,093
Pledged collateral held by the pledging bank's trust department or agent, not in the Village's name	1,484,701
Uninsured and uncollateralized	\$ 731,606
Collateral requirement (50% of uninsured funds)	\$ 1,108,154
Pledged collateral	1,484,701
Over (under) collateralized	\$ 376,547

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

2) Cash and Cash Equivalents – continued

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, 2013, \$2,216,307 of the Village's bank balance of \$2,466,307 was exposed to custodial credit risk as follows:

	Wells Fargo
Uninsured and uncollateralized	\$ 731,606
Uninsured and collateral held by pledging bank's trust department in the Bank's name	1,484,701
Total	\$ 2,216,307

Additionally, four debt service accounts are managed by the New Mexico Finance Authority (NMFA), which are on deposit with the State Treasurer's office, in NMFA's name for the benefit of the Village. These accounts are exposed to custodial credit risk in the amount of \$638,718:

Reserve Funds Payable	\$ 173,474
Program Funds (2 accounts)	389,404
Debt Services	75,840
Total	\$ 638,718

Investments

The Village invests excess cash in the State Treasurer Local Government Investment Pool (LGIP). The Pool's investments are valued at fair value based on quoted market prices as of the valuation date. The New Mexico State Treasurer LGIP is not registered with the SEC. Section 6-10-10.1, 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, 2013, the Village had \$333,827 invested in the LGIP which is AAA rated with an 83-day weighted average maturity to final and \$425 in the reserve contingencies fund which is not rated and is considered a non-performing asset.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

3) Receivables

Receivables as of June 30, 2013 for the Village's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Far Northwest Sector	Waste Water Project	Non- major	Total
Receivables:					
Accounts	\$ -	\$ 1,363	\$ -	\$ -	\$ 1,363
Property taxes	109,637	-	-	14,188	123,825
Franchise taxes	38,863	-	-	-	38,863
Grants	-	-	307,656	68,330	375,986
Fines and fees	<u>45,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,285</u>
Gross receivables	193,785	1,363	307,656	82,518	585,322
Less: allowance for uncollectibles	<u>38,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,342</u>
Total accounts receivable, net	<u>\$ 155,443</u>	<u>\$ 1,363</u>	<u>\$ 307,656</u>	<u>\$ 82,518</u>	<u>\$ 546,980</u>

The receivables of the general, non-major, 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.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

4) Capital Assets

Capital asset activity for the year ended June 30, 2013, is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 5,887,707	\$ -	\$ -	\$ 5,887,707
Water rights	230,621	-	-	230,621
Construction in progress	<u>3,557,714</u>	<u>1,125,647</u>	<u>-</u>	<u>4,683,361</u>
Total capital assets not being depreciated	<u>9,676,042</u>	<u>1,125,647</u>	<u>-</u>	<u>10,801,689</u>
Capital assets being depreciated:				
Buildings and building improvements	5,081,143	156,233	-	5,237,376
Equipment and machinery	1,338,929	33,053	11,496	1,360,486
Furniture and fixtures	1,031,699	-	-	1,031,699
Library books	168,455	38,603	-	207,058
Vehicles	1,478,925	661,327	15,844	2,124,408
Infrastructure	<u>10,154,777</u>	<u>447,217</u>	<u>-</u>	<u>10,601,994</u>
Total capital assets being depreciated	<u>19,253,928</u>	<u>1,336,433</u>	<u>27,340</u>	<u>20,563,021</u>
Less accumulated depreciation for				
Buildings and building improvements	1,907,778	136,154	-	2,043,932
Equipment and machinery	1,070,346	73,574	11,496	1,132,424
Furniture and fixtures	659,835	32,158	-	691,993
Library books	69,668	24,927	-	94,595
Vehicles	1,171,103	119,878	10,959	1,280,022
Infrastructure	<u>5,587,222</u>	<u>412,138</u>	<u>-</u>	<u>5,999,360</u>
Total accumulated depreciation	<u>10,465,952</u>	<u>798,829</u>	<u>22,455</u>	<u>11,242,326</u>
Total capital assets being depreciated, net	<u>8,787,976</u>	<u>537,604</u>	<u>4,885</u>	<u>9,320,695</u>
Capital assets, net	<u>\$18,464,018</u>	<u>\$ 1,663,251</u>	<u>\$ 4,885</u>	<u>\$20,122,384</u>

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

4) Capital Assets – continued

Depreciation was charged to functions/programs of the primary government for the year ended June 30, 2013 as follows:

Governmental Activities:

General government	\$ 286,643
Public safety	201,851
Public works	243,978
Culture and recreation	<u>66,357</u>
Total	<u>\$ 798,829</u>

5) **Interfund Receivables, Payables and Transfers**

The outstanding balances between funds results 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 Interfund receivables and payables at June 30, 2013 were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 405,224	\$ -
Far Northwest Sector	-	144,069
WasteWater Project	-	242,331
Nonmajor Funds	<u>89,458</u>	<u>108,282</u>
Total	<u>\$ 494,682</u>	<u>\$ 494,682</u>

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

5) 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 interfund transfers made by the Village during the year ended June 30, 2013:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 485,660
Far Northwest Sector	126,844	-
WasteWater Project	-	-
Nonmajor Funds	<u>453,711</u>	<u>94,895</u>
Total	<u>\$ 580,555</u>	<u>\$ 580,555</u>

6) **Long-term Debt**

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
General obligation bonds	\$ 1,285,000	\$ -	\$ 180,000	\$ 1,105,000	\$ 185,000
Notes payable	1,988,726	540,000	49,762	2,478,964	80,661
Compensated absences	<u>79,147</u>	<u>87,041</u>	<u>97,825</u>	<u>68,363</u>	<u>-</u>
Total	<u>\$ 3,352,873</u>	<u>\$ 627,041</u>	<u>\$ 327,587</u>	<u>\$ 3,652,327</u>	<u>\$ 265,661</u>

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

6) Long-term Debt – continued

The general obligation bonds series 2005 were issued on August 31, 2004 for \$1,700,000. The interest rates range from 2.71% to 4.17%. Portions of the bonds will mature on August 1st of each year commencing 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 the New Mexico Finance Authority for equipment and road improvements. The loan bears interest at 3.9606% and is payable in installment payments through May 2027. Pledged revenues for the payment of this loan are state-shared gross receipts taxes.

The general obligation bonds series 2008 were issued on August 31, 2008 for \$800,000. The interest rates range from 3.5% 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. The bonds are payable from ad valorem taxes levied on all taxable property within the Village.

On May 13, 2011, the Village borrowed \$993,178 from the New Mexico Finance Authority for designing, acquiring, improving, equipping and constructing various capital improvement projects, including but not limited to right-of-way and property acquisition, as well as costs associated with the design and construction of roadway infrastructure within the Village. The loan bears interest at 4.176% and is payable in installment payments beginning May 2012 continuing through May 2031. Revenues pledged for payment of this loan are from the distributions of state shared gross receipts tax revenue.

In 2012, the Village entered into an interim loan agreement with the New Mexico Environment Department (NMED). The loan of \$540,000 was approved by NMED to pay for the costs to plan, acquire and construct a wastewater facility, at the interest rate of 3% per annum during construction. This loan is part of a grant loan subsidy which is being funded from a federal grant to NMED from the Environmental Protection Agency. The construction of the project is required to be completed in three years. The first annual installment on the loan will be due within one year of project completion and annually thereafter. Annual payments will be \$36,296 for 20 years. The Village has pledged the municipal environmental services gross receipts tax and the state-shared gross receipts tax as collected. Anticipated completion date of the project is during the fiscal year ending June 30, 2014.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

6) Long-term Debt – continued

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.

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>
2014	\$ 185,000	\$ 38,316	\$ 80,661	\$ 85,920
2015	190,000	31,538	92,608	84,135
2016	195,000	24,484	121,102	81,773
2017	200,000	17,076	124,835	78,282
2018	205,000	9,167	690,414	329,107
2019-2023	130,000	2,535	909,695	195,364
2024-2028	-	-	424,408	49,186
2029-2033	-	-	35,241	904
2034-2038	-	-	-	-
Total	<u>\$ 1,105,000</u>	<u>\$ 123,116</u>	<u>\$2,478,964</u>	<u>\$ 904,671</u>

7) **Deferred Compensation Plan**

The Village's 457 deferred compensation plan was established on July 1 1993. The 457 plan contribution from employees was \$44,602 for the year ended June 30, 2013. The plan assets for the 457 plan are held at ICMA-RC Services, LLC.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

8) Retirement Plan

Plan Description. Substantially all of the Village's full time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, 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, 2013, 2012, and 2011 were \$137,313, \$130,292, and \$137,812, respectively, which equal the amount of the required contributions for each fiscal year.

401(k) Plan. The Village started a 401(k) plan on July 1, 2005. The 401(k) plan is held at ICMA-RC Services, LLC. In 2007, an increase was allowed for the Village contribution (7%-9%) of the participant compensation. Employees can contribute up to 7% of their compensation to the 401(k) plan. The 401(k) contribution for the year ended June 30, 2013 was \$16,393 which consisted of \$8,036 for the Village and \$8,927 from employees. The employees who chose to continue participating in the 401(k) plan gave up the opportunity to participate in the PERA.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

9) 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. Claims have not exceeded coverage in each of the past three years.

10) 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 \$124,407 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, 2012. There were payments of \$19,709 made under this agreement for the fiscal year ending June 30, 2013. Revenues and expenditures are reported to DFA.

A Joint Powers Agreement between the Village and the City of Rio Rancho to provide for a leg to the intersection of N.M.S.R 528 and Northern Boulevard, and other access improvements was entered into on June 25, 2010. The Village is responsible for all design, construction, acquisition, and funding.

A Joint Powers Agreement between the Village and the Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA) for the design and construction of drainage improvements in the Salce Park area of the Village was entered into on October 4, 2010. Under the agreement, the Village is responsible for the design and construction of the drainage improvements, SSCAFCA will reimburse the Village for costs in an amount not to exceed \$400,000. The agreement is in effect until all projects have been completed and reimbursement has been made, or until two years from the effective date.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

11) Memorandum of Agreement

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 \$5,293 for the current year.

A Memorandum of Agreement between the Village and the County of Sandoval for the Comprehensive Community DWI Prevention Program was effective on May 6, 2011. The parties agree to combine funds and resources derived from any funding under the Comprehensive Community DWI Prevention Program with the common goal of reducing the frequency of alcohol-related traffic accidents.

A Memorandum of Agreement (MOA) between the Village and the New Mexico Department of Transportation was entered into on March 15, 2011. The MOA is to authorize and encumber \$25,000 in Safe Routes to School (SRTS) Phase 2 non-infrastructure funds for the Village to implement and develop a SRTS education and encouragement program. The Village expended \$8,811 during the fiscal year ending June 30, 2013 for the SRTS program.

12) Capital Outlay Appropriation

Capital Outlay appropriations are as follows:

<u>Capital Project Fund</u>	<u>Project Appropriation</u>	<u>Expenditures to Date</u>	<u>Unexpended</u>	<u>Appropriation Period</u>
Don Julio Road	\$ 160,161	\$ 160,161	\$ -	9/2011 to 6/2013
Ella Road	280,000	54,898	225,102	9/2012 to 6/2014
	<u>\$ 440,161</u>	<u>\$ 215,059</u>	<u>\$ 225,102</u>	

The term of the grants are contingent upon sufficient state appropriations and may be reverted prior to the expiration dates.

State of New Mexico
Village of Corrales
Notes to Financial Statements
June 30, 2013

13) Expenditures in Excess of Budget

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

Debt Service GO Bond	\$ <u>574</u>
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14) Commitments and Contingencies

In January 2012, the Village entered into an interim loan agreement with the New Mexico Environment Department (NMED) for the costs to plan, acquire and construct a wastewater collection facility. Funding was provided from the Clean Water State Revolving Fund (CWSRF) administered by the NMED. As of June 30, 2013, the project is near completion and the Village expects the project to be completed in fiscal year 2014.

15) Prior Period Adjustment

During the fiscal year ended June 30, 2012, the Village reported loan proceeds of \$540,000. It was later discovered that the proceeds were not received until fiscal year 2013. As a result, a prior period adjustment was made to correct the error. Restatement of fund balance is as follows:

	Waste Water Project
Fund Balance, beginning of year, as previously stated	\$ 65,325
Prior Period Adjustment	<u>(540,000)</u>
Fund Balance, beginning of year, as restated	<u><u>\$ (474,675)</u></u>

16) Subsequent Events

In January of 2014, the Village issued bonds totaling approximately \$3.5 million to acquire, construct, furnish and equip various facilities and other capital improvements of the Village. In addition, the Village used the proceeds to payoff the \$540,000 loan with the NMED and the \$1,035,000 loan with the New Mexico Finance Authority.

Supplementary Information

State of New Mexico Village of Corrales

Special Revenue Funds

Local Government Corrections 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 – 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 Village's courts.

Emergency Medical Service (EMS) 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 is subsidized by the General Fund.

Fire Wildlands Fund – accounts for reimbursement of funds received from State Forestry when the Village fire department deploys units to assist in fires in the State of New Mexico.

Fire Protection Fund – authorized by 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 – 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 – 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 – 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 – 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 – authorized by the Village Council for the Wine & Quilt Festival and Corrales Mainstreet.

State of New Mexico

Village of Corrales

Special Revenue Funds – continued

Municipal Streets Fund – to account for a 1 cent gasoline tax which is used for repairing and the 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 – 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, interest on investments and miscellaneous revenues.

FEMA-Fire Equipment – 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.

Safe Routes to School – to account for grants to create a master plan for safe routes to school for children.

Recycling Grant – authorized by NMSA 1978, Sections 74-13-17 and 74-13-19. This is a grant to abate illegal dumping sites, for processing, transporting and recycling of all recyclable materials and scrap tires.

Fire Donation – to account for donations received for fire purchases.

Keep New Mexico Beautiful – account for state funding to control litter in local governments and to establish a youth employment program to aid in litter control and beautification projects.

Police Special Fund – used to account for assets seized during Task Force investigations under applicable Federal Statutes pursuant to the Attorney General's Guidelines of Seized and Forfeited Property, authorized by a Memorandum of Understanding with the Drug Enforcement Administration (DEA).

Mid-Rio Grande Valley – to account for the MOU with the MRGVTF for Federal funds used for narcotics investigations.

YCC Grant – used to account for grants to plan, design, establish, and manage a Youth Conservation Corps Project in accordance with the NMYCC Act.

Energy Audit – to account for Federal funding of energy efficiency analysis at the Village.

Fire Protection – to account for state funding to support various fire related projects.

Public Safety Communication Equip Fund – to account for legislative funding to purchase various equipment related to public safety.

State of New Mexico Village of Corrales

Capital Project Funds

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

Farmland Preservation – to account for the funding received under the Cooperative Agreement authorized by the Commodity Credit Charter Act, 15 U.S.C. 714 et seq.; Title II, Subtitle F, Section 2503 of the Farm and Security and Rural Investment Act of 2002 (Public Law 107-171), and Title VII, Section 714 of the Agricultural, Rural Development, Food and Drug Administration, and related Agencies Appropriation Act of 2001 (Public Law 106-387). Funds are to be used to acquire agricultural conversion easements so that such areas are protected from conversion to nonagricultural uses.

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

Fire Truck Capital – an authorized fund by the Village of internal financing to acquire a new fire truck in September 2012 for the Village fire department.

Public Safety Facilities – authorized by the Laws of 2007, Chapter 42, Section 68, Paragraph 599, to purchase, renovate, plan, design, and construct a public safety facility, including land acquisition, for the police and animal control departments in Corrales.

Loma Larga – to account for legislative appropriations used to construct Loma Larga.

Residential Roads and Drainage – to account for the legislative appropriation to be used to create a lighted access road from the Village of Corrales to the City of Rio Rancho at the intersection of Northern Blvd and Highway 528.

Recreation Facilities Improvements – This fund is to account for the recreation department's facility improvements. Authority is a legally adopted budget, NMSA 1978 6-6-5.

Debt Service Fund

General Obligations – to accumulate monies for the payment of principal and interest on revenue bonds secured by pledges of revenues from property taxes.

State of New Mexico
Village of Corrales
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2013

	Corrections	Court AOC	EMS	Fire Wildlands	Fire Protection	Law Enforcement Protection Fund	Traffic Safety
Assets							
Cash and cash equivalents	\$ 307,901	\$ 2,377	\$ 5,669	\$ 7,224	\$ -	\$ 38	\$ 11,815
Accounts receivable	-	-	-	-	-	-	3,567
Due from other funds	-	-	-	-	-	-	12
Total assets	\$ 307,901	\$ 2,377	\$ 5,669	\$ 7,224	\$ -	\$ 38	\$ 15,394
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted for:							
Special revenue	307,901	2,377	5,669	7,224	-	38	15,394
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	307,901	2,377	5,669	7,224	-	38	15,394
Total liabilities and fund balances	\$ 307,901	\$ 2,377	\$ 5,669	\$ 7,224	\$ -	\$ 38	\$ 15,394

State of New Mexico
Village of Corrales
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2013

	Library	Lodgers Tax Refund	Economic Development	Municipal Street	Recreation	FEMA-Fire Equipment	Safe Routes to School
Assets							
Cash and cash equivalents	\$ 79,693	\$ 4,786	\$ 19,361	\$ -	\$ 3,270	\$ -	\$ 7,887
Accounts receivable	-	-	4,800	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 79,693</u>	<u>\$ 4,786</u>	<u>\$ 24,161</u>	<u>\$ -</u>	<u>\$ 3,270</u>	<u>\$ -</u>	<u>\$ 7,887</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	9,994	-	-	-	3,508
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	<u>20</u>	<u>-</u>	<u>9,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,508</u>
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted for:							
Special revenue	79,673	4,786	14,167	-	3,270	-	4,379
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>79,673</u>	<u>4,786</u>	<u>14,167</u>	<u>-</u>	<u>3,270</u>	<u>-</u>	<u>4,379</u>
Total liabilities and fund balances	<u>\$ 79,693</u>	<u>\$ 4,786</u>	<u>\$ 24,161</u>	<u>\$ -</u>	<u>\$ 3,270</u>	<u>\$ -</u>	<u>\$ 7,887</u>

State of New Mexico
Village of Corrales
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2013

	Recycling Grant	Fire Donation	Keep New Mexico Beautiful	Police Special	Mid-Rio Grande Valley	YCC Grant	Energy Audit
Assets							
Cash and cash equivalents	\$ 1,831	\$ 226	\$ -	\$ 115,771	\$ 45,990	\$ -	\$ -
Accounts receivable	-	-	1,494	-	-	58,469	-
Due from other funds	-	-	-	810	-	-	-
Total assets	\$ 1,831	\$ 226	\$ 1,494	\$ 116,581	\$ 45,990	\$ 58,469	\$ -
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 2,535	\$ -	\$ -	\$ -
Due to other funds	1,731	226	1,494	-	26,036	41,895	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	1,731	226	1,494	2,535	26,036	41,895	-
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted for:							
Special revenue	100	-	-	114,046	19,954	16,574	-
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	100	-	-	114,046	19,954	16,574	-
Total liabilities and fund balances	\$ 1,831	\$ 226	\$ 1,494	\$ 116,581	\$ 45,990	\$ 58,469	\$ -

State of New Mexico
Village of Corrales
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2013

	Fire Protection Grant	Public Safety Communication Equipment	Special Revenue Total	Records Center	Road Co-op	Farmland Preservation	Fire Truck Capital
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ 613,839	\$ 10,000	\$ 49,146	\$ 272,839	\$ -
Accounts receivable	-	-	68,330	-	-	-	-
Due from other funds	-	189	1,011	-	-	30,093	-
Total assets	\$ -	\$ 189	\$ 683,180	\$ 10,000	\$ 49,146	\$ 302,932	\$ -
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 2,555	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	84,884	10,000	3,398	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	-	-	87,439	10,000	3,398	-	-
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted for:							
Special revenue	-	189	595,741	-	-	-	-
Capital projects	-	-	-	-	45,748	302,932	-
Debt service	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	-	189	595,741	-	45,748	302,932	-
Total liabilities and fund balances	\$ -	\$ 189	\$ 683,180	\$ 10,000	\$ 49,146	\$ 302,932	\$ -

State of New Mexico
Village of Corrales
Combining Balance Sheets
Nonmajor Governmental Funds
June 30, 2013

	Loma Larga	Public Safety Facilities	Residential Roads and Drainage	Capital Projects Total	Debt Service General Obligations	Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ -	\$ 10,000	\$ 155,102	\$ 497,087	\$ 242,933	\$ 1,353,859
Accounts receivable	-	-	-	-	14,188	82,518
Due from other funds	58,354	-	-	88,447	-	89,458
Total assets	\$ 58,354	\$ 10,000	\$ 155,102	\$ 585,534	\$ 257,121	\$ 1,525,835
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,555
Due to other funds	-	10,000	-	23,398	-	108,282
Deferred revenue	-	-	-	-	6,832	6,832
Total liabilities	-	10,000	-	23,398	6,832	117,669
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted for:						
Special revenue	-	-	-	-	-	595,741
Capital projects	58,354	-	155,102	562,136	-	562,136
Debt service	-	-	-	-	250,289	250,289
Unassigned	-	-	-	-	-	-
Total fund balances	58,354	-	155,102	562,136	250,289	1,408,166
Total liabilities and fund balances	\$ 58,354	\$ 10,000	\$ 155,102	\$ 585,534	\$ 257,121	\$ 1,525,835

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, 2013

	Corrections	Court AOC	EMS	Fire Wildlands	Fire Protection	Law Enforcement Protection	Traffic Safety
Revenues							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State-shared	-	-	-	-	-	-	-
Lodgers'	-	-	-	-	-	-	-
Intergovernmental:							
Federal grants	-	-	-	-	-	-	-
State grants	-	-	8,400	-	206,655	29,000	13,162
Charges for services	-	-	-	-	-	-	42
Fines and forfeitures	35,668	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Miscellaneous	-	7,911	2,620	20,059	2,397	-	-
Total revenues	35,668	7,911	11,020	20,059	209,052	29,000	13,204
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	19,074	6,784	6,748	11,934	159,330	263	12,086
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and debt issuance costs	-	-	-	-	-	-	-
Capital outlay	-	-	-	901	132,122	28,699	-
Total expenditures	19,074	6,784	6,748	12,835	291,452	28,962	12,086
Revenues over (under) expenditures before other financing sources (uses)	16,594	1,127	4,272	7,224	(82,400)	38	1,118
Other financing sources (uses)							
Transfers in (out)	-	-	-	-	(84,115)	40	-
Total other financing sources (uses)	-	-	-	-	(84,115)	40	-
Net changes in fund balances	16,594	1,127	4,272	7,224	(166,515)	78	1,118
Fund balance (deficit), beginning of year	291,307	1,250	1,397	-	166,515	(40)	14,276
Fund balance, end of year	\$ 307,901	\$ 2,377	\$ 5,669	\$ 7,224	\$ -	\$ 38	\$ 15,394

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, 2013

	Library	Lodgers' Tax	Economic Development	Municipal Street	Recreation	FEMA-Fire Equipment	Safe Routes to School
Revenues							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State-shared	-	-	-	5,162	-	-	-
Lodgers'	-	5,052	-	-	-	-	-
Intergovernmental:							
Federal grants	2,949	-	-	-	-	-	798
State grants	56,721	-	4,800	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Miscellaneous	12,000	-	-	-	-	-	9,254
Total revenues	<u>71,670</u>	<u>5,052</u>	<u>4,800</u>	<u>5,162</u>	<u>-</u>	<u>-</u>	<u>10,052</u>
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	1,678
Public works	-	-	-	-	-	-	-
Culture and recreation	32,944	6,743	10,800	-	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and debt issuance costs	-	-	-	-	-	-	-
Capital outlay	38,603	-	-	-	-	-	-
Total expenditures	<u>71,547</u>	<u>6,743</u>	<u>10,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,678</u>
Revenues over (under) expenditures before other financing sources (uses)	<u>123</u>	<u>(1,691)</u>	<u>(6,000)</u>	<u>5,162</u>	<u>-</u>	<u>-</u>	<u>8,374</u>
Other financing sources (uses)							
Transfers in (out)	-	-	15,000	(5,162)	-	(5,392)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>(5,162)</u>	<u>-</u>	<u>(5,392)</u>	<u>-</u>
Net changes in fund balances	123	(1,691)	9,000	-	-	(5,392)	8,374
Fund balance (deficit), beginning of year	79,550	6,477	5,167	-	3,270	5,392	(3,995)
Fund balance, end of year	<u>\$ 79,673</u>	<u>\$ 4,786</u>	<u>\$ 14,167</u>	<u>\$ -</u>	<u>\$ 3,270</u>	<u>\$ -</u>	<u>\$ 4,379</u>

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, 2013

	Recycling Grant	Fire Donation	Keep New Mexico Beautiful	Police Special	Mid-Rio Grande Valley	YCC Grant	Energy Audit
Revenues							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State-shared	-	-	-	-	-	-	-
Lodgers'	-	-	-	-	-	-	-
Intergovernmental:							
Federal grants	-	-	-	112,283	5,293	-	-
State grants	-	-	1,494	-	-	166,160	38,260
Charges for services	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Miscellaneous	-	226	-	7,333	-	4,047	-
Total revenues	-	226	1,494	119,616	5,293	170,207	38,260
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	52,937	2,178	-	-
Public works	-	-	-	-	-	163,409	38,260
Culture and recreation	-	-	1,494	-	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and debt issuance costs	-	-	-	-	-	-	-
Capital outlay	-	-	-	7,026	-	-	-
Total expenditures	-	-	1,494	59,963	2,178	163,409	38,260
Revenues over (under) expenditures before other financing sources (uses)	-	226	-	59,653	3,115	6,798	-
Other financing sources (uses)							
Transfers in (out)	-	(226)	-	-	-	9,160	-
Total other financing sources (uses)	-	(226)	-	-	-	9,160	-
Net changes in fund balances	-	-	-	59,653	3,115	15,958	-
Fund balance (deficit), beginning of year	100	-	-	54,393	16,839	616	-
Fund balance, end of year	\$ 100	\$ -	\$ -	\$ 114,046	\$ 19,954	\$ 16,574	\$ -

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, 2013

	Fire Protection Grant	Public Safety Communication Equipment	Special Revenue Total	Records Center	Road Coop	Farmland Preservation	Fire Truck Capital
Revenues							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State-shared	-	-	5,162	-	-	-	-
Lodgers'	-	-	5,052	-	-	-	-
Intergovernmental:							
Federal grants	-	-	121,323	-	-	-	-
State grants	100,000	-	624,652	-	263,466	-	-
Charges for services	-	-	42	-	-	-	-
Fines and forfeitures	-	-	35,668	-	-	-	-
Interest income	-	-	-	-	-	381	-
Miscellaneous	-	-	65,847	-	-	1,218	-
Total revenues	100,000	-	857,746	-	263,466	1,599	-
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public safety	9,954	-	282,966	-	-	-	-
Public works	-	-	201,669	-	-	-	-
Culture and recreation	-	-	51,981	-	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and debt issuance costs	-	-	-	-	-	-	-
Capital outlay	112,650	-	320,001	-	256,267	-	352,469
Total expenditures	122,604	-	856,617	-	256,267	-	352,469
Revenues over (under) expenditures before other financing sources (uses)	(22,604)	-	1,129	-	7,199	1,599	(352,469)
Other financing sources (uses)							
Transfers in (out)	22,604	-	(48,091)	-	54,309	-	352,469
Total other financing sources (uses)	22,604	-	(48,091)	-	54,309	-	352,469
Net changes in fund balances	-	-	(46,962)	-	61,508	1,599	-
Fund balance (deficit), beginning of year	-	189	642,703	-	(15,760)	301,333	-
Fund balance, end of year	\$ -	\$ 189	\$ 595,741	\$ -	\$ 45,748	\$ 302,932	\$ -

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, 2013

	Loma Larga	Public Safety Facilities	Residential Roads and Drainage	Capital Projects Total	Debt Service General Obligations	Nonmajor Governmental Funds Total
Revenues						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ 182,533	\$ 182,533
State-shared	-	-	-	-	-	5,162
Lodgers'	-	-	-	-	-	5,052
Intergovernmental:						
Federal grants	-	-	-	-	-	121,323
State grants	-	-	210,000	473,466	-	1,098,118
Charges for services	-	-	-	-	-	42
Fines and forfeitures	-	-	-	-	-	35,668
Interest income	-	-	-	381	-	381
Miscellaneous	-	-	-	1,218	-	67,065
Total revenues	-	-	210,000	475,065	182,533	1,515,344
Expenditures						
Current						
General government	-	-	-	-	2,774	2,774
Public safety	-	-	-	-	-	282,966
Public works	-	-	-	-	-	201,669
Culture and recreation	-	-	-	-	-	51,981
Debt service:						
Principal retirement	-	-	-	-	180,000	180,000
Interest and debt issuance costs	-	-	-	-	44,786	44,786
Capital outlay	-	-	54,898	663,634	-	983,635
Total expenditures	-	-	54,898	663,634	227,560	1,747,811
Revenues over (under) expenditures before other financing sources (uses)	-	-	155,102	(188,569)	(45,027)	(232,467)
Other financing sources (uses)						
Transfers in (out)	-	-	129	406,907	-	358,816
Total other financing sources (uses)	-	-	129	406,907	-	358,816
Net changes in fund balances	-	-	155,231	218,338	(45,027)	126,349
Fund balance (deficit), beginning of year	58,354	-	(129)	343,798	295,316	1,281,817
Fund balance, end of year	\$ 58,354	\$ -	\$ 155,102	\$ 562,136	\$ 250,289	\$ 1,408,166

State of New Mexico
Village of Corrales
Corrections Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 58,000	\$ 58,000	\$ 35,668	\$ (22,332)
Total revenues	<u>58,000</u>	<u>58,000</u>	<u>35,668</u>	<u>(22,332)</u>
Expenditures				
Current				
Public safety	58,000	58,000	19,074	38,926
Total expenditures	<u>58,000</u>	<u>58,000</u>	<u>19,074</u>	<u>38,926</u>
Net change in fund balance	-	-	16,594	16,594
Fund balance, beginning of year	<u>291,307</u>	<u>291,307</u>	<u>291,307</u>	-
Fund balance, end of year	<u>\$ 291,307</u>	<u>\$ 291,307</u>	<u>\$ 307,901</u>	<u>\$ 16,594</u>

State of New Mexico
Village of Corrales
Court AOC Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ 14,200	\$ 14,200	\$ 7,911	\$ (6,289)
Total revenues	<u>14,200</u>	<u>14,200</u>	<u>7,911</u>	<u>(6,289)</u>
Expenditures				
Current				
Public safety	14,200	14,200	6,784	7,416
Total expenditures	<u>14,200</u>	<u>14,200</u>	<u>6,784</u>	<u>7,416</u>
Net change in fund balance	-	-	1,127	1,127
Fund balance, beginning of year	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	-
Fund balance, end of year	<u>\$ 1,250</u>	<u>\$ 1,250</u>	<u>\$ 2,377</u>	<u>\$ 1,127</u>

State of New Mexico
Village of Corrales
EMS Fund

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ 9,250	\$ 9,250	\$ 8,400	\$ (850)
Miscellaneous	-	2,620	2,620	-
Total revenues	<u>9,250</u>	<u>11,870</u>	<u>11,020</u>	<u>(850)</u>
Expenditures				
Current				
Public safety	<u>9,250</u>	<u>11,870</u>	<u>6,748</u>	<u>5,122</u>
Total expenditures	<u>9,250</u>	<u>11,870</u>	<u>6,748</u>	<u>5,122</u>
Net change in fund balance	-	-	4,272	4,272
Fund balance, beginning of year	<u>1,397</u>	<u>1,397</u>	<u>1,397</u>	-
Fund balance, end of year	<u>\$ 1,397</u>	<u>\$ 1,397</u>	<u>\$ 5,669</u>	<u>\$ 4,272</u>

State of New Mexico
Village of Corrales
Fire Wildlands Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ 20,000	\$ 20,059	\$ 59
Total revenues	<u>-</u>	<u>20,000</u>	<u>20,059</u>	<u>59</u>
Expenditures				
Current				
Public safety	-	19,091	11,934	7,157
Capital outlay	-	909	901	8
Total expenditures	<u>-</u>	<u>20,000</u>	<u>12,835</u>	<u>7,165</u>
Net change in fund balance	-	-	7,224	7,224
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,224</u>	<u>\$ 7,224</u>

State of New Mexico
Village of Corrales
Fire Protection Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ 166,503	\$ 306,801	\$ 206,655	\$ (100,146)
Miscellaneous	-	-	2,397	2,397
Total revenues	<u>166,503</u>	<u>306,801</u>	<u>209,052</u>	<u>(97,749)</u>
Expenditures				
Current				
Public safety	166,503	174,679	159,330	15,349
Capital outlay	-	132,122	132,122	-
Total expenditures	<u>166,503</u>	<u>306,801</u>	<u>291,452</u>	<u>15,349</u>
Excess (deficiency) of revenues over expenditures	-	-	(82,400)	(82,400)
Other financing sources (uses):				
Transfers out	-	(100,000)	(84,115)	15,885
Net change in fund balance	-	(100,000)	(166,515)	(66,515)
Fund balance, beginning of year	<u>166,515</u>	<u>166,515</u>	<u>166,515</u>	-
Fund balance, end of year	<u>\$ 166,515</u>	<u>\$ 66,515</u>	<u>\$ -</u>	<u>\$ (66,515)</u>

State of New Mexico
Village of Corrales
Law Enforcement Protection Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ 29,000	\$ 29,000	\$ 29,000	\$ -
Total revenues	<u>29,000</u>	<u>29,000</u>	<u>29,000</u>	<u>-</u>
Expenditures				
Current				
Public safety	-	301	263	38
Capital outlay	<u>29,000</u>	<u>28,699</u>	<u>28,699</u>	<u>-</u>
Total expenditures	<u>29,000</u>	<u>29,000</u>	<u>28,962</u>	<u>38</u>
Excess (deficiency) of revenues over expenditures	-	-	38	38
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>40</u>	<u>40</u>
Net change in fund balance	-	-	78	78
Fund balance, beginning of year	<u>(40)</u>	<u>(40)</u>	<u>(40)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (40)</u>	<u>\$ (40)</u>	<u>\$ 38</u>	<u>\$ 78</u>

State of New Mexico
Village of Corrales
Traffic Safety Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ 16,383	\$ 19,383	\$ 13,162	\$ (6,221)
Charges for services	-	-	42	42
Total revenues	<u>16,383</u>	<u>19,383</u>	<u>13,204</u>	<u>(6,179)</u>
Expenditures				
Current				
Public safety	<u>16,383</u>	<u>19,383</u>	<u>12,086</u>	<u>7,297</u>
Total expenditures	<u>16,383</u>	<u>19,383</u>	<u>12,086</u>	<u>7,297</u>
Net change in fund balance	-	-	1,118	1,118
Fund balance, beginning of year	<u>14,276</u>	<u>14,276</u>	<u>14,276</u>	<u>-</u>
Fund balance, end of year	<u>\$ 14,276</u>	<u>\$ 14,276</u>	<u>\$ 15,394</u>	<u>\$ 1,118</u>

State of New Mexico
Village of Corrales
Library Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants	\$ -	\$ 2,949	\$ 2,949	\$ -
State grants	25,690	70,690	56,721	(13,969)
Miscellaneous	1,089	12,000	12,000	-
Total revenues	<u>26,779</u>	<u>85,639</u>	<u>71,670</u>	<u>(13,969)</u>
Expenditures				
Current				
Culture and recreation	14,000	33,819	32,944	875
Capital outlay	<u>42,160</u>	<u>53,236</u>	<u>38,603</u>	<u>14,633</u>
Total expenditures	<u>56,160</u>	<u>87,055</u>	<u>71,547</u>	<u>15,508</u>
Net change in fund balance	(29,381)	(1,416)	123	1,539
Fund balance, beginning of year	<u>79,550</u>	<u>79,550</u>	<u>79,550</u>	<u>-</u>
Fund balance, end of year	<u>\$ 50,169</u>	<u>\$ 78,134</u>	<u>\$ 79,673</u>	<u>\$ 1,539</u>

State of New Mexico
Village of Corrales
Lodgers' Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Lodgers' tax	\$ 5,000	\$ 5,000	\$ 5,052	\$ 52
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,052</u>	<u>52</u>
Expenditures				
Current				
Culture and recreation	5,000	9,000	6,743	2,257
Total expenditures	<u>5,000</u>	<u>9,000</u>	<u>6,743</u>	<u>2,257</u>
Net change in fund balance	-	(4,000)	(1,691)	2,309
Fund balance, beginning of year	<u>6,477</u>	<u>6,477</u>	<u>6,477</u>	-
Fund balance, end of year	<u>\$ 6,477</u>	<u>\$ 2,477</u>	<u>\$ 4,786</u>	<u>\$ 2,309</u>

State of New Mexico
Village of Corrales
Economic Development Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ -	\$ 4,815	\$ 4,800	\$ (15)
Total revenues	<u>-</u>	<u>4,815</u>	<u>4,800</u>	<u>(15)</u>
Expenditures				
Current				
Culture and recreation	<u>15,000</u>	<u>19,815</u>	<u>10,800</u>	<u>9,015</u>
Total expenditures	<u>15,000</u>	<u>19,815</u>	<u>10,800</u>	<u>9,015</u>
Excess (deficiency) of revenues over expenditures	(15,000)	(15,000)	(6,000)	9,000
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	(15,000)	-	9,000	9,000
Fund balance, beginning of year	<u>5,167</u>	<u>5,167</u>	<u>5,167</u>	<u>-</u>
Fund balance, end of year	<u>\$ (9,833)</u>	<u>\$ 5,167</u>	<u>\$ 14,167</u>	<u>\$ 9,000</u>

State of New Mexico
Village of Corrales
Municipal Street Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State shared	\$ 21,000	\$ 21,000	\$ 5,162	\$ (15,838)
Total revenues	<u>21,000</u>	<u>21,000</u>	<u>5,162</u>	<u>(15,838)</u>
Excess (deficiency) of revenues over expenditures	21,000	21,000	5,162	(15,838)
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>(21,000)</u>	<u>(5,162)</u>	<u>15,838</u>
Net change in fund balance	21,000	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State of New Mexico
Village of Corrales
FEMA Fire Equipment Fund
Statement of Revenues, Expenditures and Change in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers in (out)	-	-	(5,392)	(5,392)
Net change in fund balance	-	-	(5,392)	(5,392)
Fund balance, beginning of year	<u>5,392</u>	<u>5,392</u>	<u>5,392</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,392</u>	<u>\$ 5,392</u>	<u>\$ -</u>	<u>\$ (5,392)</u>

State of New Mexico
Village of Corrales
Safe Routes to School Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants	\$ -	\$ 1,198	\$ 798	\$ (400)
State grants	-	25,000	-	(25,000)
Miscellaneous	-	1,200	9,254	8,054
Total revenues	<u>-</u>	<u>27,398</u>	<u>10,052</u>	<u>(17,346)</u>
Expenditures				
Current				
Public safety	-	27,398	1,678	25,720
Total expenditures	<u>-</u>	<u>27,398</u>	<u>1,678</u>	<u>25,720</u>
Net change in fund balance	-	-	8,374	8,374
Fund balance, beginning of year	<u>(3,995)</u>	<u>(3,995)</u>	<u>(3,995)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (3,995)</u>	<u>\$ (3,995)</u>	<u>\$ 4,379</u>	<u>\$ 8,374</u>

State of New Mexico
Village of Corrales
Fire Donation Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 226	\$ 226
Total revenues	<u>-</u>	<u>-</u>	<u>226</u>	<u>226</u>
Excess (deficiency) of revenues over expenditures	-	-	226	226
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(226)</u>	<u>(226)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State of New Mexico
Village of Corrales
Keep New Mexico Beautiful Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ -	\$ 2,000	\$ 1,494	\$ (506)
Total revenues	<u>-</u>	<u>2,000</u>	<u>1,494</u>	<u>(506)</u>
Expenditures				
Current				
Culture and recreation	-	2,000	1,494	506
Total expenditures	<u>-</u>	<u>2,000</u>	<u>1,494</u>	<u>506</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State of New Mexico
Village of Corrales
Police Special Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 36,000	\$ 35,000	\$ 112,283	\$ 77,283
Miscellaneous	<u>2,500</u>	<u>5,000</u>	<u>7,333</u>	<u>2,333</u>
Total revenues	<u>38,500</u>	<u>40,000</u>	<u>119,616</u>	<u>79,616</u>
Expenditures				
Current				
Public safety	64,150	58,600	52,937	5,663
Capital outlay	<u>-</u>	<u>7,050</u>	<u>7,026</u>	<u>24</u>
Total expenditures	<u>64,150</u>	<u>65,650</u>	<u>59,963</u>	<u>5,687</u>
Net change in fund balance	(25,650)	(25,650)	59,653	85,303
Fund balance, beginning of year	<u>54,393</u>	<u>54,393</u>	<u>54,393</u>	<u>-</u>
Fund balance, end of year	<u>\$ 28,743</u>	<u>\$ 28,743</u>	<u>\$ 114,046</u>	<u>\$ 85,303</u>

State of New Mexico
Village of Corrales
Middle Rio Grande Valley Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants	\$ -	\$ -	\$ 5,293	\$ 5,293
Total revenues	<u>-</u>	<u>-</u>	<u>5,293</u>	<u>5,293</u>
Expenditures				
Current				
Public safety	-	-	2,178	(2,178)
Total expenditures	<u>-</u>	<u>-</u>	<u>2,178</u>	<u>(2,178)</u>
Excess (deficiency) of revenues over expenditures	-	-	3,115	3,115
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>(45,990)</u>	<u>-</u>	<u>(45,990)</u>
Net change in fund balance	-	(45,990)	3,115	49,105
Fund balance, beginning of year	<u>16,839</u>	<u>16,839</u>	<u>16,839</u>	<u>-</u>
Fund balance, end of year	<u>\$ 16,839</u>	<u>\$ (29,151)</u>	<u>\$ 19,954</u>	<u>\$ 49,105</u>

State of New Mexico
Village of Corrales
YCC Grant Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ -	\$ 149,571	\$ 166,160	\$ 16,589
Miscellaneous	<u>140,000</u>	<u>140,000</u>	<u>4,047</u>	<u>(135,953)</u>
Total revenues	<u>140,000</u>	<u>289,571</u>	<u>170,207</u>	<u>(119,364)</u>
Expenditures				
Current				
Public works	56,430	206,001	163,409	42,592
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>56,430</u>	<u>206,001</u>	<u>163,409</u>	<u>42,592</u>
Excess (deficiency) of revenues over expenditures	83,570	83,570	6,798	(76,772)
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>9,160</u>	<u>9,160</u>
Net change in fund balance	83,570	83,570	15,958	(67,612)
Fund balance, beginning of year	<u>616</u>	<u>616</u>	<u>616</u>	<u>-</u>
Fund balance, end of year	<u>\$ 84,186</u>	<u>\$ 84,186</u>	<u>\$ 16,574</u>	<u>\$ (67,612)</u>

State of New Mexico
Village of Corrales
Energy Audit Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ -	\$ 38,260	\$ 38,260	\$ -
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>38,260</u>	<u>38,260</u>	<u>-</u>
Expenditures				
Current				
Public works	-	38,260	38,260	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>38,260</u>	<u>38,260</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State of New Mexico
Village of Corrales
Fire Protection Grant Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ -	\$ 100,000	\$ 100,000	\$ -
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Expenditures				
Current				
Public safety	-	50	9,954	(9,904)
Capital outlay	-	124,950	112,650	12,300
Total expenditures	<u>-</u>	<u>125,000</u>	<u>122,604</u>	<u>2,396</u>
Excess (deficiency) of revenues over expenditures	-	(25,000)	(22,604)	2,396
Other financing sources (uses):				
Transfers in	-	25,000	22,604	(2,396)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

State of New Mexico
Village of Corrales
Far Northwest Sector Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ 294,508	\$ 294,508	\$ 160,161	\$ (134,347)
Investment income	-	-	3,521	3,521
Total revenues	<u>294,508</u>	<u>294,508</u>	<u>163,682</u>	<u>(130,826)</u>
Expenditures				
Current				
Public works	-	-	5,278	(5,278)
Principal retirement	-	51,500	49,762	1,738
Interest and debt issuance costs	-	75,344	72,638	2,706
Capital outlay	<u>683,032</u>	<u>683,032</u>	<u>375,095</u>	<u>307,937</u>
Total expenditures	<u>683,032</u>	<u>809,876</u>	<u>502,773</u>	<u>307,103</u>
Excess (deficiency) of revenues over expenditures	(388,524)	(515,368)	(339,091)	176,277
Other financing sources (uses):				
Transfers in	-	126,844	126,844	-
Loan Proceeds	<u>388,524</u>	<u>388,524</u>	-	<u>(388,524)</u>
Net change in fund balance	-	-	(212,247)	(212,247)
Fund balance, beginning of year	<u>691,529</u>	<u>691,529</u>	<u>691,529</u>	<u>-</u>
Fund balance, end of year	<u>\$ 691,529</u>	<u>\$ 691,529</u>	<u>\$ 479,282</u>	<u>\$ (212,247)</u>

State of New Mexico
Village of Corrales
Waste Water Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants	\$ 460,000	\$ 460,000	\$ 863,393	\$ 403,393
State grants	-	-	-	-
Total revenues	<u>460,000</u>	<u>460,000</u>	<u>863,393</u>	<u>403,393</u>
Expenditures				
Current				
Public works	-	-	-	-
Capital outlay	<u>1,000,000</u>	<u>1,000,000</u>	<u>863,393</u>	<u>136,607</u>
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>863,393</u>	<u>136,607</u>
Excess (deficiency) of revenues over expenditures	(540,000)	(540,000)	-	540,000
Other financing sources (uses):				
Transfers in	-	-	-	-
Loan Proceeds	<u>540,000</u>	<u>540,000</u>	<u>540,000</u>	<u>-</u>
Net change in fund balance	-	-	540,000	540,000
Fund balance, beginning, as restated	<u>(474,675)</u>	<u>(474,675)</u>	<u>(474,675)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (474,675)</u>	<u>\$ (474,675)</u>	<u>\$ 65,325</u>	<u>\$ 540,000</u>

State of New Mexico
Village of Corrales
Road Co-op Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ 125,000	\$ 264,000	\$ 263,466	\$ (534)
Miscellaneous	-	-	-	-
Total revenues	<u>125,000</u>	<u>264,000</u>	<u>263,466</u>	<u>(534)</u>
Expenditures				
Current				
Public works	-	-	-	-
Capital outlay	<u>166,667</u>	<u>333,334</u>	<u>256,267</u>	<u>77,067</u>
Total expenditures	<u>166,667</u>	<u>333,334</u>	<u>256,267</u>	<u>77,067</u>
Excess (deficiency) of revenues over expenditures	(41,667)	(69,334)	7,199	76,533
Other financing sources (uses):				
Transfers in	-	<u>54,387</u>	<u>54,309</u>	<u>(78)</u>
Net change in fund balance	(41,667)	(14,947)	61,508	76,455
Fund balance, beginning of year	<u>(15,760)</u>	<u>(15,760)</u>	<u>(15,760)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (57,427)</u>	<u>\$ (30,707)</u>	<u>\$ 45,748</u>	<u>\$ 76,455</u>

State of New Mexico
Village of Corrales
Farmland Preservation Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ -	\$ -	\$ 381	\$ 381
Miscellaneous	-	1,000	1,218	218
Total revenues	<u>-</u>	<u>1,000</u>	<u>1,599</u>	<u>599</u>
Expenditures				
Current				
Public works	-	1,000	-	1,000
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net change in fund balance	-	-	1,599	1,599
Fund balance, beginning of year	<u>301,333</u>	<u>301,333</u>	<u>301,333</u>	<u>-</u>
Fund balance, end of year	<u>\$ 301,333</u>	<u>\$ 301,333</u>	<u>\$ 302,932</u>	<u>\$ 1,599</u>

State of New Mexico
Village of Corrales
Fire Truck Capital Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ 352,769	\$ -	\$ (352,769)
Total revenues	<u>-</u>	<u>352,769</u>	<u>-</u>	<u>(352,769)</u>
Expenditures				
Current				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	<u>-</u>	<u>352,769</u>	<u>352,469</u>	<u>300</u>
Total expenditures	<u>-</u>	<u>352,769</u>	<u>352,469</u>	<u>300</u>
Excess (deficiency) of revenues over expenditures	-	-	(352,469)	(352,469)
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>352,469</u>	<u>352,469</u>	<u>-</u>
Net change in fund balance	-	352,469	-	(352,469)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 352,469</u>	<u>\$ -</u>	<u>\$ (352,469)</u>

State of New Mexico
Village of Corrales
Residential Roads and Drainage Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State grants	\$ -	\$ 280,000	\$ 210,000	\$ (70,000)
Total revenues	<u>-</u>	<u>280,000</u>	<u>210,000</u>	<u>(70,000)</u>
Expenditures				
Current				
Public works	-	-	-	-
Capital outlay	<u>-</u>	<u>280,000</u>	<u>54,898</u>	<u>225,102</u>
Total expenditures	<u>-</u>	<u>280,000</u>	<u>54,898</u>	<u>225,102</u>
Excess (deficiency) of revenues over expenditures	-	-	155,102	155,102
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>129</u>	<u>129</u>
Net change in fund balance	-	-	155,231	155,231
Fund balance, beginning of year	<u>(129)</u>	<u>(129)</u>	<u>(129)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (129)</u>	<u>\$ (129)</u>	<u>\$ 155,102</u>	<u>\$ 155,231</u>

State of New Mexico
Village of Corrales
General Obligations Debt Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 227,000	\$ 227,000	\$ 182,533	\$ (44,467)
Total revenues	<u>227,000</u>	<u>227,000</u>	<u>182,533</u>	<u>(44,467)</u>
Expenditures				
Current				
General government	2,200	2,200	2,774	(574)
Debt service				
Principal retirement	180,000	180,000	180,000	-
Interest and fiscal charges	<u>44,786</u>	<u>44,786</u>	<u>44,786</u>	<u>-</u>
Total expenditures	<u>226,986</u>	<u>226,986</u>	<u>227,560</u>	<u>(574)</u>
Net change in fund balance	14	14	(45,027)	(45,041)
Fund balance, beginning of year	<u>295,316</u>	<u>295,316</u>	<u>295,316</u>	<u>-</u>
Fund balance, end of year	<u>\$ 295,330</u>	<u>\$ 295,330</u>	<u>\$ 250,289</u>	<u>\$ (45,041)</u>

Other Supplementary Information

State of New Mexico
Village of Corrales
Schedule of Changes in Assets and Liabilities
Agency Fund
June 30, 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Assets				
Cash	\$ 953	\$ 4,102	\$ 4,555	\$ 500
Total assets	\$ 953	\$ 4,102	\$ 4,555	\$ 500
Liabilities				
Deposits payable	\$ 953	\$ 4,102	\$ 4,555	\$ 500
Total liabilities	\$ 953	\$ 4,102	\$ 4,555	\$ 500

Schedule of Expenditures of Federal Awards

State of New Mexico
Village of Corrales
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Pass-through Grantor or Other Identifying Number	CFDA Number	Federal Expenditures
U.S. Department of Justice:			
DEA-Police Fund-Equitable Sharing Overtime Reimbursement		16.922	\$ 7,262
DEA Confiscation		16.922	41,476
Total U.S. Department of Justice			48,738
U.S. Department of Transportation:			
<u>Pass Through - New Mexico DOT</u>			
Operation DWI	12-AL-64-026	20.608	6,103
NM Traffic Safety	13-OP-RF-026	20.608	3,000
Safe Routes to School	MOA1045	20.205	838
Total U.S. Department of Transportation			9,941
National Endowment for the Humanities			
<u>Pass Through - New Mexico Department of Cultural Affairs</u>			
Library LSTA Grant	LSTA 2010-E12	45.310	2,949
Total National Endowment for the Humanities			2,949
U.S. Environmental Protection Agency:			
<u>Pass Through - New Mexico Environmental Department</u>			
Clean Water State Revolving Fund-Wastewater Transmission System	CWSRF-011	66.458	863,393
Total Environmental Protection Agency			863,393
U.S. Department of Energy:			
<u>Pass Through - NMEMR from EPA</u>			
Energy Audit	13-521-0300-0120	81.041	38,260
Total U.S. Department of Energy			38,260
Executive Office of the President: Office of National Drug Control Policy			
High Intensity Drug Trafficking Area Mid-Rio Grande Valley Task Force	MOU-MRGVTF	95.001	2,117
Total Office of National Drug Control Policy			2,117
Total Expenditures of Federal Awards			\$ 965,398

State of New Mexico
Village of Corrales
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

1) General

The accompanying schedule of expenditures of federal awards presents the federal financial assistance programs of the Village of Corrales (the "Village"). The reporting entity is defined in Note 1 to the Village's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule.

2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Village's financial statements.

3) Loans

At June 30, 2013, the Village has a \$540,000 loan outstanding with the New Mexico Environment Department.

Independent Auditors' 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*

Scott Kominiak, Mayor
Village Council
Village of Corrales
And
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Corrales (the "Village") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 24, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 items FS 2013-01 and FS 2013-02 to be material weaknesses.

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 accompanying schedule of findings and questioned costs as items 2011-B, 2012-A and 2012-B to be significant deficiencies.

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 FS 2013-03, FS 2013-04, FS 2013-05, FS 2013-06, 2007-A, 2011-C and 2012-D.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Loftis Group ^{LLC}

Albuquerque, New Mexico

March 24, 2014

Independent Auditors' Report on Compliance for
Each Major Program and on Internal Control Over Compliance
Required by OMB Circular A-133

Scott Kominiak, Mayor
Village Council
Village of Corrales
And
Hector H. Balderas
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited the Village of Corrales' (the "Village") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2013. The Village's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Nonprofit 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'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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'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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Loftis Group ^{uc}

Albuquerque, New Mexico
March 24, 2014

State of New Mexico
Village of Corrales
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2013

Status of Prior Year Audit Findings

2007-A Excess of Expenditures Over Budget	Repeated and Modified
2011-B Accounts Receivable Reconciliation	Repeated and Modified
2011-C Budget Deficit in Excess of Cash	Repeated and Modified
2012-A Unreconciled Cash Account	Repeated and Modified
2012-B Unreconciled Payables and Receivables	Repeated
2012-C Documentation for Grants	Resolved
2012-D Procurement	Repeated and Modified
2012-E Outstanding Checks	Resolved

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section I — Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding?	No

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section I — Summary of Auditors' Results — continued

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.458	Clean Water State Revolving Fund – Wastewater Transmission System

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 — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings

FS 2013-01 – Financial Statement Preparation – Material Weakness

Condition: Many significant adjusting journal entries were required after the accounting records were closed for the year ended June 30, 2013. After the books were closed and a final trial balance was obtained on December 14, 2014, sixteen audit adjustments ranging from approximately \$2,000 to \$540,000 were needed to correct Village accounts. Several of the balance sheet accounts required extensive analysis and correcting journal entries. Capital assets, cash, receivables, payables, accrued liabilities, long-term debt and net position accounts required correcting adjustments. In addition, the Village does not have adequate internal controls designed to provide for the complete preparation of the financial statements and accompanying footnotes under audit.

Criteria: An accounting system should provide timely and accurate information for management. To achieve this, accounting personnel must periodically reconcile general ledger accounts to sub-ledgers and other supporting documents. The Village's internal control system should be designed to provide the complete preparation of the Village's financial statements and accompanying footnotes under audit.

Effect: Financial information provided to management may not be accurate. Also, the probability that errors will occur and go undetected is greatly increased. The auditors were not able to rely on the Village's trial balance due to the condition stated above.

Cause: The Village does not have adequate internal controls designed to provide for the complete preparation of the financial statements and accompanying footnotes under audit. The Village's current general ledger account reconciliation process does not include the reconciliation of several significant account balances.

Auditors' Recommendation: We recommend the Village implement procedures to review the trial balance after recording prior year adjusting journal entries and reconcile it to ensure accuracy. The Village should hire a qualified Certified Public Accountant to assist with their accounting records. We recommend the Village reconcile all significant balance sheet accounts monthly, establish a schedule for reconciliation and monitoring of account activity, including the preparation of schedules and account reconciliations needed to prepare the Village's financial statements and accompanying footnotes.

Management's Response: The Village has begun to remedy the finding. It has again hired a Certified Public Accountant to assist with the accounting records and financial reporting. In addition the Village will develop a schedule for reconciliations to ensure timely and accurate financial reporting as well as verify that all adjusting journal entries have been made into the accounting system.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings

FS 2013-02 – Segregation of Duties – Material Weakness

Condition: The Village lacks adequate internal controls over its accounting processes. During review of internal control procedures, we noted that the Finance Officer has been assigned the responsibility to perform all major functions of the Village related to the accounting processes.

Criteria: Systems of internal control with the most favorable designs allow for an adequate segregation of duties to reduce the risk of error or fraud because they are structures using a combination of controls designed to either detect instances of error or fraud that occur, or optimally, to prevent instances of error or fraud before they occur (AU 325). Section 6-5-2, NMSA 1978, requires that the Village implement internal controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Effect: Without adequate segregation of duties in key control processes, there is an increased risk of fraudulent activity, and also an increased risk of errors that may not be detected timely.

Cause: The Village did not assess risks or implement internal controls to segregate duties.

Auditors' Recommendation: We recommend the Village develop a formal review process for the receipts, disbursement, bank transfers, payroll and other significant transaction cycles. Also, implement and document policies and procedures to maintain proper internal controls that include segregation of duties.

Management's Response: The Village agrees with the recommendation. The Village will develop and implement a formal review process for the items listed in the auditor recommendation to strengthen the internal controls and provide for adequate segregation of duties.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings – continued

FS 2013-03 – Violation of Open Meetings Act –Noncompliance

Condition: For a meeting on January 11, 2013, discussions related to the waste water system and possible litigation between the Village and the New Mexico Environment Department took place in a closed session, in which a representative from the New Mexico Environment Department attended part of the closed session. This was in violation of the Open Meetings Act, as determined by the New Mexico Attorney General’s Office, as the discussion was not attorney-privileged communication.

Criteria: Section 10-15-1(H)(7), NMSA 1978, provides that a public body may go into closed session under certain limited exceptions, including “meetings subject to the attorney-client privilege pertaining to threatened or pending litigation in which the public body is or may become a participant.” This exception means “public bodies may invoke the attorney-client privilege to close a meeting only when the public body is involved in a lawsuit or faced with an actual or credible threat of litigation.” Absent such a threat, the exception does not protect discussions about possible or potential litigation.

Effect: The Village is not in compliance with the Open Meetings Act.

Cause: The Village has not instituted and implemented proper internal policies related to discussions in a closed session.

Auditors’ Recommendation: The Village should implement policies pertaining to discussions held in closed sessions of the Village Council and ensure the policies are in accordance with the Open Meetings Act.

Management’s Response: The Village agrees with the finding and will create and implement a policy that is in-line with the current Open Meetings Act.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings – continued

FS 2013-04 – Timely Submission of Financial Statements – Noncompliance

Condition: The fiscal year 2013 financial statements were not submitted to the New Mexico Office of the State Auditor by the December 1, 2013 submission deadline.

Criteria: Section 2.2.2.9.A of NMAC Audit Rule 2013 requires that annual audit reports for local public bodies be received in the Office of the State Auditor on or before December 1st.

Effect: The Village is not in compliance with State Auditor Rule NMAC 2.2.2.9.A for fiscal year 2013. The users of the financial statements do not have timely audit reports and financial statements for their review. Late audit reports could have an effect on state and federal funding and the Village's internal budgeting.

Cause: The Village was unable to close the books in a timely manner and have the records ready for the audit. There was a significant delay in providing the auditors with information to test receivables, capital assets, net position, certain liabilities and cash accounts.

Auditors' Recommendation: The Village should work towards having their books closed and ready for audit in a timely manner.

Management's Response: The Village agrees with this finding and is taking action to ensure they are not delayed and it does not occur in the future.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings – continued

FS 2013-05 – Capital Asset Listing – Noncompliance

Condition: During our audit procedures related to capital assets, we found that the Village did not perform an annual inventory of capital assets.

Criteria: Section 2.2.2.10.Y of NMAC Audit Rule 2013 requires all agencies to conduct a physical inventory of their movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors.

Effect: The Village is not in compliance with State Auditor Rule NMAC 2.2.2.10.Y for fiscal year 2013.

Cause: The Village has not ensured compliance with the State Auditor requirements related to capital asset inventories.

Auditors' Recommendation: On an annual basis, Village personnel should perform a physical inventory of all movable chattels and equipment on their inventory list. The Village should certify the correctness of the inventory after the physical inventory.

Management's Response: The Village agrees with the finding and will perform a complete physical inventory during fiscal year 2014 to ensure compliance with the State Audit Rule NMAC 2.2.2.10.Y.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings – continued

FS 2013-06 – Disposal of Property – Noncompliance

Condition: During fiscal year 2013, the Village disposed of property through an auction and a notification was sent to the New Mexico State Auditor's office; however, the notification was sent after the auction had taken place. Approximately seventy items were sent to auction and the bids ranged from \$1 to \$750. According to the Village's documentation, approximately \$2,430 was collected from the auction.

Criteria: New Mexico Administrative Code section 2.2.2.10 V requires notification to the New Mexico State Auditor's office at least thirty days prior to the disposition of property.

Effect: The Village has not complied with the New Mexico Administrative Code which established procedures for disposition of property. Property could be sold without proper authorization.

Cause: The Village has not ensured compliance with the New Mexico Administrative Code related to sending notification of property dispositions.

Auditors' Recommendation: In the future, the Village should notify the New Mexico State Auditor's office 30 days prior to the disposition of property.

Management's Response: The Village is in agreement with this finding and will submit notification of property disposition to the State Auditor's office at least 30 days prior to any planned auctions or dispositions.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings – continued

2007-A – Excess of Expenditures over Budget – Noncompliance

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

Debt Service GO Bond	\$574
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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 fund exceeded the approved budget by the amounts noted.

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.

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

Management's Response: The Village agrees with this finding. The Village will establish a schedule in which to review the revenues and expenditures in each fund to ensure that the budget is not exceeded and to allow for adequate time to request budget adjustments if necessary and budget for any likely spikes in administration fees for unanticipated tax revenues.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings – continued

2011-B – Accounts Receivable Reconciliation – Significant Deficiency

Condition: The Village is not reconciling the subsidiary ledger for business licenses accounts receivable to the general ledger. The accounts receivable on the general ledger is \$5,085 more than the accounts receivable subsidiary ledger.

Criteria: The New Mexico State Statute, Section 6-6-3 (A) NMSA 1978, requires the Village to “keep all books, records and accounts in their respective offices in the form prescribed by the local government division.”

Effect: The Village does not have an accurate subsidiary ledger for business licenses which reflect unpaid licenses at year-end.

Cause: The subsidiary ledger is not being properly maintained and there is not a reconciliation process between the subsidiary ledger and the general ledger to resolve any differences.

Auditors’ Recommendation: The Village should make the appropriate changes to ensure the subsidiary ledger is reconciled to the general ledger and any differences are resolved in a timely manner.

Management’s Response: The Village will investigate the difference between the subsidiary and primary ledgers to determine the cause of the difference and adjust the balances as necessary.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings – continued

2011-C – Budget Deficit in Excess of Cash – Noncompliance

Condition: The Village’s approved budgets include deficits that exceed the beginning cash balances for the following funds:

<u>Fund</u>	<u>Budget Deficit in Excess of Cash</u>
Middle Rio Grande Valley	\$ 3,115
Road Coop	12,083

Criteria: The New Mexico State Statute, Section 6-6-11 NMSA 1978, states “it is unlawful for any municipal governing body for any purpose to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot be paid out of the money actually collected and belonging to that current year.”

Effect: The Village’s final approved budget included expenditures in excess of revenues and the beginning cash balance, in violation of state statutes. Expenditures budgeted in excess of available cash balances increase the likelihood of the Village overspending.

Cause: The Village inadvertently budgeted expenditures that exceeded the beginning cash balances and anticipated revenues.

Auditors’ Recommendation: The Village should review available cash balances when preparing the budget to ensure that they have the funds available.

Management’s Response: The Village will review the available cash balances and expected revenues and expenditures when developing the budgets.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings – continued

2012-A – Unreconciled Cash Account – Significant Deficiency

Condition: The Village is attempting to reconcile the pooled cash account each month. However, there is an unreconciled difference which fluctuates and is carried forward each month. At June 30, 2013, the general ledger is overstated by \$7,597. In addition, the Village has an unreconciled difference related to its payroll account and the general ledger is overstated by \$2,583.

Criteria: The New Mexico State Statute, Section 6-10-2 (A) NMSA 1978, states “It is the duty of every public official or agency of this state that receives or disburses public money to maintain a cash record in which is entered daily, in detail, all items of receipts and disbursements of public money. The cash record shall be balanced daily so as to show the balance of public money on hand at the close of each day’s business.

Effect: The Village is not properly safeguarding public funds by having an accurate cash reconciliation prepared each month. Because there is an unreconciled difference each month, it is possible that transactions are not being recorded and/or are not being recorded on a timely basis.

Cause: Each month when the pooled cash account is being reconciled, there are differences which cannot be identified and are reflected as an unreconciled amount on the bank reconciliation.

Auditors’ Recommendation: The Village should take the steps necessary to identify all differences between the bank statement and the general ledger.

Management’s Response: The Village will allocate the resources to identify and correct the unreconciled amounts on the bank reconciliation.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings – continued

2012-B – Unreconciled Payables and Receivables – Significant Deficiency

Condition: The Village does not reconcile accounts receivable and accounts payable at year-end. The Village records accounts receivable and accounts payable at year-end by journal entry without supporting documentation or subsidiary ledgers to ensure the general ledger balances are correct.

Criteria: NMAC Title 2 Chapter 20 C. states “It is the responsibility of the chief financial officer to ensure that:...(3) all transactions are properly classified in the agency’s records and (7) all accounting systems, including subsidiary systems, are recording transactions timely, completely, and accurately.

Effect: The Village does not have a trial balance that accurately reflects accounts payable and accounts receivable. The Village is misstating revenues and expenditures by not reconciling balance sheet accounts.

Cause: The Village does not have a procedure in place to maintain accurate balances in payables and receivables.

Auditors’ Recommendation: The Village should make sure that payables and receivables are accurate and reconciled to subsidiary ledgers and supporting documentation.

Management’s Response: The Village will develop a procedure and schedule for reconciliations for the accounts receivable and accounts payable to ensure timely and accurate financial reporting at year-end.

State of New Mexico
Village of Corrales
Schedule of Findings and Questioned Costs — continued
For the Year Ended June 30, 2013

Section II — Financial Statement Findings – continued

2012-D – Procurement – Noncompliance

Condition: The Village's procurement policy requires that each expenditure have a purchase order that documents the best obtainable price. During cash disbursements testing, we noted one instance totaling \$356 where the purchase order was dated after the invoice.

Criteria: Village resolution 99-06 for small purchases other than professional services, states that (1) all purchases under \$500 shall be made at the best obtainable price, (2) all purchases between \$500 and \$3,000 shall be made by oral, telephone or written bid from no fewer than three businesses, and (3) all purchases between \$3,000 and \$10,000 shall be with written quotes on bids.

Effect: The Village's procurement policies are not being adhered to by each department. This makes it more difficult for the finance officer to track and monitor budgets and request budget adjustments when necessary.

Cause: Various departments within the Village are not following the Village's procurement procedures.

Auditors' Recommendation: Each department head should insure that Village procurement procedures are being adhered to.

Management's Response: The Village agrees with this finding and will create a policy and conduct training with Village personnel responsible for the creation or approval of purchases regarding the procurement procedure requirements.

**State of New Mexico
Village of Corrales
Exit Conference
June 30, 2013**

The financial statements presented in this report were prepared by the auditors, Loftis Group, LLC.

The content of this report was discussed at an exit conference held on March 24, 2014 with the following in attendance:

Village of Corrales

Scott Kominiak, Mayor

John Avila, Village Administrator

Terri Gray, Finance Director

Loftis Group, LLC

Lonnie Juarez, CPA, Principal