



State of  
New Mexico  
Village of  
Corrales

Annual Financial Report  
For the Year Ended June 30, 2017



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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**  
Village of Corrales  
Annual Financial Report  
June 30, 2017  
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**STATE OF NEW MEXICO**

Village of Corrales

Official Roster

June 30, 2017

<b><u>Name</u></b>	<b><u>Town Council</u></b>	<b><u>Title</u></b>
Scott Kominiak		Mayor
Ennio Garcia-Miera		Councilor
George Wright		Councilor
Philip Gasteyer		Councilor
David Dornburg		Councilor
Jim Fahey		Councilor
Pat Clauser		Councilor
<b><u>Administration</u></b>		
John Avila		Village Administrator
Terri Gray		Finance Officer

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

Wayne A. Johnson  
New Mexico State Auditor  
The Village Council of  
Village of Corrales  
Corrales, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue fund of the Village of Corrales (the "Village"), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Corrales, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and major special revenue fund 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 Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America requires the Schedules I and II and the Notes to the Required Supplementary Information on pages 62 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, the combining and individual fund financial statements, and Supporting Schedules III through V required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP  
Albuquerque, NM  
December 14, 2017

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Village of Corrales  
Statement of Net Position  
June 30, 2017

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 5,665,719	\$ 110,468	\$ 5,776,187
Investments	336,834	-	336,834
Receivables, net of allowance	1,328,978	3,474	1,332,452
Inventory	-	-	-
Internal balances	116	(116)	-
<b>Total current assets</b>	<b>7,331,647</b>	<b>113,826</b>	<b>7,445,473</b>
Noncurrent assets			
Restricted cash and cash equivalents	19,493	-	19,493
Restricted investments	88,038	-	88,038
Capital assets	36,503,194	-	36,503,194
Less: accumulated depreciation	(15,176,692)	-	(15,176,692)
<b>Total noncurrent assets</b>	<b>21,434,033</b>	<b>-</b>	<b>21,434,033</b>
<b>Total assets</b>	<b>28,765,680</b>	<b>113,826</b>	<b>28,879,506</b>
<b>Deferred outflows of resources</b>			
Changes of assumptions	286,076	1,304	287,380
Changes in proportion	679,712	1,301	681,013
Difference between expected and actual experience	272,333	849	273,182
Net difference between projected and actual investment earnings on pension plan investments	693,310	3,364	696,674
Employer contributions subsequent to the measurement date	253,065	90	253,155
<b>Total deferred outflows of resources</b>	<b>2,184,496</b>	<b>6,908</b>	<b>2,191,404</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 30,950,176</b>	<b>\$ 120,734</b>	<b>\$ 31,070,910</b>

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

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 147,355	\$ 2,442	\$ 149,797
Accrued payroll	97,891	-	97,891
Accrued interest	27,496	-	27,496
Unearned revenue	389,401	-	389,401
Accrued compensated absences	95,794	-	95,794
Current portion of bonds and notes payable	387,047	-	387,047
Total current liabilities	<u>1,144,984</u>	<u>2,442</u>	<u>1,147,426</u>
Noncurrent liabilities			
Bonds and notes payable	3,539,592	-	3,539,592
Net pension liability	4,823,090	9,384	4,832,474
Total noncurrent liabilities	<u>8,362,682</u>	<u>9,384</u>	<u>8,372,066</u>
<i>Total liabilities</i>	<u>9,507,666</u>	<u>11,826</u>	<u>9,519,492</u>
<b>Deferred inflows of resources</b>			
Changes of assumptions	30,054	-	30,054
Difference between expected and actual experience	16,568	-	16,568
<i>Total deferred inflows of resources</i>	<u>46,622</u>	<u>-</u>	<u>46,622</u>
<b>Net position</b>			
Net investment in capital assets	17,399,863	-	17,399,863
Restricted for:			
Debt service	612,088	-	612,088
Capital projects	830,698	-	830,698
Special revenue	989,231	-	989,231
Unrestricted	1,564,008	108,908	1,672,916
<i>Total net position</i>	<u>21,395,888</u>	<u>108,908</u>	<u>21,504,796</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 30,950,176</u>	<u>\$ 120,734</u>	<u>\$ 31,070,910</u>

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, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government	\$ 2,037,036	\$ 34,015	\$ -	\$ -
Public safety	2,789,764	2,117	365,876	467,513
Public works	814,707	111,055	603,014	115,760
Culture and recreation	824,010	66,310	54,317	-
Interest on long-term debt	148,749	-	-	-
<i>Total governmental activities</i>	<u>6,614,266</u>	<u>213,497</u>	<u>1,023,207</u>	<u>583,273</u>
<b>Business-type activities:</b>				
Water and sewer	<u>76,735</u>	<u>29,395</u>	<u>-</u>	<u>-</u>
<i>Total business-type activities</i>	<u>76,735</u>	<u>29,395</u>	<u>-</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 6,691,001</u>	<u>\$ 242,892</u>	<u>\$ 1,023,207</u>	<u>\$ 583,273</u>

**General revenues:**

Taxes:

Property taxes, levied for general purposes

Gross receipts taxes

Franchise taxes

Other taxes

Licenses and permits

Fines and forfeitures

Investment income

Miscellaneous income

Transfers

Total general revenues

Change in net position

Net position - beginning

Net position - restatement (note 18)

Net position - beginning as restated

*Net position - ending*

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

**Net (Expense) Revenue and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (2,003,021)	\$ -	\$ (2,003,021)
(1,954,258)	-	(1,954,258)
15,122	-	15,122
(703,383)	-	(703,383)
(148,749)	-	(148,749)
<u>(4,794,289)</u>	<u>-</u>	<u>(4,794,289)</u>
-	(47,340)	(47,340)
-	(47,340)	(47,340)
(4,794,289)	(47,340)	(4,841,629)
1,754,312	-	1,754,312
2,575,039	-	2,575,039
328,454	-	328,454
4,200	-	4,200
181,833	-	181,833
103,850	-	103,850
9,686	-	9,686
54,100	-	54,100
(38,157)	38,157	-
<u>4,973,317</u>	<u>38,157</u>	<u>5,011,474</u>
<u>179,028</u>	<u>(9,183)</u>	<u>169,845</u>
21,113,547	118,091	21,231,638
<u>103,313</u>	<u>-</u>	<u>103,313</u>
<u>21,216,860</u>	<u>118,091</u>	<u>21,334,951</u>
<u>\$ 21,395,888</u>	<u>\$ 108,908</u>	<u>\$ 21,504,796</u>

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

**STATE OF NEW MEXICO**

Village of Corrales  
Balance Sheet  
Governmental Funds  
June 30, 2017

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
		232	313	323
		YCC Grant	Waste Water	Residential
			Project	Roads and
				Drainage
<b>Assets</b>				
Cash and investments	\$ 3,582,116	\$ 71,886	\$ 277,486	\$ 292,904
Accounts receivable, net	665,940	2,082	1	-
Due from other funds	1,078,198	299,843	193,697	-
<i>Total assets</i>	<u>\$ 5,326,254</u>	<u>\$ 373,811</u>	<u>\$ 471,184</u>	<u>\$ 292,904</u>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<i>Liabilities</i>				
Accounts payable	\$ 95,183	\$ -	\$ -	\$ 45,270
Accrued liabilities	97,891	-	-	-
Unearned revenue	-	-	-	247,634
Due to other funds	795,648	343,620	418,196	-
<i>Total liabilities</i>	<u>988,722</u>	<u>343,620</u>	<u>418,196</u>	<u>292,904</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	68,341	-	-	-
<i>Total deferred inflows of resources</i>	<u>68,341</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable:				
Restricted for:				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	30,191	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	52,988	-
Minimum fund balance	484,298	-	-	-
Unassigned	3,784,893	-	-	-
<i>Total fund balances</i>	<u>4,269,191</u>	<u>30,191</u>	<u>52,988</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 5,326,254</u>	<u>\$ 373,811</u>	<u>\$ 471,184</u>	<u>\$ 292,904</u>

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



<b>Other Governmental Funds</b>	<b>Total</b>
\$ 1,885,692	\$ 6,110,084
660,955	1,328,978
<u>359,474</u>	<u>1,931,212</u>
<u><u>\$ 2,906,121</u></u>	<u><u>\$ 9,370,274</u></u>
\$ 6,902	\$ 147,355
-	97,891
141,767	389,401
<u>373,632</u>	<u>1,931,096</u>
<u>522,301</u>	<u>2,565,743</u>
<u>9,448</u>	<u>77,789</u>
<u>9,448</u>	<u>77,789</u>
3,167	3,167
831,230	831,230
83,144	83,144
216	30,407
368,352	368,352
1,088,263	1,141,251
-	484,298
-	<u>3,784,893</u>
<u>2,374,372</u>	<u>6,726,742</u>
<u><u>\$ 2,906,121</u></u>	<u><u>\$ 9,370,274</u></u>

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

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## STATE OF NEW MEXICO

Village of Corrales

Governmental Funds

## Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2017

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 6,726,742
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	21,326,502
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	77,789
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:	
Accrued interest	(27,496)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows of resources related to changes of assumptions	286,076
Deferred outflows of resources related to changes in proportion	679,712
Deferred outflows of resources related to difference between expected and actual experience	272,333
Deferred outflows of resources related to the net difference between expected and actual investment earnings on pension plan investments	693,310
Deferred outflows of resources related to employer contributions subsequent to the measurement date	253,065
Deferred inflows of resources related to changes of assumptions	(30,054)
Deferred inflows of resources related to difference between expected and actual experience	(16,568)
Some liabilities, including bonds payable, loans and net pension payable are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences	(95,794)
Bonds and notes payable	(3,926,639)
Net pension liability	(4,823,090)
<i>Total net position of governmental activities</i>	<u>\$ 21,395,888</u>

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

**STATE OF NEW MEXICO**  
Village of Corrales  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
		<u>232 YCC Grant</u>	<u>313 Waste Water Project</u>	<u>323 Residential Roads and Drainage</u>
<i>Revenues</i>				
Taxes:				
Property	\$ 1,531,452	\$ -	\$ -	\$ -
Gross receipts	2,563,245	-	-	-
Franchise	328,454	-	-	-
Other	-	-	-	-
Licenses and permits	181,833	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	184,314	103,675	-	199,914
State capital grants	-	-	-	-
Charges for services	161,513	-	-	-
Fines and forfeitures	62,790	-	-	-
Investment income	7,865	-	-	-
Miscellaneous	21,013	-	-	-
<i>Total revenues</i>	<u>5,042,479</u>	<u>103,675</u>	<u>-</u>	<u>199,914</u>
<i>Expenditures</i>				
Current:				
General government	1,488,246	-	-	-
Public safety	1,841,819	-	-	-
Public works	415,904	-	-	-
Culture and recreation	518,037	103,793	-	-
Capital outlay	1,053,020	-	-	199,914
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,317,026</u>	<u>103,793</u>	<u>-</u>	<u>199,914</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(274,547)</u>	<u>(118)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	261,000	-	-	-
Transfers (out)	(194,398)	-	-	-
<i>Total other financing sources (uses)</i>	<u>66,602</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(207,945)</u>	<u>(118)</u>	<u>-</u>	<u>-</u>
<i>Fund balance - beginning</i>	4,067,255	30,309	52,988	306,568
<i>Fund balance - restatement (note 18)</i>	409,881	-	-	(306,568)
<i>Fund balance - as restated</i>	<u>4,477,136</u>	<u>30,309</u>	<u>52,988</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ 4,269,191</u>	<u>\$ 30,191</u>	<u>\$ 52,988</u>	<u>\$ -</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 223,703	\$ 1,755,155
11,794	2,575,039
-	328,454
4,200	4,200
-	181,833
121,191	121,191
115,760	115,760
414,113	902,016
467,513	467,513
51,984	213,497
41,060	103,850
1,821	9,686
33,087	54,100
<u>1,486,226</u>	<u>6,832,294</u>
48,728	1,536,974
347,069	2,188,888
14,317	430,221
60,146	681,976
775,057	2,027,991
376,033	376,033
153,793	153,793
<u>1,775,143</u>	<u>7,395,876</u>
<u>(288,917)</u>	<u>(563,582)</u>
528,519	789,519
<u>(633,278)</u>	<u>(827,676)</u>
<u>(104,759)</u>	<u>(38,157)</u>
<u>(393,676)</u>	<u>(601,739)</u>
2,768,048	7,225,168
-	103,313
<u>2,768,048</u>	<u>7,328,481</u>
<u>\$ 2,374,372</u>	<u>\$ 6,726,742</u>

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

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**STATE OF NEW MEXICO**

Village of Corrales

Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2017

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	(601,739)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay		2,027,991
Depreciation expense		(1,083,180)
Loss on sale from capital assets		(15,862)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Decrease in unavailable revenue related to property taxes receivable		(843)
--	--	-------

Governmental funds report Village pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Village pension contributions		253,065
Pension expense		(769,706)

The issuance of long-term debt (e.g. bonds, loans, leases) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Decrease in accrued interest		5,044
Increase in accrued compensated absences		(11,775)
Principal payments on bonds and loans payable		376,033

<i>Change in net position of governmental activities</i>	<b>\$</b>	<b>179,028</b>
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The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Exhibit C-1

Village of Corrales

General Fund

## Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 1,491,394	\$ 1,491,394	\$ 1,531,452	\$ 40,058
Gross receipts	2,515,492	2,515,492	2,483,278	(32,214)
Franchise	310,000	310,000	263,650	(46,350)
License and permits	176,300	176,300	181,833	5,533
Intergovernmental income:				
State operating grants	259,399	259,399	184,314	(75,085)
Charges for services	142,000	142,000	161,513	19,513
Fines and forfeitures	50,000	50,000	62,790	12,790
Investment income	1,200	1,200	7,865	6,665
Miscellaneous	4,000	4,000	21,013	17,013
<i>Total revenues</i>	<u>4,949,785</u>	<u>4,949,785</u>	<u>4,897,708</u>	<u>(52,077)</u>
<i>Expenditures</i>				
Current:				
General government	1,578,565	1,668,565	1,341,270	327,295
Public safety	1,940,863	1,940,863	1,841,819	99,044
Public works	480,670	480,670	415,904	64,766
Culture and recreation	518,224	668,224	517,925	150,299
Health and welfare				
Capital outlay	43,699	1,053,258	1,114,673	(61,415)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,562,021</u>	<u>5,811,580</u>	<u>5,231,591</u>	<u>579,989</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>387,764</u>	<u>(861,795)</u>	<u>(333,883)</u>	<u>527,912</u>
<i>Other financing sources (uses)</i>				
Designated (budgeted increase) in cash	(782,829)	950,742	-	(950,742)
Transfers in	395,065	(88,947)	66,602	155,549
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(387,764)</u>	<u>861,795</u>	<u>66,602</u>	<u>(795,193)</u>
<i>Net change in fund balance</i>	-	-	(267,281)	(267,281)
<i>Fund balance - beginning of year</i>	-	-	4,131,947	4,131,947
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,864,666</u>	<u>\$ 3,864,666</u>
Net change in fund balance (GAAP basis)				\$ (267,281)
Adjustments to revenues for gross receipts and other taxes				144,771
Adjustments to expenditures for payroll, maintenance, and capital outlay				(85,435)
<i>Net change in fund balance (GAAP basis)</i>				<u>\$ (207,945)</u>

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



**STATE OF NEW MEXICO**  
Village of Corrales  
YCC Grant Special Revenue Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2017

Exhibit C-2

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable) Final to Actual</b>
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Franchise	-	-	-	-
License and permits	-	-	-	-
Intergovernmental income:				
State operating grants	75,000	99,893	149,203	49,310
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>75,000</u>	<u>99,893</u>	<u>149,203</u>	<u>49,310</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	75,000	104,118	103,794	324
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>75,000</u>	<u>104,118</u>	<u>103,794</u>	<u>324</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(4,225)</u>	<u>45,409</u>	<u>49,634</u>
<i>Other financing sources (uses)</i>				
Designated (budgeted increase) in cash	-	4,225	-	(4,225)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>4,225</u>	<u>-</u>	<u>(4,225)</u>
<i>Net change in fund balance</i>	-	-	45,409	45,409
<i>Fund balance - beginning of year</i>	-	-	(17,300)	(17,300)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,109</u>	<u>\$ 28,109</u>
Net change in fund balance (GAAP basis)				\$ 45,409
Adjustments to revenues for grants				(45,528)
Adjustments to expenditures for salaries				<u>1</u>
<i>Net change in fund balance (GAAP basis)</i>				<u>\$ (118)</u>

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

**STATE OF NEW MEXICO**  
Village of Corrales  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

Exhibit D-1

	<b>503 Wasterwater</b>
<b>Assets</b>	
Current assets	
Cash and investments	\$ 110,468
Accounts receivable	3,474
Total current assets	<u>113,942</u>
<i>Total assets</i>	<u>113,942</u>
<b>Deferred outflows of resources</b>	
Change in assumptions	1,304
Changes in proportion	1,301
Difference between expected and actual experience	849
Net difference between projected and actual investment earnings on pension plan investments	3,364
Employer contributions subsequent to the measurement date	90
<i>Total deferred outflows of resources</i>	<u>6,908</u>
<i>Total assets and deferred outflows of resources</i>	<u><u>\$ 120,850</u></u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 2,442
Due to other funds	116
Total current liabilities	<u>2,558</u>
Noncurrent liabilities	
Net pension liability	9,384
Total noncurrent liabilities	<u>9,384</u>
<i>Total liabilities</i>	<u>11,942</u>
<b>Net position</b>	
Unrestricted	<u>108,908</u>
<i>Total net position</i>	<u>108,908</u>
<i>Total liabilities and net position</i>	<u><u>\$ 120,850</u></u>

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

**STATE OF NEW MEXICO**  
Village of Corrales  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2017

Exhibit D-2

	<b>503</b> <b>Wasterwater</b>
<i>Operating revenues</i>	
Charges for services	\$ 29,395
<i>Total operating revenues</i>	29,395
 <i>Operating expenses</i>	
Personnel services	17,873
Contractual services	21,655
Supplies and equipment	19,894
Maintenance and repairs	15,803
Miscellaneous	1,510
<i>Total operating expenses</i>	76,735
 <i>Operating income (loss)</i>	(47,340)
 <i>Income (loss) before transfers</i>	(47,340)
Transfers in	38,157
 <i>Change in net position</i>	(9,183)
 <i>Net position - beginning</i>	118,091
 <i>Net position - ending</i>	\$ 108,908

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

**STATE OF NEW MEXICO**  
Village of Corrales  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2017

Exhibit D-3

	<b>503</b>
	<b><u>Wasterwater</u></b>
<i>Cash flows from operating activities</i>	
Cash received from user charges	\$ 29,202
Cash payments to employees for services	(15,397)
Cash payments to suppliers for goods and services	<u>(75,237)</u>
<i>Net cash (used) by operating activities</i>	<u>(61,432)</u>
 <i>Cash flows from noncapital financing activities</i>	
Interfund transfers	<u>38,273</u>
 <i>Net cash provided by noncapital financing activities</i>	<u>38,273</u>
 <i>Net (decrease) increase in cash and cash equivalents</i>	(23,159)
 <i>Cash and cash equivalents - beginning of year</i>	<u>133,627</u>
 <i>Cash and cash equivalents - end of year</i>	<u><u>\$ 110,468</u></u>
 <i>Reconciliation of operating income (loss) to net cash provided by operating activities:</i>	
Operating income (loss)	\$ (47,340)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Noncash pension expense	2,566
Changes in assets, deferred outflows, and liabilities:	
Receivables	(193)
Accounts payable	(16,375)
Contributions subsequent to the measurement date	<u>(90)</u>
 <i>Net cash provided (used) by operating activities</i>	<u><u>\$ (61,432)</u></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, 2017

Exhibit E-1

**Assets**

Cash

\$           -

*Total assets*

          -

**Liabilities**

Deposits payable

          -

*Total liabilities*

          -

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

**STATE OF NEW MEXICO**  
Village of Corrales  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies**

The Village of Corrales (the 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 6 council members and a mayor, all of whom are elected at large. The Village provides the following authorized services: public safety, police and fire, streets, water, sanitation, health and welfare, social services, culture and recreation, public improvements and general administrative services.

The Village is a body politic and corporate under the name and form of government selected by its qualified electors. The Village may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the Village is presented to assist in the understanding of Village's financial statements. The financial statements and notes are the representation of Village's management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2017, the Village adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (partial), No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. These six Statements are required to be implemented as of June 30, 2017, if applicable.

The objective of GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the Village, as its pension plan is within the scope of Statement 68.

**STATE OF NEW MEXICO**  
Village of Corrales  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. GASB Statement No. 73 does not have a material effect on the financial statements of the Village, as its pension plan is within the scope of Statement 68.

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the Village's financial statements directly; however, the effects on the Village's OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources came from and how it uses them, and (4) a government's financial position and economic condition and how they have changed after time – by including information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues.

The Village had no tax abatements to disclose as of June 30, 2017.

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The Village's pension plan does not meet the criteria for exclusion.

**STATE OF NEW MEXICO**  
Village of Corrales  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The Village had no component units to disclose as of June 30, 2017.

GASB Statement No. 82 clarified and adjusted several items from GASB 67 and 68, including the definition of covered payroll, the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

*A. Financial Reporting Entity*

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion 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.

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. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.



**STATE OF NEW MEXICO**  
Village of Corrales  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*A. Financial Reporting Entity (continued)*

Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

*B. 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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 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 revenues are reported instead as *general revenues*.

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

*C. Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and 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, net of estimated refunds, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**STATE OF NEW MEXICO**  
Village of Corrales  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*C. Measurement focus, basis of accounting, and financial statement presentation (continued)*

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Village facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village's utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**STATE OF NEW MEXICO**  
Village of Corrales  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*C. Measurement focus, basis of accounting, and financial statement presentation (continued)*

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

The Village reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund includes state shared gross receipts tax income fund and state shared gas tax income funds.

The *YCC Gant Special Revenue Fund (232)* is used to account for grants to plan, design, establish, and manage a Youth Conservation Corps Project in Accordance with the NMYCC Act.

The *Waste Water Project Capital Project Fund (313)* is used to account for the grant and loan funds used for the construction of the sewer system in the Village.

The *Residential Roads and Drainage Capital Project Fund (323)* – 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.

The Village reports its proprietary funds as major funds. Proprietary funds include:

The *Waste Water Fund (503)* is used to account for fees generated from charges for the operations of waste water.

Additionally, the Village reports the following fund type:

The *Fiduciary Fund* is purely custodial (assets equal liabilities) and does not involve the measurement of results of operations. This fund accounts for assets held by the Village as a trustee for 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. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity*

**Deposits and Investments:** The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the Statement of Cash Flows, cash and cash equivalents represent cash and cash equivalents, restricted cash and cash equivalents and restricted investments (cash held by New Mexico Finance Authority.)

State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

**STATE OF NEW MEXICO**  
Village of Corrales  
Notes to the Financial Statements  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)*

Investments for the Village are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Village estimates the allowance for uncollectible accounts based off the days delinquent. The Village has estimated that court fines and fees greater than 31 days to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100% collectible.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10<sup>th</sup> and April 10<sup>th</sup> are considered delinquent. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Sandoval County and remitted monthly to the Village.

**Restricted Assets:** Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used and restricted for future debt service payments and capital projects.

**Capital Assets:** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) 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. The Village was a phase III government for purposes of implementation of GASB Statement No. 34. Therefore, the Village was not required to report its major general infrastructure assets retroactively to June 30, 1980. However, the Village did elect to include infrastructure assets retroactively to June 30, 1980 as part of the governmental capital assets reported in the government wide statements, in order to implement GASB 34. Information Technology Equipment including software is being capitalized and included in machinery and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)*

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest expense capitalized by the Village during the current fiscal year. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Machinery and equipment	3-20
Furniture and fixtures	15
Library books	5
Vehicles	5-10
Infrastructure	20

**Accrued Expenses:** Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2017, along with applicable PERA, Retiree Health Care, FICA and Medicare accruals.

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Village has five types of items that qualify for reporting in this category in the governmental and business-type activities. Accordingly, the items, the difference between expected and actual experience of \$273,182, net difference between projected and actual investment earnings of \$696,674, changes of assumptions of \$287,380, changes in proportion of \$681,013, and employer contributions subsequent to measurement date of \$253,155, have been reported as a deferred outflows of resources. These amounts are reported in the Statement of Net Position. These amounts will directly reduce the net pension liability in future periods.

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Village has one type of deferred inflow which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes is reported only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resource in the period that the amount becomes available. The Village has recorded \$77,789 related to property taxes considered "unavailable".

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)*

In addition, the Village has two types of items present on the Statement of Net Position for both the governmental and business-type activities, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, changes of assumptions of \$30,054 and difference between projected and actual experience on pension plan investments of \$16,568 are reported on the Statement of Net Position. These amounts are reported as deferred inflows and amortized into pension expense in future periods.

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

**Compensated Absences:** The Village's employees earn personal leave at a rate of 4-10 hours per month based on full-time and part-time status and budget hours. Employees can carry over unused personal leave each year with a cap of 160 hours.

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 or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

**Long-term Obligations:** In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference is minimal. Bonds payable are reported net of the applicable bond premium or discount. For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**Fund Balance Classification Policies and Procedures:** In the governmental fund financial statements, fund balance is reported in five classifications:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form, for example, inventories, prepaid amounts, long term amount of loans and note receivable; or (b) legally or contractually required to be maintained intact, for example, debt service reserves. The Village has no nonspendable fund balance at June 30, 2017.

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)*

**Restricted** – This classification includes amounts that are restricted to a specific purpose. Fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as debt covenants) grantors, contributors, or laws or regulations of other governments; (b) enabling legislation, as the term is used authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The Village has \$2,457,551 in restricted fund balances at June 30, 2017.

**Committed** – This classification includes amounts that can only be used for specific purposes to constraints imposed by formal action of the highest level of Authority, the Village Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specific use by taking the same type of action (for example, resolution or ordinance) it employed to previously commit those amounts. The Village had no balance in committed funds at June 30, 2017 for Village funded capital projects. The Village does not designate fund balances at year end for subsequent expenditures.

**Assigned** – This classification includes amounts that are constrained by the Village's *intent* to be used for specific purposes, but are neither restricted nor committed and should be reported as assigned fund balance. The Board of Village Commissioners has delegated the authority to assign amounts to be used for specific purposes to the Village Manager and the Director of Finance. The Village had no assigned fund balances at June 30, 2017.

**Minimum Fund Balance Policy:** The City's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the City holds cash reserves of 1/12th the General Fund final budgeted expenditures and transfers out in the amount of \$484,298.

**Unassigned** – This classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. The Village has \$3,784,893 in unassigned fund balances at June 30, 2017.

**Net Position:** Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position: Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service and capital projects" are described on pages 35 and 71-73.
- c. Unrestricted net position: Net position that does not meet the definition of "restricted" or "Net Investment in Capital Assets."

**STATE OF NEW MEXICO**  
Village of Corrales  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)*

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Village's financial statements include the allowance for uncollectible accounts in the joint utility fund, depreciation on capital assets, the net pension liability and related deferred outflows and inflows of resources, and the estimate for landfill closure and postclosure costs.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Council Members and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total by fund.

Governmental fund budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Proprietary fund budgets are prepared on the GAAP basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The Village does not budget for depreciation expense, only capital outlay.

The budgetary information presented in these financial statements has been properly amended by Village Councilors in accordance with the above procedures. These amendments resulted in the following changes:



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**NOTE 2. Stewardship, Compliance and Accountability (continued)**

	<b>Excess (deficiency) of revenues over expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted Governmental Funds:		
General	\$ 387,764	\$ (861,795)
YCC Grant	\$ -	\$ (4,225)
Residential Roads and Drainage	\$ (275,481)	\$ (314,155)
Other Governmental Funds	\$ (795,714)	\$ (840,483)
	<b>Changes in Net Position</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted Enterprise Funds:		
Wastewater	\$ (34,450)	\$ (73,381)

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual and Statements of Revenues, Expenses and Changes in Net Position–Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

**NOTE 3. Deposits and Investments**

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The Village is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

**STATE OF NEW MEXICO**  
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**NOTE 3. Deposits and Investments (continued)**

All of the Village's accounts at located an insured depository institution, including all noninterest-bearing transaction accounts, which will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

*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 to it. The Village does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$5,709,109 of the Village's deposits of \$5,959,109 was exposed to custodial credit risk. \$5,709,109 was uninsured and fully collateralized by collateral held by the pledging bank's trust department, not in the Village's name. None of the Village's deposits was uninsured and uncollateralized.

	<b>Wells Fargo Bank, NA.</b>
Amount of deposits	\$ 5,959,109
FDIC Coverage	250,000
Total uninsured public funds	5,709,109
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Village's name	5,709,109
Uninsured and uncollateralized	\$ -
Collateral requirement (50% of uninsured funds)	\$ 2,854,555
Pledged Collateral	5,982,282
Over collateralized	\$ 3,127,727

The collateral pledged is listed on Schedule IV in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

Reconciliation to the Statement of Net Position:

Cash and cash equivalents per Exhibit A-1	\$ 5,776,187
Restricted cash and cash equivalents per Exhibit A-1	19,493
Subtotal	5,795,680
Plus: outstanding checks	203,681
Plus: other reconciling items	19,836
Less: deposits in transit	(59,538)
Less: petty cash	(550)
Bank balance of deposits	\$ 5,959,109

At June 30, 2017, the Village had a restricted cash balance of \$19,493.

**STATE OF NEW MEXICO**  
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**NOTE 3. Deposits and Investments (continued)**

**Investments**

The Village invests excess cash in the State Treasurer Local Government Investment Pool. The New Mexico Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per Section 6-10-10. (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 fund amounts were invested. Participation in the LGIP is voluntary.

As of June 30, 2017, the Village's investment in the New Mexico LGIP was rated as AAAM by Standard & Poor's.

Additionally, the Village has investments which are managed by NMFA, on deposit with the State Treasurer's office, in NMFA's name for the benefit of the Village.

The Village's investments at June 30, 2017 include the following:

<u>Investments</u>	<u>Rated</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
New Mexico Local Government Investment Pool	AAAm	58 days (WAM(R)); 106 days (WAM(F))	\$ 336,834
U.S. Treasury Money Market Mutual Funds	Aaa **	>365	88,038
			<u>\$ 424,872</u>

**\*\* Based on Moody's rating**

At June 30, 2017, the \$88,038 managed by NMFA is considered restricted investments as these are invested by NMFA in US Treasury per Exhibit A-1.

For purposes of cash flows at Exhibit D-3, ending cash is considered to be cash and cash equivalents, restricted cash and cash equivalents, and restricted investments.

*Interest Rate Risk – Investments.* The Village does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

*Concentration of Credit Risk – Investments.* For an investment, concentration of credit risk is when any one issuer is 5% or more of the investment portfolio of the Village. The investments in the New Mexico LGIP and U.S Treasury Money Market Mutual Funds represent 79% and 21%, respectively, of the investment portfolio. Since the Village only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the Village. The Village's policy related to concentration of credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

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**NOTE 3. Deposits and Investments (continued)**

**Fair Value Measurement**

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Village has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Village believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Village maintained a balance of \$336,834 in the Local Government Investment Pool and \$88,038 in U.S. Treasury Money Market Mutual Funds at year end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the Village's assets at fair value as of June 30, 2017:

<u>Investments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
New Mexico Local Government Investment Pool	\$ 336,834	\$ -	\$ -	\$ 336,834
U.S. Treasury Money Market Mutual Funds	88,038	-	-	88,038
	<u>\$ 424,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,872</u>

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**NOTE 4. Receivables**

Receivables as of June 30, 2017, are as follows:

Governmental Activities:

	<u>General</u>	<u>YCC Grant</u>	<u>Waste Water Project</u>	<u>Non-major</u>	<u>Total</u>
Property taxes	\$ 107,494	\$ -	\$ -	\$ 14,452	\$ 121,946
Gross receipts taxes	489,848	-	-	-	489,848
Franchise taxes	43,898	-	-	-	43,898
Grants	19,575	2,082	1	646,503	668,161
Fines and fees	36,553	-	-	-	36,553
Total Receivables	<u>697,368</u>	<u>2,082</u>	<u>1</u>	<u>660,955</u>	<u>1,360,406</u>
Less: Allowances for uncollectible	<u>(31,428)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,428)</u>
Total Receivables, net	<u>\$ 665,940</u>	<u>\$ 2,082</u>	<u>\$ 1</u>	<u>\$ 660,955</u>	<u>\$ 1,328,978</u>

The Village recorded an allowance for uncollectible accounts receivable for delinquent court fines and fees in the amount of \$31,428.

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. Unavailable revenue related to property taxes receivable for the Village for the year ended June 30, 2017 was \$77,789.

Business-type Activities:

The Village recorded accounts receivable from customers in the amount of \$3,474 at June 30, 2017. The Village considers all business-type receivables to be 100% collectible.

**NOTE 5. Transfers and Interfund Receivables**

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:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Fire Wildlands	Fire Truck	\$ 1,609
Economic Development	General Fund	45,000
Road Co-Op	General Fund	38,333
Far Nort-West Sector	General Fund	72,908
Enterprise Sewer	General Fund	38,157
General Fund	Capital Bonding	261,000
FEMA Mitigation	Capital Bonding	299,879
Road Co-Op	Municipal Street	11,794
Fire Truck	Fire Protection	58,996
		<u>\$ 827,676</u>

**STATE OF NEW MEXICO**  
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**NOTE 5. Transfers and Interfund Receivables (continued)**

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, 2017 were as follows:

All interfund transactions are short-term and are expected to be repaid within a year.

<u>Governmental Activities</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 1,078,198	\$ 795,648
Local Government Corrections Fund (201)	-	1,714
Court AOC (202)	-	6,624
Fire Wildlands (207)	9,824	12,085
Fire Protection (209)	7,905	-
Law Enforcement Protection (211)	40	40
Traffic Safety (212)	30,436	35,707
Library Fund (213)	1,033	-
Economic Development (215)	-	9,994
Safe Routes to School (220)	-	3,508
Recycling Grant (223)	-	1,731
Fire Donation (224)	119	345
Police Special Fund (226)	14,643	15,407
Mid-Rio Grande Valley (231)	79,633	105,669
YCC Grant (232)	299,843	343,620
FEMA 4168 (236)	79,737	101,142
FEMA 4152 (237)	219	7,420
Farmland Preservation (305)	30,093	-
Road Co-op 304	-	15,731
Loma Larga 311	65,853	7,499
Waste Water Project 313	193,697	418,196
Far Northwest Sector (316/319)	39,750	42,949
Public Safety Communication Equipment (321)	189	6,067
Wastewater Fund (503)	-	116
	<u>\$ 1,931,212</u>	<u>\$ 1,931,212</u>

**STATE OF NEW MEXICO**  
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**NOTE 6. Federal and State Grants**

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**NOTE 7. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land and construction in progress are not subject to depreciation.

**Governmental activities:**

	<u>June 30, 2016</u>	<u>Additons</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 6,078,353	\$ 383,552	\$ -	\$ 6,461,905
Water rights	230,621	-	-	230,621
Construction in progress	122,505	237,740	-	360,245
Total capital assets not being depreciated	<u>6,431,479</u>	<u>621,292</u>	<u>-</u>	<u>7,052,771</u>
Capital assets being depreciated:				
Buildings and improvements	5,512,242	484,024	(12,600)	5,983,666
Machinery and equipment	1,646,772	210,091	(18,370)	1,838,493
Furniture and fixtures	1,021,276	-	-	1,021,276
Library Books	122,607	-	-	122,607
Vehicles	2,345,220	374,844	(76,330)	2,643,734
Infrastructure	17,512,407	337,740	(9,500)	17,840,647
Total capital assets being depreciated	<u>28,160,524</u>	<u>1,406,699</u>	<u>(116,800)</u>	<u>29,450,423</u>
Less accumulated depreciation:				
Buildings and improvements	(2,450,767)	(175,721)	-	(2,626,488)
Machinery and equipment	(1,281,557)	(80,868)	18,370	(1,344,055)
Furniture and fixtures	(780,147)	(32,158)	-	(812,305)
Library Books	(96,786)	(18,102)	-	(114,888)
Vehicles	(1,726,174)	(159,976)	73,068	(1,813,082)
Infrastructure	(7,859,019)	(616,355)	9,500	(8,465,874)
Total accumulated depreciation	<u>(14,194,450)</u>	<u>(1,083,180)</u>	<u>100,938</u>	<u>(15,176,692)</u>
Net book value	<u>\$ 20,397,553</u>	<u>\$ 944,811</u>	<u>\$ (15,862)</u>	<u>\$ 21,326,502</u>

Depreciation was charged to functions/programs of the primary government for the year ended June 30, 2017 as follows:

General Government	\$ 389,945
Public Safety	270,795
Public Works	335,786
Culture and recreation	86,655
	<u>\$ 1,083,180</u>

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**NOTE 8. Long-term Debt**

**Governmental Activities:**

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
<b>Bonds</b>					
General Obligation					
Bonds, Series 2005	\$ 385,000	\$ -	\$ 125,000	\$ 260,000	\$ 130,000
General Obligation					
Bonds, Series 2008	150,000	-	75,000	75,000	75,000
Gross Receipts Tax					
Refunding & Refunding					
Bonds, Series 2014	2,970,000	-	135,000	2,835,000	140,000
<b>Total Bonds</b>	<u>3,505,000</u>	<u>-</u>	<u>335,000</u>	<u>3,170,000</u>	<u>345,000</u>
<b>Notes Payable</b>					
MNFA Loan Corrales #3	797,672	-	41,033	756,639	42,047
<b>Total Notes Payable</b>	<u>797,672</u>	<u>-</u>	<u>41,033</u>	<u>756,639</u>	<u>42,047</u>
Compensated Absences	84,019	105,580	93,805	95,794	95,794
<b>Total Long-term Debt</b>	<u>\$ 4,386,691</u>	<u>\$ 105,580</u>	<u>\$ 469,839</u>	<u>\$ 4,022,432</u>	<u>\$ 482,840</u>

**Bonds**

At June 30, 2017, the Village had several revenue bonds outstanding. The Village pledged revenues from the State-Shared Gross Receipts Tax revenues for the 2014 Gross Receipts Tax Revenue Bond and pledged revenues from ad valorem taxes levied on all taxable property within the Village for the 2005 and 2008 General Obligation Bonds. The revenue bonds are as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Original</u> <u>Amount of</u> <u>Issue</u>
General Obligation Bonds, Series 2005	8/31/2004	8/1/2018	2.71% - 4.17%	\$ 1,700,000
General Obligation Bonds, Series 2008	7/22/2008	8/1/2017	3.50% - 4.25%	800,000
Gross Receipts Tax Refunding & Refunding Bonds, Series 2014	1/21/2014	5/1/2031	2.00% - 4.20%	3,445,000
				<u>\$ 5,945,000</u>



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**NOTE 8. Long-term Debt (continued)**

Annual debt service requirements to maturity for the revenue bonds are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2018	\$ 345,000	\$ 110,459	\$ 455,459
2019	270,000	101,028	371,028
2020	145,000	94,293	239,293
2021	150,000	89,943	239,943
2022	155,000	85,443	240,443
2023-2027	850,000	352,289	1,202,289
2028-2032	1,025,000	178,420	1,203,420
2033-2038	230,000	9,660	239,660
	<u>\$ 3,170,000</u>	<u>\$ 1,021,535</u>	<u>\$ 4,191,535</u>

**NMFA Loans**

NMFA loans outstanding at June 30, 2017 are comprised of the following:

<u>MNFA Loan</u> <u>Corrales #3</u>	
Original Issue:	\$ 993,178
Principal:	May 1
Interest:	November 1 May 1
Interest Rates:	4.176%
Maturity Date:	May 2031

The Village entered into a loan agreement with the New Mexico Finance Authority, wherein the Village pledged revenue derived from state share gross receipts taxes. This revenue is subject to intercept agreements.

Annual debt service requirements to maturity for the NMFA loans are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2018	\$ 42,047	\$ 31,711	\$ 73,758
2019	43,237	30,521	73,758
2020	44,590	29,168	73,758
2021	46,110	27,648	73,758
2022	47,798	25,960	73,758
2023-2027	269,835	98,955	368,790
2028-2032	263,022	32,007	295,029
	<u>\$ 756,639</u>	<u>\$ 275,970</u>	<u>\$ 1,032,609</u>

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**NOTE 8. Long-term Debt (continued)**

**Compensated Absences-** Employees of the Village are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, government-wide compensated absences increased \$11,775 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

**NOTE 9. Risk Management**

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The Village participates in the New Mexico Self-Insurers' Fund risk pool.

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage has not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2017, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. The Village is not aware of any major lawsuits that have been filed.

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

**NOTE 10. Retirement Plans**

**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](http://www.pera.state.nm.us).

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**NOTE 10. Retirement Plans (continued)**

**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 employees who chose to continue participating in the 401(k) plan gave up the opportunity to participate in PERA. The 401(k) contribution for the year ended was as followed:

	2017
Employee Contribution	\$ 4,392
Employer Contribution	-
	\$ 4,392

**NOTE 11. Pension Plan - Public Employees Retirement Association**

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

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at: [http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016CAFR\\_12.22.2016\\_FINAL-with-corrections.pdf](http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016CAFR_12.22.2016_FINAL-with-corrections.pdf).

**Contributions.** The contribution requirements of defined Contributions. The contribution requirements of defined benefit plan members and The Village are established in State Statute under Chapter 10, Article 11 NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY16 annual audit report at: [http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016CAFR\\_12.22.2016\\_FINAL-with-corrections.pdf](http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016CAFR_12.22.2016_FINAL-with-corrections.pdf).

The PERA coverage options that apply to the Village are Municipal General Division, Municipal Police Division, and Municipal Fire Division. Statutorily required contributions to the pension plan from the Village were \$253,155 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2017.

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**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978.

Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2016 were included in the total contributions for a specific employer.

Regular and any adjustment contributions that applied to FY 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**For PERA Fund Municipal General Division**, at June 30, 2017, the Village reported a liability of \$1,695,121 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.1061 percent, which was a increase of 0.0093 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village recognized PERA Fund Municipal General Division pension expense of \$221,269. At June 30, 2017, the Village reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 99,431	\$ 314
Changes in proportion	179,952	-
Difference between expected and actual experience	84,720	-
Net difference between projected and actual earning on pension plan investments	311,899	16,568
Contributions subsequent to the measurement date	92,359	-
	<u>\$ 768,361</u>	<u>\$ 16,882</u>

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**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

For Municipal General, \$92,359 was reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2017	\$ (176,008)
2018	(176,008)
2019	(226,046)
2020	(81,058)
Thereafter	-

**For PERA Fund Municipal Police Division**, at June 30, 2017, the Village reported a liability of \$1,649,049 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.2235 percent, which was a increase of 0.0410 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village recognized PERA Fund Municipal Police Division pension expense of \$276,858. At June 30, 2017, the Village reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 109,224	\$ 29,740
Changes in proportion	247,752	-
Difference between expected and actual experience	121,064	-
Net difference between projected and actual earning on pension plan investments	260,807	-
Contributions subsequent to the measurement date	96,595	-
	<b>\$ 835,442</b>	<b>\$ 29,740</b>

\$96,595 was reported as deferred outflows of resources related to pensions resulting from The Village's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2017	\$ (203,112)
2018	(203,112)
2019	(231,930)
2020	(70,953)
Thereafter	-

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**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

**For PERA Fund Municipal Fire Division**, at June 30, 2017, the Village reported a liability of \$1,488,304 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.2231 percent, which was an increase of 0.0284 percent from its proportion measured as of June 30, 2015. For the year ended June 30, 2017, the Village recognized PERA Fund Municipal Fire Division pension expense of \$271,579. At June 30, 2017, the Village reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 78,725	\$ -
Changes in proportion	253,309	-
Difference between expected and actual experience	67,398	-
Net difference between projected and actual earning on pension plan investments	123,968	-
Contributions subsequent to the measurement date	64,201	-
	<b>\$ 587,601</b>	<b>\$ -</b>

\$64,201 was reported as deferred outflows of resources related to pensions resulting from The Village's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2017	\$ (175,399)
2018	(175,399)
2019	(137,461)
2020	(35,141)
Thereafter	-

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**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the rollforward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2016 actuarial valuation.

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for the first 10 years, then 3.25% all other years
Projected salary increases	2.75% to 14.25% annual rate
Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years
Mortality assumptions	RP-2000 mortality tables (combined table for healthy post-retirees, Employee table for active members, and disabled table for disabled retirees before retirement age) with projections to 2018 using scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50	1.79
Credit Oriented Fixed Income	15.00	5.77
Real Assets	20.00	7.35
	<u>100.00%</u>	

**Discount Rate.** The discount rate used to measure the total pension liability was 7.48 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.48% assumed longterm expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 11. Pension Plan - Public Employees Retirement Association (continued)**

***Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.*** The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present The Village's net pension liability in each PERA Fund Division that The Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

	<b>1% Decrease (6.48%)</b>	<b>Current Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
<b>PERA Fund Municipal General Division</b>			
Village of Corrales's proportionate share of the net pension liability	<u>\$ 2,527,275</u>	<u>\$ 1,695,121</u>	<u>\$ 1,004,891</u>
<b>PERA Fund Municipal Police Division</b>			
Village of Corrales's proportionate share of the net pension liability	<u>\$ 2,426,161</u>	<u>\$ 1,649,049</u>	<u>\$ 1,013,463</u>
<b>PERA Fund Municipal Fire Division</b>			
Village of Corrales's proportionate share of the net pension liability	<u>\$ 2,426,161</u>	<u>\$ 1,488,304</u>	<u>\$ 1,013,463</u>

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 PERA financial report. The report is available at [http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016CA\\_FR\\_12.22.2016\\_FINAL-with-corrections.pdf](http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016CA_FR_12.22.2016_FINAL-with-corrections.pdf).

**Payables to the pension plan.** At June 30, 2017, there were no contributions due and payable to PERA for the Village.

**NOTE 12. Post-Employment Benefit - State Retiree Health Care Plan**

The Village did not participate in the Retiree Health Care Plan provided under the Retiree Health Care Act (10-7c-1 to 10-7c-17, NMSA 1978) during the year ended June 30, 2017.



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**NOTE 13. Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. There were no funds with deficit fund balances as of June 30, 2017.
- B. Excess of expenditures over budget authority. There were no funds with expenditures in excess of budget authority for the year ended June 30, 2017.
- C. Designated cash appropriations in excess of available balances.

	<u>Designated Cash</u>	<u>Beginning of Year Cash and Interfund Receivable Available</u>	<u>Cash Appropriation in Excess of Available Cash Balances</u>
Fire Donations	\$ 4,410	\$ 2,176	\$ 2,234
YCC Grant	4,225	(17,300)	21,525
			<u>\$ 23,759</u>

**NOTE 14. Contingent Liabilities**

The Village is party to various claims and lawsuits arising in the normal course of business. The Village is insured through the New Mexico County Insurance Authority. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the Village.

**NOTE 15. Concentrations**

The Village depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the Village is subject to changes in the specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**NOTE 16. Commitments**

The Village's commitments as of June 30, 2017 are as follows:

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
W.Meadowlatk Project	9/30/2017	<u>\$ 25,682</u>

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**NOTE 17. Joint Powers Agreements**

Agreement: Centralized Enhanced 911 Communication System  
City of Rio Rancho, the County of Sandoval, the Town of  
Participant with Village: Bernalillo, and the Pueblo of Santa Ana  
Party responsible for operations: City of Rio Rancho  
To improve public emergency medical service, fire, rescue and  
law enforcement services by establishing the 3% of the  
Sandoval County Regional Emergency Communications Center  
("SCRECC")  
Description:  
Period:  
Cost to Village: Pro rata share of 4.8946%  
Village Contribution: Pro rata share of 4.8946%  
Audit responsibility: City of Rio Rancho

Agreement: Sandoval County Regional Emergency Communication Center  
Participant with Village: Sandoval County, and the EMNRD for Wildland Fire Protection  
and Suppression  
Party responsible for operations: Sandoval County Regional Emergency Communication Center  
Emphasizes improving watershed areas on public and private  
land, the development of defensible space for individual  
homeowners, development of fuel breaks along common  
boundaries between private and public land, and assisting with  
thinning of individual lots and subdivision groups.  
Description:  
Period: February 11, 2017 - Continue indefinitely  
Cost to Village: Village will be reimbursed for all costs  
Village Contribution: Unknown  
Audit responsibility: Energy, Minerals, and Natural Resources Department (EMNRD)

Agreement: JPA#14-21  
The Southern Sandoval County Arroyo Flood Control Authority  
Participant with Village: (SSCAFCA)  
Party responsible for operations: Village of Corrales  
Description: Plan, design, and construct drainage improvements in the Village  
of Corrales to address flooding and soil  
erosion issues affecting Salce Parke.  
Period: May 22, 2014 until project completion or two years from effective  
date, whichever is later.  
Cost to Village: Village will be reimbursed for all costs up to \$400,000  
Village Contribution: Village will be reimbursed for all costs up to \$400,000  
Audit responsibility: Village of Corrales

**NOTE 18. Restatement**

The Village has restated the beginning equity in the total amount of \$103,313 consisting of \$409,881 in the General Fund due to timing differences in collections and recording gross receipts tax revenues and (\$306,568) in the Residential Roads and Drainage Fund due to the timing difference in the earning and recording of grant revenues on the accrual basis of accounting.

**STATE OF NEW MEXICO**  
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**NOTE 19. Restricted Net Position**

The government-wide statement of net position reports \$2,431,017 of restricted net position for governmental activities, all of which is restricted by enabling legislation. See pages 31 and 71-73 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

**NOTE 20. Subsequent Events**

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 14, 2017 which is the date on which the financial statements were issued.

**NOTE 21. Subsequent Pronouncements**

In June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Village does not expect this pronouncement will affect the financial statements.

In December 2015, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plan* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

**NOTE 21. Subsequent Pronouncements (continued)**

In March 2017, GASB Statement No. 85, *Omnibus 2017* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Village is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to

**STATE OF NEW MEXICO**  
Village of Corrales  
Notes to the Financial Statements  
June 30, 2017

insubstance defeasance of debt using only existing resources. The Village does not expect the pronouncement to have a material effect on the financial statements.

In June 2017, GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**

Village of Corrales

Schedule of the Village's Proportionate Share of the Net Pension Liability  
of PERA Fund Municipal General Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\*

	<b>2017 Measurement Date (As of and for the Year Ended June 30, 2016)</b>	<b>2016 Measurement Date (As of and for the Year Ended June 30, 2015)</b>	<b>2015 Measurement Date (As of and for the Year Ended June 30, 2014)</b>
Village of Corrales' proportion of the net pension liability	0.1061%	0.0968%	0.0782%
Village of Corrales' proportionate share of the net pension liability	\$ 1,695,121	\$ 986,960	\$ 610,044
Village of Corrales' covered payroll	\$ 950,241	\$ 729,173	\$ 829,800
Village of Corrales' proportionate share of the net pension liability as a percentage of its covered payroll	178.39%	135.35%	73.52%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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

See independent auditors' report.  
See notes to required supplementary information.

**STATE OF NEW MEXICO**

Village of Corrales

Schedule of the Village's Proportionate Share of the Net Pension Liability  
of PERA Fund Municipal Police Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\*

	<b>2017 Measurement Date (As of and for the Year Ended June 30, 2016)</b>	<b>2016 Measurement Date (As of and for the Year Ended June 30, 2015)</b>	<b>2015 Measurement Date (As of and for the Year Ended June 30, 2014)</b>
Village of Corrales' proportion of the net pension liability	0.2235%	0.1825%	0.1414%
Village of Corrales' proportionate share of the net pension liability	\$ 1,649,049	\$ 877,562	\$ 460,949
Village of Corrales' covered payroll	\$ 561,253	\$ 438,864	\$ 503,400
Village of Corrales' proportionate share of the net pension liability as a percentage of its covered payroll	293.82%	199.96%	91.57%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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

See independent auditors' report.  
See notes to required supplementary information.

**STATE OF NEW MEXICO**

Village of Corrales

Schedule of the Village's Proportionate Share of the Net Pension Liability  
of PERA Fund Municipal Fire Division  
Public Employees Retirement Association (PERA) Plan  
Last 10 Fiscal Years\*

	<b>2017 Measurement Date (As of and for the Year Ended June 30, 2016)</b>	<b>2016 Measurement Date (As of and for the Year Ended June 30, 2015)</b>	<b>2015 Measurement Date (As of and for the Year Ended June 30, 2014)</b>
Village of Corrales' proportion of the net pension liability	0.2231%	0.1947%	0.1333%
Village of Corrales' proportionate share of the net pension liability	\$ 1,488,304	\$ 1,004,882	\$ 556,393
Village of Corrales' covered payroll	\$ 324,453	\$ 268,240	\$ 285,727
Village of Corrales' proportionate share of the net pension liability as a percentage of its covered payroll	458.71%	374.62%	194.73%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

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

See independent auditors' report.  
See notes to required supplementary information.



**STATE OF NEW MEXICO**  
Village of Corrales  
Schedule of the Village's Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Fund Municipal General Division  
Last 10 Fiscal Years\*

	<b>As of and for the Year Ended June 30, 2017</b>	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
Contractually required contribution	\$ 92,359	\$ 90,748	\$ 69,636
Contributions in relation to the contractually required contribution	(92,359)	(90,748)	(69,636)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Village of Corrales' covered-employee payroll	\$ 967,111	\$ 950,241	\$ 729,173
Contributions as a percentage of covered-employee payroll	9.55%	9.55%	9.55%

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

See independent auditors' report.  
See notes to required supplementary information.

**STATE OF NEW MEXICO**  
Village of Corrales  
Schedule of the Village's Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Fund Municipal Police Division  
Last 10 Fiscal Years\*

	<u>As of and for the Year Ended June 30, 2017</u>	<u>As of and for the Year Ended June 30, 2016</u>	<u>As of and for the Year Ended June 30, 2015</u>
Contractually required contribution	\$ 96,595	\$ 86,433	\$ 67,585
Contributions in relation to the contractually required contribution	<u>(96,595)</u>	<u>(86,433)</u>	<u>(67,585)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village of Corrales' covered-employee payroll	\$ 627,239	\$ 561,253	\$ 438,864
Contributions as a percentage of covered-employee payroll	15.40%	15.40%	15.40%

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

See independent auditors' report.  
See notes to required supplementary information.

**STATE OF NEW MEXICO**  
Village of Corrales  
Schedule of the Village's Contributions  
Public Employees Retirement Association (PERA) Plan  
PERA Fund Municipal Fire Division  
Last 10 Fiscal Years\*

	<u>As of and for the Year Ended June 30, 2017</u>	<u>As of and for the Year Ended June 30, 2016</u>	<u>As of and for the Year Ended June 30, 2015</u>
Contractually required contribution	\$ 64,201	\$ 58,077	\$ 48,015
Contributions in relation to the contractually required contribution	<u>(64,201)</u>	<u>(58,077)</u>	<u>(48,015)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village of Corrales' covered-employee payroll	\$ 358,667	\$ 324,453	\$ 268,240
Contributions as a percentage of covered-employee payroll	17.90%	17.90%	17.90%

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

See independent auditors' report.  
See notes to required supplementary information.

**STATE OF NEW MEXICO**  
Village of Corrales  
Notes to Required Supplementary Information  
June 30, 2017

***Changes of benefit terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at [http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR\\_12.22.2016\\_FINAL-with-corrections.pdf](http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf)

***Changes of assumptions.*** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.pdf>. See the notes to the financial statements on the CAFR pages 74-76 which summarizes actuarial assumptions and methods effective with the June 30, 2016 valuation.

See independent auditors' report.

## **SUPPLEMENTARY INFORMATION**

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**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Fund Descriptions  
June 30, 2017

**SPECIAL REVENUE FUNDS**

**Local Government Corrections Fund (201)** – 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. Authority for the creation of this fund is 33-3-25 NMSA 1978.

**Court AOC (202)** – accounts for municipal court automation funds to purchase, maintain and operate a court automation system in the Village's courts. Authority for the creation of this fund is State Statute Chapter 34, Section 9-12.

**Emergency Medical Service (EMS) Fund (206)** – accounts for all rescue operations within the fire department. Financing is provided by a state grant and is subsidized by the General Fund. Authority for the creation of this fund is State Statute Chapter 178, Laws of 1978,

**FEMA 4148 Fund (236)** – accounts for funds for the FEMA 4148 funding. Authority for creation of this fund is the Village Council.

**FEMA 4152 Fund (237)** – accounts for funds for the FEMA 4152 funding. Authority for creation of this fund is the Village Council.

**Fire Wildlands Fund (207)** – 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. Authority for creation of this fund is the Village Council.

**Fire Protection Fund (209)** – accounts for the operations of the Fire Department. Financing is provided by the State Fire Allotment, emergency medical services, interest on investments and miscellaneous revenues. Authority for the creation of this fund is State Statute Chapter 48, Section 2, Laws of 1963.

**Law Enforcement Protection Fund (211)** - accounts for the purchase of vehicles, radios, and equipment for the police department. Financing is provided by a grant from the State of New Mexico. Authority for the creation of this fund is Section 29 13-3 NMSA 1978.

**Traffic Safety Fund (212/235)** – accounts for the traffic safety fee collected under then New Mexico Uniform Traffic Ordinance, Section 12. The fees are expended for traffic safety related equipment. Authority for creation of this fund is NMSA 1978 11-6A-1 to 6.

**Library Fund (213/302)** – accounts 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. Authority for the creation of this fund is State Statute Chapter 3, Section 1914.

**Lodgers' Tax Fund (214)** – accounts for revenues and expenditures per the Lodgers' Tax Ordinance 500 of the Village. Funds are restricted to the economic development of the Village. Authority for creation of this fund is Sections 3-38-13 through 3-13-24, NMSA 1978.

**Economic Development (215)** – authorized by the Village Council for the Wine & Quilt Festival and Corrales Mainstreet.

**Municipal Streets Fund (216)** – 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 for the creation of the fund is 7-1-6.9 and SD 7-1-6.27 NMSA 1978.

**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Fund Descriptions  
June 30, 2017

**SPECIAL REVENUE FUNDS (continued)**

**Recreation Fund (217)** –accounts 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. Authority for the creation of the fund is State Statute (7-12-15).

**Safe Routes to School (220)** – to account for grants to create a master plan for safe routes to school for children. Authority for creation of this fund is the Village Council.

**Recycling Grant (223)** – 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 Donations (224)** – to account for donations received for fire purchases. Authority for creation of this fund is the Village Council.

**Police Special Fund (226)** – 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). Authority for the creation of this fund is NMSA, 1978.

**Mid-Rio Grande Valley (231)** – to account for the MOU with the MRGVTF for Federal funds used for narcotics investigations. Authority for creation of this fund is the Village Council.

**Fire Protection (234)** – to account for state funding to support various fire related projects. Authority for creation of this fund is the Village Council.

**CAPITAL PROJECTS FUNDS**

**FEMA Mitigation Project (310)** – accounts for funds received to implement the FEMA Mitigation Project. Authority for creation of this fund is the Village Council.

**Fire Kitchen Project (315)** – accounts for the reimbursement of funds received to implement the Fire Kitchen Project. Authority for creation of this fund is the Village Council.

**Emergency Communication Project (330)** – accounts for the reimbursement of funds received to implement the Fire Kitchen Project. Authority for creation of this fund is the Village Council.

**Public Safety Communication Equip Fund (321)** – to account for legislative funding to purchase various equipment related to public safety. Authority for creation of this fund is the Village Council.

**Far Northwest Sector (316/319)** – 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. Authority for creation of this fund is the Village Council.

**Farmland Preservation (305)** – 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.

**Fire Truck Capital (309)** – an authorized fund by the Village of internal financing to acquire a new fire truck in September 2013 for the Village fire department. Authority for creation of this fund is the Village Council.



**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Fund Descriptions  
June 30, 2017

**CAPITAL PROJECTS FUNDS (continued)**

**Loma Larga (311)** – to account for legislative appropriations used to construct Loma Larga. Authority for creation of this fund is the Village Council.

**Road Co-op (304)** - accounts 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. Authority for creation of this fund is the Village Council.

**DEBT SERVICE FUNDS**

**Capital Bonding (328)** – accounts for the recording of the Hold Harmless Gross Receipts Tax transfers and debt proceeds used to fund capital projects in the Village of Corrales. Authority for creation of this fund is the Village Council.

**Debt Service General Obligations (401)** – to accumulate monies for the payment of principal and interest on revenue bonds secured by pledges of revenues from property taxes. Authority for creation of this fund is the Village Council.

**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2017

	<b>Special Revenue</b>			
	<b>201 Local Governmental Corrections</b>	<b>202 Court AOC</b>	<b>206 EMS</b>	<b>236 FEMA 4148</b>
<i>Assets</i>				
Cash and investments	\$ 371,952	\$ -	\$ 5,666	\$ -
Accounts receivable, net	-	9,001	-	135,019
Due from other funds	-	-	-	79,737
<i>Total assets</i>	<b>\$ 371,952</b>	<b>\$ 9,001</b>	<b>\$ 5,666</b>	<b>\$ 214,756</b>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 641	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	113,614
Due to other funds	1,714	6,624	-	101,142
<i>Total liabilities</i>	<b>2,355</b>	<b>6,624</b>	<b>-</b>	<b>214,756</b>
 <i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
General government	-	-	-	-
Public safety	369,597	2,377	5,666	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
<i>Total fund balances</i>	<b>369,597</b>	<b>2,377</b>	<b>5,666</b>	<b>-</b>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<b>\$ 371,952</b>	<b>\$ 9,001</b>	<b>\$ 5,666</b>	<b>\$ 214,756</b>

See independent auditors' report.

**Special Revenue**

<b>237 FEMA 4152</b>	<b>207 Fire Wildlands</b>	<b>209 Fire Protection</b>	<b>211 Law Enforcement Protection</b>	<b>212 Traffic Safety</b>	<b>213 Library</b>
\$ -	\$ 4,141	\$ 84,955	\$ 1,050	\$ 19,627	\$ 70,949
35,465	16,092	-	-	41	5,472
219	9,824	7,905	40	30,436	1,033
<u>\$ 35,684</u>	<u>\$ 30,057</u>	<u>\$ 92,860</u>	<u>\$ 1,090</u>	<u>\$ 50,104</u>	<u>\$ 77,454</u>
\$ -	\$ -	\$ 2,575	\$ -	\$ -	\$ 3,686
28,153	-	-	-	-	-
7,420	12,085	-	40	35,707	-
<u>35,573</u>	<u>12,085</u>	<u>2,575</u>	<u>40</u>	<u>35,707</u>	<u>3,686</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	17,972	90,285	1,050	14,397	-
-	-	-	-	-	73,768
111	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>111</u>	<u>17,972</u>	<u>90,285</u>	<u>1,050</u>	<u>14,397</u>	<u>73,768</u>
<u>\$ 35,684</u>	<u>\$ 30,057</u>	<u>\$ 92,860</u>	<u>\$ 1,090</u>	<u>\$ 50,104</u>	<u>\$ 77,454</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2017

**Special Revenue**

	<b>214 Lodgers' Tax</b>	<b>215 Economic Development</b>	<b>216 Municipal Streets</b>	<b>217 Recreation</b>
<i>Assets</i>				
Cash and investments	\$ 6,105	\$ 13,161	\$ 5	\$ 3,271
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 6,105</u>	<u>\$ 13,161</u>	<u>\$ 5</u>	<u>\$ 3,271</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	9,994	-	-
<i>Total liabilities</i>	<u>-</u>	<u>9,994</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
General government	-	3,167	-	-
Public safety	-	-	-	-
Culture and recreation	6,105	-	-	3,271
Public works	-	-	5	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
<i>Total fund balances</i>	<u>6,105</u>	<u>3,167</u>	<u>5</u>	<u>3,271</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 6,105</u>	<u>\$ 13,161</u>	<u>\$ 5</u>	<u>\$ 3,271</u>

See independent auditors' report.

**Special Revenue**

<b>220 Safe Routes to School</b>	<b>223 Recycling Grant</b>	<b>224 Fire Donation</b>	<b>226 Police Special</b>	<b>231 Mid-Rio Grande Valley</b>	<b>234 Fire Protection Grant</b>
\$ 7,762	\$ 1,831	\$ 2,346	\$ 252,844	\$ 45,990	\$ 51,478
-	-	-	-	-	-
-	-	119	14,643	79,633	-
<u>\$ 7,762</u>	<u>\$ 1,831</u>	<u>\$ 2,465</u>	<u>\$ 267,487</u>	<u>\$ 125,623</u>	<u>\$ 51,478</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,508	1,731	345	15,407	105,669	-
<u>3,508</u>	<u>1,731</u>	<u>345</u>	<u>15,407</u>	<u>105,669</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,254	-	2,120	252,080	19,954	51,478
-	-	-	-	-	-
-	100	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,254</u>	<u>100</u>	<u>2,120</u>	<u>252,080</u>	<u>19,954</u>	<u>51,478</u>
<u>\$ 7,762</u>	<u>\$ 1,831</u>	<u>\$ 2,465</u>	<u>\$ 267,487</u>	<u>\$ 125,623</u>	<u>\$ 51,478</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2017

**Capital Projects**

	<b>310 FEMA Mitigation</b>	<b>315 Fire Kitchen Project</b>	<b>330 Emergency Communication Project</b>	<b>321 Public Safety Communication Equipment</b>
<i>Assets</i>				
Cash and investments	\$ 299,879	\$ 91,948	\$ -	\$ -
Accounts receivable, net	115,760	8,052	-	6,067
Due from other funds	-	-	-	189
<i>Total assets</i>	<u>\$ 415,639</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 6,256</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	6,067
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,067</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	415,639	100,000	-	189
<i>Total fund balances</i>	<u>415,639</u>	<u>100,000</u>	<u>-</u>	<u>189</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 415,639</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 6,256</u>

See independent auditors' report.

Capital Projects					Debt Service
316 Far North-West Sector	305 Farmland Preservation	309 Fire Truck Capital	311 Loma Larga	304 Road Co-op	328 Capital Bonding
\$ 107,531	\$ 50,305	\$ 29,548	\$ -	\$ -	\$ 146,789
-	-	200,000	-	115,534	-
39,750	30,093	-	65,853	-	-
<u>\$ 147,281</u>	<u>\$ 80,398</u>	<u>\$ 229,548</u>	<u>\$ 65,853</u>	<u>\$ 115,534</u>	<u>\$ 146,789</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
42,949	-	-	7,499	15,731	-
<u>42,949</u>	<u>-</u>	<u>-</u>	<u>7,499</u>	<u>15,731</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	146,789
104,332	80,398	229,548	58,354	99,803	-
<u>104,332</u>	<u>80,398</u>	<u>229,548</u>	<u>58,354</u>	<u>99,803</u>	<u>146,789</u>
\$ 147,281	\$ 80,398	\$ 229,548	\$ 65,853	\$ 115,534	\$ 146,789

See independent auditors' report.

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**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2017

	<b>Debt Service</b>	
	<b>401 Debt Service General Obligations</b>	<b>Nonmajor Governmental Funds Total</b>
<i>Assets</i>		
Cash and investments	\$ 216,559	\$ 1,885,692
Accounts receivable, net	14,452	660,955
Due from other funds	-	359,474
	<u>\$ 231,011</u>	<u>\$ 2,906,121</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>		
<i>Liabilities</i>		
Accounts payable	\$ -	\$ 6,902
Unearned revenue	-	141,767
Due to other funds	-	373,632
<i>Total liabilities</i>	<u>-</u>	<u>522,301</u>
 <i>Deferred inflows of resources</i>		
Unavailable revenue- property taxes	9,448	9,448
<i>Total deferred inflows of resources</i>	<u>9,448</u>	<u>9,448</u>
 <i>Fund balances</i>		
<i>Spendable:</i>		
<i>Restricted for:</i>		
General government	-	3,167
Public safety	-	831,230
Culture and recreation	-	83,144
Public works	-	216
Debt service expenditures	221,563	368,352
Capital projects	-	1,088,263
<i>Total fund balances</i>	<u>221,563</u>	<u>2,374,372</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 231,011</u>	<u>\$ 2,906,121</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2017

	<b>Special Revenue</b>			
	<b>201 Local Governmental Corrections</b>	<b>202 Court AOC</b>	<b>206 EMS</b>	<b>236 FEMA 4148</b>
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	9,612	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	41,060	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	19,720	-	-
<i>Total revenues</i>	<u>41,060</u>	<u>19,720</u>	<u>9,612</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	18,290	10,308	17,166	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	9,412	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,290</u>	<u>19,720</u>	<u>17,166</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>22,770</u>	<u>-</u>	<u>(7,554)</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	22,770	-	(7,554)	-
<i>Fund balances - beginning of year</i>	<u>346,827</u>	<u>2,377</u>	<u>13,220</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 369,597</u>	<u>\$ 2,377</u>	<u>\$ 5,666</u>	<u>\$ -</u>

See independent auditors' report.

**Special Revenue**

<b>237 FEMA 4152</b>	<b>207 Fire Wildlands</b>	<b>209 Fire Protection</b>	<b>211 Law Enforcement Protection</b>	<b>212 Traffic Safety</b>	<b>213 Library</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
111	-	-	-	6,080	-
-	-	-	-	-	-
-	26,255	250,899	28,400	2,630	54,317
-	-	-	-	-	-
-	-	-	-	21	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,695	-	-	-	1,800
<u>111</u>	<u>27,950</u>	<u>250,899</u>	<u>28,400</u>	<u>8,731</u>	<u>56,117</u>
-	-	-	-	-	-
-	30,605	191,803	-	10,050	-
-	-	-	-	-	-
-	-	-	-	-	55,471
-	-	16,296	27,647	-	4,320
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>30,605</u>	<u>208,099</u>	<u>27,647</u>	<u>10,050</u>	<u>59,791</u>
111	(2,655)	42,800	753	(1,319)	(3,674)
-	1,609	-	-	-	-
-	-	(58,996)	-	-	-
<u>-</u>	<u>1,609</u>	<u>(58,996)</u>	<u>-</u>	<u>-</u>	<u>-</u>
111	(1,046)	(16,196)	753	(1,319)	(3,674)
-	19,018	106,481	297	15,716	77,442
<u>\$ 111</u>	<u>\$ 17,972</u>	<u>\$ 90,285</u>	<u>\$ 1,050</u>	<u>\$ 14,397</u>	<u>\$ 73,768</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2017

	<b>Special Revenue</b>			
	<b>214 Lodgers' Tax</b>	<b>215 Economic Development</b>	<b>216 Municipal Streets</b>	<b>217 Recreation</b>
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	11,794	-
Other	4,200	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	4,200	-	11,794	-
<i>Expenditures</i>				
Current:				
General government	-	45,000	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	4,176	-	-	499
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	4,176	45,000	-	499
<i>Excess (deficiency) of revenues over expenditures</i>	24	(45,000)	11,794	(499)
<i>Other financing sources (uses)</i>				
Transfers in	-	45,000	-	-
Transfers (out)	-	-	(11,794)	-
<i>Total other financing sources (uses)</i>	-	45,000	(11,794)	-
<i>Net change in fund balances</i>	24	-	-	(499)
<i>Fund balances - beginning of year</i>	6,081	3,167	5	3,770
<i>Fund balances - end of year</i>	\$ 6,105	\$ 3,167	\$ 5	\$ 3,271

See independent auditors' report.

**Special Revenue**

<b>220 Safe Routes to School</b>	<b>223 Recycling Grant</b>	<b>224 Fire Donation</b>	<b>226 Police Special</b>	<b>231 Mid-Rio Grande Valley</b>	<b>234 Fire Protection Grant</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	145,616	-	-
-	-	-	40	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	536	6,136	-	-
-	-	536	151,792	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	592	18,002	-	201
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	144,989	-	31,609
-	-	-	-	-	-
-	-	-	-	-	-
-	-	592	162,991	-	31,810
-	-	-	-	-	-
-	-	(56)	(11,199)	-	(31,810)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(56)	(11,199)	-	(31,810)
4,254	100	2,176	263,279	19,954	83,288
\$ 4,254	\$ 100	\$ 2,120	\$ 252,080	\$ 19,954	\$ 51,478

See independent auditors' report.

**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2017

	<b>Capital Projects</b>			
	<b>310 FEMA Mitigation</b>	<b>315 Fire Kitchen Project</b>	<b>330 Emergency Communication Project</b>	<b>321 Public Safety Communication Equipment</b>
<i>Revenues</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	115,760	-	-	-
State operating grants	-	-	42,000	-
State capital grants	-	108,052	-	13,845
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>115,760</u>	<u>108,052</u>	<u>42,000</u>	<u>13,845</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	8,052	42,000	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	13,845
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>8,052</u>	<u>42,000</u>	<u>13,845</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>115,760</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Transfers in	299,879	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>299,879</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	415,639	100,000	-	-
<i>Fund balances - beginning of year</i>	-	-	-	189
<i>Fund balances - end of year</i>	<u>\$ 415,639</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 189</u>

See independent auditors' report.

<b>Capital Projects</b>					<b>Debt Service</b>
<b>316 Far North-West Sector</b>	<b>305 Farmland Preservation</b>	<b>309 Fire Truck Capital</b>	<b>311 Loma Larga</b>	<b>304 Road Co-op</b>	<b>328 Capital Bonding</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	115,000	-
-	-	-	-	-	-
-	-	200,000	-	-	-
51,923	-	-	-	-	-
-	-	-	-	-	-
1,185	27	-	-	-	609
-	3,200	-	-	-	-
<u>53,108</u>	<u>3,227</u>	<u>200,000</u>	<u>-</u>	<u>115,000</u>	<u>609</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	14,317	-
-	-	-	-	-	-
-	-	200,000	-	326,939	-
41,033	-	-	-	-	135,000
32,725	-	-	-	-	103,993
<u>73,758</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>341,256</u>	<u>238,993</u>
<u>(20,650)</u>	<u>3,227</u>	<u>-</u>	<u>-</u>	<u>(226,256)</u>	<u>(238,384)</u>
72,908	-	58,996	-	50,127	-
-	-	(1,609)	-	-	(560,879)
<u>72,908</u>	<u>-</u>	<u>57,387</u>	<u>-</u>	<u>50,127</u>	<u>(560,879)</u>
52,258	3,227	57,387	-	(176,129)	(799,263)
<u>52,074</u>	<u>77,171</u>	<u>172,161</u>	<u>58,354</u>	<u>275,932</u>	<u>946,052</u>
<u>\$ 104,332</u>	<u>\$ 80,398</u>	<u>\$ 229,548</u>	<u>\$ 58,354</u>	<u>\$ 99,803</u>	<u>\$ 146,789</u>

See independent auditors' report.

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**STATE OF NEW MEXICO**  
Village of Corrales  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2017

	<b>Debt Service</b>	
	<b>401 Debt Service General Obligations</b>	<b>Nonmajor Governmental Funds Total</b>
<i>Revenues</i>		
Taxes:		
Property	\$ 223,703	\$ 223,703
Gross receipts	-	11,794
Other	-	4,200
Intergovernmental income:		
Federal operating grants	-	121,191
Federal capital grants	-	115,760
State operating grants	-	414,113
State capital grants	-	467,513
Charges for services	-	51,984
Fines and forfeitures	-	41,060
Investment income	-	1,821
Miscellaneous	-	33,087
<i>Total revenues</i>	223,703	1,486,226
<i>Expenditures</i>		
Current:		
General government	3,728	48,728
Public safety	-	347,069
Public works	-	14,317
Culture and recreation	-	60,146
Capital outlay	-	775,057
Debt service:		
Principal	200,000	376,033
Interest	17,075	153,793
<i>Total expenditures</i>	220,803	1,775,143
<i>Excess (deficiency) of revenues over expenditures</i>	2,900	(288,917)
<i>Other financing sources (uses)</i>		
Transfers in	-	528,519
Transfers (out)	-	(633,278)
<i>Total other financing sources (uses)</i>	-	(104,759)
<i>Net change in fund balances</i>	2,900	(393,676)
<i>Fund balances - beginning of year</i>	218,663	2,768,048
<i>Fund balances - end of year</i>	\$ 221,563	\$ 2,374,372

See independent auditors' report.

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## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
Village of Corrales  
Schedule of Deposit and Investment Accounts  
June 30, 2017

<u>Bank Name/Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>
<b>Wells Fargo Bank, NA</b>				
General Cash	Checking	\$ 690,800	\$ 59,538	\$ (200,502)
Payroll	Checking	-	-	(2,664)
Capital Bond	Checking	374,600	-	-
Court Bonds	Savings	515	-	(515)
Farmland Cash	Savings	18,055	-	-
Bosque	Savings	36,604	-	-
Impact Fees	Savings	89,244	-	-
Investments	Savings	4,749,291	-	-
Total Wells Fargo Bank, NA		<u>5,959,109</u>	<u>59,538</u>	<u>(203,681)</u>
<b>New Mexico Finance Authority - Investments</b>				
Corrales 3 - Debt Servicing	State Treasurer Debt Service	13,678	-	-
Corrales 3 - Reserve Funds Payable	State Treasurer Debt Service	74,360	-	-
Total New Mexico Finance Authority		<u>88,038</u>	<u>-</u>	<u>-</u>
<i>Total</i>		<u>\$ 6,047,147</u>	<u>\$ 59,538</u>	<u>\$ (203,681)</u>

New Mexico State Treasurer Local Government Investment Pool  
Add: petty cash

*Total deposits and investments*

Deposits and investments per financial statements:

- Cash and cash equivalents - Exhibit A-1
- Investments - Exhibit A-1
- Restricted cash and cash equivalents - Exhibit A-1
- Restricted investments - Exhibit A-1

*Total deposits and investments*

See independent auditors' report.

<u>Other Reconciling Items</u>	<u>Reconciled Balance</u>
\$ 934,558	\$ 1,484,394
-	(2,664)
(299,897)	74,703
-	-
65	18,120
(204)	36,400
14,193	103,437
<u>(668,551)</u>	<u>4,080,740</u>
<u>(19,836)</u>	<u>5,795,130</u>
-	13,678
-	<u>74,360</u>
-	<u>88,038</u>
<u>\$ (19,836)</u>	5,883,168
	336,834
	550
	<u>\$ 6,220,552</u>
	\$ 5,776,187
	336,834
	19,493
	<u>88,038</u>
	<u>\$ 6,220,552</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
 Village of Corrales  
 Schedule of Collateral Pledged by Depository for Public Funds  
 June 30, 2017

Schedule IV

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2017</u>	<u>Location of Safekeeper</u>
<b>Wells Fargo Bank</b>					
	FMAC FGPC 2.500%	5/1/2030	3128MMTK9	\$ 120,135	Bank of New York Mellon, New York, NY
	FNMA FNMS 3.000%	2/1/2043	3138W3RP0	<u>5,862,147</u>	Bank of New York Mellon, New York, NY
	Total Wells Fargo Bank			<u>5,982,282</u>	
	<i>Total Pledged Collateral</i>			<u><u>\$ 5,982,282</u></u>	

See independent auditors' report.

STATE OF NEW MEXICO

Schedule V

Village of Corrales

Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds  
For the Year Ended June 30, 2017

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<i>Assets</i>				
Cash	\$ 763	\$ 6,185	\$ (6,948)	\$ -
<i>Total assets</i>	<u>\$ 763</u>	<u>\$ 6,185</u>	<u>\$ (6,948)</u>	<u>\$ -</u>
<i>Liabilities</i>				
Deposits payable	\$ 763	\$ 6,185	\$ (6,948)	\$ -
<i>Total liabilities</i>	<u>\$ 763</u>	<u>\$ 6,185</u>	<u>\$ (6,948)</u>	<u>\$ -</u>

See independent auditors' report.

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## **COMPLIANCE SECTION**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITORS' REPORT**

Wayne A. Johnson  
New Mexico State Auditor  
The Village Council of  
Village of Corrales  
Corrales, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund and the major special revenue fund of the Village of Corrales (the "Village") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated, December 14, 2017.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item FS 2017-001, that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

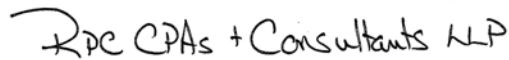
We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item NM 2017-002.

## **The Village's Responses to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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 result of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RPC CPAs + Consultants, LLP  
Albuquerque, NM  
December 14, 2017

**STATE OF NEW MEXICO**  
Village of Corrales  
Schedule of Findings and Responses  
June 30, 2017

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes        |
| c. Noncompliance material to the financial statements noted?                     | None noted |

**SECTION II – PRIOR YEAR AUDIT FINDINGS**

None noted

**SECTION III – FINANCIAL STATEMENT FINDINGS**

**FS 2017-001 — Improper Year End Accruals (Significant Deficiency)**

*Condition:* The Village did not record the following adjustment related to year end accruals:

- Gross receipts tax receivables in the amount of \$489,858 for the year ended June 30, 2017.
- Gross receipt tax revenues of \$409,881 related to prior year resulting in a restatement in the general fund.
- Unearned revenue to grant funds in the prior year resulting in a restatement of (\$306,568).

*Criteria:* The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

*Effect:* An entry was proposed to restate fund balance and correct revenues and accounts receivable balances. Not properly identifying cutoff related to revenues and receivable balances will cause revenues to be recorded in the improper period and misstate revenue amounts.

*Cause:* This was a result of the Village recognizing gross receipt tax revenues in the month the funds were received from the State. The Village did not record unearned revenues when receiving grant funds prior to incurring the related expenditures.

*Auditors' Recommendations:* The Village should record revenues based on the month that the underlying transactions incurred for gross receipt tax and upon earning requirements with grants.

*Views of Responsible Officials and Planned Corrective Action:* The Village Finance Officer will implement procedures to account for the gross receipts tax revenue on an accrual basis as opposed to a cash basis. In addition, the Village Finance Officer will implement procedures to review grants which are forward funded to determine if the revenue has been earned for the grant funds received. These procedures will be implemented in fiscal year ended June 30, 2018 and to all future periods.

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS**

**NM 2017-002 — Cash Appropriations in Excess of Available Cash Balances (Other Noncompliance)**

*Condition:* The Village maintained a deficit budget in excess of available cash balances in the following funds:

	<u>Designated Cash</u>	<u>Beginning of Year Cash and Interfund Receivable Available</u>	<u>Cash Appropriation in Excess of Available Cash Balances</u>
Fire Donations	\$ 4,410	\$ 2,176	\$ 2,234
YCC Grant	<u>4,225</u>	<u>(17,300)</u>	<u>21,525</u>
			<u><u>\$ 23,759</u></u>

*Criteria:* Section 2.2.2.10. (O) (1), NMAC, states that the Village’s cash balances rebudgeted to absorb budget deficits cannot exceed the actual cash balance available at the end of the prior year.

*Effect:* The Village will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds. The Village is in violation of the above statute.

*Cause:* The Village did not monitor their budgets to ensure that designated cash was available in the funds with expense appropriations in excess of budget.

*Auditors’ Recommendations:* The budget should be reviewed to insure all funds have adequate budget authority and cash balances for budgeted expenditures. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates. The Village should work the DFA-LGD and its assigned budget analyst in order to ensure that available cash reported to DFA matches the cash balances in the audited financial statements.

*Views of Responsible Officials and Planned Corrective Actions:* The Village Finance Officer will review the available cash balances and expected revenues and expenditures when developing the budgets. These procedures will be implemented in fiscal year ended June 30, 2018 and to all future periods.

**STATE OF NEW MEXICO**

Village of Corrales

Other Disclosures

June 30, 2017

**Exit Conference**

An exit conference was held on December 14, 2017. In attendance were the following:

**Representing the Village of Corrales:**

Scott Kominiak

John Avilla

Terri Gray

John Jennings

John L. Appel

Mayor

Town Manager

Finance Director

CPA Consultant

Legal Counsel

**Representing RPC CPAs + Consultants, LLP:**

Alan D. "A.J." Bowers, Jr., CPA

Partner

**Auditor Prepared Financial Statements**

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes of the Village of Corrales from the original books and records provided to them by the management of the Village. The responsibility for the financial statements remains with the Village.