

State of New Mexico

Village of Corrales

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018



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RIGGS &
INGRAM

CPAs and Advisors

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Introductory Section

Village of Corrales, New Mexico
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June 30, 2018

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Village of Corrales, New Mexico
Official Roster
June 30, 2018

| <u>Name</u> | <u>Town Council</u> | <u>Title</u> |
|------------------|---------------------|--------------|
| Jo Anne D. Roake | | Mayor |
| Kevin Lucero | | Councilor |
| George Wright | | Councilor |
| Mel Knight | | Councilor |
| David Dornburg | | Councilor |
| Jim Fahey | | Councilor |
| Pat Clauser | | Councilor |

Administration

| | |
|------------------|-----------------------|
| Suanne Derr | Village Administrator |
| Terri Gray | Finance Officer |
| Shannon Fresquez | Village Clerk |

Report

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 comparisons 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, 2018, and the related notes to the financial statements which collectively comprise the Village'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, 2018, 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 GASB required pension schedules and the Notes to the Required Supplementary Information on pages 70 through 82 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, combining nonmajor fund financial statements, and schedules 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 nonmajor fund financial statements and schedules required by 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 auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken 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 17, 2018, 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 solely 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 effectiveness of the Village's 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, NM
December 17, 2018

Financial Statements

Village of Corrales, New Mexico
Statement of Net Position
June 30, 2018

| | Primary Government | | Total |
|--|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 6,188,568 | 106,548 | \$ 6,295,116 |
| Investments | 340,870 | - | 340,870 |
| Receivables, net of allowance | 1,133,060 | 5,820 | 1,138,880 |
| Internal balances | 299 | (299) | - |
| Total current assets | 7,662,797 | 112,069 | 7,774,866 |
| Noncurrent assets | | | |
| Restricted cash and cash equivalents | 23,723 | - | 23,723 |
| Restricted investments | 85,330 | - | 85,330 |
| Capital assets | 34,642,910 | 3,162,614 | 37,805,524 |
| Less: accumulated depreciation | (15,611,903) | (724,765) | (16,336,668) |
| Total noncurrent assets | 19,140,060 | 2,437,849 | 21,577,909 |
| Total assets | 26,802,857 | 2,549,918 | 29,352,775 |
| Deferred outflows of resources | | | |
| Changes of assumptions | 206,602 | 650 | 207,252 |
| Changes in proportion | 635,026 | 933 | 635,959 |
| Difference between expected and actual experience | 188,834 | 162 | 188,996 |
| Net difference between projected and actual investment earnings on pension plan investments | 287,859 | 28 | 287,887 |
| Employer contributions subsequent to the measurement date | 251,396 | 76 | 251,472 |
| Total deferred outflows of resources | 1,569,717 | 1,849 | 1,571,566 |
| Total assets and deferred outflows of resources | \$ 28,372,574 | \$ 2,551,767 | \$ 30,924,341 |

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

| | Primary Government | | Total |
|---|-------------------------|--------------------------|----------------------|
| | Governmental Activities | Business-type Activities | |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | \$ 181,132 | 15,994 | \$ 197,126 |
| Accrued payroll | 126,152 | - | 126,152 |
| Accrued interest | 24,082 | - | 24,082 |
| Unearned revenue | 308,899 | - | 308,899 |
| Accrued compensated absences | 86,307 | - | 86,307 |
| Current portion of bonds and notes payable | 313,237 | - | 313,237 |
| Total current liabilities | 1,039,809 | 15,994 | 1,055,803 |
| Noncurrent liabilities | | | |
| Bonds and notes payable | 3,226,355 | - | 3,226,355 |
| Net pension liability | 4,288,760 | 4,988 | 4,293,748 |
| Total noncurrent liabilities | 7,515,115 | 4,988 | 7,520,103 |
| Total liabilities | 8,554,924 | 20,982 | 8,575,906 |
| Deferred inflows of resources | | | |
| Changes of assumptions | 56,287 | 216 | 56,503 |
| Difference between expected and actual experience | 506,571 | 4,032 | 510,603 |
| Total deferred inflows of resources | 562,858 | 4,248 | 567,106 |
| Net position | | | |
| Net investment in capital assets | 15,491,415 | 2,437,849 | 17,929,264 |
| Restricted for: | | | |
| Debt service | 764,210 | - | 764,210 |
| Capital projects | 920,782 | - | 920,782 |
| Special revenue | 894,114 | - | 894,114 |
| Unrestricted | 1,184,271 | 88,688 | 1,272,959 |
| Total net position | 19,254,792 | 2,526,537 | 21,781,329 |
| Total liabilities, deferred inflows of resources, and net position | \$ 28,372,574 | \$ 2,551,767 | \$ 30,924,341 |

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

Village of Corrales, New Mexico
Statement of Activities
For the Year Ended June 30, 2018

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 1,949,845 | \$ 21,317 | \$ - | \$ - |
| Public safety | 2,795,451 | 3,319 | 402,589 | 33,281 |
| Public works | 778,602 | 66,630 | 770,908 | 60,419 |
| Culture and recreation | 777,373 | 72,061 | 77,017 | - |
| Interest on long-term debt | 134,676 | - | - | - |
| Total governmental activities | 6,435,947 | 163,327 | 1,250,514 | 93,700 |
| Business-type activities: | | | | |
| Wastewater | 233,563 | 42,753 | - | - |
| Total business-type activities | 233,563 | 42,753 | - | - |
| Total primary government | \$ 6,669,510 | \$ 206,080 | \$ 1,250,514 | \$ 93,700 |

General revenues and transfers:

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 and transfers

Change in net position

Net position - beginning, as originally stated

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

| | Governmental Activities | Business-Type Activities | Total |
|----|------------------------------------|-------------------------------------|----------------|
| \$ | (1,928,528) | - | \$ (1,928,528) |
| | (2,356,262) | - | (2,356,262) |
| | 119,355 | - | 119,355 |
| | (628,295) | - | (628,295) |
| | (134,676) | - | (134,676) |
| | (4,928,406) | - | (4,928,406) |
| | - | (190,810) | (190,810) |
| | - | (190,810) | (190,810) |
| | (4,928,406) | (190,810) | (5,119,216) |
| | 1,815,293 | - | 1,815,293 |
| | 2,843,215 | - | 2,843,215 |
| | 332,649 | - | 332,649 |
| | 4,833 | - | 4,833 |
| | 253,959 | - | 253,959 |
| | 87,176 | - | 87,176 |
| | 12,342 | - | 12,342 |
| | 46,282 | - | 46,282 |
| | (12,460) | 12,460 | - |
| | 5,383,289 | 12,460 | 5,395,749 |
| | 454,883 | (178,350) | 276,533 |
| | 21,395,888 | 108,908 | 21,504,796 |
| | (2,595,979) | 2,595,979 | - |
| | 18,799,909 | 2,704,887 | 21,504,796 |
| \$ | 19,254,792 | \$ 2,526,537 | \$ 21,781,329 |

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

Village of Corrales, New Mexico
Balance Sheet
Governmental Funds
June 30, 2018

| | General Fund | Special Revenue 236 FEMA 4148 | Capital Projects 313 Waste Water Project |
|--|---------------------|--|---|
| Assets | | | |
| Cash and investments | \$ 4,242,540 | \$ - | \$ 277,485 |
| Restricted cash and cash equivalents and investments | - | - | - |
| Accounts receivable, net | 630,949 | 234,052 | 2 |
| Due from other funds | 426,725 | - | - |
| Total assets | \$ 5,300,214 | \$ 234,052 | \$ 277,487 |
| Liabilities, deferred inflows of resources, and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 157,374 | \$ - | \$ - |
| Accrued liabilities | 126,152 | - | - |
| Unearned revenue | - | 83,572 | - |
| Due to other funds | 2 | 150,480 | 224,499 |
| Total liabilities | 283,528 | 234,052 | 224,499 |
| Deferred inflows of resources | | | |
| Unavailable revenue - property taxes | 66,161 | - | - |
| Total deferred inflows of resources | 66,161 | - | - |
| Fund balances | | | |
| Spendable: | | | |
| Restricted for: | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Culture and recreation | - | - | - |
| Public works | - | - | - |
| Debt service expenditures | - | - | - |
| Capital projects | - | - | 52,988 |
| Unassigned (deficit) | 4,950,525 | - | - |
| Total fund balances | 4,950,525 | - | 52,988 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 5,300,214 | \$ 234,052 | \$ 277,487 |

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

| Capital Projects | | | |
|--------------------------|---------------------|-----------|------------------|
| 323 | Nonmajor | | |
| Residential Roads | Governmental | | |
| and Drainage | Funds | | Total |
| \$ 101,368 | \$ 1,908,045 | \$ | 6,529,438 |
| - | 109,053 | | 109,053 |
| - | 268,668 | | 1,133,671 |
| - | 100,619 | | 527,344 |
| \$ 101,368 | \$ 2,386,385 | \$ | 8,299,506 |
| | | | |
| \$ - | \$ 24,369 | \$ | 181,743 |
| - | - | | 126,152 |
| 197,174 | 28,153 | | 308,899 |
| - | 152,064 | | 527,045 |
| 197,174 | 204,586 | | 1,143,839 |
| | | | |
| - | 7,043 | | 73,204 |
| | | | |
| - | 7,043 | | 73,204 |
| | | | |
| - | 9,938 | | 9,938 |
| - | 710,449 | | 710,449 |
| - | 62,177 | | 62,177 |
| - | 26,613 | | 26,613 |
| - | 362,627 | | 362,627 |
| - | 1,002,952 | | 1,055,940 |
| (95,806) | - | | 4,854,719 |
| (95,806) | 2,174,756 | | 7,082,463 |
| | | | |
| \$ 101,368 | \$ 2,386,385 | \$ | 8,299,506 |

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

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Village of Corrales, New Mexico
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
June 30, 2018

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

| | |
|---|---------------|
| Fund balances - total governmental funds | \$ 7,082,463 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 19,031,007 |
| 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 | 73,204 |
| Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable: | |
| Accrued interest | (24,082) |
| 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 | 206,602 |
| Deferred outflows of resources related to changes in proportion | 635,026 |
| Deferred outflows of resources related to difference between expected and actual experience | 188,834 |
| Deferred outflows of resources related to the net difference between expected and actual investment earnings on pension plan investments | 287,859 |
| Deferred outflows of resources related to employer contributions subsequent to the measurement date | 251,396 |
| Deferred inflows of resources related to changes of assumptions | (56,287) |
| Deferred inflows of resources related to difference between expected and actual experience | (506,571) |
| Some liabilities, including bonds payable, notes payable, accrued compensated absences and net pension payable are not due and payable in the current period and, therefore, are not reported in the funds: | |
| Accrued compensated absences | (86,307) |
| Bonds and notes payable | (3,539,592) |
| Net pension liability | (4,288,760) |
| Total net position of governmental activities | \$ 19,254,792 |

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

Village of Corrales, New Mexico
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

| | <u>General Fund</u> | <u>Special Revenue</u> | <u>Capital Projects</u> |
|---|---------------------|------------------------|-------------------------|
| | | 236 | 313 |
| | | FEMA | Waste Water |
| | | 4148 | Project |
| Revenues | | | |
| Taxes: | | | |
| Property | \$ 1,597,078 | \$ - | \$ - |
| Gross receipts | 2,830,568 | - | - |
| Franchise | 332,649 | - | - |
| Other | - | - | - |
| Licenses and permits | 253,959 | - | - |
| Intergovernmental income: | | | |
| Federal operating grants | - | 129,075 | - |
| State operating grants | 131,704 | - | - |
| State capital grants | 9,235 | - | - |
| Charges for services | 163,327 | - | - |
| Fines and forfeitures | 50,442 | - | - |
| Investment income | 10,677 | - | - |
| Miscellaneous | 16,761 | - | - |
| Total revenues | 5,396,400 | 129,075 | - |
| Expenditures | | | |
| Current: | | | |
| General government | 1,404,548 | - | - |
| Public safety | 1,829,088 | - | - |
| Public works | 401,015 | - | - |
| Culture and recreation | 513,555 | - | - |
| Capital outlay | 124,277 | 129,075 | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total expenditures | 4,272,483 | 129,075 | - |
| Excess (deficiency) of revenues over expenditures | 1,123,917 | - | - |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers (out) | (442,583) | - | - |
| Total other financing sources (uses) | (442,583) | - | - |
| Net change in fund balances | 681,334 | - | - |
| Fund balance - beginning | 4,269,191 | - | 52,988 |
| Fund balance - end of year | \$ 4,950,525 | \$ - | \$ 52,988 |

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

| Capital Projects | | |
|---|--|---|
| 323 Residential Roads and Drainage | Nonmajor Governmental Funds | Total Governmental Funds |
| \$ - | \$ 140,426 | \$ 1,737,504 |
| - | 12,647 | 2,843,215 |
| - | - | 332,649 |
| - | 4,833 | 4,833 |
| - | - | 253,959 |
| 22,085 | 94,631 | 245,791 |
| 434,315 | 438,704 | 1,004,723 |
| 32,674 | 51,791 | 93,700 |
| - | - | 163,327 |
| - | 36,734 | 87,176 |
| - | 1,665 | 12,342 |
| - | 29,521 | 46,282 |
| 489,074 | 810,952 | 6,825,501 |
| - | 3,173 | 1,407,721 |
| - | 244,051 | 2,073,139 |
| - | 115,111 | 516,126 |
| - | 115,233 | 628,788 |
| 584,880 | 464,098 | 1,302,330 |
| - | 387,047 | 387,047 |
| - | 142,169 | 142,169 |
| 584,880 | 1,470,882 | 6,457,320 |
| (95,806) | (659,930) | 368,181 |
| - | 500,157 | 500,157 |
| - | (70,034) | (512,617) |
| - | 430,123 | (12,460) |
| (95,806) | (229,807) | 355,721 |
| - | 2,404,563 | 6,726,742 |
| \$ (95,806) | \$ 2,174,756 | \$ 7,082,463 |

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

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Village of Corrales, New Mexico
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, 2018

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

| | | |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 355,721 |
|--|----|---------|

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 | | 1,302,330 |
| Depreciation expense | | (1,001,846) |

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 | | (4,585) |
|--|--|---------|

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:

| | | |
|-------------------------------|--|-----------|
| Pension expense | | (848,157) |
| Village pension contributions | | 251,472 |

The issuance of long-term debt (e.g. bonds, notes payable, accrued compensated absences) 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 | | 3,414 |
| Decrease in accrued compensated absences | | 9,487 |
| Principal payments on bonds and loans payable | | 387,047 |

| | | |
|---|----|---------|
| Change in net position of governmental activities | \$ | 454,883 |
|---|----|---------|

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

Village of Corrales, New Mexico
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2018

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|--|------------------|------------------|------------------|---|
| | Original | Final | | Final to Actual |
| Revenues | | | | |
| Taxes: | | | | |
| Property | \$ 1,491,394 | \$ 1,491,394 | 1,569,384 | \$ 77,990 |
| Gross receipts | 2,485,492 | 2,485,492 | 2,827,112 | 341,620 |
| Gas | - | - | - | - |
| Other | 311,000 | 311,000 | 376,547 | 65,547 |
| Lincenses and Permits | 275,300 | - | 290,512 | 290,512 |
| Intergovernmental income: | | | | |
| State operating grants | 175,000 | 196,235 | 131,704 | (64,531) |
| State capital grants | - | - | 13,000 | 13,000 |
| Charges for services | 142,000 | 142,000 | 157,909 | 15,909 |
| Fines and forfeitures | 50,000 | - | 45,949 | 45,949 |
| Investment income | 1,200 | 1,200 | 10,677 | 9,477 |
| Miscellaneous | 4,000 | 4,000 | 6,417 | 2,417 |
| Total revenues | 4,935,386 | 4,631,321 | 5,429,211 | 797,890 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,607,970 | 1,603,275 | 1,417,316 | 185,959 |
| Public safety | 1,944,226 | 1,944,226 | 1,766,907 | 177,319 |
| Public works | 403,077 | 403,077 | 387,527 | 15,550 |
| Culture and recreation | 522,188 | 557,118 | 489,578 | 67,540 |
| Capital outlay | 138,334 | 138,334 | 120,703 | 17,631 |
| Total expenditures | 4,615,795 | 4,646,030 | 4,182,031 | 463,999 |
| Excess (deficiency) of revenues over expenditures | 319,591 | (14,709) | 1,247,180 | 1,261,889 |
| Other financing sources (uses) | | | | |
| Designated (budgeted increase) in cash | (404,075) | (69,775) | - | 69,775 |
| Transfers in | 84,484 | 84,484 | 20,000 | (64,484) |
| Transfers out | (512,442) | (512,442) | (462,583) | 49,859 |
| Total other financing sources (uses) | (832,033) | (497,733) | (442,583) | 55,150 |
| Net change in fund balance | (512,442) | (512,442) | 804,597 | 1,317,039 |
| Fund balance - beginning of year | - | - | 3,864,666 | 3,864,666 |
| Fund balance - end of year | \$ (512,442) | \$ (512,442) | \$ 4,669,263 | \$ 5,181,705 |
| Net change in fund balance (Non-GAAP basis) | | | | \$ 804,597 |
| Adjustments to revenues for gross receipts and other taxes | | | | (32,811) |
| Adjustments to expenditures for payroll, maintenance, and capital outlay | | | | (90,452) |
| Net change in fund balance (GAAP basis) | | | | \$ 681,334 |

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

Village of Corrales, New Mexico
FEMA 4148 Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2018

| | Budgeted Amounts | | Actual | Variances |
|--|------------------|-----------------|----------------|---|
| | Original | Final | | Favorable (Unfavorable) Final to Actual |
| Revenues | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Gas | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental income: | | | | |
| Federal operating grants | 262,564 | 262,564 | - | (262,564) |
| Federal capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total revenues | 262,564 | 262,564 | - | (262,564) |
| Expenditures | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | 192,785 | 193,839 | 129,075 | 64,764 |
| Total expenditures | 192,785 | 193,839 | 129,075 | 64,764 |
| Excess (deficiency) of revenues over expenditures | 69,779 | 68,725 | (129,075) | (197,800) |
| Other financing sources (uses) | | | | |
| Designated (budgeted increase) in cash | (69,779) | (68,725) | - | 68,725 |
| Proceeds from sale of capital assets | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | (69,779) | (68,725) | - | 68,725 |
| Net change in fund balance | - | - | (129,075) | (129,075) |
| Fund balance - beginning of year | - | - | (21,405) | (21,405) |
| Fund balance - end of year | \$ - | \$ - | \$ (150,480) | \$ (150,480) |
| Net change in fund balance (Non-GAAP basis) | | | \$ | (129,075) |
| Adjustments to revenues for federal operating grants | | | | 129,075 |
| Net change in fund balance (GAAP basis) | | | \$ | - |

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

Village of Corrales, New Mexico
Statement of Net Position
Proprietary Funds
June 30, 2018

| | 503 |
|--|------------------------------------|
| | Wastewater |
| <hr/> | |
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 106,548 |
| Accounts receivable | 5,820 |
| Total current assets | <hr/> 112,368 <hr/> |
| Noncurrent assets | |
| Capital assets | 3,162,614 |
| Less: accumulated depreciation | (724,765) |
| Total noncurrent assets | <hr/> 2,437,849 <hr/> |
| Total assets | <hr/> 2,550,217 <hr/> |
| Deferred outflows of resources | |
| Change in assumptions | 650 |
| Changes in proportion | 933 |
| Difference between expected and actual experience | 162 |
| Net difference between projected and actual investment earnings on pension plan investments | 28 |
| Employer contributions subsequent to the measurement date | 76 |
| Total deferred outflows of resources | <hr/> 1,849 <hr/> |
| Total assets and deferred outflows of resources | <hr/> \$ 2,552,066 <hr/> <hr/> |

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

| | 503 |
|---|-------------------|
| | Wastewater |
| Liabilities | |
| Current liabilities | |
| Accounts payable | \$ 15,994 |
| Due to other funds | 299 |
| Total current liabilities | 16,293 |
| Noncurrent liabilities | |
| Net pension liability | 4,988 |
| Total noncurrent liabilities | 4,988 |
| Deferred inflows of resources | |
| Change in assumptions | 216 |
| Difference between expected and actual experience | 4,032 |
| Total deferred inflows of resources | 4,248 |
| Total liabilities and deferred inflows of resources | 25,529 |
| Net position | |
| Net investment in capital assets | 2,437,849 |
| Unrestricted | 88,688 |
| Total net position | 2,526,537 |
| Total liabilities and net position | \$ 2,552,066 |

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

Village of Corrales, New Mexico
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

| | 503 |
|--|---------------------|
| | Wastewater |
| Operating revenues | |
| Charges for services | \$ 42,753 |
| Total operating revenues | 42,753 |
| Operating expenses | |
| Personnel services | 31,322 |
| Contractual services | 21,211 |
| Supplies and equipment | 2,415 |
| Maintenance and repairs | 14,370 |
| Miscellaneous | 1,204 |
| Depreciation | 158,130 |
| Pension expense | 4,911 |
| Total operating expenses | 233,563 |
| Operating income (loss) | (190,810) |
| Income (loss) before transfers | (190,810) |
| Transfers in | 12,460 |
| Change in net position | (178,350) |
| Net position - beginning, as originally stated | 108,908 |
| Net position - restatement (note 18) | 2,595,979 |
| Net position - beginning, as restated | 2,704,887 |
| Net position - ending | \$ 2,526,537 |

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

Village of Corrales, New Mexico
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

| | 503 |
|--|-------------------|
| | Wastewater |
| Cash flows from operating activities | |
| Cash received from user charges | \$ 40,407 |
| Cash payments to employees for services | (26,411) |
| Cash payments to suppliers for goods and services | (30,559) |
| Net cash (used) by operating activities | (16,563) |
| Cash flows from noncapital financing activities | |
| Interfund transfers | 12,643 |
| Net cash provided by noncapital financing activities | 12,643 |
| Net (decrease) increase in cash and cash equivalents | (3,920) |
| Cash and cash equivalents - beginning of year | 110,468 |
| Cash and cash equivalents - end of year | \$ 106,548 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | |
| Operating income (loss) | \$ (190,810) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | |
| Depreciation | 158,130 |
| Noncash pension expense | 4,897 |
| Changes in assets, deferred outflows, and liabilities: | |
| Receivables | (2,346) |
| Accounts payable | 13,552 |
| Contributions subsequent to the measurement date | 14 |
| Net cash provided (used) by operating activities | \$ (16,563) |

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

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Village of Corrales, New Mexico
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2018

| | | |
|-------------------|----|-----|
| Assets | | |
| Cash | \$ | 150 |
| <hr/> | | |
| Total assets | \$ | 150 |
| <hr/> <hr/> | | |
| Liabilities | | |
| Deposits payable | \$ | 150 |
| <hr/> | | |
| Total liabilities | \$ | 150 |
| <hr/> <hr/> | | |

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

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Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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, 2018, the Village adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, GASB Statement No. 81 *Irrevocable Split-Interest Agreements*, GASB Statement No. 85 *Omnibus*, and GASB Statement No. 86 *Certain Debt Extinguishment Issues*. These four Statements are required to be implemented as of June 30, 2018, if applicable.

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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

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.

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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements (Continued)

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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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

The *Wastewater 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)* accounts for the legislative appropriation to be used to create a lighted access road from the Village of Corrales to the City of Rio Ranch 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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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)

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.

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 10th and April 10th 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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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)

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.

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 | 10-50 |

Accrued liabilities: Accrued liabilities are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2018, along with applicable PERA, Retiree Health Care, FICA and Medicare accruals.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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)

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 \$188,996, net difference between projected and actual investment earnings of \$287,887, changes of assumptions of \$207,252, changes in proportion of \$635,959, and employer contributions subsequent to measurement date of \$251,472 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 \$73,204 related to property taxes considered "unavailable".

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 \$56,503 and difference between projected and actual experience on pension plan investments of \$510,603 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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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)

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, 2018.

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 \$2,227,744 in restricted fund balances at June 30, 2018.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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)

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, 2018 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, 2018.

Minimum Fund Balance Policy: The Village'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 Village holds cash reserves of 1/12th the General Fund final budgeted expenditures and transfers out in the amount of \$391,753.

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 \$4,950,525 in unassigned fund balances at June 30, 2018.

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 37 and 84-86.
- c. Unrestricted net position: Net position that does not meet the definition of "restricted" or "Net Investment in Capital Assets."

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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 Wastewater fund, depreciation on capital assets, and the net pension liability and related deferred outflows and inflows of resources.

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:

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

| | Excess (deficiency) of revenues over expenditures | |
|-------------------------------------|--|---------------------|
| | Original Budget | Final Budget |
| Budgeted Governmental Funds: | | |
| General | \$ 319,591 | \$ (14,709) |
| FEMA 4148 | (69,779) | (68,725) |
| Waste Water Project | - | - |
| Residential Roads and Drainage | - | (174,734) |
| Nonmajor Governmental Funds | \$ (397,211) | \$ (138,193) |
| | Changes in Net Position | |
| | Original Budget | Final Budget |
| Budgeted Enterprise Funds: | | |
| Wastewater | \$ (62,612) | \$ (58,612) |

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, 2018 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, 2018.

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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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.

All of the Village's accounts are located at 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, 2018, \$6,166,326 of the Village's deposits of \$6,416,326 was exposed to custodial credit risk. \$6,166,326 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.

| | Wells Fargo Bank, NA. |
|--|----------------------------------|
| Amount of deposits | \$ 6,416,326 |
| FDIC Coverage | 250,000 |
| Total uninsured public funds | 6,166,326 |
| Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Village's name | 6,166,326 |
| Uninsured and uncollateralized | \$ - |
| Collateral requirement (50% of uninsured funds) | \$ 3,083,163 |
| Pledged Collateral | 6,731,502 |
| Over collateralized | \$ 3,648,339 |

The collateral pledged is listed on page 108 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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

| | |
|--|--------------|
| Cash and cash equivalents per Statement of Net Position | \$ 6,295,116 |
| Investments per Statement of Net Position | 340,870 |
| Restricted cash and cash equivalents per Statement of Net Position | 23,723 |
| Restricted investments per Statement of Net Position | 85,330 |
| Cash per Statement of Fiduciary Assets and Liabilities | 150 |
| | 6,745,189 |
| Plus: outstanding checks | 103,382 |
| Plus: other reconciling items | 1,249 |
| Less: deposits in transit | (2,699) |
| Less: NMFA Cash | (4,045) |
| Less: NMFA Investments | (85,330) |
| Less: New Mexico State Treasurer Local Government Investment Pool | (340,870) |
| Less: petty cash | (550) |
| | \$ 6,416,326 |

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 amortized cost 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, 2018, 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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The Village’s investments at June 30, 2018 include the following:

| Investments | Rated | Weighted Average Maturity | Fair Value |
|---|--------------|-----------------------------------|-------------------|
| New Mexico Local Government Investment Pool | AAAm | 50 days (WAM)); 100 days (WAM(F)) | \$ 340,870 |
| U.S. Treasury Money Market Mutual Funds | Aaa ** | >365 | 85,330 |
| | | | <u>\$ 426,200</u> |

**** Based on Moody’s rating**

At June 30, 2018, the \$85,330 managed by NMFA is considered restricted investments as these are invested by NMFA in US Treasury per the Statement of Net Position.

For purposes of cash flows, 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).

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 \$85,330 U.S. Treasury Money Market Mutual Funds at year end which required fair value disclosure.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The following table sets forth by level within the fair value hierarchy, the Village's assets at fair value as of June 30, 2018:

| Investments | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|---------|---------|---------|-------|
| U.S. Treasury Money Market | | | | |
| Mutual Funds | | | | |

NOTE 4: RECEIVABLES

Receivables as of June 30, 2018, are as follows:

Governmental Activities:

| | Waste Water | | | | Total |
|------------------------------------|-------------|------------|---------|------------|--------------|
| | General | FEMA 4148 | Project | Non-major | |
| Property taxes | \$ 100,342 | \$ - | \$ - | \$ 10,178 | \$ 110,520 |
| Gross receipts taxes | 462,227 | - | - | 27,307 | 489,534 |
| Franchise taxes | 48,077 | - | - | - | 48,077 |
| Grants | 15,810 | 234,052 | 2 | 231,183 | 481,047 |
| Fines and fees | 36,450 | - | - | - | 36,450 |
| Total receivables | 662,906 | 234,052 | 2 | 268,668 | 1,165,628 |
| Less: Allowances for uncollectible | (31,957) | - | - | - | (31,957) |
| Total receivables, net | \$ 630,949 | \$ 234,052 | \$ 2 | \$ 268,668 | \$ 1,133,671 |

The Village recorded an allowance for uncollectible accounts receivable for delinquent court fines and fees in the amount of \$31,957.

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, 2018 was \$73,204.

Business-type Activities:

The Village recorded accounts receivable from customers in the amount of \$5,820 at June 30, 2018. The Village considers all business-type receivables to be 100% collectible.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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 June 30, 2018:

| Transfers In | Transfers Out | Amount |
|-----------------------------|-----------------------------|-------------------|
| Fire Truck Capital (309) | Fire Protection Fund (209) | \$ 57,387 |
| Road Co-op (304) | Municipal Street Fund (216) | 12,647 |
| Wastewater (503) | General Fund (101) | 12,460 |
| Economic Development (215) | General Fund (101) | 45,000 |
| Far North-West Sector (316) | General Fund (101) | 73,758 |
| Capital Bonding (328) | General Fund (101) | 311,364 |
| Fire Truck Capital (309) | General Fund (101) | 1 |
| | | \$ 512,617 |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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, 2018 were as follows:

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

| Governmental Activities | Due from other funds | Due to other funds |
|---|-----------------------------|---------------------------|
| General Fund | \$ 426,725 | \$ 2 |
| Local Governmental Correctiosn (201) | - | 1,714 |
| Court AOC (202) | - | 5,034 |
| Fire Wildlands (207) | - | 17,489 |
| Fire Protection Fund (209) | 8,098 | - |
| Traffic Safety (212/235) | - | 5,327 |
| Library (213/302) | 1,033 | - |
| Economic Development (215) | - | 9,994 |
| Safe Routes to School (220) | - | 3,508 |
| Recycling Grant (223) | - | 1,731 |
| Fire Donation (224) | - | 226 |
| Police Special (226) | - | 847 |
| Mid-Rio Grande Valley (231) | - | 26,036 |
| YCC Grant (232) | - | 52,690 |
| FEMA 4148 (236) | - | 150,480 |
| FEMA 4152 (237) | - | 7,312 |
| Road Co-op (304) | - | 3,398 |
| Farmland Preservation (305) | 30,093 | - |
| Loma Larga 311 (311) | 58,354 | - |
| Waster Water Project (313) | - | 224,499 |
| Fire Kitchen Project (315) | - | 450 |
| Far North-West Sector (316/319) | 3,041 | 6,240 |
| Public Safety Communication Equipment (321) | - | 2,094 |
| Emergency Communication (330) | - | 7,974 |
| Wastewater (513) | - | 299 |
| | \$ 527,344 | \$ 527,344 |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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, 2018 follows. Land and construction in progress are not subject to depreciation.

Governmental activities:

| | June 30, 2017 | Additons | Deletions | Reclassification | June 30, 2018 |
|---|----------------------|---------------------|---------------------|-----------------------|----------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 6,461,905 | \$ - | \$ - | \$ 164,462 | \$ 6,626,367 |
| Water rights | 230,621 | - | - | - | 230,621 |
| Construction in progress | 360,245 | 1,085,623 | (979,635) | - | 466,233 |
| Total capital assets not being depreciated | 7,052,771 | 1,085,623 | (979,635) | 164,462 | 7,323,221 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 5,983,666 | 196,261 | - | (164,462) | 6,015,465 |
| Machinery and equipment | 1,838,493 | 260,760 | - | - | 2,099,253 |
| Furniture and fixtures | 1,021,276 | 19,862 | - | - | 1,041,138 |
| Library Books | 122,607 | - | - | - | 122,607 |
| Vehicles | 2,643,734 | 37,286 | - | - | 2,681,020 |
| Infrastructure | 17,840,647 | 682,173 | - | (3,162,614) | 15,360,206 |
| Total capital assets being depreciated | 29,450,423 | 1,196,342 | - | (3,327,076) | 27,319,689 |
| Total capital assets | 36,503,194 | 2,281,965 | (979,635) | (3,162,614) | 34,642,910 |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | (2,626,488) | (200,160) | - | - | (2,826,648) |
| Machinery and equipment | (1,344,055) | (90,460) | - | - | (1,434,515) |
| Furniture and fixtures | (812,305) | (34,285) | - | - | (846,590) |
| Library Books | (114,888) | (7,719) | - | - | (122,607) |
| Vehicles | (1,813,082) | (158,841) | - | - | (1,971,923) |
| Infrastructure | (8,465,874) | (510,381) | - | 566,635 | (8,409,620) |
| Total accumulated depreciation | (15,176,692) | (1,001,846) | - | 566,635 | (15,611,903) |
| Net book value | \$ 21,326,502 | \$ 1,280,119 | \$ (979,635) | \$ (2,595,979) | \$ 19,031,007 |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 7: CAPITAL ASSETS (Continued)

Depreciation was charged to functions of the primary government for the year ended June 30, 2018 as follows:

| | | |
|------------------------|-----------|------------------|
| General government | \$ | 366,327 |
| Public safety | | 251,507 |
| Public works | | 305,239 |
| Culture and recreation | | 78,773 |
| Total | \$ | 1,001,846 |

Business-type Activities:

| | June 30, 2017 | Additions | Deletions | Reclassification | June 30, 2018 |
|---|----------------------|---------------------|------------------|-------------------------|----------------------|
| Capital assets being depreciated: | | | | | |
| Infrastructure | \$ - | \$ - | \$ - | \$ 3,162,614 | \$ 3,162,614 |
| Total capital assets being depreciated | - | - | - | 3,162,614 | 3,162,614 |
| Less accumulated depreciation: | | | | | |
| Infrastructure | - | (158,130) | - | (566,635) | (724,765) |
| Total accumulated depreciation | - | (158,130) | - | (566,635) | (724,765) |
| Net book value | \$ - | \$ (158,130) | \$ - | \$ 2,595,979 | \$ 2,437,849 |

Depreciation expense for business-type activities is reported in the following funds on the statement of revenues, expenses, and changes to net position for the year ended June 30, 2018:

| | | |
|--------------|-----------|----------------|
| Wastewater | \$ | 158,130 |
| Total | \$ | 158,130 |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 8: LONG-TERM DEBT

Governmental Activities:

During the year ended June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

| | Balance June 30, 2017 | Additions | Deletions | Balance June 30, 2018 | Due Within One Year |
|-----------------------------|--------------------------|-------------------|-------------------|--------------------------|------------------------|
| Bonds | | | | | |
| General Obligation | | | | | |
| Bonds, Series 2005 | \$ 260,000 | \$ - | \$ 130,000 | \$ 130,000 | \$ 130,000 |
| General Obligation | | | | | |
| Bonds, Series 2008 | 75,000 | - | 75,000 | - | - |
| Gross Receipts Tax | | | | | |
| Refunding & Refunding | | | | | |
| Bonds, Series 2014 | 2,835,000 | - | 140,000 | 2,695,000 | 140,000 |
| Total Bonds | 3,170,000 | - | 345,000 | 2,825,000 | 270,000 |
| Notes Payable | | | | | |
| MNFA Loan Corrales #3 | 756,639 | - | 42,047 | 714,592 | 43,237 |
| Total Notes Payable | 756,639 | - | 42,047 | 714,592 | 43,237 |
| Compensated Absences | 95,794 | 112,904 | 122,391 | 86,307 | 86,307 |
| Total Long-term Debt | \$ 4,022,433 | \$ 112,904 | \$ 509,438 | \$ 3,625,899 | \$ 399,544 |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 8: LONG-TERM DEBT (Continued)

Bonds

At June 30, 2018, 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:

| Description | Date of Issue | Due Date | Interest Rate | Original Amount of Issue | Balance June 30, 2018 |
|--|----------------------|-----------------|----------------------|---|----------------------------------|
| General Obligation Bonds, Series 2005 | 8/31/2004 | 8/1/2018 | 2.71% - 4.17% | \$ 1,700,000 | \$ 130,000 |
| 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 | 2,695,000 |
| | | | | \$ 5,945,000 | \$ 2,825,000 |

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

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|--|---------------------|-------------------|-------------------------------|
| 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 | 160,000 | 80,793 | 240,793 |
| 2024-2028 | 880,000 | 323,025 | 1,203,025 |
| 2029-2031 | 1,065,000 | 136,550 | 1,201,550 |
| | \$ 2,825,000 | \$ 911,075 | \$ 3,736,075 |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 8: LONG-TERM DEBT (Continued)

NMFA Loans

NMFA loans outstanding at **June 30, 2018** are comprised of the following:

| | MNFA Loan Corrales #3 |
|-----------------|----------------------------------|
| 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:

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|--|------------------|-----------------|-------------------------------|
| 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 | 49,638 | 24,120 | 73,758 |
| 2024-2028 | 281,506 | 87,284 | 368,790 |
| 2029-2031 | 201,713 | 19,558 | 221,271 |
| | \$ 714,592 | \$ 244,259 | \$ 958,851 |

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, 2018, government-wide compensated absences decreased \$9,487 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, 2018, 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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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:

| | 2018 |
|-----------------------|-------------|
| Employee Contribution | \$ 2,700 |
| Employer Contribution | - |
| | \$ 2,700 |

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, unless specifically excluded.

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.pdf>.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

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 FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 40 of the PERA FY17 annual audit report at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2017-Final.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 \$251,472 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2018.

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, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2017.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

For PERA Fund Municipal General Division, at June 30, 2018, the Village reported a liability of \$1,514,241 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.1102 percent, which was an increase of 0.0041 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Village recognized PERA Fund Municipal General Division pension expense of \$266,979. At June 30, 2018, the Village reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Changes of assumptions | \$ 69,829 | \$ 15,648 |
| Changes in proportion | 143,272 | - |
| Difference between expected and actual experience | 59,500 | 77,555 |
| Net difference between projected and actual earning on pension plan investments | 124,234 | - |
| Contributions subsequent to the measurement date | 90,268 | - |
| | \$ 487,103 | \$ 93,203 |

For Municipal General, \$90,268 was reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|------------|
| 2017 | \$ 126,760 |
| 2018 | 180,152 |
| 2019 | 33,027 |
| 2020 | (36,307) |
| Thereafter | - |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

For PERA Fund Municipal Police Division, at June 30, 2018, the Village reported a liability of \$1,379,469 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.2483 percent, which was an increase of 0.0248 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Village recognized PERA Fund Municipal Police Division pension expense of \$296,627. At June 30, 2018, the Village reported PERA Fund Municipal Police Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Changes of assumptions | \$ 82,074 | \$ 32,077 |
| Changes in proportion | 252,499 | - |
| Difference between expected and actual experience | 83,782 | 257,741 |
| Net difference between projected and actual earning on pension plan investments | 111,097 | - |
| Contributions subsequent to the measurement date | 96,316 | - |
| | \$ 625,768 | \$ 289,818 |

\$96,316 was reported as deferred outflows of resources related to pensions resulting from The Village's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|------------|
| 2017 | \$ 121,734 |
| 2018 | 157,681 |
| 2019 | (7,297) |
| 2020 | (32,484) |
| Thereafter | - |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

For PERA Fund Municipal Fire Division, at June 30, 2018, the Village reported a liability of \$1,400,038 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.2447 percent, which was an increase of 0.0216 percent from its proportion measured as of June 30, 2016. For the year ended **June 30, 2018,** the Village recognized PERA Fund Municipal Fire Division pension expense of \$294,671. At **June 30, 2018,** the Village reported PERA Fund Municipal Fire Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Changes of assumptions | \$ 55,349 | \$ 8,778 |
| Changes in proportion | 240,188 | - |
| Difference between expected and actual experience | 45,714 | 175,307 |
| Net difference between projected and actual earning on pension plan investments | 52,556 | - |
| Contributions subsequent to the measurement date | 64,888 | - |
| | \$ 458,695 | \$ 184,085 |

\$64,888 was reported as deferred outflows of resources related to pensions resulting from The Village's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|----------------------------|------------|
| 2017 | \$ 133,835 |
| 2018 | 97,210 |
| 2019 | (6,181) |
| 2020 | (15,142) |
| Thereafter | - |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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, 2016 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, 2017 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 PERA's Board of Trustees for use in the June 30, 2016 actuarial valuation.

| | |
|--|---|
| Actuarial valuation date | June 30, 2016 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percentage of Pay |
| Actuarial period | Solved for based on statutory rates |
| Asset valuation method | 4 Year Smoothed Market Value |
| Actuarial Assumptions: | |
| Investment rate of return, net of investment expense | 7.51% annual rate, net of investment expense |
| Projected benefit payment | 100 years |
| Payroll growth | 2.75% for first 9 years, then 3.25% annual rate |
| Projected salary increases | 2.75% to 14.00% annual rate |
| Includes inflation at | 2.25% annual rate first 9 years, 2.75% all other years |
| Mortality assumptions | RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement). |
| Experience Study Dates | July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 30, 2016 (economic). |

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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

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 |
| | 100.00% | |

Discount Rate. The discount rate used to measure the total pension liability was 7.51 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 7.51% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 (6.51%) or one percentage point higher (8.51%) than the single discount rate.

| | 1% Decrease (6.51%) | Current Discount Rate (7.51%) | 1% Increase (8.51%) |
|---|--------------------------------|--|--------------------------------|
| PERA Fund Municipal General Division | | | |
| Village of Corrales's proportionate share of the net pension liability | \$ 2,373,316 | \$ 1,514,241 | \$ 799,801 |

| | 1% Decrease (6.51%) | Current Discount Rate (7.51%) | 1% Increase (8.51%) |
|---|--------------------------------|--|--------------------------------|
| PERA Fund Municipal Police Division | | | |
| Village of Corrales's proportionate share of the net pension liability | \$ 2,199,871 | \$ 1,379,469 | \$ 706,208 |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (Continued)

| | 1% Decrease (6.51%) | Current Discount Rate (7.51%) | 1% Increase (8.51%) |
|---|------------------------|-------------------------------------|------------------------|
| PERA Fund Municipal Fire Division | | | |
| Village of Corrales's proportionate share of the net pension liability | \$ 1,876,413 | \$ 1,400,038 | \$ 1,007,461 |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY17 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2018, there were no contributions due and payable to PERA for the Village. Contractually required contributions are remitted to PERA monthly.

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, 2018.

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 following fund had a deficit fund balance as of June 30, 2018.

| | |
|--------------------------------------|-------------|
| Residential Roads and Drainage (323) | \$ (95,806) |
|--------------------------------------|-------------|

- B. Excess of expenditures over budget authority. There were no funds with expenditures in excess of budget authority for the year ended June 30, 2018.

- C. Designated cash appropriations in excess of available balances. No funds displayed designated cash balances in excess of available balances for the year ended June 30, 2018.

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.



Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

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 had no commitments as of **June 30, 2018**.

NOTE 17: RESTRICTED NET POSITION

The government-wide statement of net position reports \$2,579,106 of restricted net position for governmental activities, all of which is restricted by enabling legislation. See pages 37 and 84-86 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

NOTE 18: RESTATEMENT

During the year ended June 30, 2018, the Village determined that a restatement of capital assets from governmental activities to business-type activities was needed to accurately reflect the original intended use of these assets to produce revenues for the Wastewater fund. Infrastructure in the net amount of \$2,595,979 was transferred from the governmental activities to the Wastewater fund.

NOTE 19: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 17, 2018 which is the date on which the financial statements were available to be issued. No such events have been noted.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 20: JOINT POWERS AGREEMENTS

| | |
|--|--|
| <p>Agreement:</p> <p>Participant with Village:</p> <p>Party responsible for operations:</p> <p>Description:</p> <p>Period:</p> <p>Cost to Village:</p> <p>Village Contribution:</p> <p>Audit responsibility:</p> | <p>Centralized Enhanced 911 Communication System</p> <p>City of Rio Rancho, the County of Sandoval, the Town of Bernalillo, and the Pueblo of Santa Ana</p> <p>City of Rio Rancho</p> <p>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")</p> <p></p> <p>Pro rata share of 4.8946%</p> <p>Pro rata share of 4.8946%</p> <p>City of Rio Rancho</p> |
| <p>Agreement:</p> <p>Participant with Village:</p> <p>Party responsible for operations:</p> <p>Description:</p> <p>Period:</p> <p>Cost to Village:</p> <p>Village Contribution:</p> <p>Audit responsibility:</p> | <p>Sandoval County Regional Emergency Communication Center</p> <p>Sandoval County, and the EMNRD for Wildland Fire Protection and Suppression</p> <p>Sandoval County Regional Emergency Communication Center</p> <p>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.</p> <p>February 11, 2017 - Conitnue indefinitely</p> <p>Village will be reimbursed for all costs</p> <p>Unknown</p> <p>Energy, Minerals, and Natural Resources Department (EMNRD)</p> |
| <p>Agreement:</p> <p>Participant with Village:</p> <p>Party responsible for operations:</p> <p>Description:</p> <p>Period:</p> <p>Cost to Village:</p> <p>Village Contribution:</p> <p>Audit responsibility:</p> | <p>JPA#14-21</p> <p>The Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)</p> <p>Village of Corrales</p> <p>Plan, design, and construct drainage improvements in the Village of Corrales to address flooding and soil erosion issues affecting Salce Parke.</p> <p>May 22, 2014 until project completion or two years from effective date, whichever is later.</p> <p>Village will be reimbursed for all costs up to \$400,000</p> <p>Village will be reimbursed for all costs up to \$400,000</p> <p>Village of Corrales</p> |

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2018

NOTE 21: SUBSEQUENT PRONOUNCEMENTS

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.

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.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* was issued. Effective date: The requirements of this Statement are effective for the 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 June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. 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.

In June 2018, GASB Statement No. 90 *Majority Equity Interests—an amendment of GASB Statements No.14 and No. 61* 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.

Required Supplementary Information

Village of Corrales, New Mexico
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*

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| | Measurement | Measurement |
| | Date | Date |
| | (As of and for | (As of and for |
| | the Year Ended | the Year Ended |
| | June 30, 2017) | June 30, 2016) |
| Village of Corrales' proportion of the net pension liability | 0.1102% | 0.1061% |
| Village of Corrales' proportionate share of the net pension liability | \$ 1,514,241 | \$ 1,695,121 |
| Village of Corrales' covered payroll | \$ 967,111 | \$ 950,241 |
| Village of Corrales' proportionate share of the net pension liability as a percentage of its covered payroll | 156.57% | 178.39% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.74% | 69.18% |

* 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.

| 2016 | 2015 |
|-----------------------|-----------------------|
| Measurement | Measurement |
| Date | Date |
| (As of and for | (As of and for |
| the Year Ended | the Year Ended |
| June 30, 2015) | June 30, 2014) |
| 0.0968% | 0.0782% |
| \$ 986,960 | \$ 610,044 |
| \$ 729,173 | \$ 829,800 |
| 135.35% | 73.52% |
| 76.99% | 81.29% |

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

Village of Corrales, New Mexico
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*

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| | Measurement | Measurement |
| | Date | Date |
| | (As of and for | (As of and for |
| | the Year Ended | the Year Ended |
| | June 30, 2017) | June 30, 2016) |
| Village of Corrales' proportion of the net pension liability | 0.2483% | 0.2235% |
| Village of Corrales' proportionate share of the net pension liability | \$ 1,379,469 | \$ 1,649,049 |
| Village of Corrales' covered payroll | \$ 627,239 | \$ 561,253 |
| Village of Corrales' proportionate share of the net pension liability as a percentage of its covered payroll | 219.93% | 293.82% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.74% | 69.18% |

* 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.

| 2016 | 2015 |
|-----------------------|-----------------------|
| Measurement | Measurement |
| Date | Date |
| (As of and for | (As of and for |
| the Year Ended | the Year Ended |
| June 30, 2015) | June 30, 2014) |
| 0.1825% | 0.1414% |
| \$ 877,562 | \$ 460,949 |
| \$ 438,864 | \$ 503,400 |
| 199.96% | 91.57% |
| 76.99% | 81.29% |

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

Village of Corrales, New Mexico
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*

| | 2018 | 2017 |
|--|-----------------------|-----------------------|
| | Measurement | Measurement |
| | Date | Date |
| | (As of and for | (As of and for |
| | the Year Ended | the Year Ended |
| | June 30, 2017) | June 30, 2016) |
| Village of Corrales' proportion of the net pension liability | 0.2447% | 0.2231% |
| Village of Corrales' proportionate share of the net pension liability | \$ 1,400,038 | \$ 1,488,304 |
| Village of Corrales' covered payroll | \$ 358,667 | \$ 324,453 |
| Village of Corrales' proportionate share of the net pension liability as a percentage of its covered payroll | 390.34% | 458.71% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.74% | 69.18% |

* 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.

| 2016 | 2015 |
|-----------------------|-----------------------|
| Measurement | Measurement |
| Date | Date |
| (As of and for | (As of and for |
| the Year Ended | the Year Ended |
| June 30, 2015) | June 30, 2014) |
| 0.1947% | 0.1333% |
| \$ 1,004,882 | \$ 556,393 |
| \$ 268,240 | \$ 285,727 |
| 374.62% | 194.73% |
| 76.99% | 81.29% |

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

**Village of Corrales, New Mexico
Schedule of the Village's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Municipal General Division
Last 10 Fiscal Years***

| | As of and for the Year Ended June 30, 2018 | As of and for the Year Ended June 30, 2017 |
|--|---|---|
| Contractually required contribution | \$ 90,268 | \$ 92,359 |
| Contributions in relation to the contractually required contribution | (90,268) | (92,359) |
| Contribution deficiency (excess) | \$ - | \$ - |
| Village of Corrales' covered payroll | \$ 945,215 | \$ 967,111 |
| Contributions as a percentage of covered payroll | 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.*

| As of and for the Year Ended June 30, 2016 | As of and for the Year Ended June 30, 2015 |
|---|---|
| \$ 90,748 | \$ 69,636 |
| (90,748) | (69,636) |
| <u>\$ -</u> | <u>\$ -</u> |
| \$ 950,241 | \$ 729,173 |
| 9.55% | 9.55% |

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

**Village of Corrales, New Mexico
 Schedule of the Village's Contributions
 Public Employees Retirement Association (PERA) Plan
 PERA Fund Municipal Police Division
 Last 10 Fiscal Years***

| | As of and for the Year Ended June 30, 2018 | As of and for the Year Ended June 30, 2017 |
|--|---|---|
| Contractually required contribution | \$ 96,316 | \$ 96,595 |
| Contributions in relation to the contractually required contribution | (96,316) | (96,595) |
| Contribution deficiency (excess) | \$ - | \$ - |
| Village of Corrales' covered payroll | \$ 625,429 | \$ 627,239 |
| Contributions as a percentage of covered payroll | 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.*

| As of and for the Year Ended June 30, 2016 | As of and for the Year Ended June 30, 2015 |
|---|---|
| \$ 86,433 | \$ 67,585 |
| (86,433) | (67,585) |
| <u>\$ -</u> | <u>\$ -</u> |
| \$ 561,253 | \$ 438,864 |
| 15.40% | 15.40% |

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

**Village of Corrales, New Mexico
Schedule of the Village's Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Municipal Fire Division
Last 10 Fiscal Years***

| | As of and for the Year Ended June 30, 2018 | As of and for the Year Ended June 30, 2017 |
|--|---|---|
| Contractually required contribution | \$ 64,888 | \$ 64,201 |
| Contributions in relation to the contractually required contribution | (64,888) | (64,201) |
| Contribution deficiency (excess) | \$ - | \$ - |
| Village of Corrales' covered payroll | \$ 362,503 | \$ 358,667 |
| Contributions as a percentage of covered payroll | 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.*

| As of and for the Year Ended June 30, 2016 | As of and for the Year Ended June 30, 2015 |
|---|---|
| \$ 58,077 | \$ 48,015 |
| (58,077) | (48,015) |
| <u>\$ -</u> | <u>\$ -</u> |
| \$ 324,453 | \$ 268,240 |
| 17.90% | 17.90% |

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



Village of Corrales, New Mexico
Notes to Required Supplementary Information
June 30, 2018

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 CAFR available at <https://www.saonm.org>.

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://www.nmpera.org>.

See independent auditors' report.

Supplementary Information

Village of Corrales, New Mexico
Nonmajor Governmental Fund Descriptions
June 30, 2018

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,

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

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.

Village of Corrales, New Mexico
Nonmajor Governmental Fund Descriptions
June 30, 2018

SPECIAL REVENUE FUNDS (continued)

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.

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.

Village of Corrales, New Mexico
Nonmajor Governmental Fund Descriptions
June 30, 2018

CAPITAL PROJECTS FUNDS (continued)

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.

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.

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Village of Corrales, New Mexico
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

| | Special Revenue | | |
|--|---|---------------------|-----------------|
| | 201 Local Governmental Corrections | 202 Court AOC | 206 EMS |
| Assets | | | |
| Cash and investments | \$ 258,076 | \$ - | \$ 3,898 |
| Restricted cash and cash equivalents | - | - | - |
| Accounts receivable, net | - | 7,411 | - |
| Due from other funds | - | - | - |
| Total assets | \$ 258,076 | \$ 7,411 | \$ 3,898 |
| Liabilities, deferred inflows of resources, and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 1,230 | \$ - | \$ - |
| Unearned revenue | - | - | - |
| Due to other funds | 1,714 | 5,034 | - |
| Total liabilities | 2,944 | 5,034 | - |
| Deferred inflows of resources | | | |
| Unavailable revenue- property taxes | - | - | - |
| Total deferred inflows of resources | - | - | - |
| Fund balances | | | |
| Spendable: | | | |
| Restricted for: | | | |
| General government | - | - | - |
| Public safety | 255,132 | 2,377 | 3,898 |
| Culture and recreation | - | - | - |
| Public works | - | - | - |
| Debt service expenditures | - | - | - |
| Capital projects | - | - | - |
| Total fund balances | 255,132 | 2,377 | 3,898 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 258,076 | \$ 7,411 | \$ 3,898 |

See independent auditors' report.

Special Revenue

| 232 YCC Grant | | 237 FEMA 4152 | | 207 Fire Wildlands | | 209 Fire Protection | | 211 Law Enforcement Protection | | 212/235 Traffic Safety | |
|------------------|--------|---------------------|--------|--------------------------|--------|---------------------------|---------|---|-------|------------------------------|--------|
| \$ | 25,838 | \$ | 111 | \$ | 56,061 | \$ | 100,333 | \$ | 1,038 | \$ | 19,307 |
| | - | | - | | - | | - | | - | | - |
| | 53,249 | | 35,465 | | - | | - | | - | | - |
| | - | | - | | - | | 8,098 | | - | | - |
| <hr/> | | | | | | | | | | | |
| \$ | 79,087 | \$ | 35,576 | \$ | 56,061 | \$ | 108,431 | \$ | 1,038 | \$ | 19,307 |
| <hr/> | | | | | | | | | | | |
| \$ | - | \$ | - | \$ | - | \$ | 4,847 | \$ | - | \$ | 78 |
| | - | | 28,153 | | - | | - | | - | | - |
| | 52,690 | | 7,312 | | 17,489 | | - | | - | | 5,327 |
| | 52,690 | | 35,465 | | 17,489 | | 4,847 | | - | | 5,405 |
| <hr/> | | | | | | | | | | | |
| | - | | - | | - | | - | | - | | - |
| <hr/> | | | | | | | | | | | |
| | - | | - | | - | | - | | - | | - |
| | 26,397 | | 111 | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | 26,397 | | 111 | | 38,572 | | 103,584 | | 1,038 | | 13,902 |
| | - | | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | 26,397 | | 111 | | 38,572 | | 103,584 | | 1,038 | | 13,902 |
| <hr/> | | | | | | | | | | | |
| \$ | 79,087 | \$ | 35,576 | \$ | 56,061 | \$ | 108,431 | \$ | 1,038 | \$ | 19,307 |
| <hr/> | | | | | | | | | | | |

See independent auditors' report.

Village of Corrales, New Mexico
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

| | Special Revenue | | |
|--|------------------------|-----------------|--------------------|
| | 213/302 | 214 | 215 |
| | Library | Lodgers' | Economic |
| | | Tax | Development |
| Assets | | | |
| Cash and investments | \$ 54,636 | \$ 9,938 | \$ 24,411 |
| Restricted cash and cash equivalents | - | - | - |
| Accounts receivable, net | 6,962 | - | - |
| Due from other funds | 1,033 | - | - |
| Total assets | \$ 62,631 | \$ 9,938 | \$ 24,411 |
| Liabilities, deferred inflows of resources, and fund balances | | | |
| Liabilities | | | |
| Accounts payable | \$ 6,892 | \$ - | \$ 11,250 |
| Unearned revenue | - | - | - |
| Due to other funds | - | - | 9,994 |
| Total liabilities | 6,892 | - | 21,244 |
| Deferred inflows of resources | | | |
| Unavailable revenue- property taxes | - | - | - |
| Total deferred inflows of resources | - | - | - |
| Fund balances | | | |
| Spendable: | | | |
| Restricted for: | | | |
| General government | - | 9,938 | - |
| Public safety | - | - | - |
| Culture and recreation | 55,739 | - | 3,167 |
| Public works | - | - | - |
| Debt service expenditures | - | - | - |
| Capital projects | - | - | - |
| Total fund balances | 55,739 | 9,938 | 3,167 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 62,631 | \$ 9,938 | \$ 24,411 |

See independent auditors' report.

Special Revenue

| 216 Municipal Streets | | 217 Recreation | | 220 Safe Routes to School | | 223 Recycling Grant | | 224 Fire Donation | | 226 Police Special | |
|-----------------------------|---|-------------------|-------|---------------------------------|-------|------------------------|-------|-------------------------|-----|--------------------------|---------|
| \$ | 5 | \$ | 3,271 | \$ | 7,762 | \$ | 1,831 | \$ | 346 | \$ | 257,271 |
| | - | | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - |
| \$ | 5 | \$ | 3,271 | \$ | 7,762 | \$ | 1,831 | \$ | 346 | \$ | 257,271 |
| \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | 72 |
| | - | | - | | - | | - | | - | | - |
| | - | | - | | 3,508 | | 1,731 | | 226 | | 847 |
| | - | | - | | 3,508 | | 1,731 | | 226 | | 919 |
| | - | | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | - | | - | | 4,254 | | - | | 120 | | 256,352 |
| | - | | 3,271 | | - | | - | | - | | - |
| | 5 | | - | | - | | 100 | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - | | - |
| | 5 | | 3,271 | | 4,254 | | 100 | | 120 | | 256,352 |
| \$ | 5 | \$ | 3,271 | \$ | 7,762 | \$ | 1,831 | \$ | 346 | \$ | 257,271 |

See independent auditors' report.

Village of Corrales, New Mexico
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

| | Special Revenue | | Capital Projects | |
|--|--------------------------|-----------------------------|--------------------|--|
| | 231 | 234 | 310 | |
| | Mid-Rio Grande Valley | Fire Protection Grant | FEMA Mitigation | |
| Assets | | | | |
| Cash and investments | \$ 45,990 | \$ 11,240 | \$ 265,306 | |
| Restricted cash and cash equivalents | - | - | - | |
| Accounts receivable, net | - | - | 115,760 | |
| Due from other funds | - | - | - | |
| Total assets | \$ 45,990 | \$ 11,240 | \$ 381,066 | |
| Liabilities, deferred inflows of resources, and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ - | |
| Unearned revenue | - | - | - | |
| Due to other funds | 26,036 | - | - | |
| Total liabilities | 26,036 | - | - | |
| Deferred inflows of resources | | | | |
| Unavailable revenue- property taxes | - | - | - | |
| Total deferred inflows of resources | - | - | - | |
| Fund balances | | | | |
| Spendable: | | | | |
| Restricted for: | | | | |
| General government | - | - | - | |
| Public safety | 19,954 | 11,240 | - | |
| Culture and recreation | - | - | - | |
| Public works | - | - | - | |
| Debt service expenditures | - | - | - | |
| Capital projects | - | - | 381,066 | |
| Total fund balances | 19,954 | 11,240 | 381,066 | |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 45,990 | \$ 11,240 | \$ 381,066 | |

See independent auditors' report.

Capital Projects

| | 315 | 330 | 321 | 316/319 | 305 | 309 |
|-----------|--------------|-----------------|-----------------|-------------------|------------------|-------------------|
| | Fire Kitchen | Emergency | Public Safety | Far North-West | Farmland | Fire Truck |
| | Project | Communication | Communication | Sector | Preservation | Capital |
| | Project | Project | Equipment | | | |
| \$ | - | \$ - | \$ - | \$ - | 50,332 | \$ 286,936 |
| | - | - | - | 109,053 | - | - |
| | 450 | 8,000 | 2,283 | - | - | - |
| | - | - | - | 3,041 | 30,093 | - |
| \$ | 450 | \$ 8,000 | \$ 2,283 | \$ 112,094 | \$ 80,425 | \$ 286,936 |
| | | | | | | |
| \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | - | - | - | - | - | - |
| | 450 | 7,974 | 2,094 | 6,240 | - | - |
| | 450 | 7,974 | 2,094 | 6,240 | - | - |
| | | | | | | |
| | - | - | - | - | - | - |
| | | | | | | |
| | - | - | - | - | - | - |
| | - | 26 | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | 189 | 105,854 | 80,425 | 286,936 |
| | - | 26 | 189 | 105,854 | 80,425 | 286,936 |
| \$ | 450 | \$ 8,000 | \$ 2,283 | \$ 112,094 | \$ 80,425 | \$ 286,936 |

See independent auditors' report.

Village of Corrales, New Mexico
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

| | Capital Projects | | Debt Service | |
|--|-------------------------|------------------|------------------------|----------------|
| | 311 | 304 | | |
| | Loma | Road | | |
| | Larga | Co-op | 328 | |
| | | | Capital Bonding | |
| Assets | | | | |
| Cash and investments | \$ - | \$ 91,923 | \$ | 189,669 |
| Restricted cash and cash equivalents | - | - | | - |
| Accounts receivable, net | - | 1,603 | | 27,307 |
| Due from other funds | 58,354 | - | | - |
| Total assets | \$ 58,354 | \$ 93,526 | \$ | 216,976 |
| Liabilities, deferred inflows of resources, and fund balances | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ | - |
| Unearned revenue | - | - | | - |
| Due to other funds | - | 3,398 | | - |
| Total liabilities | - | 3,398 | | - |
| Deferred inflows of resources | | | | |
| Unavailable revenue- property taxes | - | - | | - |
| Total deferred inflows of resources | - | - | | - |
| Fund balances | | | | |
| Spendable: | | | | |
| Restricted for: | | | | |
| General government | - | - | | - |
| Public safety | - | - | | - |
| Culture and recreation | - | - | | - |
| Public works | - | - | | - |
| Debt service expenditures | - | - | | 216,976 |
| Capital projects | 58,354 | 90,128 | | - |
| Total fund balances | 58,354 | 90,128 | | 216,976 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 58,354 | \$ 93,526 | \$ | 216,976 |

See independent auditors' report.

Debt Service

| | 401 Debt Service General Obligations | | Nonmajor Governmental Funds Total |
|-------|---|----|--|
| \$ | 142,516 | \$ | 1,908,045 |
| | - | | 109,053 |
| | 10,178 | | 268,668 |
| | - | | 100,619 |
| <hr/> | | | |
| \$ | 152,694 | \$ | 2,386,385 |
| <hr/> | | | |
| | | | |
| \$ | - | \$ | 24,369 |
| | - | | 28,153 |
| | - | | 152,064 |
| | - | | 204,586 |
| <hr/> | | | |
| | | | |
| | 7,043 | | 7,043 |
| <hr/> | | | |
| | 7,043 | | 7,043 |
| <hr/> | | | |
| | | | |
| | - | | 9,938 |
| | - | | 710,449 |
| | - | | 62,177 |
| | - | | 26,613 |
| | 145,651 | | 362,627 |
| | - | | 1,002,952 |
| | 145,651 | | 2,174,756 |
| <hr/> | | | |
| \$ | 152,694 | \$ | 2,386,385 |
| <hr/> | | | |

See independent auditors' report.

Village of Corrales
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018

| | Special Revenue | | |
|---|---|---------------------|-----------------|
| | 201 Local Governmental Corrections | 202 Court AOC | 206 EMS |
| Revenues | | | |
| Taxes: | | | |
| Property | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - |
| Other | - | - | - |
| Intergovernmental income: | | | |
| Federal operating grants | - | - | - |
| State operating grants | - | - | 8,238 |
| State capital grants | - | - | - |
| Fines and forfeitures | 36,734 | - | - |
| Investment income | - | - | - |
| Miscellaneous | - | 7,435 | 940 |
| Total revenues | 36,734 | 7,435 | 9,178 |
| Expenditures | | | |
| Current: | | | |
| General government | - | - | - |
| Public safety | 16,641 | 7,435 | 10,946 |
| Public works | - | - | - |
| Culture and recreation | - | - | - |
| Capital outlay | 134,558 | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total expenditures | 151,199 | 7,435 | 10,946 |
| Excess (deficiency) of revenues over expenditures | (114,465) | - | (1,768) |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers (out) | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | (114,465) | - | (1,768) |
| Fund balances - beginning of year | 369,597 | 2,377 | 5,666 |
| Fund balances - end of year | \$ 255,132 | \$ 2,377 | \$ 3,898 |

See independent auditors' report.

| Special Revenue | | | | | | |
|-----------------|---------------------|--------------------------|---------------------------|---|------------------------------|-----------|
| 232 YCC Gran | 237 FEMA 4152 | 207 Fire Wildlands | 209 Fire Protection | 211 Law Enforcement Protection | 212/235 Traffic Safety | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 88,288 | - | - | - | 6,343 |
| 53,249 | - | - | 262,815 | 29,000 | - | 8,385 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 53,249 | - | 88,288 | 262,815 | 29,000 | - | 14,728 |
| - | - | - | - | - | - | - |
| - | - | 22,046 | 151,548 | - | - | 15,223 |
| 57,043 | - | 45,642 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 40,581 | 29,012 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 57,043 | - | 67,688 | 192,129 | 29,012 | - | 15,223 |
| (3,794) | - | 20,600 | 70,686 | (12) | - | (495) |
| - | - | - | - | - | - | - |
| - | - | - | (57,387) | - | - | - |
| - | - | - | (57,387) | - | - | - |
| (3,794) | - | 20,600 | 13,299 | (12) | - | (495) |
| 30,191 | 111 | 17,972 | 90,285 | 1,050 | - | 14,397 |
| \$ 26,397 | \$ 111 | \$ 38,572 | \$ 103,584 | \$ 1,038 | \$ - | \$ 13,902 |

See independent auditors' report.

Village of Corrales
Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018**

| | Special Revenue | | |
|---|--------------------|------------------------|--------------------------------|
| | 213/302 Library | 214 Lodgers' Tax | 215 Economic Development |
| Revenues | | | |
| Taxes: | | | |
| Property | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - |
| Other | - | 4,833 | - |
| Intergovernmental income: | | | |
| Federal operating grants | - | - | - |
| State operating grants | 77,017 | - | - |
| State capital grants | 18,510 | - | - |
| Fines and forfeitures | - | - | - |
| Investment income | - | - | - |
| Miscellaneous | 1,000 | - | - |
| Total revenues | 96,527 | 4,833 | - |
| Expenditures | | | |
| Current: | | | |
| General government | - | 1,000 | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Culture and recreation | 70,233 | - | 45,000 |
| Capital outlay | 44,323 | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total expenditures | 114,556 | 1,000 | 45,000 |
| Excess (deficiency) of revenues over expenditures | (18,029) | 3,833 | (45,000) |
| Other financing sources (uses) | | | |
| Transfers in | - | - | 45,000 |
| Transfers (out) | - | - | - |
| Total other financing sources (uses) | - | - | 45,000 |
| Net change in fund balances | (18,029) | 3,833 | - |
| Fund balances - beginning of year | 73,768 | 6,105 | 3,167 |
| Fund balances - end of year | \$ 55,739 | \$ 9,938 | \$ 3,167 |

See independent auditors' report.

Special Revenue

| 216 Municipal Streets | | 217 Recreation | 220 Safe Routes to School | | 223 Recycling Grant | 224 Fire Donation | 226 Police Special | | | | |
|-----------------------------|----------|-------------------|---------------------------------|-----|------------------------|-------------------------|--------------------------|----|-----|----|---------|
| \$ | - | \$ | - | \$ | - | \$ | - | | | | |
| | 12,647 | | - | | - | | - | | | | |
| | - | | - | | - | | - | | | | |
| | - | | - | | - | | - | | | | |
| | - | | - | | - | | - | | | | |
| | - | | - | | - | | - | | | | |
| | - | | - | | - | 171 | 19,975 | | | | |
| | 12,647 | | - | | - | 171 | 19,975 | | | | |
| | - | | - | | - | | - | | | | |
| | - | | - | | - | 2,171 | 15,456 | | | | |
| | - | | - | | - | | - | | | | |
| | - | | - | | - | | - | | | | |
| | - | | - | | - | | 247 | | | | |
| | - | | - | | - | | - | | | | |
| | - | | - | | - | | - | | | | |
| | - | | - | | - | 2,171 | 15,703 | | | | |
| | 12,647 | | - | | - | (2,000) | 4,272 | | | | |
| | - | | - | | - | | - | | | | |
| | (12,647) | | - | | - | | - | | | | |
| | (12,647) | | - | | - | | - | | | | |
| | - | | - | | - | (2,000) | 4,272 | | | | |
| | 5 | 3,271 | 4,254 | 100 | 2,120 | | 252,080 | | | | |
| \$ | 5 | \$ | 3,271 | \$ | 4,254 | \$ | 100 | \$ | 120 | \$ | 256,352 |

See independent auditors' report.

Village of Corrales
Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018**

| | Special Revenue | Capital Projects | |
|---|--------------------------|-----------------------------|--------------------|
| | 231 | 234 | 310 |
| | Mid-Rio Grande Valley | Fire Protection Grant | FEMA Mitigation |
| Revenues | | | |
| Taxes: | | | |
| Property | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - |
| Other | - | - | - |
| Intergovernmental income: | | | |
| Federal operating grants | - | - | - |
| State operating grants | - | - | - |
| State capital grants | - | - | - |
| Fines and foreitures | - | - | - |
| Investment income | - | - | - |
| Miscellaneous | - | - | - |
| Total revenues | - | - | - |
| Expenditures | | | |
| Current: | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | 12,426 |
| Culture and recreation | - | - | - |
| Capital outlay | - | 40,238 | 22,147 |
| Debt service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Total expenditures | - | 40,238 | 34,573 |
| Excess (deficiency) of revenues over expenditures | - | (40,238) | (34,573) |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers (out) | - | - | - |
| Total other financing sources (uses) | - | - | - |
| Net change in fund balances | - | (40,238) | (34,573) |
| Fund balances - beginning of year | 19,954 | 51,478 | 415,639 |
| Fund balances - end of year | \$ 19,954 | \$ 11,240 | \$ 381,066 |

See independent auditors' report.

| Capital Projects | | | | | | |
|----------------------|---------------------------------|---------------------------------------|-----------------------|-----------------------|--------------------|------------|
| 315 | 330 | 321 | 316/319 | 305 | 309 | |
| Fire Kitchen Project | Emergency Communication Project | Public Safety Communication Equipment | Far North-West Sector | Farmland Preservation | Fire Truck Capital | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 25,281 | 8,000 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 1,522 | 27 | - | - |
| - | - | - | - | - | - | - |
| 25,281 | 8,000 | - | 1,522 | 27 | - | - |
| - | - | - | - | - | - | - |
| - | 2,585 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 125,281 | 5,389 | - | - | - | - | - |
| - | - | - | 42,047 | - | - | - |
| - | - | - | 31,711 | - | - | - |
| 125,281 | 7,974 | - | 73,758 | - | - | - |
| (100,000) | 26 | - | (72,236) | 27 | - | - |
| - | - | - | 73,758 | - | - | 57,388 |
| - | - | - | - | - | - | - |
| - | - | - | 73,758 | - | - | 57,388 |
| (100,000) | 26 | - | 1,522 | 27 | - | 57,388 |
| 100,000 | - | 189 | 104,332 | 80,398 | - | 229,548 |
| \$ - | \$ 26 | \$ 189 | \$ 105,854 | \$ 80,425 | \$ - | \$ 286,936 |

See independent auditors' report.

Village of Corrales
Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2018**

| | Capital Projects | | Debt Service | |
|---|------------------|--------|--------------|-----------------|
| | 311 | | 304 | |
| | Loma | | Road | 328 |
| | Larga | | Co-op | Capital Bonding |
| Revenues | | | | |
| Taxes: | | | | |
| Property | \$ | - | \$ | - |
| Gross receipts | | - | | - |
| Other | | - | | - |
| Intergovernmental income: | | | | |
| Federal operating grants | | - | | - |
| State operating grants | | - | | - |
| State capital grants | | - | | - |
| Fines and foreitures | | - | | - |
| Investment income | | - | | 116 |
| Miscellaneous | | - | | - |
| Total revenues | | - | | 116 |
| Expenditures | | | | |
| Current: | | | | |
| General government | | - | | - |
| Public safety | | - | | - |
| Public works | | - | | - |
| Culture and recreation | | - | | - |
| Capital outlay | | - | 22,322 | - |
| Debt service: | | | | |
| Principal | | - | | 140,000 |
| Interest | | - | | 101,293 |
| Total expenditures | | - | 22,322 | 241,293 |
| Excess (deficiency) of revenues over expenditures | | - | (22,322) | (241,177) |
| Other financing sources (uses) | | | | |
| Transfers in | | - | 12,647 | 311,364 |
| Transfers (out) | | - | - | - |
| Total other financing sources (uses) | | - | 12,647 | 311,364 |
| Net change in fund balances | | - | (9,675) | 70,187 |
| Fund balances - beginning of year | | 58,354 | | 99,803 |
| Fund balances - end of year | \$ | 58,354 | \$ | 90,128 |
| | | | \$ | 216,976 |

See independent auditors' report.

| <u>Debt Service</u> | | | |
|---------------------|---------------------|--|--|
| 401 | Nonmajor | | |
| Debt Service | Governmental | | |
| General | Funds | | |
| Obligations | Total | | |
| \$ 140,426 | \$ 140,426 | | |
| - | 12,647 | | |
| - | 4,833 | | |
| - | 94,631 | | |
| - | 438,704 | | |
| - | 51,791 | | |
| - | 36,734 | | |
| - | 1,665 | | |
| - | 29,521 | | |
| <u>140,426</u> | <u>810,952</u> | | |
| 2,173 | 3,173 | | |
| - | 244,051 | | |
| - | 115,111 | | |
| - | 115,233 | | |
| - | 464,098 | | |
| 205,000 | 387,047 | | |
| 9,165 | 142,169 | | |
| <u>216,338</u> | <u>1,470,882</u> | | |
| <u>(75,912)</u> | <u>(659,930)</u> | | |
| - | 500,157 | | |
| - | (70,034) | | |
| - | <u>430,123</u> | | |
| (75,912) | (229,807) | | |
| <u>221,563</u> | <u>2,404,563</u> | | |
| <u>\$ 145,651</u> | <u>\$ 2,174,756</u> | | |

See independent auditors' report.

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Supporting Schedules

Village of Corrales, New Mexico
Schedule of Deposit and Investment Accounts
June 30, 2018

| Bank Name/Account Name | Account Type | Bank Balance | Deposits in Transit |
|--|---------------------------------|---------------------|---------------------|
| Wells Fargo Bank, NA | | | |
| General Cash | Checking | \$ 1,812,770 | \$ 2,699 |
| Payroll | Checking | - | - |
| Capital Bond | Checking | 74,820 | - |
| Court Bonds | Savings | 151 | - |
| Farmland Cash | Savings | 18,082 | - |
| Bosque | Savings | 36,659 | - |
| Impact Fees | Savings | 124,609 | - |
| Investments | Savings | 4,349,235 | - |
| Total Wells Fargo Bank, NA | | 6,416,326 | 2,699 |
| New Mexico Finance Authority - Cash | | | |
| Corrales 3 - Debt Servicing | State Treasurer Debt Service | 1,623 | - |
| Corrales 3 - Reserve Funds Payable | State Treasurer Debt Service | 2,422 | - |
| New Mexico Finance Authority - Investments | | | |
| Corrales 3 - Debt Servicing | State Treasurer Debt Service | 71,492 | - |
| Corrales 3 - Reserve Funds Payable | State Treasurer Debt Service | 13,838 | - |
| Total New Mexico Finance Authority | | 89,375 | - |
| Total | | \$ 6,505,701 | \$ 2,699 |
| 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 per Statement of Net Position | | | |
| Investments per Statement of Net Position | | | |
| Restricted cash and cash equivalents per Statement of Net Position | | | |
| Restricted investments per Statement of Net Position | | | |
| Agency cash Statement of Fiduciary Assets and Liabilities - Agency Funds | | | |
| Total deposits and investments | | | |

See independent auditors' report.

| Outstanding Checks | Other Reconciling Items | Reconciled Balance |
|-----------------------|-------------------------------|-----------------------|
| \$ (98,958) | \$ 151,471 | \$ 1,867,982 |
| (4,423) | - | (4,423) |
| - | 18 | 74,838 |
| (1) | - | 150 |
| - | 65 | 18,147 |
| - | (203) | 36,456 |
| - | 51,921 | 176,530 |
| - | (204,521) | 4,144,714 |
| <u>(103,382)</u> | <u>(1,249)</u> | <u>6,314,394</u> |

- - 1,623

- - 2,422

- - 71,492

- - 13,838

- - 89,375

| | | |
|---------------------|-------------------|---------------------|
| <u>\$ (103,382)</u> | <u>\$ (1,249)</u> | 6,403,769 |
| | | 340,870 |
| | | 550 |
| | | <u>\$ 6,745,189</u> |

\$ 6,295,116

340,870

23,723

85,330

150

\$ 6,745,189

See independent auditors' report.

Village of Corrales, New Mexico
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2018

| Name of Depository | Description of Pledged Collateral | Maturity | CUSIP Number | Fair Market Value at June 30, 2018 | Location of Safekeeper |
|--------------------------|-----------------------------------|----------|--------------|------------------------------------|---------------------------------------|
| Wells Fargo Bank | | | | | |
| | FNMA FNMD 2.500% | 8/1/2031 | 3138WHRZ7 | \$ 922,528 | Bank of New York Mellon, New York, NY |
| | FNMA FNMS 3.000% | 9/1/2042 | 31417DAK9 | 5,808,974 | Bank of New York Mellon, New York, NY |
| Total Wells Fargo Bank | | | | 6,731,502 | |
| Total Pledged Collateral | | | | \$ 6,731,502 | |

See independent auditors' report.

Village of Corrales, New Mexico
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2018

| | Balance June 30, 2017 | | Additions | | Deletions | | Balance June 30, 2018 |
|--------------------------|--------------------------|--|-----------------|--|-------------------|--|--------------------------|
| Assets | | | | | | | |
| Cash | \$ - | | \$ 4,304 | | \$ (4,154) | | \$ 150 |
| Total assets | \$ - | | \$ 4,304 | | \$ (4,154) | | \$ 150 |
| Liabilities | | | | | | | |
| Deposits payable | \$ - | | \$ 4,304 | | \$ (4,154) | | \$ 150 |
| Total liabilities | \$ - | | \$ 4,304 | | \$ (4,154) | | \$ 150 |

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 comparisons 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, 2018, 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 17, 2018.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain

deficiencies in internal control, described in the accompanying schedule of findings and responses as items FS 2017-001 and FS 2018-001 that we consider to be significant deficiencies.

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*.

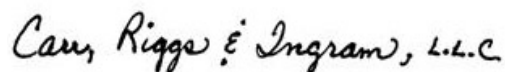
We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item NM 2018-001.

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.



Carr, Riggs & Ingram, LLC
Albuquerque, NM
December 17, 2018

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2018

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 |

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

FS 2017-001 — Improper Year End Accruals (Significant Deficiency) (Repeat and Modified)

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

- Gross receipts tax receivables in the amount of \$248,261 for the year ended June 30, 2018.

The Village Finance Officer implemented procedures to account for the gross receipts tax revenue on an accrual basis as opposed to a cash basis in fiscal year ended June 30, 2019. However, one of the gross receipts tax receivable months was not accrued for.

Criteria: Per the 2013 COSO Framework, management is responsible for establishing and maintaining internal controls to ensure accurate financial reporting, which includes controls for the Village's gross receipts tax receivables and revenues.

Effect: An entry was proposed to accrue the above accounts receivable balance. 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 not recognizing gross receipt tax revenues in the month the funds were earned.

Auditors' Recommendations: The Village should record revenues based on the month that the underlying transactions incurred for gross receipt.

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. These procedures will be presented to Village of Corrales governing body by resolution to be implemented in fiscal year ended June 30, 2019 and to all future periods.

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2018-001 — Deficiency in Franchise Tax Review Process (Significant Deficiency)

Condition: The Village has franchise tax agreements with various companies providing services to the Village citizens. During the year ended June 30, 2018, the Village did not have a review process in place to ensure that franchise tax receipts collected were accurate and complete.

Criteria: Per the 2013 COSO Framework, management is responsible for establishing and maintaining internal controls that include controls for the Village's franchise tax receipts. Controls should include reconciliation of franchise tax revenues with authorized rates and terms.

Effect: The Village could potentially be missing revenues earned by not reconciling franchise tax revenues to authorized rates and terms. The Village may also be collecting revenues in excess of authorized rates and terms.

Cause: The Village did not have a formalized policy in place to reconcile franchise tax revenues received to authorized rates and terms.

Auditors' Recommendation: The Village should implement a process to ensure that franchise tax revenues received are in agreement with authorized rates and terms.

Village's Response: The Village Finance Officer will implement procedures to include reconciling annual distributions received for franchise tax revenues of authorized rates and terms. These procedures will be presented to Village of Corrales governing body by resolution to be implemented in fiscal year ended June 30, 2019 and to all future periods.

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2018

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

NM 2018-001 Deficiency in Journal Entry Review Process (Finding that did not rise to the level of significant deficiency)

Condition: The Village did not follow their journal entry review process for journal entry #JV180024.

Criteria: Sections 6-5-1 through 6-5-6 NMSA, 1978 require internal accounting controls designed to prevent accounting errors and violations of state and federal laws and rules related to financial matters.

Effect: Without proper journal entry controls, the Village might incorrectly book an entry.

Cause: No review process occurring over journal entries made by the Village.

Auditors' Recommendation: The Village should consistently follow their review process over journal entries and document the review and approval of journal entries by an individual other than the preparer.

Village's Response: The Village Finance Officer will ensure the documentation for review and approval of processing journal entries procedures are implemented in fiscal year ended June 30, 2019 and to all future periods.

SECTION IV –PRIOR YEAR FINDINGS

FS 2017-001 — Improper Year End Accruals (Significant Deficiency) (Repeat and Modified)

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

**Village of Corrales, New Mexico
Other Disclosures
June 30, 2018**

Exit Conference

An exit conference was held on December 17, 2018. In attendance were the following:

Representing the Village of Corrales:

| | |
|------------------|-----------------------|
| Jo Anne D. Roake | Mayor |
| Jim Fahey | Village Councilor |
| Suanne Derr | Village Administrator |
| Terri Gray | Finance Officer |
| Shannon Fresquez | Village Clerk |
| John Jennings | CPA Consultant |

Representing Carr, Riggs & Ingram, LLC:

| | |
|---------------------------------|---------|
| Alan D. "A.J." Bowers, Jr., CPA | Partner |
|---------------------------------|---------|

Auditor Prepared Financial Statements

Carr, Riggs, & Ingram, LLC 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.