

State of New Mexico

Village of Corrales

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019



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June 30, 2019

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Village of Corrales, New Mexico
Official Roster
June 30, 2019

<u>Name</u>	<u>Village 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

Ron Curry	Village Administrator
Reyna Aragon	Finance Officer
Shannon Fresquez	Village Clerk

Financial Section

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq.
New Mexico State Auditor
The Village Council of
Village of Corrales
Corrales, New Mexico

Report on the 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, 2019, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof, 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 72 through 84 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, supporting schedules, and other disclosures 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 supporting schedules 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 supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and other disclosures have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, 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 16, 2019

Basic Financial Statements

Village of Corrales, New Mexico
Statement of Net Position
June 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Current assets			
Cash and cash equivalents	\$ 2,480,752	\$ 26,983	\$ 2,507,735
Investments	4,739,585	-	4,739,585
Receivables, net of allowance	1,293,372	4,924	1,298,296
Internal balances	118	(118)	-
Total current assets	8,513,827	31,789	8,545,616
Noncurrent assets			
Restricted cash and cash equivalents	662,835	-	662,835
Restricted investments	1,603,367	-	1,603,367
Capital assets	37,047,743	3,162,614	40,210,357
Less: accumulated depreciation	(16,546,750)	(882,896)	(17,429,646)
Total noncurrent assets	22,767,195	2,279,718	25,046,913
Total assets	31,281,022	2,311,507	33,592,529
Deferred outflows of resources			
Changes of assumptions	420,996	5,683	426,679
Changes in proportion	300,416	-	300,416
Difference between expected and actual experience	153,724	17	153,741
Net difference between projected and actual investment earnings on pension plan investments	289,695	67	289,762
Employer contributions subsequent to the measurement date	265,405	378	265,783
Total deferred outflows of resources	1,430,236	6,145	1,436,381
Total assets and deferred outflows of resources	\$ 32,711,258	\$ 2,317,652	\$ 35,028,910

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

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Liabilities			
Current liabilities			
Accounts payable	\$ 197,856	\$ 275	\$ 198,131
Accrued payroll	119,296	-	119,296
Accrued interest	38,845	-	38,845
Unearned revenue	114,972	-	114,972
Accrued compensated absences	98,973	-	98,973
Current portion of bonds and notes payable	929,590	-	929,590
Total current liabilities	1,499,532	275	1,499,807
Noncurrent liabilities			
Bonds and notes payable	4,296,765	-	4,296,765
Net pension liability	4,806,120	16,069	4,822,189
Total noncurrent liabilities	9,102,885	16,069	9,118,954
Total liabilities	10,602,417	16,344	10,618,761
Deferred inflows of resources			
Changes of assumptions	25,601	-	25,601
Changes in proportion	118,015	8,761	126,776
Difference between expected and actual experience	317,519	590	318,109
Total deferred inflows of resources	461,135	9,351	470,486
Net position			
Net investment in capital assets	17,112,922	2,279,718	19,392,640
Restricted for:			
Debt service	1,369,832	-	1,369,832
Capital projects	885,344	-	885,344
Special revenue	806,114	-	806,114
Unrestricted	1,473,494	12,239	1,485,733
Total net position	21,647,706	2,291,957	23,939,663
Total liabilities, deferred inflows of resources, and net position	\$ 32,711,258	\$ 2,317,652	\$ 35,028,910

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,013,642	\$ 43,600	\$ -	\$ -
Public safety	2,895,410	1,329	442,862	400,296
Public works	909,140	256,424	534,445	997,202
Culture and recreation	843,573	70,044	23,272	-
Interest on long-term debt	155,031	-	-	-
Total governmental activities	6,816,796	371,397	1,000,579	1,397,498
Business-type activities:				
Wastewater	281,462	46,882	-	-
Total business-type activities	281,462	46,882	-	-
Total primary government	\$ 7,098,258	\$ 418,279	\$ 1,000,579	\$ 1,397,498

General revenues:

Taxes:

Property taxes, levied for general purposes

Gross receipts taxes

Franchise taxes

Other taxes

Licenses and permits

Fines and forfeitures

Investment income

Miscellaneous

Total general revenues

Change in net position

Net position - beginning

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
\$ (1,970,042)	\$ -	\$ (1,970,042)
(2,050,923)	-	(2,050,923)
878,931	-	878,931
(750,257)	-	(750,257)
(155,031)	-	(155,031)
(4,047,322)	-	(4,047,322)
-	(234,580)	(234,580)
-	(234,580)	(234,580)
(4,047,322)	(234,580)	(4,281,902)
2,643,877	-	2,643,877
2,888,701	-	2,888,701
333,650	-	333,650
5,757	-	5,757
264,978	-	264,978
86,519	-	86,519
80,152	-	80,152
136,602	-	136,602
6,440,236	-	6,440,236
2,392,914	(234,580)	2,158,334
19,254,792	2,526,537	21,781,329
\$ 21,647,706	\$ 2,291,957	\$ 23,939,663

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

Village of Corrales, New Mexico
Balance Sheet
Governmental Funds
June 30, 2019

		<u>Special Revenue</u>	<u>Capital Projects</u>
		236	313
		FEMA	Waste Water
	<u>General Fund</u>	<u>4148</u>	<u>Project</u>
Assets			
Cash and investments	\$ 3,993,028	\$ -	\$ 277,486
Restricted cash and cash equivalents and investments	-	-	-
Accounts receivable, net	694,683	234,052	-
Due from other funds	1,041,430	-	191,710
Total assets	\$ 5,729,141	\$ 234,052	\$ 469,196
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 26,859	\$ -	\$ -
Accrued liabilities	119,296	-	-
Unearned revenue	-	83,572	-
Due to other funds	137,793	150,480	416,208
Total liabilities	283,948	234,052	416,208
Deferred inflows of resources			
Unavailable revenue - property taxes	95,681	-	-
Total deferred inflows of resources	95,681	-	-
Fund balances			
Spendable:			
Restricted for:			
Public safety	-	-	-
Culture and recreation	-	-	-
Public works	-	-	-
Debt service expenditures	-	-	-
Capital projects	-	-	52,988
Unassigned (deficit)	5,349,512	-	-
Total fund balances	5,349,512	-	52,988
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,729,141	\$ 234,052	\$ 469,196

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

Capital Projects				
323	329		Nonmajor	Total
Residential Roads	Series 2018 GO		Governmental	Governmental
and Drainage	Bond		Funds	Funds
\$ -	\$ -	\$	2,949,823	\$ 7,220,337
-	1,968,169		298,033	2,266,202
219,266	-		145,371	1,293,372
-	-		206,421	1,439,561
\$ 219,266	\$ 1,968,169	\$	3,599,648	\$ 12,219,472
\$ 18,123	\$ 129,885	\$	22,989	\$ 197,856
-	-		-	119,296
3,247	-		28,153	114,972
175,905	309,665		249,392	1,439,443
197,275	439,550		300,534	1,871,567
-	-		44,943	140,624
-	-		44,943	140,624
-	-		732,838	732,838
-	-		44,657	44,657
-	-		26,613	26,613
-	-		1,339,652	1,339,652
21,991	1,528,619		1,120,030	2,723,628
-	-		(9,619)	5,339,893
21,991	1,528,619		3,254,171	10,207,281
\$ 219,266	\$ 1,968,169	\$	3,599,648	\$ 12,219,472

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, 2019

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

Fund balances - total governmental funds	\$ 10,207,281
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	20,500,993
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	140,624
Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:	
Accrued interest	(38,845)
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	420,996
Deferred outflows of resources related to changes in proportion	300,416
Deferred outflows of resources related to difference between expected and actual experience	153,724
Deferred outflows of resources related to the net difference between expected and actual investment earnings on pension plan investments	289,695
Deferred outflows of resources related to employer contributions subsequent to the measurement date	265,405
Deferred inflows of resources related to changes of assumptions	(25,601)
Deferred inflows of resources related to changes in proportion	(118,015)
Deferred inflows of resources related to difference between expected and actual experience	(317,519)
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	(98,973)
Bonds and notes payable	(5,226,355)
Net pension liability	(4,806,120)
Total net position of governmental activities	\$ 21,647,706

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, 2019

		<u>Special Revenue</u>	<u>Capital Projects</u>
		236	313
		FEMA	Waste Water
	General Fund	4148	Project
Revenues			
Taxes:			
Property	\$ 1,661,481	\$ -	\$ -
Gross receipts	2,877,482	-	-
Franchise	333,650	-	-
Other	-	-	-
Licenses and permits	264,978	-	-
Intergovernmental income:			
Federal operating grants	-	-	-
State operating grants	413,276	-	-
State capital grants	-	-	-
Charges for services	190,554	-	-
Fines and forfeitures	52,053	-	-
Investment income	49,961	-	-
Miscellaneous	94,050	-	-
Total revenues	5,937,485	-	-
Expenditures			
Current:			
General government	1,437,231	-	-
Public safety	1,840,341	-	-
Public works	435,325	-	-
Culture and recreation	594,573	-	-
Capital outlay	218,468	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	4,525,938	-	-
Excess (deficiency) of revenues over expenditures	1,411,547	-	-
Other financing sources (uses)			
Proceeds from issuance of debt	-	-	-
Transfers in	11,219	-	-
Transfers (out)	(1,023,779)	-	-
Total other financing sources (uses)	(1,012,560)	-	-
Net change in fund balances	398,987	-	-
Fund balance - beginning	4,950,525	-	52,988
Fund balance - end of year	\$ 5,349,512	\$ -	\$ 52,988

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

Capital Projects				
323 Residential	329		Nonmajor	Total
Roads and	Series 2018 GO		Governmental	Governmental
Drainage	Bond		Funds	Funds
\$ -	\$ -	\$ 914,976	\$ 2,576,457	
-	-	11,219	2,888,701	
-	-	-	333,650	
-	-	5,757	5,757	
-	-	-	264,978	
1,337	-	3,216	4,553	
-	-	582,750	996,026	
857,869	-	539,629	1,397,498	
-	-	180,843	371,397	
-	-	34,466	86,519	
-	27,903	2,288	80,152	
-	-	42,552	136,602	
859,206	27,903	2,317,696	9,142,290	
72,793	70,735	9,045	1,589,804	
-	-	421,978	2,262,319	
-	-	121,221	556,546	
-	-	114,737	709,310	
934,633	420,248	872,639	2,445,988	
-	-	313,237	313,237	
-	8,301	131,967	140,268	
1,007,426	499,284	1,984,824	8,017,472	
(148,220)	(471,381)	332,872	1,124,818	
-	2,000,000	-	2,000,000	
266,017	-	767,762	1,044,998	
-	-	(21,219)	(1,044,998)	
266,017	2,000,000	746,543	2,000,000	
117,797	1,528,619	1,079,415	3,124,818	
(95,806)	-	2,174,756	7,082,463	
\$ 21,991	\$ 1,528,619	\$ 3,254,171	\$ 10,207,281	

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, 2019

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

Net change in fund balances - total governmental funds	\$ 3,124,818
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay	2,445,988
Depreciation expense	(976,003)

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	67,420
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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	(820,522)
Village pension contributions	265,405

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:

Increase in accrued interest	(14,763)
Increase in accrued compensated absences	(12,666)
Proceeds from the issuance of debt	(2,000,000)
Principal payments on bonds and loans payable	313,237

Change in net position of governmental activities	\$ 2,392,914
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The accompanying notes are an integral part of these financial statements.

Village of Corrales, New Mexico
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ 1,491,394	\$ 1,491,394	\$ 1,662,694	\$ 171,300
Gross receipts	2,515,492	2,515,492	2,858,643	343,151
Franchise	310,000	310,000	382,057	72,057
Other	-	-	-	-
Licenses and permits	275,300	275,300	264,978	(10,322)
Intergovernmental income:				
State operating grants	175,000	175,000	424,707	249,707
State capital grants	-	9,235	-	(9,235)
Charges for services	143,000	143,000	190,224	47,224
Fines and forfeitures	50,000	50,000	49,897	(103)
Investment income	1,200	1,200	49,961	48,761
Miscellaneous	4,000	4,000	47,417	43,417
Total revenues	4,965,386	4,974,621	5,930,578	955,957
Expenditures				
Current:				
General government	1,666,957	1,676,192	1,563,653	112,539
Public safety	1,932,028	1,941,028	1,851,290	89,738
Public works	491,472	526,472	435,325	91,147
Culture and recreation	555,338	555,338	594,573	(39,235)
Capital outlay	-	-	218,468	(218,468)
Total expenditures	4,645,795	4,699,030	4,663,309	35,721
Excess (deficiency) of revenues over expenditures	319,591	275,591	1,267,269	991,678
Other financing sources (uses)				
Designated (budgeted increase) in cash	(319,591)	(275,591)	-	275,591
Transfers in	20,000	20,000	11,219	(8,781)
Transfers (out)	(20,000)	(20,000)	(1,051,086)	(1,031,086)
Total other financing sources (uses)	(319,591)	(275,591)	(1,039,867)	(764,276)
Net change in fund balance	-	-	227,402	227,402
Fund balance - beginning of year	-	-	4,669,263	4,669,263
Fund balance - end of year	\$ -	\$ -	\$ 4,896,665	\$ 4,896,665
Net change in fund balance (Non-GAAP basis)			\$ 227,402	
Adjustments to revenues for gross receipts and other taxes				6,907
Adjustments to expenditures for payroll, maintenance, and capital outlay				164,678
Net change in fund balance (GAAP basis)				\$ 398,987

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

Village of Corrales, New Mexico
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
236 FEMA 4148 Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Franchise	-	-	-	-
Other	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	192,785	193,839	-	193,839
Total expenditures	192,785	193,839	-	193,839
Excess (deficiency) of revenues over expenditures	(192,785)	(193,839)	-	193,839
Other financing sources (uses)				
Proceeds from sale of capital assets				-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	192,785	193,839	-	(193,839)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	(150,480)	(150,480)
Fund balance - end of year	\$ -	\$ -	\$ (150,480)	\$ (150,480)
Net change in fund balance (Non-GAAP basis)			\$	-
Adjustments to revenues for federal operating grants				-
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, 2019

Assets	
Current assets	
Cash and cash equivalents	\$ 26,983
Accounts receivable	4,924
Total current assets	31,907
Noncurrent assets	
Capital assets	3,162,614
Less: accumulated depreciation	(882,896)
Total noncurrent assets	2,279,718
Total assets	2,311,625
Deferred outflows of resources	
Change in assumptions	5,683
Difference between expected and actual experience	17
Net difference between projected and actual investment earnings on pension plan investments	67
Employer contributions subsequent to the measurement date	378
Total deferred outflows of resources	6,145
Total assets and deferred outflows of resources	\$ 2,317,770

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

Liabilities	
Current liabilities	
Accounts payable	\$ 275
Due to other funds	118
<u> Total current liabilities</u>	<u>393</u>
Noncurrent liabilities	
Net pension liability	16,069
<u> Total noncurrent liabilities</u>	<u>16,069</u>
Deferred inflows of resources	
Changes in proportion	8,761
Difference between expected and actual experience	590
<u> Total deferred inflows of resources</u>	<u>9,351</u>
<u>Total liabilities and deferred inflows of resources</u>	<u>25,813</u>
Net position	
Net investment in capital assets	2,279,718
Unrestricted	12,239
<u> Total net position</u>	<u>2,291,957</u>
<u>Total liabilities and net position</u>	<u>\$ 2,317,770</u>

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, 2019

Operating revenues		
Charges for services	\$	46,882
<hr/>		
Total operating revenues		46,882
<hr/>		
Operating expenses		
Personnel services		70,327
Contractual services		548
Supplies and equipment		11,688
Miscellaneous		26,481
Depreciation		158,131
Pension expense		14,287
<hr/>		
Total operating expenses		281,462
<hr/>		
Operating income (loss)		(234,580)
<hr/>		
Income (loss) before transfers		(234,580)
<hr/>		
Change in net position		(234,580)
<hr/>		
Net position - beginning		2,526,537
<hr/>		
Net position - ending	\$	2,291,957
<hr/> <hr/>		

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, 2019

Cash flows from operating activities	
Cash received from user charges	\$ 47,778
Cash payments to employees for services	(58,439)
Cash payments to suppliers for goods and services	(68,724)
Net cash (used) by operating activities	(79,385)
Cash flows from noncapital financing activities	
Settlement of interfund balances	(180)
Net cash (used) by noncapital financing activities	(180)
Net (decrease) increase in cash and cash equivalents	(79,565)
Cash and cash equivalents - beginning of year	106,548
Cash and cash equivalents - end of year	\$ 26,983
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (234,580)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	158,131
Noncash pension expense	12,190
Changes in assets, deferred outflows, and liabilities:	
Accounts Receivables	896
Accounts payable	(15,720)
Employers Contributions subsequent to the measurement date	(302)
Net cash (used) by operating activities	\$ (79,385)

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, 2019

Assets		
Cash	\$	700
<hr/>		
Total assets	\$	700
<hr/> <hr/>		
Liabilities		
Deposits payable	\$	700
<hr/>		
Total liabilities	\$	700
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The accompanying notes are an integral part of these financial statements.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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 six 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, 2019, the Village adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and GASB Statement No. 83, *Certain Capital Asset Retirement Obligations*. These statements are required to be implemented as of June 30, 2019, if applicable. These statements did not have a significant impact on the Village.

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, 2019

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, 2019

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, 2019

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, 2019

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.

FEMA 4148 (236) is used to account 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 Rancho at the intersection of Northern Blvd and Highway 528.

The *Series 2018 GO Bond Fund (329)* is a Bond Purchase Agreement between NM Finance Authority (Purchaser) and Village of Corrales (Village) to purchase the Village of Corrales General Obligation Bonds, Series 2019 in the aggregate principal amount of \$2,000,000. Ordinance No. 2018-007 authorizes the sale of the bonds in the principal amount of \$2,000,000. \$1,500,000 to acquire, design, construct, equip, renovate, improve and landscape fire and public safety facilities for fire suppression and emergency response, and to acquire vehicles, apparatus and equipment for the fire department of the Village and in the sum not to exceed \$500,000 to acquire, construct, equip, renovate and improve public buildings in the Village; and paying the costs of issuance of the Bonds.

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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported in the statement of activities.

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

Deposits and Investments: The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, cash and cash equivalents represent cash and cash equivalents, restricted cash and cash equivalents and restricted investments (cash held by New Mexico Finance Authority.) State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

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. Property taxes are considered to be 100% collectible.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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)

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.

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 acquisition 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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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)

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, 2019, along with applicable PERA, Retiree Health Care, FICA and Medicare accruals.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Village has five types of items that qualify for reporting in this category in the governmental and business-type activities. Accordingly, the items, the difference between expected and actual experience of \$153,741, net difference between projected and actual investment earnings of \$289,762, changes of assumptions of \$426,679, changes in proportion of \$300,416, and employer contributions subsequent to measurement date of \$265,783 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 \$140,624 related to property taxes considered "unavailable".

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In addition, the Village has two types of items present on the statement of net position for both the governmental and business-type activities, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, changes of assumptions of \$25,601, change of proportion of \$126,776 and difference between projected and actual experience on pension plan investments of \$318,109 are reported on the statement of net position. These amounts are reported as deferred inflows and amortized into pension expense in future periods.

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

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

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

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

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

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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)

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, 2019.

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 \$4,867,388 in restricted fund balances at June 30, 2019.

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, 2019 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 Village Council has delegated the authority to assign amounts to be used for specific purposes to the Village Administrator and the Finance Officer. The Village had no assigned fund balances at June 30, 2019.

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 \$393,253.

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 \$5,339,893 in unassigned fund balances at June 30, 2019.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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)

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. The Village has also included unspent bond proceeds of \$1,968,169 in the net investment and has deducted capital-related accounts payable of \$129,885 from the net investment at June 30, 2019
- 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 36 and 87-89.
- c. Unrestricted net position: Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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.

Tax Abatements: The Village had no tax abatements requiring separate disclosure under GASB Statement No. 77.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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 or 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:

	Excess (deficiency) of Revenues over Expenditures	
	Original Budget	Final Budget
Budgeted governmental funds:		
General	\$ 319,591	\$ 275,591
FEMA 4148	(192,785)	(193,839)
Waste Water Project	-	-
Residential Roads and Drainage	-	(262,100)
Series 2018 GO Bond	-	-
Nonmajor governmental funds	(265,667)	(614,581)
Changes in Net Position		
	Original Budget	Final Budget
Budgeted enterprise funds:		
Wastewater	\$ (79,050)	\$ (77,550)

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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 2019 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, 2019.

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

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

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

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, 2019, \$2,917,982 of the Village's deposits of \$3,167,982 was exposed to custodial credit risk. \$2,917,982 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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

	Wells Fargo Bank, NA.
Amount of deposits	\$ 3,167,982
FDIC Coverage	250,000
Total uninsured public funds	2,917,982
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Village's name	2,917,982
Uninsured and uncollateralized	\$ -
Collateral requirement (50% of uninsured funds)	\$ 1,458,991
Pledged collateral	3,272,892
Over (under) collateralized	\$ 1,813,901

The collateral pledged is listed on page 110 in this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, District or political subdivision of the State of New Mexico, securities, including student loans, that are guaranteed by the United States or the State of New Mexico, revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service, or letter of credit issued by a federal home loan bank.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Cash and cash equivalents per statement of net position	\$	2,507,735
Investments per statement of net position		4,739,585
Restricted cash and cash equivalents per statement of net position		662,835
Restricted investments per statement of net position		1,603,367
Cash per statement of fiduciary assets and liabilities		700
		9,514,222
Plus: outstanding checks		433,592
Plus: other reconciling items		19,753
Less: NMFA Cash		(456,083)
Less: NMFA Investments		(1,603,367)
Less: New Mexico State Treasurer Local Government Investment Pool		(4,739,585)
Less: petty cash		(550)
		\$ 3,167,982

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, 2019, 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, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The Village’s investments at June 30, 2019 include the following:

Investments	Rated	Weighted Average Maturity	Fair Value
New Mexico Local Government Investment Pool	AAAm	35 days WAM(R); 112 days WAM(F)	\$ 4,739,585
U.S. Treasury Money Market Mutual Funds	Aaa **	>365	1,603,367
			<u>\$ 6,342,952</u>

At June 30, 2018, the \$1,603,367 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).

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.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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 \$1,603,367 U.S. Treasury Money Market Mutual Funds at year end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the Village's assets at fair value as of June 30, 2019:

Investments	Level 1	Level 2	Level 3	Total
U.S. Treasury Money Market				
Mutual Funds	\$ 1,603,367	\$ -	\$ -	\$ 1,603,367
	\$ 1,603,367	\$ -	\$ -	\$ 1,603,367

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 4: RECEIVABLES

Receivables as of June 30, 2019, are as follows:

Governmental activities:

	General	FEMA 4148	Residential Roads and Drainage	Nonmajor	Total
Property taxes	\$ 128,649	\$ -	\$ -	\$ 58,489	\$ 187,138
Gross receipts taxes	508,373	-	-	-	508,373
Franchise taxes	46,633	-	-	-	46,633
Grants	4,379	234,052	219,266	86,882	544,579
Fines and fees	31,328	-	-	-	31,328
Total receivables	719,362	234,052	219,266	145,371	1,318,051
Less: allowances for uncollectible	(24,679)	-	-	-	(24,679)
Total receivables, net	\$ 694,683	\$ 234,052	\$ 219,266	\$ 145,371	\$ 1,293,372

The Village recorded an allowance for uncollectible accounts receivable for delinquent court fines and fees in the amount of \$24,679.

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, 2019 was \$140,624.

Business-type activities:

The Village recorded accounts receivable from customers in the amount of \$4,924 at June 30, 2019. The Village considers all business-type receivables to be 100% collectible.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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, 2019:

Transfers In	Transfers Out	Amount
Fire Protection Grant (234)	Fire Protection Fund (209)	\$ 10,000
General Fund (101)	Municipal Streets (216)	11,219
Economic Development (215)	General Fund (101)	56,250
Road Co-op (304)	General Fund (101)	179,201
Impact Fee Fund (316)	General Fund (101)	79,905
Residential Roads and Drainage (323)	General Fund (101)	266,017
Capital Bonding (328)	General Fund (101)	356,829
Infrastructure GRT Bond (403)	General Fund (101)	85,577
		\$ 1,044,998

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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, 2019 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 (101)	\$ 1,041,430	\$ 137,793
Local Governmental Corrections (201)	-	1,714
Court AOC (202)	-	4,958
Fire Wildlands (207)	-	12,220
Fire Protection Fund (209)	8,098	-
Law Enforcement Protection (211)	40	40
Traffic Safety (212/235)	-	5,271
Library (213/301/302)	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)	-	764
Mid-Rio Grande Valley (231)	79,633	105,669
YCC Grant (232)	-	48,616
FEMA 4148 (236)	-	150,480
FEMA 4152 (237)	-	7,201
Road Co-op (304)	-	3,398
Farmland Preservation (305)	30,093	-
Loma Larga 311 (311)	65,853	7,499
Wastewater Project (313)	191,710	416,208
Fire Kitchen Project (315)	-	9,619
Far Northwest Sector (316/319)	21,671	24,870
Public Safety Communication Equipment (321)	-	2,094
Residential Roads and Drainage (323)	-	175,905
Series 2018 GO Bond (329)	-	309,665
Wastewater (503)	-	118
	\$ 1,439,561	\$ 1,439,561

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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, 2019 follows. Land and construction in progress are not subject to depreciation.

Governmental activities:

	June 30, 2018	Additions	Deletions	June 30, 2019
Capital assets not being depreciated:				
Land	\$ 6,626,367	\$ -	\$ -	\$ 6,626,367
Water rights	230,621	-	-	230,621
Construction in progress	466,233	2,206,315	(212,912)	2,459,636
Total capital assets not being depreciated	7,323,221	2,206,315	(212,912)	9,316,624
Capital assets being depreciated:				
Buildings and improvements	6,015,465	212,912	-	6,228,377
Machinery and equipment	2,099,253	116,793	-	2,216,046
Furniture and fixtures	1,041,138	-	-	1,041,138
Library books	122,607	-	-	122,607
Vehicles	2,681,020	122,880	(41,156)	2,762,744
Infrastructure	15,360,206	-	-	15,360,207
Total capital assets being depreciated	27,319,689	452,585	(41,156)	27,731,119
Total capital assets	34,642,910	2,658,900	(254,068)	37,047,743
Less accumulated depreciation:				
Buildings and improvements	(2,826,648)	(182,623)	-	(3,009,271)
Machinery and equipment	(1,434,515)	(85,736)	-	(1,520,251)
Furniture and fixtures	(846,590)	(33,883)	-	(880,473)
Library books	(122,607)	-	-	(122,607)
Vehicles	(1,971,923)	(172,564)	41,156	(2,103,331)
Infrastructure	(8,409,620)	(501,197)	-	(8,910,817)
Total accumulated depreciation	(15,611,903)	(976,003)	41,156	(16,546,750)
Net book value	\$ 19,031,007	\$ 1,682,897	\$ (212,912)	\$ 20,500,993

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 7: CAPITAL ASSETS (Continued)

Depreciation was charged to functions of the primary government for the year ended June 30, 2019 as follows:

General government	\$	356,878
Public safety		245,019
Public works		297,365
Culture and recreation		76,741
Total	\$	976,003

Business-type Activities:

	June 30, 2018	Additions	Deletions	June 30, 2019
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	(724,765)	(158,131)	-	(882,896)
Total accumulated depreciation	(724,765)	(158,131)	-	(882,896)
Net book value	\$ 2,437,849	\$ (158,131)	\$ -	\$ 2,279,718

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, 2019:

Wastewater	\$	158,131
Total	\$	158,131

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 8: LONG-TERM DEBT

Governmental Activities:

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Bonds					
General Obligation					
Bonds, Series 2005	\$ 130,000	\$ -	\$ 130,000	\$ -	\$ -
Gross Receipts Tax					
Refunding & Refunding					
Bonds, Series 2014	2,695,000	-	140,000	2,555,000	145,000
General Obligation					
Bonds, Series 2018	-	2,000,000	-	2,000,000	740,000
Total bonds	2,825,000	2,000,000	270,000	4,555,000	885,000
Note payable					
MNFA Loan Corrales #3	714,592	-	43,237	671,355	44,590
Total notes payable	714,592	-	43,237	671,355	44,590
Compensated absences	86,307	108,577	95,911	98,973	98,973
Total long-term debt	\$ 3,625,899	\$ 2,108,577	\$ 409,148	\$ 5,325,328	\$ 1,028,563

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 8: LONG-TERM DEBT (Continued)

Bonds

At June 30, 2019, 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. The revenue bonds are as follows:

Description	Date of Issue	Due Date	Interest Rate	Original Amount of Issue	Balance June 30, 2019
General Obligation Bonds, Series 2005 Gross Receipts Tax Refunding & Refunding Bonds, Series 2014	8/31/2004	8/1/2018	2.71% - 4.17%	\$ 1,700,000	\$ -
General Obligation Bonds, Series 2018	1/21/2014	5/1/2033	2.00% - 4.20%	3,445,000	2,555,000
	10/9/2018	8/1/2030	1.87% - 3.05%	2,000,000	2,000,000
				\$ 7,145,000	\$ 4,555,000

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 885,000	\$ 131,218	\$ 1,016,218
2021	460,000	116,911	576,911
2022	250,000	108,395	358,395
2023	255,000	101,740	356,740
2024	260,000	94,836	354,836
2025-2029	1,385,000	350,328	1,735,328
2030-2033	1,060,000	98,349	1,158,349
	\$ 4,555,000	\$ 1,001,777	\$ 5,556,777

The Village has pledged a portion of future gross receipt tax to repay the \$3,445,000 gross receipts tax revenue bond issued in January 2014. The bond is payable solely from Municipal Hold Harmless Gross Receipts Tax distributed monthly to the Village pursuant to Section 7-19D-18, NMSA 1978, and Village of Corrales Ordinance No. 13-010, adopted July 23, 2013, equal to 0.375% of the gross receipts of any person engaging in business within the Village of Corrales. The amount of the pledge is equal to the remaining outstanding debt service requirements for the bond. The pledge continues for the life of the bond. Total principal and interest remaining on the bond is 2,555,000, payable through May 2033. For the current year, principal and interest paid and total pledged gross tax receipts were \$140,000 and \$98,493, respectively.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 8: LONG-TERM DEBT (Continued)

NMFA Loans

NMFA loans outstanding at June 30, 2019 are comprised of the following:

	NMFA 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				Total Debt
Ending June 30,	Principal		Interest	Service
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	51,649		22,109	73,758
2025-2029	294,011		74,779	368,790
2030-2031	137,559		9,954	147,513
	<u>\$ 671,355</u>	<u>\$</u>	<u>213,738</u>	<u>\$ 885,093</u>

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, 2019, government-wide compensated absences increased \$12,666 from the prior year accrual. Compensated absences are liquidated by the respective funds in which they are accrued.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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, 2019, 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, 2019

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 June 30, 2019 was as follows:

		2019
Employee contribution	\$	1,106
Employer contribution		-
	\$	1,106

NOTE 11: PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

General Information about the Pension Plan

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

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, 2018 available at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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 FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY18 annual audit report at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>. 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 \$265,783 and there were not employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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

For PERA Fund Municipal General Division, at June 30, 2019, the Village reported a liability of \$1,659,740 for its proportionate share of the net pension liability. At June 30, 2018, the Village's proportion was 0.1041 percent, which was an increase of 0.0061 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized PERA Fund Municipal General Division pension expense of \$254,987. At June 30, 2019, 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	\$ 150,920	\$ 9,984
Changes in proportion	65,837	62,486
Difference between expected and actual experience	48,576	44,183
Net difference between projected and actual earnings on pension plan investments	123,095	-
Contributions subsequent to the measurement date	98,517	-
	\$ 486,945	\$ 116,653

For Municipal General, \$98,517 was reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2018 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:	
2019	\$ 204,578
2020	63,704
2021	(2,496)
2022	5,989
Thereafter	-

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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

For PERA Fund Municipal Police Division, at June 30, 2019, the Village reported a liability of \$1,652,541 for its proportionate share of the net pension liability. At June 30, 2018, the Village's proportion was 0.2422 percent, which was a decrease of 0.0061 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized PERA Fund Municipal Police Division pension expense of \$300,349. At June 30, 2019, 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	\$ 188,557	\$ 10,103
Changes in proportion	125,457	25,675
Difference between expected and actual experience	80,901	163,809
Net difference between projected and actual earning on pension plan investments	113,718	-
Contributions subsequent to the measurement date	99,675	-
	\$ 608,308	\$ 199,587

\$99,675 was reported as deferred outflows of resources related to pensions resulting from The Village's contributions subsequent to the measurement date June 30, 2018 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:	
2019	\$ 217,758
2020	55,413
2021	30,014
2022	5,861
Thereafter	-

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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

For PERA Fund Municipal Fire Division, at June 30, 2019, the Village reported a liability of \$1,509,908 for its proportionate share of the net pension liability. At June 30, 2018, the Village's proportion was 0.2359 percent, which was a decrease of 0.0088 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized PERA Fund Municipal Fire Division pension expense of \$265,816. At June 30, 2019, 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	\$ 87,202	\$ 5,514
Changes in proportion	109,122	38,615
Difference between expected and actual experience	24,264	110,117
Net difference between projected and actual earning on pension plan investments	52,949	-
Contributions subsequent to the measurement date	67,591	-
	\$ 341,128	\$ 154,246

\$67,591 was reported as deferred outflows of resources related to pensions resulting from The Village's contributions subsequent to the measurement date June 30, 2018 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:	
2019	\$ 109,800
2020	8,329
2021	(1,373)
2022	2,535
Thereafter	-

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement date:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Actuarial period	Solved for based on statutory rates
Asset valuation method	Market value of assets
Actuarial Assumptions:	
Investment rate of return, net of investment expense	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50% annual rate first 9 years, 2.75% all other years
Mortality assumptions	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

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

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50	2.37
Credit Oriented Fixed Income	15.00	5.47
Real Assets to include Real Estate	20.00	6.48
	100.00%	

Discount Rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

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 Village of Corrales's net pension liability in each PERA Fund Division that Village of Corrales participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERA Fund Municipal General Division			
The Village's proportionate share of the net pension liability	\$ 2,557,547	\$ 1,659,740	\$ 917,558

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERA Fund Municipal Police Division			
The Village's proportionate share of the net pension liability	\$ 2,540,930	\$ 1,652,541	\$ 928,294

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

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

PERA Fund Municipal Fire Division	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The Village's proportionate share of the net pension liability	\$ 2,015,613	\$ 1,509,908	\$ 1,095,631

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY18 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2019 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, 2019.

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, 2019.

Fire Kitchen Project Fund (315)	\$ (9,619)
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- B. Excess of expenditures over budget authority. There were no funds with expenditures in excess of budget authority for the year ended June 30, 2019.

Fund	
Fire - Wildlands	\$ 79,896
Lodgers Tax Fund	6,365
Police Special Fund	140,641
Road Coop	120,066
JPA - SSCAFAC	13,765
Residential Roads & Drainage	210,920
Series 2018 - GO Bond	369,399
Total funds	\$ 941,052

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 13: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (continued)

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, 2019.

Fund	Excess of expenditures over revenues (budgeted)	Prior Year Cash Balance	Designated Cash
Residential Roads and Drainage	\$ (262,100)	\$ 101,368	\$ (160,732)
Economic Development	(45,000)	14,417	(30,583)
Fire Protection	(41,654)	11,240	(30,414)
Fire Kitchen Project	(91,948)	(450)	(92,398)
Capital Bonding	(241,293)	189,669	(51,624)
Total funds	\$ -	\$ -	\$ (365,751)

NOTE 14: CONTINGENT LIABILITIES

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

NOTE 15: CONCENTRATIONS

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

NOTE 16: COMMITMENTS

The Village had a construction project ongoing as of the year ended June 30, 2019 for the West Meadowlark Road that is to continue into the following fiscal year. The balance to complete the project is \$417,914.

NOTE 17: RESTRICTED NET POSITION

The government-wide statement of net position reports \$3,061,290 of restricted net position for governmental activities, all of which is restricted by enabling legislation. See pages 36 and 87-89 for descriptions of the related restrictions for special revenue, debt service and capital projects funds.

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 18: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 16, 2019 which is the date on which the financial statements were available to be issued. No such events have been noted.

NOTE 19: JOINT POWERS AGREEMENTS

Agreement:	Centralized Enhanced 911 Communication System
Participant with Village:	City of Rio Rancho, the County of Sandoval, the Town of Bernalillo, and the Pueblo of Santa Ana
Party responsible for operations:	City of Rio Rancho
Description:	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")
Period:	June 1, 2003 - Continue indefinitely
Cost to Village:	Pro rata share of 4.8946%
Village Contribution:	Pro rata share of 4.8946%
Audit responsibility:	City of Rio Rancho

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 19: JOINT POWERS AGREEMENTS (Continued)

Agreement: **Sandoval County Regional Emergency Communication Center**

Participant with Village: Sandoval County, and the EMNRD for Wildland Fire Protection and Suppression

Party responsible for operations: Sandoval County Regional Emergency Communication Center

Description: 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.

Period: February 11, 2017 - Continue indefinitely

Cost to Village: Village will be reimbursed for all costs

Village Contribution: Unknown

Audit responsibility: Energy, Minerals, and Natural Resources Department (EMNRD)

Agreement: **JPA#14-21**

Participant with Village: The Southern Sandoval County Arroyo Flood Control Authority (SSCAFCA)

Party responsible for operations: Village of Corrales

Description: Plan, design, and construct drainage improvements in the Village of Corrales to address flooding and soil erosion issues affecting Salce Parke.

Period: May 22, 2014 until project completion or two years from effective date, whichever is later.

Cost to Village: Village will be reimbursed for all costs up to \$400,000

Village Contribution: Village will be reimbursed for all costs up to \$400,000

Audit responsibility: Village of Corrales

Village of Corrales, New Mexico
Notes to Financial Statements
June 30, 2019

NOTE 20: SUBSEQUENT PRONOUNCEMENTS

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. This will have a limited impact on the Village as they only have one Fiduciary Fund used for bonds at the Court.

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. No additional disclosure required as the Village did not early implement.

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. No additional disclosure required as the Village did not early implement.

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. No additional disclosure required as the Village did not early implement.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

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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*

	2019	2018
	Measurement	Measurement
	Date	Date
	(As of and for	(As of and for
	the Year Ended	the Year Ended
	June 30, 2018)	June 30, 2017)
Village of Corrales' proportion of the net pension liability	0.1041%	0.1102%
Village of Corrales' proportionate share of the net pension liability	\$ 1,659,740	\$ 1,514,241
Village of Corrales' covered payroll	\$ 945,215	\$ 967,111
Village of Corrales' proportionate share of the net pension liability as a percentage of its covered payroll	175.59%	156.57%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%

* 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.

2017	2016	2015
Measurement	Measurement	Measurement
Date	Date	Date
(As of and for	(As of and for	(As of and for
the Year Ended	the Year Ended	the Year Ended
June 30, 2016)	June 30, 2015)	June 30, 2014)
0.1061%	0.0968%	0.0782%
\$ 1,695,121	\$ 986,960	\$ 610,044
\$ 950,241	\$ 729,173	\$ 829,800
178.39%	135.35%	73.52%
69.18%	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*

	2019	2018
	Measurement	Measurement
	Date	Date
	(As of and for	(As of and for
	the Year Ended	the Year Ended
	June 30, 2018)	June 30, 2017)
Village of Corrales' proportion of the net pension liability	0.2422%	0.2483%
Village of Corrales' proportionate share of the net pension liability	\$ 1,652,541	\$ 1,379,469
Village of Corrales' covered payroll	\$ 625,429	\$ 627,239
Village of Corrales' proportionate share of the net pension liability as a percentage of its covered payroll	264.23%	219.93%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%

* 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.

2017	2016	2015
Measurement	Measurement	Measurement
Date	Date	Date
(As of and for	(As of and for	(As of and for
the Year Ended	the Year Ended	the Year Ended
June 30, 2016)	June 30, 2015)	June 30, 2014)
0.2235%	0.1825%	0.1414%
\$ 1,649,049	\$ 877,562	\$ 460,949
\$ 561,253	\$ 438,864	\$ 503,400
293.82%	199.96%	91.57%
69.18%	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*

	2019	2018
	Measurement	Measurement
	Date	Date
	(As of and for	(As of and for
	the Year Ended	the Year Ended
	June 30, 2018)	June 30, 2017)
Village of Corrales' proportion of the net pension liability	0.2359%	0.2447%
Village of Corrales' proportionate share of the net pension liability	\$ 1,509,908	\$ 1,400,038
Village of Corrales' covered payroll	\$ 362,503	\$ 358,667
Village of Corrales' proportionate share of the net pension liability as a percentage of its covered payroll	416.52%	390.34%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%

* 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.

2017	2016	2015
Measurement	Measurement	Measurement
Date	Date	Date
(As of and for	(As of and for	(As of and for
the Year Ended	the Year Ended	the Year Ended
June 30, 2016)	June 30, 2015)	June 30, 2014)
0.2231%	0.1947%	0.1333%
\$ 1,488,304	\$ 1,004,882	\$ 556,393
\$ 324,453	\$ 268,240	\$ 285,727
458.71%	374.62%	194.73%
69.18%	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, 2019	As of and for the Year Ended June 30, 2018
Contractually required contribution	\$ 98,517	\$ 90,268
Contributions in relation to the contractually required contribution	(98,517)	(90,268)
Contribution deficiency (excess)	\$ -	\$ -
Village of Corrales' covered payroll	\$ 1,031,592	\$ 945,215
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, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 92,359	\$ 90,748	\$ 69,636
(92,359)	(90,748)	(69,636)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 967,111	\$ 950,241	\$ 729,173
9.55%	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, 2019	As of and for the Year Ended June 30, 2018
Contractually required contribution	\$ 99,675	\$ 96,316
Contributions in relation to the contractually required contribution	(99,675)	(96,316)
Contribution deficiency (excess)	\$ -	\$ -
Village of Corrales' covered payroll	\$ 647,240	\$ 625,429
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, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 96,595	\$ 86,433	\$ 67,585
(96,595)	(86,433)	(67,585)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 627,239	\$ 561,253	\$ 438,864
15.40%	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, 2018
Contractually required contribution	\$ 67,591	\$ 64,888
Contributions in relation to the contractually required contribution	(67,591)	(64,888)
Contribution deficiency (excess)	\$ -	\$ -
Village of Corrales' covered payroll	\$ 377,603	\$ 362,503
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, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 64,201	\$ 58,077	\$ 48,015
(64,201)	(58,077)	(48,015)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 358,667	\$ 324,453	\$ 268,240
17.90%	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, 2019

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY18 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 2018 report is available at <http://www.nmpera.org>.

See independent auditors' report.

Supplementary Information

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Village of Corrales, New Mexico
Nonmajor Governmental Fund Descriptions
June 30, 2019

SPECIAL REVENUE FUNDS

Local Government Corrections Fund (201) – authorized by State Statute Chapter 35, Section 14- 11, is used to account for the proceeds collected from a correction fee of \$10, charged to persons violating an ordinance relating to the operation of a motor vehicle. Expenditures are restricted to constructing, operating and maintaining a municipal jail or restricted for paying the costs of housing municipal prisoners in a county jail. Authority for the creation of this fund is 33-3-25 NMSA 1978.

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

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

FEMA 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 (213/301/302) – 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, 2019

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.

YCC Grant Fund (232) – to account for grants to plan, design, establish, and manage a Youth Conservation Corps Project in Accordance with the NMYCC Act.

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, 2019

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. Authority for creation of this fund is the Village Council.

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.

Infrastructure GRT Bond (403) – accounts for infrastructure GRT Debt 2018 used for GRT revenue. Authority for creation of this fund is the Village Council.

Village of Corrales, New Mexico
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue		
	201 Local Governmental Corrections	202 Court AOC	206 EMS
Assets			
Cash and investments	\$ 278,586	\$ -	\$ 6,151
Restricted cash and cash equivalents	-	-	-
Accounts receivable, net	-	7,337	-
Due from other funds	-	-	-
Total assets	\$ 278,586	\$ 7,337	\$ 6,151
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ 925	\$ -	\$ -
Unearned revenue	-	-	-
Due to other funds	1,714	4,958	-
Total liabilities	2,639	4,958	-
Deferred inflows of resources			
Unavailable revenue- property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Spendable:			
Restricted for:			
General government	-	-	-
Public safety	275,947	2,379	6,151
Culture and recreation	-	-	-
Public works	-	-	-
Debt service expenditures	-	-	-
Capital projects	-	-	-
Unassigned (deficit)	-	-	-
Total fund balances	275,947	2,379	6,151
Total liabilities, deferred inflows of resources, and fund balances	\$ 278,586	\$ 7,337	\$ 6,151

See independent auditors' report.

Special Revenue

237 FEMA 4152	207 Fire Wildlands	209 Fire Protection	211 Law Enforcement Protection	212/235 Traffic Safety	213/301/302 Library
\$ -	\$ 91,677	\$ 164,122	\$ 1,037	\$ 18,376	\$ 20,305
-	-	-	-	-	-
35,465	-	-	-	-	302
-	-	8,098	40	-	1,033
\$ 35,465	\$ 91,677	\$ 172,220	\$ 1,077	\$ 18,376	\$ 21,640

\$ -	\$ -	\$ 8,246	\$ -	\$ 2,182	\$ -
28,153	-	-	-	-	-
7,201	12,220	-	40	5,271	-
35,354	12,220	8,246	40	7,453	-

-	-	-	-	-	-
-	-	-	-	-	-

-	-	-	-	-	-
-	79,457	163,974	1,037	10,923	-
-	-	-	-	-	21,640
111	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
111	79,457	163,974	1,037	10,923	21,640

\$ 35,465	\$ 91,677	\$ 172,220	\$ 1,077	\$ 18,376	\$ 21,640
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See independent auditors' report.

Village of Corrales, New Mexico
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue		
	214	215	216
	Lodgers'	Economic	Municipal
	Tax	Development	Streets
Assets			
Cash and investments	\$ 5,329	\$ 35,661	\$ 5
Restricted cash and cash equivalents	-	-	-
Accounts receivable, net	-	-	-
Due from other funds	-	-	-
Total assets	\$ 5,329	\$ 35,661	\$ 5
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ -	\$ 11,250	\$ -
Unearned revenue	-	-	-
Due to other funds	-	9,994	-
Total liabilities	-	21,244	-
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	5,329	14,417	-
Public works	-	-	5
Debt service expenditures	-	-	-
Capital projects	-	-	-
Unassigned (deficit)	-	-	-
Total fund balances	5,329	14,417	5
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,329	\$ 35,661	\$ 5

See independent auditors' report.

Special Revenue

	217 Recreation	220 Safe Routes to School	223 Recycling Grant	224 Fire Donation	226 Police Special	231 Mid-Rio Grande Valley
\$	3,271	\$ 7,762	\$ 1,831	\$ 12,314	\$ 77,085	\$ 45,990
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	79,633
\$	3,271	\$ 7,762	\$ 1,831	\$ 12,314	\$ 77,085	\$ 125,623
\$	-	\$ -	\$ -	\$ -	\$ 386	\$ -
	-	-	-	-	-	-
	-	3,508	1,731	226	764	105,669
	-	3,508	1,731	226	1,150	105,669
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	4,254	-	12,088	75,935	19,954
	3,271	-	-	-	-	-
	-	-	100	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	3,271	4,254	100	12,088	75,935	19,954
\$	3,271	\$ 7,762	\$ 1,831	\$ 12,314	\$ 77,085	\$ 125,623

See independent auditors' report.

Village of Corrales, New Mexico
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	<u>232</u>	<u>234</u>		
	<u>YCC Grant</u>	<u>Fire Protection Grant</u>	<u>310 FEMA Mitigation</u>	
Assets				
Cash and investments	\$ 51,854	\$ 80,739	\$ 364,335	
Restricted cash and cash equivalents	-	-	-	
Accounts receivable, net	23,159	-	16,732	
Due from other funds	-	-	-	
Total assets	\$ 75,013	\$ 80,739	\$ 381,067	
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	
Unearned revenue	-	-	-	
Due to other funds	48,616	-	-	
Total liabilities	48,616	-	-	
Deferred inflows of resources				
Unavailable revenue- property taxes	-	-	-	
Total deferred inflows of resources	-	-	-	
Fund balances				
Spendable:				
Restricted for:				
General government	-	-	-	
Public safety	-	80,739	-	
Culture and recreation	-	-	-	
Public works	26,397	-	-	
Debt service expenditures	-	-	-	
Capital projects	-	-	381,067	
Unassigned (deficit)	-	-	-	
Total fund balances	26,397	80,739	381,067	
Total liabilities, deferred inflows of resources, and fund balances	\$ 75,013	\$ 80,739	\$ 381,067	

See independent auditors' report.

Capital Projects					
	315	330	321	316/319	305
	Fire Kitchen	Emergency	Public Safety	Far North-West	Farmland
	Project	Communication	Communication	Sector	Preservation
\$	-	\$ -	\$ -	\$ -	\$ 50,364
	-	-	-	298,033	-
	-	-	2,283	-	-
	-	-	-	21,671	30,093
\$	-	\$ -	\$ 2,283	\$ 319,704	\$ 80,457
<hr/>					
\$	-	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
	9,619	-	2,094	24,870	-
	9,619	-	2,094	24,870	-
<hr/>					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	189	294,834	80,457
	(9,619)	-	-	-	-
	(9,619)	-	189	294,834	80,457
<hr/>					
\$	-	\$ -	\$ 2,283	\$ 319,704	\$ 80,457

See independent auditors' report.

Village of Corrales, New Mexico
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Capital Projects		
	309	311	304
	Fire Truck	Loma	Road
	Capital	Larga	Co-op
Assets			
Cash and investments	\$ 286,935	\$ -	\$ 19,988
Restricted cash and cash equivalents	-	-	-
Accounts receivable, net	-	-	1,604
Due from other funds	-	65,853	-
Total assets	\$ 286,935	\$ 65,853	\$ 21,592
Liabilities, deferred inflows of resources, and fund balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenue	-	-	-
Due to other funds	-	7,499	3,398
Total liabilities	-	7,499	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	-	-	-
Capital projects	286,935	58,354	18,194
Unassigned (deficit)	-	-	-
Total fund balances	286,935	58,354	18,194
Total liabilities, deferred inflows of resources, and fund balances	\$ 286,935	\$ 65,853	\$ 21,592

See independent auditors' report.

Debt Service				
328	401	403	Nonmajor	
Capital	Debt Service	Infrastructure	Governmental	
Bonding	General	GRT Bond	Funds	
	Obligations		Total	
\$ 335,444	\$ 905,085	\$ 85,577	\$ 2,949,823	
-	-	-	298,033	
-	58,489	-	145,371	
-	-	-	206,421	
<u>\$ 335,444</u>	<u>\$ 963,574</u>	<u>\$ 85,577</u>	<u>\$ 3,599,648</u>	
\$ -	\$ -	\$ -	\$ 22,989	
-	-	-	28,153	
-	-	-	249,392	
-	-	-	300,534	
-	44,943	-	44,943	
-	44,943	-	44,943	
-	-	-	-	
-	-	-	732,838	
-	-	-	44,657	
-	-	-	26,613	
335,444	918,631	85,577	1,339,652	
-	-	-	1,120,030	
-	-	-	(9,619)	
<u>335,444</u>	<u>918,631</u>	<u>85,577</u>	<u>3,254,171</u>	
<u>\$ 335,444</u>	<u>\$ 963,574</u>	<u>\$ 85,577</u>	<u>\$ 3,599,648</u>	

See independent auditors' report.

Village of Corrales, New Mexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	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	-	-	8,637
State capital grants	-	-	-
Charges for services	-	-	-
Fines and foreitures	34,466	-	-
Investment income	-	-	-
Miscellaneous	-	7,519	-
Total revenues	34,466	7,519	8,637
Expenditures			
Current:			
General government	-	-	-
Public safety	13,651	7,517	6,384
Public works	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	13,651	7,517	6,384
Excess (deficiency) of revenues over expenditures	20,815	2	2,253
Other financing sources (uses)			
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	20,815	2	2,253
Fund balances - beginning of year	255,132	2,377	3,898
Fund balances - end of year	\$ 275,947	\$ 2,379	\$ 6,151

See independent auditors' report.

Special Revenue						
237 FEMA 4152	207 Fire Wildlands	209 Fire Protection	211 Law Enforcement Protection	212/235 Traffic Safety	213/301/302 Library	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,216	-	-
-	130,681	268,293	27,800	4,235	23,272	-
-	-	-	-	-	-	-
-	100	-	-	33	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,000
-	130,781	268,293	27,800	7,484	25,272	-
-	-	-	-	-	-	-
-	89,896	169,280	-	10,463	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	59,371
-	-	28,623	27,801	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	89,896	197,903	27,801	10,463	59,371	-
-	40,885	70,390	(1)	(2,979)	(34,099)	-
-	-	-	-	-	-	-
-	-	(10,000)	-	-	-	-
-	-	(10,000)	-	-	-	-
-	40,885	60,390	(1)	(2,979)	(34,099)	-
111	38,572	103,584	1,038	13,902	55,739	-
\$ 111	\$ 79,457	\$ 163,974	\$ 1,037	\$ 10,923	\$ 21,640	-

See independent auditors' report.

Village of Corrales, New Mexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue		
	214 Lodgers' Tax	215 Economic Development	216 Municipal Streets
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	11,219
Other	5,757	-	-
Intergovernmental income:			
Federal operating grants	-	-	-
State operating grants	-	-	-
State capital grants	102,472	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total revenues	108,229	-	11,219
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	10,366	45,000	-
Capital outlay	102,472	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	112,838	45,000	-
Excess (deficiency) of revenues over expenditures	(4,609)	(45,000)	11,219
Other financing sources (uses)			
Transfers in	-	56,250	-
Transfers (out)	-	-	(11,219)
Total other financing sources (uses)	-	56,250	(11,219)
Net change in fund balances	(4,609)	11,250	-
Fund balances - beginning of year	9,938	3,167	5
Fund balances - end of year	\$ 5,329	\$ 14,417	\$ 5

See independent auditors' report.

Special Revenue

	217 Recreation	220 Safe Routes to School	223 Recycling Grant	224 Fire Donation	226 Police Special	231 Mid-Rio Grande Valley
\$	-	\$ -	\$ -	\$ -	\$ -	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	12,214	20,819	-
	-	-	-	12,214	20,819	-
	-	-	-	-	-	-
	-	-	-	246	114,896	-
	-	-	-	-	-	-
	-	-	-	-	86,340	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	246	201,236	-
	-	-	-	11,968	(180,417)	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	11,968	(180,417)	-
	3,271	4,254	100	120	256,352	19,954
\$	\$ 3,271	\$ 4,254	\$ 100	\$ 12,088	\$ 75,935	\$ 19,954

See independent auditors' report.

Village of Corrales, New Mexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	<u>Special Revenue</u>		<u>Capital Projects</u>
		234	
	232	Fire	310
	YCC Grant	Protection	FEMA
		Grant	Mitigation
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	-
Other	-	-	-
Intergovernmental income:			
Federal operating grants	-	-	-
State operating grants	119,832	-	-
State capital grants	-	100,000	205,160
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total revenues	119,832	100,000	205,160
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	119,832	-	1,389
Culture and recreation	-	-	-
Capital outlay	-	40,501	203,770
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	119,832	40,501	205,159
Excess (deficiency) of revenues over expenditures	-	59,499	1
Other financing sources (uses)			
Transfers in	-	10,000	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	10,000	-
Net change in fund balances	-	69,499	1
Fund balances - beginning of year	26,397	11,240	381,066
Fund balances - end of year	\$ 26,397	\$ 80,739	\$ 381,067

See independent auditors' report.

Capital Projects					
315	330	321	316/319	305	
Fire Kitchen Project	Emergency Communication Project	Public Safety Communication Equipment	Far North-West Sector	Farmland Preservation	
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
131,997	-	-	-	-	-
-	-	-	180,710	-	-
-	-	-	2,125	32	-
-	-	-	-	-	-
131,997	-	-	182,835	32	-
-	-	-	-	-	-
9,619	26	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
131,997	-	-	-	-	-
-	-	-	43,237	-	-
-	-	-	30,523	-	-
141,616	26	-	73,760	-	-
(9,619)	(26)	-	109,075	32	-
-	-	-	79,905	-	-
-	-	-	-	-	-
-	-	-	79,905	-	-
(9,619)	(26)	-	188,980	32	-
-	26	189	105,854	80,425	-
\$ (9,619)	\$ -	\$ 189	\$ 294,834	\$ 80,457	-

See independent auditors' report.

Village of Corrales, New Mexico
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Capital Projects		
	309	311	304
	Fire Truck	Loma	Road
	Capital	Larga	Co-op
Revenues			
Taxes:			
Property	\$ -	\$ -	\$ -
Gross receipts	-	-	-
Other	-	-	-
Intergovernmental income:			
Federal operating grants	-	-	-
State operating grants	-	-	-
State capital grants	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
Total revenues	-	-	-
Expenditures			
Current:			
General government	1	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	251,135
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	1	-	251,135
Excess (deficiency) of revenues over expenditures	(1)	-	(251,135)
Other financing sources (uses)			
Transfers in	-	-	179,201
Transfers (out)	-	-	-
Total other financing sources (uses)	-	-	179,201
Net change in fund balances	(1)	-	(71,934)
Fund balances - beginning of year	286,936	58,354	90,128
Fund balances - end of year	\$ 286,935	\$ 58,354	\$ 18,194

See independent auditors' report.

Debt Service				
328	401	403	Nonmajor	
Capital	Debt Service	Infrastructure	Governmental	
Bonding	General	GRT Bond	Funds	
	Obligations		Total	
\$ -	\$ 914,976	\$ -	\$ 914,976	
-	-	-	11,219	
-	-	-	5,757	
-	-	-	3,216	
-	-	-	582,750	
-	-	-	539,629	
-	-	-	180,843	
-	-	-	34,466	
131	-	-	2,288	
-	-	-	42,552	
131	914,976	-	2,317,696	
-	9,044	-	9,045	
-	-	-	421,978	
-	-	-	121,221	
-	-	-	114,737	
-	-	-	872,639	
140,000	130,000	-	313,237	
98,492	2,952	-	131,967	
238,492	141,996	-	1,984,824	
(238,361)	772,980	-	332,872	
356,829	-	85,577	767,762	
-	-	-	(21,219)	
356,829	-	85,577	746,543	
118,468	772,980	85,577	1,079,415	
216,976	145,651	-	2,174,756	
\$ 335,444	\$ 918,631	\$ 85,577	\$ 3,254,171	

See independent auditors' report.

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Supporting Schedules

Village of Corrales, New Mexico
Schedule of Deposit and Investment Accounts
June 30, 2019

Bank Name/Account Name	Account Type	Bank Balance
Wells Fargo Bank, NA		
General Cash	Checking	\$ 2,912,946
Payroll	Checking	-
Capital Bond	Checking	74,951
Court Bonds	Savings	101
Farmland Cash	Savings	18,114
Bosque	Savings	36,723
Impact Fees	Savings	124,827
Money Market	Savings	320
Total Wells Fargo Bank, NA		3,167,982
New Mexico Finance Authority - Cash		
Corrales 3 - Debt Servicing	State Treasurer Debt Service	3,626
Corrales 3 - Program Funds	State Treasurer Debt Service	441,216
Corrales 3 - Reserve Funds Payable	State Treasurer Debt Service	11,241
New Mexico Finance Authority - Investments		
Corrales 3 - Debt Servicing	State Treasurer Debt Service	63,867
Corrales 3 - Program Funds	State Treasurer Debt Service	1,526,953
Corrales 3 - Reserve Funds Payable	State Treasurer Debt Service	12,547
Total New Mexico Finance Authority		2,059,450
Total		\$ 5,227,432
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.

	Deposits in Transit	Outstanding Checks	Other Reconciling Items	Reconciled Balance
\$	-	(424,533)	\$ (34,763)	\$ 2,453,650
	-	(6,097)	-	(6,097)
	-	-	18	74,969
	-	(1)	600	700
	-	-	65	18,179
	-	(2,962)	(716)	33,046
	-	-	15,042	139,870
	-	-	-	320
	-	(433,592)	(19,753)	2,714,637
	-	-	-	3,626
	-	-	-	441,216
	-	-	-	11,241
	-	-	-	63,867
	-	-	-	1,526,953
	-	-	-	12,547
	-	-	-	2,059,450
\$	-	\$ (433,592)	\$ (19,753)	4,774,087
				4,739,585
				550
				\$ 9,514,222
				\$ 2,507,735
				4,739,585
				662,835
				1,603,367
				700
				\$ 9,514,222

See independent auditors' report.

Village of Corrales, New Mexico
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2019

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2019	Location of Safekeeper
Wells Fargo Bank					
	FNMA FGPC 3.500%	7/1/2045	3128MJWQ9	\$ 265,252	Bank of New York Mellon, New York, NY
	FNMA FNMDS 2.500%	5/1/2031	31410LS86	922,714	Bank of New York Mellon, New York, NY
	FNMA FNMDS 3.000%	9/1/2042	31417DAK9	2,084,926	Bank of New York Mellon, New York, NY
Total Wells Fargo Bank				3,272,892	
Total pledged collateral				\$ 3,272,892	

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, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Assets				
Cash	\$ 150	\$ 3,300	\$ (2,750)	\$ 700
Total assets	\$ 150	\$ 3,300	\$ (2,750)	\$ 700
Liabilities				
Deposits payable	\$ 150	\$ 3,300	\$ (2,750)	\$ 700
Total liabilities	\$ 150	\$ 3,300	\$ (2,750)	\$ 700

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

Brian S. Colón, Esq.
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, 2019, 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 16, 2019.

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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items FS 2018-001, FS 2019-001, FS 2019-002, and FS 2019-003 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 are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of findings and responses pursuant to Section 12-6-5 NMSA 1978 as items NM 2019-001, NM 2019-002, and NM 2019-003.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Carr, Riggs & Ingram, LLC
Albuquerque, NM
December 16, 2019

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2019

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, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

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, 2019, the Village did not have a review process in place to ensure that franchise tax receipts collected were accurate and complete.

Status of Prior Year Finding: Due to management turnover, no progress has been made in updating the formal policies related to franchise tax revenues.

Criteria: Per the 2013 COSO Framework, management is responsible for establishing and maintaining internal controls that include controls for each significant transaction class, including the collection and receipting of franchise taxes. 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.

Views of Responsible Officials and Planned Corrective Actions: 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, 2020.

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2019-001 — Deficiency in Journal Entry Review Process (Significant Deficiency) – (previously reported as NM 2018-001)

Condition: For 6 of the 12 journal entries selected for testwork, the Village was unable to provide supporting documentation for entry or the review process. For 1 of the 12 journal entries selected for testwork the Village was unable to provide documentation for the review of the entry.

Status of Prior Year Finding: Due to management turnover, no progress has been made in updating the journal entry review process.

Criteria: The 2013 COSO framework includes monitoring, including documented review of journal entries, is an integral part of a well-designed control process.

Cause: The Village does not have formalized documentation of the current review process in place to review activity, including manual journal entries, posted to the general ledger by the Finance Officer or Village Administrator.

Effect: Without proper journal entry controls, the Village might incorrectly book an entry or be susceptible to the risk of fraud.

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.

Views of Responsible Officials and Planned Corrective Actions: The Village Finance Officer will ensure that documentation for review and approval of processing journal entry procedures are implemented in fiscal year ended June 30, 2020 and to all future periods.

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2019-002- Maintenance of Capital Assets (Significant Deficiency)

Condition: The Village's process for certifying the capital asset inventory at fiscal year-end is not designed to maintain a complete and accurate listing of capital assets and is not performed by the governing body of the Village. A \$77,300 piece of donated property and several vehicles donated to another governmental entity were not recorded by Village during the fiscal year.

Criteria: According to State Audit Rule NMAC 2.20.1.16 (E) the results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing body of the Village.

Effect: Not consistently enforcing procedures over the areas described above could result in an inaccurate inventory listing, leading to a misstatement of the capital asset balances. Additionally, misappropriation of assets could occur and not be discovered in a timely fashion.

Cause: The Village's has not designed and implemented internal control procedures over capital assets that are sufficient to accurately track and certify the capital asset inventory at year-end.

Auditors' Recommendation: The Village should establish internal controls over counting, controlling and valuing the inventory. In addition, the Agency should track the capital assets inventory and conduct a physical inventory certified by the Village Council annually.

Views of Responsible Officials and Planned Corrective Actions: The Village Finance Officer will ensure the policies and procedures are in place or modified to establish adequate internal controls over the tracking, safeguarding and valuation of Village assets. The Finance Officer will also ensure that the Village capital assets are inventoried on an annual basis. These items will be implemented for the fiscal year ending June 30, 2020 and all future years.

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

FS 2019-003 — Deficiency in Impact Fee Review Process (Significant Deficiency)

Condition: The Village did not have consistent policy for assessing impact fees or a review process in place to ensure that impact fee receipts collected were accurate and complete. Impact fees credits assessed to Tierra de Corrales covered under Resolution No. 06-045 issued a developer in prior years were not tracked.

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

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

Cause: The Village did not have a formalized policy in place to reconcile impact fee revenues received to authorized rates and terms. Development Fee Credits that were issued in prior years have not been tracked.

Auditors' Recommendation: The Village should implement a process to ensure that impact fee revenues received are in agreement with authorized rates and terms and should research the amount of Development Fee Credits redeemed in prior years for tracking purposes.

Views of Responsible Officials and Planned Corrective Actions: The Village Finance Officer will ensure that proper policies and procedures are in place to ensure that impact fees are assessed accurately, collected and reconciled. The Village Finance Officer will also review and reconcile impact fee credits. These items will be implemented for the fiscal year ending June 30, 2020 and all future years.

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2019

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

NM 2019-001 — Travel and Per Diem (Other Noncompliance)

Condition: The Village reimbursed per diem rates that were in excess of the amounts allowed by state statute in the following amounts:

- In one out of five items tested, the Village reimbursed an employee who did not turn in receipts for actual meal and lodging expenses. The amount of the reimbursement was \$168.
- In two out of five items tested, the Village reimbursed per diem upon return from overnight travel at a rate higher than actual receipts, which resulted in an overpayment of \$102.58 and \$84.94.

Criteria: The Per Diem and Mileage Act, Section 10-8-1 to 10-8-8, NMSA 1978 documents the amounts for various per diem and mileage reimbursements allowable under state statutes.

Effect: The Village did not comply with the Mileage and Per Diem Act and reimbursed more travel expense than is allowed.

Cause: The Village's travel policy was not followed.

Auditors' Recommendation: The Village should implement a procedure to review all travel and per diem expenditures prior to payment and ensure all reimbursements are in compliance with State Statutes and the Village's policy.

Views of Responsible Officials and Planned Corrective Actions: The Village Finance Officer will ensure that procedures are in place for the review and approval of all travel and per diem reimbursements in accordance with Village policy and The Per Diem and Mileage Act for the fiscal year ending June 30, 2020 and all future years.

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2019

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

NM 2019-002 — Exceeded Budgetary Authority (Other noncompliance)

Condition: The Village has over expended its budget in the following funds:

Fund	
Fire - Wildlands	\$ 79,896
Lodgers Tax Fund	6,365
Police Special Fund	140,641
Road Coop	120,066
JPA - SSCAFAC	13,765
Residential Roads & Drainage	210,920
Series 2018 - GO Bond	369,399
Total funds	\$ 941,052

Criteria: All Village funds, with the exception of agency funds, are to be budgeted by the local governing body and those budgets must be submitted to the Department of Budget and Finance – Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978.

Effect: The internal controls established by adherence to budgets has been compromised and excess spending could result in and has resulted in noncompliance with state requirements.

Cause: The Village did not submit budget adjustments to cover expenditures in the above funds in which actual expenses were greater than final budget at the end of the fiscal year.

Auditors' Recommendation: CRI recommends that the Village monitor its budgets closely and prepare adjustments as necessary.

Views of Responsible Officials and Planned Corrective Actions: The Village Finance Officer will ensure that procedures are in place to monitor budget to actuals and prepare necessary budget adjustments timely for the fiscal year ended June 30, 2020.

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2019

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

NM 2019-003 Cash Appropriations in Excess of Available Cash Balances – (Other noncompliance)

Condition: During our review of the budgetary statements, we noted that the funds below had cash appropriations in excess of available cash balances.

Fund	Excess of expenditures over revenues (budgeted)	Prior Year Cash Balance	Designated Cash
Residential Roads and Drainage	\$ (262,100)	\$ 101,368	\$ (160,732)
Economic Development	(45,000)	14,417	(30,583)
Fire Protection	(41,654)	11,240	(30,414)
Fire Kitchen Project	(91,948)	(450)	(92,398)
Capital Bonding	(241,293)	189,669	(51,624)

Criteria: All Village funds, with the exception of agency funds, are to be budgeted by the local governing body and those budgets must be submitted to the Department of Budget and Finance – Local Government Division for approval. Cash balances rebudgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year per Section 2.2.2.10 (R)(1)(b), NMAC.

Effect: The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the Village incurring debt to pay for current year budgeted expenditures.

Cause: Inadequate monitoring of budget transfers in order to update the budget in accordance with available cash.

Auditors' Recommendation: Greater attention should be given throughout the year to the cash balances actually available and budget adjustments in order to cover budgeted expenditures in excess of budgeted revenues, which include proper monitoring of year end cash balances and any necessary budget transfers throughout the year.

Views of Responsible Officials and Planned Corrective Actions: The finance officer will monitor cash balances and budget adjustments in order to cover excess expenditures of budgeted revenues to include monitoring of year end cash balances and any necessary budget transfers throughout the year. These items will be implemented for the fiscal year ending June 30, 2020 and all future years.

Village of Corrales, New Mexico
Schedule of Findings and Responses
June 30, 2019

SECTION IV – PRIOR YEAR FINDINGS

FS 2017-001 – Improper Year End Accruals (Significant Deficiency) (Resolved)

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

NM 2018-001 Deficiency in Journal Entry Review Process (Finding that did not rise to the level of significant deficiency) (Repeated and Modified as FS 2019-001)

Village of Corrales, New Mexico
Other Disclosures
June 30, 2019

EXIT CONFERENCE

An exit conference was held on December 16, 2019. In attendance were the following:

Representing the Village of Corrales:

Jo Anne D. Roake	Mayor
Jim Fahey	Village Councilor
Mel Knight	Village Councilor
Ron Curry	Village Administrator
Reyna Aragon	Finance Officer
James Loftis	CPA Consultant

Representing Carr, Riggs & Ingram, LLC:

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