

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
AUDIT REPORT  
JUNE 30, 2009**

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## **INTRODUCTORY SECTION**

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**OFFICIAL ROSTER**

**Mayor and Councilmen**

| <b><u>Name</u></b>  | <b><u>Title</u></b>    |
|---------------------|------------------------|
| Bryan R. Olguin     | Mayor                  |
| Nancy M. Burge      | Councilor              |
| Michael Leon Otero  | Councilor              |
| Christian I. Garcia | Councilor              |
| Joseph K. Romero    | Councilor              |
| Raymond Garcia, CPA | Acting Clerk/Treasurer |
| Louis Burkhard      | Municipal Judge        |

**Administrative Officials**

|                  |            |
|------------------|------------|
| Ginger Shoemaker | Town Clerk |
|------------------|------------|

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## **FINANCIAL STATEMENTS SECTION**



**INDEPENDENT AUDITORS' REPORT**

Bryan R. Olguin, Mayor  
Town Council  
Town of Peralta  
Peralta, New Mexico  
and  
Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Town of Peralta, New Mexico as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. We also have audited the financial statement of each of the Town's nonmajor governmental funds and the budgetary comparisons for all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Town as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2011, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The additional schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Pattillo, Brown & Hill LLP*  
Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
August 9, 2011

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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
STATEMENT OF NET ASSETS  
JUNE 30, 2009**

|   | Governmental<br>Activities | Total               |
|---|----------------------------|---------------------|
| <b>Assets</b>   |                            |                     |
| Current assets:                                       |                            |                     |
| Cash  | \$ 468,949                 | \$ 468,949          |
| Receivables (net of allowances for<br>uncollectibles) | 52,157                     | 52,157              |
| Total current assets                                  | 521,106                    | 521,106             |
| Noncurrent assets:                                    |                            |                     |
| Land  | 54,518                     | 54,518              |
| Capital assets being depreciated, net                 | 2,292,153                  | 2,292,153           |
| Total noncurrent assets                               | 2,346,671                  | 2,346,671           |
| <b>Total assets</b>                                   | <b>2,867,777</b>           | <b>2,867,777</b>    |
| <b>Liabilities</b>                                    |                            |                     |
| Current liabilities:                                  |                            |                     |
| Accounts payable                                      | 807                        | 807                 |
| Accrued payroll expenses                              | 4,938                      | 4,938               |
| Total current liabilities                             | 5,745                      | 5,745               |
| <b>Total liabilities</b>                              | <b>5,745</b>               | <b>5,745</b>        |
| <b>Net Assets</b>                                     |                            |                     |
| Invested in capital assets                            | 2,346,671                  | 2,346,671           |
| Unrestricted  | 515,361                    | 515,361             |
| <b>Total net assets</b>                               | <b>\$ 2,862,032</b>        | <b>\$ 2,862,032</b> |

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

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

| <b>Functions/Programs</b>     | Expenses   | Program Revenues        |  |  |
|-------------------------------|------------|-------------------------|--|--|
|                               |            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <b>Primary Government:</b>    |            |                         |  |  |
| Governmental activities:      |            |                         |  |  |
| General government            | \$ 231,752 | \$ 14,633               | \$ -                                     | \$ 270,674                             |
| Public safety                 | 61,198     | 82,486                  | 20,000                                   | -                                      |
| Highways and streets          | 13,260     | -                       | -  | -                                      |
| Total primary government      | \$ 306,210 | \$ 97,119               | \$ 20,000                                | \$ 270,674                             |
| General revenues:             |            |                         |  |  |
| Taxes:                        |            |                         |  |  |
| Gross receipts                |            |                         |  |  |
| State shared                  |            |                         |  |  |
| Franchise                     |            |                         |  |  |
| Interest on investments       |            |                         |  |  |
| Miscellaneous                 |            |                         |  |  |
| Total general revenues        |            |                         |  |  |
| Change in net assets          |            |                         |  |  |
| Net assets, beginning of year |            |                         |  |  |
| Net assets, end of year       |            |                         |  |  |

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

Net (Expense) Revenue and  
Changes in Net Assets

---

| Primary Government  |   |
|---|---|
| Governmental<br>Activities  | Total   |
| <p>\$ 53,555</p> <p>41,288</p> <p><u>( 13,260)</u></p> <p><u>81,583</u></p>   | <p>\$ 53,555</p> <p>41,288</p> <p><u>( 13,260)</u></p> <p><u>81,583</u></p>   |
| <p>414,173</p> <p>6,346</p> <p>877</p> <p>1,057</p> <p><u>1,320</u></p> <p><u>423,773</u></p> <p><u>505,356</u></p> | <p>414,173</p> <p>6,346</p> <p>877</p> <p>1,057</p> <p><u>1,320</u></p> <p><u>423,773</u></p> <p><u>505,356</u></p> |
| <p><u>2,356,676</u></p>   | <p><u>2,356,676</u></p>   |
| <p><u>\$ 2,862,032</u></p>  | <p><u>\$ 2,862,032</u></p>  |

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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

|   | <b>General<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|---|---|
| <b>Assets</b>   |                         |   |   |
| Cash  | \$ 411,097              | \$ 57,852                               | \$ 468,949                              |
| Accounts receivable (net of allowance<br>for uncollectible) | 28,310                  | 23,847                                  | 52,157                                  |
| <b>Total assets</b>   | \$ 439,407              | \$ 81,699                               | \$ 521,106                              |
| <b>Liabilities and Fund Balances</b>                        |                         |   |   |
| <b>Liabilities:</b>   |                         |   |   |
| Accounts payable  | \$ 807                  | \$ -                                    | \$ 807                                  |
| Accrued payroll expenses                                    | 4,938                   | -                                       | 4,938                                   |
| <b>Total liabilities</b>                                    | 5,745                   | -                                       | 5,745                                   |
| <b>Fund balances:</b>                                       |                         |   |   |
| Unreserved, undesignated reported in:                       |                         |   |   |
| General fund  | 433,662                 | -                                       | 433,662                                 |
| Special revenue funds                                       | -                       | 81,699                                  | 81,699                                  |
| <b>Total fund balances</b>                                  | 433,662                 | 81,699                                  | 515,361                                 |
| <b>Total liabilities and fund balances</b>                  | \$ 439,407              | \$ 81,699                               |   |
|   |                         |   | 2,346,671                               |
|   |                         |   | \$ 2,862,032                            |

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

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



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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | <b>General<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|-------------------------|---|---|
| <b>Revenues</b>  |                         |   |   |
| Taxes:   |                         |   |   |
| Gross receipts tax                                       | \$ 412,085              | \$ 2,088                                | \$ 414,173                              |
| Other state shared taxes                                 | 14,439                  | 1,759                                   | 16,198                                  |
| Franchise tax  | 877                     | -                                       | 877                                     |
| Licenses and permits                                     | 4,460                   | -                                       | 4,460                                   |
| Intergovernmental  | 297,612                 | 20,000                                  | 317,612                                 |
| Fines and forfeitures                                    | 55,548                  | -                                       | 55,548                                  |
| Charges for services                                     | 321                     | -                                       | 321                                     |
| Interest on investments                                  | 1,057                   | -                                       | 1,057                                   |
| Miscellaneous  | 1,320                   | -                                       | 1,320                                   |
|  | <b>787,719</b>          | <b>23,847</b>                           | <b>811,566</b>                          |
| <b>Expenditures</b>                                      |                         |   |   |
| <b>Current operations:</b>                               |                         |   |   |
| General government                                       | 174,373                 | -                                       | 174,373                                 |
| Public safety  | 61,198                  | -                                       | 61,198                                  |
| Highways and streets                                     | 13,260                  | -                                       | 13,260                                  |
| <b>Capital outlay</b>                                    | <b>272,591</b>          | <b>-</b>                                | <b>272,591</b>                          |
|  | <b>521,422</b>          | <b>-</b>                                | <b>521,422</b>                          |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>266,297</b>          | <b>23,847</b>                           | <b>290,144</b>                          |
| <b>Other financing sources (uses):</b>                   |                         |   |   |
| Transfers in (out)                                       | ( 57,852)               | 57,852                                  | -                                       |
|  | <b>( 57,852)</b>        | <b>57,852</b>                           | <b>-</b>                                |
| <b>Net change in fund balances</b>                       | <b>208,445</b>          | <b>81,699</b>                           | <b>290,144</b>                          |
| <b>Fund balances, beginning of year</b>                  | <b>225,217</b>          | <b>-</b>                                | <b>225,217</b>                          |
| <b>Fund balances, end of year</b>                        | <b>\$ 433,662</b>       | <b>\$ 81,699</b>                        | <b>\$ 515,361</b>                       |

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

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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
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, 2009**

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

|  |            |
|--|------------|
| Net change in fund balances - total governmental funds | \$ 290,144 |
|--|------------|

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense:

|                      |                  |
|----------------------|------------------|
|                      | 272,591          |
| Capital outlay       |                  |
| Depreciation expense | <u>( 57,379)</u> |

|   |                          |
|---|--------------------------|
| Change in net assets of governmental activities | \$ <u><u>505,356</u></u> |
|---|--------------------------|

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

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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | <u>Budgeted Amounts</u> |                     | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------------|---------------------|-------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                   | <u>(Negative)</u>                                       |
| <b>Revenues</b>  |                         |                     |                   |   |
| Taxes:   |                         |                     |                   |   |
| Gross receipts tax                                       | \$ 308,172              | \$ 308,172          | \$ 407,456        | \$ 99,284   |
| Other state shared taxes                                 | 5,000                   | 5,000               | 14,856            | 9,856   |
| Franchise tax  | -                       | -                   | 877               | 877   |
| Licenses and permits                                     | 5,500                   | 5,500               | 4,460             | ( 1,040)  |
| Intergovernmental  | 17,500                  | 298,500             | 297,612           | ( 888)  |
| Fines and forfeitures                                    | -                       | -                   | 55,548            | 55,548  |
| Charges for services                                     | -                       | -                   | 321               | 321   |
| Interest on investments                                  | -                       | -                   | 1,057             | 1,057   |
| Miscellaneous  | -                       | 1,000               | 1,320             | 320   |
| <b>Total revenues</b>                                    | <u>336,172</u>          | <u>618,172</u>      | <u>783,507</u>    | <u>165,335</u>  |
| <b>Expenditures</b>                                      |                         |                     |                   |   |
| <b>Current operations:</b>                               |                         |                     |                   |   |
| General government                                       | 213,713                 | 214,713             | 170,019           | 44,694  |
| Public safety  | 103,782                 | 120,782             | 61,198            | 59,584  |
| Highways and streets                                     | 25,000                  | 25,000              | 13,260            | 11,740  |
| <b>Capital outlay</b>                                    | <u>-</u>                | <u>273,000</u>      | <u>272,591</u>    | <u>409</u>  |
| <b>Total expenditures</b>                                | <u>342,495</u>          | <u>633,495</u>      | <u>517,068</u>    | <u>116,427</u>  |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>( 6,323)</u>         | <u>( 15,323)</u>    | <u>266,439</u>    | <u>281,762</u>  |
| <b>Other financing sources (uses):</b>                   |                         |                     |                   |   |
| Transfers in (out)                                       | <u>-</u>                | <u>( 57,852)</u>    | <u>( 57,852)</u>  | <u>-</u>  |
| <b>Total other financing sources (uses)</b>              | <u>-</u>                | <u>( 57,852)</u>    | <u>( 57,852)</u>  | <u>-</u>  |
| <b>Net change in fund balances</b>                       | <u>\$ ( 6,323)</u>      | <u>\$ ( 73,175)</u> | <u>208,587</u>    | <u>\$ 281,762</u>                                       |
| Beginning cash   | <u>\$ 202,510</u>       | <u>\$ 202,510</u>   |                   |   |
| <b>RECONCILIATION TO GAAP BASIS</b>                      |                         |                     |                   |   |
| Change in receivables                                    |                         |                     | 4,212             |   |
| Change in payables                                       |                         |                     | 350               |   |
| Change in accrued payroll expenses                       |                         |                     | ( 4,704)          |   |
| <b>Net change in fund balances GAAP basis</b>            |                         |                     | <u>\$ 208,445</u> |   |

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

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Peralta was incorporated in 2007 under the laws of the State of New Mexico. The Town operates under a Mayor - Council form of government and will provide services as authorized by its charter: public safety, highways and streets, sanitation, health and welfare, culture and recreation, planning and zoning, and general administrative services.

**A. Reporting Entity**

This summary of significant accounting policies of the Town of Peralta (Town) are presented to assist in the understanding of the Town's financial statements. The financial statements and notes are the representation of the Town's management who is responsible for their integrity and objectivity. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

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

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

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

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

Franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.



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

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

The Town reports the following major governmental funds:

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

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

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

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

### D. Assets, Liabilities, and Net Assets or Equity

#### **Cash and Investments**

Cash and investments include amounts in demand deposits, certificates of deposit and investments. All amounts included in pooled cash and investments with an original maturity of ninety days or less are considered to be cash equivalents for the purposes of the statement of cash flows. Investments are stated at fair market value.

#### **Receivables**

Accounts receivable at June 30, 2009 consist of receivables from various taxes and state appropriations.

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

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

**Capital Assets**

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

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

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

**Fund Balances**

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

**Net Assets**

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

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

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

**Estimates**

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

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

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

1. Prior to June 1, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Town Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Town Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, the Town Council and New Mexico Department of Finance, Division of Local Governments must approve any revisions that alter the total expenditures of any funds. The original budget that was adopted in July was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for each fund.
4. Encumbrances are not reported in the budgets or financial statements.
5. The expenditures or expenses may not legally exceed appropriations for each budget, at the fund level. Appropriations lapse at year end.
6. Budgets for the funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for the funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**Cash and Investments**

The Town can invest in; bonds or negotiable securities of the United States, the state of other governments; and other securities, contracts or obligations that are backed by the full faith and credit of the United States government. If the Town is unable to invest with the bank at the rate of interest set forth by the State of New Mexico (which is no less than one hundred percent of the asked price on United States Treasury bills of the same maturity on the day of deposit) then the Town may invest with the New Mexico State Treasurer’s short term investment pool.

At June 30, 2009, the Town had cash and cash equivalents on deposit with local financial institutions, consisting of checking accounts and certificates of deposits that are carried at cost, which also have values approximating market value. Following is a schedule as of June 30, 2009, of the cash and cash equivalents and collateral pledged to secure the public funds on deposit. All funds are held in the name of the Town in financial institutions that have exceeded the minimum collateral requirements. All financial institutions have pledged collateral with securities held by their trust department or agent in the financial institutions name.

|                              | Balance<br>Per Bank<br><u>June 30</u> | Add<br>Deposits<br>In Transit | Less<br>Outstanding<br>Checks | Balance<br>Per Books<br><u>June 30</u> |
|------------------------------|---------------------------------------|-------------------------------|-------------------------------|--|
| First Community Bank         |                                       |                               |                               |  |
| Operating                    | \$ 321,803                            | \$ -                          | \$ 2,857                      | \$ 318,946                             |
| Local Government Corrections | 53,228                                | 1,151                         | -                             | 54,379                                 |
| MyBank                       |                                       |                               |                               |  |
| Checking account             | <u>95,419</u>                         | <u>31</u>                     | <u>226</u>                    | <u>95,224</u>                          |
| <br>Total Cash in Banks      | <br><u>\$ 470,450</u>                 | <br><u>\$ 1,182</u>           | <br><u>\$ 3,083</u>           | <br>468,549                            |
| <br>Petty Cash               |                                       |                               |                               | <br><u>400</u>                         |
| <br>Total Cash in Books      |                                       |                               |                               | <br><u>\$ 468,949</u>                  |

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**Cash and Investments** (continued)

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation.

|                                       | <u>MyBank</u> | <u>First<br/>Community</u> | <u>Total</u> |
|---------------------------------------|---------------|----------------------------|--------------|
| Amount on Deposit in Bank             | \$ 95,419     | \$ 375,031                 | \$ 470,450   |
| FDIC Coverage                         | (95,419)      | -                          | (95,419)     |
| Transaction Account Guarantee Program | -             | (375,031)                  | (375,031)    |
| Uninsured and unollateralized         | <u>\$ -</u>   | <u>\$ -</u>                | <u>\$ -</u>  |

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2009 \$-0- of the Town's bank balance of \$470,450 was exposed to custodial credit risk.

**3. DETAILED NOTES ON ALL FUNDS**

**Receivables**

Receivables as of year-end for the Town's general fund and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

|                                    | <u>General<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>     |
|------------------------------------|-------------------------|---|------------------|
| Receivables:                       |                         |   |                  |
| Gross receipts taxes               | 28,310                  | \$ 2,088                                | \$ 30,398        |
| State shared taxes                 | -                       | 1,759                                   | 1,759            |
| Intergovernmental                  | -                       | 20,000                                  | 20,000           |
| Gross receivables                  | 28,310                  | 23,847                                  | 52,157           |
| Less: allowance for uncollectibles | -                       | -                                       | -                |
| Net total receivables              | <u>\$ 28,310</u>        | <u>\$ 23,847</u>                        | <u>\$ 52,157</u> |

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

**Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

**Primary Government**

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u>  | <u>Ending<br/>Balance</u> |
|---|------------------------------|-------------------|-------------------|---------------------------|
| <b>Governmental Activities:</b>             |                              |                   |                   |                           |
| Capital assets, not being depreciated:      |                              |                   |                   |                           |
| Land  | \$ <u>      -</u>            | \$ <u>54,518</u>  | \$ <u>      -</u> | \$ <u>54,518</u>          |
| Total capital assets not being depreciated  | <u>      -</u>               | <u>54,518</u>     | <u>      -</u>    | <u>54,518</u>             |
| Capital assets, being depreciated:          |                              |                   |                   |                           |
| Infrastructure                              | 2,186,112                    | -                 | -                 | 2,186,112                 |
| Building                                    | <u>      -</u>               | <u>218,073</u>    | <u>      -</u>    | <u>218,073</u>            |
| Total capital assets being depreciated      | <u>2,186,112</u>             | <u>218,073</u>    | <u>      -</u>    | <u>2,404,185</u>          |
| Less accumulated depreciation:              |                              |                   |                   |                           |
| Infrastructure                              | ( 54,653)                    | ( 54,653)         | -                 | ( 109,306)                |
| Building                                    | <u>      -</u>               | <u>( 2,726)</u>   | <u>      -</u>    | <u>( 2,726)</u>           |
| Total accumulated depreciation              | <u>( 54,653)</u>             | <u>( 57,379)</u>  | <u>      -</u>    | <u>( 112,032)</u>         |
| Total capital assets being depreciated, net | <u>2,131,459</u>             | <u>160,694</u>    | <u>      -</u>    | <u>2,292,153</u>          |
| Governmental activities capital assets, net | <u>\$ 2,131,459</u>          | <u>\$ 215,212</u> | <u>\$      -</u>  | <u>\$ 2,346,671</u>       |

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

|   |                     |
|---|---------------------|
| Governmental Activities:                              |                     |
| General government                                    | \$( <u>57,379</u> ) |
| Total depreciation expense - Governmental Activities: | \$( <u>57,379</u> ) |

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

**Interfund Transfers**

Legally authorized transfers between funds are recorded as other financing sources and uses in the respective funds. Transfers were made to move money from the pooled cash account to the related special revenue funds.

|                     | <u>Transfers out</u> |               |
|---------------------|----------------------|---------------|
|                     | <u>General</u>       | <u>Total</u>  |
| Transfers In:       |                      |               |
| Corrections         | \$ 9,825             | \$ 9,825      |
| Environmental GRT   | 7,684                | 7,684         |
| Municipal Street    | <u>40,343</u>        | <u>40,343</u> |
| <br>                |                      |               |
| Total transfers out | 57,852               | 57,852        |
| Less transfers in   | <u>57,852</u>        | <u>57,852</u> |
| <br>                |                      |               |
| Net transfers       | <u>\$ -</u>          | <u>\$ -</u>   |

**Short Term Debt**

The Town does not have any short-term debt.

**Long Term Debt**

The Town does not have any long-term debt.

**Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has obtained insurance through the Self Insurance Fund operating as a common risk management and insurance program. The Town pays an annual premium to the New Mexico Self Insurers Fund for its general insurance coverage and all risk of loss is transferred.

**Related Party Transactions**

The Town's mayor and council members own various businesses in their local area. For the year ending June 30, 2009 the Town paid Garcia and Associates, CPA, LLC \$5,668 for accounting services which is owned by councilor Raymond Garcia, CPA.

### 3. DETAILED NOTES ON ALL FUNDS (Continued)

#### Joint Powers Agreement

The Town of Peralta and the County of Valencia have entered into an interim joint powers agreement dated July 1, 2008 for services to be supplied to the Town of Peralta by the County. These services shall include:

- 1) Nuisance abatement, platting, building inspection and rural addressing functions will be performed by county staff. The sum of \$8,400 was paid to the county for these services.
- 2) Usual and customary County maintenance of the roads, culverts, and bridges previously dedicated to, and previously maintained by, the County. The Town of Peralta agrees to pay all costs incurred by the County for said maintenance upon prior approval. Peralta paid the County \$-0- during the year ending June 30, 2009.

This interim joint powers agreement expires on June 30, 2009 unless extended by mutual agreement of both parties.

The Town of Peralta and the County of Valencia have entered into a joint powers agreement for fire administrative services. The Town of Peralta will operate as an independent fire department under the direction of the Town Fire Chief. The County will assist in the preparation of applications to the State Fire Fund for disbursements to the Town. The Town and County will provide mutual aid in response to all manner of emergencies that threaten the health, welfare and/or property of residents in Valencia County. The Town of Peralta will reimburse the County for costs expended on behalf of the Town. This agreement will automatically renew each year and may be terminated upon mutual agreement of both parties. The Town paid the County \$-0- for fire administrative services during the year ending June 30, 2009.

The Town of Peralta is a participant in a joint powers agreement with Socorro County, Village of Los Lunas, Pueblo of Isleta, Village of Bosque Farms, City of Belen, Otero County and Santo Domingo Pueblo to provide for the housing and care of adult prisoners arrested by the above jurisdictions. Valencia County agrees to report revenues while the other participants agree to report expenditures. All parties are responsible for their share of the agreement. The agreement is effective until December 2010. The Town of Peralta paid \$-0- to Valencia County under this joint powers agreement for the year ending June 30, 2009.



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

**Capital Outlay Appropriations**

Capital outlay appropriations are as follows:

| <u>Fund</u>         | <u>Project<br/>Appropriations</u> | <u>Appropriation<br/>Period</u> | <u>Expenditures<br/>to Date</u> | <u>Unexpended<br/>Balance</u> |
|---------------------|-----------------------------------|---------------------------------|---------------------------------|-------------------------------|
| General - Town Hall | \$ <u>415,000</u>                 | 7/08 to 6/12                    | \$ <u>270,674</u>               | \$ <u>144,326</u>             |
| Total               | \$ <u>415,000</u>                 |                                 | \$ <u>270,674</u>               | \$ <u>144,326</u>             |

The unexpended balance of \$144,326 was reappropriated December 31, 2009 in the amount of \$74,267 to purchase, construct, renovate, equip and furnish a town hall building in the Town of Peralta.

## **SUPPLEMENTARY INFORMATION**

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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009**

**SPECIAL REVENUE FUNDS**

**Corrections Fund** – To account for revenues collected from the assessment of correction fees and court cost, pursuant to NMSA 35-14-11. Expenditures from this fund may be used for municipal jailer or juvenile detention officer training; for planning, construction, operating and maintaining a municipal jail for juveniles in a detention facility; or for complying with match or contribution requirements for the receipt of Federal funds relating to jailing or juvenile detention facilities.

**Environmental GRT Fund** – To account for municipal gross receipts tax revenues received pursuant to NMSA, 1978 section 7-20E-17. These revenues are to be used for the acquisition, construction, operation, and maintenance of solid waste facilities, water facilities, sewer systems, and related facilities.

**Law Enforcement Fund** – To account for State revenues received pursuant to the Law Enforcement Corrections Act, NMSA 29-13-3. Expenditures from this fund may be used for the repair and purchase of law enforcement apparatus and equipment, expenditures associated with advanced law enforcement planning and training, and complying with match or contribution requirements for receipt of Federal funds, and salaries for law enforcement personnel under certain conditions.

**Municipal Street Fund** – To account for revenues received from the levy of a tax per gallon of gasoline purchased within Town boundaries, pursuant to the County and Municipal Gasoline Tax Act, NMSA 7-1-6.9. Expenditures from the fund may be used for the construction of a street, ally, curb, gutter or sidewalk project.

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | <b>Special Revenue</b> |                              |                            |
|--|------------------------|------------------------------|----------------------------|
|  | <b>Corrections</b>     | <b>Environmental<br/>GRT</b> | <b>Law<br/>Enforcement</b> |
| <b>Assets</b>                              |                        |                              |                            |
| Cash                                       | \$ 9,825               | \$ 7,684                     | \$ -                       |
| Accounts receivable                        | <u>-</u>               | <u>696</u>                   | <u>20,000</u>              |
| <b>Total assets</b>                        | <u><u>\$ 9,825</u></u> | <u><u>\$ 8,380</u></u>       | <u><u>\$ 20,000</u></u>    |
| <b>Liabilities and Fund Balances</b>       |                        |                              |                            |
| <b>Fund balances:</b>                      |                        |                              |                            |
| Unreserved and undesignated                | <u>\$ 9,825</u>        | <u>\$ 8,380</u>              | <u>\$ 20,000</u>           |
| <b>Total fund balances</b>                 | <u>9,825</u>           | <u>8,380</u>                 | <u>20,000</u>              |
| <b>Total liabilities and fund balances</b> | <u><u>\$ 9,825</u></u> | <u><u>\$ 8,380</u></u>       | <u><u>\$ 20,000</u></u>    |

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

**Special Revenue**

---

| <b>Municipal<br/>Street</b> | <b>Total</b>            |
|-----------------------------|-------------------------|
| \$ 40,343                   | \$ 57,852               |
| <u>3,151</u>                | <u>23,847</u>           |
| <b>\$ <u>43,494</u></b>     | <b>\$ <u>81,699</u></b> |
| <br>                        |                         |
| \$ <u>43,494</u>            | \$ <u>81,699</u>        |
| <u>43,494</u>               | <u>81,699</u>           |
| <br>                        |                         |
| <b>\$ <u>43,494</u></b>     | <b>\$ <u>81,699</u></b> |

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | <u>Special Revenue</u> |                              |                            |
|--|------------------------|------------------------------|----------------------------|
|  | <u>Corrections</u>     | <u>Environmental<br/>GRT</u> | <u>Law<br/>Enforcement</u> |
| <b>Revenues</b>  |                        |                              |                            |
| Taxes  |                        |                              |                            |
| Gross receipts tax   | \$ -                   | \$ 696                       | \$ -                       |
| Other state shared taxes                                     | -                      | -                            | -                          |
| Intergovernmental  | -                      | -                            | 20,000                     |
| <b>Total revenues</b>  | <u>-</u>               | <u>696</u>                   | <u>20,000</u>              |
| <b>Excess (deficiency) of revenues over<br/>expenditures</b> | <u>-</u>               | <u>696</u>                   | <u>20,000</u>              |
| <b>Other financing sources (uses):</b>                       |                        |                              |                            |
| Transfers in (out)   | <u>9,825</u>           | <u>7,684</u>                 | <u>-</u>                   |
| <b>Total other financing sources (uses)</b>                  | <u>9,825</u>           | <u>7,684</u>                 | <u>-</u>                   |
| <b>Net change in fund balances</b>                           | 9,825                  | 8,380                        | 20,000                     |
| <b>Fund balances, beginning of year</b>                      | <u>-</u>               | <u>-</u>                     | <u>-</u>                   |
| <b>Fund balances, end of year</b>                            | <u>\$ 9,825</u>        | <u>\$ 8,380</u>              | <u>\$ 20,000</u>           |

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

**Special Revenue**

| <b>Municipal<br/>Street</b> | <b>Total</b> |
|-----------------------------|--------------|
| \$ 1,392                    | \$ 2,088     |
| 1,759                       | 1,759        |
| -                           | 20,000       |
| 3,151                       | 23,847       |
| 3,151                       | 23,847       |
| 40,343                      | 57,852       |
| 40,343                      | 57,852       |
| 43,494                      | 81,699       |
| -                           | -            |
| \$ 43,494                   | \$ 81,699    |



**STATE OF NEW MEXICO  
TOWN OF PERALTA  
CORRECTIONS FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2009**

|   | <u>Budgeted Amounts</u> |                 | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|-----------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>    |                   |   |
| <b>Other financing sources (uses):</b>          |                         |                 |                   |   |
| Transfers in (out)                              | <u>-</u>                | <u>9,825</u>    | <u>9,825</u>      | <u>-</u>  |
| <b>    Total other financing sources (uses)</b> | <u>-</u>                | <u>9,825</u>    | <u>9,825</u>      | <u>-</u>  |
| <b>Net change in fund balances</b>              | <u>\$ -</u>             | <u>\$ 9,825</u> | <u>\$ 9,825</u>   | <u>\$ -</u>   |
| Beginning cash                                  | <u>\$ -</u>             | <u>\$ -</u>     |                   |   |

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

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
ENVIRONMENTAL GRT FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2009**

|   | <u>Budgeted Amounts</u> |                 | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|-----------------|-------------------|---|
|   | <u>Original</u>         | <u>Final</u>    |                   | <u>          </u>                                       |
| <b>Other financing sources (uses):</b>      |                         |                 |                   |   |
| Transfers in (out)                          | <u>-</u>                | <u>7,684</u>    | <u>7,684</u>      | <u>-</u>  |
| <b>Total other financing sources (uses)</b> | <u>-</u>                | <u>7,684</u>    | <u>7,684</u>      | <u>-</u>  |
| <b>Net change in fund balances</b>          | <u>\$ -</u>             | <u>\$ 7,684</u> | 7,684             | <u>\$ -</u>   |
| Beginning cash                              | <u>\$ -</u>             | <u>\$ -</u>     |                   |   |
| <b>RECONCILIATION TO GAAP BASIS</b>         |                         |                 |                   |   |
| Change in receivables                       |                         |                 | <u>696</u>        |   |
| Net change in fund balances GAAP basis      |                         |                 | <u>\$ 8,380</u>   |   |

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

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
LAW ENFORCEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2009**

|  | <u>Budgeted Amounts</u> |              | <u>Actual</u>    | <u>Variance with</u> |
|--|-------------------------|--------------|------------------|----------------------|
|  | <u>Original</u>         | <u>Final</u> | <u>Amounts</u>   | <u>Final Budget</u>  |
|  |                         |              |                  | <u>Positive</u>      |
|  |                         |              |                  | <u>(Negative)</u>    |
| <b>Net change in fund balances</b>     | \$ <u>-</u>             | \$ <u>-</u>  | \$ -             | \$ <u>-</u>          |
| Beginning cash                         | \$ <u>-</u>             | \$ <u>-</u>  |                  |                      |
| <b>RECONCILIATION TO GAAP BASIS</b>    |                         |              |                  |                      |
| Change in receivables                  |                         |              | <u>20,000</u>    |                      |
| Net change in fund balances GAAP basis |                         |              | <u>\$ 20,000</u> |                      |

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

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
MUNICIPAL STREET FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2009**

|   | <u>Budgeted Amounts</u> |                         | <u>Actual</u>           | <u>Variance with</u> |
|---|-------------------------|-------------------------|-------------------------|----------------------|
|   | <u>Original</u>         | <u>Final</u>            | <u>Amounts</u>          | <u>Final Budget</u>  |
|   |                         |                         |                         | <u>Positive</u>      |
|   |                         |                         |                         | <u>(Negative)</u>    |
| <b>Other financing sources (uses):</b>      |                         |                         |                         |                      |
| Transfers in (out)                          | \$ <u>-</u>             | \$ <u>40,343</u>        | \$ <u>40,343</u>        | \$ <u>-</u>          |
| <b>Total other financing sources (uses)</b> | <u>-</u>                | <u>40,343</u>           | <u>40,343</u>           | <u>-</u>             |
| <b>Net change in fund balances</b>          | \$ <u><u>-</u></u>      | \$ <u><u>40,343</u></u> | 40,343                  | \$ <u><u>-</u></u>   |
| Beginning cash                              | \$ <u><u>-</u></u>      | \$ <u><u>-</u></u>      |                         |                      |
| <b>RECONCILIATION TO GAAP BASIS</b>         |                         |                         |                         |                      |
| Change in receivables                       |                         |                         | <u>3,151</u>            |                      |
| Net change in fund balances GAAP basis      |                         |                         | \$ <u><u>43,494</u></u> |                      |

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

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## **COMPLIANCE AND FINDINGS**

**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***

Bryan R. Olguin, Mayor  
Town Council  
Town of Peralta  
Peralta, New Mexico  
and  
Hector H. Balderas  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund, and the combining and individual funds presented as supplemental information of Town of Peralta, New Mexico (Town), as of and for the year ended June 30, 2009, and have issued our report thereon dated August 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2008-A and 2009-A to 2009-C.

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town's responses and, accordingly, we express no opinion on it.

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

*Pattillo, Brown & Hill LLP*

Pattillo, Brown & Hill, L.L.P.  
Albuquerque, New Mexico  
August 9, 2011



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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2009**

**Financial Statement Findings**

**Prior Year**

|        |                                    |
|--------|------------------------------------|
| 2008-A | Audit Report Due Date – Repeated   |
| 2008-B | Bank Account Collateral – Resolved |

**Current Year**

|        |                                  |
|--------|----------------------------------|
| 2008-A | Audit Report Due Date – Repeated |
| 2009-A | Deposit of Public Money          |
| 2009-B | Budget Adjustment Request        |
| 2009-C | Court Bond Account               |

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2009**

**2008-A**

**Audit Report Due Date**  
**(significant deficiency)**

**Condition:**

The audit report was not submitted by the due date, December 1, 2009. The report was submitted to the New Mexico Office of the State Auditor on August 11, 2011.

**Criteria:**

Section 2.2.9 A(1)(d) NMAC Audit Rule 2011, Requirements for Contracting and Conducting Audits of Agencies, states annual audit reports are to be received in the Office of the State Auditor on or before December 1<sup>st</sup>.

**Effect:**

The Town is not in compliance with the New Mexico State Auditor Rule.

**Cause:**

The Town was incorporated in the fiscal year ending June 30, 2008. The Town decided at a later date to contract for an audit since inception. By this time the audit report for the fiscal year ending June 30, 2009 was late.

**Recommendation:**

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

**Response:**

The Town agrees with this recommendation.

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2009**

**2009-A**                      **Deposit of Public Money**  
**(significant deficiency)**

**Condition:**                      During the testing of cash receipts and deposits, thirteen collected receipts were held in excess of five days prior to being deposited in the Town bank account.

**Criteria:**                      6-10-36.1 NMSA 1978 requires collected receipts of public money to be deposited within a period not to exceed five days from the date of collection when a municipality has no suitable banking facility within its boundaries.

**Effect:**                      The Town was holding collected receipts in excess of five days prior to being deposited within the Town's bank account. This could result in loss of public funds.

**Cause:**                      The Town only had a part time receptionist during this period. The receptionist would open the mail and remit the receipts to the Town treasurer at a different location. This caused delays between the time of collection and deposit.

**Recommendation:**                      The Town should make every attempt to deposit collected receipts within the five day time period.

**Response:**                      The Town now has a receptionist and a clerk. Deposits are no longer taken to the Town treasurer but are deposited by either the receptionist or clerk within the five day time period.

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2009**

**2009-B**                      **Budget Adjustment Request**  
**(significant deficiency)**

**Condition:**                      The Town made one budget adjustment request (BAR) during the fiscal year ending June 30, 2009. The BAR was dated and approved by council on July 22, 2009. The BAR was to increase finance and administration expenditures for the purchase of the Town hall. The BAR was dated after the actual expenditure for the building and it was not approved by the department of finance and administration prior to the expenditure.

**Criteria:**                      6-6-2 G. NMSA 1978 states “In case of a need necessitating the expenditure for an item not provided for in the budget, upon approval of the secretary of finance and administration, the budget may be revised to authorize the expenditure.”

**Effect:**                      The Town expended money prior to requesting a budget adjustment and approval by the department of finance and administration (DFA).

**Cause:**                      The Town was unaware of the requirement to prepare and have approved by DFA a budget adjustment for the purchase of the Town hall.

**Recommendation:**                      When increasing budgeted expenditures, the Town should request a BAR and receive approval from DFA prior to expending funds.

**Response:**                      The Town agrees with the recommendation.

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2009**

**2009-C**

**Court Bond Account**  
**(significant deficiency)**

**Condition:**

The Town started accepting bonds upon the establishment of its municipal court. The collected court bonds were not deposited in a separate non-interest-bearing account but were deposited in an account with other fines and penalties. The court could not provide a list of outstanding court bonds at June 30, 2009.

**Criteria:**

GASB Codification Section 1300.114 states "Agency funds should be used to report resources held by the reporting government in a purely custodial capacity."

**Effect:**

The Town comingled court bonds collected and held for individuals in a custodial capacity with other funds collected for fines and penalties by the court.

**Cause:**

The Town was unaware of the requirement to set up a separate non-interest bearing account to deposit and hold court bonds.

**Recommendation:**

The Town needs to set up a separate non-interest bearing account for court bonds. This account should be reconciled monthly and the balance should reflect bonds still being held by the Town of Peralta.

**Response:**

The Town agrees with the recommendation.

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
EXIT CONFERENCE  
JUNE 30, 2009**

**EXIT CONFERENCE**

An exit conference was held on August 9, 2011 at the Town's offices. In attendance were Michael Leon Otero, Councilor, Ginger Shoemaker, past Clerk and Louie Valdez, current Clerk from the Town of Peralta. Regina Gordon, CPA was in attendance for Pattillo, Brown & Hill, L.L.P.

**PREPARATION OF FINANCIAL STATEMENTS**

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