

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
AUDIT REPORT  
JUNE 30, 2011**

**TABLE OF CONTENTS**

	<b><u>Page Number</u></b>
<b>INTRODUCTORY SECTION</b>	
Official Roster.....	1
<b>FINANCIAL STATEMENTS SECTION</b>	
Independent Auditors' Report.....	4 – 5
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Assets .....	7
Statement of Activities .....	8 – 9
<b>Fund Financial Statements</b>	
Balance Sheet-Governmental Funds.....	10 – 11
Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds .....	12 – 13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	15
<b>Statement of Revenues, Expenditures and Change in Fund Balances     Budget (Non-GAAP Basis) and Actual (Budgetary Basis)</b>	
General Fund.....	16
Fire Protection.....	17
Municipal Street Fund.....	18
<b>Notes to the Financial Statements</b> .....	19 – 32
<b>SUPPLEMENTARY INFORMATION</b>	
<b>Nonmajor Governmental Funds</b> .....	35
<b>Combining and Individual Fund Financial Statements:</b>	
<b>Combining Balance Sheet-Nonmajor Governmental Funds</b> .....	36-37
<b>Combining Statement of Revenues, Expenditures and Changes in         Fund Balances-Nonmajor Governmental Funds</b> .....	38-39
<b>Statement of Revenues, Expenditures and Change in Fund Balances     Budget (Non-GAAP Basis) and Actual (Budgetary Basis)</b>	
Corrections Fund.....	41
Environmental GRT Fund.....	42
EMS Fund .....	43
Law Enforcement Fund.....	44
Capital Projects Fund.....	45

**OTHER SUPPLEMENTARY INFORMATION**

**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 ..... 48-49**

**Schedule of Findings and Responses ..... 51-55**

**Exit Conference ..... 57**

## **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 comparisons for the general fund and the major special revenue funds of the Town of Peralta, New Mexico (Town), as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Town's nonmajor governmental funds, and the budgetary comparisons for the nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Town of Peralta, New Mexico'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 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 of Peralta, New Mexico, as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds 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, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the 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 January 4, 2012, 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 of Peralta 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 and budgetary comparisons. 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, L.L.P.  
Albuquerque, New Mexico  
January 4, 2012

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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	<u>Governmental Activities</u>
<b>Assets</b>	
Current assets:	
Cash	\$ 985,351
Investments	100,000
Receivables (net of allowance for uncollectibles)	<u>58,951</u>
Total current assets	<u>1,144,302</u>
Noncurrent assets:	
Land	142,490
Capital assets being depreciated, net	<u>3,134,269</u>
Total noncurrent assets	<u>3,276,759</u>
<b>Total assets</b>	<u><b>4,421,061</b></u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	54,976
Accrued payroll expenses	<u>7,105</u>
Total current liabilities	<u>62,081</u>
<b>Total liabilities</b>	<u><b>62,081</b></u>
<b>Net Assets</b>	
Invested in capital assets	3,276,759
Unrestricted	<u>1,082,221</u>
<b>Total net assets</b>	<u><b>\$ 4,358,980</b></u>

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, 2011**

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 396,065	\$ 5,923	\$ 175,710	\$ 202,625
Public safety	313,577	56,895	124,027	20,000
Highways and streets	139,582	-	-	56,000
Culture and recreation	5,735	-	-	-
Total primary government	\$ 854,959	\$ 62,818	\$ 299,737	\$ 278,625
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  
Activities

---

\$( 11,807)  
( 112,655)  
( 83,582)  
( 5,735)  
  
( 213,779)

539,909  
9,248  
996  
1,108  
1,559  
552,820  
339,041  
  
4,019,939  
  
\$ 4,358,980

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<b>General Fund</b>	<b>Fire Protection</b>	<b>Municipal Street</b>
<b>Assets</b>			
Cash	514,375	\$ 201,657	\$ 96,238
Investment	100,000	-	-
Accounts receivable (net of allowance for uncollectible)	34,560	-	3,515
Due from other funds	3,279	-	-
<b>Total assets</b>	<b>\$ 652,214</b>	<b>\$ 201,657</b>	<b>\$ 99,753</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,238	\$ -	\$ 43,806
Accrued payroll expenses	7,105	-	-
Due to other funds	-	3,279	-
<b>Total liabilities</b>	<b>8,343</b>	<b>3,279</b>	<b>43,806</b>
<b>Fund balances:</b>			
Restricted for:			
Special revenue	-	198,378	55,947
Capital projects	-	-	-
Unassigned	643,871	-	-
<b>Total fund balances</b>	<b>643,871</b>	<b>198,378</b>	<b>55,947</b>
<b>Total liabilities and fund balances</b>	<b>\$ 652,214</b>	<b>\$ 201,657</b>	<b>\$ 99,753</b>

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

Net assets of governmental activities

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

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 173,081	\$ 985,351
-	100,000
20,876	58,951
<u>-</u>	<u>3,279</u>
<u>\$ 193,957</u>	<u>\$ 1,147,581</u>
\$ 9,932	\$ 54,976
-	7,105
<u>-</u>	<u>3,279</u>
<u>9,932</u>	<u>65,360</u>
108,583	362,908
75,442	75,442
<u>-</u>	<u>643,871</u>
<u>184,025</u>	1,082,221
<u>\$ 193,957</u>	
	<u>3,276,759</u>
	<u>\$ 4,358,980</u>



**STATE OF NEW MEXICO  
TOWN OF PERALTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Fire Protection</u>	<u>Municipal Street</u>
<b>Revenues</b>			
Taxes:			
Gross receipts tax	\$ 506,507	\$ -	\$ 25,470
Other state shared taxes	-	-	9,248
Franchise tax	996	-	-
Licenses and permits	5,890	-	-
Intergovernmental	175,710	71,522	56,000
Fines and forfeitures	40,335	-	-
Charges for services	33	-	-
Interest on investments	816	292	-
Miscellaneous	1,559	-	-
	<u>731,846</u>	<u>71,814</u>	<u>90,718</u>
<b>Total revenues</b>			
	<u>731,846</u>	<u>71,814</u>	<u>90,718</u>
<b>Expenditures</b>			
<b>Current operations:</b>			
General government	127,904	-	-
Public safety	206,950	19,910	-
Highways and streets	59,181	-	80,401
Culture and recreation	5,735	-	-
<b>Capital outlay</b>	19,062	-	183,563
	<u>418,832</u>	<u>19,910</u>	<u>263,964</u>
<b>Total expenditures</b>			
	<u>418,832</u>	<u>19,910</u>	<u>263,964</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>313,014</u>	<u>51,904</u>	<u>( 173,246)</u>
<b>Other financing sources (uses):</b>			
Transfers in	5,050	-	192,070
Transfers (out)	( 197,120)	-	-
	<u>( 192,070)</u>	<u>-</u>	<u>192,070</u>
<b>Total other financing sources (uses)</b>			
	<u>( 192,070)</u>	<u>-</u>	<u>192,070</u>
<b>Net change in fund balances</b>	<u>120,944</u>	<u>51,904</u>	<u>18,824</u>
<b>Fund balances, beginning of year</b>	<u>522,927</u>	<u>146,474</u>	<u>37,123</u>
<b>Fund balances, end of year</b>	<u>\$ 643,871</u>	<u>\$ 198,378</u>	<u>\$ 55,947</u>

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

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 12,716	\$ 544,693
-	9,248
-	996
-	5,890
87,720	390,952
16,560	56,895
-	33
-	1,108
-	1,559
<u>116,996</u>	<u>1,011,374</u>
170	128,074
31,405	258,265
-	139,582
-	5,735
<u>20,000</u>	<u>222,625</u>
<u>51,575</u>	<u>754,281</u>
<u>65,421</u>	<u>257,093</u>
-	197,120
-	<u>( 197,120)</u>
-	-
<u>65,421</u>	<u>257,093</u>
<u>118,604</u>	<u>825,128</u>
<u>\$ 184,025</u>	<u>\$ 1,082,221</u>

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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, 2011**

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

Net change in fund balances - total governmental funds	\$	257,093
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:		
	Capital outlay	222,625
	Depreciation expense	( 100,678)
Recognition of accounts receivable and deferred revenues is reflected on the full accrual basis within the statement of activities.		<u>( 39,999)</u>
Change in net assets of governmental activities	\$	<u><u>339,041</u></u>

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

**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, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Taxes:				
Gross receipts tax	\$ 383,295	\$ 383,295	\$ 499,644	\$ 116,349
Franchise tax	1,000	1,000	996	( 4)
Licenses and permits	5,500	5,500	5,890	390
Intergovernmental	50,000	175,700	175,710	10
Fines and forfeitures	48,000	48,000	40,335	( 7,665)
Charges for services	-	-	33	33
Interest on investments	1,000	1,000	816	( 184)
Miscellaneous	-	193	1,559	1,366
<u>Total revenues</u>	<u>488,795</u>	<u>614,688</u>	<u>724,983</u>	<u>110,295</u>
<b>Expenditures</b>				
<b>Current operations:</b>				
General government	163,212	162,178	126,528	35,650
Public safety	292,932	295,032	206,950	88,082
Highways and streets	67,036	80,136	59,181	20,955
Culture and recreation	-	6,200	5,735	465
<b>Capital outlay</b>	-	-	19,062	( 19,062)
<u>Total expenditures</u>	<u>523,180</u>	<u>543,546</u>	<u>417,456</u>	<u>126,090</u>
<b>Excess (deficiency) of revenues over expenditures</b>	( 34,385)	71,142	307,527	236,385
<b>Other financing sources (uses):</b>				
Transfers in	76,100	-	5,050	5,050
Transfers (out)	-	( 192,070)	( 197,120)	( 5,050)
<u>Total other financing sources (uses)</u>	<u>76,100</u>	<u>( 192,070)</u>	<u>( 192,070)</u>	<u>-</u>
<b>Net change in fund balances</b>	\$ 41,715	\$( 120,928)	115,457	\$ 236,385
Beginning cash	\$ 398,918	\$ 398,918		
<b>RECONCILIATION TO GAAP BASIS</b>				
Change in receivables			6,863	
Change in payables			1,643	
Change in accrued payroll expenses			( 3,019)	
<u>Net change in fund balances GAAP basis</u>			<u>\$ 120,944</u>	

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

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
FIRE PROTECTION FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 71,522	\$ 71,522	\$ 71,522	\$ -
Interest on investments	<u>-</u>	<u>-</u>	<u>292</u>	<u>292</u>
<b>Total revenues</b>	<u>71,522</u>	<u>71,522</u>	<u>71,814</u>	<u>292</u>
<b>Expenditures</b>				
<b>Current operations:</b>				
Public safety	<u>71,522</u>	<u>71,522</u>	<u>19,910</u>	<u>51,612</u>
<b>Total expenditures</b>	<u>71,522</u>	<u>71,522</u>	<u>19,910</u>	<u>51,612</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>51,904</u>	<u>51,904</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,904</u>	<u>\$ 51,904</u>
Beginning cash	<u>\$ 149,753</u>	<u>\$ 149,753</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, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes:				
Gross receipts tax	\$ 18,932	\$ 18,932	\$ 23,747	\$ 4,815
Other state shared taxes	11,004	11,004	9,248	( 1,756)
Intergovernmental	40,000	56,000	56,000	-
<b>Total revenues</b>	69,936	85,936	88,995	3,059
<b>Expenditures</b>				
<b>Current operations:</b>				
Highways and streets	-	78,006	93,464	( 15,458)
<b>Capital outlay</b>	-	180,000	139,757	40,243
<b>Total expenditures</b>	-	258,006	233,221	24,785
<b>Excess (deficiency) of revenues over expenditures</b>	69,936	( 172,070)	( 144,226)	27,844
<b>Other financing sources (uses):</b>				
Transfers in	-	192,070	192,070	-
<b>Total other financing sources (uses)</b>	-	192,070	192,070	-
<b>Net change in fund balances</b>	\$ 69,936	\$ 20,000	47,844	\$ 27,844
Beginning cash	\$ 48,394	\$ 48,394		
<b>RECONCILIATION TO GAAP BASIS</b>				
Change in receivables			1,723	
Change in payables			( 30,743)	
<b>Net change in fund balances GAAP basis</b>			\$ 18,824	

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, 2011**

**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.

The ***Fire Fund*** authorized by the State Statute Chapter 48, Section 2, Laws of 1963, is used to account for the operations of the Fire Department. Financing is provided by the State Fire Allotment, emergency medical services, interest on investments and miscellaneous revenues.

The ***Municipal Street Fund*** is 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.

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 – committed, assigned, and unassigned – in order as 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**

The governmental funds report taxes and other fees collected at the Town, County and State level as receivables.

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

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

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

#### **Fund Balances** (continued)

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance.* This classification reflects the amounts constrained by the Village’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Village council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

#### **Net 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.

#### **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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Implementation of New Accounting Principles

For the year ending June 30, 2011 the Town implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Additionally the definitions of the general fund, special revenue fund type, capital projects fund type, and debt service fund type, are clarified by the provisions in this Statement.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental fund* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlay 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.” The details of this difference are as follows:

Capital outlay	\$ 222,625
Depreciation expense	( 100,678)
<i>Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities</i>	\$ <u>121,947</u>

### **3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. 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).

### **4. DETAILED NOTES ON ALL FUNDS**

#### **A. Deposits 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.

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

**A. Deposits and Investments** (continued)

At June 30, 2011, 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, 2011, 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.

	Balance Per Bank <u>June 30</u>	Add Deposits <u>In Transit</u>	Less Outstanding <u>Checks</u>	Balance Per Books <u>June 30</u>
First Community Bank				
Operating	\$ 350,639	\$ 13	\$ 15,613	\$ 335,039
New Court	27,523	-	-	27,523
FD Fuel	1,555	-	-	1,555
Local Government Corrections	136,051	-	-	136,051
Fire Fund	200,428	-	357	200,071
Wells Fargo				
Short term CD	100,000	-	-	100,000
MyBank				
Checking account	<u>184,839</u>	<u>-</u>	<u>227</u>	<u>184,612</u>
Total Cash in Banks	<u>\$ 1,001,035</u>	<u>\$ 13</u>	<u>\$ 16,197</u>	984,851
Petty Cash				<u>500</u>
Total Cash in Books				<u>\$ 985,351</u>

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.

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

A. **Deposits and Investments** (continued)

	<u>MyBank</u>	<u>First Community</u>	<u>Wells Fargo</u>	<u>Total</u>
Amount on Deposit in Bank	\$ 184,839	\$ 716,196	\$ 100,000	\$ 1,001,035
FDIC Coverage	( 184,839)	( 250,000)	( 100,000)	( 534,839)
Covered by Section 343 of the Dodd-Frank Act	<u>-</u>	<u>( 165,128)</u>	<u>-</u>	<u>( 165,128)</u>
Total uninsured public funds	<u>-</u>	<u>301,068</u>	<u>-</u>	<u>301,068</u>
<b>Collateral pledged:</b>				
<b>First Community Bank</b>				
GNR 2009-67 PA, 11/20/2036				
CUSIP, 38373AQK5	-	368,807	-	368,807
GNR 2009-43 JP, 10/20/2036				
CUSIP, 38374UG62	-	129,024	-	129,024
GNR 2008-50 KT, 9/20/2036				
CUSIP, 38375QB73	<u>-</u>	<u>42,135</u>	<u>-</u>	<u>42,135</u>
Pledged collateral held by the pledging bank's trust department or agent, not in the Town's name	<u>-</u>	<u>539,966</u>	<u>-</u>	<u>539,966</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured funds)	\$ -	\$ 150,534	\$ -	\$ 150,534
Pledged collateral	<u>-</u>	<u>539,966</u>	<u>-</u>	<u>539,966</u>
Over (under) collateralized	<u>\$ -</u>	<u>\$ 389,432</u>	<u>\$ -</u>	<u>\$ 389,432</u>



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

**B. Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned. Effective December 31, 2010 and continuing through December 31, 2012, all funds in non-interest bearing transaction accounts held at FDIC-insured depository institutions will be fully insured under the Dodd-Frank Deposit Insurance Provision. A “noninterest-bearing transaction account” is defined as an account with respect to which interest is neither accrued nor paid. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2011 \$301,068 of the Town’s bank balance of \$1,001,035 was exposed to custodial credit risk.

Investments consist of a six month certificate of deposit in the amount of \$100,000 on deposit at Wells Fargo Bank. This CD is fully guaranteed by the FDIC.

**C. 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:

	General Fund	Municipal Street Fund	Other Governmental Funds	Total
Receivables:				
Gross receipts taxes	\$ 34,560	\$ 3,098	\$ 876	\$ 38,534
State shared taxes	-	417	-	417
Intergovernmental	-	-	20,000	20,000
Gross receivables	34,560	3,515	20,876	58,951
Less: allowance for uncollectibles	-	-	-	-
Net total receivables	<u>\$ 34,560</u>	<u>\$ 3,515</u>	<u>\$ 20,876</u>	<u>\$ 58,951</u>

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

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 142,490	\$ -	\$ -	\$ 142,490
Total capital assets not being depreciated	<u>142,490</u>	<u>-</u>	<u>-</u>	<u>142,490</u>
Capital assets, being depreciated:				
Infrastructure	2,186,112	183,563	-	2,369,675
Building	735,700	-	-	735,700
Equipment	39,938	19,062	-	59,000
Vehicles	<u>251,147</u>	<u>20,000</u>	<u>-</u>	<u>271,147</u>
Total capital assets being depreciated	<u>3,212,897</u>	<u>222,625</u>	<u>-</u>	<u>3,435,522</u>
Less accumulated depreciation:				
Infrastructure	( 163,959)	( 54,653)	-	( 218,612)
Building	( 16,569)	( 18,393)	-	( 34,962)
Equipment	( 3,557)	( 4,810)	-	( 8,367)
Vehicles	<u>( 16,490)</u>	<u>( 22,822)</u>	<u>-</u>	<u>( 39,312)</u>
Total accumulated depreciation	<u>( 200,575)</u>	<u>( 100,678)</u>	<u>-</u>	<u>( 301,253)</u>
Total capital assets being depreciated, net	<u>3,012,322</u>	<u>121,947</u>	<u>-</u>	<u>3,134,269</u>
Governmental activities capital assets, net	<u>\$ 3,154,812</u>	<u>\$ 121,947</u>	<u>\$ -</u>	<u>\$ 3,276,759</u>

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

Governmental Activities:	
General government	\$ 65,366
Public safety	<u>35,312</u>
Total depreciation expense - Governmental Activities:	<u>\$ 100,678</u>

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

**E. Interfund Receivables, Payables and Transfers**

The outstanding balances between funds result mainly from the time lag 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 Inter-fund receivables and payables at June 30, 2011 were as follows:

Fund Description	Due from other funds	Due to other funds
General Fund	\$ 3,279	\$ -
Fire Protection Fund	-	3,279
	<u>\$ 3,279</u>	<u>\$ 3,279</u>

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:		
General	\$ 5,050	\$ 5,050
Municipal Street	<u>192,070</u>	<u>192,070</u>
Total transfers out	197,120	197,120
Less transfers in	<u>197,120</u>	<u>197,120</u>
Net transfers	<u>\$ -</u>	<u>\$ -</u>

**F. Short Term Debt**

The Town does not have any short-term debt.

**G. Long Term Debt**

The Town does not have any long-term debt.

**H. 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.

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

**I. Related Party Transactions**

The Town's mayor and council members own various businesses in their local area. For the year ending June 30, 2011 the Town paid Garcia and Associates, CPA, LLC \$7,360 for accounting services which is owned by councilor Raymond Garcia, CPA.

**J. Joint Powers Agreements**

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 \$-0- was paid to the county for these services during the year ending June 30, 2011.
- 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 \$22,029 during the year ending June 30, 2011.

This interim joint powers agreement expires on June 30, 2011 unless extended by mutual agreement of both parties.

The Town of Peralta and the Village of Bosque Farms have entered into a joint powers agreement for Emergency Medical Services. This agreement covers the period of July 1, 2010 through June 30, 2011, and enables the Village of Bosque Farms to provide emergency medical services to the Town of Peralta. The Town of Peralta paid \$27,939 to the Village of Bosque Farms under this joint powers agreement for the year ended June 30, 2011.

The Town of Peralta and the County of Valencia have entered into joint powers service agreement for the housing of impounded Town of Peralta animals at the County Animal Control Center. The agreement began on July 1, 2010, and the Town of Peralta will pay the County all fees and costs due the County. The Town of Peralta will pay a flat rate of \$1,100 per month for the usual services provided by the County. The Town of Peralta paid \$13,200 to the County for the year ended June 30, 2011.

The Town of Peralta and the Village of Bosque Farms have entered into a joint powers agreement for Police Services. This agreement covers the period of July 1, 2010 through June 30, 2011. The Town of Peralta agreed to a contracted amount of \$150,000, and to apply for Law Enforcement Protection Fund grants on an annual basis. The Town of Peralta shall transfer the use of such funds to the Village of Bosque Farms to be used in accordance with the Law Enforcement Protection Funds Act 29-13-1 et seq. NMSA 1978 and the Department of Finance and Administration Rule 2 NMAC 110.6. All equipment purchased with the grant funding obtained by the Town of Peralta will remain the property of the Town of Peralta. The Town of Peralta paid \$150,083 to the Village of Bosque Farms under this joint powers agreement for the year ended June 30, 2011.

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

**J. Joint Powers Agreements** (continued)

The Town of Peralta and the County of Valencia have entered into an agreement on March 2, 2011 to share resources in order to protect the citizens of the county by insuring that the citizens of Peralta are able to be served by emergency services through the administration of an accurate and Geographical Information Systems (GIS) addressing system that is necessary for the operation of emergency services. The State of New Mexico 9-1-1 Rules and Regulations require that the 9-1-1 Databases, including the Master Street Address Guide (MSAG) and Automatic Location Identifier (ALI) be maintained at each Public Safety Answering Point (PSAP) at a 96% or higher accuracy rate. The County shall keep the Town of Peralta E-911 road centerline file up to date for use by the Valencia Regional Emergency Call Center for dispatch of Emergency Responders, and maintain the Town's MSAG. The Town shall pay \$3,000 for the first year of the agreement. Thereafter the Town shall pay the following rate upon receipt of a detailed monthly invoice: \$30 per E-911 address and telephone correction in the system, \$30 per new address point entered into the GIS layer and \$50 per new road entered into the GIS layer and E-911 system. The Town of Peralta paid \$3,043 to the County for the year ended June 30, 2011.

## **SUPPLEMENTARY INFORMATION**

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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2011**

**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.

**EMS Fund** – authorized by State Statute Chapter 178, Laws of 1978, is used to account for all rescue operations within the fire department. Financing is provided by a state grant and subsidized by the General Fund.

**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.

**Recreation Fund** – authorized by State Statute (7-12-15), is used to account for the operations and maintenance of the parks and other recreation type activities. Financing is provided by a cigarette tax, grants, interests on investments and miscellaneous revenues.

**CAPITAL PROJECTS FUND**

**Capital Projects Fund** – authorized by Chapter 92, Section 21, Paragraph 95, Laws of 2008, is used to purchase, construct, renovate, equip and furnish a town hall building in Peralta in Valencia County.



**STATE OF NEW MEXICO  
TOWN OF PERALTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Special Revenue</u>		
	<u>Corrections</u>	<u>Environmental GRT</u>	<u>EMS</u>
<b>Assets</b>			
Cash	\$ 34,312	\$ 30,596	\$ 28,424
Accounts receivable	<u>-</u>	<u>876</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 34,312</u>	<u>\$ 31,472</u>	<u>\$ 28,424</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,932</u>
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>9,932</u>
<b>Fund balances:</b>			
Restricted for:			
Special revenue	34,312	31,472	18,492
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>34,312</u>	<u>31,472</u>	<u>18,492</u>
<b>Total liabilities and fund balances</b>	<u>\$ 34,312</u>	<u>\$ 31,472</u>	<u>\$ 28,424</u>

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

**Special Revenue**

<b>Law Enforcement</b>	<b>Recreation</b>	<b>Total</b>	<b>Capital Projects</b>	<b>Total</b>
\$ -	\$ 4,307	\$ 97,639	\$ 75,442	\$ 173,081
<u>20,000</u>	<u>-</u>	<u>20,876</u>	<u>-</u>	<u>20,876</u>
<u>\$ 20,000</u>	<u>\$ 4,307</u>	<u>\$ 118,515</u>	<u>\$ 75,442</u>	<u>\$ 193,957</u>
\$ -	\$ -	\$ 9,932	\$ -	\$ 9,932
<u>-</u>	<u>-</u>	<u>9,932</u>	<u>-</u>	<u>9,932</u>
20,000	4,307	108,583	-	108,583
<u>-</u>	<u>-</u>	<u>-</u>	<u>75,442</u>	<u>75,442</u>
<u>20,000</u>	<u>4,307</u>	<u>108,583</u>	<u>75,442</u>	<u>184,025</u>
<u>\$ 20,000</u>	<u>\$ 4,307</u>	<u>\$ 118,515</u>	<u>\$ 75,442</u>	<u>\$ 193,957</u>

**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, 2011**

	<u>Special Revenue</u>		
	<u>Corrections</u>	<u>Environmental GRT</u>	<u>EMS</u>
<b>Revenues</b>			
Taxes			
Gross receipts tax	\$ -	\$ 12,716	\$ -
Intergovernmental	-	-	27,721
Fines and forfeitures	<u>16,560</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>16,560</u>	<u>12,716</u>	<u>27,721</u>
<b>Expenditures</b>			
<b>Current operations:</b>			
General government	-	170	-
Public safety	3,466	-	27,939
<b>Capital outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>3,466</u>	<u>170</u>	<u>27,939</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>13,094</u>	<u>12,546</u>	<u>( 218)</u>
<b>Net change in fund balances</b>	13,094	12,546	( 218)
<b>Fund balances, beginning of year</b>	<u>21,218</u>	<u>18,926</u>	<u>18,710</u>
<b>Fund balances, end of year</b>	<u>\$ 34,312</u>	<u>\$ 31,472</u>	<u>\$ 18,492</u>

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

**Special Revenue**

<b>Law Enforcement</b>	<b>Recreation</b>	<b>Total</b>	<b>Capital Projects</b>	<b>Total</b>
\$ -	\$ -	\$ 12,716	\$ -	\$ 12,716
20,000	-	47,721	39,999	87,720
-	-	16,560	-	16,560
<u>20,000</u>	<u>-</u>	<u>76,997</u>	<u>39,999</u>	<u>116,996</u>
-	-	170	-	170
-	-	31,405	-	31,405
<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
<u>20,000</u>	<u>-</u>	<u>51,575</u>	<u>-</u>	<u>51,575</u>
<u>-</u>	<u>-</u>	<u>25,422</u>	<u>39,999</u>	<u>65,421</u>
-	-	25,422	39,999	65,421
<u>20,000</u>	<u>4,307</u>	<u>83,161</u>	<u>35,443</u>	<u>118,604</u>
<u>\$ 20,000</u>	<u>\$ 4,307</u>	<u>\$ 108,583</u>	<u>\$ 75,442</u>	<u>\$ 184,025</u>

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**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Fines and forfeitures	\$ <u>15,600</u>	\$ <u>17,680</u>	\$ <u>16,560</u>	\$( <u>1,120</u> )
<b>Total revenues</b>	<u>15,600</u>	<u>17,680</u>	<u>16,560</u>	<u>( 1,120)</u>
<b>Expenditures</b>				
<b>Current operations:</b>				
Public safety	<u>15,600</u>	<u>17,680</u>	<u>3,466</u>	<u>14,214</u>
<b>Total expenditures</b>	<u>15,600</u>	<u>17,680</u>	<u>3,466</u>	<u>14,214</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>13,094</u>	<u>13,094</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,094</u>	<u>\$ 13,094</u>
Beginning cash	<u>\$ 21,218</u>	<u>\$ 21,218</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, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Gross receipts tax	\$ <u>9,470</u>	\$ <u>9,470</u>	\$ <u>12,527</u>	\$ <u>3,057</u>
<b>Total revenues</b>	<u>9,470</u>	<u>9,470</u>	<u>12,527</u>	<u>3,057</u>
<b>Expenditures</b>				
<b>Current operations:</b>				
General government	<u>9,470</u>	<u>9,470</u>	<u>170</u>	<u>9,300</u>
<b>Total expenditures</b>	<u>9,470</u>	<u>9,470</u>	<u>170</u>	<u>9,300</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>12,357</u>	<u>12,357</u>
<b>Net change in fund balances</b>	\$ <u>-</u>	\$ <u>-</u>	12,357	\$ <u>12,357</u>
Beginning cash	\$ <u>18,239</u>	\$ <u>18,239</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Change in receivables			<u>189</u>	
Net change in fund balances GAAP basis			<u>\$ 12,546</u>	

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

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
EMS FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES  
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Intergovernmental	\$ 24,000	\$ 24,000	\$ 32,505	\$ 8,505
Miscellaneous				
<b>Total revenues</b>	<u>24,000</u>	<u>24,000</u>	<u>32,505</u>	<u>8,505</u>
<b>Expenditures</b>				
<b>Current operations:</b>				
Public safety	<u>24,000</u>	<u>24,000</u>	<u>18,007</u>	<u>5,993</u>
<b>Total expenditures</b>	<u>24,000</u>	<u>24,000</u>	<u>18,007</u>	<u>5,993</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>14,498</u>	<u>14,498</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	14,498	<u>\$ 14,498</u>
Beginning cash	<u>\$ 13,926</u>	<u>\$ 13,926</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Change in receivables			( 4,784)	
Change in payables			( 9,932)	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 218)</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
<b>Total revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<b>Expenditures</b>				
Capital outlay	20,000	20,000	20,000	-
<b>Total expenditures</b>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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**  
**CAPITAL PROJECTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGE IN FUND BALANCES**  
**BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ <u>76,100</u>	\$ <u>76,100</u>	\$ <u>74,267</u>	\$( <u>1,833</u> )
<b>Total revenues</b>	<u>76,100</u>	<u>76,100</u>	<u>74,267</u>	( <u>1,833</u> )
<b>Excess (deficiency) of revenues over expenditures</b>	<u>76,100</u>	<u>76,100</u>	<u>74,267</u>	( <u>1,833</u> )
<b>Net change in fund balances</b>	\$ <u><u>76,100</u></u>	\$ <u><u>76,100</u></u>	\$ 74,267	\$ <u><u>(1,833)</u></u>
Beginning cash	\$ <u><u>1,175</u></u>	\$ <u><u>1,175</u></u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Change in receivables			( <u>34,268</u> )	
Net change in fund balances GAAP basis			\$ <u><u>39,999</u></u>	

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

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## **OTHER SUPPLEMENTARY INFORMATION**

**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 major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Town of Peralta, New Mexico (Town), as of and for the year ended June 30, 2011, and have issued our report thereon dated January 4, 2012. 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 deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. 2008-A, 2009-C, and 2010-A. 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.

### **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 item 2010-B.

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 them.

This report is intended solely for the information and use of management, the City Council, the State Auditor, the New Mexico Legislature, applicable 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, L.L.P.  
Albuquerque, New Mexico  
January 4, 2012

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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2011**

**Financial Statement Findings**

**Prior Year**

2008-A	Audit Report Due Date – Repeated
2009-A	Deposit of Public Money – Resolved
2009-B	Budget Adjustment Request – Resolved
2009-C	Court Bond Account – Repeated and Modified
2010-A	Court Fines – Repeated and Modified
2010-B	Deposit Records – Repeated and Modified

**Current Year**

2008-A	Audit Report Due Date – Repeated
2009-C	Court Bond Account – Repeated and Modified
2010-A	Court Fines – Repeated and Modified
2010-B	Deposit Records – Repeated and Modified



**STATE OF NEW MEXICO  
TOWN OF PERALTA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2011**

**2008-A**

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

**Condition:**

The audit report was not submitted by the due date, December 1, 2011. The report was submitted to the New Mexico Office of the State Auditor on January 13, 2012.

**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 contract for the audit of the Town was not approved by the State Auditor until November 9, 2011. The audit was scheduled for December 7, 2011, by this time the audit report for the fiscal year ending June 30, 2011 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, 2011**

**2009-C**

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

**Condition:**

The Town does not have the court bond cash account reconciled.

**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:**

Bonds are not being reconciled monthly.

**Cause:**

The Town setup a bond account, however, the court deposited all funds into this account. They are currently in the process of reconciling the actual balance that should remain in the bond fund account.

**Recommendation:**

This account should be reconciled monthly and the balance should reflect bonds being held by the Town of Peralta.

**Response:**

The Town agrees with the recommendation and is in the process rectifying this bond fund account.

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2011**

**2010-A**

**Court Fines**  
**(significant deficiency)**

**Condition:**

The court allows offenders to work off their fines by performing community service. The court clerk was not maintaining a schedule showing who performed the service, or when it was performed.

**Criteria:**

Section 6-10-2 NMSA 1978 “It is the duty of every public official or agency of this state that receives or disburses public money to maintain a cash record in which is entered daily, in detail, all items of receipts and disbursements of public money.”

**Effect:**

Without proper documentation of public service, it is difficult to determine if and when the court fines are being paid. This public service in lieu of cash payments is not being documented on the Town’s general ledger or in any other matter.

**Cause:**

The court allows offenders, without the financial ability to pay their fines, to provide community service in place of cash payments. However, there is no documentation to support the public service provided in lieu of cash payments.

**Recommendation:**

The Court clerk should document individuals that are providing public service in lieu of fines along with the date of completion of the community service as evidence that the fines are being paid in this manner.

**Response:**

The Town now has the ability to track community service in lieu of payment of fines in their court software. Going forward the software system will be able to track who has been allowed community service in lieu of fines, and when the community service has been completed.

**STATE OF NEW MEXICO  
TOWN OF PERALTA  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2011**

**2010-B**

**Deposit Records**  
**(control deficiency)**

**Condition:**

During the testing of cash receipts, a sample of seventeen deposits were selected to test for timely deposits. Of the deposits selected for testing two deposits did not have documentation available.

**Criteria:**

Section 6-6-3 A. NMSA 1978 “Every local public body shall keep all the books, records and accounts in their respective offices in the form prescribed by the local government division.”

**Effect:**

The documentation to support the deposits and revenues is unavailable for these deposits.

**Cause:**

Deposits were made by the Town Clerk, however, the files were not maintained in an orderly manner and documentation for two deposits was not located during the audit.

**Recommendation:**

Documentation should be filed and maintained for at least 5 years.

**Response:**

All documentation is now maintained at the Town Hall and the Town has an individual on site that records all accounting information into the general ledger.

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**STATE OF NEW MEXICO  
TOWN OF PERALTA  
EXIT CONFERENCE  
JUNE 30, 2011**

**EXIT CONFERENCE**

An exit conference was held on January 4, 2012 at the Town's offices. In attendance were Leon Otero, Councilor; Louie Valdez, Town Clerk and Ginger Shoemaker, Finance Officer from the Town of Peralta. Cynthia James, CPA and Kate Bach, CPA were 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.P., Certified Public Accountants; however the financial statements are the responsibility of the management.