

**STATE OF NEW MEXICO
TOWN OF PERALTA
AUDIT REPORT
JUNE 30, 2012**

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INTRODUCTORY SECTION

OFFICIAL ROSTER

Mayor and Councilmen

<u>Name</u>	<u>Title</u>
Bryan R. Olguin	Mayor
Tracy Aragon	Councilor
Michael Leon Otero	Mayor Pro-Tem
Joseph K. Romero	Councilor
Ginger Shoemaker	Councilor/Treasurer
David Young	Municipal Judge

Administrative Officials

Julie Pluemer	Town Clerk/Administrator
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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, 2012, 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, 2012, 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, 2012, 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, 2012, 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 31, 2013, 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.

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 31, 2013

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**STATE OF NEW MEXICO
TOWN OF PERALTA
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash	\$ 971,188
Investments	150,727
Receivables (net of allowance for uncollectibles)	<u>73,474</u>
Total current assets	<u>1,195,389</u>
Noncurrent assets:	
Land	142,490
Capital assets being depreciated, net	<u>3,551,369</u>
Total noncurrent assets	<u>3,693,859</u>
Total assets	<u>4,889,248</u>
Liabilities	
Current liabilities:	
Accounts payable	6,296
Accrued payroll expenses	<u>3,324</u>
Total current liabilities	<u>9,620</u>
Total liabilities	<u>9,620</u>
Net Assets	
Invested in capital assets, net of related debt	3,693,859
Restricted for:	
Capital Projects	75,442
Unrestricted	<u>1,107,048</u>
Total net assets	<u>\$ 4,876,349</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, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 266,725	\$ 6,795	\$ 199,483	\$ -
Public safety	319,127	33,260	117,327	-
Highways and streets	125,733	-	-	261,000
Culture and recreation	<u>3,283</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 714,868</u>	<u>\$ 40,055</u>	<u>\$ 316,810</u>	<u>\$ 261,000</u>
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

\$(60,447)
(168,540)
135,267
(3,283)

(97,003)

559,407
46,688
4,130
1,109

6,317

617,651

520,648

4,358,980

\$ 4,879,628

**STATE OF NEW MEXICO
TOWN OF PERALTA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General Fund	Fire Protection	Municipal Street
Assets			
Cash	613,920	\$ 60,423	\$ 97,684
Investment	150,727	-	-
Accounts receivable (net of allowance for uncollectible)	48,147	-	4,151
Due from other funds	3,279	-	-
Total assets	\$ 816,073	\$ 60,423	\$ 101,835
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 3,916	\$ -	\$ -
Accrued payroll expenses	3,324	-	-
Due to other funds	-	3,279	-
Total liabilities	7,240	3,279	-
Fund balances:			
Nonspendable:			
Due to other funds	3,279	-	-
Restricted for:			
Special revenue	-	57,144	101,835
Capital projects	-	-	-
Unassigned	805,554	-	-
Total fund balances	808,833	57,144	101,835
Total liabilities and fund balances	\$ 816,073	\$ 60,423	\$ 101,835

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.

Other Governmental Funds	Total Governmental Funds
\$ 199,161	\$ 971,188
-	150,727
21,176	73,474
-	3,279
<u>\$ 220,337</u>	<u>\$ 1,198,668</u>
\$ 2,380	\$ 6,296
-	3,324
-	3,279
<u>2,380</u>	<u>12,899</u>
-	3,279
142,515	301,494
75,442	75,442
-	805,554
<u>217,957</u>	<u>1,185,769</u>
<u>\$ 220,337</u>	
	<u>3,693,859</u>
	<u>\$ 4,879,628</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, 2012**

	<u>General Fund</u>	<u>Fire Protection</u>	<u>Municipal Street</u>
Revenues			
Taxes:			
Gross receipts tax	\$ 521,001	\$ -	\$ 25,675
Other state shared taxes	-	-	46,688
Franchise tax	4,130	-	-
Licenses and permits	6,795	-	-
Intergovernmental:			
State	199,483	70,092	261,000
Fines and forfeitures	19,522	-	-
Interest on investments	1,104	5	-
Miscellaneous	6,317	542	-
	<u>758,352</u>	<u>70,639</u>	<u>333,363</u>
Total revenues			
Expenditures			
Current operations:			
General government	186,696	-	-
Public safety	227,516	35,847	-
Highways and streets	65,694	-	60,039
Culture and recreation	3,283	-	-
Capital outlay	<u>-</u>	<u>176,026</u>	<u>340,444</u>
Total expenditures	<u>483,189</u>	<u>211,873</u>	<u>400,483</u>
Excess (deficiency) of revenues over expenditures	<u>275,163</u>	<u>(141,234)</u>	<u>(67,120)</u>
Other financing sources (uses):			
Transfers in	2,807	-	113,008
Transfers (out)	<u>(113,008)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(110,201)</u>	<u>-</u>	<u>113,008</u>
Net change in fund balances	164,962	(141,234)	45,888
Fund balances, beginning of year	<u>643,871</u>	<u>198,378</u>	<u>55,947</u>
Fund balances, end of year	<u>\$ 808,833</u>	<u>\$ 57,144</u>	<u>\$ 101,835</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 39,424	\$ 586,100
-	46,688
-	4,130
-	6,795
20,000	550,575
13,738	33,260
-	1,109
-	6,859
<u>73,162</u>	<u>1,235,516</u>
-	186,696
19,455	282,818
-	125,733
-	3,283
<u>16,968</u>	<u>533,438</u>
<u>36,423</u>	<u>1,131,968</u>
<u>36,739</u>	<u>103,548</u>
-	115,815
<u>(2,807)</u>	<u>(115,815)</u>
<u>(2,807)</u>	<u>-</u>
33,932	103,548
<u>184,025</u>	<u>1,082,221</u>
<u>\$ 217,957</u>	<u>\$ 1,185,769</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, 2012**

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

Net change in fund balances - total governmental funds	\$ 103,548
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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	533,438
	Depreciation expense	<u>(116,338)</u>

Change in net assets of governmental activities	\$ <u>520,648</u>
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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, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Taxes:				
Gross receipts tax	\$ 383,295	\$ 383,295	\$ 507,528	\$ 124,233
Franchise tax	1,000	1,000	4,016	3,016
Licenses and permits	5,500	5,500	6,795	1,295
Intergovernmental:				
State	56,000	56,000	199,483	143,483
Fines and forfeitures	40,000	40,000	19,522	(20,478)
Interest on investments	750	750	1,104	354
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>6,317</u>	<u>5,317</u>
Total revenues	<u>487,545</u>	<u>487,545</u>	<u>744,765</u>	<u>257,220</u>
Expenditures				
Current operations:				
General government	282,316	282,316	186,561	95,755
Public safety	266,068	266,068	227,516	38,552
Highways and streets	78,721	78,721	66,932	11,789
Culture and recreation	<u>3,300</u>	<u>3,300</u>	<u>3,283</u>	<u>17</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>630,405</u>	<u>630,405</u>	<u>484,292</u>	<u>146,113</u>
Excess (deficiency) of revenues over expenditures	(142,860)	(142,860)	260,473	403,333
Other financing sources (uses):				
Transfers in	-	3,983	2,807	(1,176)
Transfers (out)	<u>(299,585)</u>	<u>(299,585)</u>	<u>(113,008)</u>	<u>186,577</u>
Total other financing sources (uses)	<u>(299,585)</u>	<u>(295,602)</u>	<u>(110,201)</u>	<u>185,401</u>
Net change in fund balances	\$(<u>442,445</u>)	\$(<u>438,462</u>)	150,272	\$ <u>588,734</u>
Beginning cash	\$ <u>486,387</u>	\$ <u>486,387</u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			13,587	
Change in payables			(2,678)	
Change in accrued payroll expenses			<u>3,781</u>	
Net change in fund balances GAAP basis			\$ <u>164,962</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
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, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental:				
State	\$ 146,122	\$ 146,122	\$ 70,092	\$(76,030)
Interest on investments	5	5	5	-
Miscellaneous	<u>542</u>	<u>542</u>	<u>542</u>	<u>-</u>
Total revenues	<u>146,669</u>	<u>146,669</u>	<u>70,639</u>	<u>(76,030)</u>
Expenditures				
Current operations:				
Public safety	67,543	67,543	35,847	31,696
Capital outlay	<u>277,500</u>	<u>277,500</u>	<u>176,026</u>	<u>101,474</u>
Total expenditures	<u>345,043</u>	<u>345,043</u>	<u>211,873</u>	<u>31,696</u>
Excess (deficiency) of revenues over expenditures	<u>(198,374)</u>	<u>(198,374)</u>	<u>(141,234)</u>	<u>(44,334)</u>
Net change in fund balances	<u><u>\$(198,374)</u></u>	<u><u>\$(198,374)</u></u>	<u><u>\$(141,234)</u></u>	<u><u>\$(44,334)</u></u>
Beginning cash	<u><u>\$ 201,657</u></u>	<u><u>\$ 201,657</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
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, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u></u>
Revenues				
Taxes:				
Gross receipts tax	\$ 18,932	\$ 18,932	\$ 25,058	\$ 6,126
Other state shared taxes	11,004	11,004	46,669	35,665
Intergovernmental:				
State	<u>261,000</u>	<u>261,000</u>	<u>261,000</u>	<u>-</u>
Total revenues	<u>290,936</u>	<u>290,936</u>	<u>332,727</u>	<u>41,791</u>
Expenditures				
Current operations:				
Highways and streets	61,000	61,000	60,039	961
Capital outlay	<u>452,944</u>	<u>452,944</u>	<u>384,250</u>	<u>68,694</u>
Total expenditures	<u>513,944</u>	<u>513,944</u>	<u>444,289</u>	<u>69,655</u>
Excess (deficiency) of revenues over expenditures	<u>(223,008)</u>	<u>(223,008)</u>	<u>(111,562)</u>	<u>111,446</u>
Other financing sources (uses):				
Transfers in	<u>223,008</u>	<u>446,016</u>	<u>113,008</u>	<u>(333,008)</u>
Total other financing sources (uses)	<u>223,008</u>	<u>446,016</u>	<u>113,008</u>	<u>(333,008)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 223,008</u>	1,446	<u>\$ (221,562)</u>
Beginning cash	<u>\$ 96,238</u>	<u>\$ 96,238</u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			636	
Change in payables			<u>43,806</u>	
Net change in fund balances GAAP basis			<u>\$ 45,888</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
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2012**

ASSETS

Cash	\$ <u>5,785</u>
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LIABILITIES

Deposits payable	\$ <u>5,785</u>
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The notes to the financial statements are an integral part of this statement.

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**STATE OF NEW MEXICO
TOWN OF PERALTA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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 Town 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 Town 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 Town council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Town 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 Town’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Town 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.

2. 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).

3. 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.

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

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

At June 30, 2012, 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, 2012, 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>
USBank				
Operating	\$ 262,059	\$ -	\$ 1,166	\$ 260,893
Court Bond Account	5,953	-	168	5,785
FD Fuel	2,303	-	-	2,303
Fire Fund	166,857	-	205	166,652
Wells Fargo				
Operating	528,435	2,518	190,713	340,240
Savings	100,404	-	-	100,404
State Employee Credit Union				
Savings	100,196	-	-	100,196
Long term CD	<u>150,727</u>	<u>-</u>	<u>-</u>	<u>150,727</u>
Total Cash in Banks	<u>\$ 1,316,934</u>	<u>\$ 2,518</u>	<u>\$ 192,252</u>	1,127,200
Petty Cash				<u>500</u>
Total Cash in Books				<u>\$ 1,127,700</u>
As Reported in Financial Statements:				
Cash				\$ 971,188
Investments				150,727
Agency fund				<u>5,785</u>
				<u>\$ 1,127,700</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.

3. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (continued)

	State Employee <u>Credit Union</u>	<u>USBank</u>	Wells <u>Fargo</u>	<u>Total</u>
Amount on Deposit in Bank	\$ 250,923	\$ 437,172	\$ 628,839	\$ 1,316,934
FDIC Coverage	(250,923)	(250,000)	(100,404)	(601,327)
Covered by Section 343 of the Dodd-Frank Act	<u>-</u>	<u>(187,172)</u>	<u>(528,435)</u>	<u>(715,607)</u>
Total uninsured public funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2012 \$-0- of the Town’s bank balance of \$1,316,934 was exposed to custodial credit risk.

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:

	<u>General Fund</u>	<u>Municipal Street Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:				
Gross receipts taxes	\$ 48,147	\$ 3,734	\$ 1,176	\$ 53,057
State shared taxes	-	417	-	417
Intergovernmental	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Gross receivables	48,147	4,151	21,176	73,474
Less: allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 48,147</u>	<u>\$ 4,151</u>	<u>\$ 21,176</u>	<u>\$ 73,474</u>

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
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	2,369,675	340,444	-	2,710,119
Building	735,700	-	-	735,700
Equipment	59,000	-	-	59,000
Vehicles	<u>271,147</u>	<u>192,994</u>	<u>-</u>	<u>464,141</u>
Total capital assets being depreciated	<u>3,435,522</u>	<u>533,438</u>	<u>-</u>	<u>3,968,960</u>
Less accumulated depreciation:				
Infrastructure	(218,612)	(68,680)	-	(287,292)
Building	(34,962)	(18,393)	-	(53,355)
Equipment	(8,367)	(5,446)	-	(13,813)
Vehicles	<u>(39,312)</u>	<u>(23,819)</u>	<u>-</u>	<u>(63,131)</u>
Total accumulated depreciation	<u>(301,253)</u>	<u>(116,338)</u>	<u>-</u>	<u>(417,591)</u>
Total capital assets being depreciated, net	<u>3,134,269</u>	<u>417,100</u>	<u>-</u>	<u>3,551,369</u>
Governmental activities capital assets, net	<u>\$ 3,276,759</u>	<u>\$ 417,100</u>	<u>\$ -</u>	<u>\$ 3,693,859</u>

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

Governmental Activities:	
General government	\$ 80,029
Public safety	<u>36,309</u>
Total depreciation expense - Governmental Activities:	<u>\$ 116,338</u>

3. 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, 2012 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>Nonmajor</u>	<u>Total</u>
Transfers In:			
General	\$ -	\$ 2,807	\$ 2,807
Municipal Street	<u>113,008</u>	<u>-</u>	<u>113,008</u>
Total transfers out	113,008	2,807	115,815
Less transfers in	<u>113,008</u>	<u>2,807</u>	<u>115,815</u>
Net transfers	<u>\$ -</u>	<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.

3. DETAILED NOTES ON ALL FUNDS (Continued)

I. 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 \$8,400 was paid to the county for these services during the year ending June 30, 2012.
- 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, 2012.

This interim joint powers agreement was extended to June 30, 2012.

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, 2011 through June 30, 2012, and enables the Village of Bosque Farms to provide emergency medical services to the Town of Peralta. The Town of Peralta paid \$5,674 to the Village of Bosque Farms under this joint powers agreement for the year ended June 30, 2012.

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 \$12,100 to the County for the year ended June 30, 2012.

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, 2011 through June 30, 2012. 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 \$156,364 to the Village of Bosque Farms under this joint powers agreement for the year ended June 30, 2012.

3. 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 \$3,000 to the County for the year ended June 30, 2012.

SUPPLEMENTARY INFORMATION

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**STATE OF NEW MEXICO
TOWN OF PERALTA
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

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, 2012**

	Special Revenue		
	Corrections	Environmental GRT	EMS
Assets			
Cash	\$ 39,499	\$ 43,027	\$ 39,511
Accounts receivable	-	1,176	-
Total assets	\$ 39,499	\$ 44,203	\$ 39,511
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	2,380	\$ -	\$ -
Total liabilities	2,380	-	-
Fund balances:			
Restricted for:			
Special revenue	37,119	44,203	39,511
Capital projects	-	-	-
Total fund balances	37,119	44,203	39,511
Total liabilities and fund balances	\$ 39,499	\$ 44,203	\$ 39,511

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

Special Revenue

Law Enforcement	Recreation	Total	Capital Projects	Total
\$ 182	\$ 1,500	\$ 123,719	\$ 75,442	\$ 199,161
<u>20,000</u>	<u>-</u>	<u>21,176</u>	<u>-</u>	<u>21,176</u>
<u>\$ 20,182</u>	<u>\$ 1,500</u>	<u>\$ 144,895</u>	<u>\$ 75,442</u>	<u>\$ 220,337</u>
\$ -	\$ -	\$ 2,380	\$ -	\$ 2,380
<u>-</u>	<u>-</u>	<u>2,380</u>	<u>-</u>	<u>2,380</u>
20,182	1,500	142,515	-	142,515
<u>-</u>	<u>-</u>	<u>-</u>	<u>75,442</u>	<u>75,442</u>
<u>20,182</u>	<u>1,500</u>	<u>142,515</u>	<u>75,442</u>	<u>217,957</u>
<u>\$ 20,182</u>	<u>\$ 1,500</u>	<u>\$ 144,895</u>	<u>\$ 75,442</u>	<u>\$ 220,337</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, 2012**

	<u>Special Revenue</u>		
	<u>Corrections</u>	<u>Environmental GRT</u>	<u>EMS</u>
Revenues			
Taxes			
Gross receipts tax	\$ -	\$ 12,731	\$ 26,693
Intergovernmental:			
State	-	-	-
Fines and forfeitures	<u>13,738</u>	<u>-</u>	<u>-</u>
Total revenues	<u>13,738</u>	<u>12,731</u>	<u>26,693</u>
Expenditures			
Current operations:			
Public safety	10,931	-	5,674
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>10,931</u>	<u>-</u>	<u>5,674</u>
Excess (deficiency) of revenues over expenditures	<u>2,807</u>	<u>12,731</u>	<u>21,019</u>
Other financing sources (uses):			
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2,807	12,731	21,019
Fund balances, beginning of year	<u>34,312</u>	<u>31,472</u>	<u>18,492</u>
Fund balances, end of year	<u>\$ 37,119</u>	<u>\$ 44,203</u>	<u>\$ 39,511</u>

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

Special Revenue

Law Enforcement	Recreation	Total	Capital Projects	Total
\$ -	\$ -	\$ 39,424	\$ -	\$ 39,424
20,000	-	20,000	-	20,000
<u>-</u>	<u>-</u>	<u>13,738</u>	<u>-</u>	<u>13,738</u>
<u>20,000</u>	<u>-</u>	<u>73,162</u>	<u>-</u>	<u>73,162</u>
2,850	-	19,455	-	19,455
<u>16,968</u>	<u>-</u>	<u>16,968</u>	<u>-</u>	<u>16,968</u>
<u>19,818</u>	<u>-</u>	<u>36,423</u>	<u>-</u>	<u>36,423</u>
<u>182</u>	<u>-</u>	<u>36,739</u>	<u>-</u>	<u>36,739</u>
<u>-</u>	<u>(2,807)</u>	<u>(2,807)</u>	<u>-</u>	<u>(2,807)</u>
<u>-</u>	<u>(2,807)</u>	<u>(2,807)</u>	<u>-</u>	<u>(2,807)</u>
182	(2,807)	33,932	-	33,932
<u>20,000</u>	<u>4,307</u>	<u>108,583</u>	<u>75,442</u>	<u>184,025</u>
<u>\$ 20,182</u>	<u>\$ 1,500</u>	<u>\$ 142,515</u>	<u>\$ 75,442</u>	<u>\$ 217,957</u>

**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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Fines and forfeitures	\$ <u>17,680</u>	\$ <u>17,680</u>	\$ <u>13,738</u>	\$(<u>3,942</u>)
Total revenues	<u>17,680</u>	<u>17,680</u>	<u>13,738</u>	<u>(3,942)</u>
Expenditures				
Current operations:				
Public safety	<u>17,680</u>	<u>17,680</u>	<u>8,551</u>	<u>9,129</u>
Total expenditures	<u>17,680</u>	<u>17,680</u>	<u>8,551</u>	<u>9,129</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>5,187</u>	<u>5,187</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	5,187	<u>\$ 5,187</u>
Beginning cash	<u>\$ 34,312</u>	<u>\$ 34,312</u>		
RECONCILIATION TO GAAP BASIS				
Change in payables			<u>(2,380)</u>	
Net change in fund balances GAAP basis			<u>\$ 2,807</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Taxes:				
Gross receipts tax	\$ 9,470	\$ 9,470	\$ 12,431	\$ 2,961
Total revenues	<u>9,470</u>	<u>9,470</u>	<u>12,431</u>	<u>2,961</u>
Expenditures				
Current operations:				
General government	<u>9,470</u>	<u>9,470</u>	<u>-</u>	<u>9,470</u>
Total expenditures	<u>9,470</u>	<u>9,470</u>	<u>-</u>	<u>9,470</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>12,431</u>	<u>12,431</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	12,431	<u>\$ 12,431</u>
Beginning cash	<u>\$ 30,596</u>	<u>\$ 30,596</u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			<u>300</u>	
Net change in fund balances GAAP basis			<u>\$ 12,731</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Intergovernmental:				
State	\$ -	\$ -	\$ 26,693	\$ 26,693
Total revenues	<u>-</u>	<u>-</u>	<u>26,693</u>	<u>26,693</u>
Expenditures				
Current operations:				
Public safety	<u>29,500</u>	<u>39,400</u>	<u>15,606</u>	<u>23,794</u>
Total expenditures	<u>29,500</u>	<u>39,400</u>	<u>15,606</u>	<u>23,794</u>
Excess (deficiency) of revenues over expenditures	<u>(29,500)</u>	<u>(39,400)</u>	<u>11,087</u>	<u>50,487</u>
Net change in fund balances	<u><u>\$(29,500)</u></u>	<u><u>\$(39,400)</u></u>	11,087	<u><u>\$ 50,487</u></u>
Beginning cash	<u><u>\$ 28,424</u></u>	<u><u>\$ 28,424</u></u>		
RECONCILIATION TO GAAP BASIS				
Change in payables			<u>9,932</u>	
Net change in fund balances GAAP basis			<u><u>\$ 21,019</u></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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental:				
State	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Expenditures				
Current operations:				
Public safety	3,000	3,000	2,850	150
Capital outlay	<u>17,000</u>	<u>17,000</u>	<u>16,968</u>	<u>32</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>19,818</u>	<u>182</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>182</u>	<u>182</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182</u>	<u>\$ 182</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
RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u> </u>
Other financing sources (uses):				
Transfers in (out)	<u> -</u>	<u> (2,807)</u>	<u> (2,807)</u>	<u> -</u>
Total other financing sources (uses)	<u> -</u>	<u> (2,807)</u>	<u> (2,807)</u>	<u> -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (2,807)</u>	<u>\$ (2,807)</u>	<u>\$ -</u>
Beginning cash	<u>\$ 4,307</u>	<u>\$ 4,307</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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 34,268	\$ 34,268
Total revenues	<u>-</u>	<u>-</u>	<u>34,268</u>	<u>34,268</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>34,268</u>	<u>34,268</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	\$ 34,268	<u>\$ 34,268</u>
Beginning cash	<u>\$ 75,442</u>	<u>\$ 75,442</u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			<u>(34,268)</u>	
Net change in fund balances GAAP basis			<u>\$ -</u>	

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

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OTHER SUPPLEMENTARY INFORMATION

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**STATE OF NEW MEXICO
TOWN OF PERALTA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2012**

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
ASSETS				
Cash	\$ -	\$ 5,785	\$ -	\$ 5,785
Total assets	<u>\$ -</u>	<u>\$ 5,785</u>	<u>\$ -</u>	<u>\$ 5,785</u>
LIABILITIES				
Deposits payable	\$ -	\$ -	\$ -	\$ 5,785
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,785</u>

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

**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 of 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 (Village), as of and for the year ended June 30, 2012, and have issued our report thereon dated January 31, 2013. 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

Management of the Town is responsible for establishing and maintaining effective 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.

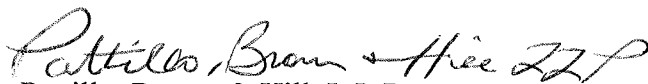
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material 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 as finding 2009-C. 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 2008-A and 2012-A.

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

This report is intended solely for the information and use of management, the Town Council, the Office of the State Auditor, the New Mexico State 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, L.L.P.

Albuquerque, New Mexico

January 31, 2013

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**STATE OF NEW MEXICO
TOWN OF PERALTA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012**

Financial Statement Findings

Prior Year

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

Current Year

2008-A	Audit Report Due Date – Repeated
2009-C	Court Bond Account – Repeated and Modified
2012-A	Incomplete I-9s

**STATE OF NEW MEXICO
TOWN OF PERALTA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012**

2008-A

Audit Report Due Date
(compliance)

Condition:

The audit report was not submitted by the due date, December 1, 2012. The report was submitted to the New Mexico Office of the State Auditor on February 6, 2013.

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 1st.

Effect:

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

Cause:

The audit contract was not signed until October 30, 2012. Due to the late signing of the audit contract, the field work was not scheduled until December 17, 2012, after the required due date of December 1, 2012.

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, 2012**

2009-C

Court Bond Account
(significant deficiency)

Condition:

The Town established a separate account to be used for bonds. The cash account balance for the bond account does not reconcile to court reports for bonds being held. At June 30, 2012 the cash balance was \$5,785 and the court "Outstanding Bond Report" showed \$650.

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 and the bond cash account are not being reconciled monthly.

Cause:

Due to employee turnover in the court, timely reconciliations of the bond account were not being done and communicated to the Clerk/Treasurer. The Town is currently in the process of reconciling the actual balance that should remain in the bond fund account.

Recommendation:

This account should be reconciled monthly, reports should be given to the Clerk/Treasurer and the balance should reflect bonds being held by the Town of Peralta.

Response:

The Town agrees with the recommendation and is now reconciling this bond fund account each month to the court reports.

**STATE OF NEW MEXICO
TOWN OF PERALTA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012**

2012-A

Incomplete I-9s
(compliance)

Condition:

During the internal control testing for payroll, one employee was selected for testing. That employee did not have a complete I-9 on file, there were not two forms of identification and the Town nor the employee had signed the I-9.

Criteria:

Federal Regulations Title 8 CFR Section 274a.2 (3) Verification of Identity and Employment Authorization states “an employer must examine documents that evidence the identity and employment authorization of the individual. The employer and the individual must each complete an attestation on the Form I-9 under penalty of perjury.”

Effect:

Because the Town failed to properly complete Form I-9 as required by law, they could face civil money penalties in an amount of not less than \$110 and not more than \$1,100 for each violation.

Cause:

The employee completing the I-9 with the new hire was not aware of the requirements for the new hire to provide two forms of identification and that both individuals were required to sign the I-9 form.

Recommendation:

The employee responsible for personnel files should be educated in the requirements for the I-9 and retention of those forms.

Response:

The Town has hired a new Treasurer, whom will maintain the personnel files and is familiar with the I-9 requirements. These I-9s have been properly completed by the new Treasurer.

**STATE OF NEW MEXICO
TOWN OF PERALTA
EXIT CONFERENCE
JUNE 30, 2012**

EXIT CONFERENCE

An exit conference was held on January 31, 2013 at the Town's offices. In attendance were Ginger Shoemaker, Councilor and Lisa Storey, Treasurer/Financial Director from the Town of Peralta. John Gordon, CPA and Regina Gordon, 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.