

State of New Mexico

TOWN OF PERALTA



FOR YEAR ENDED JUNE 30, 2015

(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

TOWN OF PERALTA

AUDIT REPORT

For The Year Ended June 30, 2015

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
TOWN OF PERALTA
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STATE OF NEW MEXICO
TOWN OF PERALTA
Official Roster
Year Ended June 30, 2015

Town Council

<u>Name</u>	<u>Title</u>
Mr. Bryan R. Olguin	Mayor
Mr. Michael Leon Otero	Mayor Pro-Tem
Ms. Tracy Aragon	Councilor
Mr. Joseph K. Romero	Councilor
Mrs. Kori Taylor	Councilor

Town Administration

Mr. David Young	Municipal Judge
Ms. Julie Pluemer	Clerk/Administrator
Ms. Melissa Baxter	Treasurer/Deputy Clerk

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
New Mexico State Auditor
and
Honorable Mayor and Town Council
Town of Peralta
Peralta, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the General, Fire Protection and Streets Funds of the Town of Peralta, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Town of Peralta's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Town of Peralta's non-major governmental funds and non-major enterprise funds and the budgetary comparisons for the non-major governmental and enterprise funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015 as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Peralta, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Fire Protection and Streets Funds for the year then ended in accordance 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 non-major governmental and non-major enterprise funds of the Town of Peralta, as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the non-major governmental and non-major enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the 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 GASB 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the Town of Peralta's financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The budgetary comparison for the non-major governmental and enterprise funds are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparisons for the non-major governmental and enterprise funds are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison for the enterprise fund fairly states, in all

material respects, in relation to the basic financial statements as a whole.

Schedule I, the Schedule of Vendor Information, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2015 on our consideration of the Town of Peralta'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Peralta's internal control over financial reporting and compliance.

Rico & Associates, LLP

Albuquerque, New Mexico
November 24, 2015

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
TOWN OF PERALTA
Statement of Net Position
June 30, 2015

Statement 1
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 1,861,031	\$ 373,082	\$ 2,234,113
Accounts receivable (net of uncollectible accounts)	69,737	1,608	71,345
Total current assets	1,930,768	374,690	2,305,458
Land	142,490	-	142,490
Land improvements	10,782	-	10,782
Buildings and improvements	741,083	9,371	750,454
Vehicles/heavy equipment	636,411	-	636,411
Heavy equipment	-	55,000	55,000
Equipment	103,760	-	103,760
Plant/Infrastructure	4,594,046	639,582	5,233,628
Total capital assets	6,228,572	703,953	6,932,525
Less accumulated depreciation	(977,878)	(63,246)	(1,041,124)
Total capital assets (net of accumulated depreciation)	5,250,694	640,707	5,891,401
Total assets	\$ 7,181,462	\$ 1,015,397	\$ 8,196,859

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Statement of Net Position
June 30, 2015

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Due to other agencies	<u>883</u>	<u>-</u>	<u>883</u>
Total current liabilities	<u>883</u>	<u>-</u>	<u>883</u>
Non-Current Liabilities			
Compensated absences payable	<u>9,783</u>	<u>-</u>	<u>9,783</u>
Total non-current liabilities	<u>9,783</u>	<u>-</u>	<u>9,783</u>
Total liabilities	<u>10,666</u>	<u>-</u>	<u>10,666</u>
Net Position			
Net investment in capital assets	5,250,694	640,707	5,891,401
Restricted for:			
State mandated cash balance	75,637	-	75,637
Special revenue fund	368,172	-	368,172
Debt service	-	-	-
Unrestricted	<u>1,476,293</u>	<u>374,690</u>	<u>1,850,983</u>
Total net position	<u>7,170,796</u>	<u>1,015,397</u>	<u>8,186,193</u>
Total liabilities and net position	<u>\$ 7,181,462</u>	<u>\$ 1,015,397</u>	<u>\$ 8,196,859</u>

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Statement of Activities
Year Ended June 30, 2015

Statement 2

Functions/Programs	Program Revenues				Net (Expenditures) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 130,172	\$ 28,777	\$ 48,530	\$ -	\$ (52,865)	\$ -	\$ (52,865)
Highways and streets	160,318	-	-	655,000	494,682	-	494,682
Public safety	359,195	-	102,944	-	(256,251)	-	(256,251)
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	1,605	-	-	-	(1,605)	-	(1,605)
Depreciation - unallocated	227,523	-	-	-	(227,523)	-	(227,523)
Total governmental activities	878,813	28,777	151,474	655,000	(43,562)	-	(43,562)
Business-type activities:							
Sewer services	34,193	-	166,806	-	-	132,613	132,613
Total business-type activities	34,193	-	166,806	-	-	132,613	132,613
Total all activities	\$ 913,006	\$ 28,777	\$ 318,280	\$ 655,000	(43,562)	132,613	89,051
General Revenues:							
Property taxes					156,176	-	156,176
Gross receipts taxes					679,594	-	679,594
Environmental gross receipts taxes					-	16,767	16,767
Franchise taxes					16,475	-	16,475
Gasoline taxes					5,015	-	5,015
Motor vehicle taxes					16,263	-	16,263
State aid not restricted to special purpose							
General					849,013	-	849,013
Transfers					(230,747)	230,747	-
Investment earnings					713	-	713
Total general revenues					1,492,504	246,514	1,739,018
Change in net position					1,448,942	379,127	1,828,069
Net position - beginning of year					6,507,068	-	6,507,068
Restatement					(785,214)	636,270	(148,944)
Net position - beginning of year - restated					5,721,854	636,270	6,358,124
Net position - ending					\$ 7,170,796	\$ 1,015,397	\$ 8,186,193

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Balance Sheet
Governmental Funds
June 30, 2015

Statement 3

	General	Fire Protection Fund	Streets Fund	Other Governmental Fund	Total Governmental Funds
ASSETS					
Cash on deposit	\$ 2,495,961	\$ 147,128	\$ 132,397	\$ 85,545	\$ 1,861,031
Accounts receivable	65,752	-	-	3,985	69,737
Total assets	\$ 1,561,713	\$ 147,128	\$ 132,397	\$ 89,530	\$ 1,930,768
LIABILITIES					
Due to other agencies	\$ -	\$ -	\$ 883	\$ -	\$ 883
Total liabilities	-	-	883	-	883
FUND BALANCE					
Restricted for:					
Fire protection	-	147,128	-	-	147,128
Corrections	-	-	22,061	-	22,061
Public safety	-	-	109,453	-	109,453
Streets	-	-	-	89,530	89,530
Reserves	75,637	-	-	-	75,637
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,486,076	-	-	-	1,486,076
Total fund balance	1,561,713	147,128	131,514	89,530	1,929,885
Total liabilities and fund balance	\$ 1,561,713	\$ 147,128	\$ 132,397	\$ 89,530	\$ 1,930,768

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

STATE OF NEW MEXICO
TOWN OF PERALTA

Statement 4

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2015

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

Total fund balances - governmental funds		\$ 1,929,885
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
The cost of capital assets	6,228,572	
Accumulated depreciation	<u>(977,878)</u>	
		5,250,694
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:		
Compensated absences		(9,783)
Net position of governmental activities		<u>\$ 7,170,796</u>

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2015

Statement 5

	General	Fire Protection Fund	Streets Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 156,178	\$ -	\$ -	\$ -	\$ 156,178
Franchise taxes	16,475	-	-	-	16,475
Gas tax	-	-	5,015	-	5,015
MVD	-	-	16,263	-	16,263
Charges for services	-	-	-	-	-
Fines and forfeitures	17,295	-	-	3,722	21,017
Licenses and permits	7,760	-	-	-	7,760
Local sources	46,380	-	-	32,855	79,235
State sources	851,183	70,089	800,406	-	1,721,658
State shared taxes	649,101	-	30,493	-	679,594
Earnings from investments	713	-	-	-	713
Total revenues	1,745,065	70,089	852,177	36,577	2,703,908
EXPENDITURES					
Current:					
General government	125,949	-	-	-	125,949
Highways and streets	160,318	-	-	-	160,318
Public safety	269,039	33,370	-	56,786	359,195
Culture and recreation	1,605	-	-	-	1,605
Capital outlay	130,556	3,905	727,934	-	862,415
Total expenditures	687,467	37,275	727,934	56,786	1,509,462
Excess (deficiency) of revenue over expenditures	1,057,598	32,814	124,223	(20,209)	1,194,426
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	16,824	16,824
Transfers out	(247,571)	-	-	-	(247,571)
Total other financing sources	(247,571)	-	-	16,824	(230,747)
Net change in fund balances	810,027	32,814	124,223	(3,385)	963,679
Fund balance beginning of year	896,746	114,314	(34,693)	237,624	1,213,991
Restatement	(145,060)	-	-	(102,725)	(247,785)
Fund balance beginning of year - restated	751,686	114,314	(34,693)	134,899	966,206
Fund balance end of year	\$ 1,561,713	\$ 147,128	\$ 89,530	\$ 131,514	\$ 1,929,885

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

TOWN OF PERALTA

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 963,679

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

Capital outlays to purchase or build capital
assets are reported in governmental funds as
expenditures. However, for governmental
activities those costs are shown in the statement
of net assets and allocated over their estimated
useful lives as annual depreciation expenses in the
statement of activities. This is the amount by which
capital outlays exceeds depreciation expense in the period.

Capital outlays	862,415
Depreciation expense	<u>(227,523)</u>

Excess of capital outlay over depreciation expense	634,892
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A portion of accounts receivable in the prior year is recongized and not deferred in the funds.	(145,406)
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In the Statement of Activities, certain operating
expenses are measured by the amount incurred
during the year. In the fund financial statements
however, expenditures are measured by the amount
of financial resources used (essentially the amounts
actually paid). The (increase) decrease in the
liabilities for the year were:

Compensated absences payable	<u>(4,223)</u>
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Change in net position of governmental activities	<u>\$ 1,448,942</u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
TOWN OF PERALTA
General Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ 19,283	\$ 156,178	\$ 136,895
Franchise taxes	11,000	11,000	16,475	5,475
Gas taxes	-	-	-	-
MVD	-	-	-	-
Charges for services	1,000	1,000	-	(1,000)
Fines and forfeitures	16,000	16,000	17,295	1,295
Licenses and permits	11,000	11,000	7,760	(3,240)
Local sources	-	-	46,380	46,380
State sources	600,000	1,149,012	851,163	(297,849)
State shared taxes	561,500	561,500	642,105	80,605
Earnings from investments	-	150	713	563
Total revenues	<u>\$ 1,200,500</u>	<u>\$ 1,768,945</u>	<u>\$ 1,738,069</u>	<u>\$ (30,876)</u>
EXPENDITURES				
General government	\$ 619,209	\$ 619,209	\$ 138,625	\$ 480,584
Public safety	333,360	333,360	269,039	64,321
Highways & Streets	358,442	358,442	160,318	198,124
Culture and recreation	6,000	6,000	1,605	4,395
Capital outlay	-	-	130,556	(130,556)
Total expenditures	<u>\$ 1,317,011</u>	<u>\$ 1,317,011</u>	<u>\$ 700,143</u>	<u>\$ 616,868</u>
OTHER FINANCING SOURCES (Uses)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfer out	(169,150)	(169,150)	(247,571)	(78,421)
Total other financing sources (uses)	<u>\$ (169,150)</u>	<u>\$ (169,150)</u>	<u>\$ (247,571)</u>	<u>\$ (78,421)</u>
BUDGETED CASH BALANCE	<u>\$ 285,511</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Special Revenue - Fire Protection Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 68,000	\$ 68,000	\$ 70,089	\$ 2,089
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 68,000</u>	<u>\$ 68,000</u>	<u>\$ 70,089</u>	<u>\$ 2,089</u>
EXPENDITURES				
Public safety	\$ 133,765	\$ 133,765	\$ 37,275	\$ 96,490
Total expenditures	<u>\$ 133,765</u>	<u>\$ 133,765</u>	<u>\$ 37,275</u>	<u>\$ 96,490</u>
BUDGETED CASH BALANCE	<u>\$ 65,765</u>	<u>\$ 65,765</u>		

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Special Revenue - Streets Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Gas tax	\$ 4,000	\$ 4,000	\$ 5,015	\$ 1,015
MVD	12,000	12,000	15,911	3,911
State sources	431,250	800,000	800,406	406
Federal sources	150,000	150,000	-	(150,000)
State shared taxes	-	-	31,378	31,378
Earnings on investments	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 597,250</u>	<u>\$ 966,000</u>	<u>\$ 852,710</u>	<u>\$ (113,290)</u>
EXPENDITURES				
Highways and Streets	\$ 575,000	\$ 775,000	\$ 767,165	\$ 7,835
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 575,000</u>	<u>\$ 775,000</u>	<u>\$ 767,165</u>	<u>\$ 7,835</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Proprietary Funds
Statement of Net Position
June 30, 2015

Statement 10

	<u>Sewer Fund</u>
ASSETS	
Current Assets	
Cash on deposit	\$ 373,082
Accounts receivable (net)	<u>1,608</u>
Total Current Assets	<u>374,690</u>
Capital Assets	
Buildings and Improvements	9,371
Heavy equipment	55,000
Plant/infrastructure	639,582
Accumulated depreciation	<u>(63,246)</u>
Total Capital Assets	<u>640,707</u>
Total Assets	<u>\$ 1,015,397</u>
LIABILITIES	
Current Liabilities	
Accounts payable	<u>\$ -</u>
Total Current Liabilities	<u>-</u>
NET POSITION	
Net investment in capital assets	640,707
Restricted for repair and replacement	-
Restricted for debt service	-
Unrestricted	<u>374,690</u>
Total Net Position	<u>1,015,397</u>
Total Liabilities and Net Position	<u>\$ 1,015,397</u>

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Proprietary Funds
Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2015

Statement 11

	Sewer Fund
OPERATING REVENUES	
Sales and services	\$ -
Local source	-
State shared taxes	15,767
Total operating revenue	15,767
OPERATING EXPENSES	
Personal services	-
Maintenance and operations	-
Major contractual services	-
Other operating expenses	-
Depreciation	34,193
Total operating expenses	34,193
Operating income (loss)	(18,426)
NON-OPERATING REVENUE (EXPENSE)	
Investment income	-
Investment expense	-
Transfers in	230,747
Transfers out	-
State grant	166,806
Federal grant	-
Total Non-Operating Revenue (Expense)	397,553
Change in Net Position	379,127
Total net position, beginning of year	-
Restatement	636,270
Total net position, beginning of year, restated	636,270
Total net position, end of year	\$ 1,015,397

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2015

Statement 12

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ -
Cash received from state shared taxes	15,598
Cash payments to employees and to suppliers for goods and services	-
Net cash provided by operating activities	15,598
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(141,356)
Net cash provided (used) by capital and related financing activities	(141,356)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Cash received from state grants	168,956
Cash received from federal grants	-
Operating transfers from other funds	230,747
Operating transfers to other funds	-
Net cash provided (used) by noncapital financing activities	399,703
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	-
Net cash provided by investing activities	-
Net increase (decrease) in cash	273,945
Cash, beginning of year	99,137
Cash, end of year	\$ 373,082
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (18,426)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	34,193
Changes in assets and liabilities:	
(Increase) decrease in receivables	(169)
Increase (decrease) in accounts payable	-
Net cash provided (used) by operating activities	\$ 15,598

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash	\$ <u>3,608</u>
Total Assets	<u>\$ 3,608</u>
LIABILITIES	
Due to bond holders	\$ <u>3,608</u>
Total Liabilities	<u>\$ 3,608</u>

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Notes to Financial Statements
Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Peralta is incorporated under Section 3, Article 2, New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

The financial statements of the Town of Peralta 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.

A. Reporting Entity

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 GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, 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 had no component units.

Notes to Financial Statements (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 and changes in net assets) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which is normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. 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 revenues to be available if they are collected within 30 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 judgements, are recorded only when payment is due.

Notes to Financial Statements (continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and susceptible to accrual criteria have been met.

The government reports the following major governmental funds:

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

The *Fire Protection Fund* (Special Revenue Fund) is to account for the operations and maintenance of the Fire Department. It is financed by a specific allotment from the State Fire Marshall's Office. The authority is NMSA 59A-53-1.

The *Streets Fund* (Special Revenue Fund) is to account for the receipt of the statewide increase of two cents per gallon of gasoline tax, which one cent is redistributed, to municipalities for highway and street maintenance. (Authority is NMSA 7-24A-3)

The Town reports the following Proprietary Fund types:

Enterprise Fund - Sewer Fund - To account for the provision of sewer services to the residents of Peralta, New Mexico. All activities necessary to provide these services are accounted for in this fund.

The Town also reports additional Governmental funds as non-major.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds - These funds are used to account for the acquisition of capital assets or construction of major capital projects.

Agency Funds - To account for assets held by the Town as an agent for other funds or agencies.

Notes to Financial Statements (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions and 3) program specific capital grants and contributions including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgets and Budgetary Accounting

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, any revisions that alter the total expenditures of any funds must be approved by the Town Council and New Mexico State Department of Finance, Division of Local Governments. The original budget that was adopted in July, 1998 was amended during the fiscal year in a legally permissible manner.

Notes to Financial Statements (continued)

3. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Project Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principals. 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 General and Special Revenue Funds in this report are on the Non-GAAP budgetary basis and actual (cash basis). The budget of the Enterprise Fund is adopted on a Non-GAAP cash basis.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Town. The pledged securities remain in the name of the financial institution.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

The cost of inventories are recorded as expenditures when purchased rather than when consumed.

G. Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The Town has two types of items, which arise due to the implementation of GASB

Notes to Financial Statements (continued)

68 and the related net pension liability. Accordingly, the items, net difference between expected and actual earnings and change in assumptions, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Town has two types of items that qualify for reporting in this category. Accordingly, the items, change in proportion and employer contributions subsequent to measurement date, are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the next period.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	20
Building improvements	20
Public domain infrastructure	25
System infrastructure	25
Vehicles	5
Equipment	5
Heavy equipment	10

Notes to Financial Statements (continued)

The Town does not capitalize computer software or software developed for internal use (if applicable) unless it exceeds the \$5,000 threshold.

J. Compensated Absences

It is the policy of the Town of Peralta to permit certain employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees upon separation from the Town's service. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Sick pay does not vest and is recorded as an expenditure when it is paid.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

L. Taxes

Franchise Taxes - By authority of Chapter 3, Article 42, NMSA 1978 and various ordinances, the Town imposes a franchise tax on certain public utilities operating within the municipality.

Motor Vehicle Registration Fees - Under the provisions of Chapter 66, Article 6, NMSA 1978, the State of New Mexico collects various fees for the registration and regulation of motor vehicles in the state. Of the amount collected, certain specified amounts are distributed to various governmental agencies with the State, including; the Motor Vehicle Division, State Road fund, municipalities, and counties. After certain priority payments, as detailed in 66-6-23 NMSA 2978 have been made, a portion of the remaining fees held in the motor vehicle suspense fund are distributed as required in 66-6-23 B (4) and 66-6-23 B (5). These distributions are commonly referred to as the 10% and 15% motor vehicle tax distributions.

Gasoline Tax - The State of New Mexico, by authority of Chapter 7, Article 13 NMSA 1978, imposed an excise tax on \$0.17 on each gallon of gasoline received in New Mexico. Of the total gasoline taxes received, a portion is distributed to the various municipalities within the State pursuant to Chapter 7, Article 1-6.9 NMSA 1978 and Chapter 7, Article 1-6.27 NMSA 1978.

Municipal Gross Receipts Tax - Under authority of Chapter 7, Articles 19 and 19D, NMSA 1978, the Town adopted gross receipts taxing through ordinance. Said ordinances provide for the imposition of gross receipts taxes on all non-exempt persons engaging in business in the municipality. The tax is collected by the State of New Mexico and remitted to the Town after deducting certain administrative costs.

Notes to Financial Statements (continued)

State Gross Receipts Tax - Under authority of Chapter 7, Article 1, NMSA 1978, the State of New Mexico imposes a gross receipts tax on all businesses within the State. Of the total collected, 1.225% of the taxable gross receipts are distributed to the municipality reporting the taxable receipts.

M. Restricted Assets

Certain long-term assets in the proprietary funds are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purpose such as "deposits held in trust for others".

N. Net Assets

The governmental activities and business-type activities financial statements utilize a net position presentation. Net assets are categorized as follows:

Net investment in capital assets - This category reflects the portion of net assets that are associates with capital assets less outstanding capital asset related debt.

Restricted net position - This category reflects the portion of net assets that have third party limitation on their use.

Unrestricted net position - This category reflects net assets of the Town not restricted for any project or other purposes.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Town ordinances).

Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposed specified by the legislation.

Notes to Financial Statements (continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Town Council. Those committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council or a Town official delegated that authority by the Town Council or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Q. 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 carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

Notes to Financial Statements (continued)

2. DEPOSITORY COLLATERAL

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Town's Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

The following is the Cash on Deposit at each financial institution.

First American	Checking	\$ 408,100
Wells Fargo	Checking	1,361,398
U.S. Bank	Checking	4,678
U.S. Bank	Checking	2,054
Wells Fargo	Checking	246,523
Wells Fargo	Certificate of Deposit	<u>250,783</u>
		<u>\$2,273,536</u>
Total amount on deposit		\$2,273,536
Deposit in transit		78
Petty cash		500
Outstanding checks		<u>(36,393)</u>
Total per financial statements		<u>\$2,237,721</u>

The following schedule details the public money held by Wells Fargo and the pledged collateral provided for the Town follows:

	<u>American</u>	<u>U.S. Bank</u>	<u>Wells Fargo</u>
Cash on deposit at June 30	\$ 408,100	\$ 6,732	\$ 1,858,704
Less FDIC	<u>(250,000)</u>	<u>(6,732)</u>	<u>(250,000)</u>
Uninsured funds	158,100	-	1,608,704
Funds needing collateralization at 50% (required by State Law)	79,050	-	804,352
Pledged collateral at June 30	<u>342,833</u>	<u>-</u>	<u>1,564,923</u>
Excess of Pledged Collateral	<u>\$ 263,783</u>	<u>\$ -</u>	<u>\$ 760,571</u>

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, \$1,766,804 of the Town's bank balance \$2,273,536 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 43,781
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Town's name	<u>1,723,023</u>
Total	<u>\$1,766,804</u>

Notes to Financial Statements (continued)

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the cooperative for at least one half of the amount on deposit with the institution.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

<u>First American Bank</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FHLB #36225E5G3	10-20-40	<u>\$342,833</u>
<u>Bank of New York Mellon</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FN #3138EDTE1	5-1-42	\$ 198,805
FN #3138MRLD7	1-1-43	95,844
FN #3138W5HR2	8-1-43	472,975
FN #3138W7GF5	3-1-43	1,867
FN #3138WVPL9	6-1-43	139,114
FN #3138XOA24	7-1-43	435,299
FN #31417EKU2	1-1-43	214,461
FN #31417YXX0	4-1-41	<u>6,558</u>
	Total	<u>\$1,564,923</u>

3. ACCOUNTS RECEIVABLES

Receivables as of June 30, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ -
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Subtotal	-	-
Gas taxes	417	-
MVD taxes receivable	352	-
Gross receipts taxes receivable	68,968	-
Environmental gross receipts taxes	<u>-</u>	<u>1,608</u>
Total	<u>\$ 69,737</u>	<u>\$ 1,608</u>

4. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semi-annual installments by November 10 and April 10 of the subsequent year. Taxes are collected on behalf of the

Notes to Financial Statements (continued)

Town by the County Treasurer, and are remitted to the Town in the month following collection. Because the Treasurer for the county in which the Town is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the Town.

The Town is permitted to levy taxes for general operating purposes based on taxable value for both residential and nonresidential property, taxable value being defined as one-third of the fully assessed value. In addition, the Town is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Town.

The Town accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues. The Town has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the Town's financial records.

5. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Governmental Funds

During the year ended June 30, the following changes occurred in the liabilities reported in the Governmental Funds:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Compensated absences payable	\$ 5,560	\$ 4,223	\$ -	\$ 9,783	\$ -

The liability will be liquidated by the General Fund.

6. CAPITAL ASSETS

The amount of property, plant and equipment in the Business-Type Activities consists of the following:

	Balance June 30, 2014	Additions	Deletions	Adjustments	Balance June 30, 2015
Buildings & improvements	\$ -	\$ -	\$ -	\$ 9,371	\$ 9,371
Infrastructures	-	141,356	-	498,226	639,582
Heavy equipment	-	-	-	55,000	55,000
Sub-total	-	141,356	-	592,597	703,953
Less: Accumulated Depreciation	-	(34,193)	-	(29,054)	(63,244)
Total Capital Assets	-	\$ 107,163	\$ -	\$ 533,543	\$ 640,709

Notes to Financial Statements (continued)

The amount of property, plant and equipment in the Government-Type Activities consists of the following:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2015</u>
Land	\$ 142,490	\$ -	\$ -	\$ -	\$ 142,490
Total capital assets not being depreciated	<u>142,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,490</u>
Land improvements	-	10,781	-	-	10,781
Buildings & improvements	750,454	-	-	(9,371)	741,083
Infrastructures	4,290,323	801,949	-	(498,226)	4,594,046
Equipment	99,855	3,905	-	-	103,760
Vehicles	<u>645,632</u>	<u>45,779</u>	<u>-</u>	<u>(55,000)</u>	<u>636,411</u>
Sub-total	<u>5,786,264</u>	<u>862,414</u>	<u>-</u>	<u>(562,597)</u>	<u>6,086,081</u>
Less: Accumulated Depreciation	<u>(775,523)</u>	<u>(227,523)</u>	<u>-</u>	<u>25,169</u>	<u>(977,877)</u>
Total capital assets being depreciated	<u>5,010,741</u>	<u>634,891</u>	<u>-</u>	<u>(537,427)</u>	<u>5,108,204</u>
Total Capital Assets	<u>\$ 5,153,231</u>	<u>\$ 634,891</u>	<u>\$ -</u>	<u>\$ (537,428)</u>	<u>\$ 5,250,694</u>

7. TRANSFERS

The composition of interfund transfers for Governmental Activities during the year are as follows:

	<u>Transfers In</u>		
<u>Transfers Out</u>	<u>Sewer Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total</u>
General	<u>\$ 230,747</u>	<u>\$ 16,824</u>	<u>\$ 247,571</u>

<u>Balance of Transfers</u>		
Transfer to Sewer Fund	\$230,747	From General
Transfer to Non-Major Governmental Fund	<u>16,824</u>	From General
Total Interfund Transfers Between Governmental Activities	<u>\$247,571</u>	

Notes to Financial Statements (continued)

8. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Streets Fund</u>	<u>Other Governmental Funds</u>	<u>Proprietary Fund</u>
Accrual basis	\$1,745,065	\$ 70,089	\$852,177	\$ 36,577	\$ 182,404
Budget basis	<u>1,738,069</u>	<u>70,089</u>	<u>852,710</u>	<u>56,577</u>	<u>182,404</u>
Increase (decrease) in receivables/allowance for doubtful accounts	<u>\$ 6,996</u>	<u>\$ -</u>	<u>\$ (533)</u>	<u>\$ (20,000)</u>	<u>\$ -</u>
<u>Expenditures</u>					
Accrual basis	\$ 687,467	\$ 37,275	\$727,954	\$ 56,786	\$ 34,193
Budget basis	700,143	37,275	767,165	83,086	141,356
Depreciation	-	-	-	-	(34,193)
Capital outlay	-	-	-	-	141,356
Increase (decrease) in compensated absences/payables	<u>\$ (12,676)</u>	<u>\$ -</u>	<u>\$ (39,211)</u>	<u>\$ (26,300)</u>	<u>\$ -</u>

9. RETIREMENT PLAN

The Town has elected not to participate in the Public Employees Retirement Association.

10. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Town has elected not to participate in the Retiree Health Care Act of New Mexico's retiree health care program.

11. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

Notes to Financial Statements (continued)

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Streets Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<u>Nonspendable:</u>					
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -
Total nonspendable	-	-	-	-	-
<u>Restricted for:</u>					
Fire protection	-	147,128	-	-	147,128
Public safety	-	-	-	109,453	109,453
Streets	-	-	89,530	-	89,530
Corrections	-	-	-	22,061	22,061
State mandated cash reserves	75,637	-	-	-	75,637
Total restricted	75,637	147,128	89,530	131,514	443,809
<u>Committed to:</u>					
Other purposes	-	-	-	-	-
Total committed	-	-	-	-	-
<u>Unassigned:</u>	1,486,076	-	-	-	1,486,076
Total Fund Balances	<u>\$1,561,713</u>	<u>\$ 147,128</u>	<u>\$ 89,530</u>	<u>\$ 131,514</u>	<u>\$ 1,929,885</u>

12. RESTATEMENT OF NET POSITION

The Town had a prior period adjustment in the Governmental activities in the amount of \$587,765 to restate capital assets for \$562,597 and accumulated depreciation of \$25,168. The Sewer Fund had a restatement in the amount of \$636,270 for changes in Capital Assets of \$562,597 and accumulated depreciation of \$29,054. Also, to combine the Environmental Gross Receipts Tax (\$75,122) and Capital Projects Fund (\$27,603) with the Sewer Fund.

13. RESTATEMENT OF FUND BALANCE

The General Fund had a restatement to show the correct cash balances in the amount of \$145,060. To close out the Environmental Gross Receipts Tax Fund to the Sewer Fund for \$75,122. The Capital Projects Fund was closed and combined with the Sewer Fund in the amount of \$27,603.

NON-MAJOR FUNDS

STATE OF NEW MEXICO
 Town of Peralta
 Non-Major Governmental Funds
 Combining Balance Sheet - By Fund Type
 June 30, 2015

	Special Revenue Funds	Capital Project Funds	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash on deposit	\$ 132,397	\$ -	\$ 132,397
Accounts receivable	<u> -</u>	<u> -</u>	<u> -</u>
 Total assets	 <u>\$ 132,397</u>	 <u>\$ -</u>	 <u>\$ 132,397</u>
LIABILITIES			
Due to other agencies	<u>\$ 883</u>	<u>\$ -</u>	<u>\$ 883</u>
FUND BALANCE			
Nonspendable	-	-	-
Restricted	131,514	-	131,514
Committed	-	-	-
Assigned	-	-	-
Unassigned	<u> -</u>	<u> -</u>	<u> -</u>
 Total fund balance	 <u>131,514</u>	 <u>-</u>	 <u>131,514</u>
 Total liabilities and fund balance	 <u>\$ 132,397</u>	 <u>\$ -</u>	 <u>\$ 132,397</u>

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - By Fund Type
Year Ended June 30, 2015

Statement A-2

	Special Revenue Funds	Capital Project Funds	Total
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Licenses and permits	-	-	-
Fines and forfeitures	3,722	-	3,722
Local sources	32,855	-	32,855
State sources	-	-	-
Federal sources	-	-	-
Earnings on investments	-	-	-
	<u>36,577</u>	<u>-</u>	<u>36,577</u>
EXPENDITURES			
Current:			
General government	-	-	-
Highways and streets	-	-	-
Public safety	56,786	-	56,786
Culture and recreation	-	-	-
Capital outlay	-	-	-
	<u>56,786</u>	<u>-</u>	<u>56,786</u>
Excess (deficiency) of revenues over expenditures	(20,209)	-	(20,209)
OTHER FINANCING SOURCES (USES)			
Transfers in	16,824	-	16,824
Transfer out	-	-	-
	<u>16,824</u>	<u>-</u>	<u>16,824</u>
Total other financing sources (uses)	16,824	-	16,824
Net change in fund balance	<u>(3,385)</u>	<u>-</u>	<u>(3,385)</u>
Fund balance at beginning of year	210,021	27,603	237,624
Restatement	<u>(75,122)</u>	<u>(27,603)</u>	<u>(102,725)</u>
Fund balance at beginning of year, restated	134,899	-	134,899
Fund balance at end of year	<u>\$ 131,514</u>	<u>\$ -</u>	<u>\$ 131,514</u>

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Combined Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Governmental Fund Types - Non-Major
Special Revenue Funds
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	8,000	8,000	3,722	(4,278)
Local sources	26,000	26,000	32,855	6,855
State sources	20,000	20,000	20,000	-
Federal sources	-	-	-	-
State shared taxes	-	-	-	-
Earnings from investments	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 54,000</u>	<u>\$ 54,000</u>	<u>\$ 56,577</u>	<u>\$ 2,577</u>
EXPENDITURES				
General government	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-
Public safety	95,400	95,400	83,086	12,314
Culture and recreation	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 95,400</u>	<u>\$ 95,400</u>	<u>\$ 83,086</u>	<u>\$ 12,314</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 25,400	\$ 25,400	\$ 16,824	\$ (8,576)
Transfers out	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u>\$ 25,400</u>	<u>\$ 25,400</u>	<u>\$ 16,824</u>	<u>\$ (8,576)</u>
BUDGETED CASH BALANCE	<u>\$ 14,000</u>	<u>\$ 14,000</u>		

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Combined Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Capital Projects Funds
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings on investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

NON-MAJOR SPECIAL REVENUE FUNDS

ALL FUNDS - All funds were created by management directive.

EMS FUND - To account for the operations of emergency services. Financing is provided by the County (allotment) each year. (Authority is NMSA 7-12-15).

LAW ENFORCEMENT PROTECTION FUND - To account for grants received from state sources for the purpose of buying equipment for the Village Police department. (Authority is NMSA 29-13-3)

ENVIRONMENTAL GROSS RECEIPTS TAX FUND - To account for environmental gross receipts tax revenues received to be used for the acquisition, construction, operation, and maintenance of solid waste facilities.

CORRECTIONS FUND - To account for the fines collected on local violations by the Village Court to be used for the costs associated with housing Village prisoners. (Authority is NMSA 35-14-11)

STATE OF NEW MEXICO
TOWN OF PERALTA
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2015

	EMS Fund	Law Enforcement Protection Fund	Environmental GRT Fund	Corrections Fund	Total
ASSETS					
Cash on deposit	\$ 109,304	\$ 149	\$ -	\$ 22,944	\$ 132,397
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 109,304</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 22,944</u>	<u>\$ 132,397</u>
LIABILITIES					
Due to other agencies	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 883</u>	<u>\$ 883</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted	<u>109,304</u>	<u>149</u>	<u>-</u>	<u>22,061</u>	<u>131,514</u>
Total fund balance	<u>\$ 109,304</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 22,944</u>	<u>\$ 132,397</u>

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2015

Statement B-2

	EMS Fund	Law Enforcement Protection Fund	Environmental GRT Fund	Corrections Fund	Totals
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	3,722	3,722
Local sources	32,855	-	-	-	32,855
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Earnings on investments	-	-	-	-	-
Total revenues	<u>32,855</u>	<u>-</u>	<u>-</u>	<u>3,722</u>	<u>\$6,577</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Highways and streets	-	-	-	-	-
Public safety	24,551	10,524	-	21,711	56,786
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>24,551</u>	<u>10,524</u>	<u>-</u>	<u>21,711</u>	<u>56,786</u>
Excess (deficiency) of revenues over expenditures	<u>8,304</u>	<u>(10,524)</u>	<u>-</u>	<u>(17,989)</u>	<u>(20,209)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	16,824	-	-	16,824
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>16,824</u>	<u>-</u>	<u>-</u>	<u>16,824</u>
Net change in fund balance	<u>8,304</u>	<u>6,300</u>	<u>-</u>	<u>(17,989)</u>	<u>(3,385)</u>
Fund balance, beginning of year	101,000	(6,151)	75,122	40,050	210,021
Restatement	-	-	(75,122)	-	(75,122)
Fund balance, beginning of year, restated	<u>101,000</u>	<u>(6,151)</u>	<u>-</u>	<u>40,050</u>	<u>134,899</u>
Fund balance, end of year	<u>\$ 109,304</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 22,061</u>	<u>\$ 131,514</u>

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Non-Major Special Revenue - EMS Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 26,000	\$ 26,000	\$ 32,855	\$ 6,855
Total revenues	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 32,855</u>	<u>\$ 6,855</u>
EXPENDITURES				
Public safety	\$ 34,100	\$ 34,100	\$ 24,551	\$ 9,549
Total expenditures	<u>\$ 34,100</u>	<u>\$ 34,100</u>	<u>\$ 24,551</u>	<u>\$ 9,549</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 6,100	\$ 6,100	\$ -	\$ (6,100)
Total other financing sources	<u>\$ 6,100</u>	<u>\$ 6,100</u>	<u>\$ -</u>	<u>\$ (6,100)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Non-Major Special Revenue - Law Enforcement Protection Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
State sources	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Earnings on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 39,300	\$ 39,300	\$ 36,824	\$ 2,476
Total expenditures	<u>\$ 39,300</u>	<u>\$ 39,300</u>	<u>\$ 36,824</u>	<u>\$ 2,476</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 19,300	\$ 19,300	\$ 16,824	\$ (2,476)
Total other financing sources	<u>\$ 19,300</u>	<u>\$ 19,300</u>	<u>\$ 16,824</u>	<u>\$ (2,476)</u>
REVENUES				
Budgetary basis			\$ 20,000	
(Decrease) in receivables			<u>(20,000)</u>	
Modified accrual basis			<u>\$ -</u>	
EXPENDITURES				
Budgetary basis			\$ 36,824	
(Decrease) in accounts payable			<u>(26,300)</u>	
Modified accrual basis			<u>\$ 10,524</u>	

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Non-Major Special Revenue - Environmental GRT Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Non-Major Special Revenue - Corrections Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 8,000	\$ 8,000	\$ 3,722	\$ (4,278)
Earnings on investments	-	-	-	-
Total revenues	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 3,722</u>	<u>\$ (4,278)</u>
EXPENDITURES				
Public safety	\$ 22,000	\$ 22,000	\$ 21,711	\$ 289
Total expenditures	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 21,711</u>	<u>\$ 289</u>
BUDGETED CASH BALANCE	<u>\$ 14,000</u>	<u>\$ 14,000</u>		

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

NON-MAJOR CAPITAL PROJECT FUNDS

CAPITAL PROJECTS FUND - To account for the planning, design and construction of the Bosque Farms - Peralta wastewater system.

STATE OF NEW MEXICO
TOWN OF PERALTA
Non-Major Capital Projects Funds
Balance Sheet
June 30, 2015

	<u>Capital Projects Fund</u>
ASSETS	
Cash on deposit	\$ -
Total assets	<u>\$ -</u>
LIABILITIES	
Accounts payable	\$ -
Total liabilities	<u>-</u>
FUND BALANCE	
Restricted	<u>-</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Non-Major Capital Projects Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2015

	Capital Projects Fund
	<u> </u>
REVENUES	
State sources	\$ -
Earnings from investments	<u> </u>
Total revenues	<u> </u>
EXPENDITURES	
Capital outlay	<u> </u>
Total expenditures	<u> </u>
Excess (deficiency) of revenues over expenditures	<u> </u>
OTHER FINANCING SOURCES (USES)	
Transfer in	-
Transfer out	<u> </u>
Total other Financing Sources (Uses)	<u> </u>
Net change in fund balance	-
Fund balance at beginning of year	<u>27,603</u>
Restatement	<u>(27,603)</u>
Fund balance at beginning of year - restated	<u> </u>
Fund balance at end of year	<u><u>\$ -</u></u>

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

STATE OF NEW MEXICO
TOWN OF PERALTA
Non-Major Capital Projects Fund - Capital Projects Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

PROPRIETARY FUND DETAIL

PROPRIETARY FUNDS BUDGETS

SEWER FUND - To account for the provision of sewer services to the residents of Peralta, New Mexico. All activities necessary to provide these services are accounted for in this fund.

STATE OF NEW MEXICO
TOWN OF PERALTA
Proprietary Funds
Sewer Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-
State sources	300,000	300,000	166,806	(133,194)
State shared taxes	12,500	12,500	15,598	3,098
Interest income	-	-	-	-
Total revenues	<u>\$ 312,500</u>	<u>\$ 312,500</u>	<u>\$ 182,404</u>	<u>\$ (130,096)</u>
EXPENDITURES				
Maintenance and operations	\$ -	\$ -	\$ -	\$ -
Capital outlay	300,000	300,000	141,356	158,644
Total expenditures	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 141,356</u>	<u>\$ 158,644</u>
OTHER FINANCING SOURCES				
Transfers in	\$ -	\$ -	\$ 230,747	\$ 230,747
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 230,747</u>	<u>\$ 230,747</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		
REVENUES				
Budgetary basis			\$ 182,404	
Increase in receivables			169	
Modified accrual basis			<u>\$ 182,573</u>	
EXPENDITURES				
Budgetary basis			\$ 141,356	
Capital outlay			(141,356)	
Depreciation			34,193	
GAAP basis			<u>\$ 34,193</u>	

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

SUPPLEMENTARY INFORMATION

From of Foralls
 SCHEDULE OF VENDOR INFORMATION
 (For Purchases Exceeding \$50,000 excluding GST)
 For the Year Ended June 30, 2015

Prepared by (Agency Staff Name): Julie Fluemer
 Title: Clerk/Administrator
 Date: November 21, 2015

RFQ#/RFI#/State Wide Price Agreement #	Type of Procurement	Awarded Vendor	Amount of Awarded Contract	Amount of Amended Contract	Name and Physical Address of All Vendor(s) that responded	In-state/out-of- State Vendor (Y or M) (Based on Statutory Definition)	Res the vendor in- state and abroad Veteran's preference (Y or N)	Being Description of the Scope of Work
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No Schedule of Vendor Information provided by client.

STATE OF NEW MEXICO
TOWN OF PERALTA
Schedule of Changes in
Assets and Liabilities -
Agency Funds
Year Ended June 30, 2015

Schedule II

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Cash	\$ 2,800	\$ 7,500	\$ 6,692	\$ 3,608
Total assets	<u>\$ 2,800</u>	<u>\$ 7,500</u>	<u>\$ 6,692</u>	<u>\$ 3,608</u>
LIABILITIES				
Due to Bond Holders	\$ 2,800	\$ 7,500	\$ 6,692	\$ 3,608
Total liabilities	<u>\$ 2,800</u>	<u>\$ 7,500</u>	<u>\$ 6,692</u>	<u>\$ 3,608</u>

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

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
New Mexico State Auditor
and
Honorable Mayor and Village Council
Town of Peralta
Peralta, New Mexico

We have audited, in accordance with the 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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General and Fire Protection and Streets Funds of the Town of Peralta, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Town of Peralta's basic financial statements, and the related budgetary comparison of the enterprise fund, presented as supplemental information, and have issued our report thereon dated November 24, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Peralta'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 of Peralta's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village'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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying Status of Comments and Responses as Capital Asset Listing/Depreciation Schedule (2015-002), Court Fees Not Remitted to the State (2015-004), Court Bonds Not Reconciled to the Bank Account (2015-005), Bank Reconciliation Transactions Incorrect (2015-007), Bank Account Not Reconciled to Each Fund (2015-008), Payroll/Payables in System Not Being Cleared Out (2015-011) and Amounts Collected on Behalf of the State (2015-014) that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Peralta's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 which is described in the accompanying Status of Findings and Responses as No Depreciation Policy (2015-001), DFA Report Incorrect (2015-003), Checks Written Not Posted in the General Ledger to the Correct Fund (2015-006), Transfers on the Books of Record Incorrect (2015-009), Transfer Not budgeted or Approved by DFA (2015-010), Fund on Books of Record Unknown (2015-012), Separate Bank Account for On-Behalf Collections (2015-013), Receipt Books (2015-015) and Travel Vouchers Incomplete (2015-016).

Town of Peralta's Response to Findings

The Town of Peralta's responses to the findings identified in our audit are described in the accompanying Status of Comments. The Town of Peralta's responses were not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Peralta's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albuquerque, New Mexico
November 24, 2015

STATUS OF COMMENTS AND RESPONSES

Prior Year Audit Findings:

1. Deposit of Public Money (2013-001) - Resolved.
2. Court Cash Drawers (2013-002) - Resolved.
3. Bank Reconciliations (2014-001) - Resolved.
4. Segregation of Duties (2014-002) - Resolved.
5. Budgeted Deficit in Excess of Cash (2014-003) - Resolved.
6. Late Contracting for Audit Services (2014-004) - Resolved.
7. Preparation of Financial Statements (2014-005) - Resolved.

Current Year Audit Findings:

1. No Depreciation Policy (2015-001)
2. Capital Asset Listing/Depreciation Schedule (2015-002)
3. DFA Report Incorrect (2015-003)
4. Court Fees Not Remitted to the State (2015-004)
5. Court Bonds not Reconciled to the Bank Account (2015-005)
6. Checks Written not Posted in the General Ledger to the Correct Fund (2015-006)
7. Bank Reconciliation Transactions Incorrect (2015-007)
8. Bank Account not Reconciled to Each Fund (2015-008)
9. Transfers on the Books of Record Incorrect (2015-009)
10. Transfer Not Budgeted or Approved by DFA (2015-010)
11. Payroll/Payables in System not Being Cleared Out (2015-011)
12. Fund on Books of Record Unknown (2015-012)
13. Separate Bank Account for on Behalf Collections (2015-013)
14. Amounts Collected on Behalf of the State (2015-014)

Current Year Audit Findings (Continued):

15. Receipt Books (2015-015)
16. Travel Vouchers Incomplete (2015-016)

No Depreciation Policy - Other Matter
(2015-001)

CONDITION	The Town has not approved a depreciation policy so depreciation can be charged to capital assets according to Board approval.
CRITERIA	The Town needs a depreciation policy so capital assets can be depreciated according to Board policy. This is due to the implementation of GASB 34.
CAUSE	The Town has not approved a policy for management to follow.
EFFECT	Depreciation may be charged incorrectly because no set policy is in place.
RECOMMENDATION	The Town should approve a policy as soon as possible. Management should then implement that policy as soon as possible.
RESPONSE	<p>Upon receipt of a sample resolution from the Contract Auditors, the Town will then amend and adopt an official resolution that meets the needs of the Town's Depreciation Policy.</p> <p>The Town Clerk and Treasurer will be responsible for presenting a depreciation policy for consideration by the Governing Body. This will be adopted by the May 2016 Council meeting.</p>

Capital Asset Listing/Depreciation Schedule -
Significant Deficiency
(2015-002)

CONDITION	The Town could not provide a complete Capital Asset Listing and Depreciation Schedule for the fiscal year ending June 30, 2015.
CRITERIA	A complete clear capital asset listing segregated by fund by major class needs to be prepared annually. A depreciation schedule should be maintained. The depreciation schedule should be separated by each major class of asset to comply with GASB 34.177a. Also, a depreciation schedule is required to comply with 2.20.1.12 NMAC.
CAUSE	Management of the Town are relying on the auditors to prepare this schedule.
EFFECT	Management is not complying with Generally Accepted Accounting Principles.
RECOMMENDATION	Management should update and complete their capital asset list including depreciation based on the policy approved by the Board.
RESPONSE	The capital asset/depreciation listing will be updated annually to ensure all additions, deletions and depreciation is properly recorded. The Town Clerk and Treasurer will be responsible for completing this by the end of Fiscal Year (June 2016).

DFA Report Incorrect - Other Matter
(2015-003)

CONDITION	The Town has \$250,783 worth of cash not being reported on the DFA report. Also, all earnings from this CD are not being reported. The Town is not reporting cash by fund that agrees to the audit report. Amounts reported as expenditures and revenues do not match the amounts reported in the general ledger.
CRITERIA	Department of Finance and Administration regulations require all transactions and cash balances to be recorded on the DFA report.
CAUSE	Management did not know where this CD account should be listed on the DFA report. It is unclear as to why the expenditures and revenues reported on the DFA report do not match the General Ledger balances.
EFFECT	DFA regulations concerning cognizant reporting were not followed.
RECOMMENDATION	All investments need to be included on the DFA report by management. Also, the amounts reported on the DFA report as expenditures and revenues on the general ledger are to be reported on the DFA report.
RESPONSE	Management of the Town was not aware that these cash items were not being reported. The new accountant has been informed and the CD's will be reported on the December quarterly report and all other reports.

Court Fees Not Remitted to the State -
Significant Deficiency
(2015-004)

CONDITION	The Town Court is not remitting the \$6 Automation Fee or \$3 Education correctly at the end of each month.
CRITERIA	All automation and education fees should be remitted to the state at the end of each month.
CAUSE	Management is not ensuring this is done correctly and timely.
EFFECT	The Court owes the State \$783 in automation and education fees.
RECOMMENDATION	These fees need to be remitted as soon as possible.
RESPONSE	The \$783 owed to the State has been submitted. Issues with the software system have been resolved. The Town Clerk will make the Judge and Court Clerks aware of this and request that each months report be provided to the Town Clerk, Deputy Clerk and accountant to ensure this situation does not recur. This item has been resolved.
REBUTTAL	The Town has not provided any documents evidencing that the monies owed have been paid or that the software system issue has been corrected. Thus, it would not appear that this has been resolved.

Court Bonds not Reconciled to the Bank Account -
Significant Deficiency
(2015-005)

CONDITION	The Court has \$3,608 in the Court Bond bank account, however, does not have a schedule listing each individual that has an active bond and verifying that total amount to the amount in the bank.
CRITERIA	The Town is responsible for all monies kept in a fiduciary capacity.
CAUSE	Management is not ensuring that this reconciliation/schedule be prepared/adjusted or reconciled on a monthly basis.
EFFECT	The Town is not being responsible in their handling of fiduciary monies.
RECOMMENDATION	A Schedule needs to be prepared and reconciled immediately.
RESPONSE	The Court Clerk will provide a copy of the schedule to the Town Clerk, Deputy Clerk and accountant each month after it has been reconciled to the bank account. Court Clerk Supervisor is responsible for correcting this.

Checks Written not posted in the
General Ledger to the Correct Fund -
Other Matter
(2015-006)

CONDITION	The Town issued two checks in the amount totaling \$3,419. One check was listed as 6478 on the general ledger and the actual check number was 6748. The other check was to be written out of the Street Fund (as indicated on the check) however was posted to the General Fund in the general ledger.
CRITERIA	The accounting software used to post daily transactions needs to have safeguards to ensure all transactions are posted correctly.
CAUSE	Management did not ensure the transactions were posted correctly.
EFFECT	Errors or omissions could occur if safeguards are not implemented.
RECOMMENDATION	Management should ensure that safeguards are implemented/installed to ensure all transactions are posted correctly.
RESPONSE	Management and the new accountant have been apprised of this matter and will take great care to ensure all transactions are posted correctly and to the correct fund. The check written out of the General Fund in the general ledger was posted in the correct place, for professional services, not street services. Management asks this comment to be removed. The Treasurer will ensure transactions are posted correctly.
REBUTTAL	This comment will not be removed. The software system currently being used by the Town is insufficient. Management does not understand how important these measures to obtain safeguards are. Management merely views the problem as a typo.

Bank Reconciliation Transactions Incorrect -
Significant Deficiency
(2015-007)

CONDITION	One bank reconciliation had a check posted twice as outstanding in the amount of \$13,707. Another bank reconciliation showed \$2,557 in deposits in transit that were not correct.
CRITERIA	Bank reconciliations are to be reconciled on a monthly basis upon receiving the bank statement. These reconciliations must be accurate/complete and reconciled to the general ledger.
CAUSE	Management is not ensuring these reconciliations are correct.
EFFECT	Errors or omissions could occur.
RECOMMENDATION	The new Business Manager should ensure these reconciliations are accurate/complete.
RESPONSE	Management and the accountant are of aware of these items and will take corrective measures as soon as possible. The accountant will provide for the Town Clerk and Deputy Clerk each month to ensure they are reconciled timely and accurately.

Bank Account not Reconciled to Each Fund -
Significant Deficiency
(2015-008)

CONDITION	The Cash in bank is not being reconciled to each funds cash balance. Thus, each fund has cash but the general ledger cash balance is not reconciled and agreed to in total to the reconciled cash balance.
CRITERIA	The Town has one bank account for all funds. However, this bank account must be reconciled to each fund and in the aggregate on a monthly basis.
CAUSE	Management is not ensuring this procedure is complete.
EFFECT	Errors or omissions could occur.
RECOMMENDATION	Management needs to reconcile this account by fund immediately.
RESPONSE	The Town has historically reconciled balances in aggregate. Prior audits have never suggested reconciling each fund separately on a monthly basis to be necessary or required by law. The cash in the bank that is reconciled monthly is the aggregate of all funds. Management will consider this comment, and will consult with accountant and governing body. If governing body determines that the structure of the software needs to be changed, they will take action before June 30 th . For the remainder of this fiscal year, management will reconcile bank accounts in aggregate.
REBUTTAL	It is unfortunate that prior auditors did not bring this to the attention of management, however, that does not negate the absolute importance of ensuring cash balances for each fund be safeguarded by reconciliations and proper separation. These cash balances need to be reconciled separately.

Transfers on the Books of Record Incorrect -
Other Matter
(2015-009)

CONDITION	The Town transferred \$1,800 from one bank account to another. This transaction was posted as revenues and expenditures incorrectly. This was merely monies from one bank account being transferred to another. This transaction did not culminate in any revenues being earned or expenditures being paid.
CRITERIA	Monies being moved from one bank account to another does not create revenues earned or expenditures paid.
CAUSE	Management was not clear on how this transaction should be reported in the general ledger.
EFFECT	Revenues and expenditures could have been overstated by \$1,800.
RECOMMENDATION	All bank transfers should be shown on the general ledger correctly so revenues and expenditures are not created.
RESPONSE	Future transfers between bank accounts will be noted as transfers and not recorded as revenues and/or expenditures. This has been resolved by the Town's accountant.
REBUTTAL	This comment will not be removed. Management was not aware of all transactions made by the previous accountant. Management should be more involved concerning how the trial balances, transactions and cash of each fund are prepared, reconciled and reported.

Transfer Not Budgeted or Approved by DFA -
Other Matter
(2015-010)

CONDITION	Management of the Town transferred \$230,748 from the General Fund to the Sewer Fund without an approved cash transfer from DFA.
CRITERIA	NMSA 1978 Section 22-8-11 B requires all monies to be spent within established guidelines set for budgets.
CAUSE	Management was not aware of this requirement.
EFFECT	The Town did not have the proper authority to transfer these excess monies.
RECOMMENDATION	Management should ask their DFA analyst on how to properly obtain approval for all future cash transfers.
RESPONSE	Management transferred funds from General Fund to Wastewater Fund in May with BAR Resolution approved by Governing Body and DFA. Management is unable to respond to this comment until backup documentation is provided. Please remove this comment.
REBUTTAL	This comment will not be removed. Management was not aware of all transactions made by the previous accountant. Management should be more involved concerning how the trial balances, transactions and cash of each fund are prepared, reconciled and reported.

Payroll/Payables in System not Being Cleared Out -
Significant Deficiency
(2015-011)

CONDITION	The books of record for the Town show payroll liabilities and other payables totaling \$7,500 that are incorrect and need to be adjusted so they are not carried forward each year.
CRITERIA	Each month the payroll liabilities and other payables need to be adjusted or reversed when paid.
CAUSE	Management of the Town has not been trained on how to reverse or adjust these amounts.
EFFECT	The Town books and records are not being reported correctly.
RECOMMENDATION	The Town needs to have management trained in this area so the books and records will be accurate.
RESPONSE	All payroll liabilities have been cleared out and paid. Without further back-up documentation, management is unable to respond. Please remove this comment. All payroll liabilities have been cleared out and will be cleared out on a monthly basis by the Town's accountant.
REBUTTAL	This comment will not be removed. The trial balance (in aggregate) was provided to the auditors by the Town reporting the liabilities. It is unclear why the Town is requesting back up documentation when the Town is the creator of the liabilities in question. These liabilities still need to be adjusted.

Fund on Books of Record Unknown - Other Matter
(2015-012)

CONDITION	The general ledger has \$694 in unrestricted net assets that cannot be verified as belonging to any fund.
CRITERIA	The books of record must be supported by actual transactions/documentation that is current/accurate.
CAUSE	Management has not ensured that all funds not current or accurate have been removed/closed from the accounting software.
EFFECT	Errors and omissions can occur.
RECOMMENDATION	Management needs to remove/close all unnecessary or discontinued funds.
RESPONSE	This has been brought to the attention of the new accountant. It will be investigated and revised/adjusted by the end of the fiscal year.

Separate Bank Account for On Behalf Collections - Other Matter
(2015-013)

CONDITION The Town is including monies received on behalf of the State in their regular bank account.

CRITERIA Proper accounting controls in accordance with generally accepted accounting principles requires that management establish and implement effective internal controls in an effort to minimize the risk of error, theft or fraud. This would include setting up a separate bank account to ensure all monies collected be kept separate.

CAUSE Management was not aware of the potential problems with accounting errors by keeping these amounts commingled with their regular funds.

EFFECT Error, theft or fraud could occur if these monies are kept separate.

RECOMMENDATION The Town should open a new bank account to receipt these monies and also distribute these monies to the various agencies.

RESPONSE Management will take this comment into consideration and discuss with the Judge and Governing Body. This was resolved with the new court automation software. Management is not aware of any state laws that requires multiple bank accounts.

REBUTTAL This comment has not been resolved. Management is correct there is no state law requiring multiple bank accounts; however, until Management understands how to report monies that are only being held on behalf of the state it is suggested that multiple accounts be used.

Amounts Collected on Behalf of the State -
Significant Deficiency
(2015-014)

CONDITION	The Town is including Court Automation Fees and Judicial Education Fees as revenues and expenditures in their Corrections Fund. These are collections made on behalf of the State and should be kept separate in an Agency Fund in the books of record and the DFA report.
CRITERIA	All amounts collected on behalf of another entity should be collected, disbursed and reported in an Agency Fund.
CAUSE	Management was not aware of this requirement.
EFFECT	These amounts are incorrectly included as revenue and expenditures for budget purposes for the Corrections Fund. Also, any cash left in the bank at June 30, could be mistakenly budgeted for the Corrections Fund.
RECOMMENDATION	Management should separate these receipts and disbursements in an Agency Fund as soon as possible, not only on the DFA report but on the books of record.
RESPONSE	All Automation and Judicial Education fees & revenues are now tracked via the new court software (fullcourt). Monthly reports are generated and submitted with payment to the state. Management will provide this comment to the Judge for the courts oversight.
REBUTTAL	Management does not need to bring this to the attention of the court or the Judge. The accountant reporting the Corrections Fund needs to be aware of this situation.

Receipt Books - Other Matter
(2015-015)

CONDITION The Town is not using receipt books to collect all revenues received.

CRITERIA The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with managements assertions embodied in the financial statements.

CAUSE Management was unaware of this procedure.

EFFECT Management is not ensuring proper internal control procedures are being used.

RECOMMENDATION Management should start using receipt books as soon as possible.

RESPONSE Management has been using receipt books for all non-electronic payments. Town staff will continue to use three electronic receipts. One copy will be given to customer, one copy will be given to treasurer to include with deposit. The third receipt will remain in the book. Staff will continue to use on receipt book for courts and one for front office receipts. All electronic receipts will be reflected in bank statements and by journal entries in Quickbooks. All revenues received are adequately recorded in both Quickbooks and bank statements. The accountant will verify if all receipts are recorded and entered into quickbooks.

REBUTTAL Journal entries are not the correct way to receipt revenues in the books of record. This is why receipt books are used. Management should never "receipt" monies with a journal entry. The accountant handling the Towns finances should be aware of this practice.

Travel Vouchers Incomplete - Other Matter
(2015-016)

CONDITION	Management is not ensuring all travel reimbursements are being paid from a complete travel voucher. Seven out of seven travel vouchers were tested totalling \$1,206.
CRITERIA	Travel vouchers must be filled out as to where the travel will be taken and why. This includes the date the travel will be taken and the date it was approved.
CAUSE	Management is allowing travel payments without a completed approved travel voucher.
EFFECT	Travel may be approved without the proper documentation.
RECOMMENDATION	Management should obtain completed travel vouchers to use in daily operations.
RESPONSE	The Town will adopt and use a standardized travel voucher for all overnight out-of-town travel. This voucher will be similar to DFA's travel voucher. All out of town, overnight travel will require pre-approval. Management will continue to use the Town's standard mileage reimbursement forms for same-day travel and use of personal vehicles. Management has implemented a travel voucher and all travel for this fiscal year has been documented.
REBUTTAL	Management is using travel vouchers. The situation being discussed is that these travel vouchers are not complete as to essential details and approvals.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2015 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

EXIT CONFERENCE

An exit conference was held at the Town on November 24, 2015, to discuss the current audit report. In attendance were Mr. Bryan Olguin, Mayor, Mrs. Julie Pluemer, Clerk/Administrator and Ms. Pamela A. Rice, CPA, Contract Auditor.