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**MINUTES OF A REGULAR MEETING
OF THE GOVERNING BODY OF THE TOWN OF BERNALILLO
HELD AT THE TOWN HALL
July 25, 2011**

6 The Governing Body of the Town of Bernalillo met in a regular session within the law and rules
7 of the Town on July 25, 2011, at 6:30 P.M.

8 Upon Roll call the following members were found to be present:

10 **PRESENT:**

11 Mayor Torres
12 Councilor Montoya
13 Councilor Sisneros
14 Councilor Prairie
15 Councilor Jaramillo

ALSO PRESENT:

Mike Moloney Jim Hooper
Julian Gonzales Margie Amiot
Steve Amiot Gina Torres
George Perez David Salazar
Maria Rinaldi James Pike
Tony C de Baca

17
18 **ABSENT:**

Others Present Not Identified

19 **APPROVAL OF AGENDA: 4a)**

20 Councilor Jaramillo moved to approve the agenda as presented. The motion was seconded by
21 Councilor Sisneros and motion carried unanimously.

22
23 **APPROVAL OF MINUTES: 5a) Regular Meeting of July 11, 2011**

24 Councilor Prairie moved to approve the minutes of July 11, 2011 as presented. The motion was
25 seconded by Councilor Jaramillo and the motion carried unanimously.

26
27 **NEW BUSINESS: 6a) Discussion, Consideration and Action on Adoption of 2009**
28 **Audit for the Town of Bernalillo. Presenter: Juan Torres**

29 **INDEPENDENT AUDITORS' REPORT**

30 Mr. Hector H. Balderas
31 New Mexico State Auditor

32
33 Honorable Mayor, Members of the Town Council
34 of the Town of Bernalillo, New Mexico

35
36 We were engaged to audit the accompanying financial statements of the governmental activities,
37 business-type activities, each major fund, and the aggregate remaining fund information of the
38 Town of Bernalillo, New Mexico (Town), as of and for the year ended June 30, 2009, which
39 collectively comprise the Town's basic financial statements as listed in the table of contents. We
40 were also engaged to audit the financial statements of each of the Town's nonmajor
41 governmental and fiduciary funds presented as Supplementary Information as of and for the year
42 ended June 30, 2009, as listed in the table of contents. These financial statements are the
43 responsibility of the Town's management.

44
45 The Town of Bernalillo, New Mexico did not maintain sufficient internal controls and/or
46 adequate records of its cash and investments, capital assets, receivables, payables, and

47 completeness of the underlying general ledger accounting. Accordingly, we were unable to
48 perform procedures sufficient to achieve the audit objectives for these account balances and
49 transaction classes.

50
51 As the Town did not maintain sufficient internal controls and/or adequate records we were
52 unable to obtain sufficient evidential matter and we were not able to apply other auditing
53 procedures to satisfy ourselves as to the fairness of the presentation of the financial statements in
54 conformity with generally accepted accounting principles. The scope of our work was not
55 sufficient to enable us to express, and we do not express an opinion on the respective financial
56 position of the governmental activities, business-type activities, each major fund, and the
57 aggregate remaining fund information of the Town of Bernalillo, New Mexico as of June 30,
58 2009, and the respective changes in financial position and cash flows, where applicable, thereof
59 and the respective budgetary comparison for the General Fund for the year ended in conformity
60 with accounting principles generally accepted in the United States of America.

61
62 In addition, we do not express an opinion on the respective financial position of each nonmajor
63 governmental fund and fiduciary fund of the Town of Bernalillo, New Mexico, as of June 30,
64 2009, and the respective changes in financial position, thereof and the respective budgetary
65 comparison information for all nonmajor governmental funds for the year then ended, in
66 conformity with accounting principles generally accepted in the United States of America.

67
68 In accordance with *Government Auditing Standards*, we have also issued our report dated
69 **Report Date**, on our consideration of the Town of Bernalillo, New Mexico's internal control
70 over financial reporting and on our tests of its compliance with certain provisions of laws,
71 regulations, contracts, and grant agreements and other matters. The purpose of that report is to
72 describe the scope of our testing of internal control over financial reporting and compliance and
73 the results of that testing, and not to provide an opinion on the internal control over financial
74 reporting or on compliance. That report is an integral part of an audit performed in accordance
75 with *Government Auditing Standards* and should be considered in assessing the results of the
76 audit we were engaged to perform.

77
78 The management's discussion and analysis on pages 5 through 14 is not a required part of the
79 basic financial statements but is supplementary information required by the Governmental
80 Accounting Standards Board. We were unable to apply to the information certain limited
81 procedures prescribed by auditing standards generally accepted in the United States of America
82 because of the reasons described above and, therefore, we are unable to determine whether
83 material modifications should be made to the information for it to conform with guidelines
84 established by the Governmental Accounting Standards Board.

85
86 We were engaged to conduct an audit for the purpose of forming opinions on the financial
87 statements that collectively comprise the Town's basic financial statements, nonmajor
88 governmental funds, fiduciary funds, and budgetary comparison information presented as

89 supplementary information. The accompanying Schedule of Expenditures of Federal Awards is
90 presented for additional analysis as required by the U.S. Office of Management and Budget
91 Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a
92 required part of the financial statements. The additional schedules listed as Other Supplemental
93 Information in the table of contents are presented for purposes of additional analysis and are not
94 a required part of the financial statements. For the reasons described above, we were unable to
95 obtain sufficient evidential matter to form an opinion regarding the fair presentation of this
96 information in relation to the basic financial statements taken as a whole and accordingly, we
97 express no opinion on them.

98

99 HEINFELD, MEECH & CO., P.C.

100 Certified Public Accountants

101

102

103 **TOWN OF BERNALILLO, NEW MEXICO**

104 **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

105 **YEAR ENDED JUNE 30, 2009**

106

107 As management of the Town of Bernalillo, New Mexico (Town), we offer readers of the Town's
108 financial statements this narrative overview and analysis of the financial activities of the Town
109 for the fiscal year ended June 30, 2009.

110 **FINANCIAL HIGHLIGHTS**

111 The financial statements which follow the Management's Discussion and Analysis provide those
112 significant key financial highlights for the current fiscal year as follows.

113 The Town's total net assets of governmental activities decreased \$3.6 million and business-
114 type activities decreased \$254,266. In total, the net change of \$3.9 million represents a decrease
115 of 23 percent from the prior year.

116 General revenues from governmental activities accounted for \$5.0 million in revenue, or 77
117 percent of all revenues from governmental activities. Program specific revenues in the form of
118 charges for services and grants and contributions accounted for \$1.5 million or 23 percent of
119 total governmental activities revenues. The Town had \$5.8 million of program revenues and
120 \$99,891 in general revenues related to business-type activities.

121 The Town had \$10.1 million in expenses related to governmental activities, an increase of 55
122 percent from the prior fiscal year. The Town had \$6.1 million in expenses related to business
123 type activities an increase of 33 percent from the prior fiscal year.

124 The General Fund had \$5.9 million in revenues, which primarily consisted of municipal and
125 state shared taxes. The total expenditures of the General Fund were \$8.5 million. The General
126 Fund's fund balance decreased from \$2.3 million to a deficit of \$314,039.

127 The Water and Sewer Fund operating expenses of \$4.4 million exceeded operating revenues
128 of

129 \$3.4 million. The Water and Sewer Fund's net assets decreased from \$3.5 million to \$3.2
130 million.

131 □ The Town did not maintain sufficient internal controls over several operational areas and
132 account balances and therefore the auditors were unable to issue an opinion on the financial
133 statements included in this report.

134 **OVERVIEW OF FINANCIAL STATEMENTS**

135 This discussion and analysis are intended to serve as an introduction to the Town's basic
136 financial statements. The Town's basic financial statements comprise three components: 1)
137 government wide financial statements, 2) fund financial statements, and 3) notes to the financial
138 statements. This report also contains other supplementary information in addition to the basic
139 financial statements themselves.

140 **Government-wide financial statements.** The government-wide financial statements are
141 designed to provide readers with a broad overview of the Town's finances, in a manner similar to
142 a private sector business. The statement of net assets presents information on all of the Town's
143 assets and liabilities, with the difference between the two reported as net assets. Over time,
144 increases or decreases in net assets may serve as a useful indicator of whether the financial
145 position of the Town is improving or deteriorating. The statement of activities presents
146 information showing how the Town's net assets changed during the most recent fiscal year. All
147 changes in net assets are reported as soon as the underlying event giving rise to the change
148 occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported
149 in this statement for some items that will only result in cash flows in future fiscal periods (e.g.,
150 uncollected taxes and earned but unused compensated absences). In the government-wide
151 financial statements the Town's activities are presented in the following categories:

152 □ **Governmental activities** – Most of the Town's basic services are included here, such as
153 general government, public safety, public works, and culture and recreation. Gross receipts
154 taxes, property taxes, and intergovernmental revenues finance most of these activities.

155 □ **Business-type activities** – The services provided by the Town included here are water and
156 sewer, housing assistance, and campground. The services are primarily financed through
157 charges for services.

158 **Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain
159 control over resources that have been segregated for specific activities or objectives. The Town
160 uses fund accounting to ensure and demonstrate compliance with finance-related legal
161 requirements. All of the funds of the Town can be divided into three categories: governmental
162 funds, proprietary funds, and fiduciary funds.

163 **Governmental funds.** Governmental funds are used to account for essentially the same
164 functions reported as governmental activities in the government-wide financial statements.
165 However, unlike the government-wide financial statements, governmental fund financial
166 statements focus on near-term inflows of spendable resources, as well as on balances of
167 spendable resources available at the end of the fiscal year. Such information may be useful in
168 evaluating the Town's near-term financing requirements. Because the focus of governmental
169 funds is narrower than that of the government-wide financial statements, it is useful to compare
170 the information presented for governmental funds with similar information presented for
171 governmental activities in the government-wide financial statements. By doing so, readers may
172 better understand the long-term impact of the Town's near-term financing decisions. Both the

173 governmental fund balance sheet and the governmental fund statement of revenues, expenditures
174 and changes in fund balances provide a reconciliation to facilitate this comparison between
175 governmental funds and governmental activities. Information is presented separately in the
176 governmental fund balance sheet and in the governmental fund statement of revenues,
177 expenditures, and changes in fund balance for the General Fund, which is considered to be the
178 Town's only major governmental fund. Data from the other governmental funds are combined
179 into a single, aggregated presentation. Individual fund data for each of these nonmajor
180 governmental funds is provided in the form of combining statements and schedules.

181 **Proprietary funds.** The Town of Bernalillo maintains one type of proprietary fund. Enterprise
182 funds are used to report the same functions presented as business-type activities in the
183 government-wide financial statements. The Town of Bernalillo uses enterprise funds to account
184 for its water and sewer, housing assistance, and campground.

185 **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties
186 outside the Town. Fiduciary funds are not reflected in the government-wide financial statements
187 because the resources of those funds are not available to support the Town's own programs. The
188 accounting used for fiduciary funds is much like that used for proprietary funds.

189 **Notes to the financial statements.** The notes provide additional information that is essential to a
190 full understanding of the data provided in the government-wide and fund financial statements.
191 The notes to the financial statements can be found immediately following the basic financial
192 statements.

193 **Other information.** In addition to the basic financial statements and accompanying notes, this
194 report also presents certain required supplementary information. Under New Mexico
195 Administrative Code Section 2.2.2, governments in New Mexico must include the budgetary
196 comparison statement for the General Fund as a component of the fund financial statements
197 within the basic financial statements.

198 **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

199 Net assets may serve over time as a useful indicator of a government's financial position. In the
200 case of the Town, assets exceeded liabilities by \$12.8 million as of June 30, 2009.

201 The largest portion of the Town's net assets reflects its investment in capital assets (e.g., land,
202 construction in progress, infrastructure, buildings and improvements, and vehicles, furniture and
203 equipment), less any related debt used to acquire those assets that is still outstanding. The Town
204 uses these capital assets to provide services to its citizens; consequently, these assets are not
205 available for future spending. Although the Town's investment in its capital assets is reported net
206 of related debt, it should be noted that the resources needed to repay this debt must be provided
207 from other sources, since the capital assets themselves cannot be used to liquidate these
208 liabilities. The Town's financial position is the product of several financial transactions
209 including the net results of activities, the acquisition and payment of debt, the acquisition and
210 disposal of capital assets, and the depreciation of capital assets.

211 **BUDGETARY HIGHLIGHTS**

212 There were no amendments to the Town of Bernalillo's fiscal year 2008-09 operating and capital
213 budget. A statement reporting the original and final budget amounts compared to the Town's
214 actual financial activity for the General Fund is provided in this report as a basic financial

215 statement. The unfavorable variance of \$905,642 in General Fund revenues was mainly
216 attributed to a decrease in municipal and state shared taxes. Expenditures had an unfavorable
217 variance of \$268,673 primarily due to more than expected increases in public safety
218 expenditures.

219

220 **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

221 This financial report is designed to provide our citizens, taxpayers, customers, and investors and
222 creditors with a general overview of the Town's finances and to demonstrate the Town's
223 accountability for the resources it receives. If you have questions about this report or need
224 additional information, contact the Finance Department, Town of Bernalillo, 829 South Camino
225 del Pueblo, Bernalillo, New Mexico 87004.

226

227 A brief discussion ensued.

228

229 Councilor Jaramillo stated one of the audit finding is the budget adjustments not done. It is a
230 simple remedy to bring a budget resolution before the council to do away with this audit finding.

231

232 Mayor Torres stated the importance of the finding on page 5 of the audit. The Audit of 2009
233 clearly states we were over spending in all our funds. This was evident when this administration
234 took over in March of 2010. It is important for these audits to be on time to point out issues
235 with our financial position. All the issues are very concerning in this audit. The auditors clearly
236 state there was a lack of internal controls in several operational areas. This was in 2009 we will
237 not fix every audit finding but are working on clearing up all items brought to our attention.
238 There were claims when I came in that I was making it up. But, when you look at the audit of
239 2009 it clearly shows the problems the Town of Bernalillo had with over spending and staff not
240 doing their jobs. We are currently working with all departments to not over spend on their
241 budgets and justify all expenses.

242

243 Councilor Jaramillo stated another issue is that the bank accounts were not balanced. I am glad
244 to know that the bank accounts are current and balanced.

245

246 Councilor Prairie asked Juan Torres did you have a chance to view 2008 Audit.

247

248 Juan Torres stated they only item that was better in the 2008 Audit was the Capital Assets.

249

250 Councilor Prairie stated that the audit exceptions were noted in the 2008 Audit but the staff at
251 that time did not fix the problems.

252

253 Mayor Torres stated that we need the directors to stay within their budgets. This 2009 audit
254 clearly states the departments were not staying within their budgets and the finance director was
255 not making department directors accountable.

256

257 Councilor Montoya stated Mayor Torres said it well it is your job. Three of us here on this
258 Council were here when these issues occurred. We were in the black and not in the light and
259 aware of the situations. I have asked people that were in your position and they indicated that
260 they were afraid to lose their job. That is what was told to me. I want to make sure staff is not
261 afraid to come to the Mayor or Council with an issue. I can only speak for myself and I was in
262 the dark about a lot of stuff. Staff is doing a great job now. This is the past and it is about
263 making it better. I just want staff to be held accountable. I do not want staff at any time to be
264 afraid to say something or be afraid to lose their job if there is an issue that needs to be brought
265 to our attention. In this audit it says over and over the words are late, inadequate or insufficient
266 and we cannot have that. We look to staff to have the confidence to do their jobs and in the
267 report given to us with the confidence to move forward.

268
269 Councilor Prairie stated he agrees with the statement made by Councilor Montoya. The audit
270 points out red flags that were there and overlooked.

271
272 Mayor Torres entertained a motion.

273
274 Councilor Prairie made a motion to approve the 2009 Audit for the Town of Bernalillo. The
275 motion was seconded by Councilor Montoya and carried unanimously.

276
277 **FINANCIAL SECTION:8a) Approval of Accounts Payable Voucher List.**

278 Mayor Torres asked for a motion to approve the accounts payable voucher list in the amount of
279 \$238,093.87.

280
281 Mayor Torres entertained a motion.

282
283 Councilor Jaramillo made a motion to approve the accounts payable voucher list in the amount
284 of \$238,093.87. The motion was seconded by Councilor Sisneros and the motion carried
285 unanimously.

286
287 **MISCELLANEOUS SECTION:8a) Public Comment. Presenter: Mayor Torres**

288 Mayor Torres welcomed the Public to speak. There were no members of the public that wished
289 to speak.

290
291 **MISCELLANEOUS SECTION:8a) Announcements. Presenter: Mayor Torres**

292 Mayor Torres stated that he, Maria Rinaldi and Ida Fierro visited Santa Fe Civic Housing
293 Authority. The director Ed Romero has volunteered to come and give the council a presentation
294 on his facilities or answer and questions.

295
296 There being no further business, Councilor Montoya moved to adjourn the meeting at
297 7:18 P.M. The motion was seconded by Councilor Prairie and carried unanimously.

298

Minutes of the Town Council Meeting
July 25, 2011
Page 8

299 Done this 25th day of July 2011.

300

301 ATTEST:

302

303

304 _____
Ida Fierro, Town Clerk

305 (seal)

Jack Torres, Mayor