

***STATE OF NEW MEXICO***

***VILLAGE OF CORONA***

***AUDIT REPORT***

***For the Year Ended June 30, 2009***

***(with Auditor's Report Thereon)***

***RICE & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS***

STATE OF NEW MEXICO

VILLAGE OF CORONA

AUDIT REPORT

For The Year Ended June 30, 2009

(with Auditor's Report Thereon)

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
TABLE OF CONTENTS  
Year Ended June 30, 2009

	<u>Page</u>
Introduction Section	
Official Roster	i
Financial Section	
Independent Auditor's Report	1
<u>Financial Statements</u>	
<u>Statements</u>	
1 Statement of Net Assets	3
2 Statement of Activities	5
3 Balance Sheet - Governmental Funds	6
4 Governmental Funds: Reconciliation of the Balance Sheet to the Statement of Net Assets	7
5 Governmental Funds: Statement of Revenues, Expenditures and Changes in Fund Balances	8
6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	9
7 General Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	10
8 Fire Protection Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	11
9 Proprietary Funds: Statement of Net Assets	12

Table of Contents (continued)

	<u>Page</u>
10 Proprietary Funds: Statement of Revenues, Expenses and Changes in Fund Net Assets	13
11 Proprietary Funds: Statement of Cash Flows	14
12 Statement of Fiduciary Assets and Liabilities - Agency Funds	15
Notes to Financial Statements	16
Non-Major Funds:	
Non-Major Special Revenue Funds:	
A-1 Combining Balance Sheet	29
A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances	30
A-3 Recreation Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Governmental Fund Types - Non-Major Special Revenue Funds	31
A-4 Streets Gas Tax Fund: Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Capital Projects Funds	32
A-5 Library Fund: Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) Capital Projects Funds	33
Proprietary Fund Detail:	
Proprietary Funds Budgets:	
B-1 Water Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	34
B-2 Gas Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	35

Table of Contents (continued)

	<u>Page</u>
B-3 Solid Waste Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	36
Schedule of Changes in Assets and Liabilities - All Agency Funds	37
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	38
Status of Comments	40
Financial Statement Preparation and Exit Conference	43

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Official Roster  
Year Ended June 30, 2009

Village Council

<u>Name</u>	<u>Title</u>
Mr. Bill Hignight	Mayor
Ms. Terri Racher	Mayor Pro-Tem
Ms. Sherrill Bradford	Member
Ms. Kimberlee Smith	Member
Mr. Sam Seely	Member

Village Administration

Ms. Janet Verna	Clerk/Treasurer
Ms. Jacque Davis	Deputy Clerk
Mr. Turner Wilson	Director of Public Works

*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. Hector H. Balderas  
New Mexico State Auditor  
and  
Honorable Mayor and Village Council  
Village of Corona  
Corona, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Corona, as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's non-major governmental funds and enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the Village of Corona's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Corona's internal control over financial reporting. According, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the

Village of Corona, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General and Fire Protection Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund and enterprise funds of the Village of Corona, as of June 30, 2009, and the respective changes in financial position, thereof and the budgetary comparisons for the non-major governmental funds and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2009 on our consideration of the Village of Corona's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements and the combining and individual fund financial statements and the budgetary comparisons of Village of Corona. The accompanying financial information listed as Schedule of Changes in Assets and Liabilities - All Agency Funds is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining and individual fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds taken as a whole.



November 24, 2009



STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Statement of Net Assets  
June 30, 2009

Statement 1  
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash	\$ 217,647	\$ 148,829	\$ 366,476
Accounts receivable (net of uncollectible accounts)	7,580	10,214	17,794
Total current assets	225,227	159,043	384,270
Restricted Assets (Cash)			
Customer meter deposits	-	1,370	1,370
Total restricted assets	-	1,370	1,370
Capital Assets			
Land	34,625	-	34,625
Land improvements	5,654	21,427	27,081
Equipment	176,695	102,246	278,941
Buildings and improvements	1,465,211	-	1,465,211
Furniture and fixtures	5,996	-	5,996
Heavy equipment	607,322	-	607,322
Vehicles	8,280	-	8,280
Plant/Infrastructure	383,761	2,670,046	3,053,807
Total capital assets	2,687,544	2,793,719	5,481,263
Less accumulated depreciation	(920,202)	(584,301)	(1,504,503)
Total capital assets (net of accumulated depreciation)	1,767,342	2,209,418	3,976,760
Total assets	\$ 1,992,569	\$ 2,369,831	\$ 4,362,400

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Statement of Net Assets  
June 30, 2009

Statement 1  
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ 2,604	\$ -	\$ 2,604
Customer meter deposits (restricted)	-	1,370	1,370
NMFA Loan	20,231	-	20,231
Total current liabilities	22,835	1,370	24,205
Non-Current Liabilities			
Compensated absences payable	1,347	4,523	5,870
NMFA Loan	163,271	-	163,271
Total non-current liabilities	164,618	4,523	169,141
Total liabilities	187,453	5,893	193,346
Net Assets			
Invested in capital assets net of related debt	1,583,840	2,209,418	3,793,258
Unrestricted	221,276	154,520	375,796
Total net assets	1,805,116	2,363,938	4,169,054
Total liabilities and net assets	\$ 1,992,569	\$ 2,369,831	\$ 4,362,400

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Statement of Activities  
Year Ended June 30, 2009

Statement 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 77,016	\$ 1,242	\$ 3,074	\$ -	\$ (72,700)	\$ -	\$ (72,700)
Highways and streets	32,199	-	-	-	(32,199)	-	(32,199)
Public safety	70,635	-	126,793	-	56,158	-	56,158
Culture and recreation	11,609	-	15,741	50,306	54,438	-	54,438
Interest	7,497	-	-	-	(7,497)	-	(7,497)
Depreciation - unallocated	106,960	-	-	-	(106,960)	-	(106,960)
Total governmental activities	305,916	1,242	145,608	50,306	(108,760)	-	(108,760)
Business-type activities:							
Water services	67,382	57,921	-	1,378,064	-	1,368,603	1,368,603
Gas services	94,181	85,769	-	-	-	(8,412)	(8,412)
Solid waste services	41,359	40,072	-	-	-	(1,287)	(1,287)
Depreciation - unallocated	95,646	-	-	-	-	(95,646)	(95,646)
Total business-type activities	298,568	183,762	-	1,378,064	-	1,263,258	1,263,258
Total all activities	\$ 604,484	\$ 185,004	\$ 145,608	\$ 1,428,370	(108,760)	1,263,258	1,154,498
General Revenues:							
Property taxes					8,399	-	8,399
Gross receipts taxes					100,572	-	100,572
Environmental gross receipts taxes					-	2,299	2,299
Gasoline taxes					7,742	-	7,742
Motor vehicle taxes					3,079	-	3,079
Cigarette taxes					494	-	494
State aid not restricted to special purpose							
General					35,000	-	35,000
Transfers					(4,806)	4,806	-
Investment earnings					93	1,859	1,952
Total general revenues					150,573	8,964	159,537
Change in net assets					41,813	1,272,222	1,314,035
Net assets - beginning					1,763,303	1,091,716	2,855,019
Net assets - ending					\$ 1,805,116	\$ 2,363,938	\$ 4,169,054

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

STATE OF NEW MEXICO  
 VILLAGE OF CORONA  
 Balance Sheet  
 Governmental Funds  
 June 30, 2009

Statement 3

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash on deposit	\$ 142,149	\$ 62,881	\$ 12,617	\$ 217,647
Accounts receivable	7,573	-	7	7,580
Total assets	<b>\$ 149,722</b>	<b>\$ 62,881</b>	<b>\$ 12,624</b>	<b>\$ 225,227</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,604	\$ -	\$ -	\$ 2,604
Total liabilities	2,604	-	-	2,604
<b>FUND BALANCE</b>				
Unreserved:				
Undesignated reported in:				
General fund	147,118	-	-	147,118
Special revenue funds	-	62,881	12,624	75,505
Total fund balance	147,118	62,881	12,624	222,623
Total liabilities and fund balance	<b>\$ 149,722</b>	<b>\$ 62,881</b>	<b>\$ 12,624</b>	<b>\$ 225,227</b>

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets  
June 30, 2009

Statement 4

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

Total fund balances - governmental funds		\$ 222,623
--	--	------------

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	2,687,544	
Accumulated depreciation	<u>(920,202)</u>	
		1,767,342

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:

NMFA Loan	(183,502)	
Compensated absences	<u>(1,347)</u>	
		<u>(184,849)</u>

Net assets of governmental activities		<u>\$ 1,805,116</u>
---------------------------------------	--	---------------------

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Governmental Funds

Statement 5

Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2009

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 8,399	\$ -	\$ -	\$ 8,399
Charges for services	767	-	-	767
Licenses and permits	475	-	-	475
Local sources	3,074	11,770	7,041	21,885
State sources	89,031	64,776	4,975	158,782
Federal sources	-	50,247	-	50,247
State shared taxes	106,718	-	5,169	111,887
Earnings from investments	93	-	-	93
	<u>208,557</u>	<u>126,793</u>	<u>17,185</u>	<u>352,535</u>
<b>Total revenues</b>				
<b>EXPENDITURES</b>				
Current:				
General government	76,501	-	-	76,501
Highways and streets	32,199	-	-	32,199
Public safety	-	70,635	-	70,635
Health & welfare	-	-	-	-
Culture and recreation	1,021	-	10,588	11,609
Capital outlay	53,384	9,600	-	62,984
NMFA principle	-	19,558	-	19,558
NMFA interest	-	7,497	-	7,497
	<u>163,105</u>	<u>107,290</u>	<u>10,588</u>	<u>280,983</u>
<b>Total expenditures</b>				
Excess (deficiency) revenues over expenditures	45,452	19,503	6,597	71,552
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	5,000	-	-	5,000
Operating transfers out	(4,806)	-	(5,000)	(9,806)
	<u>194</u>	<u>-</u>	<u>(5,000)</u>	<u>(4,806)</u>
<b>Net change in fund balances</b>				
Fund balance beginning of year	101,472	43,378	11,027	155,877
Fund balance end of year	<u>\$ 147,118</u>	<u>\$ 62,881</u>	<u>\$ 12,624</u>	<u>\$ 222,623</u>

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

## VILLAGE OF CORONA

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, 2009

Net change in fund balances - total governmental funds \$ 66,746

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  
depreciation expense exceeds capital outlays in the period.

Depreciation expense	(106,960)	
Capital outlays	<u>62,984</u>	
Excess of capital outlay over depreciation expense		<u>(43,976)</u>

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	(515)
------------------------------	-------

The issuance of long-term debt provides current  
financial resources to governmental funds while  
the repayment of the principal of long-term debt  
consumes the current financial resources of  
governmental funds. Repayment of loans payable  
is an expenditure in the governmental funds, but it  
reduces long-term liabilities in the statement of net  
assets and does not affect the Statement of Activities.

Repayment of long-term debt	<u>19,558</u>
Change in net assets of governmental activities	<u>\$ 41,813</u>

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
General Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 8,036	\$ 8,036	\$ 8,399	\$ 363
Charges for services	800	800	767	(33)
Licenses and permits	500	500	475	(25)
Local sources	3,100	3,100	1,874	(1,226)
State sources	95,719	95,719	94,344	(1,375)
Federal sources	-	-	-	-
State shared taxes	75,300	75,300	112,576	37,276
Earnings from investments	-	-	93	93
<b>Total revenues</b>	<b><u>\$ 183,455</u></b>	<b><u>\$ 183,455</u></b>	<b><u>\$ 218,528</u></b>	<b><u>\$ 35,073</u></b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	\$ 95,298	\$ 95,298	\$ 76,421	\$ 18,877
Highways and streets	30,133	30,133	32,199	(2,066)
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	3,000	3,000	1,021	1,979
Capital outlay	55,619	55,619	53,384	2,235
<b>Total expenditures</b>	<b><u>\$ 184,050</u></b>	<b><u>\$ 184,050</u></b>	<b><u>\$ 163,025</u></b>	<b><u>\$ 21,025</u></b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Operating transfers out	(4,806)	(4,806)	(4,806)	-
<b>Total other financing sources</b>	<b><u>\$ 194</u></b>	<b><u>\$ 194</u></b>	<b><u>\$ 194</u></b>	<b><u>\$ -</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 401</u></b>	<b><u>\$ 401</u></b>		

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



STATE OF NEW MEXICO  
 VILLAGE OF CORONA  
 Fire Protection Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources	\$ 12,269	\$ 12,269	\$ 11,770	\$ (499)
State sources	61,500	61,500	64,776	3,276
Federal sources	56,571	56,571	50,247	(6,324)
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 130,340</u></b>	<b><u>\$ 130,340</u></b>	<b><u>\$ 126,793</u></b>	<b><u>\$ (3,547)</u></b>
<b>EXPENDITURES</b>				
Public safety	\$ 133,169	\$ 133,169	\$ 107,290	\$ 25,879
<b>Total expenditures</b>	<b><u>\$ 133,169</u></b>	<b><u>\$ 133,169</u></b>	<b><u>\$ 107,290</u></b>	<b><u>\$ 25,879</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 2,829</u></b>	<b><u>\$ 2,829</u></b>		

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Proprietary Funds  
Statement of Net Assets  
June 30, 2009

Statement 9

	Water Fund	Gas Fund	Solid Waste Fund	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash on deposit	\$ 1,000	\$ 133,352	\$ 14,477	\$ 148,829
Accounts receivable (net)	<u>4,586</u>	<u>2,714</u>	<u>2,914</u>	<u>10,214</u>
<b>Total Current Assets</b>	<u>5,586</u>	<u>136,066</u>	<u>17,391</u>	<u>159,043</u>
<b>Non-Current Assets</b>				
<b>Restricted Assets (Cash)</b>				
Customer meter deposits	<u>680</u>	<u>690</u>	<u>-</u>	<u>1,370</u>
<b>Total Non-Current Assets</b>	<u>680</u>	<u>690</u>	<u>-</u>	<u>1,370</u>
<b>Capital Assets</b>				
Land	-	-	-	-
Land improvements	-	-	21,427	21,427
Equipment	19,083	83,163	-	102,246
Plant/infrastructure	2,561,719	108,327	-	2,670,046
Accumulated depreciation	<u>(407,376)</u>	<u>(163,490)</u>	<u>(13,435)</u>	<u>(584,301)</u>
<b>Total Capital Assets</b>	<u>2,173,426</u>	<u>28,000</u>	<u>7,992</u>	<u>2,209,418</u>
<b>Total Assets</b>	<u>\$ 2,179,692</u>	<u>\$ 164,756</u>	<u>\$ 25,383</u>	<u>\$ 2,369,831</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Customer meter deposits payable from Restricted Assets	<u>680</u>	<u>690</u>	<u>-</u>	<u>1,370</u>
<b>Total Current Liabilities</b>	<u>680</u>	<u>690</u>	<u>-</u>	<u>1,370</u>
<b>Long-Term Liabilities</b>				
Compensated absences payable	<u>1,842</u>	<u>1,753</u>	<u>928</u>	<u>4,523</u>
<b>Total Long-Term Liabilities</b>	<u>1,842</u>	<u>1,753</u>	<u>928</u>	<u>4,523</u>
<b>Total Liabilities</b>	<u>2,522</u>	<u>2,443</u>	<u>928</u>	<u>5,893</u>
<b>NET ASSETS</b>				
Invested in Capital Assets	2,173,426	28,000	7,992	2,209,418
Unrestricted	<u>3,744</u>	<u>134,313</u>	<u>16,463</u>	<u>154,520</u>
<b>Total Net Assets</b>	<u>2,177,170</u>	<u>162,313</u>	<u>24,455</u>	<u>2,363,938</u>
<b>Total Liabilities and   Net Assets</b>	<u>\$ 2,179,692</u>	<u>\$ 164,756</u>	<u>\$ 25,383</u>	<u>\$ 2,369,831</u>

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
For the Year Ended June 30, 2009

	Water Fund	Gas Fund	Solid Waste Fund	Total
<b>OPERATING REVENUES</b>				
Sales and services	\$ 57,921	\$ 85,769	\$ 40,072	\$ 183,762
State sources	-	-	2,299	2,299
<b>Total operating revenue</b>	<u>57,921</u>	<u>85,769</u>	<u>42,371</u>	<u>186,061</u>
<b>OPERATING EXPENSES</b>				
Personal services	39,368	35,545	19,796	94,709
Maintenance and operations	28,014	23,674	17,319	69,007
Major contractual services	-	34,962	-	34,962
Other operating expenses	-	-	4,244	4,244
Depreciation	91,250	3,500	896	95,646
<b>Total operating expenses</b>	<u>158,632</u>	<u>97,681</u>	<u>42,255</u>	<u>298,568</u>
Operating income (loss)	<u>(100,711)</u>	<u>(11,912)</u>	<u>116</u>	<u>(112,507)</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment income	62	1,797	-	1,859
Investment expense	-	-	-	-
Transfers in	4,806	-	-	4,806
State grant	931,164	-	-	931,164
Federal grant	446,900	-	-	446,900
<b>Total Non-Operating Revenue (Expense)</b>	<u>1,382,932</u>	<u>1,797</u>	<u>-</u>	<u>1,384,729</u>
Change in Net Assets	1,282,221	(10,115)	116	1,272,222
Total net assets, beginning of year	<u>894,949</u>	<u>172,428</u>	<u>24,339</u>	<u>1,091,716</u>
Total net assets, end of year	<u><u>\$ 2,177,170</u></u>	<u><u>\$ 162,313</u></u>	<u><u>\$ 24,455</u></u>	<u><u>\$ 2,363,938</u></u>

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2009

Statement 11

	Water Fund	Gas Fund	Solid Waste Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 57,675	\$ 86,558	\$ 39,680	\$ 183,913
Cash received from state sources	-	-	2,444	2,444
Cash payments to employees and to suppliers for goods and services	<u>(69,265)</u>	<u>(97,976)</u>	<u>(41,482)</u>	<u>(208,723)</u>
Net cash provided by operating activities	<u>(11,590)</u>	<u>(11,418)</u>	<u>642</u>	<u>(22,366)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(1,411,394)	-	-	(1,411,394)
Investment expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(1,411,394)</u>	<u>-</u>	<u>-</u>	<u>(1,411,394)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from state sources	931,164	-	-	931,164
Cash received from federal sources	446,900	-	-	446,900
Operating transfers from other funds	4,806	-	-	4,806
Operating transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>1,382,870</u>	<u>-</u>	<u>-</u>	<u>1,382,870</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	<u>62</u>	<u>1,797</u>	<u>-</u>	<u>1,859</u>
Net cash provided by investing activities	<u>62</u>	<u>1,797</u>	<u>-</u>	<u>1,859</u>
Net increase (decrease) in cash	(40,052)	(9,621)	642	(49,031)
Cash, beginning of year	<u>41,732</u>	<u>143,663</u>	<u>13,835</u>	<u>199,230</u>
Cash, end of year	<u><u>\$ 1,680</u></u>	<u><u>\$ 134,042</u></u>	<u><u>\$ 14,477</u></u>	<u><u>\$ 150,199</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (100,711)	\$ (11,912)	\$ 116	\$ (112,507)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	91,250	3,500	896	95,646
Changes in assets and liabilities:				
(Increase) decrease in receivables	(246)	789	(246)	297
Increase (decrease) in accounts payable	-	(388)	(1,052)	(1,440)
Increase (decrease) in compensated absences	1,842	137	928	2,907
Increase (decrease) in meter deposits payable	<u>(3,725)</u>	<u>(3,544)</u>	<u>-</u>	<u>(7,269)</u>
Net cash provided (used) by operating activities	<u><u>\$ (11,590)</u></u>	<u><u>\$ (11,418)</u></u>	<u><u>\$ 642</u></u>	<u><u>\$ (22,366)</u></u>

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Statement of Fiduciary  
Assets and Liabilities - Agency Funds  
June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,411
Total Assets	<u>\$ 1,411</u>
LIABILITIES	
Deposits held for others	\$ 1,411
Total Liabilities	<u>\$ 1,411</u>

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Notes to Financial Statements  
Year Ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Corona is incorporated under Section 3 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 and general administrative services.

The financial statements of the Village of Corona 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 Village had no component units.

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

## Notes to Financial Statements (continued)

activities of the Village. 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.

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.

### Fiduciary Funds

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the district holds for other in an agency capacity.

The Village also reports additional Government funds as non-major. They include:

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.

The Village reports the following Proprietary Fund types:

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

Enterprise Fund - Gas Fund - To account for the provision of natural gas services to the residents of Corona, New Mexico. All activities necessary to provide these services are accounted for in this fund.

Enterprise Fund - Solid Waste Fund - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.



## Notes to Financial Statements (continued)

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

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 Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village'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 Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village 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 Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village 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 Village 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 Village. The pledged securities remain in the name of the financial institution.

F. Inventories

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

G. 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

Notes to Financial Statements (continued)

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>
Buildings	35
Building improvements	10-25
Public domain infrastructure	40
System infrastructure	20-30
Vehicles	8-10
Equipment	5-25
Heavy equipment	10

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

H. Compensated Absences

It is the policy of the Village of Corona to permit certain employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees upon separation from the Village'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.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and

## Notes to Financial Statements (continued)

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.

### J. 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".

### K. Net Assets

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

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

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

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

### L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change. The Village designates the portion of the year-end fund balance, not otherwise designated or reserved, for subsequent years' expenditures. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

### M. 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.

Notes to Financial Statements (continued)

N. Risk Management

The Village 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 Village 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.

2. DEPOSITORY COLLATERAL

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Village'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 \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

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

Wells Fargo	General	Checking	\$224,545
Wells Fargo	Firemens		
	Recreation Fund	Savings	1,411
Wells Fargo	Water Meter Fund	Checking	1,040
Wells Fargo	Gas Meter Fund	Checking	790
Wells Fargo	CDBG Fund	Checking	10
Wells Fargo	Gas Fund	Certificate	
		of Deposit	122,147
Wells Fargo	Cemetery Fund	Certificate	
		of Deposit	16,679
Wells Fargo	General Fund	Certificate	
		of Deposit	<u>5,000</u>
			<b><u>\$371,622</u></b>
	Total amount on deposit		\$371,622
	Deposit in transit		-
	Petty cash		150
	Outstanding checks		<u>(2,515)</u>
	Total per financial statements		<b><u>\$369,257</u></b>

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

	<u>Wells Fargo</u>
Cash on deposit at June 30	\$ 371,622
Less FDIC	<u>(371,622)</u>
Uninsured funds	-
Funds needing collateralization at 50% (required by State Law)	-
Pledged collateral at June 30	<u>304,240</u>
Excess of Pledged Collateral	<b><u>\$ 304,240</u></b>

Notes to Financial Statements (continued)

*Custodial Credit Risk - Deposits* - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, \$0 of the Village's bank balance \$371,622 was exposed to custodial credit risk as follows:

A.	Uninsured and Uncollateralized	\$	-
B.	Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Village's name		<u>-</u>
	Total	<u>\$</u>	<u>-</u>

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>WFBS/WFBNW</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
<u>Wells Fargo California</u>		
FNCL CUSIP #31410SP92	06-01-36	\$ 265,030
FNCL CUSIP #31385HXE7	11-01-31	<u>39,210</u>
		<u>\$ 304,240</u>

3. 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:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
Compensated absences payable	<u>\$ 832</u>	<u>\$ 515</u>	<u>\$ -</u>	<u>\$ 1,347</u>	<u>\$ -</u>

The liability will be liquidated by the General Fund.

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>	<u>Due Within One Year</u>
NMFA Loan	<u>\$ 203,060</u>	<u>\$ -</u>	<u>\$ 19,558</u>	<u>\$ 183,502</u>	<u>\$ 20,231</u>

Notes to Financial Statements (continued)

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$218,762 and interest for the purpose of defraying the cost of acquiring a fire tanker for the Village's fire department. The yearly payments are to be redirected from the Village's share of the State Fire Fund revenues to the NMFA. The interest rate is 3.470% to 4.040% plus 0.25% administrative fee. The maturity date is May 1, 2017.

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 20,231	\$ 6,806	\$ 27,037
2011	20,936	6,085	27,021
2012	21,672	5,333	27,005
2013	22,441	4,546	26,987
2014	23,243	3,726	26,969
2015	24,089	2,863	26,952
2016	24,977	1,955	26,932
2017	<u>25,913</u>	<u>1,000</u>	<u>26,913</u>
Total	<u><b>\$ 183,502</b></u>	<u><b>\$ 32,314</b></u>	<u><b>\$ 215,816</b></u>

The liability will be liquidated by the Fire Protection Fund.

Enterprise Fund

During the year ended June 30, the following changes occurred in certain long-term liabilities reported in the Enterprise Fund:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences payable	<u>\$ 1,615</u>	<u>\$ 2,908</u>	<u>\$ -</u>	<u>\$ 4,523</u>	<u>\$ -</u>

This liability will be paid out of the Gas, Water and Solid Waste Funds.

4. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

Deposits in the Water Utility Enterprise Fund consist of the following:

Hydrant Meter deposits \$ 680

Water meter deposits are charged to new customers and consist of the following:

Residential properties \$ 40  
Commercial properties \$ 40

Notes to Financial Statements (continued)

Deposits in the Gas Utility Enterprise Fund consist of the following:

Gas Meter deposits \$ 690

Gas meter deposits are charged to new customers and consist of the following:

Residential properties	\$	50
Commercial properties	\$	50

5. 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 Village by the County Treasurer, and are remitted to the Village in the month following collection. Because the Treasurer for the county in which the Village 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 Village.

The Village 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 Village is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Village.

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

6. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Non-Major Special Revenue Funds</u>	<u>Proprietary Fund</u>
Accrual basis	\$208,557	\$ 126,793	\$ 17,185	\$ 1,565,984
Budget basis	<u>218,528</u>	<u>126,793</u>	<u>17,192</u>	<u>1,566,282</u>
Increase (decrease) in receivables	<u>\$ (9,971)</u>	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ (298)</u>
<u>Expenditures</u>				
Accrual basis	\$163,105	\$ 107,290	\$ 10,588	\$ 1,709,962
Budget basis	163,025	107,290	10,588	1,612,848
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(95,646)</u>
Increase (decrease) in payables	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,468)</u>



Notes to Financial Statements (continued)

7. CAPITAL ASSETS

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

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Land improvements	\$ 21,427	\$ -	\$ -	\$ 21,427
Plant/Infrastructure	1,258,652	1,411,394	-	2,670,046
Equipment	102,246	-	-	102,246
Sub-total	<u>1,382,325</u>	<u>1,411,394</u>	<u>-</u>	<u>2,793,719</u>
Land improvements	(12,539)	(896)	-	(13,435)
Plant/Infrastructure	(415,659)	(90,107)	-	(505,766)
Equipment	(60,457)	(4,643)	-	(65,100)
Sub-total	<u>(488,655)</u>	<u>(95,646)</u>	<u>-</u>	<u>(584,301)</u>
Net capital assets	<u><b>\$ 893,670</b></u>	<u><b>\$ 1,315,748</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 2,209,418</b></u>

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

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Land	\$ 34,625	\$ -	\$ -	\$ 34,625
Total capital assets not being depreciated	<u>34,625</u>	<u>-</u>	<u>-</u>	<u>34,625</u>
Land improvements	5,654	-	-	5,654
Building and improvements	1,411,827	53,384	-	1,465,211
Infrastructure	383,761	-	-	383,761
Heavy equipment	607,322	-	-	607,322
Vehicles	8,280	-	-	8,280
Equipment	167,095	9,600	-	176,695
Furniture & fixtures	5,996	-	-	5,996
Total capital assets being depreciated	<u>2,589,935</u>	<u>62,984</u>	<u>-</u>	<u>2,652,919</u>
Less accumulated depreciation for:				
Land improvements	(5,654)	-	-	(5,654)
Building and improvements	(327,644)	(50,634)	-	(378,278)
Infrastructure	(51,401)	(12,447)	-	(63,848)
Heavy equipment	(284,787)	(34,064)	-	(318,851)
Vehicles	(7,850)	(150)	-	(8,000)
Equipment	(133,469)	(9,223)	-	(142,692)
Furniture & fixtures	(2,437)	(442)	-	(2,879)
Total accumulated depreciation	<u>(813,242)</u>	<u>(106,960)</u>	<u>-</u>	<u>(920,202)</u>
Total capital assets being depreciated	<u>1,776,693</u>	<u>(43,976)</u>	<u>-</u>	<u>1,732,717</u>
Net capital assets	<u><b>\$ 1,811,318</b></u>	<u><b>\$ (43,976)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,767,342</b></u>

Notes to Financial Statements (continued)

8. 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	\$ -	\$ 10,081
Less allowance for uncollectible accounts	-	-
Subtotal	-	10,081
Gross receipts taxes receivable	5,946	133
Cigarette taxes receivable	13	-
Intergovernmental	1,621	-
Total	<u>\$ 7,580</u>	<u>\$ 10,214</u>

9. RETIREMENT PLAN

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

10. RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

11. MOTOR VEHICLE DEPARTMENT

The Village offers services to residents for motor vehicle licenses, license plates, etc. These revenues are remitted daily to the State of New Mexico. These amounts received and remitted have not been included in the financial statements contained herein.

12. TRANSFERS

The composition of interfund transfers for Governmental Activities during the year ended June 30 are as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Total</u>
<u>\$ (5,000)</u>	<u>\$ 5,000</u>	<u>\$ -0-</u>

Transfer from Streets Gas Tax Fund to General Fund for operating expenses.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Total</u>
<u>\$ (4,806)</u>	<u>\$ 4,806</u>	<u>\$ -0-</u>

Transfer from General Fund to Water Fund for operating expenses.

**NON-MAJOR  
SPECIAL REVENUE FUNDS**

**RECREATION FUND** - To account for the operation and maintenance of recreation facilities in the Village. Financing is provided by a specific annual cigarette tax levy. Authority: NMSA 7-12-1 and 7-12-15.

**STREETS GAS TAX FUND** - 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 24A-3)

**LIBRARY FUND** - To account for the operations and maintenance of the Corona Library. Financing is provided by donations. The donations provide for payment of all current operating costs and may be used only for that purpose.

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Non-Major Governmental Funds  
Combining Balance Sheet  
June 30, 2009

Statement A-1

	Recreation Fund	Streets Gas Tax Fund	Library Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash on deposit	\$ 1,306	\$ 6,166	\$ 5,145	\$ 12,617
Accounts receivable	7	-	-	7
Total assets	<b>\$ 1,313</b>	<b>\$ 6,166</b>	<b>\$ 5,145</b>	<b>\$ 12,624</b>
<b>FUND BALANCE</b>				
Unreserved:				
Undesignated	\$ 1,313	\$ 6,166	\$ 5,145	\$ 12,624
Total fund balance	<b>\$ 1,313</b>	<b>\$ 6,166</b>	<b>\$ 5,145</b>	<b>\$ 12,624</b>

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2009

Statement A-2

	Recreation Fund	Streets Gas Tax Fund	Library Fund	Total Governmental Funds
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	7,041	7,041
State sources	-	-	4,975	4,975
State shared taxes	165	5,004	-	5,169
Earnings from investments	-	-	-	-
	Total revenues	165	5,004	12,016
			12,016	17,185
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Highways & streets	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	10,588	10,588
	Total expenditures	-	10,588	10,588
			10,588	10,588
Excess (deficiency) revenues over expenditures	165	5,004	1,428	6,597
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	(5,000)	-	(5,000)
	Total other financing sources	-	-	(5,000)
			-	(5,000)
Net change in fund balances	165	4	1,428	1,597
Fund balance beginning of year	1,148	6,162	3,717	11,027
Fund balance end of year	\$ 1,313	\$ 6,166	\$ 5,145	\$ 12,624

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

STATE OF NEW MEXICO  
 VILLAGE OF CORONA  
 Non-Major Special Revenue Fund - Recreation Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State shared taxes	\$ 250	\$ 250	\$ 172	\$ (78)
Total revenues	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ 172</u>	<u>\$ (78)</u>
<b>EXPENDITURES</b>				
Culture and recreation	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>REVENUES</b>				
Budgetary basis			\$ 172	
(Decrease) in receivables			<u>(7)</u>	
Modified accrual basis			<u>\$ 165</u>	

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

STATE OF NEW MEXICO  
 VILLAGE OF CORONA  
 Non-Major Special Revenue Fund - Streets Gas Tax Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State shared taxes	\$ 5,000	\$ 5,000	\$ 5,004	\$ 4
Total revenues	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 5,004</u>	<u>\$ 4</u>
<b>EXPENDITURES</b>				
Highways & streets	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>OTHER FINANCING (USES)</b>				
Transfer out	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ -
Total other financing (uses)	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
 VILLAGE OF CORONA  
 Non-Major Special Revenue Fund - Library Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources	\$ 6,299	\$ 6,299	\$ 7,041	\$ 742
State sources	5,094	5,094	4,975	(119)
Total revenues	<u>\$ 11,393</u>	<u>\$ 11,393</u>	<u>\$ 12,016</u>	<u>\$ 623</u>
<b>EXPENDITURES</b>				
Culture and recreation	\$ 10,650	\$ 10,650	\$ 10,588	\$ 62
Total expenditures	<u>\$ 10,650</u>	<u>\$ 10,650</u>	<u>\$ 10,588</u>	<u>\$ 62</u>

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



**PROPRIETARY FUND DETAIL**

### PROPRIETARY FUNDS BUDGETS

**WATER FUND** - To account for the provision of water services to the residents of Corona, New Mexico. All activities necessary to provide these services are accounted for in this fund.

**GAS FUND** - To account for the provision of natural gas services to the residents of Corona, New Mexico. All activities necessary to provide these services are accounted for in this fund.

**SOLID WASTE FUND** - To account for revenue and expenditures for the maintenance of the solid waste operations. All activities necessary to provide these services are accounted for in this fund.

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Proprietary Funds  
Water Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 74,470	\$ 74,470	\$ 57,675	\$ (16,795)
State sources	1,083,830	1,083,830	931,164	(152,666)
Federal sources	496,556	496,556	446,900	(49,656)
Interest income	38	38	62	24
<b>Total revenues</b>	<b><u>\$ 1,654,894</u></b>	<b><u>\$ 1,654,894</u></b>	<b><u>\$ 1,435,801</u></b>	<b><u>\$ (219,093)</u></b>
<b>EXPENDITURES</b>				
Personal services	\$ 36,278	\$ 36,278	\$ 37,525	\$ (1,247)
Maintenance and operations	40,458	40,458	28,014	12,444
Capital outlay	1,457,018	1,457,018	1,411,394	45,624
<b>Total expenditures</b>	<b><u>\$ 1,533,754</u></b>	<b><u>\$ 1,533,754</u></b>	<b><u>\$ 1,476,933</u></b>	<b><u>\$ 56,821</u></b>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	\$ -	\$ 4,806	\$ 4,806	\$ -
<b>Total other financing sources</b>	<b><u>\$ -</u></b>	<b><u>\$ 4,806</u></b>	<b><u>\$ 4,806</u></b>	<b><u>\$ -</u></b>
<b>REVENUES</b>				
Budgetary basis			\$ 1,435,801	
Increase in receivables			246	
<b>Modified accrual basis</b>			<b><u>\$ 1,436,047</u></b>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 1,476,933	
Depreciation			91,250	
Increase in compensated absences			1,842	
<b>Modified accrual basis</b>			<b><u>\$ 1,570,025</u></b>	

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

STATE OF NEW MEXICO  
 VILLAGE OF CORONA  
 Proprietary Funds  
 Gas Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 113,725	\$ 113,725	\$ 86,558	\$ (27,167)
Interest income	<u>3,800</u>	<u>3,800</u>	<u>1,797</u>	<u>(2,003)</u>
Total revenues	<u>\$ 117,525</u>	<u>\$ 117,525</u>	<u>\$ 88,355</u>	<u>\$ (29,170)</u>
<b>EXPENDITURES</b>				
Personal services	\$ 31,178	\$ 31,178	\$ 35,407	\$ (4,229)
Maintenance and operations	27,400	27,400	24,063	3,337
Contractual services	<u>50,000</u>	<u>50,000</u>	<u>34,962</u>	<u>15,038</u>
Total expenditures	<u>\$ 108,578</u>	<u>\$ 108,578</u>	<u>\$ 94,432</u>	<u>\$ 14,146</u>
<b>REVENUES</b>				
Budgetary basis			\$ 88,355	
(Decrease) in receivables			<u>(789)</u>	
Modified accrual basis			<u>\$ 87,566</u>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 94,432	
Depreciation			3,500	
(Decrease) in payables			(389)	
Increase in compensated absences			<u>138</u>	
Modified accrual basis			<u>\$ 97,681</u>	

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

STATE OF NEW MEXICO  
 VILLAGE OF CORONA  
 Proprietary Funds  
 Solid Waste Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 39,960	\$ 39,960	\$ 39,680	\$ (280)
State shared taxes	1,738	1,738	2,446	708
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 41,698</u></b>	<b><u>\$ 41,698</u></b>	<b><u>\$ 42,126</u></b>	<b><u>\$ 428</u></b>
<b>EXPENDITURES</b>				
Personal services	\$ 18,000	\$ 18,000	\$ 18,868	\$ (868)
Maintenance and operations	23,698	23,698	22,615	1,083
<b>Total expenditures</b>	<b><u>\$ 41,698</u></b>	<b><u>\$ 41,698</u></b>	<b><u>\$ 41,483</u></b>	<b><u>\$ 215</u></b>
<b>REVENUES</b>				
Budgetary basis			\$ 42,126	
Increase in receivables			<u>245</u>	
Modified accrual basis			<b><u>\$ 42,371</u></b>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 41,483	
Depreciation			896	
(Decrease) in payables			(1,052)	
Increase in compensated absences			<u>928</u>	
Modified accrual basis			<b><u>\$ 42,255</u></b>	

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

**SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Schedule of Changes in Assets  
and Liabilities - All Agency Funds  
Year Ended June 30, 2009

	Balances June 30, 2008	Additions	Deletions	Balances June 30, 2009
<b>ASSETS</b>				
Cash of deposit	\$ 649	\$ 762	\$ -	\$ 1,411
Total assets	<u>\$ 649</u>	<u>\$ 762</u>	<u>\$ -</u>	<u>\$ 1,411</u>
<b>LIABILITIES</b>				
Deposits held for others	\$ 649	\$ 762	\$ -	\$ 1,411
Total liabilities	<u>\$ 649</u>	<u>\$ 762</u>	<u>\$ -</u>	<u>\$ 1,411</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**

Mr. Hector H. Balderas  
New Mexico State Auditor  
and  
Honorable Mayor and Village Council  
Village of Corona  
Corona, New Mexico

We have audited 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 Fund and Fire Protection Fund of the Village of Corona, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 24, 2009. We also have audited the financial statements of each of the Village of Corona's non-major governmental funds and proprietary funds and budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village'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 Village'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 control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying Status of



Comments to be significant deficiencies in internal control over financial reporting. Those significant deficiencies are described as Capital Asset Listing (05-02) and Depreciation of Capital Assets (06-04).

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

The Village of Corona's responses to the findings identified in our audit are described in the accompanying Status of Comments and Responses. We did not audit the Village of Corona's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of Management, the Mayor, the Village Council, the Office of the State Auditor, the New Mexico State Legislature and the New Mexico Department of Finance and Administration and is not intended to be used by anyone other than these specified parties.

*Road & Associates, CPA*

November 24, 2009

**STATUS OF COMMENTS**

**Prior Year Audit Findings**

1. Capital Asset Listing (05-02) - Repeated.
2. Water/Gas Meter Deposits (06-01) - Resolved.
3. Old Meter Deposits (06-02) - Resolved.
4. Depreciation of Capital Assets (06-04) - Repeated.

**Current Year Audit Findings**

NONE

Capital Asset Listing  
(05-02)

CONDITION	A complete capital asset listing including current year additions and deletions was not available.
CRITERIA	A complete capital asset listing including current year additions and deletions should be maintained at all times. This is to comply with 1 NMAC 1.2.1.8 and 12-6-10 NMSA 1978.
CAUSE	The current management has worked on compiling a listing, however, it is still not complete.
EFFECT	The capital asset records could be overstated/understated.
RECOMMENDATION	The Village should continue to reconcile all capital assets to the prior years audit reports and bring it current.
RESPONSE	The Village of Corona Board of Trustees adopted Resolution #08-03 on January 22, 2008 regarding a policy for a Capital Asset Listing. The Village staff is currently working on an accurate Capital Asset Listing. This is 85% complete and will be ready to submit for all future audits.

Depreciation of Capital Assets  
(06-04)

CONDITION	The Village has not successfully managed to depreciate their capital assets.
CRITERIA	In accordance with GASB 34 all capital assets must be depreciated in accordance with the entity's policy approved by the Village Board.
CAUSE	Management has not created a depreciation schedule.
EFFECT	The financial statements could be misstated.
RECOMMENDATION	Management needs to create a depreciation schedule and keep it current.
RESPONSE	The Village of Corona Board of Trustees adopted Resolution #08-03 as stated in Finding 05-02 identifying a Capital Asset Depreciation Schedule that will be reviewed and updated during our annual budget sessions.

## FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2009 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 112.

## EXIT CONFERENCE

An exit conference was held on November 24, 2009. In attendance were Ms. Janet Verna, Clerk/Treasurer, Mr. Bill Hignight, Mayor and Ms. Pamela A. Rice, CPA, Contract Auditor.