

***STATE OF NEW MEXICO***

***VILLAGE OF CORONA***

***AUDIT REPORT***

***For the Year Ended June 30, 2012***

***(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, 2012

(with Auditor's Report Thereon)

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VILLAGE OF CORONA  
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STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Official Roster  
Year Ended June 30, 2012

Village Council

<u>Name</u>	<u>Title</u>
Mr. Bill Hignight	Mayor
Ms. Sherrill Bradford	Mayor Pro-Tem
Ms. Monica Zook	Member
Mr. Sam Seely	Member
Mr. Cal West	Member

Village Administration

Ms. Janet Verna	Clerk/Treasurer
Ms. Jacque Davis	Deputy Clerk
Mr. Kyle Davis	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  
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## 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, and the budgetary comparison for the General and Fire Protection Funds of the Village of Corona, as of and for the year ended June 30, 2012, 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, enterprise and fiduciary funds and the budgetary comparisons for all non-major governmental and enterprise fundss presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the 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.

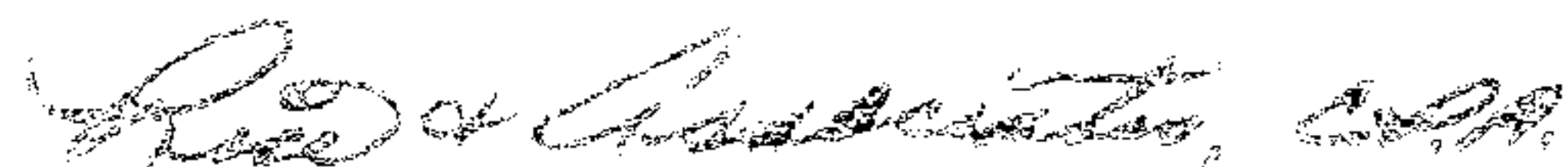
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Corona, as of June 30, 2012, 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, enterprise and fiduciary funds of the Village of Corona, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the non-major governmental 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 October 1, 2012 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.

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

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 the Village of Corona. The accompanying financial information listed as Schedule of Changes in Assets and Liabilities - All Agency Funds are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



October 1, 2012



**FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Statement of Net Assets  
June 30, 2012

Statement 1  
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash	\$ 202,742	\$ 201,968	\$ 404,710
Accounts receivable (net of uncollectible accounts)	4,154	15,821	19,975
Due from other funds	7,797	-	7,797
Total current assets	214,693	217,789	432,482
Restricted Assets (Cash)			
Customer meter deposits	-	1,330	1,330
Total restricted assets	-	1,330	1,330
Capital Assets			
Land	34,625	-	34,625
Land improvements	5,654	21,427	27,081
Equipment	97,933	46,406	144,339
Buildings and improvements	1,455,240	-	1,455,240
Heavy equipment	785,441	-	785,441
Vehicles	-	93,885	93,885
Plant/Infrastructure	383,761	4,400,628	4,784,389
Total capital assets	2,762,654	4,562,346	7,325,000
Less accumulated depreciation	(1,416,547)	(1,393,865)	(2,810,412)
Total capital assets (net of accumulated depreciation)	1,346,107	3,168,481	4,514,588
Total assets	\$ 1,560,800	\$ 3,387,600	\$ 4,948,400

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Statement of Net Assets  
June 30, 2012

Statement 1  
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ 5,944	\$ -	\$ 5,944
Due to other funds	-	7,797	7,797
Customer meter deposits (restricted)	-	1,330	1,330
NMFA Loan (current portion)	22,441	9,097	31,538
Total current liabilities	28,385	18,224	46,609
Non-Current Liabilities			
Compensated absences payable	2,758	2,400	5,158
NMFA Loan payable	44,504	153,365	197,869
Total non-current liabilities	47,262	155,765	203,027
Total liabilities	75,647	173,989	249,636
Net Assets			
Invested in capital assets net of related debt	1,279,162	3,033,146	4,312,308
Restricted for capital outlay	-	27,140	27,140
Restricted for debt service	21,975	-	21,975
Unrestricted	184,016	153,325	337,341
Total net assets	1,485,153	3,213,611	4,698,764
Total liabilities and net assets	\$ 1,560,800	\$ 3,387,600	\$ 4,948,400

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, 2012

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	\$ (115,137)	\$ 803	\$ 2,377	\$ -	\$ (111,957)	\$ -	\$ (111,957)
Highways and streets	(30,245)	-	-	-	(30,245)	-	(30,245)
Public safety	(64,592)	-	75,327	286,805	297,540	-	297,540
Health and welfare	(358)	-	-	-	(358)	-	(358)
Culture and recreation	(13,343)	-	12,300	-	(1,043)	-	(1,043)
Interest	(4,397)	-	-	-	(4,397)	-	(4,397)
Depreciation - unallocated	(141,079)	-	-	-	(141,079)	-	(141,079)
<b>Total governmental activities</b>	<b>(369,151)</b>	<b>803</b>	<b>90,004</b>	<b>286,805</b>	<b>8,461</b>	<b>-</b>	<b>8,461</b>
Business-type activities:							
Water/sewer services	(283,812)	130,195	1,000	-	-	(152,617)	(152,617)
Gas services	(93,996)	104,409	-	-	-	10,413	10,413
Solid waste services	(50,449)	44,365	-	-	-	(6,084)	(6,084)
<b>Total business-type activities</b>	<b>(428,257)</b>	<b>278,969</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>(148,288)</b>	<b>(148,288)</b>
<b>Total all activities</b>	<b>\$ (797,408)</b>	<b>\$ 279,772</b>	<b>\$ 91,004</b>	<b>\$ 286,805</b>	<b>8,461</b>	<b>(148,288)</b>	<b>(139,827)</b>
General Revenues:							
Property taxes					11,473	-	11,473
Gross receipts taxes					105,631	-	105,631
Environmental gross receipts taxes					-	1,231	1,231
Gasoline taxes					5,898	-	5,898
Motor vehicle taxes					2,966	-	2,966
State aid not restricted to special purpose							
General					35,000	-	35,000
Transfers					(7,000)	7,000	-
Investment earnings					154	339	493
<b>Total general revenues</b>					<b>154,122</b>	<b>8,570</b>	<b>162,692</b>
Change in net assets					162,583	(139,718)	22,865
Net assets - beginning of year					1,322,570	3,353,329	4,675,899
Net assets - ending					<b>\$ 1,485,153</b>	<b>\$ 3,213,611</b>	<b>\$ 4,698,764</b>

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

STATE OF NEW MEXICO  
 VILLAGE OF CORONA  
 Balance Sheet  
 Governmental Funds  
 June 30, 2012

Statement 3

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash on deposit	\$ 129,196	\$ 63,230	\$ 10,316	\$ 202,742
Accounts receivable	4,154	-	-	4,154
Due from other funds	7,797	-	-	7,797
	<u>7,797</u>	<u>-</u>	<u>-</u>	<u>7,797</u>
Total assets	<u><b>\$ 141,147</b></u>	<u><b>\$ 63,230</b></u>	<u><b>\$ 10,316</b></u>	<u><b>\$ 214,693</b></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,944	\$ -	\$ -	\$ 5,944
	<u>5,944</u>	<u>-</u>	<u>-</u>	<u>5,944</u>
Total liabilities	<u>5,944</u>	<u>-</u>	<u>-</u>	<u>5,944</u>
<b>FUND BALANCE</b>				
Restricted	-	63,230	10,316	73,546
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	135,203	-	-	135,203
	<u>135,203</u>	<u>-</u>	<u>-</u>	<u>135,203</u>
Total fund balance	<u>135,203</u>	<u>63,230</u>	<u>10,316</u>	<u>208,749</u>
Total liabilities and fund balance	<u><b>\$ 141,147</b></u>	<u><b>\$ 63,230</b></u>	<u><b>\$ 10,316</b></u>	<u><b>\$ 214,693</b></u>

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, 2012

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

Total fund balances - governmental funds		\$ 208,749
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	2,762,654	
Accumulated depreciation	<u>(1,416,547)</u>	
		1,346,107
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	(66,945)	
Compensated absences	<u>(2,758)</u>	
		<u>(69,703)</u>
Net assets of governmental activities		<u><u>\$ 1,485,153</u></u>

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2012

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 59,400	\$ -	\$ -	\$ 59,400
Charges for services	315	-	-	315
Licenses and permits	488	-	-	488
Local sources	2,377	-	9,800	12,177
State sources	36,000	75,327	1,500	112,827
Federal sources	-	286,805	-	286,805
State shared taxes	61,564	-	5,004	66,568
Earnings from investments	54	100	-	154
	<u>160,198</u>	<u>362,232</u>	<u>16,304</u>	<u>538,734</u>
<b>EXPENDITURES</b>				
Current:				
General government	113,391	-	-	113,391
Highways and streets	20,855	-	9,390	30,245
Public safety	-	64,592	-	64,592
Health & welfare	358	-	-	358
Culture and recreation	1,316	-	12,027	13,343
Capital outlay	-	278,744	-	278,744
NMFA principle	-	48,572	-	48,572
NMFA interest	-	4,397	-	4,397
	<u>135,920</u>	<u>396,305</u>	<u>21,417</u>	<u>553,642</u>
Excess (deficiency) revenues over expenditures	24,278	(34,073)	(5,113)	(14,908)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	1,000	1,000
Operating transfers out	(8,000)	-	-	(8,000)
	<u>(8,000)</u>	<u>-</u>	<u>1,000</u>	<u>(7,000)</u>
Net change in fund balances	16,278	(34,073)	(4,113)	(21,908)
Fund balance beginning of year	<u>118,925</u>	<u>97,303</u>	<u>14,429</u>	<u>230,657</u>
Fund balance end of year	<u>\$ 135,203</u>	<u>\$ 63,230</u>	<u>\$ 10,316</u>	<u>\$ 208,749</u>

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

STATE OF NEW MEXICO  
 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, 2012

Net change in fund balances - total governmental funds \$ (21,908)

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

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

Capital outlays	278,744
Depreciation expense	<u>(141,079)</u>

Excess of capital outlay over depreciation expense	<u>137,665</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	(1,746)
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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>48,572</u>
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Change in net assets of governmental activities	<u><u>\$ 162,583</u></u>
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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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 60,522	\$ 60,522	\$ 59,400	\$ (1,122)
Charges for services	820	820	315	(505)
Licenses and permits	450	450	488	38
Local sources	2,000	2,000	2,377	377
State sources	36,000	36,000	36,000	-
Federal sources	-	-	-	-
State shared taxes	66,050	66,050	61,808	(4,242)
Earnings from investments	100	100	54	(46)
	<u>100</u>	<u>100</u>	<u>54</u>	<u>(46)</u>
Total revenues	<u>\$ 165,942</u>	<u>\$ 165,942</u>	<u>\$ 160,442</u>	<u>\$ (5,500)</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 117,214	\$ 117,214	\$ 115,058	\$ 2,156
Highways and streets	22,152	22,152	20,855	1,297
Public safety	-	-	-	-
Health and welfare	1,200	1,200	358	842
Culture and recreation	300	300	1,316	(1,016)
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 140,866</u>	<u>\$ 140,866</u>	<u>\$ 137,587</u>	<u>\$ 3,279</u>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	(1,000)	(8,000)	(8,000)	-
	<u>(1,000)</u>	<u>(8,000)</u>	<u>(8,000)</u>	<u>-</u>
Total other financing sources	<u>\$ (1,000)</u>	<u>\$ (8,000)</u>	<u>\$ (8,000)</u>	<u>\$ -</u>
<b>BUDGETED CASH BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>		

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	63,350	63,350	75,327	11,977
Federal sources	286,805	286,805	286,805	-
Earnings from investments	-	-	100	100
Total revenues	<u>\$ 350,155</u>	<u>\$ 350,155</u>	<u>\$ 362,232</u>	<u>\$ 12,077</u>
EXPENDITURES				
Public safety	\$ 373,655	\$ 373,655	\$ 396,305	\$ (22,650)
Total expenditures	<u>\$ 373,655</u>	<u>\$ 373,655</u>	<u>\$ 396,305</u>	<u>\$ (22,650)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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, 2012

Statement 9

	Water/Sewer Fund	Gas Fund	Solid Waste Fund	Total
<b>ASSETS</b>				
Current Assets				
Cash on deposit	\$ 51,372	\$ 141,660	\$ 8,936	\$ 201,968
Accounts receivable (net)	<u>8,661</u>	<u>3,259</u>	<u>3,901</u>	<u>15,821</u>
Total Current Assets	<u>60,033</u>	<u>144,919</u>	<u>12,837</u>	<u>217,789</u>
Non-Current Assets				
Restricted Assets (Cash)				
Customer meter deposits	<u>740</u>	<u>590</u>	<u>-</u>	<u>1,330</u>
Total Non-Current Assets	<u>740</u>	<u>590</u>	<u>-</u>	<u>1,330</u>
Capital Assets				
Land	-	-	-	-
Land improvements	-	-	21,427	21,427
Equipment	19,083	17,536	9,787	46,406
Vehicles	8,500	85,385	-	93,885
Plant/infrastructure	4,292,301	108,327	-	4,400,628
Accumulated depreciation	<u>(1,195,288)</u>	<u>(180,245)</u>	<u>(18,332)</u>	<u>(1,393,865)</u>
Total Capital Assets	<u>3,124,596</u>	<u>31,003</u>	<u>12,882</u>	<u>3,168,481</u>
Total Assets	<u><b>\$ 3,185,369</b></u>	<u><b>\$ 176,512</b></u>	<u><b>\$ 25,719</b></u>	<u><b>\$ 3,387,600</b></u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to General Fund	7,797	-	-	7,797
Current portion loan payable	9,097	-	-	9,097
Customer meter deposits payable from Restricted Assets	<u>740</u>	<u>590</u>	<u>-</u>	<u>1,330</u>
Total Current Liabilities	<u>17,634</u>	<u>590</u>	<u>-</u>	<u>18,224</u>
Long-Term Liabilities				
Compensated absences payable	1,161	532	707	2,400
NMFA loan payable	<u>153,365</u>	<u>-</u>	<u>-</u>	<u>153,365</u>
Total Long-Term Liabilities	<u>154,526</u>	<u>532</u>	<u>707</u>	<u>155,765</u>
Total Liabilities	<u>172,160</u>	<u>1,122</u>	<u>707</u>	<u>173,989</u>
<b>NET ASSETS</b>				
Invested in Capital Assets	2,989,261	31,003	12,882	3,033,146
Restricted for capital outlay	27,140	-	-	27,140
Unrestricted	<u>(3,192)</u>	<u>144,387</u>	<u>12,130</u>	<u>153,325</u>
Total Net Assets	<u>3,013,209</u>	<u>175,390</u>	<u>25,012</u>	<u>3,213,611</u>
Total Liabilities and Net Assets	<u><b>\$ 3,185,369</b></u>	<u><b>\$ 176,512</b></u>	<u><b>\$ 25,719</b></u>	<u><b>\$ 3,387,600</b></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, 2012

	Water/Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Sales and services	\$ 130,195	\$ 104,409	\$ 44,365	\$ 278,969
Local source	1,000	-	-	1,000
State sources	-	-	1,231	1,231
Total operating revenue	<u>131,195</u>	<u>104,409</u>	<u>45,596</u>	<u>281,200</u>
OPERATING EXPENSES				
Personal services	40,382	30,123	20,006	90,511
Maintenance and operations	65,566	27,216	13,015	105,797
Major contractual services	-	28,277	13,714	41,991
Other operating expenses	-	-	1,237	1,237
Depreciation	176,643	8,380	2,477	187,500
Total operating expenses	<u>282,591</u>	<u>93,996</u>	<u>50,449</u>	<u>427,036</u>
Operating income (loss)	<u>(151,396)</u>	<u>10,413</u>	<u>(4,853)</u>	<u>(145,836)</u>
NON-OPERATING REVENUE (EXPENSE)				
Investment income	-	339	-	339
Investment expense	(1,221)	-	-	(1,221)
Transfers in	7,000	-	-	7,000
Transfers out	-	-	-	-
State grant	-	-	-	-
Federal grant	-	-	-	-
Total Non-Operating Revenue (Expense)	<u>5,779</u>	<u>339</u>	<u>-</u>	<u>6,118</u>
Change in Net Assets	(145,617)	10,752	(4,853)	(139,718)
Total net assets, beginning of year	<u>3,158,826</u>	<u>164,638</u>	<u>29,865</u>	<u>3,353,329</u>
Total net assets, end of year	<u>\$ 3,013,209</u>	<u>\$ 175,390</u>	<u>\$ 25,012</u>	<u>\$ 3,213,611</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, 2012

Statement 11

	Water Fund	Gas Fund	Solid Waste Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 132,767	\$ 104,688	\$ 45,457	\$ 282,912
Cash received from local sources	-	-	-	-
Cash received from state sources	-	-	-	-
Cash payments to employees and to suppliers for goods and services	<u>(106,077)</u>	<u>(86,512)</u>	<u>(47,733)</u>	<u>(240,322)</u>
Net cash provided by operating activities	<u>26,690</u>	<u>18,176</u>	<u>(2,276)</u>	<u>42,590</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Loan proceeds	-	-	-	-
Principal paid	(9,028)	-	-	(9,028)
Acquisition of capital assets	(39,569)	(14,000)	-	(53,569)
Investment expense	<u>(1,221)</u>	<u>-</u>	<u>-</u>	<u>(1,221)</u>
Net cash provided (used) by capital and related financing activities	<u>(49,818)</u>	<u>(14,000)</u>	<u>-</u>	<u>(63,818)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Cash received from state sources	-	-	-	-
Cash received from federal sources	-	-	-	-
Operating transfers from other funds	7,000	-	-	7,000
Operating transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	<u>-</u>	<u>339</u>	<u>-</u>	<u>339</u>
Net cash provided by investing activities	<u>-</u>	<u>339</u>	<u>-</u>	<u>339</u>
Net increase (decrease) in cash	(16,128)	4,515	(2,276)	(13,889)
Cash, beginning of year	<u>67,500</u>	<u>137,145</u>	<u>11,212</u>	<u>215,857</u>
Cash, end of year	<u><u>\$ 51,372</u></u>	<u><u>\$ 141,660</u></u>	<u><u>\$ 8,936</u></u>	<u><u>\$ 201,968</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (151,396)	\$ 10,412	\$ (4,853)	\$ (145,837)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	176,643	8,380	2,477	187,500
Changes in assets and liabilities:				
(Increase) decrease in receivables	1,572	279	(139)	1,712
Increase (decrease) in accounts payable	-	-	-	-
Increase (decrease) in compensated absences	<u>(129)</u>	<u>(895)</u>	<u>239</u>	<u>(785)</u>
Net cash provided (used) by operating activities	<u><u>\$ 26,690</u></u>	<u><u>\$ 18,176</u></u>	<u><u>\$ (2,276)</u></u>	<u><u>\$ 42,590</u></u>

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

STATE OF NEW MEXICO  
 VILLAGE OF CORONA  
 Statement of Fiduciary Net Assets  
 June 30, 2012

	Employee Retirement Plan	Agency Funds
ASSETS		
Cash	\$ -	\$ 975
Mutaul funds (investments at fair value)	41,368	-
Total Assets	<b>\$ 41,368</b>	<b>\$ 975</b>
LIABILITIES		
Deposits held for others	\$ -	\$ 975
Total Liabilities	-	<b>\$ 975</b>
NET ASSETS		
Held in trust for pension benefits and other purposes	41,368	
Total Net Assets	<b>\$ 41,368</b>	

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

STATE OF NEW MEXICO  
 VILLAGE OF CORONA  
 Statement of Changes  
 in Fiduciary Net Assets  
 For the Year Ended June 30, 2012

	Employee Retirement Plan
ADDITIONS:	
Contributions; Plan Members	\$ 6,800
Investment earnings	-
Total additions	6,800
DEDUCTIONS:	
Administrative expenses	(471)
Total deductions	(471)
Change in net assets	6,329
Total net assets, beginning of year	35,039
Total net assets, end of year	<b>\$ 41,368</b>

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, 2012

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 judgments, 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/Sewer 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.

Notes to Financial Statements (continued)

I. Long-Term Obligations

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

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 Balance

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

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

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

Notes to Financial Statements (continued)

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

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

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

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

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

Notes to Financial Statements (continued)

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.

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 \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

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

Wells Fargo	General	Checking	\$ 226,663*
Wells Fargo	Firemens		
	Recreation Fund	Savings	975*
Wells Fargo	Water Meter Fund	Checking	740*
Wells Fargo	Gas Meter Fund	Checking	590*
Wells Fargo	CDBG Fund	Checking	10*
Wells Fargo	Gas Fund	Certificate	
		of Deposit	108,585*
Wells Fargo	Cemetery Fund	Certificate	
		of Deposit	15,492*
Wells Fargo	General Fund	Certificate	
		of Deposit	5,110*
NMFA	Water Fund		641*
NMFA	Water Fund		27,140*
NMFA	Fire Fund		21,979*
			<u>\$ 407,925</u>
	Total amount on deposit		\$ 407,925
	Deposit in transit		2,544
	Petty cash		200
	Outstanding checks		<u>(3,654)</u>
	Total per financial statements		<u>\$ 407,015</u>

\*These accounts participate in a Transaction Account Guarantee (TAG) Program.



Notes to Financial Statements (continued)

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	\$ 358,165
Less FDIC	<u>(358,165)</u>
Uninsured funds	-
Funds needing collateralization at 50% (required by State Law)	-
Pledged collateral at June 30	<u>-</u>
Excess of Pledged Collateral	<u><u>\$ -</u></u>

*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 \$358,165 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 amount held at the New Mexico Finance Authority totaling \$49,760 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to the New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

Notes to Financial Statements (continued)

3. ACCOUNTS RECEIVABLES

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 15,736
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Subtotal	-	15,736
Gross receipts taxes receivable Intergovernmental	4,154	85
	<u>-</u>	<u>-</u>
Total	<u>\$ 4,154</u>	<u>\$ 15,821</u>

4. CAPITAL ASSETS

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

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>
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	1,455,240	-	-	1,455,240
Infrastructure	383,761	-	-	383,761
Heavy equipment	541,069	244,372	-	785,441
Equipment	<u>63,561</u>	<u>34,372</u>	<u>-</u>	<u>97,933</u>
Total capital assets being depreciated	<u>2,449,285</u>	<u>278,744</u>	<u>-</u>	<u>2,728,029</u>
Less accumulated depreciation for:				
Land improvements	(5,654)	-	-	(5,654)
Building and improvements	(739,786)	(56,292)	-	(796,078)
Infrastructure	(150,607)	(31,407)	-	(182,014)
Heavy equipment	(327,003)	(37,283)	-	(364,286)
Equipment	<u>(52,418)</u>	<u>(16,097)</u>	<u>-</u>	<u>(68,515)</u>
Total accumulated depreciation	<u>(1,275,468)</u>	<u>(141,079)</u>	<u>-</u>	<u>(1,416,547)</u>
Total capital assets being depreciated	<u>1,173,817</u>	<u>137,665</u>	<u>-</u>	<u>1,311,482</u>
Net capital assets	<u>\$ 1,208,442</u>	<u>\$ 137,665</u>	<u>\$ -</u>	<u>\$ 1,346,107</u>

Notes to Financial Statements (continued)

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

	Balance June 30, 2011	Additions	Adjustments	Deletions	Balance June 30, 2012
Land improvements	\$ 21,427	\$ -	\$ -	\$ -	\$ 21,427
Plant/Infrastructure	4,401,948	31,069	-	(32,389)	4,400,628
Equipment	117,791	-	(71,385)	-	46,406
Vehicles	-	22,500	71,385	-	93,885
Sub-total	<u>4,541,166</u>	<u>53,569</u>	<u>-</u>	<u>(32,389)</u>	<u>4,562,346</u>
Accumulated depreciation	<u>(1,238,754)</u>	<u>(187,500)</u>	<u>-</u>	<u>32,389</u>	<u>(1,393,865)</u>
Net capital assets	<u>\$ 3,302,412</u>	<u>\$ (133,931)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,168,481</u>

5. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Governmental Funds

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

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Compensated absences payable	<u>\$ 1,012</u>	<u>\$ 1,746</u>	<u>\$ -</u>	<u>\$ 2,758</u>	<u>\$ -</u>

The liability will be liquidated by the General Fund.

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
NMFA Loan	<u>\$ 115,517</u>	<u>\$ -</u>	<u>\$ 48,572</u>	<u>\$ 66,945</u>	<u>\$ 22,441</u>

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 Village has pledged future State Fire Fund revenues to pay the loan. The yearly payments are to be redirected from the Village's share of the State Fire Fund revenues to the NMFA. Total annual principal and interest payments for the repayment of the loan is expected to require 30% of the yearly State Fire Allotment. The interest rate is 3.470% to 4.040% plus 0.25% administrative fee. The maturity date is May 1, 2017. The Village has made several prepayments which include \$26,818 in the 2010 fiscal year and \$36,900 in the 2012 fiscal year. This changes the original maturity date; the new maturity date is May 1, 2016.

Due Year Ending June 30	Principal	Interest	Total
2013	\$ 22,441	\$ 4,546	\$ 26,987
2014	23,243	3,726	26,969
2015	<u>21,261</u>	<u>2,863</u>	<u>24,124</u>
Total	<u>\$ 66,945</u>	<u>\$ 11,135</u>	<u>\$ 78,080</u>

The liability will be liquidated by the Fire Protection Fund.

Notes to Financial Statements (continued)

Enterprise Fund

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

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Compensated absences payable	\$ 3,186	\$ 239	\$ 1,025	\$ 2,400	\$ -

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

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
NMFA Loan	\$ 171,490	\$ -	\$ (9,028)	\$ 162,462	\$ 9,097

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 \$150,000 and interest for the purpose of defraying the cost of completing Phase I and Commence Phase II of a Water Reuse and Wastewater Treatment System for the Village. The Village has pledged future waste water revenues to repay the loan. The total annual principal and interest payments for the repayment of the loan is expected to require 6% of gross revenue. The interest rate is .025%. The maturity date is June 1, 2030.

Due Year Ending June 30	Principal	Interest	Total
2013	\$ 7,360	\$ 338	\$ 7,698
2014	7,378	320	7,698
2015	7,397	302	7,699
2016	7,415	283	7,698
2017	7,434	264	7,698
2018-2022	37,450	1,043	38,493
2023-2027	37,920	572	38,492
2028-2030	22,981	115	23,096
Total	<u>\$ 135,335</u>	<u>\$ 3,237</u>	<u>\$ 138,572</u>

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 \$30,450 and interest for the purpose of defraying the cost of rehabilitating a 22,000 gallon water tank used by the Village. The Village has pledged future water revenues to repay the loan. The total annual principal and interest payments to repay the loan is 7% of gross revenue. The interest rate is 3%. The maturity date is May, 2025.

Due Year Ending June 30	Principal	Interest	Total
2013	\$ 1,737	\$ 814	\$ 2,551
2014	1,789	762	2,551
2015	1,843	708	2,551
2016	1,898	653	2,551
2017	1,955	596	2,551
2018-2022	10,690	2,063	12,753
2023-2025	7,215	437	7,652
Total	<u>\$ 27,127</u>	<u>\$ 6,033</u>	<u>\$ 33,160</u>

The liability will be liquidated by the Water/Sewer Fund.

Notes to Financial Statements (continued)

6. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

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

Hydrant Meter deposits	<u>\$ 740</u>
------------------------	---------------

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

Residential properties	\$ 40
Commercial properties	\$ 40

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

Gas Meter deposits	<u>\$ 590</u>
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Gas meter deposits are charged to new customers and consist of the following:

Residential properties	\$ 50
Commercial properties	\$ 50

7. 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.

Notes to Financial Statements (continued)

8. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Non-Major Special Revenue Funds</u>	<u>Proprietary Fund</u>
Accrual basis	\$160,198	\$ 362,232	\$ 16,304	\$ 281,539
Budget basis	<u>160,442</u>	<u>362,232</u>	<u>16,304</u>	<u>283,251</u>
Increase (decrease) in receivables	<u>\$ (244)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,712)</u>
<u>Expenditures</u>				
Accrual basis	\$135,920	\$ 396,305	\$ 21,417	\$ 427,036
Budget basis	137,587	396,305	21,417	293,890
Depreciation	-	-	-	(187,500)
Capital outlay	-	-	-	53,569
(Increase) decrease in compensated absences	<u>-</u>	<u>-</u>	<u>-</u>	<u>785</u>
Increase (decrease) in payables	<u>\$ (1,667)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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.

Notes to Financial Statements (continued)

12. TRANSFERS

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

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental</u>	<u>Proprietary Fund</u>	
General Fund	\$ (8,000)	\$ 1,000	\$ 7,000	\$ -
Total Transfers In/Out	<u>\$ (8,000)</u>	<u>\$ 1,000</u>	<u>\$ 7,000</u>	<u>\$ -</u>

Balance of Transfers

Transfer to Proprietary Fund	\$ 7,000	From General Fund
Transfer to Non-Major Governmental Fund	<u>1,000</u>	From General Fund
	<u>\$ 8,000</u>	

In the year ended June 30, the Village made the following one-time transfers:

- 1) The General Fund transferred monies to the Non-Major Governmental Fund to cover one-time expenditures.
- 2) The General Fund transferred monies to the Proprietary Fund to cover one-time expenditures.

13. DEFERRED COMPENSATION PLAN

The Village of Corona has adopted a deferred compensation plan under Code Section 457. Employees can contribute up to 25% of their salary. The Plan is managed by First Administrators, Inc. with One America being the transfer agent holding the funds. Employee contributions to this plan for June 30, 2012 were \$6,800.

14. BUDGET VIOLATIONS

The Special Revenue Fire Fund had a budget overrun of \$22,650 and the Proprietary Solid Waste Fund had budget overrun of \$680.

Notes to Financial Statements (continued)

15. FUND BALANCES CLASSIFIED

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Totals</u>
<u>Nonspendable:</u>				
Interfund loans	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-
Total nonspendable	-	-	-	-
<u>Restricted for:</u>				
Road improvements	-	-	2,526	2,526
Fire protection	-	63,230	-	63,230
Culture and recreational services	-	-	7,790	7,790
Total restricted	-	63,230	10,316	73,546
<u>Committed to:</u>				
Other purposes	-	-	-	-
Total committed	-	-	-	-
<u>Unassigned:</u>	135,203	-	-	135,203
Total Fund Balances	<u>\$135,203</u>	<u>\$ 63,230</u>	<u>\$ 10,316</u>	<u>\$ 208,749</u>



NON-MAJOR FUNDS

**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, 2012

Statement A-1

	Recreation Fund	Streets Gas Tax Fund	Library Fund	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 1,013	\$ 2,526	\$ 6,777	\$ 10,316
Total assets	<u>\$ 1,013</u>	<u>\$ 2,526</u>	<u>\$ 6,777</u>	<u>\$ 10,316</u>
FUND BALANCE				
Restricted	\$ 1,013	\$ 2,526	\$ 6,777	\$ 10,316
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 1,013</u>	<u>\$ 2,526</u>	<u>\$ 6,777</u>	<u>\$ 10,316</u>

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

STATE OF NEW MEXICO  
VILLAGE OF CORONA

Statement A-2

Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2012

	Recreation Fund	Streets Gas Tax Fund	Library Fund	Total Governmental Funds
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Local sources	750	-	9,050	9,800
State sources	-	-	1,500	1,500
State shared taxes	-	5,004	-	5,004
Earnings from investments	-	-	-	-
<b>Total revenues</b>	<u>750</u>	<u>5,004</u>	<u>10,550</u>	<u>16,304</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Highways & streets	-	9,390	-	9,390
Public safety	-	-	-	-
Culture and recreation	1,305	-	10,722	12,027
<b>Total expenditures</b>	<u>1,305</u>	<u>9,390</u>	<u>10,722</u>	<u>21,417</u>
Excess (deficiency) revenues over expenditures	(555)	(4,386)	(172)	(5,113)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	1,000	1,000
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Net change in fund balances	(555)	(4,386)	828	(4,113)
Fund balance beginning of year	<u>1,568</u>	<u>6,912</u>	<u>5,949</u>	<u>14,429</u>
Fund balance end of year	<u><u>\$ 1,013</u></u>	<u><u>\$ 2,526</u></u>	<u><u>\$ 6,777</u></u>	<u><u>\$ 10,316</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 - Recreation Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 750	\$ 750
State shared taxes	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 750</u>
EXPENDITURES				
Culture and recreation	\$ 1,567	\$ 1,567	\$ 1,305	\$ 262
Total expenditures	<u>\$ 1,567</u>	<u>\$ 1,567</u>	<u>\$ 1,305</u>	<u>\$ 262</u>
BUDGETED CASH BALANCE	<u>\$ 1,928</u>	<u>\$ 1,928</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 5,004	\$ 5,004	\$ 5,004	\$ -
Total revenues	<u>\$ 5,004</u>	<u>\$ 5,004</u>	<u>\$ 5,004</u>	<u>\$ -</u>
EXPENDITURES				
Highways & streets	\$ 11,750	\$ 11,750	\$ 9,390	\$ 2,360
Total expenditures	<u>\$ 11,750</u>	<u>\$ 11,750</u>	<u>\$ 9,390</u>	<u>\$ 2,360</u>
BUDGETED CASH BALANCE	<u>\$ 6,746</u>	<u>\$ 6,746</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources	\$ 8,550	\$ 8,550	\$ 9,050	\$ 500
State sources	1,500	1,500	1,500	-
Total revenues	<u>\$ 10,050</u>	<u>\$ 10,050</u>	<u>\$ 10,550</u>	<u>\$ 500</u>
<b>EXPENDITURES</b>				
Culture and recreation	\$ 11,020	\$ 11,020	\$ 10,722	\$ 298
Total expenditures	<u>\$ 11,020</u>	<u>\$ 11,020</u>	<u>\$ 10,722</u>	<u>\$ 298</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer in	\$ 1,000	\$ 1,000	\$ 1,000	-
Total other financing sources	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>-</u>

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

PROPRIETARY FUND DETAIL



### PROPRIETARY FUNDS BUDGETS

**WATER/SEWER FUND** - To account for the provision of water and sewer 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/Sewer Fund  
Statement of Revenues and Expenditures -  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 110,300	\$ 133,300	\$ 131,767	\$ (1,533)
Local sources	1,000	1,000	1,000	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	-	-	-	-
<b>Total revenues</b>	<b><u>\$ 111,300</u></b>	<b><u>\$ 134,300</u></b>	<b><u>\$ 132,767</u></b>	<b><u>\$ (1,533)</u></b>
<b>EXPENDITURES</b>				
Personal services	\$ 45,148	\$ 45,148	\$ 40,511	\$ 4,637
Maintenance and operations	55,957	71,758	65,566	6,192
Capital outlay	66,709	66,709	39,569	27,140
<b>Total expenditures</b>	<b><u>\$ 167,814</u></b>	<b><u>\$ 183,615</u></b>	<b><u>\$ 145,646</u></b>	<b><u>\$ 37,969</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	\$ -	\$ 7,000	\$ 7,000	\$ -
<b>Total other financings sources (uses)</b>	<b><u>\$ -</u></b>	<b><u>\$ 7,000</u></b>	<b><u>\$ 7,000</u></b>	<b><u>\$ -</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 58,209</u></b>	<b><u>\$ 58,209</u></b>		
<b>REVENUES</b>				
Budgetary basis			\$ 132,767	
(Decrease) in receivables			(1,572)	
<b>Modified accrual basis</b>			<b><u>\$ 131,195</u></b>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 145,646	
Capital outlay			(39,569)	
Depreciation			176,643	
(Decrease) in compensated absences			(129)	
(Decrease) in accounts payable			-	
<b>Modified accrual basis</b>			<b><u>\$ 282,591</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 119,125	\$ 119,125	\$ 104,688	\$ (14,437)
Local sources	-	-	-	-
Interest income	500	500	339	(161)
<b>Total revenues</b>	<b><u>\$ 119,625</u></b>	<b><u>\$ 119,625</u></b>	<b><u>\$ 105,027</u></b>	<b><u>\$ (14,598)</u></b>
<b>EXPENDITURES</b>				
Personal services	\$ 34,596	\$ 34,596	\$ 31,018	\$ 3,578
Maintenance and operations	22,658	22,658	27,216	(4,558)
Contractual services	35,000	35,000	28,277	6,723
Capital outlay	15,000	15,000	14,000	1,000
<b>Total expenditures</b>	<b><u>\$ 107,254</u></b>	<b><u>\$ 107,254</u></b>	<b><u>\$ 100,511</u></b>	<b><u>\$ 6,743</u></b>
<b>REVENUES</b>				
Budgetary basis			\$ 105,027	
(Decrease) in receivables			(279)	
Modified accrual basis			<b><u>\$ 104,748</u></b>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 100,511	
Capital outlay			(14,000)	
Depreciation			8,380	
(Decrease) in payables			-	
(Decrease) in compensated absences			(895)	
Modified accrual basis			<b><u>\$ 93,996</u></b>	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 47,564	\$ 47,564	\$ 44,220	\$ (3,344)
State grant	-	-	-	-
State shared taxes	-	-	1,237	1,237
Interest income	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u><b>\$ 47,564</b></u>	<u><b>\$ 47,564</b></u>	<u><b>\$ 45,457</b></u>	<u><b>\$ (2,107)</b></u>
<b>EXPENDITURES</b>				
Personal services	\$ 21,709	\$ 21,709	\$ 19,767	\$ 1,942
Maintenance and operations	25,344	25,344	27,966	(2,622)
Capital outlay	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u><b>\$ 47,053</b></u>	<u><b>\$ 47,053</b></u>	<u><b>\$ 47,733</b></u>	<u><b>\$ (680)</b></u>
BUDGETED CASH BALANCE	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>		
<b>REVENUES</b>				
Budgetary basis			\$ 45,457	
Increase in receivables			139	
			<u>          </u>	
Modified accrual basis			<u><b>\$ 45,596</b></u>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 47,733	
Depreciation			2,477	
Capital outlay			-	
(Decrease) in payables			-	
Increase in compensated absences			239	
			<u>          </u>	
Modified accrual basis			<u><b>\$ 50,449</b></u>	

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, 2012

	Balances June 30, 2011	Additions	Deletions	Balances June 30, 2012
<b>ASSETS</b>				
Cash of deposit	\$ 1,115	\$ -	\$ 140	\$ 975
Total assets	<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 975</u>
<b>LIABILITIES</b>				
Deposits held for others	\$ 1,115	\$ -	\$ 140	\$ 975
Total liabilities	<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ 140</u>	<u>\$ 975</u>

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

*Rice and Associates, C.P.A.*

AUDITING  
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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 and Fire Protection Funds of the Village of Corona, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 1, 2012. We also have audited the financial statements of each of the Village's non-major governmental and fiduciary funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Village of Corona is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village of Corona'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 of Corona's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility

that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Corona'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 two instances of noncompliance or other matters that are required to be reported under Government Auditing Standards which is described in the accompanying Status of Comments and Responses as Budget Overruns (11-01).

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 Office of the State Auditor, the New Mexico State Legislature, applicable federal grantors and the New Mexico Department of Finance and Administration and is not intended to be used by anyone other than these specified parties.



October 1, 2012



**STATUS OF COMMENTS AND RESPONSES**

**Prior Year Audit Findings**

1. Late Audit Report (10-01) - Resolved.
2. Budget Overruns (11-01) - Repeated.

**Current Year Audit Findings**

**NONE**

Budget Overruns  
(11-01)

CONDITION	The Village had a budget overruns in the Fire Fund in the amount of \$22,650 and in the Solid Waste Fund in the amount of \$680.
CRITERIA	According to Section 6-6-6 through 6-6-11 NMSA 1978 Compilation "prohibits local governments from making expenditures in excess of the approved budget".
CAUSE	A budgetary adjustment did not occur to correct the budget deficit.
EFFECT	The Village did not comply with the Section 6-6-6 through 6-6-11 NMSA 1978 Compilation.
RECOMMENDATION	Financial statements should be reviewed periodically for possible overruns and request the appropriate budgetary increases before expenditures exceed budget.
RESPONSE	A regular budget review will be conducted to prevent budget overruns.

## FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2012 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

## EXIT CONFERENCE

An exit conference was held on October 1, 2012. In attendance were Ms. Janet Verna, Clerk/Treasurer, Mr. Bill Hignight, Mayor, Ms. Sherrill Bradford, Mayor Pro-Tem and Ms. Pamela A. Rice, CPA, Contract Auditor.