

State of New Mexico

VILLAGE OF CORONA



FOR YEAR ENDED JUNE 30, 2014

(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, 2014

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
VILLAGE OF CORONA
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STATE OF NEW MEXICO
VILLAGE OF CORONA
Official Roster
Year Ended June 30, 2014

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
Ms. Lynette Tucker	Member

Village Administration

Ms. Terri Racher	Clerk/Treasurer
Ms. Janet Verna	Grant Administrator
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

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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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the General and Fire Protection Funds of the Village of Corona, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Village of Corona's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village of Corona's nonmajor governmental and enterprise funds and the budgetary comparisons for the non-major governmental and enterprise funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Corona, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General and Fire Protection Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and enterprise fund of the Village of Corona, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental and enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the Village of Corona's financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The Schedule of Changes in Assets and Liabilities - All Agency Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Changes in Assets and Liabilities - All Agency Funds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Changes in Assets and Liabilities - All Agency Funds fairly states, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014 on our consideration of the Village of Corona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Corona's internal control over financial reporting and compliance.



Albuquerque, New Mexico
November 3, 2014

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CORONA
Statement of Net Position
June 30, 2014

Statement 1
Page 1 of 2

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 280,884	\$ 153,525	\$ 434,409
Accounts receivable (net of uncollectible accounts)	30,632	14,925	45,557
Due from other funds	7,797	-	7,797
Total current assets	319,313	168,450	487,763
Restricted Assets (Cash)			
Customer meter deposits	-	780	780
Reserves for debt service	21,965	641	22,606
Total restricted assets	21,965	1,421	23,386
Capital Assets			
Land	34,625	-	34,625
Land improvements	36,085	21,427	57,512
Equipment	94,732	51,906	146,638
Buildings and improvements	1,463,740	4,730	1,468,470
Heavy equipment	793,941	-	793,941
Vehicles	-	93,885	93,885
Plant/Infrastructure	509,556	5,022,861	5,532,417
Total capital assets	2,932,679	5,194,809	8,127,488
Less accumulated depreciation	(1,652,606)	(1,795,207)	(3,447,813)
Total capital assets (net of accumulated depreciation)	1,280,073	3,399,602	4,679,675
Total assets	\$ 1,621,351	\$ 3,569,473	\$ 5,190,824

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

STATE OF NEW MEXICO
VILLAGE OF CORONA
Statement of Net Position
June 30, 2014

Statement 1
Page 2 of 2

	Governmental Activities	Business Type Activities	Total
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ 33,459	\$ -	\$ 33,459
Due to other funds	-	7,797	7,797
Customer meter deposits (restricted)	-	780	780
NMFA Loan (current portion)	21,261	9,240	30,501
Total current liabilities	54,720	17,817	72,537
Non-Current Liabilities			
Compensated absences payable	2,571	4,093	6,664
NMFA Loan payable	-	134,958	134,958
Total non-current liabilities	2,571	139,051	141,622
Total liabilities	57,291	156,868	214,159
Net Position			
Net investment in capital assets	1,258,812	3,255,404	4,514,216
Restricted for capital outlay	-	-	-
Restricted for debt service	21,965	641	22,606
Restricted for special grants	92,447	-	92,447
Unrestricted	190,836	156,560	347,396
Total net position	1,564,060	3,412,605	4,976,665
Total liabilities and net position	\$ 1,621,351	\$ 3,569,473	\$ 5,190,824

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, 2014

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (187,329)	\$ 380	\$ 83,258	\$ -	\$ (103,691)	\$ -	\$ (103,691)
Highways and streets	(42,936)	-	-	-	(42,936)	-	(42,936)
Public safety	(31,599)	-	67,129	-	35,530	-	35,530
Health and welfare	(749)	-	-	-	(749)	-	(749)
Culture and recreation	(29,349)	-	19,973	-	(9,376)	-	(9,376)
Interest	(1,664)	-	-	-	(1,664)	-	(1,664)
Depreciation - unallocated	(115,925)	-	-	-	(115,925)	-	(115,925)
Total governmental activities	(409,551)	380	170,360	-	(238,811)	-	(238,811)
Business-type activities:							
Water/sewer services	(296,657)	105,578	-	100,654	-	(90,425)	(90,425)
Gas services	(124,853)	110,264	-	-	-	(14,589)	(14,589)
Solid waste services	(52,959)	41,999	-	-	-	(10,960)	(10,960)
Total business-type activities	(474,469)	257,841	-	100,654	-	(115,974)	(115,974)
Total all activities	\$ (884,020)	\$ 258,221	\$ 170,360	\$ 100,654	(238,811)	(115,974)	(354,785)
General Revenues:							
Property taxes					13,164	-	13,164
Gross receipts taxes					82,480	-	82,480
Environmental gross receipts taxes					-	2,087	2,087
Gasoline taxes					6,917	-	6,917
Motor vehicle taxes					2,508	-	2,508
State aid not restricted to special purpose					-	-	-
General					90,000	-	90,000
Transfers					(1,500)	1,500	-
Investment earnings					129	-	129
Total general revenues					193,698	3,587	197,285
Change in net position					(45,113)	(112,387)	(157,500)
Net position - beginning of year					1,609,173	3,524,992	5,134,165
Net position - ending					\$ 1,564,060	\$ 3,412,605	\$ 4,976,665

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

STATE OF NEW MEXICO
 VILLAGE OF CORONA
 Balance Sheet
 Governmental Funds
 June 30, 2014

Statement 3

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 210,402	\$ 81,806	\$ 10,641	\$ 302,849
Accounts receivable	30,632	-	-	30,632
Due from other funds	7,797	-	-	7,797
Total assets	\$ 248,831	\$ 81,806	\$ 10,641	\$ 341,278
LIABILITIES				
Accounts payable	\$ 33,459	-	-	\$ 33,459
Total liabilities	33,459	-	-	33,459
FUND BALANCE				
Restricted	-	81,806	10,641	92,447
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	215,372	-	-	215,372
Total fund balance	215,372	81,806	10,641	307,819
Total liabilities and fund balance	\$ 248,831	\$ 81,806	\$ 10,641	\$ 341,278

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 Position
 June 30, 2014

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

Total fund balances - governmental funds		\$ 307,819
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	2,932,679	
Accumulated depreciation	<u>(1,652,606)</u>	
		1,280,073
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	(21,261)	
Compensated absences	<u>(2,571)</u>	
		<u>(23,832)</u>
Net position of governmental activities		<u>\$ 1,564,060</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, 2014

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 13,164	\$ -	\$ -	\$ 13,164
Charges for services	380	-	-	380
Licenses and permits	362	-	-	362
Local sources	21,761	-	11,136	32,897
State sources	128,119	67,129	6,853	202,101
Federal sources	25,000	-	-	25,000
State shared taxes	86,901	-	5,004	91,905
Earnings from investments	31	98	-	129
	<u>275,718</u>	<u>67,227</u>	<u>22,993</u>	<u>365,938</u>
Total revenues				
EXPENDITURES				
Current:				
General government	187,860	-	-	187,860
Highways and streets	37,513	-	5,423	42,936
Public safety	-	31,599	-	31,599
Health & welfare	749	-	-	749
Culture and recreation	7,903	-	21,446	29,349
Capital outlay	22,500	-	-	22,500
NMFA principle	-	23,243	-	23,243
NMFA interest	-	1,664	-	1,664
	<u>256,525</u>	<u>56,506</u>	<u>26,869</u>	<u>339,900</u>
Total expenditures				
Excess (deficiency) revenues over expenditures	19,193	10,721	(3,876)	26,038
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	2,000	2,000
Operating transfers out	(3,500)	-	-	(3,500)
	<u>(3,500)</u>	<u>-</u>	<u>2,000</u>	<u>(1,500)</u>
Net change in fund balances	15,693	10,721	(1,876)	24,538
Fund balance beginning of year	<u>199,679</u>	<u>71,085</u>	<u>12,517</u>	<u>283,281</u>
Fund balance end of year	<u>\$ 215,372</u>	<u>\$ 81,806</u>	<u>\$ 10,641</u>	<u>\$ 307,819</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, 2014

Net change in fund balances - total governmental funds \$ 24,538

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 exceed capital outlays in the period.

Depreciation expense	(115,925)	
Capital outlays	<u>22,500</u>	
Excess of capital outlay over depreciation expense		<u>(93,425)</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		531
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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>23,243</u>
Change in net position of governmental activities		<u>\$ (45,113)</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 11,604	\$ 13,164	\$ 13,164	\$ -
Charges for services	840	840	380	(460)
Licenses and permits	450	450	362	(88)
Local sources	21,000	21,961	21,761	(200)
State sources	129,484	129,484	128,119	(1,365)
Federal sources	45,000	45,000	20,000	(25,000)
State shared taxes	71,850	89,556	89,073	(483)
Earnings from investments	100	100	31	(69)
Total revenues	<u>\$ 280,328</u>	<u>\$ 300,555</u>	<u>\$ 272,890</u>	<u>\$ (27,665)</u>
EXPENDITURES				
Current:				
General government	\$ 193,699	\$ 204,369	\$ 162,860	\$ 41,509
Highways and streets	23,062	25,062	37,513	(12,451)
Public safety	-	-	-	-
Health and welfare	13,729	749	749	-
Culture and recreation	-	17,514	16,403	1,111
Capital outlay	-	14,000	14,000	-
Total expenditures	<u>\$ 230,490</u>	<u>\$ 261,694</u>	<u>\$ 231,525</u>	<u>\$ 30,169</u>
OTHER FINANCING SOURCES				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	(2,000)	(3,500)	(3,500)	-
Total other financing sources	<u>\$ (2,000)</u>	<u>\$ (3,500)</u>	<u>\$ (3,500)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF CORONA
 Fire Protection Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
State sources	67,129	67,129	67,129	-
Federal sources	-	-	-	-
Earnings from investments	-	-	98	98
Total revenues	<u>\$ 72,129</u>	<u>\$ 72,129</u>	<u>\$ 67,227</u>	<u>\$ (4,902)</u>
EXPENDITURES				
Public safety	\$ 67,129	\$ 67,129	\$ 56,506	\$ 10,623
Total expenditures	<u>\$ 67,129</u>	<u>\$ 67,129</u>	<u>\$ 56,506</u>	<u>\$ 10,623</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 Position
June 30, 2014

Statement 9

	Water/Sewer Fund	Gas Fund	Solid Waste Fund	Total
ASSETS				
Current Assets				
Cash on deposit	\$ 30,650	\$ 122,680	\$ 195	\$ 153,525
Accounts receivable (net)	<u>8,132</u>	<u>2,914</u>	<u>3,879</u>	<u>14,925</u>
Total Current Assets	<u>38,782</u>	<u>125,594</u>	<u>4,074</u>	<u>168,450</u>
Non-Current Assets				
Restricted Assets (Cash)	641	-	-	641
Customer meter deposits	<u>480</u>	<u>300</u>	<u>-</u>	<u>780</u>
Total Non-Current Assets	<u>1,121</u>	<u>300</u>	<u>-</u>	<u>1,421</u>
Capital Assets				
Land	-	-	-	-
Land improvements	-	-	21,427	21,427
Buildings and Improvements	4,730	-	-	4,730
Equipment	19,083	23,036	9,787	51,906
Vehicles	8,500	85,385	-	93,885
Plant/infrastructure	4,914,534	108,327	-	5,022,861
Accumulated depreciation	<u>(1,574,573)</u>	<u>(197,348)</u>	<u>(23,286)</u>	<u>(1,795,207)</u>
Total Capital Assets	<u>3,372,274</u>	<u>19,400</u>	<u>7,928</u>	<u>3,399,602</u>
Total Assets	<u>\$ 3,412,177</u>	<u>\$ 145,294</u>	<u>\$ 12,002</u>	<u>\$ 3,569,473</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to General Fund	7,797	-	-	7,797
Current portion loan payable	9,240	-	-	9,240
Customer meter deposits payable from Restricted Assets	<u>480</u>	<u>300</u>	<u>-</u>	<u>780</u>
Total Current Liabilities	<u>17,517</u>	<u>300</u>	<u>-</u>	<u>17,817</u>
Long-Term Liabilities				
Compensated absences payable	1,832	1,565	696	4,093
NMFA loan payable	<u>134,958</u>	<u>-</u>	<u>-</u>	<u>134,958</u>
Total Long-Term Liabilities	<u>136,790</u>	<u>1,565</u>	<u>696</u>	<u>139,051</u>
Total Liabilities	<u>154,307</u>	<u>1,865</u>	<u>696</u>	<u>156,868</u>
NET POSITION				
Net investment in capital assets	3,228,076	19,400	7,928	3,255,404
Restricted for capital outlay	-	-	-	-
Restricted for debt service	641	-	-	641
Unrestricted	<u>29,153</u>	<u>124,029</u>	<u>3,378</u>	<u>156,560</u>
Total Net Position	<u>3,257,870</u>	<u>143,429</u>	<u>11,306</u>	<u>3,412,605</u>
Total Liabilities and Net Position	<u>\$ 3,412,177</u>	<u>\$ 145,294</u>	<u>\$ 12,002</u>	<u>\$ 3,569,473</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 Position
For the Year Ended June 30, 2014

	Water/Sewer Fund	Gas Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Sales and services	\$ 105,578	\$ 110,264	\$ 41,999	\$ 257,841
Local source	-	-	-	-
State shared taxes	-	-	2,087	2,087
Total operating revenue	105,578	110,264	44,086	259,928
OPERATING EXPENSES				
Personal services	63,056	57,969	24,851	145,876
Maintenance and operations	52,577	24,976	23,482	101,035
Major contractual services	-	33,356	-	33,356
Other operating expenses	-	-	2,149	2,149
Depreciation	179,942	8,552	2,477	190,971
Total operating expenses	295,575	124,853	52,959	473,387
Operating income (loss)	(189,997)	(14,589)	(8,873)	(213,459)
NON-OPERATING REVENUE (EXPENSE)				
Investment income	-	-	-	-
Investment expense	(1,082)	-	-	(1,082)
Transfers in	-	-	1,500	1,500
Transfers out	-	-	-	-
State grant	72,521	-	-	72,521
Federal grant	28,133	-	-	28,133
Total Non-Operating Revenue (Expense)	99,572	-	1,500	101,072
Change in Net Position	(90,425)	(14,589)	(7,373)	(112,387)
Total net position, beginning of year	3,348,295	158,018	18,679	3,524,992
Total net position, end of year	\$ 3,257,870	\$ 143,429	\$ 11,306	\$ 3,412,605

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, 2014

Statement 11

	Water/Sewer Fund	Gas Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 105,881	\$ 111,093	\$ 44,402	\$ 261,376
Cash received from local sources	-	-	-	-
Cash received from state sources	-	-	-	-
Cash payments to employees and to suppliers for goods and services	<u>(115,256)</u>	<u>(116,195)</u>	<u>(50,705)</u>	<u>(282,156)</u>
Net cash provided by operating activities	<u>(9,375)</u>	<u>(5,102)</u>	<u>(6,303)</u>	<u>(20,780)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Loan proceeds	-	-	-	-
Principal paid	(9,167)	-	-	(9,167)
Acquisition of capital assets	(114,755)	-	-	(114,755)
Investment expense	<u>(1,082)</u>	<u>-</u>	<u>-</u>	<u>(1,082)</u>
Net cash provided (used) by capital and related financing activities	<u>(125,004)</u>	<u>-</u>	<u>-</u>	<u>(125,004)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from state sources	72,521	-	-	72,521
Cash received from federal sources	28,133	-	-	28,133
Operating transfers from other funds	-	-	1,500	1,500
Operating transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>100,654</u>	<u>-</u>	<u>1,500</u>	<u>102,154</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	(33,725)	(5,102)	(4,803)	(43,630)
Cash, beginning of year	<u>65,016</u>	<u>127,782</u>	<u>4,998</u>	<u>197,796</u>
Cash, end of year	<u>\$ 31,291</u>	<u>\$ 122,680</u>	<u>\$ 195</u>	<u>\$ 154,166</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (189,997)	\$ (14,589)	\$ (8,873)	\$ (213,459)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	179,942	8,552	2,477	190,971
Changes in assets and liabilities:				
(Increase) decrease in receivables	303	829	316	1,448
Increase (decrease) in accounts payable	-	-	-	-
Increase (decrease) in compensated absences	<u>377</u>	<u>106</u>	<u>(223)</u>	<u>260</u>
Net cash provided (used) by operating activities	<u>\$ (9,375)</u>	<u>\$ (5,102)</u>	<u>\$ (6,303)</u>	<u>\$ (20,780)</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CORONA
 Statement of Fiduciary Net Position
 June 30, 2014

	Employee Retirement Plan	Agency Funds
ASSETS		
Cash	\$ -	\$ 984
Mutaul funds (investments at fair value)	68,503	-
Total Assets	\$ 68,503	\$ 984
LIABILITIES		
Deposits held for others	\$ -	\$ 984
Total Liabilities	-	\$ 984
NET POSITION		
Held in trust for pension benefits and other purposes	68,503	
Total Net Position	\$ 68,503	

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

STATE OF NEW MEXICO
 VILLAGE OF CORONA
 Statement of Changes
 in Fiduciary Net Position
 For the Year Ended June 30, 2014

	Employee Retirement Plan
ADDITIONS:	
Contributions; Plan Members	\$ 5,500
Investment earnings	<u>10,091</u>
Total additions	15,591
DEDUCTIONS:	
Administrative expenses	<u>(290)</u>
Total deductions	<u>(290)</u>
Change in net position	15,301
Total net position, beginning of year	<u>53,202</u>
Total net position, end of year	<u><u>\$ 68,503</u></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, 2014

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/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

Notes to Financial Statements (continued)

in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
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 Position

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

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

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

Unrestricted net position - This category reflects net position 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.

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

Wells Fargo	General	Checking	\$ 421,653
Wells Fargo	Firemens		
	Recreation Fund	Savings	984
Wells Fargo	Water Meter Fund	Checking	480
Wells Fargo	Gas Meter Fund	Checking	300
Wells Fargo	CDBG Fund	Checking	10
Wells Fargo	Cemetery Fund	Certificate of Deposit	13,521
NMFA	Water Fund		641
NMFA	Fire Fund		22,151
			<u>\$ 459,740</u>
	Total amount on deposit		\$ 459,740
	Deposit in transit		1,073
	Petty cash		200
	Outstanding checks		(2,234)
	Total per financial statements		<u>\$ 458,779</u>

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	\$ 436,948
Less FDIC	(250,000)
Uninsured funds	186,948
Funds needing collateralization at 50% (required by State Law)	93,474
Pledged collateral at June 30	<u>118,303</u>
Excess of Pledged Collateral	<u>\$ 24,829</u>

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, \$186,948 of the Village's bank balance \$436,948 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 68,645
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Village's name	<u>118,303</u>
Total	<u>\$ 186,948</u>

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:

Wells Fargo Public Funds

<u>Collateral Unit</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FNMA #31417DKW2	10-01-42	\$ 8,827
FNMA #3138NXF44	02-01-43	<u>109,476</u>
		<u>\$ 118,303</u>

As of June 30, the Village had the following cash and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
Checking accounts	<u>\$ 436,948</u>	Less than 6 months

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District's investment policy limits the Village's investment portfolio to maturities of less than one year.

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 \$22,792 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	\$ -	\$ 14,818
Less allowance for uncollectible accounts	-	-
Subtotal	-	14,818
Gross receipts taxes receivable	5,632	107
Intergovernmental	25,000	-
Total	<u>\$ 30,632</u>	<u>\$ 14,925</u>

4. CAPITAL ASSETS

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

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</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	36,085	-	-	36,085
Building and improvements	1,455,240	8,500	-	1,463,740
Infrastructure	509,556	-	-	509,556
Heavy equipment	785,441	8,500	-	793,941
Equipment	<u>102,433</u>	<u>5,500</u>	<u>(13,201)</u>	<u>94,732</u>
Total capital assets being depreciated	<u>2,888,755</u>	<u>22,500</u>	<u>(13,201)</u>	<u>2,898,054</u>
Less accumulated depreciation for:				
Land improvements	(10,982)	(6,086)	-	(17,068)
Building and improvements	(851,630)	(55,967)	-	(907,597)
Infrastructure	(207,492)	(13,258)	-	(220,750)
Heavy equipment	(401,569)	(31,739)	-	(433,308)
Equipment	<u>(78,209)</u>	<u>(8,875)</u>	<u>13,201</u>	<u>(73,883)</u>
Total accumulated depreciation	<u>(1,549,882)</u>	<u>(115,925)</u>	<u>13,201</u>	<u>(1,652,606)</u>
Total capital assets being depreciated	<u>1,338,873</u>	<u>(93,425)</u>	<u>-</u>	<u>1,245,448</u>
Net capital assets	<u>\$ 1,373,498</u>	<u>\$ (93,425)</u>	<u>\$ -</u>	<u>\$ 1,280,073</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, 2013	Additions	Deletions	Balance June 30, 2014
Land improvements	\$ 21,427	\$ -	\$ -	\$ 21,427
Plant/Infrastructure	4,912,836	110,025	-	5,022,861
Building	-	4,730	-	4,730
Equipment	51,906	-	-	51,906
Vehicles	93,885	-	-	93,885
Sub-total	<u>5,080,054</u>	<u>114,755</u>	<u>-</u>	<u>5,194,809</u>
Accumulated depreciation	<u>(1,604,236)</u>	<u>(190,971)</u>	<u>-</u>	<u>(1,795,207)</u>
Net capital assets	<u>\$ 3,475,818</u>	<u>\$ (76,216)</u>	<u>\$ -</u>	<u>\$ 3,399,602</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, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Compensated absences payable	<u>\$ 3,102</u>	<u>\$ 2,571</u>	<u>\$ (3,102)</u>	<u>\$ 2,571</u>	<u>\$ -</u>

The liability will be liquidated by the General Fund.

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
NMFA Loan	<u>\$ 44,504</u>	<u>\$ -</u>	<u>\$ (23,243)</u>	<u>\$ 21,261</u>	<u>\$ 21,261</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
2015	<u>\$ 21,261</u>	<u>\$ 2,863</u>	<u>\$ 24,124</u>

Notes to Financial Statements (continued)

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 June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Compensated absences payable	\$ 3,834	\$ 4,093	\$ (3,834)	\$ 4,093	\$ -

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

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
NMFA Loan	\$ 153,365	\$ -	\$ (9,167)	\$ 144,198	\$ 9,240

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.

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 7,397	\$ 302	\$ 7,699
2016	7,415	283	7,698
2017	7,434	264	7,698
2018	7,453	246	7,699
2019	7,471	227	7,698
2020-2024	37,628	855	38,483
2025-2029	38,110	382	38,492
2030	7,680	20	7,700
Total	<u>\$ 120,588</u>	<u>\$ 2,579</u>	<u>\$ 123,167</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.

Notes to Financial Statements (continued)

<u>Due Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,843	\$ 708	\$ 2,551
2016	1,898	653	2,551
2017	1,955	596	2,551
2018	2,014	537	2,551
2019	2,074	477	2,551
2020-2024	11,340	1,412	12,752
2025	<u>2,477</u>	<u>74</u>	<u>2,551</u>
Total	<u>\$ 23,601</u>	<u>\$ 4,457</u>	<u>\$ 28,058</u>

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

6. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

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

Hydrant Meter deposits \$ 480

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 \$ 300

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.

Notes to Financial Statements (continued)

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.

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	\$275,718	\$ 67,227	\$ 22,993	\$ 360,582
Budget basis	<u>272,890</u>	<u>67,227</u>	<u>22,993</u>	<u>362,030</u>
Increase (decrease) in receivables	<u>\$ 2,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,448)</u>
 <u>Expenditures</u>				
Accrual basis	\$256,525	\$ 56,506	\$ 26,869	\$ 473,387
Budget basis	231,525	56,506	26,869	406,078
Depreciation	-	-	-	(190,971)
Capital outlay	-	-	-	114,755
Principle paid	-	-	-	9,167
(Increase) decrease in compensated absences	-	-	-	(260)
Increase (decrease) in payables	<u>\$ 25,000</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.

12. TRANSFERS

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

	<u>Transfers In</u>	
<u>Transfers Out</u>	<u>Non-Major Governmental</u>	<u>Proprietary Fund</u>
General Fund	\$ 2,000	\$ 1,500
Total Transfers In/Out	<u>\$ 2,000</u>	<u>\$ 1,500</u>

Notes to Financial Statements (continued)

Balance of Transfers

Transfer to		
Proprietary Fund	\$ (1,500)	From General Fund
Transfer to Non-Major		
Governmental Fund	<u>(2,000)</u>	From General Fund
	<u>\$ (3,500)</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, 2014 were \$5,500.

14. 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonspendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Restricted for:</u>				
Road improvements	-	-	154	154
Fire protection	-	81,806	-	81,806
Culture and recreational services	<u>-</u>	<u>-</u>	<u>10,487</u>	<u>10,487</u>
Total restricted	<u>-</u>	<u>81,806</u>	<u>10,641</u>	<u>92,447</u>
<u>Committed to:</u>				
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Unassigned:</u>	<u>215,372</u>	<u>-</u>	<u>-</u>	<u>215,372</u>
Total Fund Balances	<u>\$215,372</u>	<u>\$ 81,806</u>	<u>\$ 10,641</u>	<u>\$ 307,819</u>

Notes to Financial Statements (continued)

15. LEGISLATIVE APPROPRIATIONS

The Village of Corona received an appropriation of \$55,000 to plan, design and construct a water transmission line. This appropriation has not been completed.

<u>Appropriation</u>	<u>Term</u>	<u>Amount</u>	<u>Remaining Balance</u>
Laws of 2013, Chapter 226 Section 23, Paragraph 32	October 15, 2013 to June 30, 2017	\$ 55,000	\$ 586

The Village of Corona received an appropriation of \$25,000 to plan, design, renovate and construct improvements water storage tanks in Corona in Lincoln County. This appropriation has not been completed.

<u>Appropriation</u>	<u>Term</u>	<u>Amount</u>	<u>Remaining Balance</u>
Laws of 2013, Chapter 226 Section 23, Paragraph 33	October 15, 2013 to June 30, 2017	\$ 25,000	\$ 907

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, 2014

Statement A-1

	Recreation Fund	Streets Gas Tax Fund	Library Fund	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 4,121	\$ 154	\$ 6,366	\$ 10,641
Total assets	<u>\$ 4,121</u>	<u>\$ 154</u>	<u>\$ 6,366</u>	<u>\$ 10,641</u>
FUND BALANCE				
Restricted	\$ 4,121	\$ 154	\$ 6,366	\$ 10,641
Unassigned	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>\$ 4,121</u>	<u>\$ 154</u>	<u>\$ 6,366</u>	<u>\$ 10,641</u>

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, 2014

Statement A-2

	Recreation Fund	Streets Gas Tax Fund	Library Fund	Total Governmental Funds
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Local sources	1,800	-	9,336	11,136
State sources	-	-	6,853	6,853
State shared taxes	-	5,004	-	5,004
Earnings from investments	-	-	-	-
	1,800	5,004	16,189	22,993
EXPENDITURES				
Current:				
General government	-	-	-	-
Highways & streets	-	5,423	-	5,423
Public safety	-	-	-	-
Culture and recreation	-	-	21,446	21,446
	-	5,423	21,446	26,869
Excess (deficiency) revenues over expenditures	1,800	(419)	(5,257)	(3,876)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	2,000	2,000
Operating transfers out	-	-	-	-
	-	-	2,000	2,000
Net change in fund balances	1,800	(419)	(3,257)	(1,876)
Fund balance beginning of year	2,321	573	9,623	12,517
Fund balance end of year	\$ 4,121	\$ 154	\$ 6,366	\$ 10,641

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 1,800	\$ 1,800	\$ 1,800	\$ -
State shared taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ -</u>
EXPENDITURES				
Culture and recreation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 - Streets Gas Tax Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	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	\$ 5,400	\$ 5,423	\$ 5,423	\$ -
Total expenditures	<u>\$ 5,400</u>	<u>\$ 5,423</u>	<u>\$ 5,423</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 396</u>	<u>\$ 419</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 9,200	\$ 9,200	\$ 9,336	\$ 136
State sources	<u>8,400</u>	<u>9,653</u>	<u>6,853</u>	<u>(2,800)</u>
Total revenues	<u>\$ 17,600</u>	<u>\$ 18,853</u>	<u>\$ 16,189</u>	<u>\$ (2,664)</u>
EXPENDITURES				
Culture and recreation	\$ 16,250	\$ 22,988	\$ 21,446	\$ 1,542
Total expenditures	<u>\$ 16,250</u>	<u>\$ 22,988</u>	<u>\$ 21,446</u>	<u>\$ 1,542</u>
OTHER FINANCING SOURCES				
Transfer in	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Total other financing sources	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>

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

SUPPLEMENTARY INFORMATION

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 125,300	\$ 129,300	\$ 105,881	\$ (23,419)
Local sources	-	-	-	-
State sources	92,500	92,500	72,551	(19,949)
Federal sources	29,545	29,545	28,133	(1,412)
Interest income	-	-	-	-
	<u>247,345</u>	<u>251,345</u>	<u>206,565</u>	<u>(44,780)</u>
Total revenues	\$ 247,345	\$ 251,345	\$ 206,565	\$ (44,780)
EXPENDITURES				
Personal services	\$ 62,680	\$ 62,680	\$ 62,679	\$ 1
Maintenance and operations	90,579	95,478	61,744	33,734
Capital outlay	92,500	92,500	114,755	(22,255)
	<u>245,759</u>	<u>250,658</u>	<u>239,178</u>	<u>11,480</u>
Total expenditures	\$ 245,759	\$ 250,658	\$ 239,178	\$ 11,480
BUDGETED CASH BALANCE	\$ -	\$ 467		
REVENUES				
Budgetary basis			\$ 206,535	
(Decrease) in receivables			(303)	
Modified accrual basis			<u>206,232</u>	
EXPENDITURES				
Budgetary basis			\$ 239,178	
Capital outlay			(114,755)	
Depreciation			179,942	
Principle paid			(9,167)	
Increase in compensated absences			377	
(Decrease) in accounts payable			-	
Modified accrual basis			<u>295,575</u>	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 108,150	\$ 110,264	\$ 111,093	\$ 829
Local sources	-	-	-	-
Interest income	-	-	-	-
Total revenues	<u>\$ 108,150</u>	<u>\$ 110,264</u>	<u>\$ 111,093</u>	<u>\$ 829</u>
EXPENDITURES				
Personal services	\$ 57,863	\$ 57,863	\$ 57,863	\$ -
Maintenance and operations	30,663	30,663	24,976	5,687
Contractual services	21,520	33,356	33,356	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 110,046</u>	<u>\$ 121,882</u>	<u>\$ 116,195</u>	<u>\$ 5,687</u>
BUDGETED CASH BALANCE	<u>\$ 1,896</u>	<u>\$ 11,618</u>		
REVENUES				
Budgetary basis			\$ 111,093	
(Decrease) in receivables			(829)	
Modified accrual basis			<u>\$ 110,264</u>	
EXPENDITURES				
Budgetary basis			\$ 116,195	
Capital outlay			-	
Depreciation			8,552	
(Decrease) in payables			-	
Increase in compensated absences			106	
Modified accrual basis			<u>\$ 124,853</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 43,150	\$ 43,150	\$ 42,253	\$ (897)
State shared taxes	2,149	2,149	2,149	-
Interest income	-	-	-	-
Total revenues	<u>\$ 45,299</u>	<u>\$ 45,299</u>	<u>\$ 44,402</u>	<u>\$ (897)</u>
EXPENDITURES				
Personal services	\$ 25,074	\$ 25,074	\$ 25,074	\$ -
Maintenance and operations	19,978	25,657	25,631	26
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 45,052</u>	<u>\$ 50,731</u>	<u>\$ 50,705</u>	<u>\$ 26</u>
OTHER FINANCING (SOURCES)				
Transfer in	-	1,500	1,500	-
Total other financing sources	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		
REVENUES				
Budgetary basis			\$ 44,402	
Decrease in receivables			(316)	
Modified accrual basis			<u>\$ 44,086</u>	
EXPENDITURES				
Budgetary basis			\$ 50,705	
Depreciation			2,477	
Capital outlay			-	
(Decrease) in payables			-	
(Decrease) in compensated absences			(223)	
Modified accrual basis			<u>\$ 52,959</u>	

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

STATE OF NEW MEXICO
 VILLAGE OF CORONA
 Schedule of Changes in Assets
 and Liabilities - All Agency Funds
 Year Ended June 30, 2014

	Balances June 30, 2013	Additions	Deletions	Balances June 30, 2014
ASSETS				
Cash of deposit	\$ 864	\$ 120	\$ -	\$ 984
Total assets	<u>\$ 864</u>	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ 984</u>
LIABILITIES				
Deposits held for others	\$ 864	\$ 120	\$ -	\$ 984
Total liabilities	<u>\$ 864</u>	<u>\$ 120</u>	<u>\$ -</u>	<u>\$ 984</u>

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

Rice and Associates, C.P.A.

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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**

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General and Fire Protection Funds of the Village of Corona, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the Village of Corona's basic financial statements, and the related budgetary comparison of the non-major governmental and enterprise funds, presented as supplemental information, and have issued our report thereon dated November 3, 2014.

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 of Corona's internal control over financial reporting.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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 one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the Status of Comments as 1099 Form not Prepared and Submitted to the IRS (2014-001).

The Village of Corona's Response to Findings

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

Purpose of this Report

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

Road & Associates, LLP

Albuquerque, New Mexico
November 3, 2014

STATUS OF COMMENTS AND RESPONSES

Prior Year Audit Findings

NONE

Current Year Audit Findings

1. 1099 Forms Not Prepared and Submitted to the IRS - (2014-001)

1099 Form Not Prepared and Submitted to the IRS - Other Matter
(2014-001)

CONDITION Management of the Village did not prepare the required (IRS) 1099 forms for a particular vendor for the 2013 calendar year.

CRITERIA IRS regulations require 1099 forms be prepared and filed with the IRS, "if you made or received a payment during the calendar year as a small business or self-employed (individual)."

CAUSE Management could not obtain a W-9 form from this individual so a 1099 form could not be prepared.

EFFECT IRS regulations were not followed.

RECOMMENDATION Management should prepare and submit those forms to the IRS as soon as possible.

RESPONSE The Village will correct this issue promptly.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2014 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 November 3, 2014. In attendance were Mr. Bill Hignight, Mayor, Ms. Terri Racher, Clerk/Treasurer, Mr. Antonio Lucero and Ms. Pamela A. Rice, CPA, Contract Auditors.