

STATE OF NEW MEXICO  
VILLAGE OF CORONA

**ANNUAL FINANCIAL REPORT  
AND INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2016**

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
OFFICIAL ROSTER  
AS OF JUNE 30, 2016**

**VILLAGE COUNCIL**

William E. Hignight..... Mayor  
Sherill Perkins Bradford .....Mayor Pro Tem  
Monica Zook ..... Councilor  
Samuel Seely ..... Councilor  
William Weckwerth..... Councilor

**VILLAGE OFFICIALS**

Terri Racher ..... Village Clerk & Treasurer  
Jacque Davis .....Deputy Clerk  
Kyle Davis .....Public Works Director



## Independent Auditors' Report

Honorable Timothy Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

and  
To the Honorable Mayor and the 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 fund and major special revenue funds of the Village of Corona (Village), New Mexico, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise a portion of 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 nonmajor governmental, fiduciary funds and the budgetary comparisons for the major capital project funds, debt service funds and all nonmajor 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, 2016, 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with accounting principles 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 from 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.

An audit also involves 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 opinion.

### **Opinion**

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, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and the Fire Protection Fund 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 funds of the Village, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental 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 Management's Discussion and Analysis 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 basic financial statements, the combining and individual fund financial statements and the budgetary comparisons. The other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

These other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate 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 financial and other records used to prepare the basic 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, these other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Vendor Schedule required by 2.2.2.10(A)(2)(g) NMAC has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2016 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provision 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's internal control over financial reporting and compliance.

*Kubiak Melton & Associates, LLC*

Kubiak Melton & Associates, LLC  
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico  
December 2, 2016

## **FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 369,199	\$ 109,266	\$ 478,465
Restricted Cash, Current	117,699	-	117,699
Accounts Receivable, Net	14,651	16,346	30,997
<b>TOTAL CURRENT ASSETS</b>	<b>501,549</b>	<b>125,612</b>	<b>627,161</b>
<b>NONCURRENT ASSETS</b>			
Cash - Restricted	-	644	644
Customer Meter Deposits	-	790	790
<b>TOTAL NONCURRENT ASSETS</b>	<b>-</b>	<b>1,434</b>	<b>1,434</b>
<b>CAPITAL ASSETS</b>			
Land	36,296	-	36,296
Land Improvements	86,771	21,427	108,198
Buildings and Improvements	1,463,740	4,730	1,468,470
Equipment	894,151	51,906	946,057
Vehicles	-	93,885	93,885
Plant and Infrastructure	543,568	5,020,605	5,564,173
Less: Accumulated Depreciation	(1,915,072)	(2,221,657)	(4,136,729)
Capital Assets, Net	1,109,454	2,970,896	4,080,350
<b>TOTAL ASSETS</b>	<b>\$ 1,611,003</b>	<b>\$ 3,097,942</b>	<b>\$ 4,708,945</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 2,902	\$ 5,618	\$ 8,520
Accrued Liabilities	12,167	2,783	14,950
Compensated Absences Payable	2,095	1,864	3,959
Current Portion of Loan Payable	10,727	9,389	20,116
Customer Meter Deposits	-	790	790
<b>TOTAL CURRENT LIABILITIES</b>	<b>27,891</b>	<b>20,444</b>	<b>48,335</b>
<b>NONCURRENT LIABILITIES</b>			
NMFA Loan Payable	106,972	116,256	223,228
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>106,972</b>	<b>116,256</b>	<b>223,228</b>
<b>TOTAL LIABILITIES</b>	<b>134,863</b>	<b>136,700</b>	<b>271,563</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	991,755	2,826,625	3,818,380
Restricted for Special Revenue Funds	171,585	-	171,585
Restricted for Debt Service	-	644	644
Unrestricted	312,800	133,973	446,773
<b>TOTAL NET POSITION</b>	<b>1,476,140</b>	<b>2,961,242</b>	<b>4,437,382</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,611,003</b>	<b>\$ 3,097,942</b>	<b>\$ 4,708,945</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contrib.	Government Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities</b>							
General Government	\$ 212,033	\$ 3,816	\$ 61,163	\$ -	\$ (147,054)	\$ -	\$ (147,054)
Highways and Streets	37,075	-	-	-	(37,075)	-	(37,075)
Public Safety	29,325	-	79,294	-	49,969	-	49,969
Health and Welfare	-	-	-	-	-	-	-
Culture and Recreation	26,109	-	-	-	(26,109)	-	(26,109)
Interest on Long-Term Debt	-	-	-	-	-	-	-
Depreciation	130,484	-	-	-	(130,484)	-	(130,484)
Total Governmental Activities	435,026	3,816	140,457	-	(290,753)	-	(290,753)
<b>Business-Type Activities</b>							
Water and Sewer Services	327,261	107,171	4,883	-	-	(215,207)	(215,207)
Gas Services	107,353	89,228	4,296	-	-	(13,829)	(13,829)
Solid Waste Services	53,012	38,498	1,896	-	-	(12,618)	(12,618)
Compensated Absences Expense	1,864	-	-	-	-	(1,864)	(1,864)
Total Business-Type Activities	489,490	234,897	11,075	-	-	(243,518)	(243,518)
<b>General Revenues:</b>							
Property Taxes					20,750	-	20,750
Gross Receipts Taxes					87,881	-	87,881
Gasoline Taxes					3,654	-	3,654
Motor Vehicle Taxes					446	-	446
Restricted State Aid					141,642	-	141,642
Transfers					(30,001)	30,000	(1)
Investment Earnings (Loss)					22	(936)	(914)
Subtotal, General Revenues					224,394	29,064	253,458
Change in Net Position					(66,359)	(214,454)	(280,813)
Beginning Net Position					1,542,499	3,175,696	4,718,195
Restatement					-	-	-
Net Position, As Restated					1,542,499	3,175,696	4,718,195
<b>Ending Net Position</b>					<b>\$ 1,476,140</b>	<b>\$ 2,961,242</b>	<b>\$ 4,437,382</b>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>General Fund</b>	<b>Fire Protection Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 197,930	\$ 144,288	\$ 26,981	\$ 369,199
Restricted Cash, Current	117,699	-	-	117,699
Accounts and Taxes Receivable	14,234	-	417	14,651
<b>TOTAL ASSETS</b>	<u>\$ 329,863</u>	<u>\$ 144,288</u>	<u>\$ 27,398</u>	<u>\$ 501,549</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,801	\$ 35	\$ 66	\$ 2,902
Accrued Salaries and Benefits	12,167	-	-	12,167
<b>TOTAL LIABILITIES</b>	14,968	35	66	15,069
<b>FUND BALANCES</b>				
Restricted for:				
Special Revenue Funds	-	144,253	27,332	171,585
Capital Projects Funds	-	-	-	-
Unassigned:				
General Fund	314,895	-	-	314,895
<b>TOTAL FUND BALANCES</b>	<u>314,895</u>	<u>144,253</u>	<u>27,332</u>	<u>486,480</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 329,863</u>	<u>\$ 144,288</u>	<u>\$ 27,398</u>	<u>\$ 501,549</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2016**

**Total Fund Balance - Governmental Funds** \$ 486,480

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

Capital assets used in governmental activities are not financial resources  
and therefore are not reported in the funds

Capital Assets	3,024,526	
Less: Accumulated Depreciation	<u>(1,915,072)</u>	
Capital Assets, Net		1,109,454

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:

Accrued Compensated Absences	(2,095)	
Long-Term Debt	<u>(117,699)</u>	
Total		<u>(119,794)</u>

**Net Position of Governmental Activities** **\$ 1,476,140**

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 15,330	\$ -	\$ 5,420	\$ 20,750
Charges for Services	840	-	-	840
Licenses and Permits	2,976	-	-	2,976
Local Sources	46,954	-	14,209	61,163
State Sources	90,000	79,294	51,642	220,936
Federal Sources	-	-	-	-
State Shared Taxes	91,981	-	-	91,981
Earnings from Investments	22	-	-	22
<b>TOTAL REVENUES</b>	<u>248,103</u>	<u>79,294</u>	<u>71,271</u>	<u>398,668</u>
<b>EXPENDITURES</b>				
Current				
General Government	211,892	-	-	211,892
Highways and Streets	840	-	36,235	37,075
Public Safety	-	29,325	-	29,325
Health and Welfare	-	-	-	-
Culture and Recreation	5,527	-	20,582	26,109
NMFA Principal	-	-	-	-
NMFA Interest	-	-	-	-
Capital Outlay	7,149	-	40,000	47,149
<b>TOTAL EXPENDITURES</b>	<u>225,408</u>	<u>29,325</u>	<u>96,817</u>	<u>351,550</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	22,695	49,969	(25,546)	47,118
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan Proceeds	117,699	-	-	117,699
Transfers in	-	-	32,494	32,494
Transfers out	(62,495)	-	-	(62,495)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>55,204</u>	<u>-</u>	<u>32,494</u>	<u>87,698</u>
<b>NET CHANGE IN FUND BALANCES</b>	77,899	49,969	6,948	134,816
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>236,996</u>	<u>94,284</u>	<u>20,384</u>	<u>351,664</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 314,895</u>	<u>\$ 144,253</u>	<u>\$ 27,332</u>	<u>\$ 486,480</u>

See Independent Auditors' Report and Notes to 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, 2016**

**Net Changes in Fund Balance - Governmental Funds** **\$ 134,816**

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, in the governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation in the period:

Capital Outlay	47,149
Depreciation Expense	(130,484)

In the Statement of Activities, operating expenses such as compensated absences and long-term debt are measured by the amounts 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):

Loan Proceeds	(117,699)
Change in Compensated Absences	<u>(141)</u>

**Change in Net Position of Governmental Activities** **\$ (66,359)**

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES AND EXPENSES – BUDGET (NON-GAAP BUDGETARY  
BASIS) AND ACTUAL – GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 12,485	\$ 12,485	\$ 15,330	\$ 2,845
Charges for Services	540	540	840	300
Licenses and Permits	300	300	2,976	2,676
Local Sources	1,748	44,226	45,283	1,057
State Sources	90,000	90,000	90,000	-
Federal Sources	-	-	-	-
State Shared Taxes	87,150	87,150	90,380	3,230
Earnings from Investments	45	45	22	(23)
<b>TOTAL REVENUES</b>	<u>192,268</u>	<u>234,746</u>	<u>244,831</u>	<u>10,085</u>
<b>EXPENDITURES</b>				
Current				
General Government	146,257	199,007	198,519	488
Highways and Streets	30,223	1,223	840	383
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	6,000	5,527	473
NMFA Principal	-	-	-	-
NMFA Interest	-	-	-	-
Capital Outlay	-	13,000	12,678	322
<b>TOTAL EXPENDITURES</b>	<u>176,480</u>	<u>219,230</u>	<u>217,564</u>	<u>1,666</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>15,788</u>	<u>15,516</u>	<u>27,267</u>	<u>8,419</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(2,000)	(63,973)	(62,495)	(1,478)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,000)</u>	<u>(63,973)</u>	<u>(62,495)</u>	<u>(1,478)</u>
<b>Net Increase (Decrease)</b>	<u>13,788</u>	<u>(48,457)</u>	<u>(35,228)</u>	<u>6,941</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ 48,457</u>		

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES AND EXPENSES – BUDGET (NON-GAAP BUDGETARY  
BASIS) AND ACTUAL – FIRE PROTECTION FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Local Sources	-	117,699	-	(117,699)
State Sources	61,667	77,852	78,315	463
Federal Sources	-	-	-	-
State Shared Taxes	-	-	-	-
Earnings from Investments	-	-	-	-
<b>TOTAL REVENUES</b>	<b>61,667</b>	<b>195,551</b>	<b>78,315</b>	<b>(117,236)</b>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Public Safety	61,667	255,274	29,290	225,984
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
NMFA Principal	-	-	-	-
NMFA Interest	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>61,667</b>	<b>255,274</b>	<b>29,290</b>	<b>225,984</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(59,723)</b>	<b>49,025</b>	<b>(343,220)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease)</b>	<b>-</b>	<b>(59,723)</b>	<b>49,025</b>	<b>(343,220)</b>
<b>Prior Year Cash Balance Budgeted</b>	<b>\$ -</b>	<b>\$ 59,723</b>		

See Independent Auditors' Report and Notes to Financial Statements



**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	<u>Water / Sewer Fund</u>	<u>Gas Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 313	\$ 108,829	\$ 124	\$ 109,266
Accounts Receivable, Net	<u>9,178</u>	<u>3,255</u>	<u>3,913</u>	<u>16,346</u>
<b>TOTAL CURRENT ASSETS</b>	9,491	112,084	4,037	125,612
<b>NONCURRENT ASSETS</b>				
Cash - Restricted	644	-	-	644
Customer Meter Deposits	<u>440</u>	<u>350</u>	<u>-</u>	<u>790</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>1,084</u>	<u>350</u>	<u>-</u>	<u>1,434</u>
<b>CAPITAL ASSETS</b>				
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 and Infrastructure	4,912,278	108,327	-	5,020,605
Less: Accumulated Depreciation	<u>(1,981,269)</u>	<u>(212,148)</u>	<u>(28,240)</u>	<u>(2,221,657)</u>
Capital Assets, Net	<u>2,963,322</u>	<u>4,600</u>	<u>2,974</u>	<u>2,970,896</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,973,897</u>	<u>\$ 117,034</u>	<u>\$ 7,011</u>	<u>\$ 3,097,942</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 2,176	\$ 518	\$ 2,924	\$ 5,618
Accrued Liabilities	2,783	-	-	2,783
Compensated Absences Payable	1,864	-	-	1,864
Current Portion of Loan Payable	9,389	-	-	9,389
Customer Meter Deposits	<u>440</u>	<u>350</u>	<u>-</u>	<u>790</u>
<b>TOTAL CURRENT LIABILITIES</b>	16,652	868	2,924	20,444
<b>NONCURRENT LIABILITIES</b>				
NMFA Loan Payable	<u>116,256</u>	<u>-</u>	<u>-</u>	<u>116,256</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>116,256</u>	<u>-</u>	<u>-</u>	<u>116,256</u>
<b>TOTAL LIABILITIES</b>	132,908	868	2,924	136,700
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,819,051	4,600	2,974	2,826,625
Restricted for Debt Service	644	-	-	644
Unrestricted	<u>21,294</u>	<u>111,566</u>	<u>1,113</u>	<u>133,973</u>
<b>TOTAL NET POSITION</b>	<u>2,840,989</u>	<u>116,166</u>	<u>4,087</u>	<u>2,961,242</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 2,973,897</u>	<u>\$ 117,034</u>	<u>\$ 7,011</u>	<u>\$ 3,097,942</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Water / Sewer Fund</u>	<u>Gas Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Sales and Services	\$ 100,993	\$ 89,228	\$ 38,498	\$ 228,719
Local Sources	6,178	-	-	6,178
State-Shared Taxes	4,883	4,296	1,896	11,075
<b>TOTAL OPERATING REVENUES</b>	<u>112,054</u>	<u>93,524</u>	<u>40,394</u>	<u>245,972</u>
<b>OPERATING EXPENSES</b>				
Personal Services	57,903	50,736	23,281	131,920
Maintenance and Operations	22,227	27,789	-	50,016
Major Contractual Services	177	3,361	-	3,538
Other Operating Expenses	43,149	18,067	27,254	88,470
Depreciation	203,805	7,400	2,477	213,682
Compensated Absences Expense	1,864	-	-	1,864
<b>TOTAL OPERATING EXPENSES</b>	<u>329,125</u>	<u>107,353</u>	<u>53,012</u>	<u>489,490</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(217,071)</u>	<u>(13,829)</u>	<u>(12,618)</u>	<u>(243,518)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment Income				-
Investment Expense	(936)	-	-	(936)
Transfers In	22,000	-	8,000	30,000
Transfers Out	-	-	-	-
State Grants	-	-	-	-
Federal Grants	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>21,064</u>	<u>-</u>	<u>8,000</u>	<u>29,064</u>
<b>CHANGE IN NET POSITION</b>	<u>(196,007)</u>	<u>(13,829)</u>	<u>(4,618)</u>	<u>(214,454)</u>
<b>BEGINNING NET POSITION</b>	3,036,996	129,995	8,705	3,175,696
RESTATEMENT	-	-	-	-
<b>NET POSITION, AS RESTATED</b>	<u>3,036,996</u>	<u>129,995</u>	<u>8,705</u>	<u>3,175,696</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 2,840,989</u>	<u>\$ 116,166</u>	<u>\$ 4,087</u>	<u>\$ 2,961,242</u>

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Water / Sewer Fund</u>	<u>Gas Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received From User Charges	\$ 112,054	\$ 93,524	\$ 40,394	\$ 245,972
Cash Payments to Employees for Services	(57,903)	(50,736)	(23,281)	(131,920)
Cash Payments to Suppliers for Goods and Services	<u>(71,259)</u>	<u>(49,217)</u>	<u>(27,254)</u>	<u>(147,730)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	(17,108)	(6,429)	(10,141)	(33,678)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Change in Compensated Absences	-	-	-	-
Transfers	22,000	-	-	22,000
Payments on Debt	<u>(10,249)</u>	<u>(1,919)</u>	<u>10,265</u>	<u>(1,903)</u>
<b>NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES</b>	11,751	(1,919)	10,265	20,097
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	-	-	-	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	(5,357)	(8,348)	124	(13,581)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,670</u>	<u>117,177</u>	<u>-</u>	<u>122,847</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 313</u>	<u>\$ 108,829</u>	<u>\$ 124</u>	<u>\$ 109,266</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Change in Net Position	\$ (196,007)	\$ (13,829)	\$ (4,618)	\$ (214,454)
Adjustments to reconcile operating income (loss) to net cash used by operating activities	-	-	-	-
Depreciation Expense	203,805	7,400	2,477	213,682
Change in receivables	(1,186)	-	-	(1,186)
Change in accounts payable	(2,176)	-	-	(2,176)
Change in accrued salaries and benefits	<u>(21,544)</u>	<u>-</u>	<u>(8,000)</u>	<u>(29,544)</u>
<b>NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES</b>	<u>\$ (17,108)</u>	<u>\$ (6,429)</u>	<u>\$ (10,141)</u>	<u>\$ (33,678)</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**VILLAGE OF CORONA**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**JUNE 30, 2016**

	<u>Employee Retirement Plan</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ -
Mutual Funds	<u>47,234</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>		
Deposits Held for Others	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Held in Trust for Pension Benefits	<u>47,234</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u>47,234</u>	<u>-</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 47,234</u>	<u>\$ -</u>

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

		<u>Employee Retirement Plan</u>
<b>ADDITIONS:</b>		
Contributions: Plan Members	\$	2,600
Investment Earnings		250
Total Additions		<u>2,850</u>
<b>DEDUCTIONS:</b>		
Administrative Expenses		253
Withdrawals		-
Total Deductions		<u>253</u>
Change in Net Position		2,597
Total Net Position, Beginning of Year		<u>44,637</u>
Total Net Position, End of Year	\$	<u><u>47,234</u></u>

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 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 and 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 (GASE) 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 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.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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.

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 nonmajor. 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.

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VILLAGE OF CORONA  
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**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.

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 amount 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.

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.

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VILLAGE OF CORONA  
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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 principles. 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 statute 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 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.

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

<u>Assets</u>	<u>Years</u>
Buildings	35
Building Improvements	10-25
Public Domain Infrastructure	40
System Infrastructure	20-30
Vehicles	8-10
Equipment	5-25
Heavy Equipment	10

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

**H. Compensated Absences**

It is the policy of the Village of Corona to permit certain employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees upon separation from the Village's service. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements. Sick pay does not vest and is recorded as an expenditure when it is paid.

**I. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and 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. Deferred Outflows / Inflows of Resources**

GASB 63 amended previous guidance on deferred revenue in the government-wide financial statements to include deferred outflows, which is the consumption of net assets by the government which is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government which is applicable to a future reporting period. See the deferred outflow or inflow of resources listed in Note 15 for the year ended June 30, 2016.

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**L. 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 component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Net position is reported as restricted when constraints placed on net position use either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - Net position which does not meet the definition of “restricted” and “net investment in capital assets”.

**M. 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: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Village. These amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the Village’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Village or through the Village delegating this responsibility to the Village through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund, or, in other words, all amounts not included in other spendable classifications.

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

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amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**N. 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.

**O. 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.

**NOTE 2. DEPOSITS AND INVESTMENTS**

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.

<u>Institution</u>	<u>Account</u>	<u>Type</u>	<u>Balance per Bank at 6/30/2016</u>
Wells Fargo	General	Checking	\$ 464,177
Wells Fargo	Firemen's' Recreation Fund	Savings	792
Wells Fargo	Water Meter Fund	Checking	400
Wells Fargo	Gas Meter Fund	Checking	300
Wells Fargo	CDBG Fund	Checking	10
Wells Fargo	Cemetery Fund	CD	13,575
<b>Total</b>			<u>\$ 479,254</u>
Total Amount on Deposit			\$ 479,254
Deposits in Transit			5,345
Outstanding Checks			(6,334)
Petty Cash			200
<b>Total Cash and Cash Equivalents, Financial Statements</b>			<u>\$ 478,465</u>
 <b><u>Restricted Cash</u></b>			
New Mexico Finance Authority	General Fund	Loan Fund	117,699
New Mexico Finance Authority	Water Fund	Loan Fund	644
<b>Total</b>			<u>\$ 118,343</u>

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**STATE OF NEW MEXICO  
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The following schedule details the public money held by Wells Fargo and the pledged collateral provided for the Village follows:

Cash on Deposit at June 30, 2016	\$	479,254
Less: FDIC Insurance		(250,000)
<b>Uninsured Funds</b>		229,254
Funds Requiring Collateralization at 50%		114,627
Pledged Collateral at June 30, 2016		139,489
<b>Excess of Pledged Collateral</b>	<b>\$</b>	<b>24,862</b>

*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, \$214,841 of the Village's bank balance \$479,898 was not exposed to custodial credit risk.

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:

<b>Wells Fargo Public Funds Collateral Unit</b>	<b>Maturity Date</b>	<b>Fair Market Value</b>
FNMA # 3138NXF44	10/1/2042	\$ 139,489

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

<b>Investment Type</b>	<b>Fair Value</b>	<b>Maturities</b>
Checking Accounts	\$ 464,887	Less than six 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 \$641 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.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3. RECEIVABLES**

Receivables as of June 30, 2016 including the applicable allowances for uncollectible accounts, are as follows:

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total Government Wide</b>
Receivables from Customers	\$ -	\$ 16,346	\$ 16,346
Less: Allowance for Uncollectible Accounts	-	-	-
<b>Subtotal</b>	-	16,346	16,346
Gross Receipts Taxes Receivable	13,994	-	13,994
Intergovernmental	657	-	657
<b>Total</b>	<b>\$ 14,651</b>	<b>\$ 16,346</b>	<b>\$ 30,997</b>

**NOTE 4. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2016 for Governmental Activities:

	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>
Capital Assets Not Being Depreciated:				
Land	\$ 34,625	\$ 1,671	\$ -	\$ 36,296
Total Capital Assets Not Being Depreciated	34,625	1,671	-	36,296
Capital Assets Being Depreciated:				
Land Improvements	46,771	40,000	-	86,771
Buildings and Improvements	1,463,740	-	-	1,463,740
Infrastructure	543,568	-	-	543,568
Heavy Equipment	793,941	-	-	793,941
Equipment	94,732	5,478	-	100,210
Total Capital Assets Being Depreciated	2,942,752	45,478	-	2,988,230
Total Capital Assets	2,977,377	47,149	-	3,024,526
Accumulated Depreciation:				
Land Improvements	(25,292)	(10,223)	-	(35,515)
Buildings and Improvements	(963,564)	(55,967)	-	(1,019,531)
Infrastructure	(247,929)	(27,178)	-	(275,107)
Heavy Equipment	(465,046)	(27,146)	-	(492,192)
Equipment	(82,757)	(9,970)	-	(92,727)
Total Accumulated Depreciation	(1,784,588)	(130,484)	-	(1,915,072)
<b>Capital Assets, Net</b>	<b>\$ 1,192,789</b>	<b>\$ (83,335)</b>	<b>\$ -</b>	<b>\$ 1,109,454</b>

Governmental Activities depreciation expense was \$130,484 for the year ended June 30, 2016.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

A summary of capital assets and changes occurring during the year ended June 30, 2016 for Business-Type Activities:

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2016</b>
Capital Assets Being Depreciated:				
Land Improvements	\$ 21,427	\$ -	\$ -	\$ 21,427
Plant / Infrastructure	5,020,605	-	-	5,020,605
Buildings	4,730	-	-	4,730
Equipment	51,906	-	-	51,906
Vehicles	93,885	-	-	93,885
Total Capital Assets Being Depreciated	5,192,553	-	-	5,192,553
Accumulated Depreciation:	(2,007,975)	(213,682)	-	(2,221,657)
Total Accumulated Depreciation	(2,007,975)	(213,682)	-	(2,221,657)
<b>Capital Assets, Net</b>	<b>\$ 3,184,578</b>	<b>\$ (213,682)</b>	<b>\$ -</b>	<b>\$ 2,970,896</b>

Business-Type Activities depreciation expense was \$213,682 for the year ended June 30, 2016.

**NOTE 5. COMPENSATED ABSENCES**

Changes in Compensated Absences:

**Governmental Activities:**

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

	<b>Balance</b>			<b>Balance</b>	<b>Due</b>
	<b>June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2016</b>	<b>Within</b>
					<b>One Year</b>
Compensated Absences Payable	1,954	5,600	5,459	2,095	2,095
<b>Total Long-Term Debt</b>	<b>\$ 1,954</b>	<b>\$ 5,600</b>	<b>\$ 5,459</b>	<b>\$ 2,095</b>	<b>\$ 2,095</b>

The liability will be liquidated by the Fire Protection Fund.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**Business-Type Activities:**

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

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
Compensated Absences Payable	4,380	1,679	4,195	1,864	1,864
<b>Total Long-Term Debt</b>	<u>\$ 4,380</u>	<u>\$ 1,679</u>	<u>\$ 4,195</u>	<u>\$ 1,864</u>	<u>\$ 1,864</u>

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

**NOTE 6. LONG-TERM LIABILITIES**

A. Changes in Long Term Liabilities

**Governmental Activities:**

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 \$117,699 and interest for the purpose of purchasing an Initial Attack Apparatus for the Village. The Village fire distribution will be intercepted to make payments on this loan. The interest rate is .0189%. The maturity date is May 1, 2026.

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
NMFA Loan Payable - CORONA 6	-	117,699	-	117,699	10,727
<b>Total Long-Term Debt</b>	<u>\$ -</u>	<u>\$ 117,699</u>	<u>\$ -</u>	<u>\$ 117,699</u>	<u>\$ 10,727</u>

Future minimum payments under this agreement are as follows:

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 10,727	\$ 2,340	\$ 13,067
2018	11,208	1,858	13,066
2019	11,329	1,737	13,066
2020	11,471	1,596	13,067
2121	11,633	1,434	13,067
2022-2026	61,331	4,004	65,335
2027-2031	-	-	-
Total	<u>\$ 117,699</u>	<u>\$ 12,969</u>	<u>\$ 130,668</u>

**Business-Type Activities:**

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.

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.

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Due</u>
	<u>June 30, 2015</u>			<u>June 30, 2016</u>	<u>Within</u>
					<u>One Year</u>
NMFA Loan Payable - CORONA 3	\$ 113,200	\$ -	\$ 7,415	\$ 105,785	\$ 7,434
NMFA Loan Payable - CORONA 4	21,758	-	1,898	19,860	1,955
<b>Total Long-Term Debt</b>	<u>\$ 134,958</u>	<u>\$ -</u>	<u>\$ 9,313</u>	<u>\$ 125,645</u>	<u>\$ 9,389</u>

Future minimum payments under these agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Admin Fee</u>	<u>Total</u>
2017	\$ 9,389	\$ 850	\$ 10,239
2018	9,467	772	10,239
2019	9,545	695	10,240
2020	9,626	623	10,249
2021	9,709	532	10,241
2022-2026	47,306	1,340	48,646
2027-2031	30,603	152	30,755
Total	<u>\$ 125,645</u>	<u>\$ 4,964</u>	<u>\$ 130,609</u>

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 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 semiannual 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.

**NOTE 8. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

	<b>General Fund</b>	<b>Fire Protection Fund</b>	<b>Non-Major Special Revenue Funds</b>	<b>Proprietary Funds</b>
<b><u>Revenues</u></b>				
Accrual Basis	\$ 248,103	\$ 79,294	\$ 71,271	\$ 245,972
Budget Basis	<u>244,831</u>	<u>78,315</u>	<u>70,854</u>	<u>233,892</u>
Increase (Decrease) in Receivables	<u>\$ 3,272</u>	<u>\$ 979</u>	<u>\$ 417</u>	<u>\$ 12,080</u>
<b><u>Expenditures</u></b>				
Accrual Basis	\$ 225,408	\$ 29,325	\$ 96,817	\$ 489,490
Budget Basis	<u>217,564</u>	<u>29,290</u>	<u>96,751</u>	<u>265,543</u>
(Increase) Decrease in Payables	<u>\$ 7,844</u>	<u>\$ 35</u>	<u>\$ 66</u>	<u>\$ 223,947</u>

**NOTE 9. RETIREMENT PLAN**

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

**NOTE 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.

**NOTE 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.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 12. TRANSFERS**

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

#	Fund	Transfers In	Transfers Out
22	Intergovernmental Fund	\$ 30,495	\$ -
55	Solid Waste Fund	8,000	-
51	Water Fund	19,000	-
57	Sewer Fund	3,000	-
15	Library Fund	2,000	-
10	General Fund	-	19,000
10	General Fund	-	8,000
10	General Fund	-	2,000
10	General Fund	-	30,495
10	General Fund	-	3,000
	Total	<u>\$ 62,495</u>	<u>\$ 62,495</u>

In the year ended June 30, 2016 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.

**NOTE 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 the New Mexico PERA with Nationwide Retirement Solutions being the transfer agent holding the funds. Employee contributions to this plan for June 30, 2016 were \$2,600.

**NOTE 14. LEGISLATIVE APPROPRIATIONS**

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.

**NOTE 15. SUBSEQUENT EVENTS**

The Village of Corona has evaluated subsequent events through December 2, 2016, which is the date the financial statements were dated. No significant subsequent event to report.

**NON-MAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NON-MAJOR FUND DESCRIPTIONS  
JUNE 30, 2016**

**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.

**INTERGOVERNMENTAL FUND** – To account for revenue transferred in and out to fund projects.

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016**

	<u>Recreation Fund</u>	<u>Streets Gas Tax Fund</u>	<u>Library Fund</u>	<u>Inter- Governmental</u>	<u>Total Non-Major Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 7,721	\$ 426	\$ 18,834	\$ -	\$ 26,981
Accounts and Taxes Receivable	-	417	-	-	417
Due From Other Governments	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,721</u>	<u>\$ 843</u>	<u>\$ 18,834</u>	<u>\$ -</u>	<u>\$ 27,398</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ -	\$ 66	\$ -	\$ 66
Accrued Salaries and Benefits	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>66</u>	<u>-</u>	<u>66</u>
<b>FUND BALANCES</b>					
Restricted for:					
Special Revenue Funds	7,721	843	18,768	-	27,332
Capital Projects Funds	-	-	-	-	-
Unassigned:					
General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>7,721</u>	<u>843</u>	<u>18,768</u>	<u>-</u>	<u>27,332</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 7,721</u>	<u>\$ 843</u>	<u>\$ 18,834</u>	<u>\$ -</u>	<u>\$ 27,398</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Recreation Fund	Streets Gas Tax Fund	Library Fund	Inter- Governmental	Total Non-Major Governmental Funds
<b>REVENUES</b>					
Taxes	\$ -	\$ 5,420	\$ -	\$ -	\$ 5,420
Charges for Services	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Local Sources	1,800	-	12,409	-	14,209
State Sources	-	-	10,735	40,907	51,642
Federal Sources	-	-	-	-	-
State Shared Taxes	-	-	-	-	-
Earnings from Investments	-	-	-	-	-
<b>TOTAL REVENUES</b>	1,800	5,420	23,144	40,907	71,271
<b>EXPENDITURES</b>					
Current					
General Government	-	-	-	-	-
Highways and Streets	-	4,834	-	31,401	36,235
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and Recreation	-	-	20,582	-	20,582
NMFA Principal	-	-	-	-	-
NMFA Interest	-	-	-	-	-
Capital Outlay	-	-	-	40,000	40,000
<b>TOTAL EXPENDITURES</b>	-	4,834	20,582	71,401	96,817
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,800	586	2,562	(30,494)	(25,546)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	2,000	30,494	32,494
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	2,000	30,494	32,494
<b>NET CHANGE IN FUND BALANCES</b>	1,800	586	4,562	-	6,948
<b>FUND BALANCE, BEGINNING OF YEAR</b>	5,921	257	14,206	-	20,384
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 7,721</u>	<u>\$ 843</u>	<u>\$ 18,768</u>	<u>\$ -</u>	<u>\$ 27,332</u>

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – RECREATION FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Local Sources	1,800	1,800	1,800	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
State Shared Taxes	-	-	-	-
Earnings from Investments	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
NMFA Principal	-	-	-	-
NMFA Interest	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ 1,800</u>	<u>\$ -</u>

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – STREET GAS TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 5,004	\$ 5,004	\$ 5,003	\$ (1)
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
State Shared Taxes	-	-	-	-
Earnings from Investments	-	-	-	-
<b>TOTAL REVENUES</b>	<u>5,004</u>	<u>5,004</u>	<u>5,003</u>	<u>(1)</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Highways and Streets	5,004	5,004	4,834	170
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
NMFA Principal	-	-	-	-
NMFA Interest	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>5,004</u>	<u>5,004</u>	<u>4,834</u>	<u>170</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	169	(171)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169</u>	<u>\$ (171)</u>

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – LIBRARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Local Sources	-	-	12,409	12,409
State Sources	15,850	23,146	10,735	(12,411)
Federal Sources	-	-	-	-
State Shared Taxes	-	-	-	-
Earnings from Investments	-	-	-	-
<b>TOTAL REVENUES</b>	15,850	23,146	23,144	(2)
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	17,820	20,518	20,516	2
NMFA Principal	-	-	-	-
NMFA Interest	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	17,820	20,518	20,516	2
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,970)	2,628	2,628	(4)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,000	2,000	2,000	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	2,000	2,000	2,000	-
<b>Net Increase (Decrease)</b>	\$ 30	\$ 4,628	\$ 4,628	\$ (4)

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SPECIAL REVENUE FUND – INTERGOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Local Sources	-	-	-	-
State Sources	763,556	783,556	40,907	(742,649)
Federal Sources	-	-	-	-
State Shared Taxes	-	-	-	-
Earnings from Investments	-	-	-	-
<b>TOTAL REVENUES</b>	763,556	783,556	40,907	(742,649)
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Highways and Streets	35,000	35,000	31,401	3,599
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
NMFA Principal	-	-	-	-
NMFA Interest	-	-	-	-
Capital Outlay	728,556	748,556	40,000	708,556
<b>TOTAL EXPENDITURES</b>	763,556	783,556	71,401	712,155
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(30,494)	(1,454,804)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	35,973	30,494	5,479
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	35,973	30,494	5,479
<b>Net Increase (Decrease)</b>	\$ -	\$ 35,973	\$ -	\$ (1,449,325)
<b>Prior Year Cash Balance Budgeted</b>	\$ -	\$ (35,973)		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
WATER AND SEWER PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>OPERATING REVENUES</b>				
Sales and Services	\$ 103,800	\$ 103,800	\$ 91,514	\$ (12,286)
Local Sources	-	-	6,178	6,178
State-Shared Taxes	-	-	4,883	4,883
<b>TOTAL OPERATING REVENUES</b>	<u>103,800</u>	<u>103,800</u>	<u>102,575</u>	<u>(1,225)</u>
<b>OPERATING EXPENSES</b>				
Personal Services	37,252	63,252	55,120	8,132
Maintenance and Operations	23,000	23,000	22,175	825
Major Contractual Services	200	200	177	23
Other Operating Expenses	41,773	41,773	41,025	748
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>102,225</u>	<u>128,225</u>	<u>118,497</u>	<u>9,728</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,575</u>	<u>(24,425)</u>	<u>(15,922)</u>	<u>(10,953)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment Income	-	-	-	-
Investment Expense	-	-	(10,249)	(10,249)
Transfers In	-	22,000	22,000	-
Transfers Out	-	-	-	-
State Grants	-	-	-	-
Federal Grants	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>-</u>	<u>22,000</u>	<u>11,751</u>	<u>(10,249)</u>
<b>Net Increase (Decrease)</b>	<u>1,575</u>	<u>(2,425)</u>	<u>(4,171)</u>	<u>(21,202)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ (1,575)</u>	<u>\$ 2,425</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
GAS PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>OPERATING REVENUES</b>				
Sales and Services	\$ 108,075	\$ 108,075	\$ 87,267	\$ (20,808)
Local Sources	-	-	-	-
State-Shared Taxes	-	-	4,296	4,296
<b>TOTAL OPERATING REVENUES</b>	<u>108,075</u>	<u>108,075</u>	<u>91,563</u>	<u>(16,512)</u>
<b>OPERATING EXPENSES</b>				
Personal Services	107,794	107,794	50,736	57,058
Maintenance and Operations	-	-	27,618	(27,618)
Major Contractual Services	-	-	3,361	(3,361)
Other Operating Expenses	-	-	17,720	(17,720)
	-	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<u>107,794</u>	<u>107,794</u>	<u>99,435</u>	<u>8,359</u>
<b>OPERATING INCOME (LOSS)</b>	<u>281</u>	<u>281</u>	<u>(7,872)</u>	<u>(24,871)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment Income	-	-	-	-
Investment Expense	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
State Grants	-	-	-	-
Federal Grants	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	<u>281</u>	<u>281</u>	<u>(7,872)</u>	<u>(24,871)</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ (281)</u>	<u>\$ (281)</u>		

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP  
BUDGETARY BASIS) AND ACTUAL (NON-GAAP BUDGETARY BASIS) –  
SOLID WASTE PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>OPERATING REVENUES</b>				
Sales and Services	\$ 44,900	\$ 45,000	\$ 37,858	\$ (7,142)
Local Sources	-	-	-	-
State-Shared Taxes	-	-	1,896	1,896
<b>TOTAL OPERATING REVENUES</b>	<u>44,900</u>	<u>45,000</u>	<u>39,754</u>	<u>(5,246)</u>
<b>OPERATING EXPENSES</b>				
Personal Services	44,363	23,363	23,281	82
Maintenance and Operations	-	-	-	-
Major Contractual Services	-	-	-	-
Other Operating Expenses	-	21,100	24,330	(3,230)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>44,363</u>	<u>44,463</u>	<u>47,611</u>	<u>(3,148)</u>
<b>OPERATING INCOME (LOSS)</b>	<u>537</u>	<u>537</u>	<u>(7,857)</u>	<u>(2,098)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment Income	-	-	-	-
Investment Expense	(10,249)	(10,249)	-	10,249
Transfers In	10,249	14,249	8,000	(6,249)
Transfers Out	-	-	-	-
State Grants	-	-	-	-
Federal Grants	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>-</u>	<u>4,000</u>	<u>8,000</u>	<u>4,000</u>
<b>Net Increase (Decrease)</b>	<u>537</u>	<u>4,537</u>	<u>143</u>	<u>1,902</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ (537)</u>	<u>\$ (4,537)</u>		

See Independent Auditors' Report

## **SUPPORTING SCHEDULES**

**SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
STATE OF NEW MEXICO  
VILLAGE OF CORONA  
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000  
(excluding GRT)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Prepared by: Terri Racher Title: Clerk/Treasurer Date: November 7, 2016**

<i>RFB#/R FP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of <u>ALL</u> Vendor(s) that responded</i>	<i>In-State/ Out-of- State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in- state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>
There were not any issued during the year.								

See Independent Auditors' Report



## **COMPLIANCE SECTION**



**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 Auditors' Report**

Honorable Timothy Keller  
New Mexico State Auditor  
Santa Fe, New Mexico  
and

To the Honorable Mayor and the 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, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of the State of New Mexico, Village of Corona (Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information and have issued our report dated December 2, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency on 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 Village's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items: 2016-001, 2016-002, 2016-003 and 2016-004.

### **Village's Response to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we do not express an 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 results 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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kubiak Melton & Associates, LLC*

Kubiak Melton & Associates, LLC  
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico  
December 2, 2016

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016**

**SECTION I. FINANCIAL STATEMENT FINDINGS**

**2016-001 – Internal Controls over Receipts and Deposits – Noncompliance**

**Condition:** The Village does not have a comprehensive documented internal control policy that has been implemented in relation to cash receipts and deposits. There is no formal process being followed for cash receipts and deposits.

- Six out of ten deposits tested were not sent to the bank in a timely manner. These deposits amounted to \$1,896.

**Criteria:** Appropriate internal controls in cash receipts and cash disbursements is required to properly report all revenues and expenditures as required by Section 6-6-3, NMSA 1978 law related to the 24 hour deposit rule.

**Effect:** Because the internal control structure is not completely documented the effect is that management and staff are unaware about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect misstatements of accounting information.

**Cause:** For the fiscal year 2016 management did not have a documented policy that was being followed to ensure internal controls were in place and operating effectively.

**Auditors' Recommendation:** We recommend that management implement proper internal controls over receipts and disbursements, so money can be properly accounted for. These policies should be written, implemented, and periodically updated to ensure proper internal controls are present and operating effectively.

**Management's Response:** Management will create policies and procedures surrounding receipts and deposits to all Village staff. Village policies and procedures regarding receipts and deposits will be disseminated via email. Village staff that is in receipt of cash or checks will be expected to follow Village policies and procedures.

**Responsible Party:** Village staff that is in receipt of cash or checks, coordinated by the Clerk-Treasurer. Beginning November 2016.

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016**

**2016-002 – Per Diem and Mileage Act – Noncompliance**

**Condition:** During our test work of the Village's compliance with the per diem and mileage act, we noted the following:

- Five of five instances where Village employees were paid the incorrect mileage rate. The differences in these incorrect payments totaled \$28.63.

**Criteria:** According to NMAC 2.42.2.11, Mileage accrued in the use of a private conveyance shall be paid only in accordance with the provisions of this section. Rate: Public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile or aircraft in the discharge of official duties as follows: unless the secretary has reduced the rates set for mileage for any class of public officials and for employees of state agencies pursuant to Section 10-8-5 (D) NMSA 1978, 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle.

**Cause:** The Village does not have adequate internal controls over travel and per diem expenditures.

**Effect:** The Village is in not in compliance with New Mexico law.

**Auditors' Recommendation:** We recommend that the Village improve internal controls over their travel and per diem reimbursement and advance to match the requirements provided by NMAC 2.42.2.

**Management's Response:** The Village has revised internal controls and procedures to be in compliance with New Mexico Law. The Village will implement the new procedures immediately. The Village will also include a review and approval of the new-year rates annually at a regularly scheduled board meeting in January of each year.

**Responsible Party:** Village staff with Clerk-Treasurer's oversight. By November 2016.

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016**

**2016-003 — Internal Controls over Purchase Cards – Noncompliance**

**Condition:** The Village does not have a comprehensive documented internal control policy that has been implemented in relation to Purchase Cards. There is no formal authorization process being followed for Purchase Cards.

**Criteria:** NMAC 6.20.2.17 states that each governmental entity shall establish and implement written policies and procedures for purchasing, which shall be in compliance with the procurement code Section 13-1-21, NMSA 1978.

**Effect:** The Village did not comply with NMSA 1978 Section 13-1-21 and NMAC 6.20.2.17. In addition, proper disbursement internal controls were not monitored, which increases the risk of misuse of funding by the Village.

**Cause:** The Village did not maintain necessary controls over authorization for purchases made with purchase cards.

**Auditors' Recommendations:** We recommend the Village implement a procurement policy in relation to purchase card use, in accordance with NMSA 1978 Section 13-1-21, that monitors the purchase card holders' usage, and ensures that proper authorization is being performed before purchase card transactions are executed.

**Management's Response:** Management will create written policies and procedures surrounding purchase card usage to all Village staff and Village governance. Village policies and procedures regarding purchases will be disseminated via email. Village staff using the purchase cards will be expected to follow Village policies and procedures.

**Responsible Party:** Village staff and governance using the Purchase Cards, coordinated by the Clerk-Treasurer. Beginning November 2016.

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016**

**2016-004 — Actual Expenses Exceeded the Budget – Noncompliance**

**Condition:** The Village's budget to actual reports showed actual expenses exceeded the budget in the solid waste fund by \$3,148.

**Criteria:** NMAC 1978 Section 6-6-6 states "when any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities and no governing authority or official shall allow or approve claims in excess thereof... "

**Effect:** The Village did not comply with NMSA 1978 Section 6-6-6.

**Cause:** The Village did not maintain necessary controls over the budget during FY 2016.

**Auditors' Recommendations:** We recommend the Village implement a procedure where budgets are reviewed on a quarterly basis. This will enable the Village to initiate budget adjustment requests if it appears that there is insufficient budget in a fund.

**Management's Response:** Management will create policies and procedures surrounding budgetary limits and overexpenditures for all Village staff. Village policies and procedures regarding budgetary limits and overexpenditures will be disseminated via email. Village staff that has budgetary authority will be expected to follow Village policies and procedures.

**Responsible Party:** Village staff that has budgetary authority, coordinated by the Clerk-Treasurer. Beginning November 2016.

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2016**

**SECTION II. STATUS OF PRIOR YEAR AUDIT FINDINGS**

There were no prior year findings.



**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2016**

An exit conference was held on December 2, 2016 to discuss the results of the audit. Notice of this meeting was disclosed pursuant to the Open Meeting Act (10-15-1, NMSA 1978). Because the audit report was not yet released by the Office of the State Auditor, the meeting was a closed session. Attending were the following:

Representing the Village of Corona:

William Weckwerth, Councilor  
Terri Racher, Village Clerk & Treasurer

Representing the Independent Auditors:

Daniel O. Trujillo, CPA, CFE, CGFM, CGMA

Note: The financial statements were prepared by the independent certified public accounting firm performing the audit with the assistance of the Office's Administrator. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles. Management has reviewed and approved the financial statements.