

STATE OF NEW MEXICO  
VILLAGE OF CORONA

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

**FOR THE YEAR ENDED JUNE 30, 2017**

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

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STATE OF NEW MEXICO  
VILLAGE OF CORONA  
OFFICIAL ROSTER  
AS OF JUNE 30, 2017

**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 Wayne Johnson  
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, 2017, 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 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, 2017, 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 special revenue fund, and the aggregate remaining fund information of the Village, as of June 30, 2017, 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, 2017, and the respective changes in financial position and cash flows, where applicable, thereof 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.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2017 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 6, 2017

## **FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 310,176	\$ 122,382	\$ 432,558
Accounts Receivable, Net	66,814	16,240	83,054
<b>TOTAL CURRENT ASSETS</b>	<b>376,990</b>	<b>138,622</b>	<b>515,612</b>
<b>NONCURRENT ASSETS</b>			
Cash - Restricted	-	437	437
Customer Meter Deposits	-	800	800
<b>TOTAL NONCURRENT ASSETS</b>	<b>-</b>	<b>1,237</b>	<b>1,237</b>
<b>CAPITAL ASSETS</b>			
Capital Assets Not Being Depreciated	36,296	-	36,296
Capital Assets Being Depreciated	3,181,837	5,192,553	8,374,390
Less: Accumulated Depreciation	(2,040,295)	(2,428,883)	(4,469,178)
Capital Assets, Net	1,177,838	2,763,670	3,941,508
<b>TOTAL ASSETS</b>	<b>\$ 1,554,828</b>	<b>\$ 2,903,529</b>	<b>\$ 4,458,357</b>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 10,917	\$ 6,546	\$ 17,463
Accrued Liabilities	11,787	3,765	15,552
Compensated Absences Payable	2,576	3,049	5,625
Current Portion of Loan Payable	11,208	9,467	20,675
Customer Meter Deposits	-	800	800
<b>TOTAL CURRENT LIABILITIES</b>	<b>36,488</b>	<b>23,627</b>	<b>60,115</b>
<b>NONCURRENT LIABILITIES</b>			
NMFA Loan Payable	95,764	106,789	202,553
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>95,764</b>	<b>106,789</b>	<b>202,553</b>
<b>TOTAL LIABILITIES</b>	<b>132,252</b>	<b>130,416</b>	<b>262,668</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,070,866	2,647,414	3,718,280
Restricted for Subsequent Year Expenditures	15,689	-	15,689
Restricted for Special Revenue Funds	96,023	-	96,023
Restricted for Debt Service	-	-	-
Unrestricted	239,998	125,699	365,697
<b>TOTAL NET POSITION</b>	<b>1,422,576</b>	<b>2,773,113</b>	<b>4,195,689</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,554,828</b>	<b>\$ 2,903,529</b>	<b>\$ 4,458,357</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, 2017**

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.	Governmental Activities	Business-Type Activities	Total
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities</b>							
General Government	\$ 5,175	\$ 1,334	\$ 32,315	\$ -	\$ 28,474	\$ -	\$ 28,474
Highways and Streets	223,373	-	-	-	(223,373)	-	(223,373)
Public Safety	74,043	-	266,365	-	192,322	-	192,322
Health and Welfare	-	-	-	-	-	-	-
Culture and Recreation	17,407	-	-	-	(17,407)	-	(17,407)
Interest on Long-Term Debt	2,198	-	-	-	(2,198)	-	(2,198)
Depreciation	125,223	-	-	-	(125,223)	-	(125,223)
Total Governmental Activities	<u>447,419</u>	<u>1,334</u>	<u>298,680</u>	<u>-</u>	<u>(147,405)</u>	<u>-</u>	<u>(147,405)</u>
<b>Business-Type Activities</b>							
Water and Sewer Services	286,477	96,241	4,116	-	-	(186,120)	(186,120)
Gas Services	104,496	89,297	4,597	-	-	(10,602)	(10,602)
Solid Waste Services	41,632	40,451	1,884	-	-	703	703
Total Business-Type Activities	<u>432,605</u>	<u>225,989</u>	<u>10,597</u>	<u>-</u>	<u>-</u>	<u>(196,019)</u>	<u>(196,019)</u>
<b>General Revenues:</b>							
Property Taxes					16,077	-	16,077
Gross Receipts Taxes					86,481	-	86,481
Gasoline Taxes					-	-	-
Motor Vehicle Taxes					-	-	-
Restricted State Aid					-	-	-
Transfers, Net					(8,750)	8,750	-
Investment Earnings (Loss)					33	(860)	(827)
Subtotal, General Revenues					<u>93,841</u>	<u>7,890</u>	<u>101,731</u>
Change in Net Position					(53,564)	(188,129)	(241,693)
Beginning Net Position					<u>1,476,140</u>	<u>2,961,242</u>	<u>4,437,382</u>
<b>Ending Net Position</b>					<u>\$ 1,422,576</u>	<u>\$ 2,773,113</u>	<u>\$ 4,195,689</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 213,001	\$ 62,945	\$ 34,230	\$ 310,176
Restricted Cash, Current	-	-	-	-
Accounts and Taxes Receivable	<u>60,124</u>	<u>-</u>	<u>6,690</u>	<u>66,814</u>
<b>TOTAL ASSETS</b>	<u>\$ 273,125</u>	<u>\$ 62,945</u>	<u>\$ 40,920</u>	<u>\$ 376,990</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,075	\$ 490	\$ 7,352	\$ 10,917
Accrued Salaries and Benefits	<u>11,787</u>	<u>-</u>	<u>-</u>	<u>11,787</u>
<b>TOTAL LIABILITIES</b>	14,862	490	7,352	22,704
<b>FUND BALANCES</b>				
Restricted for:				
Subsequent Year Expenditures	15,689	-	-	15,689
Special Revenue Funds	-	62,455	33,568	96,023
Capital Projects Funds	-	-	-	-
Unassigned:				
General Fund	<u>242,574</u>	<u>-</u>	<u>-</u>	<u>242,574</u>
<b>TOTAL FUND BALANCES</b>	<u>258,263</u>	<u>62,455</u>	<u>33,568</u>	<u>354,286</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 273,125</u>	<u>\$ 62,945</u>	<u>\$ 40,920</u>	<u>\$ 376,990</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, 2017**

**Total Fund Balance - Governmental Funds** \$ 354,286

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	3,218,133	
Less: Accumulated Depreciation	<u>(2,040,295)</u>	
Capital Assets, Net		1,177,838

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	(2,576)	
Long-Term Debt	<u>(106,972)</u>	
Total		<u>(109,548)</u>

**Net Position of Governmental Activities** **\$ 1,422,576**

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 16,077	\$ -	\$ -	\$ 16,077
Charges for Services	996	-	-	996
Licenses and Permits	338	-	-	338
Local Sources	21,520	440	10,355	32,315
State Sources	29,118	198,337	38,910	266,365
Federal Sources	-	-	-	-
State Shared Taxes	81,477	-	5,004	86,481
Earnings from Investments	33	-	-	33
<b>TOTAL REVENUES</b>	<u>149,559</u>	<u>198,777</u>	<u>54,269</u>	<u>402,605</u>
<b>EXPENDITURES</b>				
Current				
General Government	4,694	-	-	4,694
Highways and Streets	188,839	-	34,534	223,373
Public Safety	-	74,043	-	74,043
Health and Welfare	-	-	-	-
Culture and Recreation	257	-	17,150	17,407
Debt Service - Principal	-	10,727	-	10,727
Debt Service - Interest	-	2,198	-	2,198
Capital Outlay	-	193,607	-	193,607
<b>TOTAL EXPENDITURES</b>	<u>193,790</u>	<u>280,575</u>	<u>51,684</u>	<u>526,049</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(44,231)	(81,798)	2,585	(123,444)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	3,651	3,651
Transfers out	(12,401)	-	-	(12,401)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(12,401)</u>	<u>-</u>	<u>3,651</u>	<u>(8,750)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(56,632)	(81,798)	6,236	(132,194)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>314,895</u>	<u>144,253</u>	<u>27,332</u>	<u>486,480</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 258,263</u>	<u>\$ 62,455</u>	<u>\$ 33,568</u>	<u>\$ 354,286</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, 2017**

**Net Changes in Fund Balance - Governmental Funds** \$ (132,194)

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	193,607
Depreciation Expense	(125,223)

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):

Payments on Long-Term Debt	10,727
Compensated Absences Expense	<u>(481)</u>

**Change in Net Position of Governmental Activities** \$ (53,564)

**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, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 12,585	\$ 16,076	\$ 16,077	\$ 1
Charges for Services	540	1,042	996	(46)
Licenses and Permits	300	338	338	-
Local Sources	2,600	9,471	21,520	12,049
State Sources	90,000	90,000	127,608	37,608
Federal Sources	-	-	-	-
State Shared Taxes	89,525	91,668	48,475	(43,193)
Earnings from Investments	45	45	33	(12)
<b>TOTAL REVENUES</b>	<u>195,595</u>	<u>208,640</u>	<u>215,047</u>	<u>6,407</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	5,000	4,662	338
Highways and Streets	159,705	183,457	183,362	95
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	7,702	923	243	680
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>167,407</u>	<u>189,380</u>	<u>188,267</u>	<u>1,113</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	28,188	19,260	26,780	5,294
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(2,000)	(12,401)	(12,401)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(2,000)</u>	<u>(12,401)</u>	<u>(12,401)</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	<u>26,188</u>	<u>6,859</u>	<u>14,379</u>	<u>5,294</u>
<b>Prior Year Cash Balance Budgeted</b>	<u>\$ -</u>	<u>\$ (6,859)</u>		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues, Actual on a Budget Basis	\$ 215,047
Revenues, Actual on Modified Accrual Basis	<u>149,559</u>
Adjustments to revenues for property tax and grant revenues	<u>\$ 65,488</u>
Expenditures, Actual on a Budget Basis	\$ 200,668
Expenditures, Actual on Modified Accrual Basis	<u>206,191</u>
Adjustments to expenditures for insurance, materials, other charges and payroll	<u>\$ (5,523)</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, 2017**

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Local Sources	-	118,999	440	(118,559)
State Sources	83,777	91,894	185,236	93,342
Federal Sources	-	-	-	-
State Shared Taxes	-	-	-	-
Earnings from Investments	-	-	-	-
<b>TOTAL REVENUES</b>	83,777	210,893	185,676	(25,217)
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Public Safety	47,625	290,078	73,412	216,666
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
Capital Outlay	5,925	14,042	193,607	(179,565)
<b>TOTAL EXPENDITURES</b>	53,550	304,120	267,019	37,101
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	30,227	(93,227)	(81,343)	(62,318)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	(14,042)	-	(14,042)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	(14,042)	-	(14,042)
<b>Net Increase (Decrease)</b>	30,227	(107,269)	(81,343)	(76,360)
<b>Prior Year Cash Balance Budgeted</b>	\$ (30,227)	\$ 107,269		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues, Actual on a Budget Basis	\$ 185,676
Revenues, Actual on Modified Accrual Basis	198,777
Adjustments to revenues for property tax and grant revenues	\$ (13,101)
Expenditures, Actual on a Budget Basis	\$ 267,019
Expenditures, Actual on Modified Accrual Basis	280,575
Adjustments to expenditures for insurance, materials, other charges and payroll	\$ (13,556)

See Independent Auditors' Report and Notes to Financial Statements



**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<u>Water / Sewer Fund</u>	<u>Gas Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 13,604	\$ 105,298	\$ 3,480	\$ 122,382
Accounts Receivable, Net	9,034	2,997	4,209	16,240
<b>TOTAL CURRENT ASSETS</b>	<u>22,638</u>	<u>108,295</u>	<u>7,689</u>	<u>138,622</u>
<b>NONCURRENT ASSETS</b>				
Cash - Restricted	437	-	-	437
Customer Meter Deposits	800	-	-	800
<b>TOTAL NONCURRENT ASSETS</b>	<u>1,237</u>	<u>-</u>	<u>-</u>	<u>1,237</u>
<b>CAPITAL ASSETS</b>				
Capital Assets Not Being Depreciated	-	-	-	-
Capital Assets Being Depreciated	4,944,591	216,748	31,214	5,192,553
Less: Accumulated Depreciation	<u>(2,183,375)</u>	<u>(216,748)</u>	<u>(28,760)</u>	<u>(2,428,883)</u>
Capital Assets, Net	<u>2,761,216</u>	<u>-</u>	<u>2,454</u>	<u>2,763,670</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,785,091</u>	<u>\$ 108,295</u>	<u>\$ 10,143</u>	<u>\$ 2,903,529</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 4,031	\$ 1,077	\$ 1,438	\$ 6,546
Accrued Liabilities	1,396	1,654	715	3,765
Compensated Absences Payable	3,049	-	-	3,049
Current Portion of Loan Payable	9,467	-	-	9,467
Customer Meter Deposits	800	-	-	800
<b>TOTAL CURRENT LIABILITIES</b>	<u>18,743</u>	<u>2,731</u>	<u>2,153</u>	<u>23,627</u>
<b>NONCURRENT LIABILITIES</b>				
NMFA Loan Payable	106,789	-	-	106,789
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>106,789</u>	<u>-</u>	<u>-</u>	<u>106,789</u>
<b>TOTAL LIABILITIES</b>	<u>125,532</u>	<u>2,731</u>	<u>2,153</u>	<u>130,416</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,644,960	-	2,454	2,647,414
Restricted for Debt Service	-	-	-	-
Unrestricted	14,599	105,564	5,536	125,699
<b>TOTAL NET POSITION</b>	<u>2,659,559</u>	<u>105,564</u>	<u>7,990</u>	<u>2,773,113</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 2,785,091</u>	<u>\$ 108,295</u>	<u>\$ 10,143</u>	<u>\$ 2,903,529</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, 2017**

	<u>Water / Sewer Fund</u>	<u>Gas Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Sales and Services	\$ 86,576	\$ 89,297	\$ 40,451	\$ 216,324
Local Sources	9,665	-	-	9,665
State-Shared Taxes	<u>4,116</u>	<u>4,597</u>	<u>1,884</u>	<u>10,597</u>
<b>TOTAL OPERATING REVENUES</b>	100,357	93,894	42,335	236,586
<b>OPERATING EXPENSES</b>				
Personal Services	37,881	52,184	17,118	107,183
Maintenance and Operations	32,424	30,386	20,074	82,884
Major Contractual Services	-	-	-	-
Other Operating Expenses	14,093	17,326	3,920	35,339
Depreciation	<u>202,079</u>	<u>4,600</u>	<u>520</u>	<u>207,199</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>286,477</u>	<u>104,496</u>	<u>41,632</u>	<u>432,605</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(186,120)</u>	<u>(10,602)</u>	<u>703</u>	<u>(196,019)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Income	-	-	-	-
Interest Expense	(860)	-	-	(860)
Transfers In	5,550	-	3,200	8,750
Transfers Out	-	-	-	-
State Grants	-	-	-	-
Federal Grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>4,690</u>	<u>-</u>	<u>3,200</u>	<u>7,890</u>
<b>CHANGE IN NET POSITION</b>	<u>(181,430)</u>	<u>(10,602)</u>	<u>3,903</u>	<u>(188,129)</u>
<b>NET POSITION, BEGINNING</b>	<u>2,840,989</u>	<u>116,166</u>	<u>4,087</u>	<u>2,961,242</u>
<b>NET POSITION, END</b>	<u>\$ 2,659,559</u>	<u>\$ 105,564</u>	<u>\$ 7,990</u>	<u>\$ 2,773,113</u>

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<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	\$ 100,357	\$ 93,894	\$ 42,335	\$ 236,586
Cash Payments to Employees for Services	(37,881)	(52,184)	(17,118)	(107,183)
Cash Payments to Suppliers for Goods and Services	<u>(44,805)</u>	<u>(45,241)</u>	<u>(25,061)</u>	<u>(115,107)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	17,671	(3,531)	156	14,296
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Change in Compensated Absences	(1,185)	-	-	(1,185)
Transfers	5,550	-	3,200	8,750
Payments on Debt	<u>(9,389)</u>	<u>-</u>	<u>-</u>	<u>(9,389)</u>
<b>NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES</b>	(5,024)	-	3,200	(1,824)
<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>	12,647	(3,531)	3,356	12,472
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>957</u>	<u>108,829</u>	<u>124</u>	<u>109,910</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 13,604</u>	<u>\$ 105,298</u>	<u>\$ 3,480</u>	<u>122,382</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Change in Net Position	\$ (181,430)	\$ (10,602)	\$ 3,903	\$ (188,129)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Depreciation Expense	202,079	4,600	520	207,199
Change in receivables	144	258	(296)	106
Change in accounts payable	1,855	559	(1,486)	928
Change in accrued salaries and benefits	<u>(4,977)</u>	<u>1,654</u>	<u>(2,485)</u>	<u>(5,808)</u>
<b>NET CASH PROVIDED FROM (USED BY) OPERATING ACTIVITIES</b>	<u>\$ 17,671</u>	<u>\$ (3,531)</u>	<u>\$ 156</u>	<u>\$ 14,296</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**VILLAGE OF CORONA**  
**STATEMENT OF FIDUCIARY NET POSITION-**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2017**

	<u>Employee Retirement Plan</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ -
Mutual Funds	<u>56,044</u>
<b>TOTAL ASSETS</b>	<u>\$ 56,044</u>
<b>LIABILITIES</b>	
Deposits Held for Others	<u>\$ -</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>
<b>NET POSITION</b>	
Held in Trust for Retirement Benefits	<u>56,044</u>
<b>TOTAL NET POSITION</b>	<u>56,044</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 56,044</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Employee Retirement Plan</b>
<b>ADDITIONS:</b>	
Contributions	\$ 3,450
Investment Earnings	5,662
Total Additions	9,112
<b>DEDUCTIONS:</b>	
Administrative Expenses	302
Withdrawals	-
Total Deductions	302
Change in Net Position	8,810
Total Net Position, Beginning of Year	47,234
Total Net Position, End of Year	\$ 56,044

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Corona (“Village”) was incorporated in 1971, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The Village of Corona is a body politic and corporate under the name and form of government selected by its qualified electors. The Village may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the Village is presented to assist in the understanding of the Village’s financial statements. The financial statements and notes are the representation of the Village’s management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the Village’s accounting policies are described below.

**A. Reporting Entity**

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 61. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not sole, 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.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (continued)**

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. 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. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) 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 are normally supported by taxes and intergovernmental revenues, are reported separately from **business-type activities**, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual *basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement focus, basis of accounting and financial statement presentation (continued)**

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The **General Fund** is the Government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Fire Protection Fund** (Special Revenue Fund) is to account for the operations and maintenance of the Fire Department. It is financed by a specific allotment from the State Fire Marshall's Office. The authority is NMSA 59A-53-1.

**Fiduciary Funds** - Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Village's programs. The reporting focus is upon net position and changes in net position and employs accounting principles similar to proprietary funds. The fiduciary fund consists of the following fund:

Employee Retirement Plan – accounts for assets held by the Village as an agent for their Employees. The intent of the fund is to give the employees an opportunity to contribute to a tax deferred retirement plan through their place of employment.

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.

**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.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement focus, basis of accounting and financial statement presentation (continued)**

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. Assets, Liabilities, and Net Position or Equity**

**Deposits 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 authorizes 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.

**Receivables and Payables:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (continued)**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied and the amount is available and provided. Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the County may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

**Inventories:** The cost of inventories are recorded as expenditures when purchased rather than when consumed. The Village had no inventories as of June 30, 2017.

**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.

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.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (continued)**

**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.

**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 position, loans acquired through NMFA. See *Note 8*.

**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".

**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 position 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. The Village had no deferred outflows or inflows of resources as of June 30, 2017.

**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".

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position or Equity (continued)**

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

**Fund Balance for Subsequent Years Expenditures.** According to New Mexico State Statute and the New Mexico Department of Finance and Administration (DFA), the Village is required to reserve 1/12th of the General Fund's expenditures (\$15,689) for subsequent year expenditures to maintain an adequate cash flow. The Village is in compliance with these DFA requirements.

**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.

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**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Councilors and the Department of Finance and Administration. The legal level of budgetary control is at the fund level. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of the funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds, where applicable.

The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The Village Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017 is presented.

The reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund are shown on each budgetary statement.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3. DEPOSITS AND INVESTMENTS**

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

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

<u>Institution</u>	<u>Account</u>	<u>Type</u>	<u>Balance per Bank at 6/30/2017</u>
Wells Fargo	General	Checking	\$ 447,416
Wells Fargo	Firemen's' Recreation Fund	Savings	619
Wells Fargo	Water Meter Fund	Checking	720
Wells Fargo	Gas Meter Fund	Checking	450
Wells Fargo	CDBG Fund	Checking	10
Wells Fargo	Cemetery Fund	CD	-
<b>Total</b>			<b><u>\$ 449,215</u></b>
Total Amount on Deposit			\$ 449,215
Add: Deposits in Transit			5,437
Less: Outstanding Checks			(22,344)
Add: Petty Cash			250
<b>Total Cash and Cash Equivalents per Statement of Net Position</b>			<b><u>\$ 432,558</u></b>
 <b><u>Restricted Cash</u></b>			
New Mexico Finance Authority	Water Fund	Loan Fund	\$ 437
<b>Total</b>			<b><u>\$ 437</u></b>

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, 2017	\$ 449,215
Less: FDIC Insurance	<u>(250,000)</u>
<b>Uninsured Funds</b>	<u>199,215</u>
Funds Requiring Collateralization at 50%	99,608
Pledged Collateral at June 30, 2017	<u>103,807</u>
<b>Excess of Pledged Collateral</b>	<b><u>\$ 4,200</u></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, 2017, \$199,215 of the Village's bank balance of \$449,215 was not exposed to custodial credit risk.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

<u>Wells Fargo Public Funds Collateral Unit</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FNMS # 3138W14Q7 - 3.00%	3/1/2043	\$ 83,435
FNMA FNMS # 313WTRR9 - 3.00%	6/1/2043	20,372
<b>Total</b>		<b>\$ 103,807</b>

As of June 30, 2017 the Village had the following cash and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
Checking Accounts	\$ 448,596	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 \$437 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.

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4. RECEIVABLES**

Receivables as of June 30, 2017 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	\$ -	\$ 16,240	\$ 16,240
Less: Allowance for Uncollectible Accounts	-	-	-
<b>Subtotal</b>	-	16,240	16,240
Gross Receipts Taxes Receivable	60,124	-	60,124
Intergovernmental	6,690	-	6,690
<b>Total</b>	<b>\$ 66,814</b>	<b>\$ 16,240</b>	<b>\$ 83,054</b>

**NOTE 5. TRANSFERS**

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

<b>Fund #</b>	<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
22	Intergovernmental Fund	\$ 351	\$ -
55	Solid Waste Fund	3,200	-
51	Water Sewer Fund	5,550	-
15	Library Fund	2,000	-
10	General Fund	-	12,401
28	Streets and Gas Tax Fund	1,300	-
	Total	<u>\$ 12,401</u>	<u>\$ 12,401</u>

In the year ended June 30, 2017 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.



**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2017 for Governmental Activities:

	<b>Balance June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2017</b>
Capital Assets Not Being Depreciated:				
Land	\$ 36,296	\$ -	\$ -	\$ 36,296
Total Capital Assets Not Being Depreciated	36,296	-	-	36,296
Capital Assets Being Depreciated:				
Land Improvements	86,771	-		86,771
Buildings and Improvements	1,463,740	-	-	1,463,740
Infrastructure	543,568	-	-	543,568
Heavy Equipment	793,941	193,607	-	987,548
Equipment	100,210	-	-	100,210
Total Capital Assets Being Depreciated	2,988,230	193,607	-	3,181,837
Total Capital Assets	3,024,526	193,607	-	3,218,133
Accumulated Depreciation:				
Land Improvements	35,515	10,223		45,738
Buildings and Improvements	1,019,531	55,967	-	1,075,498
Infrastructure	275,107	27,178	-	302,285
Heavy Equipment	492,192	28,759	-	520,951
Equipment	92,727	3,096	-	95,823
Total Accumulated Depreciation	1,915,072	125,223	-	2,040,295
<b>Capital Assets, Net</b>	<b>\$ 1,109,454</b>	<b>\$ 68,384</b>	<b>\$ -</b>	<b>\$ 1,177,838</b>

Governmental Activities depreciation expense was \$125,223 for the year ended June 30, 2017.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. CAPITAL ASSETS (CONTINUED)**

A summary of capital assets and changes occurring during the year ended June 30, 2017 for Business-Type Activities:

	<b>Balance</b>				<b>Balance</b>
	<b>June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>		<b>June 30, 2017</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
<b>Total Capital Assets Being Depreciated</b>	<b>5,192,553</b>	<b>-</b>	<b>-</b>		<b>5,192,553</b>
Accumulated Depreciation:	<u>2,221,657</u>	<u>207,226</u>	<u>-</u>		<u>2,428,883</u>
<b>Total Accumulated Depreciation</b>	<b>2,221,657</b>	<b>207,226</b>	<b>-</b>		<b>2,428,883</b>
<b>Capital Assets, Net</b>	<b><u>\$ 2,970,896</u></b>	<b><u>\$ (207,226)</u></b>	<b><u>\$ -</u></b>		<b><u>\$ 2,763,670</u></b>

Business-Type Activities depreciation expense was \$207,226 for the year ended June 30, 2017.

**NOTE 7. COMPENSATED ABSENCES**

Changes in Compensated Absences for the year ended June 30, 2017 are as follows:

**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, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2017</b>	<b>Within</b>
					<b>One Year</b>
Compensated Absences Payable	\$ 2,095	\$ 4,337	\$ (3,856)	\$ 2,576	\$ 2,576
<b>Total Long-Term Debt</b>	<b><u>\$ 2,095</u></b>	<b><u>\$ 4,337</u></b>	<b><u>\$ (3,856)</u></b>	<b><u>\$ 2,576</u></b>	<b><u>\$ 2,576</u></b>

The liability will be liquidated by the General Fund.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7. COMPENSATED ABSENCES (CONTINUED)**

**Business-Type Activities:**

During the year ended June 30, 2017, the following changes occurred in certain long-term liabilities reported in the Enterprise Funds:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Compensated Absences Payable	\$ 1,864	\$ 1,859	\$ (674)	\$ 3,049	\$ 3,049
<b>Total Long-Term Debt</b>	<b>\$ 1,864</b>	<b>\$ 1,859</b>	<b>\$ (674)</b>	<b>\$ 3,049</b>	<b>\$ 3,049</b>

This liability will be liquidated by the Gas, Water and Solid Waste Funds.

**NOTE 8. LONG-TERM LIABILITIES**

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, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
NMFA Loan Payable - CORONA 6	117,699	-	10,727	106,972	\$ 11,208
<b>Total Long-Term Debt</b>	<b>\$ 117,699</b>	<b>\$ -</b>	<b>\$ 10,727</b>	<b>\$ 106,972</b>	<b>\$ 11,208</b>

Future minimum payments under this agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 11,208	\$ 1,858	\$ 13,066
2019	11,329	1,737	13,066
2020	11,471	1,596	13,067
2021	11,633	1,434	13,067
2022	11,817	1,250	13,067
2023-2027	49,514	2,754	52,268
Total	<b>\$ 106,972</b>	<b>\$ 10,629</b>	<b>\$ 117,601</b>

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8. LONG-TERM LIABILITIES (CONTINUED)**

**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.

	<b>Balance</b>			<b>Balance</b>	<b>Due</b>
	<b>June 30, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2017</b>	<b>Within</b>
					<b>One Year</b>
NMFA Loan Payable - CORONA 3	\$ 105,785	\$ -	\$ 7,434	\$ 98,351	\$ 7,453
NMFA Loan Payable - CORONA 4	19,860	-	1,955	17,905	2,014
<b>Total Long-Term Debt</b>	<b>\$ 125,645</b>	<b>\$ -</b>	<b>\$ 9,389</b>	<b>\$ 116,256</b>	<b>\$ 9,467</b>

Future minimum payments under these agreements are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Admin Fee</b>	<b>Total</b>
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	9,793	447	10,240
2023-2027	45,134	959	46,093
2028-2032	22,982	86	23,068
Total	<b>\$ 116,256</b>	<b>\$ 4,114</b>	<b>\$ 120,370</b>

**NOTE 9. 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.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 9. PROPERTY TAX (CONTINUED)**

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 10. RETIREMENT PLAN**

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

**NOTE 11. 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, 2017 were \$3,450.

**NOTE 12. 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 13. 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.

**NOTE 14. LEGISLATIVE APPROPRIATIONS**

The Village of Corona received the following legislative appropriations:

- \$25,000 to plan, design, renovate and construct improvements on water storage tanks in Corona. As of June 30, 2017 this appropriation has been completed.
- \$90,000 for the Corona Water System Improvement. As of June 30, 2017 this appropriation has not been completed.
- \$20,000 for the Corona Sloan Simpson Park. As of June 30, 2017 this appropriation has not been completed.
- \$25,000 for the Corona streets improvement project. As of June 30, 2017 this appropriation has not been completed.

See Independent Auditors' Report

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 14. LEGISLATIVE APPROPRIATIONS (CONTINUED)**

- \$45,000 for the Corona sidewalk improvement project. As of June 30, 2017 this appropriation has not been completed.
- \$60,000 for the Corona well improvement project. As of June 30, 2017 this appropriation has not been completed.

**NOTE 15. 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 16. TAX ABATEMENTS**

The Village of Corona has evaluated GASB 77 with regard to tax abatements and has determined that the Village is not a party to the any agreements that abate taxes.

**NOTE 17. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures as part of the Combining Statements Overview of certain information concerning individual funds including:

- No funds had a deficit fund balance as of June 30, 2017.
- There were no overexpenditures of appropriations by individual funds for the year ended June 30, 2017

**NOTE 18. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

In instances where the actual revenues or expenditures on a budget basis are different from revenues or expenditures on the modified accrual basis, a reconciling schedule has been added at the bottom of the budget actual statements.

**NOTE 19. SUBSEQUENT EVENTS**

The Village of Corona has evaluated subsequent events through December 6, 2017, which is the date the financial statements were available to be issued. There are no significant subsequent events to report.

**NON-MAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
NON-MAJOR FUND DESCRIPTIONS  
JUNE 30, 2017**

**SPECIAL REVENUE FUNDS**

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

**STREETS GAS TAX FUND** - To account for the receipt of the Statewide increase of two cents per gallon of gasoline tax, of which one cent per gallon 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, 2017**

	<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	\$ 7,521	\$ 2,688	\$ 24,021	\$ -	\$ 34,230
Accounts and Taxes Receivable	-	-	-	-	-
Due From Other Governments	-	417	-	6,273	6,690
<b>TOTAL ASSETS</b>	<u>\$ 7,521</u>	<u>\$ 3,105</u>	<u>\$ 24,021</u>	<u>\$ 6,273</u>	<u>\$ 40,920</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ -	\$ 764	\$ 315	\$ 6,273	\$ 7,352
Accrued Salaries and Benefits	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>764</u>	<u>315</u>	<u>6,273</u>	<u>7,352</u>
<b>FUND BALANCES</b>					
Restricted for:					
Special Revenue Funds	7,521	2,341	23,706	-	33,568
Capital Projects Funds	-	-	-	-	-
Unassigned:					
General Fund	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>7,521</u>	<u>2,341</u>	<u>23,706</u>	<u>-</u>	<u>33,568</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 7,521</u>	<u>\$ 3,105</u>	<u>\$ 24,021</u>	<u>\$ 6,273</u>	<u>\$ 40,920</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, 2017**

	<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>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Local Sources	-	-	10,355	-	10,355
State Sources	1,800	-	7,733	29,377	38,910
Federal Sources	-	-	-	-	-
State Shared Taxes	-	5,004	-	-	5,004
Earnings from Investments	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>1,800</u>	<u>5,004</u>	<u>18,088</u>	<u>29,377</u>	<u>54,269</u>
<b>EXPENDITURES</b>					
Current					
General Government	-	-	-	-	-
Highways and Streets	-	4,806	-	29,728	34,534
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and Recreation	2,000	-	15,150	-	17,150
Debt Service - Principal	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-
Capital Outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>2,000</u>	<u>4,806</u>	<u>15,150</u>	<u>29,728</u>	<u>51,684</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(200)	198	2,938	(351)	2,585
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	1,300	2,000	351	3,651
Transfers out	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>1,300</u>	<u>2,000</u>	<u>351</u>	<u>3,651</u>
<b>NET CHANGE IN FUND BALANCES</b>	(200)	1,498	4,938	-	6,236
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>7,721</u>	<u>843</u>	<u>18,768</u>	<u>-</u>	<u>27,332</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 7,521</u>	<u>\$ 2,341</u>	<u>\$ 23,706</u>	<u>\$ -</u>	<u>\$ 33,568</u>

See Independent Auditors' Report

## **COMPLIANCE SECTION**



**INDEPENDENT AUDITORS' 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**

Honorable Wayne Johnson  
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 fire protection fund of the State of New Mexico, Village of Corona (Village), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds of the Village, presented as supplemental information and have issued our report dated December 6, 2017.

**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 first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items 2016-001 and 2016-003.

### **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 6, 2017

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION I. FINANCIAL STATEMENT FINDINGS**

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

**Condition:** During our testwork of the Villages receipts and deposits, we noted that three (3) out of ten (10) deposits tested were not sent to the bank in a timely manner. These deposits amounted to \$12,068.

**Management's Progress:** *The Village implemented procedures when this finding was identified in the prior year audit. The Council formally adopted a policy to correct this in June of 2017.*

**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 (Rule).

**Effect:** Cash not deposited timely is more susceptible to misappropriation.

**Cause:** Management was not aware of this noncompliance until Fall of 2016 while the fiscal year 2016 audit was being completed. Once identified, management implemented a procedure within their internal control structure to attempt to meet the objective of the Rule.

**Auditors' Recommendation:** We recommend that management comply with the Rule to the extent possible.

**Management's Response:** Management created and implemented policies and procedures surrounding receipts and deposits in June of 2017. Village policies and procedures regarding receipts and deposits will be disseminated via email to all Village Staff. 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 June 2017.

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

**2016-003 — Internal Controls over Purchase Cards – Material Noncompliance (Repeated and Modified)**

**Condition:** During our testwork of the Village's purchase cards, we noted that twelve (12) out of twelve (12) transactions tested were not properly authorized prior to purchase. The amount of the transactions tested totaled \$7,894.

**Management's Progress:** Council has adopted a new policy but it does not address prior authorization specifically. It needs to be amended to be more properly designed.

**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 misappropriation 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. We recommend that all credit cards be housed in the Treasurer's office. Furthermore, Purchase Orders should be prepared and submitted to the Treasurer prior to issuance of credit cards to staff. We also recommend that the existing Purchase Card Policy be amended as noted above.

**Management's Response:** Management will amend written policies and procedures surrounding purchase card usage in the Winter of 2017/2018. 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 October 2017.

**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

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

**2016-001** - Internal Controls over Receipts and Deposits - Repeated

**2016-002** - Per Diem and Mileage Act - Resolved

**2016-003** - Internal Controls over Purchase Cards – Repeated / Modified

**2016-004** - Actual Expenses Exceeded the Budget - Resolved



**STATE OF NEW MEXICO  
VILLAGE OF CORONA  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2017**

An exit conference was held on December 6, 2017 to discuss the results of the audit. Attending were the following:

Representing the Village of Corona:

William Weckwerth, Councilor  
William Hignight, Mayor  
Terri Racher, Village Clerk & Treasurer

Representing the Independent Auditors:

Daniel O. Trujillo, CPA, CFE, CGFM, CGMA – Member – Director of Audit

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.