

STATE OF NEW MEXICO
VILLAGE OF CORONA

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

FOR THE YEAR ENDED JUNE 30, 2018

**STATE OF NEW MEXICO
VILLAGE OF CORONA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

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**STATE OF NEW MEXICO
VILLAGE OF CORONA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

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**STATE OF NEW MEXICO
VILLAGE OF CORONA
OFFICIAL ROSTER
AS OF JUNE 30, 2018**

VILLAGE COUNCIL

Sherill Perkins BradfordMayor Pro Tem
Monica Zook Councilor
Samuel Seely Councilor
Deneen Romero..... Councilor

VILLAGE OFFICIALS

Terri Racher Village Clerk & Treasurer
Jason GibbsDeputy Clerk
Kyle DavisPublic Works Director



Independent Auditors' Report

Honorable Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico
and
To the Honorable Mayor Pro Tem 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 the Fire Protection Fund of the Village of Corona (Village), New Mexico, as of and for the year ended June 30, 2018, 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.

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, 2018, 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.

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 Governmental Accounting Standards Board 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 for all nonmajor funds, 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 November 26, 2018 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
November 26, 2018

**BASIC
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO
VILLAGE OF CORONA
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 357,624	\$ 129,419	\$ 487,043
Accounts Receivable, Net	<u>52,902</u>	<u>16,668</u>	<u>69,570</u>
TOTAL CURRENT ASSETS	<u>410,526</u>	<u>146,087</u>	<u>556,613</u>
NONCURRENT ASSETS			
Cash - Restricted	-	665	665
Customer Meter Deposits	-	<u>840</u>	<u>840</u>
TOTAL NONCURRENT ASSETS	<u>-</u>	<u>1,505</u>	<u>1,505</u>
CAPITAL ASSETS			
Capital Assets Not Being Depreciated	39,146	-	39,146
Capital Assets Being Depreciated	3,158,786	5,712,124	8,870,910
Less: Accumulated Depreciation	<u>(2,140,731)</u>	<u>(2,667,110)</u>	<u>(4,807,841)</u>
Capital Assets, Net	<u>1,057,201</u>	<u>3,045,014</u>	<u>4,102,215</u>
TOTAL ASSETS	<u>\$ 1,467,727</u>	<u>\$ 3,192,606</u>	<u>\$ 4,660,333</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 48,477	\$ 6,474	\$ 54,951
Accrued Liabilities	13,648	2,647	16,295
Compensated Absences Payable	3,340	3,888	7,228
Current Portion of Loan Payable	11,329	9,545	20,874
Customer Meter Deposits	-	<u>840</u>	<u>840</u>
TOTAL CURRENT LIABILITIES	<u>76,794</u>	<u>23,394</u>	<u>100,188</u>
NONCURRENT LIABILITIES			
NMFA Loan Payable	<u>84,435</u>	<u>97,244</u>	<u>181,679</u>
TOTAL NONCURRENT LIABILITIES	<u>84,435</u>	<u>97,244</u>	<u>181,679</u>
TOTAL LIABILITIES	<u>161,229</u>	<u>120,638</u>	<u>281,867</u>
NET POSITION			
Net Investment in Capital Assets	961,437	2,938,225	3,899,662
Restricted for Subsequent Year Expenditures	20,631	-	20,631
Restricted for Special Revenue Funds	96,023	-	96,023
Unrestricted	<u>228,407</u>	<u>133,743</u>	<u>362,150</u>
TOTAL NET POSITION	<u>1,306,498</u>	<u>3,071,968</u>	<u>4,378,466</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,467,727</u>	<u>\$ 3,192,606</u>	<u>\$ 4,660,333</u>

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, 2018**

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
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	\$ 5,469	\$ 804	\$ 20,661	\$ -	\$ 15,996	\$ -	\$ 15,996
Highways and Streets	182,795	-	-	-	(182,795)	-	(182,795)
Public Safety	120,079	-	367,179	-	247,100	-	247,100
Health and Welfare	-	-	-	425,799	425,799	-	425,799
Culture and Recreation	16,368	-	-	-	(16,368)	-	(16,368)
Interest on Long-Term Debt	1,691	-	-	-	(1,691)	-	(1,691)
Depreciation	121,962	-	-	-	(121,962)	-	(121,962)
Total Governmental Activities	448,364	804	387,840	425,799	366,079	-	366,079
Business-Type Activities							
Water and Sewer Services	352,106	103,794	-	-	-	(248,312)	(248,312)
Gas Services	93,888	80,345	-	-	-	(13,543)	(13,543)
Solid Waste Services	40,583	39,590	-	-	-	(993)	(993)
Total Business-Type Activities	486,577	223,729	-	-	-	(262,848)	(262,848)
General Revenues:							
Property Taxes					16,185	-	16,185
Gross Receipts Taxes					56,413	11,144	67,557
Transfers, Net					(550,559)	550,559	-
Loss on Disposal of Capital Assets					(4,196)	-	(4,196)
Investment Earnings (Loss)					-	-	-
Subtotal, General Revenues					(482,157)	561,703	79,546
Change in Net Position					(116,078)	298,855	182,777
Net Position, Beginning					1,422,576	2,773,113	4,195,689
Net Position, Ending					\$ 1,306,498	\$ 3,071,968	\$ 4,378,466

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF CORONA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 251,911	\$ 59,288	\$ 46,425	\$ 357,624
Restricted Cash, Current	-	-	-	-
Accounts and Taxes Receivable	11,466	-	41,436	52,902
TOTAL ASSETS	<u>\$ 263,377</u>	<u>\$ 59,288</u>	<u>\$ 87,861</u>	<u>\$ 410,526</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 2,158	\$ 43,552	\$ 2,767	\$ 48,477
Accrued Salaries and Benefits	13,648	-	-	13,648
TOTAL LIABILITIES	<u>15,806</u>	<u>43,552</u>	<u>2,767</u>	<u>62,125</u>
FUND BALANCES				
Restricted for:				
Subsequent Year Expenditures	20,631	-	-	20,631
Special Revenue Funds	-	15,736	85,094	100,830
Unassigned:				
General Fund	226,940	-	-	226,940
TOTAL FUND BALANCES	<u>247,571</u>	<u>15,736</u>	<u>85,094</u>	<u>348,401</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 263,377</u>	<u>\$ 59,288</u>	<u>\$ 87,861</u>	<u>\$ 410,526</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, 2018**

Total Fund Balance - Governmental Funds \$ 348,401

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	3,197,932	
Less: Accumulated Depreciation	<u>(2,140,731)</u>	
Capital Assets, Net		1,057,201

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	(3,340)	
Long-Term Debt	<u>(95,764)</u>	
Total		<u>(99,104)</u>

Net Position of Governmental Activities **\$ 1,306,498**

**STATE OF NEW MEXICO
VILLAGE OF CORONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 67,177	\$ -	\$ 5,421	\$ 72,598
Charges for Services	454	-	-	454
Licenses and Permits	350	-	-	350
Local Sources	4,402	2,826	13,433	20,661
State Sources	125,663	83,433	158,083	367,179
Federal Sources	-	-	425,799	425,799
Earnings from Investments	-	-	-	-
TOTAL REVENUES	<u>198,046</u>	<u>86,259</u>	<u>602,736</u>	<u>887,041</u>
EXPENDITURES				
Current				
General Government	4,705	-	-	4,705
Highways and Streets	178,895	-	3,900	182,795
Public Safety	-	120,079	-	120,079
Health and Welfare	-	-	-	-
Culture and Recreation	470	-	15,898	16,368
Debt Service - Principal	-	11,208	-	11,208
Debt Service - Interest	-	1,691	-	1,691
Capital Outlay	-	-	522,080	522,080
TOTAL EXPENDITURES	<u>184,070</u>	<u>132,978</u>	<u>541,878</u>	<u>858,926</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>13,976</u>	<u>(46,719)</u>	<u>60,858</u>	<u>28,115</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	12,366	-	3,034	15,400
Transfers out	(37,034)	-	(12,366)	(49,400)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,668)</u>	<u>-</u>	<u>(9,332)</u>	<u>(34,000)</u>
NET CHANGE IN FUND BALANCES	(10,692)	(46,719)	51,526	(5,885)
FUND BALANCE, BEGINNING OF YEAR	<u>258,263</u>	<u>62,455</u>	<u>33,568</u>	<u>354,286</u>
FUND BALANCE, END OF YEAR	<u>\$ 247,571</u>	<u>\$ 15,736</u>	<u>\$ 85,094</u>	<u>\$ 348,401</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, 2018**

Net Changes in Fund Balance - Governmental Funds \$ (5,885)

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	522,080
Loss on Disposal of Capital Assets	(4,196)
Depreciation Expense	(121,962)
Transfer of Asset between Activities	(516,559)

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	11,208
Compensated Absences Expense	(764)

Change in Net Position of Governmental Activities **\$ (116,078)**

**STATE OF NEW MEXICO
VILLAGE OF CORONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 106,930	\$ 106,930	\$ 93,762	\$ (13,168)
Charges for Services	540	540	454	(86)
Licenses and Permits	350	350	350	-
Local Sources	5,600	5,600	4,402	(1,198)
State Sources	90,000	90,000	147,736	57,736
Federal Sources	-	-	-	-
State Shared Taxes	-	-	-	-
Earnings from Investments	-	-	-	-
TOTAL REVENUES	<u>203,420</u>	<u>203,420</u>	<u>246,704</u>	<u>43,284</u>
EXPENDITURES				
Current				
General Government	5,000	5,000	4,636	364
Highways and Streets	182,836	184,836	183,637	1,199
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	133,272	8,372	372	8,000
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>321,108</u>	<u>198,208</u>	<u>188,645</u>	<u>9,563</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(117,688)</u>	<u>5,212</u>	<u>58,059</u>	<u>33,721</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	12,366	12,366	-
Transfers out	(2,000)	(39,034)	(37,034)	(2,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,000)</u>	<u>(26,668)</u>	<u>(24,668)</u>	<u>(2,000)</u>
Net Increase (Decrease)	<u>(119,688)</u>	<u>(21,456)</u>	<u>33,391</u>	<u>31,721</u>
Prior Year Cash Balance Budgeted	<u>\$ -</u>	<u>\$ 21,456</u>		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues, Actual on a Budget Basis	\$ 246,704
Revenues, Actual on Modified Accrual Basis	<u>198,046</u>
Adjustments to revenues for property tax and grant revenues	<u>\$ 48,658</u>
Expenditures, Actual on a Budget Basis	\$ 225,679
Expenditures, Actual on Modified Accrual Basis	<u>221,104</u>
Adjustments to expenditures for insurance, materials, other charges and payroll	<u>\$ 4,575</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF CORONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – FIRE PROTECTION FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Licenses and Permits	-	-	-	-
Local Sources	700	700	2,826	2,126
State Sources	77,852	83,401	83,433	32
Federal Sources	-	-	-	-
State Shared Taxes	-	-	-	-
Earnings from Investments	-	-	-	-
TOTAL REVENUES	<u>78,552</u>	<u>84,101</u>	<u>86,259</u>	<u>2,158</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Highways and Streets	-	-	-	-
Public Safety	49,100	79,098	76,849	2,249
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>49,100</u>	<u>79,098</u>	<u>76,849</u>	<u>2,249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>29,452</u>	<u>5,003</u>	<u>9,410</u>	<u>(91)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(13,067)	(13,067)	(13,067)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(13,067)</u>	<u>(13,067)</u>	<u>(13,067)</u>	<u>-</u>
Net Increase (Decrease)	<u>16,385</u>	<u>(8,064)</u>	<u>(3,657)</u>	<u>(91)</u>
Prior Year Cash Balance Budgeted	<u>\$ (16,385)</u>	<u>\$ 8,064</u>		

Reconciliation of Budgetary Basis to GAAP Basis Financial Statements:

Revenues, Actual on a Budget Basis	\$ 86,259
Revenues, Actual on Modified Accrual Basis	<u>86,259</u>
	<u>\$ -</u>
Expenditures, Actual on a Budget Basis	\$ 89,916
Expenditures, Actual on Modified Accrual Basis	-
Adjustments to expenditures for insurance, materials, other charges and payroll	<u>132,978</u>
	<u>\$ (43,062)</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF CORONA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018**

	<u>Water / Sewer Fund</u>	<u>Gas Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 28,863	\$ 95,918	\$ 4,638	\$ 129,419
Accounts Receivable, Net	9,336	2,757	4,575	16,668
TOTAL CURRENT ASSETS	<u>38,199</u>	<u>98,675</u>	<u>9,213</u>	<u>146,087</u>
NONCURRENT ASSETS				
Cash - Restricted	665	-	-	665
Customer Meter Deposits	840	-	-	840
TOTAL NONCURRENT ASSETS	<u>1,505</u>	<u>-</u>	<u>-</u>	<u>1,505</u>
CAPITAL ASSETS				
Capital Assets Not Being Depreciated	-	-	-	-
Capital Assets Being Depreciated	5,470,157	214,253	27,714	5,712,124
Less: Accumulated Depreciation	(2,427,252)	(214,253)	(25,605)	(2,667,110)
Capital Assets, Net	<u>3,042,905</u>	<u>-</u>	<u>2,109</u>	<u>3,045,014</u>
TOTAL ASSETS	<u>\$ 3,082,609</u>	<u>\$ 98,675</u>	<u>\$ 11,322</u>	<u>\$ 3,192,606</u>
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 3,080	\$ 1,428	\$ 1,966	\$ 6,474
Accrued Liabilities	1,023	1,215	409	2,647
Compensated Absences Payable	3,888	-	-	3,888
Current Portion of Loan Payable	9,545	-	-	9,545
Customer Meter Deposits	840	-	-	840
TOTAL CURRENT LIABILITIES	<u>18,376</u>	<u>2,643</u>	<u>2,375</u>	<u>23,394</u>
NONCURRENT LIABILITIES				
NMFA Loan Payable	97,244	-	-	97,244
TOTAL NONCURRENT LIABILITIES	<u>97,244</u>	<u>-</u>	<u>-</u>	<u>97,244</u>
TOTAL LIABILITIES	<u>115,620</u>	<u>2,643</u>	<u>2,375</u>	<u>120,638</u>
NET POSITION				
Net Investment in Capital Assets	2,936,116	-	2,109	2,938,225
Restricted for Debt Service	-	-	-	-
Unrestricted	30,873	96,032	6,838	133,743
TOTAL NET POSITION	<u>2,966,989</u>	<u>96,032</u>	<u>8,947</u>	<u>3,071,968</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,082,609</u>	<u>\$ 98,675</u>	<u>\$ 11,322</u>	<u>\$ 3,192,606</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, 2018**

	<u>Water / Sewer Fund</u>	<u>Gas Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
OPERATING REVENUES				
Sales and Services	\$ 90,056	\$ 80,345	\$ 39,590	\$ 209,991
Local Sources	14,521	-	-	14,521
Taxes	5,183	4,011	1,950	11,144
TOTAL OPERATING REVENUES	<u>109,760</u>	<u>84,356</u>	<u>41,540</u>	<u>235,656</u>
OPERATING EXPENSES				
Personal Services	32,489	40,797	13,447	86,733
Maintenance and Operations	50,350	34,458	22,667	107,475
Major Contractual Services	-	-	-	-
Other Operating Expenses	15,780	18,633	4,124	38,537
Depreciation	253,487	-	345	253,832
TOTAL OPERATING EXPENSES	<u>352,106</u>	<u>93,888</u>	<u>40,583</u>	<u>486,577</u>
OPERATING INCOME (LOSS)	<u>(242,346)</u>	<u>(9,532)</u>	<u>957</u>	<u>(250,921)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	-	-	-	-
Interest Expense	(783)	-	-	(783)
Transfers In	550,559	-	-	550,559
Transfers Out	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>549,776</u>	<u>-</u>	<u>-</u>	<u>549,776</u>
CHANGE IN NET POSITION	<u>307,430</u>	<u>(9,532)</u>	<u>957</u>	<u>298,855</u>
NET POSITION, BEGINNING	<u>2,659,559</u>	<u>105,564</u>	<u>7,990</u>	<u>2,773,113</u>
NET POSITION, END	<u>\$ 2,966,989</u>	<u>\$ 96,032</u>	<u>\$ 8,947</u>	<u>\$ 3,071,968</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF CORONA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Water / Sewer Fund</u>	<u>Gas Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received From User Charges	\$ 109,760	\$ 84,356	\$ 41,540	\$ 235,656
Cash Payments to Employees for Services	(33,328)	(40,797)	(13,447)	(87,572)
Cash Payments to Suppliers for Goods and Services	<u>(65,641)</u>	<u>(52,939)</u>	<u>(26,935)</u>	<u>(145,515)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>10,791</u>	<u>(9,380)</u>	<u>1,158</u>	<u>2,569</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Operating Transfers, Net	<u>550,559</u>	<u>-</u>	<u>-</u>	<u>550,559</u>
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	<u>550,559</u>	<u>-</u>	<u>-</u>	<u>550,559</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Additions of Capital Assets	(535,176)	-	-	(535,176)
Interest Paid	(783)	-	-	(783)
Payments on Debt	<u>(9,467)</u>	<u>-</u>	<u>-</u>	<u>(9,467)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL & RELATED FINANCING ACTIVITIES	<u>(545,426)</u>	<u>-</u>	<u>-</u>	<u>(545,426)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,924	(9,380)	1,158	7,702
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>13,604</u>	<u>105,298</u>	<u>3,480</u>	<u>122,382</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 29,528</u>	<u>\$ 95,918</u>	<u>\$ 4,638</u>	<u>\$ 130,084</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (242,346)	\$ (9,532)	\$ 957	\$ (250,921)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:				
Interest Paid	(783)	-	-	(783)
Depreciation Expense	253,487	-	345	253,832
Change in receivables	(302)	240	(662)	(724)
Change in accounts payable	(951)	910	(958)	(999)
Change in Other Assets and Liabilities	1,220	(2,213)	4,267	3,274
Change in accrued salaries and benefits	<u>466</u>	<u>1,215</u>	<u>(2,791)</u>	<u>(1,110)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 10,791</u>	<u>\$ (9,380)</u>	<u>\$ 1,158</u>	<u>\$ 2,569</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, 2018

	<u>Employee Retirement Plan</u>
ASSETS	
Cash and Cash Equivalents	\$ -
Mutual Funds	<u>63,599</u>
TOTAL ASSETS	<u><u>\$ 63,599</u></u>
LIABILITIES	
Deposits Held for Others	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>
NET POSITION	
Held in Trust for Retirement Benefits	<u>63,599</u>
TOTAL NET POSITION	<u>63,599</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 63,599</u></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, 2018**

	Employee Retirement Plan
ADDITIONS:	
Contributions	\$ 3,675
Investment Earnings	4,144
Total Additions	7,819
DEDUCTIONS:	
Administrative Expenses	264
Withdrawals	-
Total Deductions	264
Change in Net Position	7,555
Net Position, Beginning	56,044
Net Position, End	\$ 63,599

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

See Independent Auditors’ Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018.

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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018.

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".

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, \$20,631, 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.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018 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
FOR THE YEAR ENDED JUNE 30, 2018**

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 6/30/2018</u>
Wells Fargo	General	Checking	\$ 484,216
Wells Fargo	Firemen's' Recreation Fund	Savings	718
Wells Fargo	Water Meter Fund	Checking	840
Wells Fargo	Gas Meter Fund	Checking	400
Wells Fargo	CDBG Fund	Checking	10
Wells Fargo	Cemetery Fund	CD	-
Total			<u>\$ 486,184</u>
Total Amount on Deposit			\$ 486,184
Add: Deposits in Transit			3,081
Less: Outstanding Checks			(967)
Less: NMFA Cash			(665)
Less: Customer Meter Deposits			(840)
Add: Petty Cash			250
Total Cash and Cash Equivalents per Statement of Net Position			<u>\$ 487,043</u>
 <u>Restricted Cash</u>			
New Mexico Finance Authority	Water Fund	Loan Fund	\$ 665
Total			<u>\$ 665</u>

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, 2018	\$ 486,184
Less: FDIC Insurance	<u>(250,000)</u>
Uninsured Funds	<u>236,184</u>
Funds Requiring Collateralization at 50%	118,092
Pledged Collateral at June 30, 2018	<u>143,926</u>
Excess of Pledged Collateral	<u>\$ 25,834</u>

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2018, the Village had an excess of pledged collateral of \$25,834.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 # 3138LQD68 - 3.50%	4/1/2042	143,926
Total		\$ 143,926

As of June 30, 2018 the Village had the following cash and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>
Checking Accounts	\$ 485,466	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 \$665 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
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 4. RECEIVABLES

Receivables as of June 30, 2018 including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total Government Wide</u>
Receivables from Customers	\$ -	\$ 16,668	\$ 16,668
Less: Allowance for Uncollectible Accounts	-	-	-
Subtotal	<u>-</u>	<u>16,668</u>	<u>16,668</u>
Gross Receipts Taxes Receivable	\$ 11,466	-	11,466
Intergovernmental	<u>41,436</u>	<u>-</u>	<u>41,436</u>
Total	<u>\$ 52,902</u>	<u>\$ 16,668</u>	<u>\$ 69,570</u>

NOTE 5. TRANSFERS

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

<u>Fund #</u>	<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
22	Intergovernmental Fund	\$ 3,034	\$ 12,366
55	Solid Waste Fund	-	-
51	Water Sewer Fund	550,559	-
15	Library Fund	-	-
10	General Fund	12,366	37,034
28	Streets and Gas Tax Fund		
99	Transfer of Assets Between Funds	-	516,559
	Total	<u>\$ 565,959</u>	<u>\$ 565,959</u>

During the year ended June 30, 2018, the governmental activities of the Village paid for a water tank rehabilitation that was for the benefit of the enterprise funds. Therefore, the asset was transferred between the governmental activities and the business-type activities in the amount of \$516,559 as reflected in these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2018 for Governmental Activities:

	Balance				Balance
	June 30, 2017	Additions	Deletions	Transfers	June 30, 2018
Capital Assets Not Being Depreciated:					
Land	\$ 36,296	\$ -	\$ 2,671	\$ -	\$ 33,625
Construction in Progress	-	522,080	-	(516,559)	5,521
Total Capital Assets Not Being Depreciated	<u>36,296</u>	<u>522,080</u>	<u>2,671</u>	<u>(516,559)</u>	<u>39,146</u>
Capital Assets Being Depreciated:					
Land Improvements	86,771	-	3,792	-	82,979
Buildings and Improvements	1,463,740	-	5,540	-	1,458,200
Infrastructure	543,568	-	-	-	543,568
Heavy Equipment	987,548	-	4,500	-	983,048
Equipment	100,210	-	9,219	-	90,991
Total Capital Assets Being Depreciated	<u>3,181,837</u>	<u>-</u>	<u>23,051</u>	<u>-</u>	<u>3,158,786</u>
Total Capital Assets	<u>3,218,133</u>	<u>522,080</u>	<u>25,722</u>	<u>(516,559)</u>	<u>3,197,932</u>
Accumulated Depreciation:					
Land Improvements	(45,738)	(4,137)	(3,034)	-	(46,841)
Buildings and Improvements	(1,075,498)	(55,858)	(4,773)	-	(1,126,583)
Infrastructure	(302,285)	(27,178)	-	-	(329,463)
Heavy Equipment	(520,951)	(32,593)	(4,500)	-	(549,044)
Equipment	(95,823)	(2,196)	(9,219)	-	(88,800)
Total Accumulated Depreciation	<u>(2,040,295)</u>	<u>(121,962)</u>	<u>(21,526)</u>	<u>-</u>	<u>(2,140,731)</u>
Capital Assets, Net	<u>\$ 1,177,838</u>	<u>\$ 400,118</u>	<u>\$ 4,196</u>	<u>\$ (516,559)</u>	<u>\$ 1,057,201</u>

Governmental Activities depreciation expense was \$121,962 for the year ended June 30, 2018.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 6. CAPITAL ASSETS (CONTINUED)

A summary of capital assets and changes occurring during the year ended June 30, 2018 for Business-Type Activities:

	Balance				Balance
	June 30, 2017	Additions	Deletions	Transfer	June 30, 2018
Capital Assets Being Depreciated:					
Land Improvements	21,427	-	3,500	-	\$ 17,927
Plant / Infrastructure	5,020,605	18,617	4,880	516,559	5,550,901
Buildings	4,730	-	4,730	-	-
Equipment	51,906	-	2,495	-	49,411
Vehicles	93,885	-	-	-	93,885
Total Capital Assets Being Depreciated	5,192,553	18,617	15,605	516,559	5,712,124
Accumulated Depreciation:	(2,428,883)	(253,832)	(15,605)	-	(2,667,110)
Total Accumulated Depreciation	(2,428,883)	(253,832)	(15,605)	-	(2,667,110)
Capital Assets, Net	\$ 2,763,670	\$ (235,215)	\$ -	\$ 516,559	\$ 3,045,014

Business-Type Activities depreciation expense was \$253,832 for the year ended June 30, 2018.

NOTE 7. COMPENSATED ABSENCES

Changes in Compensated Absences for the year ended June 30, 2018 are as follows:

Governmental Activities:

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

	Balance			Balance	Due
	June 30, 2017	Additions	Deletions	June 30, 2018	Within
					One Year
Compensated Absences Payable	\$ 2,576	\$ 4,326	\$ (3,562)	\$ 3,340	\$ 3,340
Total Long-Term Debt	\$ 2,576	\$ 4,326	\$ (3,562)	\$ 3,340	\$ 3,340

The liability will be liquidated by the General Fund.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 7. COMPENSATED ABSENCES (CONTINUED)

Business-Type Activities:

During the year ended June 30, 2018, the following changes occurred in certain long-term liabilities reported in the Enterprise Funds:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Compensated Absences Payable	\$ 3,049	\$ 2,573	\$ (1,734)	\$ 3,888	\$ 3,888
Total Long-Term Debt	<u>\$ 3,049</u>	<u>\$ 2,573</u>	<u>\$ (1,734)</u>	<u>\$ 3,888</u>	<u>\$ 3,888</u>

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, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
NMFA Loan Payable - CORONA 6	106,972	-	11,208	95,764	\$ 11,329
Total Long-Term Debt	<u>\$ 106,972</u>	<u>\$ -</u>	<u>\$ 11,208</u>	<u>\$ 95,764</u>	<u>\$ 11,329</u>

Future minimum payments under this agreement are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	12,021	1,046	13,067
2024-2028	37,493	1,708	39,201
Total	<u>\$ 95,764</u>	<u>\$ 8,771</u>	<u>\$ 104,535</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

	Balance			Balance	Due
	June 30, 2017	Additions	Deletions	June 30, 2018	Within
					One Year
NMFA Loan Payable - CORONA 3	\$ 98,351	\$ -	\$ 7,453	\$ 90,898	\$ 7,471
NMFA Loan Payable - CORONA 4	17,905	-	2,014	15,891	2,074
Total Long-Term Debt	\$ 116,256	\$ -	\$ 9,467	\$ 106,789	\$ 9,545

Future minimum payments under these agreements are as follows:

Fiscal Year	Principal	Admin Fee	Total
2019	\$ 9,545	\$ 694	\$ 10,239
2020	9,626	623	10,249
2021	9,709	532	10,241
2022	9,793	447	10,240
2023	9,880	359	10,239
2024-2028	42,896	647	43,543
2029-2033	15,340	39	15,379
Total	\$ 106,789	\$ 3,341	\$ 110,130

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
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018 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:

- \$90,000 for the Corona Water System Improvement. As of June 30, 2018 this appropriation has been completed.
- \$20,000 for the Corona Sloan Simpson Park. As of June 30, 2018 this appropriation has been completed.
- \$60,000 for the Corona well improvement project. As of June 30, 2018 this appropriation has been completed.
- \$25,000 for the Corona streets improvement project. As of June 30, 2018 this appropriation has not been completed.

See Independent Auditors' Report

**STATE OF NEW MEXICO
VILLAGE OF CORONA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 14. LEGISLATIVE APPROPRIATIONS (CONTINUED)

- \$45,000 for the Corona sidewalk improvement project. As of June 30, 2018 this appropriation has not been completed.
- \$25,000 for the Corona water line transmission project was awarded in FY2018. As of June 30, 2018 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 No. 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, 2018.
- There were no overexpenditures of appropriations by individual funds for the year ended June 30, 2018.

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 November 26, 2018, 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, 2018
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, 2018**

	<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>
ASSETS					
Cash and Cash Equivalents	\$ 9,321	\$ 3,488	\$ 33,616	\$ -	\$ 46,425
Accounts and Taxes Receivable	-	-	-	-	-
Due From Other Governments	-	417	-	41,019	41,436
TOTAL ASSETS	<u>\$ 9,321</u>	<u>\$ 3,905</u>	<u>\$ 33,616</u>	<u>\$ 41,019</u>	<u>\$ 87,861</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ 43	\$ 1,591	\$ 1,133	\$ 2,767
Accrued Salaries and Benefits	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>43</u>	<u>1,591</u>	<u>1,133</u>	<u>2,767</u>
FUND BALANCES					
Restricted for:					
Special Revenue Funds	9,321	3,862	32,025	39,886	85,094
Unassigned:					
General Fund	-	-	-	-	-
TOTAL FUND BALANCES	<u>9,321</u>	<u>3,862</u>	<u>32,025</u>	<u>39,886</u>	<u>85,094</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,321</u>	<u>\$ 3,905</u>	<u>\$ 33,616</u>	<u>\$ 41,019</u>	<u>\$ 87,861</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, 2018**

	Recreation Fund	Streets Gas Tax Fund	Library Fund	Inter- Governmental	Total Non-Major Governmental Funds
REVENUES					
Taxes	\$ -	\$ 5,421	\$ -	\$ -	\$ 5,421
Charges for Services	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Local Sources	-	-	13,433	-	13,433
State Sources	1,800	-	10,784	145,499	158,083
Federal Sources	-	-	-	425,799	425,799
Earnings from Investments	-	-	-	-	-
TOTAL REVENUES	<u>1,800</u>	<u>5,421</u>	<u>24,217</u>	<u>571,298</u>	<u>602,736</u>
EXPENDITURES					
Current					
General Government	-	-	-	-	-
Highways and Streets	-	3,900	-	-	3,900
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and Recreation	-	-	15,898	-	15,898
Debt Service - Principal	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-
Capital Outlay	-	-	-	522,080	522,080
TOTAL EXPENDITURES	<u>-</u>	<u>3,900</u>	<u>15,898</u>	<u>522,080</u>	<u>541,878</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,800</u>	<u>1,521</u>	<u>8,319</u>	<u>49,218</u>	<u>60,858</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	3,034	3,034
Transfers out	-	-	-	(12,366)	(12,366)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,332)</u>	<u>(9,332)</u>
NET CHANGE IN FUND BALANCES	1,800	1,521	8,319	39,886	51,526
FUND BALANCE, BEGINNING OF YEAR	<u>7,521</u>	<u>2,341</u>	<u>23,706</u>	<u>-</u>	<u>33,568</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,321</u>	<u>\$ 3,862</u>	<u>\$ 32,025</u>	<u>\$ 39,886</u>	<u>\$ 85,094</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 Pro Tem 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, 2018, 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 November 26, 2018.

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 item 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
November 26, 2018

**STATE OF NEW MEXICO
VILLAGE OF CORONA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I. FINANCIAL STATEMENT FINDINGS

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

Condition: During our testing of purchase cards, we noted that two (2) out of ten (10) transactions tested did not contain proper itemized receipts to support the purchases. These purchases amounted to \$34.

Management's Progress: *The Village is in the process of comprehensively updating their purchase card policy and will have a new one adopted by January 2019.*

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 can pay for goods or services that are outside the scope of allowable purchases without itemized receipts to support the expenditures.

Cause: The Village did not maintain necessary controls over supporting documentation required with each purchases made with purchase cards.

Auditors' Recommendations: We recommend that the Village's policy over purchase cards be re-evaluated and enhanced to verify all cardholders know what documentation is required to support expenditures prior to payment by the Village.

Management's Response: Management will update the purchase card policy to strengthen the policies and procedures of purchase card use. Village policies and procedures regarding purchases will be disseminated to all department heads. Village staff using the purchase cards will be expected to follow Village policies and procedures. Management will emphasize the importance of authorization of purchases and of presenting itemized receipts with all purchases.

Timeline: The Village is committed to mitigating this finding by June 30, 2019.

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

**STATE OF NEW MEXICO
VILLAGE OF CORONA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION II. STATUS OF PRIOR YEAR AUDIT FINDINGS

2016-001 - Internal Controls over Receipts and Deposits – Other Noncompliance - Resolved

*2016-003 - Internal Controls over Purchase Cards – Other Noncompliance - Repeated /
Modified from Material Noncompliance*

**STATE OF NEW MEXICO
VILLAGE OF CORONA
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2018**

An exit conference was held on November 26, 2018 to discuss the results of the audit. Attending were the following:

Representing the Village of Corona:

Sherrill Perkins Bradford, Mayor Pro-Tem
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.