ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

Impact of COVID-19 on the Commonwealth's and Municipal operations

As more fully described in Note W, Coronavirus pandemic disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus. As part of various measures to contain the spread in Puerto Rico, on March 15, 2020 the Governor of the Commonwealth of Puerto Rico issued the Executive Order OE-2020-023 which, among other things, ordered schools, non-essential businesses, nonprofit entities and Commonwealth and Municipal governmental organizations to close. These orders are applicable until March 30, 2020. On March 26, 2020 the Governor announced the extension of the executive order applicability period from March 31, 2020 to April 12, 2020.

As a result of these executive order measures, the Municipality expected a negative impact on its operating results on next fiscal year and thereafter. Most significant revenues including property taxes, municipal license taxes and sales and use taxes are expected to suffer reductions, which can affect the Municipality's ability to perform public services. Businesses, the Commonwealth and Municipal governments' and people of Puerto Rico are expecting financial assistance in order to alleviate the economic impact of the coronavirus. Due to the uncertainty of this matter the extent to which COVID-19 may impact the Municipality's future financial condition or results of operations is undeterminable.

FINANCIAL CONTACT

The Municipality's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Municipality's finances and to demonstrate the Municipality's accountability. If you have questions about the report or need additional financial information, contact the Municipality's Chief Financial Officer.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF COROZAL
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
ASSETS	
Cash and investments	$ 8,548,634
Federal financial assistance	1,614,052
Accounts receivable Taxes	429,035
Accounts receivable Other	1,224,916
Capital Assets, net of accumulated depreciation	46,328,580
Total assets	$ 58,145,217
LIABILITIEES, DEFFERED INFLOWS OF RESOURCES AND NET POSITON	
Liabilities:	
Accounts payable and accrued liabilities	$ 8,873,798
Due to other governmental agencies	5,621
Matured interest due and payable	247,659
Noncurrent liabilities:	
Due within one year	609,777
Due in more than one year	10,654,766
Total liabilities	**20,391,621**
DEFERRED INFLOWS OF RESOURCES	1,034,599
Net Position	
Invested in capital assets	38,528,777
Restricted	186,556
Unrestricted (deficit)	(1,996,336)
Total Net Position	37,753,596
Total Liabilities, deferred inflows of Resources and Net Position	**$ 58,145,217**

See accompanying notes to basic financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF COROZAL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Program Revenues: Operating Grants and Contributions	Net (expense) revenue and change in Net Position: Governmental Activities
EXPENDITURES:					
General government	$ 10,136,081	$ (167,639)	$ (1,811,822)	$ -	$ 8,156,620
Public safety	703,067	-	-	-	703,067
Health	1,383,845	-	(1,106,881)	-	276,964
Public works	10,486,750	-	-	-	10,486,750
Culture and recreation	544,888	-	-	-	544,888
Economic Development	41,718	-	-	-	41,718
Interest on long-term debt	560,128	-	-	-	560,128
Total governmental activities	$ 23,856,477	$ (167,639)	$ (2,918,703)	$ -	$ 20,770,135
GENERAL REVENUES:					
Property taxes					$ 3,853,773
Municipal license tax					1,821,102
Sales tax					1,133,729
Grants and contributions not restricted to specific programs					11,727,974
Interests, fines and penalties					135,214
Miscellaneous					250,950
Total general revenues					18,922,742
Change in net position					(1,847,393)
Net assets at beginning of year					38,566,390
Net position at end of year					**$ 36,718,997**

See accompanying notes to basic financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF COROZAL
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

ASSETS	General Fund	Joint Resolution	Capital Projects	FEMA	Debt Service Fund	Other Funds	Total Governmental Funds
Cash	$ 2,731,971	$ 7,328	$ -	$ 63,083	$ 1,374,233	$ 4,372,019	$ 8,548,634
Accounts receivable Federal Grant	-	-	-	1,614,052	-	-	1,614,052
Accounts receivable Municipal taxes	18,166	-	-	-	-	-	18,166
Accounts receivable Property Taxes	233,045	-	-	-	177,824	-	410,869
Accounts receivable Other	350,577	751,360	-	-	-	122,979	1,224,916
Accounts receivable due from	1,752,591	-	-	-	-	-	1,752,591
Total assets and other debits	**$ 5,086,350**	**$ 758,688**	**$ -**	**$ 1,677,135**	**$ 1,552,057**	**$ 4,494,998**	**$ 13,569,228**
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$ 1,964,603	$1,026,700	$ 349,830	$ 1,614,052	$ -	$ 3,918,613	$ 8,873,798
Due to other governmenta units	5,621	-	-	-	-	-	5,621
Accrued interest payable	-	-	-	-	247,659	-	247,659
Matured bonds payable	-	-	-	-	500,000	-	500,000
Due to other funds	-	-	-	63,083	-	1,689,508	1,752,591
Total liabilities	1,970,224	1,026,700	349,830	1,677,135	747,659	5,608,121	11,379,669
Deferred inflows of Resources:							
Unearned revenues	779,571	-	-	-	-	-	779,571
Federal Funds	-	-	-	-	-	255,028	255,028
Total deferred Inflows of Resources	779,571	-	-	-	-	255,028	1,034,599
Fund balances:							
Debt service	-	-	-	-		-	-
Restricted for:	-	(268,012)	(349,830)	-	804,398	-	186,556
Unassigned	2,336,555	-	-	-	-	(1,368,151)	968,404
Total fund balances	2,336,555	(268,012)	(349,830)	-	804,398	(1,368,151)	1,154,960
Total liabilities and fund balance	**$ 5,086,350**	**$ 758,688**	**$ -**	**$ 1,677,135**	**$ 1,552,057**	**$ 4,494,998**	**$ 13,569,228**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS:

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	$ 1,154,960
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	46,328,580
For Wide Financial Statements only	
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	(10,764,543)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	**$ 36,718,997**

See accompanying notes to basic financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF COROZAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Joint Resolutions	Capital Projects	FEMA	Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:							
Property taxes	$ 2,546,523	$ -	$ -	$ -	$ 1,307,250	$ -	$ 3,853,773
Municipal license tax	1,821,102	-	-	-	-	-	1,821,102
Sales tax	1,133,729	-	-	-	-	-	1,133,729
Licenses, permits and other local taxes	370,085	-	-	-	-	-	370,085
Changes for services	167,639	-	-	-	-	-	167,639
Interest, fines and penalities	135,214	-	-	-	-	-	135,214
Intergovermental Federal	-	-	-	-	-	6,346,840	6,346,840
Intergovermental Local	7,906,258	-	10,367	-	-	13,127	7,929,752
Other	250,950	-		-	-	-	250,950
Total revenues	14,331,500	-	10,367	-	1,307,250	6,359,967	22,009,084
EXPENDITURES:							
Current:							
General government	7,452,944	-	-	-	-	22,617	7,475,561
Public safety	438,211	-	-	-	-	99,550	537,761
Health	324,651	-	-	-	-	1,059,194	1,383,845
Public works	4,434,932	54,832	-	-	-	5,833,540	10,323,304
Culture and recreation	196,715	-	-	-	-	-	196,715
Economic Development	41,718	-	-	-	-	-	41,718
Capital outlays	790,000	505,037	-	-	-	-	1,295,037
Debt service:							
Principal retirement	46,171	-	-	-	3,171,697	-	3,217,868
Interest and fiscal charges	-	-	-	-	560,128	-	560,128
Total expenditures	13,725,342	559,869	-	-	3,731,825	7,014,901	25,031,937
Excess of revenues over (under) expenditures	606,158	(559,869)	10,367	-	(2,424,575)	(654,934)	(3,022,853)
Other financing sources (uses):							
Operating transfers from other funds	-	-	-	-	807,652	-	807,652
Proceeds from issuance of long-term debt	1,035,252	-	-	-	461,500	-	1,496,752
Other funds	-	-	(420,517)	-	-	(387,135)	(807,652)
Total other financing sources (uses)	1,035,252	-	(420,517)	-	1,269,152	(387,135)	1,496,752
Excess of revenues and other sources over (under) expenditures and other uses	1,641,410	(559,869)	(410,150)	-	(1,155,423)	(1,042,069)	(1,526,101)
Net change in fund balances	1,641,410	(559,869)	(410,150)	-	(1,155,423)	(1,042,069)	(1,526,101)
Fund balance June 30, 2018	695,145	291,857	60,320	-	1,959,821	(326,082)	2,681,061
Fund balance June 30, 2019 (deficit)	**$ 2,336,555**	**$ (268,012)**	**$ (349,830)**	**$ -**	**$ 804,398**	**$ (1,368,151)**	**$ 1,154,960**

See accompanying notes to basic financial statements.

COMMONWEALTH OF PUERTO RICO
MUNICIPALITY OF COROZAL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Net change in fund balance - total governmental funds		$ **(1,526,101)**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	1,295,037	
Less: current year depreciation	(3,450,713)	
		(2,155,676)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Other Financial souces		(1,496,752)
Principal payments		3,217,868
Other		113,268
Change in net position of governmental activities		$ **(1,847,393)**

See accompanying notes to basic financial statements.