

**STATE OF NEW MEXICO
VILLAGE OF WILLARD**

**Accountants' Compilation Report
For the Year Ended
June 30, 2012**

**CALHOON ACCOUNTING &
TAX SERVICES
P.O. BOX 945
ESTANCIA, NM 87016**

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
JUNE 30, 2012**

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**CALHOON ACCOUNTING & TAX SERVICES
PO BOX 945
ESTANCIA, NEW MEXICO 87016**

ACCOUNTANTS' COMPILATION REPORT

Mr. Hector H. Balderas
New Mexico State Auditor
And
Honorable Mayor and Village Council
Village of Willard
Willard, New Mexico

We have compiled the accompanying statement of financial positions of Village of Willard as of and for the Year Ended June 30, 2012, and related statement of activity for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compliance in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During our compilation, we did become aware of a departure from U.S. generally accepted accounting principles that is described in the following paragraph.

A statement of cash flows for the year ended June 30, 2012, has not been presented. U.S. generally accepted accounting principles require that such a statement be presented when financial statements purport to present financial position and results of operations.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Calhoon Accounting & Tax Services
Calhoon Accounting & Tax Services
October 15, 2012

FUND FINANCIAL STATEMENTS

State of New Mexico
VILLAGE OF WILLARD
Balance Sheet
As of June 30, 2012

	General Fund	Fire Protection Fund	Lodgers Tax Fund
Assets			
Current Assets			
Cash and investments	160,817	60,188	179
Accounts Receivables	3,688	-	-
Total assets	164,505	60,188	179
 Liabilities and Fund Balance			
Liabilities			
Accounts payable and accrued liabilities	5,015	336	-
Total liabilities	5,015	336	-
 Fund balance			
Reserved for:			
Retirement of long-term debt	-	22,698	-
Unreserved for:			
Designated	-	-	-
Undesignated, reported in:			
General fund	159,490	-	-
Enterprise fund	-	-	-
Special revenue funds	-	37,154	179
Total fund balance	159,490	59,852	179
Total liabilities and fund balance	\$ 164,505	\$ 60,188	\$ 179

See accountants' compilation report and accompanying notes.

State of New Mexico
VILLAGE OF WILLARD
 Balance Sheet
 As of June 30, 2012

	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Waste Water Fund</u>	<u>Total Funds</u>
Assets				
Current Assets				
Cash and investments	31,836.00	12,172.00	11,993.00	\$ 277,185
Accounts Receivables	<u>4,259</u>	<u>1,625</u>	<u>2,460</u>	<u>12,032</u>
Total assets	<u><u>36,095</u></u>	<u><u>13,797</u></u>	<u><u>14,453</u></u>	<u><u>289,217</u></u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable and accrued liabilities	<u>1,482</u>	<u>101</u>	<u>576</u>	<u>7,510</u>
Total liabilities	<u>1,482</u>	<u>101</u>	<u>576</u>	<u>7,510</u>
Fund balance				
Reserved for:				
Retirement of long-term debt	-	-	-	22,698
Unreserved for:				
Designated	-	-	-	-
Undesignated, reported in:				
General fund	-	-	-	159,490
Enterprise fund	34,613	13,696	13,877	62,186
Special revenue funds	-	-	-	<u>37,333</u>
Total fund balance	<u>34,613</u>	<u>13,696</u>	<u>13,877</u>	<u>281,707</u>
Total liabilities and fund balance	<u><u>\$ 36,095</u></u>	<u><u>\$ 13,797</u></u>	<u><u>\$ 14,453</u></u>	<u><u>\$ 289,217</u></u>

See accountants' compilation report and accompanying notes.

State of New Mexico
VILLAGE OF WILLARD
Statement of Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

Assets

Current Assets

Cash	4,531
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Total assets	\$ 4,531
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Liabilities

Current Liabilities

Deposits held for others	4,531
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Total liabilities	\$ 4,531
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See accountants' compilation report and accompanying notes.

State of New Mexico
VILLAGE OF WILLARD
Statement of Revenues, Expenditures and Changes in Fund Balance
ALL FUNDS
For the Year Ended June 30, 2012

	General Fund	EGRT Fund	EMS Fund
Revenues:			
Taxes	19,829	\$ -	\$ -
Intergovernmental	104,369	-	-
Licenses and permits	235	-	-
Charges for services	13,555	-	-
State Sources	485	-	-
Interest on investments	148	-	-
Environmental Gross Receipts Tax	-	611	-
Miscellaneous	2,843	-	-
Total Revenues	141,464	611	-
Expenditures:			
Current			
General government	4,891	611	770
Finance and administration	83,240	-	-
Culture and recreation	262	-	-
Other - miscellaneous	48,940	-	-
Capital outlay	-	-	-
Debt service-principal	-	-	-
Debt service-interest	-	-	-
Total expenditures	137,333	611	770
Excess (deficiency) of revenues over (under) expenditures	4,131	-	(770)
Other financing sources (uses):			
Issuance of general obligation bonds	-	-	-
Operating transfers in (out)	(213)	-	-
Total other financing sources (uses)	(213)	-	-
Net change in fund balances	3,918	-	(770)
Fund balances - beginning of year	155,572	-	770
Fund balances - end of year	<u>\$ 159,490</u>	<u>\$ -</u>	<u>\$ -</u>

See accountants' compilation report and accompanying notes

State of New Mexico
VILLAGE OF WILLARD
Statement of Revenues, Expenditures and Changes in Fund Balance
ALL FUNDS
For the Year Ended June 30, 2012

	Fire Protection Fund	Lodgers Tax Fund	Municipal Streets Fund	Debt Service Fund
Revenues:				
Taxes	\$ -	\$ -	3,753	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State Sources	49,326	-	-	-
Interest on investments	144	-	-	-
Environmental Gross Receipts Tax	-	-	-	-
Miscellaneous	200	-	-	-
Total Revenues	<u>49,670</u>	<u>-</u>	<u>3,753</u>	<u>-</u>
Expenditures:				
Current				
General government	20,782	-	3,966	-
Finance and administration	-	-	-	-
Culture and recreation	-	-	-	-
Other - miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Debt service-principal	21,370	-	-	5,068
Debt service-interest	4,295	-	-	4,838
Total expenditures	<u>46,447</u>	<u>-</u>	<u>3,966</u>	<u>9,906</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,223</u>	<u>-</u>	<u>(213)</u>	<u>(9,906)</u>
Other financing sources (uses):				
Issuance of general obligation bonds	-	-	-	-
Operating transfers in (out)	-	-	213	9,906
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>213</u>	<u>9,906</u>
Net change in fund balances	3,223	-	-	-
Fund balances - beginning of year	<u>56,629</u>	<u>179</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ 59,852</u>	<u>\$ 179</u>	<u>\$ -</u>	<u>\$ -</u>

See accountants' compilation report and accompanying notes

State of New Mexico
VILLAGE OF WILLARD
Statement of Revenues, Expenditures and Changes in Fund Balance
ALL FUNDS
For the Year Ended June 30, 2012

	Water Fund	Solid Waste Fund	Waste Water Fund	Total Funds
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 23,582
Intergovernmental	-	-	-	104,369
Licenses and permits	-	-	-	235
Charges for services	51,182	18,476	27,688	110,901
State Sources	-	-	-	49,811
Interest on investments	108	-	-	400
Environmental Gross Receipts Tax	-	-	-	611
Miscellaneous	-	-	-	3,043
Total Revenues	51,290	18,476	27,688	292,952
Expenditures:				
Current				
General government	38,313	20,278	26,319	115,930
Finance and administration	-	-	-	83,240
Culture and recreation	-	-	-	262
Other - miscellaneous	-	-	-	48,940
Capital outlay	-	-	-	-
Debt service-principal	-	-	-	26,438
Debt service-interest	-	-	-	9,133
Total expenditures	38,313	20,278	26,319	283,943
Excess (deficiency) of revenues over (under) expenditures	12,977	(1,802)	1,369	9,009
Other financing sources (uses):				
Issuance of general obligation bonds	-	-	-	-
Operating transfers in (out)	(6,415)	-	(3,491)	-
Total other financing sources (uses)	(6,415)	-	(3,491)	-
Net change in fund balances	6,562	(1,802)	(2,122)	9,009
Fund balances - beginning of year	28,051	15,498	15,999	272,698
Fund balances - end of year	<u>\$ 34,613</u>	<u>\$ 13,696</u>	<u>\$ 13,877</u>	<u>\$ 281,707</u>

See accountants' compilation report and accompanying notes

State of New Mexico
VILLAGE OF WILLARD
Statement of Changes in Assets and Liabilities -
Agency Funds
For the Year Ended June 30, 2012

	<u>Balance</u> <u>June 30,</u> <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>2012</u>
<u>Assets</u>				
Water Meter Fund	4,075	983	(581)	4,477
Children's Christmas Fund	54	-	-	54
	<u>4,129</u>	<u>983</u>	<u>(581)</u>	<u>4,531</u>
Total Assets	<u>\$ 4,129</u>	<u>\$ 983</u>	<u>\$ (581)</u>	<u>\$ 4,531</u>
Liabilities				
Deposits held for others	4,129	983	\$ (581)	4,531
	<u>4,129</u>	<u>983</u>	<u>(581)</u>	<u>4,531</u>
Total Liabilities	<u>\$ 4,129</u>	<u>\$ 983</u>	<u>\$ (581)</u>	<u>\$ 4,531</u>

See accountants' compilation report and accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF WILLARD
Notes to the Financial Statements
YEAR ENDED JUNE 30, 2012

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village of Willard was incorporated in 1910 under Section 3 New Mexico State Statues Annotated 1978 Compilation operating under a Mayor-council form of government and provides the following services as authorized: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation and general administrative services.

The Village of Willard follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The Village is not a component of any other governmental entity and the Village has no component units.

The financial statements of the Village of Willard have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The more significant of the government's accounting policies are described below.

Basis of Presentation

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures.

Governmental Funds

The Village reports the following governmental funds:

- a. General Fund - the Village's primary operating fund. It accounts for all the financial resources of the general government except those required to be accounted for in another fund.
- b. Special Revenue Funds – used to account for the grant/contract received and is legally restricted to expenditures for specific purposes.
- c. Capital Outlay Fund – used to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
Notes to the Financial Statements (continued)
YEAR ENDED JUNE 30, 2012

- d. Debt Service Fund – accounts for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The Village reports the following proprietary funds:

- a. Water Fund – used to account for the activities of the Village’s water operations.
- b. Waste Water Fund – used to account for waste water activities of the Village’s operations.
- c. Solid Waste Fund – accounts for the collection and disposal of solid waste.

Additionally the Village reports the following fiduciary funds:

- a. Children’s Christmas Fund - are donations held in the Village’s name for the benefit of the Village’s children at Christmas.
- b. Water Meter Deposit Fund – used to account for the collection and payment of water meter deposits.

Measurement Focus and Basis Accounting

The governmental fund statements are reporting using the current measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when they are both measurable and available. The village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Budgetary Data

Budgets are submitted with original requests for grants through the approval of the Village Councilors. Modifications are made to these budgets as funding levels are changed or as program requirements change. These budgets represent the financial plan of the Village.

Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
Notes to the Financial Statements (continued)
YEAR ENDED JUNE 30, 2012

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.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities. Capital assets are defined by the government as assets with a cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation.

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	30
Building Improvements	30
Public domain infrastructure	30
System infrastructure	30
Heavy equipment	10
Vehicles	5
Office equipment/furniture & fixtures	5-7
Software	3

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

STATE OF NEW MEXICO
VILLAGE OF WILLARD
Notes to the Financial Statements (continued)
YEAR ENDED JUNE 30, 2012

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The designation of the fund balances represent tentative management plans that are subject to change.

Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in a separate bank account and their use is limited by the applicable bond covenant. The "debt service reserve" account is used to report resources set aside for the purpose of debt service repayments.

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from those estimates.

Revenues and Expenditures

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 Village financial records. Income on investments is recorded when the investments have matured and the income available.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
Notes to the Financial Statements (continued)
YEAR ENDED JUNE 30, 2012**

NOTE 2- CASH AND CASH EQUIVALENTS

At June 30, 2012, cash and cash equivalents consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Carrying amount of deposits	<u>\$277,185</u>	<u>\$280,605</u>
Total	<u>\$277,185</u>	<u>\$280,605</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 the village. The Village does not have a deposit policy for custodial credit risk. At June 30, 2012, the carrying amount of the Village's deposits at MyBank was \$254,487 and the bank balance was \$257,907. At June 30, 2012, the Village's deposits, in compliance with federal cash management regulations, were entirely covered by federal depository insurance or by collateral held by the pledging financial institution.

NOTE 3- RISK MANAGEMENT

The village is exposed to various risk of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. Commercial insurance coverage is purchased for claims arising from such matters. 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.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD**

**Independent Accountants' Report on
Applying Agreed-Upon Procedures**

JUNE 30, 2012

**CALHOON ACCOUNTING &
TAX SERVICES
P.O. BOX 945
ESTANCLIA, NM 87016**

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
JUNE 30, 2012**

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**STATE OF NEW MEXICO
VILLAGE OF WILLARD
Official Roster
JUNE 30, 2012**

Village Council

Name	Title
Robert Chavez	Mayor
Ricardo Garcia	Mayor Pro-Tem
Fay Chavez	Council Member
Arlene Mendez	Council Member
Jerry Pack, Sr.	Council Member

Village Administration

Emily Sanchez	Clerk/Treasurer
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**CALHOON ACCOUNTING & TAX SERVICES
PO BOX 945
ESTANCLIA, NEW MEXICO 87016**

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Mr. Hector H. Balderas
New Mexico State Auditor
And
Honorable Mayor and Village Council
Village of Willard
Willard, New Mexico

We have performed the procedures enumerated below which were agreed to by Village of Willard (Village) and New Mexico State Auditor (the specified parties), solely to users in evaluating the Village's financial reporting relating to its Cash, Capital Assets, Debt, Revenue, Expenditures, Journal Entries, Budget and Capital Outlay Appropriations information and its compliance with Section 12-6-3B (6) NMSA 1978 and Section 2.2.2.16 NMAC as of and for the year ended June 30, 2012. The Village is responsible for its financial reporting to the State Auditor as described above. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

In accordance with Tier 6 of the Audit Act – Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, we perform the following procedures:

1. CASH

Procedures

- a. Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand. For purposes of performing our procedures “timely” means completion of the bank reconciliations within one month after the last day of the reporting month and “complete” means that statements for bank and investment accounts are all accounted for by the Village.
- b. Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division (DFA-LGD). For purposes of performing our procedures “accuracy” means that reconciling items agree to deposit slips and subsequent bank or investment statements.
- c. Determine whether the local public body’s financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results of Procedures 1 (a) – 1 (c)

No instances of noncompliance were noted as a result of performing the procedures described in 1 (a) – 1 (c).

2. CAPITAL ASSETS

Procedures

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

Results of Procedure 2

The Village is performing a yearly inventory as required by Section 12-6-10 NMSA 1978 but is not maintaining a capital asset depreciation schedule. This has been noted as finding 06-09 of this report.

3. DEBT

Procedures

If the local public body has any debt, verify that the required payments were made during the year. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements.

Results of Procedure 3

The Village is in compliance with the debt payments and reserve requirements.

4. REVENUE

Procedures

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- a. Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Selected a sample of revenues and tested for the following attributes:

- b. Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- c. Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

Results of Procedures 4 (a) – 4 (c)

- a. Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- b. Amounts recorded on General Ledger generated through QuickBooks agreed with supporting documentation and the bank statements.
- c. Amounts were properly recorded on a cash basis as to classification, amount and period per review of documentation.

5. EXPENDITURES

Procedures

Select a sample of cash disbursements and test transactions and test using the following attributes:

- a. Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. For purposes of performing our procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.
- c. Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results of Procedures 5 (a) – 5 (c)

- a. Amounts recorded as disbursed agree to adequate supporting documentation.
- b. Disbursements were properly authorized, approved and in compliance.
- c. The bid process (or request for proposal process, if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

6. JOURNAL ENTRIES

Procedures

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger; test significant items for the following attributes:

- a. Journal entries appear reasonable and have supporting documentation.

- b. The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedures 6 (a) – 6 (b)

- a. The Village utilizes QuickBooks to record transactions. The journal entries posted for the year ended June 30, 2012 were authorized and approved.
- b. We also noted the Village does not have a policy regarding journal entries or their approval process.

7. BUDGET

Procedures

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a. Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustment were approved by the local public body's governing body and DFA-LGD.
- b. Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c. From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual, or modified accrual basis) for each individual fund.

Results of Procedures 7 (a) – 7 (c)

- a. The review of the Village minutes indicates that the original budget and budget adjustments were approved by the Village Council.
- b. Total actual expenditures did not exceed the final budget at the total funds level, the legal level of budgetary control.
- c. A Schedule of Revenues and Expenditures – Budget and Actual was prepared from the Village records on the Non-GAAP Budgetary Basis.

8. CAPITAL OUTLAY APPROPRIATIONS

Procedures

Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital award funds expended by the recipient during the fiscal year.

Test all capital outlay expenditures during the fiscal year to:

- a. Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.
- b. Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.
- c. Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts, and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d. Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e. Verify that state reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f. If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g. If the project is complete, determine if there is an unexpected balance and whether it was reverted per statute and agreement with the grantor.
- h. Determine whether cash received for the award was accounted for in a separate bank account that is non-interest bearing if so required by the capital outlay award agreement.
- i. Determine whether reimbursement requests were properly supported by cost incurred by the recipient.

Results of Procedures on capital Outlay Appropriations

No capital outlay was expended during the fiscal year end, June 30, 2012.

9. OTHER

Procedures

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6-NMSA 1978. The findings must include the required content per Section 2.2.2.10(0(3) (C) NMAC.

Results of Procedures- Other

No additional information indicating any fraud, illegal acts, noncompliance, or internal control deficiencies came to the attention of the auditor.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the village's financial reporting to the State Auditor as described above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Village and the New Mexico Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Calhoon Accounting & Tax Services

Calhoon Accounting & Tax Services

October 15, 2012

State of New Mexico
VILLAGE OF WILLARD
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 31,300	\$ 19,907	19,829	\$ (78)
Intergovernmental	67,601	102,245	104,369	2,124
Licenses and permits	235	235	235	-
Charges for services	10,750	12,050	12,698	648
State Forestry	300	300	485	185
Interest on investments	200	200	148	(52)
Miscellaneous	100	2,843	2,843	-
<i>Total revenues</i>	<u>110,486</u>	<u>137,780</u>	<u>140,607</u>	<u>2,827</u>
<i>Expenditures:</i>				
General government	7,800	7,800	5,252	2,548
Finance and administration	94,685	128,173	83,240	44,933
Culture and recreation	1,970	1,970	262	1,708
Other - miscellaneous	17,935	17,935	48,940	(31,005)
<i>Total expenditures</i>	<u>122,390</u>	<u>155,878</u>	<u>137,694</u>	<u>18,184</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	16,541	16,541	213	16,328
<i>Total other financing sources (uses)</i>	<u>16,541</u>	<u>16,541</u>	<u>213</u>	<u>16,328</u>
Net change in fund balances	<u>16,541</u>	<u>16,541</u>	<u>2,700</u>	<u>-</u>
Cash balances - beginning of year	<u>(16,541)</u>	<u>(16,541)</u>	<u>158,117</u>	<u>-</u>
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,817</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 2,700	
Adjustment to revenues for accruals and other deferrals			857	
Adjustment to expenditures for payables, prepaids and other accruals			<u>361</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 3,918</u>	

State of New Mexico
VILLAGE OF WILLARD
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue - Environmental Gross Receipts Tax Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Environmental Gross Receipts Tax	600	612	611	(1)
<i>Total revenues</i>	<u>600</u>	<u>612</u>	<u>611</u>	<u>(1)</u>
<i>Expenditures:</i>				
Health and welfare	600	612	611	1
<i>Total expenditures</i>	<u>600</u>	<u>612</u>	<u>611</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

State of New Mexico
VILLAGE OF WILLARD
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
EMS Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
State sources	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Operating expense	-	770	770	-
<i>Total expenditures</i>	-	770	770	-
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
Net change in fund balances	-	(770)	(770)	-
Cash balances - beginning of year	-	770	770	
Cash balances - end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (770)	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (770)	

State of New Mexico
VILLAGE OF WILLARD
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue - Fire Protection Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Local sources	\$ -	\$ -	200	\$ 200
State sources	51,636	49,326	49,326	-
Earnings from investments	-	-	144	144
Total revenues	51,636	49,326	49,670	344
<i>Expenditures:</i>				
Public safety	56,340	56,340	24,741	31,599
Debt Service	-	-	21,370	(21,370)
Total expenditures	56,340	56,340	46,111	10,229
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(4,704)	(7,014)	3,559	-
Cash balances - beginning of year	4,704	7,014	56,629	
Cash balances - end of year	\$ -	\$ -	\$ 60,188	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 3,559	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(336)	
Net change in fund balance (GAAP Basis)			\$ 3,223	

State of New Mexico
VILLAGE OF WILLARD
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue - Municipal Streets Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 3,753	\$ 3,753	3,753	\$ -
State sources	48,581	48,581	-	(48,581)
Total revenues	52,334	52,334	3,753	(48,581)
<i>Expenditures:</i>				
Highways and streets	68,875	68,875	3,966	64,909
Capital outlay	-	-	-	-
Total expenditures	68,875	68,875	3,966	64,909
<i>Other financing sources (uses)</i>				
Transfers in	16,541	16,541	213	16,328
Transfers out	-	-	-	-
Total other financing sources (uses)	16,541	16,541	213	16,328
Net change in fund balances	-	-	-	-
Cash balances - beginning of year	-	-	-	-
Cash balances - end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

State of New Mexico
VILLAGE OF WILLARD
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Capital Outlay Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
CDBG grant	35,000	35,000	0	(35,000)
State grants	-	-	-	-
Legislative Appropriations	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
<i>Expenditures:</i>				
Utilities	-	-	-	-
Infrastructure	-	-	-	-
Other	35,000	35,000	0	35,000
<i>Total expenditures</i>	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>35,000</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

State of New Mexico
VILLAGE OF WILLARD
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Debt Service Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Investment Income - Debt Service	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Waste Water - Principal	3,068	3,068	3,068	-
Waste Water - Interest	423	423	423	-
Water - Principal	2,100	2,100	2,000	100
Water - Interest	4,415	4,415	4,415	-
<i>Total expenditures</i>	10,006	10,006	9,906	100
<i>Other financing sources (uses)</i>				
Transfers in	10,006	10,006	9,906	100
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	10,006	10,006	9,906	100
Net change in fund balances	-	-	-	-
Cash balances - beginning of year	-	-	-	-
Cash balances - end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

State of New Mexico
VILLAGE OF WILLARD
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Enterprise - Water Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Charges for services	49,535	52,411	52,025	(386)
Interest on investment	-	-	108	108
Total revenues	49,535	52,411	52,133	(278)
<i>Expenditures:</i>				
Water	37,602	39,999	37,611	2,388
Total expenditures	37,602	39,999	37,611	2,388
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	(6,415)	(6,415)	(6,415)	-
Total other financing sources (uses)	(6,415)	(6,415)	(6,415)	-
Net change in fund balances	5,518	5,997	8,107	2,666
Cash balances - beginning of year	(5,518)	(5,997)	23,729	
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,836</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 8,107	
Adjustment to revenues for accruals and other deferrals			(843)	
Adjustment to expenditures for payables, prepaids and other accruals			(702)	
Net change in fund balance (GAAP Basis)			<u>\$ 6,562</u>	

State of New Mexico
VILLAGE OF WILLARD
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Enterprise - Solid Waste Fund
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Charges for services	19,665	19,665	18,698	(967)
Interest on investments	-	-	-	-
Total revenues	19,665	19,665	18,698	(967)
<i>Expenditures:</i>				
Solid Waste	23,248	23,248	21,868	1,380
Total expenditures	23,248	23,248	21,868	1,380
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(3,583)	(3,583)	(3,170)	-
Cash balances - beginning of year	3,583	3,583	15,342	
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,172</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (3,170)	
Adjustment to revenues for accruals and other deferrals			(222)	
Adjustment to expenditures for payables, prepaids and other accruals			<u>1,590</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (1,802)</u>	

State of New Mexico
VILLAGE OF WILLARD
Schedule of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Enterprise - Waste Water
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Charges for services	26,500	26,500	28,061	1,561
Investment Income	-	-	-	-
<i>Total revenues</i>	<u>26,500</u>	<u>26,500</u>	<u>28,061</u>	<u>1,561</u>
<i>Expenditures:</i>				
Waste Water	26,479	26,479	26,208	271
<i>Total expenditures</i>	<u>26,479</u>	<u>26,479</u>	<u>26,208</u>	<u>271</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	(3,491)	(3,491)	(3,491)	-
<i>Total other financing sources (uses)</i>	<u>(3,491)</u>	<u>(3,491)</u>	<u>(3,491)</u>	<u>-</u>
Net change in fund balances	<u>(3,470)</u>	<u>(3,470)</u>	<u>(1,638)</u>	<u>-</u>
Cash balances - beginning of year	<u>3,470</u>	<u>3,470</u>	<u>13,631</u>	
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,993</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (1,638)	
Adjustment to revenues for accruals and other deferrals			(373)	
Adjustment to expenditures for payables, prepaids and other accruals			(111)	
Net change in fund balance (GAAP Basis)			<u>\$ (2,122)</u>	

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
Schedule of Findings and Responses
YEAR ENDED JUNE 30, 2012**

Prior Year Finding

06-09 Depreciation Schedule - Repeated
11-01 Billing Procedures - Resolved

06-09 Depreciation Schedule

Condition – A complete current depreciation schedule was not available.

Criteria – GASBS Cod. Section 1400 and GASBS 34.116-117 require entities to maintain a depreciation schedule for all capital assets annually.

Cause – The prior management did not compile a schedule. The current management is compiling a schedule.

Effect – The capital asset records could be overstated or understated.

Recommendation – The Village should continue to prepare a depreciation schedule and bring it current.

Response – Current management is working with outside help on getting a complete schedule.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
Exit Conference
YEAR ENDED JUNE 30, 2012**

The report contents were discussed at an exit conference held on October 15, 2012, with the following in attendance:

Village of Willard

Robert Chavez, Mayor
Ricardo Garcia, Mayor Pro-Tem
Emily Sanchez, Clerk/Treasurer

Accounting Firm

Renea L. Calhoon, CPA