

**STATE OF NEW MEXICO  
VILLAGE OF WILLARD**

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

**JUNE 30, 2013**

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

**STATE OF NEW MEXICO  
VILLAGE OF WILLARD  
JUNE 30, 2013**

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**STATE OF NEW MEXICO  
VILLAGE OF WILLARD  
Official Roster  
JUNE 30, 2013**

**Village Council**

<b>Name</b>	<b>Title</b>
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  
ESTANCIA, NEW MEXICO 87016**

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**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

I have performed certain agreed-upon procedures, as enumerated below, with respect to the Village of Willard (Village), for the year ended June 30, 2013. The Village was determined to be a Tier 6 entity under the Audit Act, Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Village through the Office of the New Mexico State Auditor. The Village is responsible for its financial reporting to the State Auditor as described above. The Village's management is responsible for the organization's accounting records. 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, I 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, I performed 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 converted from QuickBooks to Caselle Clarity Accounting mid-year. The process of converting to a new accounting program created additional journal entries that normally wouldn't be necessary. I reviewed the accounting records and journal entries and all appear reasonable and necessary and have adequate supporting documentation.
- b. I 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**

The Village received a planning grant for a waste water system from the New Mexico Finance Authority (NMFA) for up to \$50,000. The grant flowed through the NMFA. The amount expended was to Dennis Engineering for \$45,830 and the remaining amount of \$4,170 was forfeited since it was not needed or used. The grant revenue and expenditure was recorded at \$45,830.

## **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**

The Independent Public Accountant Recommendation Form was not submitted to the Office of the State Auditor by the May 15, 2013 deadline. This has been noted as finding 2013-01 of this report.

I was 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, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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  
Estancia, New Mexico  
November 18, 2013

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, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 18,400	\$ 18,400	\$ 15,974	\$ (2,426)
Intergovernmental	64,001	64,001	79,589	15,588
Licenses and permits	235	235	305	70
Charges for services	11,200	11,200	11,350	150
State Forestry	-	-	-	-
Interest on investments	140	140	62	(78)
Miscellaneous	-	-	2,321	2,321
<i>Total revenues</i>	<u>93,976</u>	<u>93,976</u>	<u>109,601</u>	<u>15,625</u>
<i>Expenditures:</i>				
General government	5,400	5,400	5,043	357
Finance and administration	84,794	84,794	78,748	6,046
Culture and recreation	-	-	-	-
Other - miscellaneous	18,232	18,232	17,811	421
<i>Total expenditures</i>	<u>108,426</u>	<u>108,426</u>	<u>101,602</u>	<u>6,824</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	(14,785)	(14,785)	(1,750)	(13,035)
<i>Total other financing sources (uses)</i>	<u>(14,785)</u>	<u>(14,785)</u>	<u>(1,750)</u>	<u>(13,035)</u>
Net change in fund balances	<u>(29,235)</u>	<u>(29,235)</u>	<u>6,249</u>	<u>-</u>
Cash balances - beginning of year	<u>29,235</u>	<u>29,235</u>	<u>158,923</u>	<u>-</u>
Cash balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,172</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 6,249	
Adjustment to revenues for accruals and other deferrals			2,119	
Adjustment to expenditures for payables, prepaids and other accruals			<u>3,977</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 12,345</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) <u>Final to Actual</u>
<i>Revenues:</i>				
Environmental Gross Receipts Tax	\$ 600	\$ 600	\$ 385	\$ (215)
<i>Total revenues</i>	<u>600</u>	<u>600</u>	<u>385</u>	<u>(215)</u>
<i>Expenditures:</i>				
Health and welfare	600	600	385	215
<i>Total expenditures</i>	<u>600</u>	<u>600</u>	<u>385</u>	<u>215</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	-	-	-	-
Cash balances - beginning of year	-	-	-	-
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)**  
**Special Revenue - Fire Protection Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
State sources	\$ 48,476	\$ 48,476	\$ 48,476	\$ -
Earnings from investments	-	-	118	118
Miscellaneous	-	-	35	35
<b>Total revenues</b>	<b>48,476</b>	<b>48,476</b>	<b>48,629</b>	<b>153</b>
<i>Expenditures:</i>				
Public safety	54,068	54,068	24,779	29,289
Debt Service	-	-	21,775	(21,775)
<b>Total expenditures</b>	<b>54,068</b>	<b>54,068</b>	<b>46,554</b>	<b>7,514</b>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(5,592)	(5,592)	2,075	-
Cash balances - beginning of year	5,592	5,592	60,188	
Cash balances - end of year	\$ -	\$ -	\$ 62,263	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 2,075	
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)			<u>\$ 2,411</u>	

**State of New Mexico**  
**VILLAGE OF WILLARD**  
**Schedule of Revenues and Expenditures -**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Special Revenue - Lodgers Tax Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
State shared taxes	\$ 1	\$ 1	\$ -	\$ (1)
<b>Total revenues</b>	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
<i>Expenditures:</i>				
Culture and recreation	1	1	-	1
<b>Total expenditures</b>	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash balances - beginning of year</b>	<u>-</u>	<u>-</u>	<u>179</u>	
<b>Cash balances - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179</u>	<u>\$ -</u>
<b>Net change in fund balance (Non-GAAP Budgetary Basis)</b>			<u>\$ -</u>	
Adjustment to revenues for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
<b>Net change in fund balance (GAAP Basis)</b>			<u>\$ -</u>	

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, 2013

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues:</i>				
Taxes	\$ 3,753	\$ 3,753	\$ 3,753	\$ -
State sources	108,391	108,391	64,250	(44,141)
<b>Total revenues</b>	<u>112,144</u>	<u>112,144</u>	<u>68,003</u>	<u>(44,141)</u>
<i>Expenditures:</i>				
Highways and streets	126,929	126,929	68,486	58,443
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>126,929</u>	<u>126,929</u>	<u>68,486</u>	<u>58,443</u>
<i>Other financing sources (uses)</i>				
Transfers in	14,785	14,785	483	14,302
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>14,785</u>	<u>14,785</u>	<u>483</u>	<u>14,302</u>
Net change in fund balances	-	-	-	-
Cash balances - beginning of year	-	-	-	-
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)**  
**State Forestry Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
State sources	\$ 400	\$ 400	\$ -	\$ (400)
<b>Total revenues</b>	<b>400</b>	<b>400</b>	<b>-</b>	<b>(400)</b>
<i>Expenditures:</i>				
Operating expense	400	410	410	-
<b>Total expenditures</b>	<b>400</b>	<b>410</b>	<b>410</b>	<b>-</b>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	(10)	(410)	400
Cash balances - beginning of year	-	10	1,894	
Cash balances - end of year	\$ -	\$ -	\$ 1,484	\$ 400
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (410)	
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>\$ (410)</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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Charges for services	\$ 25,238	\$ 29,607	\$ 29,608	\$ 1
State Sources	50,000	50,000	45,830	(4,170)
Investment Income	-	-	0	-
<b>Total revenues</b>	<b>75,238</b>	<b>79,607</b>	<b>75,438</b>	<b>(4,169)</b>
<i>Expenditures:</i>				
Waste Water	25,666	28,215	27,645	570
Capital outlay	50,000	50,000	45,830	4,170
Debt service principal	5,067	5,067	5,098	(31)
Debt service interest	4,740	4,740	4,708	32
<b>Total expenditures</b>	<b>85,473</b>	<b>88,022</b>	<b>83,281</b>	<b>4,741</b>
<i>Other financing sources (uses)</i>				
Transfers in	9,807	9,807	7,763	2,044
Transfers out	(3,491)	(3,491)	-	(3,491)
<b>Total other financing sources (uses)</b>	<b>6,316</b>	<b>6,316</b>	<b>7,763</b>	<b>(1,447)</b>
<b>Net change in fund balances</b>	<b>(3,919)</b>	<b>(2,099)</b>	<b>(80)</b>	<b>-</b>
Cash balances - beginning of year	3,919	2,099	11,993	
Cash balances - end of year	\$ -	\$ -	\$ 11,913	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (80)	
Adjustment to revenues for accruals and other deferrals			1,012	
Adjustment to expenditures for payables, prepaids and other accruals			(85)	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ 847</b>	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Charges for services	\$ 18,143	\$ 20,067	\$ 20,067	\$ -
Interest on investments	-	-	-	-
<b>Total revenues</b>	<b>18,143</b>	<b>20,067</b>	<b>20,067</b>	<b>-</b>
<i>Expenditures:</i>				
Solid Waste	18,766	20,353	19,946	407
<b>Total expenditures</b>	<b>18,766</b>	<b>20,353</b>	<b>19,946</b>	<b>407</b>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(623)</b>	<b>(286)</b>	<b>121</b>	<b>-</b>
Cash balances - beginning of year	623	286	12,172	
Cash balances - end of year	\$ -	\$ -	\$ 12,293	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 121	
Adjustment to revenues for accruals and other deferrals			715	
Adjustment to expenditures for payables, prepaids and other accruals			(306)	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ 530</b>	

**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, 2013**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Charges for services	\$ 45,214	\$ 45,214	\$ 46,495	\$ 1,281
Interest on investment	44	44	151	107
<b>Total revenues</b>	<b>45,258</b>	<b>45,258</b>	<b>46,646</b>	<b>1,388</b>
<i>Expenditures:</i>				
Water	36,254	36,254	32,598	3,656
<b>Total expenditures</b>	<b>36,254</b>	<b>36,254</b>	<b>32,598</b>	<b>3,656</b>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers out	(6,316)	(6,316)	(6,496)	180
<b>Total other financing sources (uses)</b>	<b>(6,316)</b>	<b>(6,316)</b>	<b>(6,496)</b>	<b>180</b>
<b>Net change in fund balances</b>	<b>2,688</b>	<b>2,688</b>	<b>7,552</b>	<b>2,088</b>
Cash balances - beginning of year	(2,688)	(2,688)	31,836	
Cash balances - end of year	\$ -	\$ -	\$ 39,388	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 7,552	
Adjustment to revenues for accruals and other deferrals			1,795	
Adjustment to expenditures for payables, prepaids and other accruals			(244)	
<b>Net change in fund balance (GAAP Basis)</b>			<b>\$ 9,103</b>	

**STATE OF NEW MEXICO  
VILLAGE OF WILLARD  
Schedule of Findings and Responses  
YEAR ENDED JUNE 30, 2013**

**Prior Year Finding**

2006-09 Depreciation Schedule - Repeated

**Current Year Finding**

2013-01 Late Independent Public Accountant (IPA) Recommendation Form

**2006-09 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.

**2013-01 Late IPA Recommendation Report**

**Condition** – The IPA Recommendation Report was submitted to the Office of the State Auditor after the required deadline.

**Criteria** – Section 2.2.2.8(G)(6)(c) Audit Rule 2013, requires the Village deliver a completed and signed IPA Recommendation Form for to the Office of the State Auditor by May 15<sup>th</sup>.

**Cause** – Management did not submit the report by the required deadline.

**Effect** – Non-compliance with the Office of the State Auditor regulations.

**Recommendation** – Submit the required form in a timely in the future.

**Response** – Concur with the auditor recommendation.

**STATE OF NEW MEXICO  
VILLAGE OF WILLARD  
Exit Conference  
YEAR ENDED JUNE 30, 2013**

The report contents were discussed at an exit conference held on November 18, 2013, with the following in attendance:

**Village of Willard**

Robert Chavez, Mayor  
Faye Chavez, Council Member  
Emily Sanchez, Clerk/Treasurer

**Accounting Firm**

Renea L. Calhoon, CPA  
Calhoon Accounting & Tax Services

**STATE OF NEW MEXICO  
VILLAGE OF WILLARD**

**Accountants' Compilation Report  
For the Year Ended  
June 30, 2013**

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

**STATE OF NEW MEXICO  
VILLAGE OF WILLARD  
JUNE 30, 2013**

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

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**ACCOUNTANTS' COMPILATION REPORT**

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

I have compiled the accompanying statement of financial position of the Village of Willard as of and for the Year Ended June 30, 2013, and the related statement of activity for the year then ended. I 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.

My 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 my compilation, I did become aware of a departure from U.S. generally accepted accounting principles that is described in the following paragraphs.

Management has elected to omit the cash flow statement, government-wide financial statements and the notes related to the government-wide financial statements required by accounting principles generally accepted in the United States of America. If the omitted cash flow statement, government-wide financial statements and related note disclosures were included in the financial statements, they might influence the user's conclusions about the local public body's financial position, respective changes in financial position and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I 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  
Estancia, New Mexico  
November 18, 2013



**FUND FINANCIAL STATEMENTS**

2018

State of New Mexico  
**VILLAGE OF WILLARD**  
 Balance Sheet  
 As of June 30, 2013

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Lodgers Tax Fund</u>	<u>State Forestry Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and investments	\$ 165,172	\$ 62,263	\$ 179	\$ 1,484	\$ 229,098
Accounts Receivables	5,807	-	-	-	5,807
Total assets	<u>\$ 170,979</u>	<u>\$ 62,263</u>	<u>\$ 179</u>	<u>\$ 1,484</u>	<u>\$ 234,905</u>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 1,038	\$ -	\$ -	\$ -	\$ 1,038
Total liabilities	<u>1,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,038</u>
<b>Fund balance</b>					
Reserved for:					
Retirement of long-term debt	-	22,776	-	-	22,776
Unreserved for:					
Designated	-	-	-	-	-
Undesignated, reported in:					
General fund	169,941	-	-	-	169,941
Enterprise fund	-	-	-	-	-
Special revenue funds	-	39,487	179	1,484	41,150
Total fund balance	<u>169,941</u>	<u>62,263</u>	<u>179</u>	<u>1,484</u>	<u>233,867</u>
Total liabilities and fund balance	<u>\$ 170,979</u>	<u>\$ 62,263</u>	<u>\$ 179</u>	<u>\$ 1,484</u>	<u>\$ 234,905</u>

See accountants' compilation report and accompanying notes.

**State of New Mexico  
VILLAGE OF WILLARD  
Balance Sheet  
As of June 30, 2013**

	<u>Waste Water Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total Proprietary Funds</u>	<u>Total Governmental &amp; Proprietary Funds</u>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and investments	\$ 11,913	\$ 12,293	\$ 39,388	\$ 63,594	\$ 292,692
Accounts Receivables	<u>3,472</u>	<u>2,340</u>	<u>6,054</u>	<u>11,866</u>	<u>17,673</u>
Total assets	<u>\$ 15,385</u>	<u>\$ 14,633</u>	<u>\$ 45,442</u>	<u>\$ 75,460</u>	<u>\$ 310,365</u>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 661	\$ 407	\$ 1,726	\$ 2,794	\$ 3,832
Total liabilities	<u>661</u>	<u>407</u>	<u>1,726</u>	<u>2,794</u>	<u>3,832</u>
<b>Fund balance</b>					
Reserved for:					
Retirement of long-term debt	-	-	-	-	22,776
Unreserved for:					
Designated					
Undesignated, reported in:	-	-	-	-	-
General fund	-	-	-	-	169,941
Enterprise fund	14,724	14,226	43,716	72,666	72,666
Special revenue funds	-	-	-	-	<u>41,150</u>
Total fund balance	<u>14,724</u>	<u>14,226</u>	<u>43,716</u>	<u>72,666</u>	<u>306,533</u>
Total liabilities and fund balance	<u>\$ 15,385</u>	<u>\$ 14,633</u>	<u>\$ 45,442</u>	<u>\$ 75,460</u>	<u>\$ 310,365</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, 2013**

	<u>Water Meter Fund</u>	<u>Childrens Christmas Fund</u>	<u>Total Agency Funds</u>
<b>Assets</b>			
Current Assets			
Cash	4,611	54	4,665
Total assets	\$ 4,611	\$ 54	\$ 4,665
<b>Liabilities</b>			
Current Liabilities			
Deposits held for others	4,611	54	4,665
Total liabilities	\$ 4,611	\$ 54	\$ 4,665

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, 2013**

	General Fund	EGRT Fund	Fire Protection Fund	Lodgers Tax Fund
<b>Revenues:</b>				
Taxes	\$ 15,974	\$ -	\$ -	\$ -
Intergovernmental	79,589	-	-	-
Licenses and permits	305	-	-	-
Charges for services	13,469	-	-	-
State Sources	-	-	48,476	-
Interest on investments	62	-	118	-
Environmental Gross Receipts Tax	-	385	-	-
Miscellaneous	2,321	-	35	-
<b>Total Revenues</b>	<b>111,720</b>	<b>385</b>	<b>48,629</b>	<b>-</b>
<b>Expenditures:</b>				
<b>Current</b>				
General operating	5,043	-	-	-
Finance and administration	74,771	-	-	-
Public safety	-	-	20,553	-
Highways and streets	-	-	-	-
Health and welfare	-	385	-	-
Other - miscellaneous	17,811	-	-	-
Capital outlay	-	-	-	-
Debt service-principal	-	-	21,775	-
Debt service-interest	-	-	3,890	-
<b>Total expenditures</b>	<b>97,625</b>	<b>385</b>	<b>46,218</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	14,095	-	2,411	-
<b>Other financing sources (uses):</b>				
Operating transfers in (out)	(1,750)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,750)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	12,345	-	2,411	-
Fund balances - beginning of year	157,596	-	59,852	179
Fund balances - end of year	<b>\$ 169,941</b>	<b>\$ -</b>	<b>\$ 62,263</b>	<b>\$ 179</b>

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, 2013**

	Municipal Streets Fund	State Forestry Fund	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 3,753	\$ -	\$ 19,727
Intergovernmental	-	-	79,589
Licenses and permits	-	-	305
Charges for services	-	-	13,469
State Sources	64,250	-	112,726
Interest on investments	-	-	180
Environmental Gross Receipts Tax	-	-	385
Miscellaneous	-	-	2,356
<b>Total Revenues</b>	<b>68,003</b>	<b>-</b>	<b>228,737</b>
<b>Expenditures:</b>			
<b>Current</b>			
General operating	-	410	5,453
Finance and administration	-	-	74,771
Public safety	-	-	20,553
Highways and streets	68,486	-	68,486
Health and welfare	-	-	385
Other - miscellaneous	-	-	17,811
Capital outlay	-	-	-
Debt service-principal	-	-	21,775
Debt service-interest	-	-	3,890
<b>Total expenditures</b>	<b>68,486</b>	<b>410</b>	<b>213,124</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(483)</b>	<b>(410)</b>	<b>15,613</b>
<b>Other financing sources (uses):</b>			
Operating transfers in (out)	483	-	(1,267)
<b>Total other financing sources (uses)</b>	<b>483</b>	<b>-</b>	<b>(1,267)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(410)</b>	<b>14,346</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>1,894</b>	<b>219,521</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ 1,484</b>	<b>\$ 233,867</b>

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, 2013

	Waste Water Fund	Solid Waste Fund	Water Fund	Total Proprietary Funds	Total Proprietary & Govt. Funds
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 19,727
Intergovernmental	-	-	-	-	79,589
Licenses and permits	-	-	-	-	305
Charges for services	30,620	20,782	48,290	99,692	113,161
State Sources	45,830	-	-	45,830	158,556
Interest on investments	-	-	151	151	331
Environmental Gross Receipts Tax	-	-	-	-	385
Miscellaneous	-	-	-	-	2,356
Total Revenues	<u>76,450</u>	<u>20,782</u>	<u>48,441</u>	<u>145,673</u>	<u>374,410</u>
<b>Expenditures:</b>					
<b>Current</b>					
General operating	27,730	20,252	32,842	80,824	86,277
Finance and administration	-	-	-	-	74,771
Public safety	-	-	-	-	20,553
Highways and streets	-	-	-	-	68,486
Health and welfare	-	-	-	-	385
Other - miscellaneous	-	-	-	-	17,811
Capital outlay	45,830	-	-	45,830	45,830
Debt service-principal	5,098	-	-	5,098	26,873
Debt service-interest	4,708	-	-	4,708	8,598
Total expenditures	<u>83,366</u>	<u>20,252</u>	<u>32,842</u>	<u>136,460</u>	<u>349,584</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,916)</u>	<u>530</u>	<u>15,599</u>	<u>9,213</u>	<u>24,826</u>
<b>Other financing sources (uses):</b>					
Operating transfers in (out)	7,763	-	(6,496)	1,267	-
Total other financing sources (uses)	<u>7,763</u>	<u>-</u>	<u>(6,496)</u>	<u>1,267</u>	<u>-</u>
Net change in fund balances	847	530	9,103	10,480	24,826
Fund balances - beginning of year	<u>13,877</u>	<u>13,696</u>	<u>34,613</u>	<u>62,186</u>	<u>281,707</u>
Fund balances - end of year	<u>\$ 14,724</u>	<u>\$ 14,226</u>	<u>\$ 43,716</u>	<u>\$ 72,666</u>	<u>\$ 306,533</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, 2013**

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<b><u>Assets</u></b>				
Water Meter Fund - Cash	\$ 4,477	\$ 914	\$ (780)	\$ 4,611
Children's Christmas Fund - Cash	54	-	-	54
	<u>\$ 4,531</u>	<u>\$ 914</u>	<u>\$ (780)</u>	<u>\$ 4,665</u>
<b>Total assets</b>				
<b><u>Liabilities</u></b>				
Water Meter Fund - Deposits held for others	4,477	914	\$ (780)	4,611
Children's Christmas Fund - Deposits held for others	54	-	\$ -	54
	<u>\$ 4,531</u>	<u>\$ 914</u>	<u>\$ (780)</u>	<u>\$ 4,665</u>
<b>Total liabilities</b>				

See accountants' compilation report and accompanying notes.



**NOTES TO THE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
VILLAGE OF WILLARD**  
**Selected Information – Substantially All Disclosures Required by  
Accepted Accounting Principles Generally Accepted in the  
United States of America are not Included  
YEAR ENDED JUNE 30, 2013**

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

**Reporting Entity**

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

**STATE OF NEW MEXICO**  
**VILLAGE OF WILLARD**  
**Selected Information – Substantially All Disclosures Required by**  
**Accepted Accounting Principles Generally Accepted in the**  
**United States of America are not Included (continued)**  
**YEAR ENDED JUNE 30, 2013**

*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.

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.
- d. Debt Service Fund – accounts for the services of long-term debt financed by the proprietary funds.

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.

**STATE OF NEW MEXICO**  
**VILLAGE OF WILLARD**  
**Selected Information – Substantially All Disclosures Required by**  
**Accepted Accounting Principles Generally Accepted in the**  
**United States of America are not Included (continued)**  
**YEAR ENDED JUNE 30, 2013**

**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.

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.

**STATE OF NEW MEXICO  
VILLAGE OF WILLARD**  
Selected Information – Substantially All Disclosures Required by  
Accepted Accounting Principles Generally Accepted in the  
United States of America are not Included (continued)  
YEAR ENDED JUNE 30, 2013

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.

**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.

**STATE OF NEW MEXICO  
VILLAGE OF WILLARD  
Selected Information – Substantially All Disclosures Required by  
Accepted Accounting Principles Generally Accepted in the  
United States of America are not Included (continued)  
YEAR ENDED JUNE 30, 2013**

**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.

**NOTE 2- CASH AND CASH EQUIVALENTS**

At June 30, 2013, cash and cash equivalents consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Carrying amount of deposits	<u>\$292,692</u>	<u>\$299,270</u>
Total	<u>\$292,692</u>	<u>\$299,270</u>

**STATE OF NEW MEXICO  
VILLAGE OF WILLARD  
Selected Information – Substantially All Disclosures Required by  
Accepted Accounting Principles Generally Accepted in the  
United States of America are not Included (continued)  
YEAR ENDED JUNE 30, 2013**

**NOTE 2- CASH AND CASH EQUIVALENTS (continued)**

**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, 2013, the carrying amount of the Village's deposits at MyBank was \$269,591 and the bank balance was \$276,494. At June 30, 2013, 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.

