

**STATE OF NEW MEXICO
VILLAGE OF WILLARD**

**Independent Accountants' Report on
Applying Agreed-Upon Procedures
and
Compilation Report of Independent Accountant and
Compiled Financial Statements**

**For the Year Ended
June 30, 2018**



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VILLAGE OF WILLARD
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VILLAGE OF WILLARD
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STATE OF NEW MEXICO
VILLAGE OF WILLARD
OFFICIAL ROSTER
JUNE 30, 2018

Name	Title
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Village Council

Robert Chavez	Mayor
Lorine A. Mendez	Mayor Pro-Tem
Faye Chavez	Council Member
Tabitha Garcia	Council Member
Ricardo Garcia	Council Member

Village Administration

Angelina Halbert	Clerk/Treasurer
Rebecca Merryman-Dowlat	Assistant Clerk/Billing Clerk



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

Village Council
Village of Willard, New Mexico
and
Honorable Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

I have performed the procedures enumerated below which were agreed to by State of New Mexico Village of Willard (Village) and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the Village's financial reporting relating to its Cash, Capital Assets, Revenues, Expenditures, Journal Entries, Budget, and Capital Outlay information and its compliance with Section 12-6-3 NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended June 30, 2018. The Village is responsible for its financial reporting as described above. 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, my procedures and associated findings are as follows:

1. REVENUE CALCULATION

Procedures

Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Page".

Findings

The Village's revenues were \$333,679, which requires Tier 6 Agreed-Upon Procedures in accordance with the Audit Rule.

2. 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 my 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) Test at least 30% of the bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to Department of Finance & Administration - Local Government Division (DFA-LGD). For purposes of performing my procedures "accuracy" means that reconciling items agree to canceled checks or deposit slips and subsequent bank or investment statements, and the reconciliations are mathematically correct.

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.

Findings

Bank accounts were complete and on-hand. 16 bank accounts were not reconciled within one month, see item #2017-002 in the accompanying schedule of findings and responses. 33% of the reconciliations were tested for accuracy and agreement to the general ledger and 16 were not accurate, see item #2017-002 in the accompanying schedule of findings and responses. Cash balances were also not reported to DFA accurately, see item #2014-003 in the accompanying schedule of findings and responses. All 12 months were tested for uninsured bank balances, none were noted.

3. CAPITAL ASSETS

Procedure

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

Findings

The Village performed and certified their annual capital asset inventory without exception.

4. DEBT

Procedures

If the local public body has any debt, verify that all 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.

Findings

The Village made the required debt payments with no exceptions.

5. 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.

Select a sample of revenues equal to at least 30% of the total dollar amount and test 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.

Findings

Revenues were analytically tested against budgeted and prior year revenues and they were determined to be reasonable. 38% of the total dollar amount of receipts were tested and were determined to be properly recorded as to amount, classification and period.

6. EXPENDITURES

Procedures

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test 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.
- 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).

Findings

22 disbursements were tested. Disbursements tested were accurate as to amount, payee, date and description, and were in compliance with the budget, procurement code, and the Per Diem and Mileage Act, where applicable. One disbursement was not approved. See item #2018-001 in the accompanying schedule of findings and responses.

7. JOURNAL ENTRIES

Procedures

Test all non-routine journal entries, adjustments and reclassifications posted to the general ledger 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.

Findings

Journal entries were reviewed and approved in accordance with Village policies. 12 journal entries were posted to the general ledger incorrectly, see item #2018-002 in the accompanying schedule of findings and responses.

8. BUDGET

Procedures

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

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments 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.

Findings

The budget and budget amendment were reviewed and determined to be properly authorized by the Village Council and certified by DFA-LGD. Expenditures exceeded budgeted amounts for the Environmental Gross Receipts Tax Fund, the Municipal Streets Fund, and the Water Fund at the fund level, which is the legal level of budgetary control. See item #2014-002 in the accompanying schedule of findings and responses. The budget and actual schedules for all funds are presented on pages 9 through 16 of this report.

9. CAPITAL OUTLAY APPROPRIATIONS

Procedures

The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital outlay appropriations of the New Mexico Legislature that meet Tier 6 criteria. Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year that meet Tier 6 criteria. Perform the following tests on all state-funded capital outlay expenditures:

- 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 status 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 unexpended 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 fund or 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 costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

Findings

100% of capital outlay disbursements were tested and were agreed to the supporting documentation without exception. All related disbursements were properly approved. The contract was processed in accordance with the New Mexico Procurement Code. Status reports, physical existence were tested without exception. No advances were received, and the grant agreement did not require a separate bank account. The project was completed and the remaining amount was reverted to the Board of Finance. All reimbursement requests were properly supported by costs incurred by the Village. 2 checks to vendors for this project were paid more than one month after the funds were drawn down. See item #2018-003 in the accompanying schedule of findings and responses.

10. OTHER

Procedure

a) 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 all required content detailed in Section 2.2.2.10 (L) NMAC.

Findings

Nothing else was noted that is required to be disclosed.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's financial reporting and compliance as described above. Accordingly, I do not express such an opinion or conclusion. 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 State of New Mexico Village of Willard, New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than those specified parties.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico
December 17, 2018

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		Favorable (Unfavorable)
REVENUES:				
Taxes:				
Property tax - current year	\$ 7,500	\$ 7,500	\$ 8,042	\$ 542
Franchise fees	2,300	2,300	3,551	1,251
Gross receipts - Local Option	12,000	12,000	22,888	10,888
Intergovernmental - State Shared				
Gross receipts	12,000	12,000	22,678	10,678
Gas tax (2 cent)	1,251	1,251	3,872	2,621
Motor vehicle	800	800	822	22
Small Cities Assistance	90,000	90,000	90,000	-
Licenses and permits	100	100	35	(65)
Charges for services	11,785	11,785	10,988	(797)
Interest on investments	140	140	25	(115)
Miscellaneous	10,000	10,000	1,793	(8,207)
Total revenues	147,876	147,876	164,694	16,818
EXPENDITURES:				
Executive - legislative	5,600	7,086	7,088	(2)
Elections	2,500	3,800	1,288	2,512
Finance & administration	115,000	198,100	198,260	(160)
Highways & streets	3,600	8,650	-	8,650
Other - miscellaneous	10,000	2,500	18,763	(16,263)
Total expenditures	136,700	220,136	225,399	(5,263)
Excess (deficiency) of revenues over expenditures	11,176	(72,260)	(60,705)	11,555
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	(19,131)	-	19,131
Total other financing sources (uses)	-	(19,131)	-	19,131
Net change in fund balance	\$ 11,176	\$ (91,391)	\$ (60,705)	\$ 30,686
Prior year cash available to balance budget		\$ 91,391	\$ 60,705	

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ENVIRONMENTAL GROSS RECEIPTS TAX FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		Favorable (Unfavorable)
REVENUES:				
Miscellaneous	\$ 569	\$ 569	\$ (887)	\$ (1,456)
EXPENDITURES:				
Miscellaneous	569	569	(887)	1,456
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	(741)	(741)	-	741
Total other financing sources (uses)	(741)	(741)	-	741
Net change in fund balance	\$ (741)	\$ (741)	\$ -	\$ 741

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREETS FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 60,752	\$ 60,752
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>60,752</u>	<u>60,752</u>
EXPENDITURES:				
Highways & streets	-	-	47,322	(47,322)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,430</u>	<u>\$ 13,430</u>

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES:				
Grants	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Capital outlay	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CHILDREN'S CHRISTMAS FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES:				
Miscellaneous	\$ 250	\$ 250	\$ 66	\$ (184)
EXPENDITURES:				
Miscellaneous	250	250	-	250
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66</u>	<u>\$ 66</u>

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WASTEWATER ENTERPRISE FUND
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES:				
Charges for services	\$ 29,614	\$ 29,614	\$ 28,420	\$ (1,194)
Grants	<u>841,637</u>	<u>841,637</u>	<u>632,857</u>	<u>(208,780)</u>
Total revenues	<u>871,251</u>	<u>871,251</u>	<u>661,277</u>	<u>(209,974)</u>
EXPENSES:				
Operating expenses	26,000	26,791	26,791	-
Capital outlay	<u>841,637</u>	<u>841,637</u>	<u>632,857</u>	<u>208,780</u>
Total expenses	<u>867,637</u>	<u>868,428</u>	<u>659,648</u>	<u>208,780</u>
Excess (deficiency) of revenues over expenses	3,614	2,823	1,629	(1,194)
Other financing sources (uses)				
Operating transfers in	-	1,862	-	(1,862)
Operating transfers out	<u>(3,491)</u>	<u>(3,491)</u>	<u>-</u>	<u>3,491</u>
Total other financing sources (uses)	<u>(3,491)</u>	<u>(1,629)</u>	<u>-</u>	<u>1,629</u>
Net change in fund balance	<u>\$ 123</u>	<u>\$ 1,194</u>	<u>\$ 1,629</u>	<u>\$ 435</u>

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SOLID WASTE ENTERPRISE FUND
Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original Budget</u>	<u>Final Budget</u>		Favorable (Unfavorable)
REVENUES:				
Charges for services	<u>\$ 25,690</u>	<u>\$ 25,690</u>	<u>\$ 19,426</u>	<u>\$ (6,264)</u>
EXPENSES:				
Operating expenses	<u>19,766</u>	<u>24,561</u>	<u>24,561</u>	<u>-</u>
Excess (deficiency) of revenues over expenses	5,924	1,129	(5,135)	(6,264)
Other financing sources (uses)				
Operating transfers in	-	5,135	-	(5,135)
Operating transfers out	<u>(569)</u>	<u>(569)</u>	<u>-</u>	<u>569</u>
Total other financing sources (uses)	<u>(569)</u>	<u>4,566</u>	<u>-</u>	<u>(4,566)</u>
Net change in fund balance	<u>\$ 5,355</u>	<u>\$ 5,695</u>	<u>\$ (5,135)</u>	<u>\$ (10,830)</u>

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WATER ENTERPRISE FUND
Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES:				
Charges for services	\$ 43,800	\$ 43,800	\$ 61,199	\$ 17,399
Interest on investments	150	150	9	(141)
Total revenues	43,950	43,950	61,208	17,258
EXPENSES:				
Operating costs	43,000	54,022	54,022	-
Capital outlay	-	-	17,660	(17,660)
Debt service	10,376	10,376	10,306	70
Total expenses	53,376	64,398	81,988	(17,590)
Excess (deficiency) of revenues over expenses	(9,426)	(20,448)	(20,780)	(332)
Other financing sources (uses)				
Operating transfers in	10,376	15,367	-	(15,367)
Operating transfers out	(6,316)	(6,316)	(3,199)	3,117
Total other financing sources (uses)	4,060	9,051	(3,199)	(12,250)
Net change in fund balance	<u>\$ (5,366)</u>	<u>\$ (11,397)</u>	<u>\$ (23,979)</u>	<u>\$ (12,582)</u>
Prior year cash available to balance the budget	<u>\$ 5,366</u>	<u>\$ 11,397</u>		

STATE OF NEW MEXICO
VILLAGE OF WILLARD
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2018

<u>MUNICIPALITY: Willard, Village</u>		DEPARTMENT OF FINANCE AND ADMINISTRATION					I HEREBY CERTIFY THAT THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THIS REPORT DEPICTS ALL FUNDS: <i>Angelina Halbert</i> 07/17/2018 Signature Date				
<u>Period Ending: 6/30/2018</u>		LOCAL GOVERNMENT DIVISION									
<u>Prepared By: Angelina Halbert</u>		SUBMIT TO LOCAL GOVERNMENT DIVISION NO LATER THAN 30 DAYS AFTER THE CLOSE OF EACH QUARTER.									
		YEAR-TO-DATE TRANSACTIONS									
Fund #	FUND NAME	BEGINNING CASH BALANCE CURRENT FY (1)	REVENUES TO DATE (2)	TRANSFERS TO DATE (3)	EXPENDITURES TO DATE (4)	ADJUSTMENTS (5)	QTR ENDING CASH BALANCE (1)+(2)-(3)+(4)+(5) (6)	INVESTMENTS (7)	CASH + INVESTMENTS (8)	REQUIRED RESERVES (9)	AVAILABLE CASH (8) - (9)
101	GENERAL FUND (GF)	\$155,909	165,580	(0)	225,244	0	\$96,245	0	\$96,245	18,770	\$77,474
201	CORRECTION	\$0	0	0	0	0	\$0	0	\$0		\$0
202	ENVIRONMENTAL GRT	\$741	887	(887)	0	0	\$741	0	\$741		\$741
206	EMS	\$0	0	0	0	0	\$0	0	\$0		\$0
207	ENHANCED 911	\$0	0	0	0	0	\$0	0	\$0		\$0
209	FIRE PROTECTION FUND	\$9	0	0	0	0	\$9	0	\$9		\$9
211	LEPF	\$0	0	0	0	0	\$0	0	\$0		\$0
214	LODGERS' TAX	\$0	0	0	0	0	\$0	0	\$0		\$0
216	MUNICIPAL STREET	\$17,105	834	0	0	0	\$17,939	0	\$17,939		\$17,939
217	RECREATION	\$0	0	0	0	0	\$0	0	\$0		\$0
218	INTERGOVERNMENTAL GRANTS	\$0	0	0	0	0	\$0	0	\$0		\$0
219	SENIOR CITIZEN	\$0	0	0	0	0	\$0	0	\$0		\$0
223	DWI PROGRAM	\$0	0	0	0	0	\$0	0	\$0		\$0
299	OTHER	\$105	625,154	0	625,139	0	\$121	0	\$121		\$121
300	CAPITAL PROJECT FUNDS	\$0	0	0	0	0	\$0	0	\$0		\$0
401	G. O. BONDS	\$0	0	0	0	0	\$0	0	\$0		\$0
402	REVENUE BONDS	\$0	0	0	0	0	\$0	0	\$0		\$0
403	DEBT SERVICE OTHER	\$0	0	10,306	10,306	0	(\$0)	0	(\$0)		(\$0)
500	ENTERPRISE FUNDS										
	Water Fund	\$6,829	61,055	(6,316)	54,022		\$7,546	12,805	\$20,351		\$20,351
	Solid Waste	\$144	19,426	0	24,561	0	(\$4,991)	0	(\$4,991)		(\$4,991)
	Waste Water	\$4,597	28,420	(3,491)	26,791		\$2,735	0	\$2,735		\$2,735
	Airport	\$0	0	0	0	0	\$0	0	\$0		\$0
	Ambulance	\$0	0	0	0	0	\$0	0	\$0		\$0
	Cemetery	\$0	0	0	0	0	\$0	0	\$0		\$0
	Housing	\$0	0	0	0	0	\$0	0	\$0		\$0
	Parking	\$0	0	0	0	0	\$0	0	\$0		\$0
	Water Meter Fund	\$5,668	152	0	0		\$5,820	0	\$5,820		\$5,820
	Water Maintenance Reserve Fund	\$3,080	1	0	0		\$3,081	0	\$3,081		\$3,081
	Other Enterprise (enter fund name)	\$0	0	0	0	0	\$0	0	\$0		\$0
	Other Enterprise (enter fund name)	\$0	0	0	0	0	\$0	0	\$0		\$0
600	INTERNAL SERVICE FUNDS	\$0	0	0	0	0	\$0	0	\$0		\$0
700	TRUST AND AGENCY FUNDS	\$2,024	0	0	0		\$2,024	0	\$2,024		\$2,024
GRAND TOTAL		\$196,211	\$901,509	(\$388)	\$966,063	\$0	\$131,269	\$12,805	\$144,074	\$18,770	\$125,303

FORM MODIFIED 12/09/08

LAST UPDATE: 12/15/18 3:57 PM

STATE OF NEW MEXICO
VILLAGE OF WILLARD
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2018

MUNICIPALITY: Willard, Village of
Period Ending: 6/30/2018

GENERAL FUND - MUNICIPALITY

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRAN CES Y-T-D	Variance With Adjusted Budget Positive (Negative)	
	Approved Budget	Budget Adjustments	Adjusted Budget			\$	%
REVENUES							
Taxes:							
Property Tax - Current Year	\$4,500	\$0	\$4,500	\$8,042		\$3,542	178.71%
Property Tax - Delinquent	\$0	\$0	\$0	\$0		\$0	n/a
Property Tax - Penalty & Interest	\$0	\$0	\$0	\$0		\$0	n/a
Oil and Gas - Equipment	\$0	\$0	\$0	\$0		\$0	n/a
Oil and Gas - Production	\$0	\$0	\$0	\$0		\$0	n/a
Franchise Fees	\$2,300	\$0	\$2,300	\$3,551		\$1,251	154.39%
Gross receipts - Local Option	\$12,000	\$0	\$12,000	\$22,888		\$10,888	190.73%
Gross Receipts - Infrastructure	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - Environment	\$600	\$0	\$600	\$887		\$287	147.83%
Gross Receipts - Hold Harmless	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - Other Dedication	\$0	\$0	\$0	\$0		\$0	n/a
Intergovernmental -State Shared:							
Gross receipts	\$12,000	\$0	\$12,000	\$22,678		\$10,678	188.98%
Cigarette Tax	\$0	\$0	\$0	\$0		\$0	n/a
Gas Tax [1 cent]	\$1,300	\$0	\$1,300	\$3,872		\$2,572	297.82%
Gas Tax [2 cent]	\$0	\$0	\$0	\$0		\$0	n/a
Motor Vehicle	\$750	\$0	\$750	\$822		\$72	109.61%
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Local	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriations	\$0	\$0	\$0	\$0		\$0	n/a
Small Cities Assistance	\$90,000	\$0	\$90,000	\$90,000		\$0	100.00%
Licenses and Permits	\$100	\$0	\$100	\$35		(\$65)	35.00%
Charges for Services	\$11,785	\$0	\$11,785	\$10,988		(\$797)	93.24%
Fines and Forfeits	\$0	\$0	\$0	\$0		\$0	n/a
Interest on Investments	\$140	\$0	\$140	\$25		(\$115)	18.15%
Miscellaneous	\$600	\$0	\$600	\$1,792		\$1,192	298.71%
TOTAL GENERAL FUND REVENUES	\$136,075	\$0	\$136,075	\$165,580		\$29,505	121.68%
EXPENDITURES							
Executive-Legislative	\$5,600	\$0	\$5,600	\$7,088	\$0	(\$1,488)	126.57%
Judicial	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Elections	\$0	\$0	\$0	\$1,288	\$0	(\$1,288)	n/a
Finance & Administration	\$109,000	\$0	\$109,000	198099.64	\$0	(\$89,100)	181.74%
Public Safety	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Highways & Streets	\$3,600	\$0	\$3,600	\$0	\$0	\$3,600	0.00%
Senior Citizens	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Sanitation	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Health and Welfare	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Culture and Recreation	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Economic Development & Housing	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Airport	\$0	\$0	\$0	\$0	\$0	\$0	n/a
Other - Miscellaneous	\$15,000	\$0	\$15,000	18768.35	\$0	(\$3,768)	125.12%
TOTAL GENERAL FUND EXPENDITURES	\$133,200	\$0	\$133,200	\$225,244	\$0	(\$92,044)	169.10%
OTHER FINANCING SOURCES							
Transfers In	\$60,000	\$0	\$60,000	\$59,918		(\$82)	99.86%
Transfers (Out)	(\$60,000)	\$0	(\$60,000)	(\$59,918)		\$82	99.86%
TOTAL - OTHER FINANCING SOURCES	\$0	\$0	\$0	(\$0)		(\$0)	n/a
Excess (deficiency) of revenues over expenditures				(\$59,664)			

STATE OF NEW MEXICO
VILLAGE OF WILLARD
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2018

MUNICIPALITY: Willard, Village of **SPECIAL REVENUES - MUNICIPALITY - QUARTERLY REPORT**
Period Ending: 6/30/2018

SPECIAL REVENUES - RESOURCES	Fund	BUDGET			ACTUALS	Encumbrances (expend line only)	Budget Balance	Budget Variance %
		Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Year to Date Total			
ENVIRONMENTAL	202							
REVENUES								
GRT - Environmental	202	600	0	600	887		287	147.90%
Miscellaneous	202	0	0	0	0		0	n/a
TOTAL Revenues		600	0	600	887		287	147.90%
EXPENDITURES	202	0	0	0		0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	202	0	0	0			0	n/a
Transfers (Out)	202	(569)	0	(569)	(887)		(318)	155.96%
TOTAL - OTHER FINANCING SOURCES		(569)	0	(569)	(887)		(318)	155.96%
Excess (deficiency) of revenues over ex	202				0			
MUNICIPAL STREET	216							
REVENUES								
GRT - Infrastructure (1/8 cent)	216	0	0	0	0		0	n/a
GRT - Municipal	216	0	0	0	0		0	n/a
Gasoline Tax - (1 cent / 2 cent)	216	5,004	0	5,004	834		(4,170)	16.67%
Motor Vehicle - Registration (all)	216	0	0	0	0		0	n/a
State Grants	216	0	0	0	0		0	n/a
Federal Grants	216	0	0	0	0		0	n/a
Miscellaneous	216	0	0	0	0		0	n/a
TOTAL Revenues		5,004	0	5,004	834		(4,170)	16.67%
EXPENDITURES	216	0	0	0	0	0	0	n/a
OTHER FINANCING SOURCES								
Transfers In	216	60,000	0	60,000	59,918		(82)	99.86%
Transfers (Out)	216	(60,000)	0	(60,000)	(59,918)		82	99.86%
TOTAL - OTHER FINANCING SOURCES		0	0	0	0		0	n/a
Excess (deficiency) of revenues over ex	216				834			
OTHER - SPECIAL	299							
REVENUES	299	823,964	0	823,964	625,154		(198,810)	75.87%
EXPENDITURES	299	823,964	0	823,964	625,154	0	198,810	75.87%
TOTAL -OTHER FINANCING SOURCES	299	0	0	0	0		0	n/a
Excess (deficiency) of revenues over ex	299				0			

STATE OF NEW MEXICO
VILLAGE OF WILLARD
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2018

MUNICIPALITY: Willard, Village of **OTHER MISC. (FUND 299) DETAIL LIST**
Period Ending: 6/30/2018

SPECIAL REVENUE	BUDGET			ACTUALS			
	Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Year to Date Total	Encumbrances expend line only	Budget Balance	Budget Variance %
Childrens Xmas Fund							
REVENUES	250	0	250	16		(234)	6.30%
EXPENDITURES	250	0	250	0	0	250	0.00%
OTHER FINANCING SOURCES							
Transfers In	0	0	0	0		0	n/a
Transfers (Out)	0	0	0	0		0	n/a
TOTAL - OTHER FIN	0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenditures				16			
LA SAP 14-1734 STB							
REVENUES	823,714	0	823,714	625,139		(198,575)	75.89%
EXPENDITURES	823,714	0	823,714	625,139	0	198,575	75.89%
OTHER FINANCING SOURCES							
Transfers In	0	0	0	0		0	n/a
Transfers (Out)	0	0	0	0		0	n/a
TOTAL - OTHER FIN	0	0	0	0		0	n/a
Excess (deficiency) of revenues over expenditures				0			
FUND 299 SUMMARY							
Revenue - TOTAL	\$823,964	\$0	\$823,964	\$625,154		(198,810)	75.87%
Expenditures - TOT	\$823,964	\$0	\$823,964	\$625,154	\$0	198,825	75.87%
TOTAL - OTHER F	\$0	\$0	\$0	\$0		\$0	n/a

STATE OF NEW MEXICO
VILLAGE OF WILLARD
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2018

MUNICIPALITY: Willard, Village of Period Ending: 6/30/2018		DEBT SERVICE						
OTHER DEBT SERVICE [FUND 403]								
REVENUES:								
Investment Income		\$0	\$0	\$0	\$0		\$0	n/a
Loan Revenue		\$0	\$0	\$0	\$0		\$0	n/a
OTHER DEBT SERVICE REVENUE - TOTAL		\$0	\$0	\$0	\$0		\$0	n/a
EXPENDITURES								
NMFA Loan Payments		\$9,807	\$0	\$9,807	\$10,306	\$0	\$499	105.09%
Board of Finance Loan Payments		\$569	\$0	\$569	\$0	\$0	(\$569)	0.00%
Other Debt Service - Misc		\$0	\$0	\$0	\$0	\$0	\$0	n/a
TOTAL DEBT SERVICE FUND EXPENDITURES		\$10,376	\$0	\$10,376	\$10,306	\$0	(\$70)	99.33%
OTHER FINANCING SOURCES								
Transfers In		\$10,376	\$0	\$10,376	\$10,306		(\$70)	99.33%
Transfers (Out)		\$0	\$0	\$0	\$0		\$0	n/a
TOTAL - OTHER FINANCING SOURCES		\$10,376	\$0	\$10,376	\$10,306		(\$70)	99.33%
Excess (deficiency) of revenues over expenditures [403]					(\$0)			

STATE OF NEW MEXICO
VILLAGE OF WILLARD
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2018

MUNICIPALITY: Willard, Village of
 Period Ending: 6/30/2018

ENTERPRISE FUNDS

COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES	BUDGETED AMOUNTS			ACTUALS Y-T-D	ENCUMBRANCES Y-T-D	Difference With Adjusted Budget Positive (Negative)	
	Approved Budget	Budget Adjustments	Adjusted Budget			\$	%
REVENUES							
Water Fund							
Charges for Services	\$43,950	\$0	\$43,950	\$61,049		\$17,099	138.91%
Interest on Investments	\$45	\$0	\$45	\$6		(\$39)	13.29%
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL REVENUES - Water Fund	\$43,995	\$0	\$43,995	\$61,055		\$17,060	138.78%
EXPENDITURES							
Water Fund	\$43,000	\$0	\$43,000	\$54,022	\$0	(\$11,022)	125.63%
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	(\$6,316)	\$0	(\$6,316)	(\$6,316)		\$0	100.00%
TOTAL-OTHER FINANCING SOURCES	(\$6,316)	\$0	(\$6,316)	(\$6,316)		\$0	100.00%
Excess (deficiency) of revenues over expenditures				\$717			
REVENUES							
Solid Waste							
Charges for Services	\$20,000	\$0	\$20,000	\$19,426		(\$574)	97.13%
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL REVENUES - Solid Waste Fund	\$20,000	\$0	\$20,000	\$19,426		(\$574)	97.13%
EXPENDITURES							
Solid Waste	\$19,766	\$0	\$19,766	\$24,561	\$0	(\$4,795)	124.26%
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL-OTHER FINANCING SOURCES	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures				(\$5,135)			
REVENUES							
Waste Water							
Charges for Services	\$29,614	\$0	\$29,614	\$28,420		(\$1,194)	95.97%
Interest on Investments	\$0	\$0	\$0	\$0		\$0	n/a
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL REVENUES - Waste Water Fund	\$29,614	\$0	\$29,614	\$28,420		(\$1,194)	95.97%
EXPENDITURES							
Waste Water	\$26,000	\$0	\$26,000	\$26,791	\$0	(\$791)	103.04%
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	(\$3,491)	\$0	(\$3,491)	(\$3,491)		\$0	100.00%
TOTAL-OTHER FINANCING SOURCES	(\$3,491)	\$0	(\$3,491)	(\$3,491)		\$0	100.00%
Excess (deficiency) of revenues over expenditures				(\$1,862)			

STATE OF NEW MEXICO
VILLAGE OF WILLARD
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2018

REVENUES							
Water Meter Fund							
Charges for Services	\$0	\$0	\$0	\$0		\$0	n/a
Interest on Investments	\$5	\$0	\$5	\$2		(\$3)	32.40%
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$5,321	\$0	\$5,321	\$150		(\$5,171)	2.82%
TOTAL REV. - Other Enterprise Fund	\$5,326	\$0	\$5,326	\$152		(\$5,174)	2.85%
EXPENDITURES							
Other Enterprise Fund	\$0	\$0	\$0	\$0	\$0	\$0	n/a
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL-OTHER FINANCING SOURCES	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures				\$152			
REVENUES							
Water Maintenance Reserve Fund							
Charges for Services	\$0	\$0	\$0	\$0		\$0	n/a
Interest on Investments	\$5	\$0	\$5	\$1		(\$4)	20.40%
Gross Receipts - dedicated	\$0	\$0	\$0	\$0		\$0	n/a
Grants - Federal	\$0	\$0	\$0	\$0		\$0	n/a
Grants - State	\$0	\$0	\$0	\$0		\$0	n/a
Legislative Appropriation	\$0	\$0	\$0	\$0		\$0	n/a
Other	\$4,994	\$0	\$4,994	\$0		(\$4,994)	0.00%
TOTAL REV. - Other Enterprise Fund	\$4,999	\$0	\$4,999	\$1		(\$4,998)	0.02%
EXPENDITURES							
Other Enterprise Fund	\$0	\$0	\$0	\$0	\$0	\$0	n/a
OTHER FINANCING SOURCES							
Transfers In	\$0	\$0	\$0	\$0		\$0	n/a
Transfers (Out)	\$0	\$0	\$0	\$0		\$0	n/a
TOTAL-OTHER FINANCING SOURCES	\$0	\$0	\$0	\$0		\$0	n/a
Excess (deficiency) of revenues over expenditures				\$1			

STATE OF NEW MEXICO
VILLAGE OF WILLARD
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA
YEAR ENDED JUNE 30, 2018

DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION
QUARTERLY REPORT

MUNICIPALITY: Willard, Village of
6/30/2018

Schedule of Investments:
(Includes all cash accounts)

Type of Investment		VofW(DFA) Fund Number	Investment Date	Maturity Date	Source (Bank or Fiscal Agent)	Reconciled Book Value	Market Value
Operating Accounts							
General Fund	#30001672	101 (101)			MyBank	\$78,693	\$78,693
Fire Protection Fund	#30001699	209 (209)			MyBank	\$0	\$0
Wastewater Fund	#30001681	503(500)			MyBank	\$0	\$0
Solid Waste Fund	#30001681	504(500)			MyBank	\$0	\$0
Water Fund	#3001681	505(500)			MyBank	\$4,497	\$4,497
Project Accounts							
Debt Service Accounts							
Reserve Accounts							
Water Bond Reserve	CD #6032176 0.2000%	505(500)	2/26/2017	2/26/2018	MyBank	\$12,856	\$12,856
Water Maint. Reserve	#30014049	706(500)			MyBank	\$3,081	\$3,081
Water Meter Deposit	#30010965	705(500)			MyBank	\$6,099	\$6,099
Childrens Xmas Fund	#30012887	750(299)			MyBank	\$171	\$171
Payroll	#30002857	908(700)			MyBank	\$1,740	\$1,740
GRAND TOTAL						\$107,137	\$107,137

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF CAPITAL PROJECTS
Year Ended June 30, 2018

Project Number	Project Name	Amount Awarded	Amount Received	Amount Expended	Amount Reverted	Remaining Balance	Legislation/ Effective Dates
14-1734-STB	Village of Willard Sewer System Improvements	<u>\$ 840,000</u>	<u>\$ 749,890</u>	<u>\$ 749,890</u>	<u>\$ 90,110</u>	<u>\$ -</u>	Laws of 2014, Ch. 66/Sec. 16 7/1/2014 - 6/30/2018

STATE OF NEW MEXICO
VILLAGE OF WILLARD
 SCHEDULE OF FINDINGS AND RESPONSES
 YEAR ENDED JUNE 30, 2018

Current Year Findings

2014-002 Excess of Expenditures Over Authorized Budget (significant deficiency, noncompliance)

Condition: The Village’s expenditures exceeded the authorized budget in the following funds for the following amounts:

<u>Fund</u>	<u>Amount Exceeded</u>
General fund	\$ 5,263
Streets fund	47,322
Water fund	17,590

The Village reduced the number of funds that exceeded their budget by 3 funds since 2017. This was accomplished by doing a better job of tracking the budget and completing a timely budget amendment. However, the budget has not been integrated into the accounting system.

Criteria: Section 6-6-6, NMSA 1978 requires the Village to keep expenditures within budgeted amounts. 2.2.2.10 R(1)(a) requires reporting a finding if actual expenditures exceed budgeted expenditure at the legal level of budgetary control, which is at the fund level for the Village.

Cause: The Village has not yet fully implemented adequate budget tracking procedures.

Effect: The Village does not have accurate information to make informed, prudent decisions or maintain compliance with laws and regulations relating to municipal budgets. The Village may not be fulfilling its fiduciary duty to its citizens.

Recommendation: The Village should consider using spreadsheets to track monthly budget to actual revenues and expenditures. These spreadsheets should be reported to the Village Council on a monthly basis, which will assist management and the Council in making timely, informed decisions, as well as helping the Village to make timely budget amendments when necessary.

Management’s Response: The Village clerk/treasurer will work with Caselle, the software company, to input our budget into the program. This will allow the Village to properly track budgets within funds. Additionally, the LGD is implementing a new reporting system, which should better allow the Village of keep track of expenses. Also, the Village will work with our IPA, to assist Village clerk/treasure with proper preparation of BARS. The Village hopes to correct this by next fiscal year.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
YEAR ENDED JUNE 30, 2018

Current Year Findings, continued

2014-003 Cash Reporting to the Department of Finance and Administration Local Government Division (noncompliance)

Condition: Cash balances reported by the Village to the New Mexico Department of Finance and Administration Local Government Division (DFA-LGD) do not agree with the Villages' general ledger balances. The Village has not made any progress towards clearing this finding during the current fiscal year.

Criteria: DFA-LGD requires accurate quarterly reporting of cash balances.

Cause: The accounting system is not set up to properly reconcile cash.

Effect: The Village may not have accurate information regarding its' cash balances.

Recommendation: The Village should obtain the necessary training for recording and reconciling cash using the existing accounting system. Because cash is a very important asset which should be properly safeguarded, the Village should consider implementing accounting software that can reconcile cash and increase transparency. The Village should also consider reconciling cash using a spreadsheet as a temporary solution.

Management's Response: The Village clerk/treasurer will work further to develop a process to ensure DFA-LGD reports are properly prepared and reviewed. The Village hopes to correct this by next fiscal year.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
YEAR ENDED JUNE 30, 2018

Current Year Findings, continued

2017-002 Bank Reconciliations (material weakness)

Condition: The Village is not able to reconcile bank accounts properly. General ledger balances do not reflect the reconciled balance per the bank reconciliations for all bank accounts. The Village has not made progress towards correcting this finding. In addition, 16 of 72 reconciliations were not completed timely.

Criteria: Good accounting practices require properly reconciled cash balances.

Cause: The accounting software has not been able to produce accurate bank reconciliations since inception. The software was not set up properly. Village management has not received the support necessary to properly account for cash balances.

Effect: Accurate cash balances are not available to management which hinders decision making. Without accurate cash reporting, the risk of fraud increases.

Recommendation: The Village should use spreadsheets to reconcile cash. The accounting software should be corrected to reflect correct cash balances to match the reconciliation. The Village should also determine whether the software is set up properly for pooled cash.

Management's Response: The Village of Willard has been trying to work with the accounting software, as they are aware there are numerous bugs in the program, which sometimes reflect discrepancies. Additionally, some of the errors noted in the reconciliation, were actions suggested by the software company to fix those said errors. Village staff will verify with the software company if there is something procedurally that can be done to reflect the desired outcome. Although it is mentioned that cash balances may not be reflected appropriately to DFA, the Village does include a schedule of investments with each quarter report, which shows the cash balances in each account. The Village staff will continue to work with the accounting program to ensure there are no other software issues. Currently, the software company has no additional training to offer the Village Staff to be able to accommodate these perpetual errors. Additionally, new staff has been trained by management on the importance of completing the Bank Reconciliations in a timely fashion, as required. The Village hopes to get this corrected by next fiscal year.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
YEAR ENDED JUNE 30, 2018

Current Year Findings, continued

2018-001 Payroll Transfers Not Approved (significant deficiency)

Condition: Payroll is disbursed from a separate bank account. Each pay period, an amount that is approximately the amount of the upcoming payroll is transferred from the operating bank account to the payroll account.

Criteria: Internal control procedures should include a process for authorizing bank account to bank account transfers.

Cause: The Village was not aware of the importance of this lack of internal controls.

Effect: Unauthorized bank transfers may lead to increased risk of fraud.

Recommendation: The Village should incorporate an approval process for all bank transfers. In order to properly authorize a bank transfer, appropriate documentation should accompany the authorization, such as the payroll journal or basis for the estimate when the amount is estimated.

Management's Response: Due to a change in procedures, payroll transfers are now made electronically, which left them off the bill list for monthly approval. The Clerk/treasurer will manually enter the payroll transfers into the system, to be approved by the Council at least once a month. This has already been corrected and will not be a finding next fiscal year.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
YEAR ENDED JUNE 30, 2018

Current Year Findings, continued

2018-002 Journal Entries Posted Incorrectly (significant deficiency)

Condition: Journal entries are posted each month for a loan that is repaid by intercepting the Village's monthly environmental gross receipts tax. 100% of the monthly journal entries posted during the year were incorrect.

Criteria: Good accounting practices require accurate recordkeeping in order to produce a complete and accurate set of financial statements.

Cause: Neither the preparer or the approver caught the errors. There was no backup documentation to substantiate the journal entries.

Effect: The Village did not report accurate balances in the Environmental Gross Receipts Tax fund. Inaccurate reporting may result in budgeting amounts that are incorrect and budget violations may occur.

Recommendation: Because the information is readily available, the Village should prepare accurate journal entries to reflect each intercepted payment and budget accordingly.

Management's Response: The Village spreadsheet for Journal entry approvals was backwards. This was an unfortunate clerical error, which was immediately remedied. This will not be a finding next fiscal year.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
SCHEDULE OF FINDINGS AND RESPONSES, CONTINUED
YEAR ENDED JUNE 30, 2018

Current Year Findings, continued

2018-003 Untimely Vendor Payment (significant deficiency, noncompliance)

Condition: The Village received \$43,243 from the State on September 25, 2017 for costs related to capital project #14-1734. The vendors were not subsequently paid until November 15, 2017 and December 19, 2017.

Criteria: Article IX, Section A (iii) of the grant agreement between the New Mexico Environment Department and the Village states “Grantee shall make payment to those contractors or vendors within five (5) business days of receiving reimbursement from the Department”.

Cause: The Village was experiencing staffing problems which delayed payments to some vendors.

Effect: Untimely vendor payments may cause project delays which, in turn, may lead to unfinished projects because capital outlay appropriations have an expiration date.

Recommendation: The Village should designate a staff member with the necessary time, knowledge and experience to oversee and manage capital projects.

Management’s Response: The Village had a new staff member that incorrectly deposited the funds into the wrong account. The error was not caught by management in a timely fashion. The Village has implemented a system for the clerk/treasurer to review all deposits prior to them being made to ensure accuracy. Current staff members have also been better trained on accounts receivable, and proper department accounts. This will not be a finding next fiscal year.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2018

<u>Finding</u>	<u>Current Year Status</u>
2014-002 Excess of Expenditures Over Authorized Budget	Repeated and modified
2014-003 Cash Reporting to DFA-LGD	Repeated and modified
2014-004 Generally Accepted Accounting Principles	Cleared
2017-001 Segregation of Duties Relating to Adjusting Journal Entries	Cleared
2017-002 Bank Reconciliations	Repeated and Modified
2017-003 Capital Asset Inventory Procedures	Cleared

STATE OF NEW MEXICO
VILLAGE OF WILLARD
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2018

The report contents were discussed at an exit conference held on December 4, 2018 with the following in attendance:

Village of Willard

Lorine A. Mendez
Angelina Halbert

Mayor Pro-Tem
Clerk/Treasurer

James L. Hartogenesis, CPA LLC

James Hartogenesis, CPA, CGFM

Principal



COMPILATION REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

Village Council
Village of Willard, New Mexico
and
Honorable Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

Management is responsible for the accompanying financial statements of the governmental activities and the business-type activities of State of New Mexico Village of Willard (Village), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements, in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements included in the accompanying prescribed form are presented in accordance with the requirements of Section 12-6-3(B) NMSA 1978 and Section 2.2.2.16 NMAC, which is described in Note 1 to the financial statements, and are not intended to be a complete presentation of the Village's assets and liabilities.

Management has elected to omit the management's discussion and analysis, statement of cash flows, government-wide financial statements, and notes related to the statement of cash flows and government-wide financial statements required by accounting principles generally accepted in the United States of America. If the omitted management's discussion and analysis, statement of cash flows, government-wide financial statements, and related note disclosures were included in the financial statements, it might influence the user's conclusions about the Village'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. These omissions result in the financial statements being presented on a basis of accounting other than accounting principles generally accepted in the United States of America.

P.O. Box 67315 Albuquerque, NM 87193 JhartoCPA.com 505.280.9081

This report is intended solely for the information and use of the Village of Willard, New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico
December 17, 2018

STATE OF NEW MEXICO
VILLAGE OF WILLARD
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Environmental Gross Receipts Fund
ASSETS:		
Cash and cash equivalents	\$ 92,994	\$ -
Grants receivable	-	-
Municipal taxes receivable	7,492	-
Total assets	\$ 100,486	\$ -
 LIABILITIES:		
Accounts payable	\$ 504	\$ -
Accrued payroll and payroll taxes	6,152	-
Total liabilities	6,656	-
 FUND BALANCES:		
Assigned	-	-
Unassigned	93,830	-
Total fund balances	93,830	-
 Total liabilities and fund balances	 \$ 100,486	 \$ -

See independent accountant's compilation report and accompanying notes.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018**

Streets Fund	Children's Christmas Fund	Capital Projects Fund	Total Govern- mental Funds
\$ 31,143	\$ 171	\$ 23	\$ 124,331
-	-	-	-
-	-	-	7,492
\$ 31,143	\$ 171	\$ 23	\$ 131,823
\$ -	\$ -	\$ -	\$ 504
-	-	-	6,152
-	-	-	6,656
31,143	171	23	31,337
-	-	-	93,830
31,143	171	23	125,167
\$ 31,143	\$ 171	\$ 23	\$ 131,823

See independent accountant's compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2018

REVENUES:	General Fund	Environmental Gross Receipts Fund
Taxes	\$ 65,063	\$ -
Intergovernmental	90,000	-
Grants	-	-
Licenses and permits	35	-
Charges for services	10,988	-
Miscellaneous	2,641	-
Total revenues	168,727	-
 EXPENDITURES:		
General government:		
Current:		
Executive - legislative	7,088	-
Elections	1,288	-
Finance & administration	198,260	-
Highways & streets	-	-
Other - miscellaneous	17,959	-
Capital outlay	-	-
Debt service	-	-
Total expenditures	224,595	-
Net change in fund balance	(55,868)	-
Fund balance, beginning of year	149,698	-
Fund balance, end of year	\$ 93,830	\$ -

See independent accountant's compilation report and accompanying notes.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2018**

Streets Fund	Children's Christmas Fund	Capital Projects Fund	Total Govern- mental Funds
\$ -	\$ -	\$ -	\$ 65,063
60,752	-	-	150,752
-	-	632,857	632,857
-	-	-	35
-	-	-	10,988
-	66	-	2,707
<u>60,752</u>	<u>66</u>	<u>632,857</u>	<u>862,402</u>
-	-	-	7,088
-	-	-	1,288
-	-	-	198,260
47,322	-	-	47,322
-	-	-	17,959
-	-	632,857	632,857
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>47,322</u>	<u>-</u>	<u>632,857</u>	<u>904,774</u>
13,430	66	-	(42,372)
<u>17,713</u>	<u>105</u>	<u>23</u>	<u>167,539</u>
<u>\$ 31,143</u>	<u>\$ 171</u>	<u>\$ 23</u>	<u>\$ 125,167</u>

See independent accountant's compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
June 30, 2018

	Waste Water Fund	Water Fund	Solid Waste Fund	Total
ASSETS:				
Current assets				
Cash and cash equivalents	\$ 7,649	\$ 737	\$ (5,257)	\$ 3,129
Restricted cash held for meter deposits	-	4,289	-	4,289
Accounts receivable	1,215	1,408	1,222	3,845
Grants receivable	47,580	-	-	47,580
Total current assets	<u>56,444</u>	<u>6,434</u>	<u>(4,035)</u>	<u>58,843</u>
Property & equipment				
Land	-	3,600	-	3,600
Buildings	-	15,000	-	15,000
Infrastructure	749,890	1,169,670	-	1,919,560
Accumulated depreciation	(17,333)	(753,944)	-	(771,277)
Property & equipment, net	<u>732,557</u>	<u>434,326</u>	<u>-</u>	<u>1,166,883</u>
Total assets	<u>\$ 789,001</u>	<u>\$ 440,760</u>	<u>\$ (4,035)</u>	<u>\$ 1,225,726</u>
LIABILITIES:				
Current liabilities				
Accounts payable	\$ 54,442	\$ 2,980	\$ -	\$ 57,422
Meter deposits	-	4,136	74	4,210
Current portion of long-term debt	-	6,289	-	6,289
Total current liabilities	<u>54,442</u>	<u>13,405</u>	<u>74</u>	<u>67,921</u>
Noncurrent liabilities				
Long-term debt	-	87,244	-	87,244
Total liabilities	<u>54,442</u>	<u>100,649</u>	<u>74</u>	<u>155,165</u>
NET POSITION:				
Investment in capital assets, net of related debt	732,557	340,793	-	1,073,350
Unrestricted	2,002	(682)	(4,109)	(2,789)
Total net position	<u>734,559</u>	<u>340,111</u>	<u>(4,109)</u>	<u>1,070,561</u>
Total liabilities and net position	<u>\$ 789,001</u>	<u>\$ 440,760</u>	<u>\$ (4,035)</u>	<u>\$ 1,225,726</u>

See independent accountant's compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
Year Ended June 30, 2018

	Waste Water Fund	Water Fund	Solid Waste Fund	Total
OPERATING REVENUES:				
Charges for services	\$ 20,916	\$ 61,199	\$ 19,426	\$ 101,541
Interest on investments	-	9	-	9
Total operating revenues	20,916	61,208	19,426	101,550
OPERATING EXPENSES:				
Operating costs	23,145	77,058	24,561	124,764
Depreciation	17,333	39,306	-	56,639
Interest on long-term debt	-	4,049	-	4,049
Total operating expenses	40,478	120,413	24,561	185,452
Income (loss) from operations	(19,562)	(59,205)	(5,135)	(83,902)
NONOPERATING REVENUES (EXPENSES):				
Grants	632,857	-	-	632,857
Total nonoperating revenues (expenses)	632,857	-	-	632,857
Change in net position	613,295	(59,205)	(5,135)	548,955
Net position, beginning of year	121,264	399,316	1,026	521,606
Net position, end of year	\$ 734,559	\$ 340,111	\$ (4,109)	\$ 1,070,561

See independent accountant's compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF WILLARD
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Willard (the “Village”) was incorporated as a municipality in 1910 under the laws of the State of New Mexico. The Village operates under a Council-Mayor form of government, providing street and highway maintenance, sanitation, utilities, health and welfare, culture and recreation, public improvements, and general administrative services to the residents of the Village.

The financial statements of the Village have been prepared in accordance with the requirements of Section 12-6-3(B) NMSA 1978 and Section 2.2.2.16 NMAC. This special purpose framework is a basis of accounting other than accounting principles generally accepted in the United States of America and is not intended to be a complete presentation of the financial statements.

A. Financial Reporting Entity

As required by GAAP, financial statements are presented for the Village and its component units. A legally separate organization that does not qualify as a primary government is a potential component unit. The normal criterion for deciding whether a potential component unit is, in fact, a component unit is financial accountability. Financial accountability is determined by analyzing fiscal dependency, board appointments, financial benefit or burden relationships, or the ability of the primary government to impose its will on the potential component unit. Based on these criteria, the Village has no component units.

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, then unrestricted resources as they are recorded.

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

The Village follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with GASB Statement 33, Accounting and Reporting for Nonexchange Transactions:

Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts tax, gasoline taxes, and cigarette taxes.

Imposed nonexchange revenues – property taxes are levied and collected by the Torrance County treasurer on behalf of the Village. The taxes are levied in November and payable in two installments, November 10th and May 10th. The County remits to the Village a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty, and interest 30 days after the date on which they are due.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2018**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

A. Financial Reporting Entity – continued

Imposed nonexchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.

Government-mandated nonexchange transactions and voluntary nonexchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Village reports the following governmental funds:

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

Environmental Gross Receipts Tax Fund. To account for revenue received from the State through gross receipts tax.

Streets Fund. To account for funds used to maintain roads for which the Village is responsible for. Funding is provided by gas tax revenues and State highway funds. Expenditures are restricted to the construction and maintenance of Village roads. Authority is Section 7-1-6.27 NMSA 1978.

Children's Christmas Fund. To account for donations held in the Village's name for the benefit of the Village's children at Christmas. Created by the Village Council.

Capital Projects Fund. To account for the construction of major capital projects not financed by proprietary funds.

Proprietary funds are accounted for on the flow of economic resources measurement focus (all assets and all liabilities associated with the operation of these funds are included on the balance sheet) and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Village applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations.

The Village reports the following enterprise funds:

Water Fund. To account for the activities of the Village's water system.

Waste Water Fund. To account for the activities of the Village's waste water system.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2018**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

A. Financial Reporting Entity – continued

Solid Waste Fund. To account for the collection and disposal of solid waste.

B. Cash and Investments

Cash includes amounts in demand deposits and certificates of deposit. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

All investments are stated at fair value that is determined by using selected bases. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

The Village does not have an investment policy. Village funds are invested in accordance with New Mexico State Statute 6-10-36 which provides for the following investments:

1. United States Treasury Securities (Bills, Notes and Bonds) and other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States of America, the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government.
2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations, and credit unions, pursuant to State Board of Finance Collateral Policies.
3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
4. Investments in the New Mexico State Treasurer external investment pool (Local Government Investment Pool).

C. Capital Assets

Capital assets, which include land, buildings, and infrastructure assets, are reported in the enterprise funds. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs 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.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2018**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Capital Assets, continued

Capital assets are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Buildings	40 years
Infrastructure	30-40 years

D. Fund Balance

The Village follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement defines fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance — amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance — amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance — amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Village Council). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.

Assigned fund balance — amounts the Village intends to use for a specific purpose. Intent can be expressed by the Village Council or by an official or body to which the Village Council delegates the authority.

Unassigned fund balance — amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Village does not currently have a policy regarding whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those classifications could be used.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2018**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

D. Fund Balance, continued

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village Councilors have provided otherwise in its commitment or assignment actions.

E. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

F. Budgetary Information

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, special revenue, and proprietary funds.

The Village follows defined procedures in establishing the budgetary data reflected in the financial statements. Each year the Village determines amounts required for construction, maintenance, operations and debt service expenditures. Budget amounts are as originally adopted and as amended by the Village Council and approved by the Local Government Division of the State of New Mexico Department of Finance and Administration (DFA) and are prepared on a cash basis. The Village submits a proposed budget to DFA for the fiscal year commencing the following July 1. DFA must approve the budget prior to its legal enactment.

To meet legal compliance actual expenditures cannot exceed the total budgeted expenditures for the fund on a cash basis. Adjustments to the budget must be submitted to and approved by DFA in the form of a "budget adjustment request". The Village does not use encumbrances.

The budget is prepared on the cash basis, which differs from GAAP. The legal level of budgetary control is at the fund level; the Village's expenditures exceeded budgeted expenditures in the General Fund by \$5,263, the Streets Fund by \$47,322, and the Water Fund by \$17,590.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2018**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Net Position Deficit

The Solid Waste fund had a net position deficit at June 30, 2018 of \$4,035.

NOTE 2 – CASH

Custodial Credit Risk - Deposits. Custodial credit risk is, in the event of the failure of a depository financial institution, the Village will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name. As of June 30, 2018, the Village's bank balances were covered by FDIC insurance and did not require collateralization.

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution for each type of account.

Credit Risk. The Village has no formal policy on managing credit risk. State law limits investments to United States Government obligations, commercial paper with A-1 or better ratings, corporate bonds with a BBB+ or better rating, asset backed obligations with an AAA or better rating, or repurchase agreements.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30, 2018:

	Waste Water Fund	Solid Waste Fund	Water Fund	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Waste water services receivable	\$ 1,215	\$ -	\$ -	\$ 1,215
Solid waste services receivable	-	1,222	-	1,222
Water charges receivable	<u>-</u>	<u>-</u>	<u>1,408</u>	<u>1,408</u>
Total accounts receivable	<u>\$ 1,215</u>	<u>\$ 1,222</u>	<u>\$ 1,408</u>	<u>\$ 3,845</u>

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2018**

NOTE 3 – ACCOUNTS RECEIVABLE – continued

The Village considers accounts receivable to be fully collectible, therefore no allowance for bad debts has been recorded.

NOTE 4 - CAPITAL ASSETS

The following is a summary of capital assets in the Village’s enterprise funds as of June 30, 2018, and the changes in capital assets for the year then ended:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Assets not being depreciated:				
Construction in process	\$ 117,033	\$ 632,857	\$ (749,890)	\$ -
Land	3,600	-	-	3,600
Assets being depreciated:				
Buildings	15,000	-	-	15,000
Infrastructure	1,169,670	749,890	-	1,919,560
 Total capital assets	 1,305,303	 1,382,747	 (749,890)	 1,938,160
Accumulated depreciation	(714,638)	(56,639)	-	(771,277)
 Net capital assets	 <u>\$ 590,665</u>	 <u>\$ 1,326,108</u>	 <u>\$ (749,890)</u>	 <u>\$ 1,166,883</u>

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in long-term debt during the year ending June 30, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Business-type Activities					
Loan payable	\$ 23,489	\$ -	\$ (3,256)	\$ 20,233	\$ 3,289
Bonds payable	76,300	-	(3,000)	73,300	3,000
	<u>\$ 99,789</u>	<u>\$ -</u>	<u>\$ (6,256)</u>	<u>\$ 93,533</u>	<u>\$ 6,289</u>

In February 2005, the Village entered into a loan agreement with the New Mexico Environmental Department in the amount of \$63,000. The purpose of the loan was for the water system improvements. Annual principal and interest payments in the amount of \$3,491 are due in February of each year. Interest is at 1.00%. The maturity date is February 27, 2024.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2018**

NOTE 5 – LONG-TERM DEBT

The following is a schedule of the debt service requirements to maturity for the loan:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 3,289	\$ 202	\$ 3,491
2020	3,322	169	3,491
2021	3,355	136	3,491
2022	3,388	103	3,491
2023	3,422	69	3,491
2024	3,457	34	3,491
	<u>\$ 20,233</u>	<u>\$ 713</u>	<u>\$ 20,946</u>

In June 1994, the Village issued Water System Improvement Revenue Bonds in the amount of \$106,300. Annual principal and interest payments range from \$5,315 to \$16,065 and are due in June of each year. Interest is at 5.00%. The maturity date is June 16, 2034.

The following is a schedule of the debt service requirements to maturity for the loan:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 3,000	\$ 3,665	\$ 6,665
2020	3,000	3,515	6,515
2021	3,000	3,365	6,365
2022	3,000	3,215	6,215
2023	3,000	3,165	6,165
2024-2028	24,000	12,135	36,135
2029-2033	29,000	8,575	37,575
2034	5,300	255	5,555
	<u>\$ 73,300</u>	<u>\$ 37,890</u>	<u>\$ 111,190</u>

NOTE 6 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters. The Village carries an insurance policy to limit exposure to these types of risks.

**STATE OF NEW MEXICO
VILLAGE OF WILLARD
NOTES TO COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2018**

NOTE 7 – EXPENDITURES IN EXCESS OF BUDGET

The following funds had actual expenditures that exceeded budgeted expenditures:

<u>Fund</u>	<u>Amount Exceeded</u>
General fund	\$ 5,263
Streets fund	47,322
Water fund	17,590

NOTE 8 – PREPARATION OF FINANCIAL STATEMENTS

The financial statements were prepared by James L. Hartogensis, CPA LLC from the books and records of the Village. However, the contents of these financial statements remain the responsibility of the Village's management.