

**State of New Mexico  
Village of Williamsburg**

**Annual Financial Report  
For The Year Ended June 30, 2008**

**(With Independent Auditor's Report Thereon)**

State of New Mexico  
Village of Williamsburg

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Village of Williamsburg

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**INTRODUCTORY SECTION**

**State of New Mexico  
Village of Williamsburg**

**Official Roster  
June 30, 2008**

**Village Trustees**

Gorden Mishler  
Edward Steck  
Vanda Winchester  
Don Childers  
Bob Polnaszek

Mayor  
Mayor, Pro-Tern  
Trustee  
Trustee  
Trustee

**Administration**

Renee Stamper

Clerk/Treasurer

**Garcia and Associates, CPA, LLC**  
*Certified Public Accountant and Business Consultants*

Raymond J. Garcia, CPA  
Partner

Paul Lucero, MBA  
Partner

2060 Main Street NE, Suite C  
Los Lunas, NM 87031  
Phone: (505) 865-7001  
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**INDEPENDENT AUDITOR'S REPORT**

Mr. Hector H. Balderas  
New Mexico State Auditor, and  
Village Council  
Village of Williamsburg  
P.O. Box 150  
Williamsburg, New Mexico 87942

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and major special revenue funds, and the aggregate remaining fund information of the Village of Williamsburg (the Village), as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's non major governmental funds and all budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Village, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non major governmental fund of the Village as of June 30, 2008, and respective changes in financial position thereof, and the budgetary comparisons for the non major governmental funds and enterprise fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 7, 2009 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with Government Auditing Standards and should be considered in assessing the result of our audit.

For the year ended June 30, 2008, the Village of Williamsburg has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basis financial statements.

Our audit was conducted for the purposes of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of changes in assets and liabilities of agency fund is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedure applied in the audit of the financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Garcia and Associates, CPA, LLC*

Garcia and Associates, CPA, LLC  
Los Lunas, New Mexico  
April 7, 2009

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Net Assets**  
**June 30, 2008**

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 776,938	\$ 136,618	\$ 913,556
Accounts receivable (net)	-	1,988	1,988
Taxes receivable	10,421	-	10,421
Intergovernmental receivable	57,189	-	57,189
Interest receivable	101	-	101
Inventories	589	-	589
Total current assets	<u>845,238</u>	<u>138,606</u>	<u>983,844</u>
Capital assets:			
Land	18,507	-	18,507
Infrastructure	725,843	-	725,843
Buildings and improvements	480,537	366,046	846,583
Machinery and equipment	795,150	-	795,150
Vehicles	103,736	-	103,736
Less accumulated depreciation	<u>(1,262,275)</u>	<u>(200,501)</u>	<u>(1,462,776)</u>
Total capital assets	<u>861,498</u>	<u>165,545</u>	<u>1,027,043</u>
Total assets	<u>1,706,736</u>	<u>304,151</u>	<u>2,010,887</u>
<b>LIABILITIES</b>			
Accounts payable	21,562	-	21,562
Accrued payroll	3,816	-	3,816
Compensated absences payable	854	-	854
Long-term note payable (Note 3 G.)			
Due within one year	9,729	-	9,729
Due in more than one year	71,095	-	71,095
Total liabilities	<u>107,056</u>	<u>-</u>	<u>107,056</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	779,820	165,545	945,365
Restricted for:			
Community development projects	337,188	-	337,188
Unrestricted	482,632	138,606	621,238
Total net assets	<u>\$ 1,599,680</u>	<u>\$ 304,151</u>	<u>\$ 1,903,831</u>



**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-type Activities	
<b>Primary Government</b>						
Governmental activities:						
General government	\$ 135,953	\$ 6,029	\$ -	\$ (129,924)	\$ -	(129,924)
Public safety	181,462	1,121	-	(180,341)	-	(180,341)
Public works	28,620	-	-	(28,620)	-	(28,620)
Public health	623	-	-	(623)	-	(623)
Culture and recreation	16,236	-	-	(16,236)	-	(16,236)
Interest on long-term debt	1,008	-	-	(1,008)	-	(1,008)
Total governmental activities	<u>363,902</u>	<u>7,150</u>	<u>-</u>	<u>(356,752)</u>	<u>-</u>	<u>(356,752)</u>
Business-type activities:						
Sewer utility fund	9,151	22,892	-	-	13,741	13,741
Total business-type activities	<u>9,151</u>	<u>22,892</u>	<u>-</u>	<u>-</u>	<u>13,741</u>	<u>13,741</u>
Total primary government	<u>\$ 373,053</u>	<u>\$ 30,042</u>	<u>\$ -</u>	<u>\$ (356,752)</u>	<u>\$ 13,741</u>	<u>(343,011)</u>
General revenues:						
Taxes						
Property taxes, levied for general purposes				7,690	-	7,690
Gross receipts taxes				34,172	2,081	36,253
Franchise taxes				10,861	-	10,861
Other taxes				87,240	-	87,240
Grants and contributions unrestricted				255,755		255,755
Investment income				10,292	1,069	11,361
Total general revenues				<u>406,010</u>	<u>3,150</u>	<u>409,160</u>
Changes in net assets				49,258	16,891	66,149
Net assets, beginning of year				1,542,849	287,260	1,830,109
Prior period restatement				7,573	-	7,573
Net assets, beginning of year restated				<u>1,550,422</u>	<u>287,260</u>	<u>1,837,682</u>
Net assets, end of year				<u>\$ 1,599,680</u>	<u>\$ 304,151</u>	<u>\$ 1,903,831</u>

**State of New Mexico  
Village of Williamsburg  
Balance Sheet  
Governmental Funds  
June 30, 2008**

	General Fund	Fire Fund	Streets Gas Tax	Other Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 438,237	\$ 61,472	\$ 175,019	\$ 102,211	\$ 776,938
Taxes receivable	8,587	2	1,498	334	10,421
Intergovernmental receivables	57,189	-	-	-	57,189
Interest receivable	101	-	-	-	101
Inventories	260	278	-	51	589
Total assets	<u>\$ 504,373</u>	<u>\$ 61,752</u>	<u>\$ 176,516</u>	<u>\$ 102,596</u>	<u>\$ 845,238</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 17,885	\$ 99	\$ -	\$ 3,578	\$ 21,563
Accrued payroll	3,816	-	-	-	3,816
Total liabilities	<u>21,701</u>	<u>99</u>	<u>-</u>	<u>3,578</u>	<u>25,378</u>
<b>Fund balances:</b>					
Reserved for inventories	260	278	-	51	589
Reserved for:					
Community development projects	-	61,375	176,516	98,967	336,858
Unreserved and undesignated					
Reported in the general fund	<u>482,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,412</u>
Total fund balances	<u>482,672</u>	<u>61,653</u>	<u>176,516</u>	<u>99,018</u>	<u>819,859</u>
Total liabilities and fund balances	<u>\$ 504,373</u>	<u>\$ 61,752</u>	<u>\$ 176,516</u>	<u>\$ 102,596</u>	<u>\$ 845,238</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Reconciliation of the Governmental Fund Balance Sheet to the**  
**Statement of Net Assets**  
**June 30, 2008**

Total Fund balance for governmental funds	\$	819,859
<p>Total net assets reported for governmental activities in the statement of net assets is different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:</p>		
Governmental capital assets	\$	2,123,773
Less accumulated depreciation	<u>(1,262,274)</u>	861,499
<p>Long-term and short-term liabilities applicable to the Village governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in statement of net assets</p>		
Compensated absences payable	\$	(854)
Current note payable	(9,729)	
Long-term note payable	<u>(71,095)</u>	<u>(81,678)</u>
Total net assets of governmental activities	<u>\$</u>	<u>1,599,680</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

	General Fund	Fire	Street Gas Tax	Other Funds	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 7,690	\$ -	\$ -	\$ -	\$ 7,690
Gross receipts tax	34,172	-	-	-	34,172
Franchise tax	10,861	-	-	-	10,861
Other taxes	66,566	-	45,091	4,020	115,677
Licenses and permits	1,121	-	-	-	1,121
Intergovernmental revenue and grants	133,553	65,765	-	23,000	222,318
Charges for service	2,272	-	-	810	3,082
Investment earnings	4,261	461	5,011	558	10,292
Other revenues	2,947	-	-	-	2,947
Total revenues	<u>263,443</u>	<u>66,226</u>	<u>50,103</u>	<u>28,388</u>	<u>408,160</u>
<b>EXPENDITURES:</b>					
Current -					
General government	130,949	-	-	-	130,949
Health	-	-	-	623	623
Public safety	51,368	50,976	-	31,394	133,738
Public works	-	-	2,395	-	2,395
Culture and recreation	7,017	-	-	1,750	8,767
Capital outlay	10,750	-	34,210	-	44,960
Debt service -					
Principal	-	9,633	-	-	9,633
Interest and fiscal charges	-	1,008	-	-	1,008
Total expenditures	<u>200,084</u>	<u>61,617</u>	<u>36,605</u>	<u>33,767</u>	<u>332,073</u>
Excess (deficiency) of revenues over expenditures	<u>63,359</u>	<u>4,609</u>	<u>13,498</u>	<u>(5,379)</u>	<u>76,087</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	32,000	32,000
Transfers out	(32,000)	-	-	-	(32,000)
Total other financing sources (uses)	<u>(32,000)</u>	<u>-</u>	<u>-</u>	<u>32,000</u>	<u>-</u>
Net changes in fund balances	31,359	4,609	13,498	26,621	76,087
Fund balances, beginning of year	451,313	49,471	163,019	72,397	736,200
Prior period restatement	-	7,573	-	-	7,573
Fund balances, beginning of year restated	<u>451,313</u>	<u>57,044</u>	<u>163,019</u>	<u>72,397</u>	<u>743,773</u>
Fund balances, end of year	<u>\$ 482,672</u>	<u>\$ 61,653</u>	<u>\$ 176,516</u>	<u>\$ 99,018</u>	<u>\$ 819,859</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund**  
**Balances to Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2008**

Net changes in fund balances - total governmental funds \$ 76,087

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	54,444	
Less current year depreciation	<u>(92,686)</u>	(38,242)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in compensated absences	<u>1,780</u>	1,780
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Revenue that are deferred in the governmental funds because they do not provide current financial resources are included in the Statement of Activities.

Repayment of long-term debt principal are expenditures in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets.

Notes payable retirement	<u>9,633</u>	9,633
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Change in net assets of governmental activities		<u><u>\$ 49,258</u></u>
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**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 6,703	\$ 6,703	\$ 7,744	\$ 1,041
Gross receipts taxes	33,400	33,400	39,363	5,963
Franchise taxes	12,000	12,000	11,354	(646)
Other taxes	68,600	68,600	77,233	8,633
Intergovernmental revenue and grants	120,075	120,075	133,552	13,477
Charges for services	15,100	15,100	6,300	(8,800)
Total revenues	<u>255,878</u>	<u>255,878</u>	<u>275,547</u>	<u>19,669</u>
<b>EXPENDITURES:</b>				
General government	240,082	240,082	118,143	121,939
Public safety	11,464	11,464	46,141	(34,677)
Public works	-	-	-	-
Culture and recreation	14,388	14,388	7,158	7,230
Capital outlay	-	-	10,749	(10,749)
Total expenditures	<u>265,934</u>	<u>265,934</u>	<u>182,190</u>	<u>83,744</u>
Excess (deficiency) of revenues over expenditures	<u>(10,056)</u>	<u>(10,056)</u>	<u>93,356</u>	<u>103,412</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Investment earnings	-	-	4,160	4,160
Interfund transfer	(15,000)	(32,000)	(32,000)	-
Total other financing sources (uses)	<u>(15,000)</u>	<u>(32,000)</u>	<u>(27,840)</u>	<u>4,160</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(25,056)</u>	<u>(42,056)</u>	<u>65,517</u>	<u>107,573</u>
Budgeted cash carryover	<u>25,056</u>	<u>42,056</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,517</u>	<u>\$ 107,573</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 65,517
Adjustments for revenue accruals	(16,305)
Adjustment for expenditures accruals	<u>(17,893)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 31,319</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
**Fire Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes:				
Intergovernmental revenue	\$ 40,590	\$ 40,590	\$ 55,649	\$ 15,059
Investment earnings	200	200	461	261
Total revenues	<u>40,790</u>	<u>40,790</u>	<u>56,110</u>	<u>15,320</u>
<b>EXPENDITURES:</b>				
Public safety	39,750	39,750	51,294	(11,544)
Capital outlay	-	-	-	-
Total expenditures	<u>39,750</u>	<u>39,750</u>	<u>51,294</u>	<u>(11,544)</u>
Excess (deficiency) of revenues over expenditures	1,040	1,040	4,816	3,776
Budgeted cash carryover	-	-	-	-
	<u>\$ 1,040</u>	<u>\$ 1,040</u>	<u>\$ 4,816</u>	<u>\$ 3,776</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 4,816
Adjustments for revenue accruals	483
Adjustment for expenditures accruals	<u>(690)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 4,609</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
**Street Gas Tax Fund**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental revenue and grant	\$ 33,500	\$ 33,500	\$ 46,957	\$ 13,457
Investment earnings	600	600	5,011	4,411
Total revenues	<u>34,100</u>	<u>34,100</u>	<u>51,968</u>	<u>17,868</u>
<b>EXPENDITURES:</b>				
Public works	5,350	5,350	3,408	1,942
Capital outlay	40,000	40,000	34,210	5,790
Total expenditures	<u>45,350</u>	<u>45,350</u>	<u>37,618</u>	<u>7,732</u>
Excess (deficiency) of revenues over expenditures	(11,250)	(11,250)	14,351	25,601
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund transfer	11,250	-	-	-
Total other financing sources (uses)	<u>11,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	(11,250)	14,351	25,601
Budgeted cash carryover	-	11,250	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,351</u>	<u>\$ 25,601</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 14,351
Adjustments for revenue accruals	(1,866)
Adjustment for expenditures accruals	<u>1,013</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 13,498</u>



**State of New Mexico  
Village of Williamsburg  
Statement of Net Assets  
Proprietary Funds  
June 30, 2008**

	Business-Type Activities
	Sewer
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 136,618
Accounts receivable (net)	1,988
Total current assets	138,606
Noncurrent assets:	
Buildings and improvements	366,046
Accumulated depreciation - Buildings	(200,501)
Total noncurrent assets	165,545
Total assets	304,151
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	-
Total current liabilities	-
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	165,545
Unrestricted	138,606
Total net assets	\$ 304,151

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2008**

	Business-Type Activities
	Sewer
<b>OPERATING REVENUES:</b>	
Charges for services - sewer	\$ 22,892
Total operating revenues	22,892
<b>OPERATING EXPENSES:</b>	
Depreciation	9,151
Total operating expenses	9,151
Operating income	13,741
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Interest income	1,069
Gross receipt tax	2,081
Total non-operating revenues (expenses)	3,150
Change in net assets	16,890
Total net assets, July 1 (Beginning)	287,261
Total net assets, June 30 (Ending)	\$ 304,151

**State of New Mexico  
Village of Williamsburg  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2008**

	Business-Type Activities Sewer
<u>Cash flows from operating activities:</u>	
Cash received from user charges	\$ 21,012
Cash payments for other operating expenses	-
Net cash provided by operating activities	21,012
<u>Cash flows from other financing activities:</u>	
Gross receipt tax	2,402
Net cash provided by other financing activities	2,402
<u>Cash flows from investing activities:</u>	
Investment income	1,069
Net cash provided by investing Activities	1,069
Net increase (decrease) in cash and cash equivalents	24,482
Cash and cash equivalents, beginning of year	112,136
Cash and cash equivalents, end of year	\$ 136,618
<b>Reconciliation of operating income to net cash</b>	
<u>Provided by operating activities</u>	
Operating income	\$ 13,741
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	9,151
Effect of increases and decreases in current assets and liabilities: (Increase) decrease in accounts receivables	(1,880)
Net cash provided by (used for) operating activities	\$ 21,012

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	<u>Agency Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ <u>1,225</u>
<u>Liabilities</u>	
Refunds payable and others	<u>1,225</u>
<u>Net assets</u>	
In-trust for the court and the community	<u><u>\$ -</u></u>

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**History, Mission and Organization**

The Village of Williamsburg was incorporated under the laws of the State of New Mexico in the early 1900's. The Village operates under a Council-Mayor form of government, providing services as authorized by its charter: public safety (police and fire), streets, sanitation, health and welfare, culture and recreation, public improvements, and general administrative services

**1) Summary of Significant Accounting Policies**

The Village's financial statements are prepared using the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standard Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Government." In June 2001, the GAAP approved Statement No. 37 "Basic Financial Statements and Management Discussion and Analysis for State and Local Government: Omnibus" and Statement No. 38 "Certain Financial Statement Note Disclosures". Statement No. 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies establishes and rescinds certain financial statement disclosure requirements. The Village of Williamsburg implemented the provisions of the above statements effective July 1, 2003.

**A. Financial Reporting Entity**

The Village Council (the "Council") is elected by the public and it has authority to make decisions, appoint administrators and managers, and significantly influence operations. It also holds primary accountability for fiscal matters. Therefore, the Village is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity." The Village is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Even though, the Village has decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The Village does not have any component units; therefore, component units are not represented in the financial statements.

**B. Government-Wide and Fund Financial Statements**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Village of Williamsburg non-fiduciary activities with most of the inter fund activities removed. Governmental activities include programs supported primarily by taxes, state funds, grants and other intergovernmental revenues. Business-type activities include operations that rely on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the Village operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the Village. Examples include user charges at

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recreation facilities and for health care services. The "grants and contributions" column includes amounts paid by organizations outside the Village to help meet the operational or capital requirements of a given function. Examples include grants under Housing and Urban Development's Community Development Block Grants. If revenue is not program revenue, it is general revenue used to support all of the Village's functions. Taxes are always general revenues.

Inter fund activities between governmental funds and between governmental funds and proprietary funds] appear as due to/due from on the Governmental Fund Balance Sheet [and Proprietary Fund Statement of Net Assets} and as other resource and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance (and on the Proprietary Fund Statement of Revenues, Expenses and Charges in Fund Net Assets).

The fund financial statements provide reports on the financial condition and results of operations for two fund categories -governmental and proprietary. The village considers some governmental (and enterprise) funds major and reports their financial condition and results of operations in a separate column The fund financial statements exclude the portion of these non exchange transaction revenues that are not available.

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use the economic resource measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange transactions, derived tax revenues such as gross receipt taxes, and exchange-like transactions should be recognized when the exchange takes places. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied, net of estimated refunds and uncollectible amounts. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increase and decrease in current assets (i .e. revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are

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expected to be liquidated with expendable available financial resources. The Village considers all revenues available if they are collectable within 60 days after year end. Property taxes are considered revenue when they are levied, even if enforceable legal claims arise or the due date for payment occurs in a different period.

Revenues from local sources consist primarily of property, franchise, and gross receipts taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The Village considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the grant provisions. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the Village to refund all or part of the unused amount.

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and recognized that become measurable. The Village applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

#### **D. Fund Accounting**

The Village reports the following major governmental funds:

1. **General Fund** --The General Fund is the Village's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Fire Protection Fund** To account for the operations and maintenance of fire equipment. Financing is provided by a State allotment. Authority - NMSA 59A-53-1.
3. **Street Gas Tax Fund** --To account for the receipts and expenditures of special gasoline tax which is restricted for use in repairing and maintaining roads and streets within the municipality. The fund was created by the state statute. NMSA 7-1-6.9 and 7-13-1 to 18.

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The Village reports the following major enterprise funds:

- **Sewer Fund** - Sewer funds are used to account for the provision of sewage services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations billing and maintenance.

Additionally, the Village reports the following fund type(s):

Governmental Funds:

- **Special Revenue Funds** -The Village accounts for resources restricted to, or designated for, specific purposes by the Village or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

- **Enterprise Funds** -The Village's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The Village has no non-major enterprise funds.

Fiduciary Funds:

- **Agency Funds** -The Village accounts for resources held for others in a custodial capacity in agency funds. The Village Agency Fund is:

Municipal Court -to account for fees collected for fines and penalties that are remitted to the Village by the Municipal Court

**E. Other Accounting Policies:**

1. For purposes of the statement of cash flows for proprietary funds, the Village considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The Village reports inventories of supplies at cost including consumable maintenance and office items. Supplies are recorded as expenditures when they are consumed.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as



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bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. It is the Village's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. All sick pay and vacation pay is accrued when incurred in the government - wide, proprietary, and fiduciary fund financial statements.
5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements. 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 two years. Such 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. Interest expense during construction is not capitalized except in enterprise funds. Computer software costing more than \$5,000 is depreciated. For the fiscal year 2006, the State's capitalization policy of capital assets are defined by the Village as an asset with an initial individual cost of more than \$5,000 and estimated useful life in excess of one year.

Buildings, furniture and equipment of the Village are depreciated using the straight line method of the following estimated useful lives:

Buildings and Improvements	40 years
Sewer plants	40 years
Infrastructure	10-20 years
Machinery & Equipment	10-20 years
Vehicles	5-10 years
Computer Equipment & Software	5-10 years

6. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.
7. When the Village incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

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**2. Stewardship, Compliance, and Accountability**

**A. Budgetary Data**

The Village Council adopts an "appropriated budget" for the General Fund, Special Revenue Funds and the Enterprise Fund. The Village is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The budgetary comparison is prepared on the cash basis of accounting.

The following procedures are followed in establishing the budgetary data reflected in the general - purpose financial statements:

1. The Village submits a proposed operating budget for the fiscal year commencing July 1, prior to June 30. The operating budget includes proposed expenditures and the means of financing them. A budget is proposed for the General, Special Revenue and Proprietary Funds.
2. Public hearings are conducted to obtain taxpayer comments. The budgets are then submitted to the department of Finance and Administration for review, adjustment and approval.
3. Prior to June 30, the budget is legally enacted through passage of a resolution. The Village Council is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the Department of Finance and Administration, Local Government Division.
4. Budgets for budgeted funds are adopted on the cash basis which is not consistent with generally accepted accounting principles. Budgetary comparisons have been presented in this report on the basis of the legally adopted budget.
5. Appropriations lapse at year end with any unspent cash balance being available for expenditures and appropriation in the subsequent year's budget.
6. The level of classification detail in which expenditures may not legally exceed appropriations for each budget is in fund total.

**B. Deposit and Investments**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008 \$291,252 of the government's bank balance of \$809,220 was exposed to custodial credit risk as follow:

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<u>Depository Account</u>	<u>Bank Balance</u>
Insured by FDIC	\$ 300,000
Collateralized:	
Collateral held by pledging bank's trust department in the Village's name	175,000
Collateral held by pledging bank's trust department not in the Village's name	149,665
Uninsured and uncollateralized	<u>184,556</u>
Total bank deposits	809,221
State Treasurer External Investment Pool	106,697
Total deposits as of June 30, 2008	<u><u>\$ 915,918</u></u>

**State Treasurer External Investment Pool (Local Government Investment Pool):**

The Village also invested in the New MexiGROW Local Government Investment Pool (LGIP), a government investment pool, in rated AAAM by Standard & Poor's; or rated at AAA for credit risk. Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rate and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity ONAM is a key determinant of the tolerance of a fund's investments to rising interest rates. In general, the longer the WAM, the more susceptible the fund is to rising interest rates. The following is the disclosure of the LGIP investment rates:

June 30, 2008			
New MexiGROW LGIP	AAAM rated	\$ 1,000,000	24-day WAM

The blended yield of the LGIP portfolio at year-end was 2.40 percent, and average term of the portfolio was 24 days.

According to GASB Statement 40, an acceptable method for reporting interest rate risk is WAM which is the method used for reporting purposes for the LG IP investment report found on the State Treasurer's website: [www.stonm.org](http://www.stonm.org) or call (505) 955-1125, the State of New Mexico Office of the Treasurer.

The Village invested in LGIP in the amount of \$106,697 as of June 30, 2008. The following information may be helpful in understanding this State investment policy:

- (a) Investments are valued at fair value based on quoted market prices as of the valuation date;
- (b) The State Treasurer LGIP is not Security Exchange Commission registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978.2

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(c) The LGIP does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amount were invested; and

(d) Participation in the LGIP is voluntary.

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The following is the investment at the Financial Institution:

	Balance per bank	<u>\$ 428,604</u>	<u>\$ 249,664</u>	<u>\$ 130,951</u>
Demmand deposits:				
General funds	\$ 427,895	\$ 249,664	\$ 66,210	
Agency fund	709	-	-	
Money market fund	-	-	64,741	
Total deposits	<u>428,604</u>	<u>249,664</u>	<u>130,951</u>	
Less: FDIC coverage	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	
Uninsured public funds	<u>328,604</u>	<u>149,664</u>	<u>30,951</u>	
Pledged collateral, CUSIP, maturity held at:				
Security held at FHLB of Dallas at 8500 Freeport Pkwy South, Ste, 100, Irving, TX; letter of Credit #8252002371, maturity on 07/09/08, on the name of the Village of Williamsburg		(150,000)		
Security held at FHLB of Dallas at 8500 Freeport Pkwy South, Ste, 100, Irving, TX; letter of Credit #812013671, maturity on 06/03/09, on the name of the Village of Williamsburg		(25,000)		
Security held at Federal Reserve Bank in Atlanta,SHLV- Bank of Atlanta 1475 Peach Tree St. NE Atlanta, GA 30309, #803200169, maturity on 03/01/09, on bank name			(190,000)	
Security held at Federal Reserve Bank in Atlanta,SHLV- Bank of Atlanta 1475 Peach Tree St. NE Atlanta, GA 30309, Brazo County GO #803200167, maturity on 09/10/09, on bank name			(30,000)	
Security held at Federal Reserve Bank in Atlanta,SHLV- Bank of Atlanta 1475 Peach Tree St. NE Atlanta, GA 30309, Van Tx Indpt Sch. GO#803200170, maturity on 12/15/10, on bank name			(50,000)	
Security held at Federal Reserve Bank in Atlanta,SHLV- Bank of Atlanta 1475 Peach Tree St. NE Atlanta, GA 30309, FNMA ARM#113750 #896260076, maturity on 09/01/13, on bank name			(299,514)	
Security held at Federal Reserve Bank in Atlanta,SHLV- Bank of Atlanta 1475 Peach Tree St. NE Atlanta, GA 30309, FNMA ARM#1113750 #803200168, maturity on 04/01/16, on bank name			(25,571)	
Total pledged held by the pledging financial institution		<u>(175,000)</u>	<u>(595,085)</u>	<u>-</u>
Uninsured and uncollateralized	\$	<u>(153,604)</u>	\$ -	\$ <u>(30,951)</u>
50% pledged collateral requirement per Section 6-10-17, NMSA, 1978	\$	164,302	\$ 74,832	\$ 15,476
Total pledged collateral		<u>(175,000)</u>	<u>(595,085)</u>	<u>-</u>
Pledged collateral (over) under the requirement	\$	<u>(10,698)</u>	\$ <u>(520,252)</u>	\$ <u>15,476</u>

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Following is a reconciliation of the Village's cash and investment balances as of June 30, 2008:

Name of Depository	Account Name	Type of Account	Interest Bearing	Bank balance at June 30, 2008	(Outstanding item)	Reconciled Balance at June 30, 2008
Bank of the Southwest	Village of Williamsburg	Checking	Yes	\$ 427,895	\$ (1,337)	\$ 426,558
Compass Bank	Village of Williamsburg	Checking	Yes	249,664	-	249,664
First Savings Bank	Village of Williamsburg	Savings	Yes	66,210		66,210
Bank of the Southwest	Village of Williamsburg	Checking	Yes	710		710
First Savings Bank	Village of Williamsburg	NMDA	Yes	<u>64,741</u>		64,741
	Balance per bank			809,220		
State Treasurer	Village of Williamsburg	Investment	Yes	<u>106,697</u>		106,697
	Balance per bank and State Treasurer			915,918		
	Outstanding item			(1,337)	<u>(1,337)</u>	
Petty cash	Village of Williamsburg			200		200
	Cash balances as of June 30, 2008			<u>\$ 914,781</u>		<u>\$ 914,781</u>
Cash reconciliation to Fund type:						
	Total cash for Government Funds					\$ 776,938
	Total cash for Sewer Fund					136,618
	Total cash for Agency Fund					<u>1,225</u>
	Cash balances as of June 30, 2008					<u>\$ 914,781</u>

**C. Property Taxes**

The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent by the County Treasurer to property owners by November 1 of each year to be paid in whole or two installments by December 10 and May 10 of the following year. The County collects such taxes and distributes to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Property tax revenues are considered available (1) when they become due or past due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the Village fiscal year.

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D. Delinquent Taxes Receivable

No allowances for uncollectible taxes receivables, either current or delinquent, are included within the Village's funds because the information is unavailable from the County. The Village is prohibited from writing off real property taxes.

E. Inter - fund Balances and Activity

Transfers to/from other funds at June 30, 2008, consist of the following:

<u>Fund Name</u>	<u>Fund No.</u>	<u>Description</u>	<u>Amount Due (to)/from</u>
General Fund	#100	Due to Flood Services Fund to supplement emergency services	\$ (32,000)
		Total due to Other funds	<u>\$ (32,000)</u>
Flood Services Fund	#209	Due from General Fund to supplement emergency srvcies	\$ 32,000
		Total due from General Fund	<u>\$ 32,000</u>

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F. Capital Asset Activity

The changes in capital assets for the year ended June 30, 2008 is as follows:

Governmental - Type Activities:

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
<b>Capital assets not being depreciated</b>				
Land	\$ 18,507	\$ -	\$ -	\$ 18,507
<b>Other capital assets</b>				
Infrastructure	692,333	33,511	-	725,844
Building and Improvements	480,537	-	-	480,537
Machinery and Equipment	782,217	12,933	-	795,150
Vehicles	95,736	8,000	-	103,736
Total governmental capital assets	<u>2,069,329</u>	<u>54,444</u>	<u>-</u>	<u>2,123,773</u>
Less accumulated depreciation				
Infrastructure	(501,453)	(23,488)	-	(524,941)
Building and Improvements	(204,639)	(12,013)	-	(216,653)
Machinery and Equipment	(420,051)	(47,548)	-	(467,598)
Vehicles	(43,446)	(9,637)	-	(53,084)
	<u>(1,169,589)</u>	<u>(92,686)</u>	<u>-</u>	<u>(1,262,275)</u>
Net Assets	<u>\$ 899,740</u>	<u>\$ (38,242)</u>	<u>-</u>	<u>\$ 861,498</u>

Business Type Activities

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Building and Improvements (40yrs)	\$ 366,046	\$ -	\$ -	\$ 366,046
Less accumulated depreciation				
Building and Improvements	(191,350)	(9,151)	-	(200,501)
Total accumulated depreciation	<u>(191,350)</u>	<u>(9,151)</u>	<u>-</u>	<u>(200,501)</u>
Net books for business types	<u>\$ 174,696</u>	<u>\$ (9,151)</u>	<u>\$ -</u>	<u>\$ 165,545</u>



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Depreciation expense was charged to governmental functions as follows:

General Government	
Judicial	\$ 1,880
Financial administration	4,784
Total general government	6,664
Public safety	
Police	8,559
Fire protection	43,504
Health	1,714
Total public safety	53,777
Public works:	
Highways and streets	25,526
Total public works	25,526
Culture and recreation	
Parks	6,719
Total culture and recreation	6,719
\$ 92,686	

**G. Bonds and Long-Term Notes Payable**

**For General Governmental Activities:**

Note payable:	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008	Due in One Year
NM Finance Authority	\$ 90,457	\$ -	\$ (9,633)	\$ 80,824	\$ 9,729

The annual requirement to amortize debt outstanding as of June 30, 2008 is as follows:

Year ending	Principal Amount	Interest Amount	Admin. Fee	Total
2009	\$ 9,729	\$ 356	\$ 101	\$ 10,186
2010	9,827	319	89	10,235
2011	9,928	281	76	10,285
2012	10,034	240	64	10,338
2013	10,146	197	52	10,395
2014-16	31,160	308	78	31,546
	\$ 80,824	\$ 1,701	\$ 460	\$ 82,985

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**3. Revenues -Charge For Services And Fees**

Charge for services and fees composed of the local traffic safety fee, rental income, reimbursement of office expenses and service provide to Corrections Department.

	General Fund	Corrections Fund	Total
Rental income	\$ 1,737		\$ 1,737
Copies and faxes	1,212		1,212
Fines	1,101		1,101
Licenses and permits	1,121		1,121
Sale of fixed assets	400		400
Local corrections fee	-	810	810
Miscellaneous income	769		769
<b>Total charges for services and fees</b>	<b>\$ 6,340</b>	<b>\$ 810</b>	<b>\$ 7,150</b>

**4. Account Payable**

Accounts payable represent expenditures for goods and services prior to June 30, 2008.

**5. Invested In Capital Assets (Net Related Debt)**

Invested in capital assets (net related debt) - is intended to reflect the portion of net assets which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated un-amortized cost.

**6. Restricted Assets**

Restricted Assets are liquid assets (generated from revenues and not bond proceeds), which have third-party (statutory, bond covenant or granting agency) limitation on their use.

**7. Unrestricted Assets**

Unrestricted assets represent unrestricted liquid assets.

**8. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

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**9. Compensation Absences Payable**

Upon retirement or death of certain employees, the Village pays any accrued vacation leave in a lump cash payment to such employee or his/her estate. A summary of charges in the accumulated vacation leave liability follows:

	Vacation Leave
Balance June 30, 2007	\$ 2,632
Additions	2,821
(Deductions)	<u>(4,599)</u>
 Balance June 30, 2008	 <u>\$ 854</u>

The compensation absences payable is due within one year for the amount of \$854.

All amounts are classified as current liabilities. The General or Utility Funds, as appropriate, have been used to liquidate amounts in the past.

**10. Defined Benefit Pension Plan**

**Plan Description:**

Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act, (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico, 87504-2123.

**Funding Policy:**

Plan members, except police are required to contribute 9.15% of their gross salary. The Village is required to contribute 9.15% for all employees effectively on March 1st 2007 except police, which is required at 10%. The contribution requirements of plan members and the Village are established in Chapter 10, Article 7C, NMSA, 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the years ending June 30, 2008, and 2007 are \$5,390, and \$7,692, respectively, equal to the amount of the required contributions for each year.

**State of New Mexico**  
**Village of Williamsburg**  
**Notes to The Financial Statements**  
**June 30, 2008**

**11. Post-Employment Benefits**

The Retiree Health Care Act (Act) (Chapter 10, Article 7C, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 90 of Chapter 6, Law of 1990, the City has elected not to participate in the program by adoption of an ordinance.

**12. Participation In Public Entity Risk Pool**

The Village is a member of the New Mexico Self-Insurers' Fund ( the "Fund"). The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for insurance coverage and develop a comprehensive loss control program. The Village pays an annual premium to the Fund for its workers' compensation liability, general liability, auto liability, auto physical damage and property coverage. The Village's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide through commercial companies reinsurance contracts, individual stop loss coverage for member cities. The Village paid premiums of \$37,279 for the year ended June 30, 2008.

**13. Prior Period Adjustment**

During the current year, it was determined that certain prior year accounts payable totaling \$7,573 were incorrectly accrued in the Fire Fund. To correct this error, the beginning fund balance of the Fire Fund of \$49,471, as originally reported, has been increased to \$57,044. In addition, beginning net assets for governmental activities of \$1,542,849 as originally reported have been increased to \$1,550,422.

**14. Construction and Other Significant Commitments and Contingencies**

The Village has no significant commitments or contingencies.

**SUPPLEMENTAL INFORMATION**

**State of New Mexico**  
**Village of Williamsburg**  
**June 30, 2008**

**Special Revenue Funds**

**Major Funds**

Fire Protection Fund - To account for the operations and maintenance of fire equipment. Financing is provided by a state allotment. Authority - NMSA 59A-53-1.

Streets Gas Tax Fund - To account for the receipts and expenditures for special gasoline tax, is restricted for use in repairing and maintaining roads and streets within the municipality. The fund was created by state statute, NMSA 7-1-6.9 and 7-13-1 to 18.

**Non-Major Funds**

Corrections Fund - To account for the collection of fines which are used to supplement the cost of prisoner housing. The fund was created by the authority of state statute 29-13-1 NMSA 1978.

Emergency Medical Services Fund - To account for state and county proceeds provided for operations of the Village's emergency medical services. Authority -NMSA 24-10A-1 to 10.

Law Enforcement - To account for funds received from the state for law enforcement purpose. The fund was created by the authority of state grant provisions, NMSA 29-13-3.

Lodger's Tax Fund - To account for a lodger's tax which is used for cultural and recreational purposes. Authority NMSA 3-38-13 to 24.

Recreation Fund - To account for the operations and maintenance of recreation facilities. Financing is provided by a specific tax on cigarette sales. Authority -NMSA 7-12-15.

Flood Control Fund - To account for maintenance and improvements to flood control. Financing is provided by the Water Research, Conservation and Development Act. Authority - NMSA 75-2-1.

**State of New Mexico**  
**Village of Williamsburg**  
**Combining Balance Sheet**  
**Non Major Special Revenue Funds**  
**June 30, 2008**

	201	203	205	206	208	209	Total
	Corrections	Emergency Medical Services	Law Enforcement	Lodgers Tax	Recreation	Flood Services	Nonmajor Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 13,461	\$ 20,141	\$ 37,955	\$ 10,629	\$ 3,026	\$ 16,999	\$ 102,211
Taxes receivable	-	-	-	219	115	-	334
Inventories	-	51	-	-	-	-	51
Total assets	\$ 13,461	\$ 20,192	\$ 37,955	\$ 10,848	\$ 3,141	\$ 16,999	\$ 102,596
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts payable	\$ -	\$ -	\$ 3,578	\$ -	\$ -	\$ -	\$ 3,578
Total liabilities	\$ -	\$ -	\$ 3,578	\$ -	\$ -	\$ -	\$ 3,578
Fund balances:							
Reserved for inventories	-	51	-	-	-	-	51
Unreserved designated for:							
Community development projects	13,461	20,141	34,377	10,848	3,141	16,999	98,967
Total fund balances	13,461	20,192	34,377	10,848	3,141	16,999	99,018
Total liabilities and fund balances	\$ 13,461	\$ 20,192	\$ 37,955	\$ 10,848	\$ 3,141	\$ 16,999	\$ 102,596

The accompanying notes are an integral part of the financial statements.

**State of New Mexico**  
**Village of Williamsburg**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non Major Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2008**

	201	203	205	206	208	209	Total
	Corrections	Emergency Medical Services	Law Enforcement	Lodgers Tax	Recreation	Flood Services	Nonmajor Governmental Funds
<b>REVENUES:</b>							
Taxes:							
Other taxes	\$ -	\$ -	\$ -	\$ 2,641	\$ 1,379	\$ -	\$ 4,020
Intergovernmental revenue and grants	-	3,000	20,000	-	-	-	23,000
Charges for services	810	-	-	-	-	-	810
Investment earnings	53	96	319	44	33	13	558
Total revenues	863	3,096	20,319	2,685	1,412	13	28,388
<b>EXPENDITURES:</b>							
Public safety	17	-	15,085	-	-	16,292	31,394
Health	-	623	-	-	-	-	623
Culture and recreation	-	-	-	1,750	-	-	1,750
Capital outlay	-	-	-	-	-	-	-
Total expenditures	17	623	15,085	1,750	-	16,292	33,767
Excess (deficiency) of revenues over expenditures	846	2,473	5,234	935	1,412	(16,279)	(5,379)
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in	-	-	-	-	-	32,000	32,000
Total other financing sources (uses)	-	-	-	-	-	32,000	32,000
Net changes in fund balances	846	2,473	5,234	935	1,412	15,721	26,621
Fund balances - July 1 (Beginning)	12,615	17,719	29,143	9,914	1,728	1,278	72,397
Fund balances - June 1 (Ending)	\$ 13,461	\$ 20,192	\$ 34,377	\$ 10,849	\$ 3,140	\$ 16,999	\$ 99,018



**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
**Corrections Fund (201)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 800	\$ 800	\$ 810	\$ 10
Investment earnings	15	15	53	38
Total revenues	<u>815</u>	<u>815</u>	<u>863</u>	<u>48</u>
<b>EXPENDITURES:</b>				
Capital outlay	-	2,500	17	2,483
Total expenditures	<u>-</u>	<u>2,500</u>	<u>17</u>	<u>2,483</u>
Excess (deficiency) of revenues over expenditures	815	(1,685)	846	2,531
Budgeted cash carryover	-	1,685	-	-
	<u>\$ 815</u>	<u>\$ -</u>	<u>\$ 846</u>	<u>\$ 2,531</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 846
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 846</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
**Emergency Medical Services Fund (203)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Grants	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Investment earnings	20	20	96	76
Total revenues	<u>3,020</u>	<u>3,020</u>	<u>3,096</u>	<u>76</u>
<b>EXPENDITURES:</b>				
Health	<u>3,700</u>	<u>3,700</u>	<u>623</u>	<u>3,077</u>
Total expenditures	<u>3,700</u>	<u>3,700</u>	<u>623</u>	<u>3,077</u>
Excess (deficiency) of revenues over expenditures	(680)	(680)	2,473	3,153
Budgeted cash carryover	<u>680</u>	<u>680</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,473</u>	<u>\$ 3,153</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 2,473
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 2,473</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
**Law Enforcement Protection Fund (205)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Investment earnings	10	10	319	309
Total revenues	<u>20,010</u>	<u>20,010</u>	<u>20,319</u>	<u>309</u>
<b>EXPENDITURES:</b>				
Public safety	-	-	11,507	(11,507)
Total expenditures	<u>-</u>	<u>-</u>	<u>11,507</u>	<u>(11,507)</u>
Excess (deficiency) of revenues over expenditures	20,010	20,010	8,812	(11,198)
Budgeted cash carryover	-	-	-	-
	<u>\$ 20,010</u>	<u>\$ 20,010</u>	<u>\$ 8,812</u>	<u>\$ (11,198)</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 8,812
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>(3,578)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 5,234</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
**Lodgers Tax Fund (206)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes	\$ 2,000	\$ 2,000	\$ 2,678	\$ 678
Investment earnings	10	10	44	34
Total revenues	<u>2,010</u>	<u>2,010</u>	<u>2,722</u>	<u>712</u>
<b>EXPENDITURES:</b>				
Culture and recreation	<u>1,900</u>	<u>1,900</u>	<u>1,750</u>	<u>150</u>
Total expenditures	<u>1,900</u>	<u>1,900</u>	<u>1,750</u>	<u>150</u>
Excess (deficiency) of revenues over expenditures	110	110	972	862
Budgeted cash carryover	-	-	-	-
	<u>\$ 110</u>	<u>\$ 110</u>	<u>\$ 972</u>	<u>\$ 862</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 972
Adjustments for revenue accruals	(37)
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 935</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
**Recreation Fund (208)**  
**For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Other taxes	\$ 1,000	\$ 1,000	\$ 1,393	\$ 393
Investment earnings	100	100	33	(67)
Total revenues	<u>1,100</u>	<u>1,100</u>	<u>1,426</u>	<u>326</u>
<b>EXPENDITURES:</b>				
Recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,100	1,100	1,426	326
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund transfer	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1,100	1,100	1,426	326
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 1,426</u>	<u>\$ 326</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 1,426
Adjustments for revenue accruals	(14)
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 1,412</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
**Flood Services Fund (209)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Other taxes	\$ 15,015	\$ 15,015	\$ -	\$ (15,015)
Investment earnings	-	-	13	13
Total revenues	<u>15,015</u>	<u>15,015</u>	<u>13</u>	<u>(15,002)</u>
<b>EXPENDITURES:</b>				
Public works	<u>7,000</u>	<u>17,000</u>	<u>16,292</u>	<u>708</u>
Total expenditures	<u>7,000</u>	<u>17,000</u>	<u>16,292</u>	<u>708</u>
Excess (deficiency) of revenues over expenditures	8,015	(1,985)	(16,279)	(14,294)
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund transfer	-	<u>32,000</u>	<u>32,000</u>	-
Total other financing sources (uses)	-	<u>32,000</u>	<u>32,000</u>	-
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	8,015	30,015	15,721	(14,294)
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,015</u>	<u>\$ 30,015</u>	<u>\$ 15,721</u>	<u>\$ (14,294)</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 15,721
Adjustments for revenue accruals	-
Adjustment for expenditures accruals	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 15,721</u>

**State of New Mexico  
Village of Williamsburg  
Enterprise Funds**

Sewer Fund - Sewer funds are used to account for the provision of sewage services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations billing and maintenance.

**State of New Mexico**  
**Village of Williamsburg**  
**Statement of Revenues and Expenditures**  
**Budget (Non-GAAP Basis) and Actual (Cash Basis)**  
**Water and Sewer Fund (208)**  
**For the Fiscal Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 7,700	\$ 7,700	\$ 21,012	\$ 13,312
Investment earnings	-	-	1,069	1,069
Gross receipts tax	-	-	2,402	2,402
Total revenues	<u>7,700</u>	<u>7,700</u>	<u>24,482</u>	<u>16,782</u>
<b>EXPENDITURES:</b>				
Repairs and maintenance	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Excess (deficiency) of revenues over expenditures	4,700	4,700	24,482	19,782
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	4,700	4,700	24,482	19,782
Budgeted cash carryover	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,700</u>	<u>\$ 4,700</u>	<u>\$ 24,482</u>	<u>\$ 19,782</u>

**Budgetary - GAAP Reporting Reconciliation:**

Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ 24,482
Adjustments for revenue accruals	1,560
Adjustment for expenditures accruals	<u>(9,151)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (GAAP Basis)	<u>\$ 16,890</u>



**OTHER SUPPLEMENTAL INFORMATION**

**State of New Mexico**  
**Village of Williamsburg**  
**Schedule of Changes in Assets and Liabilities**  
**Agency Fund**  
**June 30, 2008**

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>Assets</u>				
Cash in Bank				
Court	\$ 492	\$ 334	\$ (311)	\$ 515
Patriot	709	1	-	710
<b>Total Assets</b>	<u>1,201</u>	<u>335</u>	<u>(311)</u>	<u>1,225</u>
<u>Liabilities</u>				
Due to Others				
Court	492	334	(311)	515
Patriot	709	1	-	710
<b>Total liabilities</b>	<u>\$ 1,201</u>	<u>\$ 335</u>	<u>\$ (311)</u>	<u>\$ 1,225</u>

**State of New Mexico**  
**Village of Williamsburg**  
**Schedule of Joint Powers Agreements**  
**For The Fiscal Year Ended June 30, 2008**

Participants	Responsible Party for Operations	Description	Beginning and Ending Dates	Total Estimated Amount of Project	Contribution 6/30/2008	Audit Responsibility	Revenues and Expenditures Reported on
Village of Williamsburg City of Truth or Consequences	City of Truth or Consequences	Police Protection Services	October 12, 2007 October 11, 2010	\$ 120,000	\$ 25,085	Revenues-Williamsburg Personel Exp- TOC Exp. - Williamsburg	Revenues-Williamsburg Personel Exp- TOC Exp.- Williamsburg

**Garcia and Associates, CPA, LLC**  
*Certified Public Accountant and Business Consultants*

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**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance With Government  
Auditing Standards**

Mr. Hector H. Balderas  
New Mexico State Auditor, and  
Village Council  
Village of Williamsburg  
P.O. Box 150 Williamsburg, New Mexico 87942

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and respective budgetary comparison, and the aggregate remaining fund information of the Village of Williamsburg (the Village), as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated April 7, 2009. We have also audited the financial statements of each of the Village's non-major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing the audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or

report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2007-02, 2007-03 and 2008-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above. We consider items 2007-02, 2007-03 and 2008-02 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as item 2008-1.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's response and, accordingly. We express no opinion on it.

This report is intended solely for the information and use of management, others within the Village, the audit committee, the State Auditor, the New Mexico Legislature, New Mexico Department of Finance Administration and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

*Garcia and Associates, CPA, LLC*

Garcia and Associates, CPA, LLC  
Los Lunas, New Mexico  
April 7, 2009

**State of New Mexico  
Village of Williamsburg**

**Summary Schedule of Prior Year Audit Findings**

<u>Findings for Fiscal Year 2007</u>	<u>Current Status</u>
2007-1 Internal control structure does not allow for an adequate segregation of duties.	Resolved
2007-2 Accounting software in use is not capable of providing or accounting for the financial reports of each fund or activity level.	Repeated in current year
2007-3 Account posting errors.	Repeated in current year
2007-4 Fund created without proper documentation or specified purposes.	Resolved
2007-5 Employee's payroll deduction posted to payroll expense account and improperly classified as travel expense.	Resolved
2007-6 Form 1099-MISC was not issued to individual as required by IRS Code.	Resolved

**State of New Mexico  
Village of Williamsburg  
Schedule of Findings and Responses  
For The Year Ended June 30, 2008**

Current Year Audit Findings

**2007-2 Accounting software in use is not capable of providing or accounting for the financial reports of each fund or activity level.**

Statement of Condition:

The Village uses QuickBooks to track its revenues and expenditures. This software is not made for governmental fund accounting and does not have safeguards in place to prevent individual account balances from being overridden.

Criteria:

Generally accepted accounting standards require government agencies maintain systems of internal control designed to provide reasonable assurances that assets are safeguarded and transactions are recorded to ensure financial data integrity.

Cause:

Software being used for governmental fund accounting is not adequate.

Effect:

The cash accounts are misstated.

Recommendation:

We recommend the Village procure new accounting software that is capable of recording and processing fund accounting functions.

Management's Response:

The Village has procured and implemented a new integrated accounting software package. The new system is designed for municipalities and fund accounting functions. This implementation was effective September 2008.

**State of New Mexico  
Village of Williamsburg  
Schedule of Findings and Responses  
For The Year Ended June 30, 2008**

**2007-3 Account posting errors**

Statement of Condition:

On February 14, 2008 a \$32,000 budget adjustment was posted as an increase of expense in the General Fund and a reduction of expense in the Flood Services Fund. The result was that the general ledger overstated expenses by \$32,000 in the General Fund and understated expenses of \$32,000 in the Flood Services Fund. This entry would be a budget adjustment entry as a transfer and not an adjusting journal entry for expenses.

On February 20, 2008 the Village received \$5,000 from the City of Truth or Consequences and credited the account from State Law Enforcement Allotment. This entry should have been posted to an expense account for paid services for police protection to the City of Truth or Consequences.

Criteria:

Section 12-6-5, NMSA 1978, states any violation of law or good accounting practices should be communicated with the Village's management.

Cause:

Personnel assigned posting duties lack adequate training in accounting principles.

Effect:

Account balances can be misstated.

Recommendation:

We recommend the Village negotiate an outside contract with accounting professionals to periodically review, process, and maintain records to facilitate accurate completion of the Village's financial information. This contract service will enhance the capability of the Village to administer and to monitor its financial reporting throughout the year.

Management's Response:

Clerk/Treasurer will continue to take classes/training. Management is in agreement that it is important to further her education.



**State of New Mexico  
Village of Williamsburg  
Schedule of Findings and Responses  
For The Year Ended June 30, 2008**

Current Year Audit Findings

**2008-01 Budgeted expenditures exceeded**

Statement of Condition:

**The Village exceeded its budgets in the Fire Fund (by \$11,544) and Law Enforcement Protection Fund (by \$11,507)**

Criteria:

The budget provisions as stated in 6-3-1 to 6-325 NMSA 1978 require that expenditures at the fund level cannot exceed budget expenditures.

Cause:

The Village did not review and amend the budget as necessary at year end.

Effect:

Noncompliance with New Mexico budgeting statues.

Recommendation:

The Village should adopt budgets and monitor and amend those budgets in accordance with New Mexico State Statues.

Management's Response:

The Village will review and make year- end budget adjustments in order to be in compliance. The implementation of the new Fund Accounting System will provide the information necessary in a timely manner.

**State of New Mexico  
Village of Williamsburg  
Schedule of Findings and Responses  
For The Year Ended June 30, 2008**

**2008-2 Failure to submit audit report on time.**

Statement of Condition:

The village did not submit the audit report on time for the year ended June 30, 2008.

Criteria:

Per SAO Rule 2.2.2.9 A.(1), (d), The audit report for municipalities must be submitted by December 1, 2008.

Cause:

The contract to conduct the annual audit was awarded in January 2009.

Effect:

An audit report not issued in a timely manner may adversely affect management's decision making.

Recommendation:

The Village Mayor and Board of Trustees should contract for the annual audit in sufficient time to allow for completion by the due date of December 1.

Management's Response:

The Village contacted all auditing firms approved by SAO and received no responses. The recommendation for conducting the current 2009 fiscal year audit has been submitted to SAO.

**State of New Mexico  
Village of Williamsburg  
Other Disclosures  
For The Year Ended June 30, 2008**

**Exit Conference**

This report was discussed with the following individuals at an exit conference held on April 7, 2009.

Village of Williamsburg

Gorden Mishler, Mayor

Audit Firm

Raymond J. Garcia, CPA  
Garcia and Associates, CPA, LLC

Financial Statement Audit

**Preparation of the Financial Statements**

The basic financial statements and notes to the financial statements for the year ended June 30, 2008, were substantially prepared by the independent certified public accountant performing the audit; however, maintaining the audited entity's books and records is the responsibility of its management. Accordingly, management is responsible for ensuring that these books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance.