

Charles L. Henry

Certified Public Accountant

666 Cook Avenue

Raton, New Mexico 87740

(505) 681-9762

STATE OF NEW MEXICO

Village of Williamsburg

Independent Accountant's Report

For the Fiscal Year Ended June 30, 2010

The Village of Williamsburg

Table of Contents

June 30, 2010

	<u>Page</u>
Official Roster	1
Independent Auditor's Report	2 - 3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of the Fund Balance of Governmental Funds to Government Activities Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)	
General Fund	10
Fire Fund	11
Municipal Street fund	12
Proprietary Fund	
Statement of Net Assets	13
Statements of Revenues, Expenses, and Changes in Fund Net Assets	14
Statements of Cash Flows	15
Agency Fund	
Statement of Fiduciary Assets and Liabilities	16
NOTES TO THE FINANCIAL STATEMENTS	17 - 31
SUPPLEMENTAL INFORMATION	
Special Revenue Funds	32
Statements For Non Major Governmental Funds	
Combining Balance Sheet Non Major Special Revenue Funds	33
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non Major Special Revenue Funds	34

The Village of Williamsburg

Table of Contents

June 30, 2010

Statements For Non Major Governmental Funds	
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)	
Non Major Special Revenue Funds	
Corrections Fund	35
Emergency Medical Services Fund	36
Law Enforcement Fund	37
Lodgers Tax Fund	38
Parks and Recreation Fund	39
Flood Services Fund	40
Enterprise Fund	41
Statement of Revenues, Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)	
Sewer Fund	42
Agency Fund	
Schedule of Change in Assets and Liabilities	43
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	44 - 45
Schedule of Findings and Responses	46 - 64
Exit Conference	65

The Village of Williamsburg
Official Roster
June 30, 2010

Elected Officials

<u>Name</u>	<u>Title</u>
Gorden Mishler	Mayor
Edward Steck	Mayor - Pro-Tem
Don Childers	Trustee
Bob Polnaszek	Trustee

Administrative Staff

Renee Stamper	Clerk - Treasurer
Jerri Mc Cauley	Deputy Clerk

Charles L. Henry

Certified Public Accountant
666 Cook Avenue
Raton, New Mexico 87740
(505) 681-9762

INDEPENDENT AUDITOR'S REPORT

**Mr. Hector H. Balderas, New Mexico State Auditor and
The Honorable Carol Schulling, Mayor
and Members of the Village Board of Trustees
The Village of Williamsburg
Williamsburg, New Mexico**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining funds information, and the budgetary comparisons for the general fund and major special revenue fund of the Village of Williamsburg (Village), as of and for the year ended June 30, 2010 which collectively comprise the Village's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for the nonmajor funds and enterprise fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express opinions on these financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, I express no such opinion. An audit included 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 believe that my audit provides a reasonable basis for my opinions.

The Village participated in various Capital Improvement Projects through agreements with the New Mexico Department of Transportation (NMDOT) and the New Mexico and the New Mexico Finance Authority (NMFA) Under the terms of these agreements properly documented and incurred costs incurred will be reimbursed. The Village generated invoices as well as copies of checks for such expenditures that were then paid to the Village by NMDOT or NMFA. These checks were not provided to the payee, and were never expended by the Village though they were charged to the capital asset being built causing the recorded cost to be overstated. These claimed, but unexpended amounts were identified for the year ended June 30, 2010 and the Village made the appropriate adjusting journal entries to correct the related overstated cost incurred, but such costs were not identified or adjusted for prior years. In addition, depreciation schedules for the Villages capital assets as prepared by the prior auditor were not available from the Village. Because of the lack of reliable capital asset information related to prior years I am unable to satisfy myself as to the valuation of such capital assets.

**Mr. Hector H. Balderas, New Mexico State Auditor and
The Honorable Carol Schuiling, Mayor
and Members of the Village Board of Trustees
The Village of Williamsburg
Williamsburg, New Mexico**

In my opinion, based on my audit, except for the effects, if any, of inadequate and unsupported presentation of capital assets and related expenses as described in the preceding paragraph, 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 the aggregate remaining fund information of the Village, as of June 30, 2010, the respective changes in financial position and cash flows, where applicable, and respective budgetary comparison of the general fund, fire fund, and municipal street fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village of Williamsburg, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons of the nonmajor governmental and enterprise funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 15, 2012 on my consideration of the Village of Williamsburg's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the report is to describe the scope of my 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 an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Village of Williamsburg has not presented the Management's Discussion and Analysis required by GASB Statement No. 34 that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

My audit was performed for the purpose of forming opinions on the basic financial statements and, the combining and individual fund financial statements and budgetary comparisons of the Village. The additional schedules listed as other supplemental financial information in the table of contents, are presented for purposes of additional analysis and, are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the auditing procedures applied in the audit of the basic financial statements listed above and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements.



**Charles Henry CPA
June 15, 2012**

The Village of Williamsburg
Government-wide Financial Statements
Statement of Net Assets
June 30, 2010

<u>ASSETS</u>	Governmental Activities	Business-Type Activities	Primary Government Total
Current Assets			
Cash and Cash Equivalents	\$ 717,117	\$ 157,930	\$ 875,046
Accounts Receivable	8,528	2,067	10,595
Taxes Receivable	8,954	-	8,954
	<hr/>	<hr/>	<hr/>
Total Current Assets	734,598	159,997	894,595
Noncurrent Assets			
Land	18,507	-	18,507
Infrastructure	1,383,168	-	1,383,168
Buildings and Improvements	488,881	366,046	854,927
Machinery and Equipment	757,634	-	757,634
Vehicles	55,942	-	55,942
Less Accumulated Depreciation	<u>(1,218,615)</u>	<u>(218,803)</u>	<u>(1,437,418)</u>
Total Noncurrent Assets	<u>1,485,517</u>	<u>147,243</u>	<u>1,632,760</u>
TOTAL ASSETS	<u>2,220,115</u>	<u>307,240</u>	<u>2,527,355</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	10,678	-	10,678
Note Payable	9,928	-	9,928
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	20,606	-	20,606
Long-Term Liabilities			
Note Payable (Less current portion above)	51,340	-	51,340
Compensated Absences	2,215	-	2,215
	<hr/>	<hr/>	<hr/>
Total Long-Term Liabilities	53,555	-	53,555
TOTAL LIABILITIES	<u>74,160</u>	<u>-</u>	<u>74,160</u>
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of related Debt	1,424,249	147,243	1,571,492
Restricted:			
For Community Development	9,825	-	9,825
For Public Safety	68,305	-	68,305
Unrestricted	<u>643,575</u>	<u>159,997</u>	<u>803,572</u>
TOTAL NET ASSETS	<u>\$ 2,145,955</u>	<u>\$ 307,240</u>	<u>\$ 2,453,195</u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Government-wide Financial Statements
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ (114,958)	\$ 965	\$ 329,726	\$ -	\$ 445,649	\$ -	\$ 445,649
Public Safety	211,605	-	-	-	(211,605)	-	(211,605)
Public Works	349,028	-	-	-	(349,028)	-	(349,028)
Cultural And Recreation	3,414	-	-	-	(3,414)	-	(3,414)
Interest on L/T Debt	545	-	-	-	(545)	-	(545)
Total Governmental Activities	449,634	965	329,726	-	(118,943)	-	(118,943)
Business - Type Activities							
Water Utility Services	10,915	26,983	-	-	-	16,068	16,068
Total Business - Type Activities	10,915	26,983	-	-	-	16,068	16,068
Total Primary Government	\$ 460,549	\$ 27,948	\$ 329,726	\$ -	\$ (118,943)	\$ 16,068	\$ (102,875)

General Revenues and Transfers

Taxes

Property Taxes Levied	\$ 7,099	\$ -	\$ 7,099
Gross Receipts Tax	49,792	1,412	51,205
Franchise Taxes	22,437	-	22,437
Gasoline Tax	8,550	-	8,550
Cigarette Tax	2,280	-	2,280
Other Taxes	7,947	-	7,947
Grants and Programs Unrestricted	140,518	-	140,518
Licenses & Permits	1,274	-	1,274
Miscellaneous	5,462	-	5,462
Investment Earnings	1,283	70	1,353
Operating Transfers (Net)	33,000	(33,000)	-

Total General Revenues and Transfers	279,643	(31,518)	248,125
Changes in Net Assets	160,700	(15,450)	145,250
Net Assets Beginning	1,985,254	322,690	2,307,944
Net Assets Ending	\$ 2,145,955	\$ 307,240	\$ 2,453,195

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Fund Financial Statements
Balance Sheet - Governmental Funds
June 30, 2010

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Street Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 574,203	\$ 41,706	\$ 58,324	\$ 42,884	\$ 717,117
Accounts Receivable	8,528	-	-	-	8,528
Taxes Receivable	8,467	-	417	69	8,954
Total Assets	\$ 591,198	\$ 41,706	\$ 58,741	\$ 42,953	\$ 734,598
<u>LIABILITIES</u>					
Accounts Payable	\$ 10,080	\$ 455	\$ -	\$ 143	\$ 10,678
Total Liabilities	10,080	455	-	143	10,678
<u>FUND BALANCES</u>					
Reserved for Public Safety	-	41,250	-	27,055	68,305
Reserved for Community Development	-	-	-	9,825	9,825
Unreserved, Undesignated	581,118	-	58,741	5,931	645,790
Total Fund Balances	581,118	41,250	58,741	42,811	723,920
Total Liabilities and Fund Balances	\$ 591,198	\$ 41,706	\$ 58,741	\$ 42,953	\$ 734,598

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Fund Financial Statements
Reconciliation of the Fund Balance of Governmental Funds
to Government Activities Net Assets
June 30, 2010

Fund Balance for Governmental Funds \$ 723,920

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets	\$ 2,704,132	
Less Accumulated Depreciation	<u>(1,218,615)</u>	1,485,517

Long-Term Liabilities as well as the current portion of such obligations are not due and payable in the current period and therefore are not reported as fund liabilities.

Current Portion of Note Payable	(9,928)	
Long-Term Portion of Note Payable	(51,340)	
Compensated Absences	<u>(2,215)</u>	<u>(63,483)</u>

Net Assets of Governmental Activities \$ 2,145,955

The Village of Williamsburg
Fund Financial Statements
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General Fund	Fire Protection Fund	Street Fund	Nonmajor Governmental Fund	Total Governmental Funds
<u>REVENUES</u>					
Taxes - Property	\$ 7,099	\$ -	\$ -	\$ -	\$ 7,099
Taxes - State Shared	60,623	-	-	-	60,623
Taxes - Franchise	22,437	-	-	-	22,437
Taxes - Other	-	-	4,606	3,341	7,947
Intergovernmental	140,518	77,451	232,275	20,000	470,244
Charges for Services	365	-	-	600	965
Interest	1,064	(65)	146	139	1,283
Licenses and Permits	1,274	-	-	-	1,274
Miscellaneous	5,462	-	-	-	5,462
Total Revenues	238,843	77,386	237,027	24,079	577,334
<u>EXPENDITURES</u>					
Current:					
General Government	116,886	-	-	-	116,886
Public Safety	38,317	81,413	-	91,876	211,605
Public Works	-	-	3,698	-	3,698
Cultural and Recreation	2,057	-	-	1,356	3,414
Capital Outlay	-	-	345,330	-	345,330
Debt Service:					
Principal	-	9,827	-	-	9,827
Interest	-	545	-	-	545
Total Expenditures	157,260	91,785	349,028	93,232	691,306
Excess (Deficiency) of Revenue over Expenditures	81,583	(14,399)	(112,001)	(69,153)	(113,971)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers in	3,000	-	-	30,000	33,000
Operating Transfers (Out)	-	-	-	-	-
Total Other Financing Sources (Uses)	3,000	-	-	30,000	33,000
Net Change in Fund Balance	84,583	(14,399)	(112,001)	(39,153)	(80,971)
Fund Balance, Beginning of Year	496,536	55,650	170,742	81,964	804,891
Total Fund Balance - End of Year	\$ 581,118	\$ 41,250	\$ 58,741	\$ 42,811	\$ 723,920

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities

For the Fiscal Year Ended June 30, 2010

Net Change in Fund Balances - Governmental Funds	\$	(80,971)
 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	328,426	
Less Current Year Depreciation	<u>(95,060)</u>	233,366
 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>(1,522)</u>	(1,522)
Payment on Long-Term Debt	<u>9,827</u>	<u>9,827</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>160,700</u></u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
General Fund

For the Fiscal Year Ended June 30, 2010

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes - Property	\$ 8,918	\$ 8,918	\$ 6,901	\$ (2,017)
Taxes - State Shared	41,300	41,300	57,093	15,793
Taxes - Franchise	12,000	12,000	17,698	5,698
Taxes - Other	11,500	11,500	-	(11,500)
Intergovernmental	129,786	129,786	140,518	10,732
Charges for Services	4,000	4,000	365	(3,635)
Interest	3,000	3,000	1,064	(1,936)
Licenses and Permits	1,000	1,000	1,274	274
Miscellaneous	5,000	5,000	5,462	462
	<u>216,504</u>	<u>216,504</u>	<u>230,376</u>	<u>13,872</u>
Total Revenues				
<u>EXPENDITURES</u>				
General Government	165,923	154,771	116,156	38,615
Public Safety	54,600	54,600	36,007	18,593
Cultural and Recreation	5,000	5,000	2,057	2,943
	<u>225,523</u>	<u>214,371</u>	<u>154,221</u>	<u>60,150</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	(9,019)	2,133	76,155	74,022
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	-	7,500	3,000	(4,500)
Operating Transfers Out	(10,000)	(10,000)	-	10,000
	<u>(10,000)</u>	<u>(2,500)</u>	<u>3,000</u>	<u>5,500</u>
Total Other Financing Sources (Uses)				
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(19,019)	(367)	\$ 79,155	\$ 79,522
Budgeted Cash Carryover	19,019	367		
Total	<u>\$ -</u>	<u>\$ -</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ 79,155
Adjustments for Revenue Accruals	8,467
Adjustments for Expenditures Accruals	<u>(3,040)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	<u>\$ 84,583</u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
Fire Fund

For the Fiscal Year Ended June 30, 2010

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental	\$ 68,584	\$ 68,584	\$ 77,451	\$ 8,867
Interest	400	400	(65)	(465)
Total Revenues	68,984	68,984	77,386	8,402
<u>EXPENDITURES</u>				
Public Safety	68,584	68,584	91,330	(22,746)
Total Expenditures	68,584	68,584	91,330	(22,746)
Excess (Deficiency) of Revenues Over Expenditures	400	400	(13,944)	(14,344)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	400	400	\$ (13,944)	\$ (14,344)
Budgeted Cash Carryover	(400)	(400)		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (13,944)
Adjustments for Revenue Accruals	(455)
Adjustments for Expenditures Accruals	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ (14,399)

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
Municipal Street fund

For the Fiscal Year Ended June 30, 2010

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes - Other	\$ 8,000	\$ 8,000	\$ 4,189	\$ (3,811)
Intergovernmental	517,000	517,000	232,275	(284,725)
Interest	500	500	146	(354)
	<u>525,500</u>	<u>525,500</u>	<u>236,610</u>	<u>(288,890)</u>
<u>EXPENDITURES</u>				
Public Works	554,500	554,500	3,698	550,802
Capital Outlay	-	-	345,330	(345,330)
	<u>554,500</u>	<u>554,500</u>	<u>349,028</u>	<u>205,472</u>
Excess (Deficiency) of Revenues Over Expenditures	(29,000)	(29,000)	(112,418)	(83,418)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(29,000)	(29,000)	\$ (112,418)	\$ (83,418)
Budgeted Cash Carryover	29,000	29,000		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (112,418)
Adjustments for Revenue Accruals	417
Adjustments for Expenditures Accruals	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ <u>(112,001)</u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statement of Net Assets
Proprietary Fund
June 30, 2010

	Business Type Activity
	<u>Sewer Fund</u>
<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents	\$ 157,930
Accounts Receivable	<u>2,067</u>
Total Current Assets	<u>159,997</u>
Non-Current Assets	
Buildings and Improvements	366,046
Accumulated Depreciation	<u>(218,803)</u>
Total Non-Current Assets	<u>147,243</u>
Total Assets	<u><u>\$ 307,240</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ <u>-</u>
Total Current Liabilities	<u>-</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	147,243
Restricted	-
Unrestricted	<u>159,997</u>
Total Net Assets	<u>307,240</u>
Total Liabilities and Net Assets	<u><u>\$ 307,240</u></u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statements of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2010

	Business Type Activity
	Sewer Solid Waste
<u>OPERATING REVENUE</u>	
Charges for Services - Sewer and Solid Waste	\$ <u>26,983</u>
Total Operating Revenue	<u>26,983</u>
<u>OPERATING EXPENSES</u>	
Operating Expenses	1,763
Depreciation	<u>9,151</u>
Total Operating Expenses	<u>10,915</u>
Operating Income (Loss)	<u>16,068</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Taxes - Other	1,412
Interest	<u>70</u>
Total Non-Operating Revenues (Expenses)	<u>1,482</u>
<u>Income Before Transfers</u>	<u>17,550</u>
Transfers In	-
Transfers (Out)	<u>(33,000)</u>
Total Transfers	<u>(33,000)</u>
Change in Net Assets	<u>(15,450)</u>
Total Net Assets - Beginning of Year	<u>322,690</u>
Total Net Assets - End of Year	<u><u>\$ 307,240</u></u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statements of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2010

	Business Type Activity
	<u>Sewer Solid Waste</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Received From User Charges	\$ 27,081
Cash Used for Suppliers of Goods and Services	<u>(1,763)</u>
Net Cash Provided by Operating Activities	<u>25,317</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Distributions of State Shared Taxes	1,412
Operating Transfers In (Out)	<u>(33,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(31,588)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Income	<u>70</u>
Net Cash Provided by Investing Activities	<u>70</u>
Increase (Decrease) in Cash	(6,201)
Cash - Beginning of Year	<u>164,131</u>
<u>CASH - END OF YEAR</u>	\$ <u>157,930</u>
Reconciliation of Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 16,068
Depreciation	9,151
(Increase) Decrease in:	
Accounts Receivable	98
Increase (Decrease) in:	
Accounts Payable	<u>-</u>
Net Cash Provided by Operating Activities	\$ <u>25,317</u>

The notes to the financial statements are an integral part of these financial statements

**The Village of Williamsburg
Statement of Fiduciary Assets and Liabilities
Agency Fund**

For the Fiscal Year Ended June 30, 2010

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>749</u>
<u>LIABILITIES</u>	
Refunds Payable to Others	\$ <u>749</u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

HISTORY, MISSION AND ORGANIZATION

The Village of Williamsburg was incorporated under the laws of the State of New Mexico in the 1940'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 administration services.

NOTE A - 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 governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, GASB approved Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Government." In June 2001, the GASB approved Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Government: Omnibus" and 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.

Reporting entity

The Village 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 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. 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.

Government-Wide Statements

The Statement of Net Assets and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fund Financial Statements

The fund financial statements provide information about the Village's funds. Separate statements for each fund category (governmental, proprietary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions are ancillary activities.

Measurement Focus, Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements - the government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, fiduciary fund and proprietary fund financial statements are reported using the accrual basis of accounting. Under this basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Nonexchange transactions in which the Village gives (or receivables) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied, even if enforceable claims arise or the due date for payment occurs in a different period. Tax revenues such as gross receipts tax and gasoline tax are recognized when the underlying transaction takes place. Revenue from grants, entitlements and donations is recognized in the fiscal year in year in which all eligibility requirements have been satisfied.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they became 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 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.

Under the terms of grant agreements, the Village funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Villages policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues. 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.

All business-type activities and enterprise funds of the Village follow FASB Statements and interpretations, Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of this fund 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.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Fund Accounting

Governmental funds are used to account for the Village's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and servicing of general long-term debt.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based on specific criteria.

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 of the general government, except those required to be accounted for in other funds.

2. **Fire Fund:**

The Fire Fund: accounts for the revenues from the New Mexico Fire Protection Fund that is designated for use in operation, maintenance, and betterment of the Village's volunteer fire department.

Authority: Section 59-A-53-2 NMSA 1978.

3. **Municipal Street fund:**

The Municipal Street fund: accounts for the receipts and expenditures of the receipts of special gasoline tax which 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.

The Village reports the following major enterprise fund:

- **Sewer Fund:**

The Sewer Fund: accounts for the provision of sewage service 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):

Government funds:

Special Revenue Funds:

Used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. 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.

- **Fire Protection Fund:**

This fund accounts for the expenditures of distributions by the State of New Mexico of Fire Protection funds. These funds are distributed annually and are to be expended at the direction of the Chief of the Fire Department in accordance with the provisions of the Public Purchases Act, the Fire Protection Fund Act, and the State Fire Marshal's Rules and Regulations relating to the act.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

The funds shall be expended only for the maintenance of the fire department, the purchase, construction, maintenance, repair and operation of the fire station, fire apparatus and equipment, the payment of insurance premiums on fire stations, fire apparatus and equipment, and insurance premiums for injuries or death of firefighters as otherwise provided by State Statute, NMSA 7-1-6.9 and 7-13-1 to 18.

Proprietary Funds:

- **Enterprise Funds:**

Enterprise funds are used activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a enterprise fund's principal ongoing operations. The Village has no non-major enterprise funds.

The Village also maintains and reports the following fiduciary fund.

- **Agency Fund:**

The Village accounts for resources held for others in a custodial capacity in an agency fund. The Village's agency fund is the Municipal Court that accounts for fees collected for fines and penalties that are remitted to the Village.

Other Accounting Policies:

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash includes cash on hand and amounts in demand deposits held within financial institutions.

Advance to Other Funds

Non-current portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and therefore, are not available for appropriations.

Receivables and Payables

All trade receivables are shown net of the allowance for uncollectible accounts.

Long-Term Debt:

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances.

Vacation pay accumulates to retirement and at retirement is paid to the employees at their current salary or wage scale. Vacation leave has an established limit of not more than three weeks that may be carried over to another fiscal year but there is no limit as to the amount of unused sick leave that may be accrued.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Capital Assets

Purchased or constructed capital assets are reported at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. The government defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Computer Software is capitalized over its useful life. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The Village of Williamsburg 's capitalization policy includes all items with a unit cost in excess of \$5,000. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	40
Sewer Plants	40
Infrastructure	10 - 20
Machinery and Equipment	10 - 20
Vehicles	5 - 10
Computer Equipment and Software	5 - 10

Net Assets

Net assets are displayed in three components:

Invested in Capital Assets, net of Related Debt

This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets

Net assets are reported as restricted when constraints placed on net asset uses are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

Net assets that do not meet the definition of "Restricted" or "Invested in capital assets, net of related debt."

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balances 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.

Fund balances are classified as follows:

Reserved - The portion of fund balance that is not appropriable for expenditure or is legally segregated for specific future use.

Unreserved - the portion of fund balance that is not reserved but may be designated as noted below.

Designated - the portion of fund balance established to indicate tentative plans for financial resources utilization in a future period.

When the Village incurs an expense for which it may use restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Budgetary Information

Annual budgets are adopted for all funds except agency funds. Budgets are not consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year end. Carry over funds may be appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a total fund level. Budgets may be amended by Village Council resolution with approval by the State Department of Finance and Administration. The Village Mayor may make transfers of appropriations within a fund. The legal level of budgetary control is the total fund level. Increases or decreases of appropriations between fund require the approval of the governing council.

The village follows the following procedures in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the Village Mayor submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to September 1, the budget is legally enacted through passage of a resolution.

The Village Mayor is authorized to transfer budget amounts between departments within any fund. However, the Village Board of Trustees must approve any revisions that alter the total expenditures of any fund. Expenditures of the Village may not legally exceed appropriations at the level at which the budget is adopted that is expenditures in each fund may not exceed the budgeted appropriation for that fund.

Budgets are not adopted on a basis consistent with generally accepted accounting principles (GAAP). The accounting records are maintained on a non-GAAP basis of cash receipts and disbursements; consequently, certain revenues and related assets are recognized when received rather than earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the budgets are adopted on the cash basis of accounting and budgetary comparisons presented in this report are on the non-GAAP budgetary basis.

NOTE B - CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

The Village also invested in the New Mexico State Treasurer's Office's Local Government Investment Pool (LGIP), a government investment pool, rated AAAM by Standard & Poor's, or rated at AAA for credit risk. interest 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 (WAM) is a key determinant of 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, 2010

New MexiGROW LGIP	AAAm rated	\$ 1,000,000	50-day WAM
-------------------	------------	--------------	------------

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 LGIP investment report found on the State Treasurer's website: www.stonm.org or call (505) 955-1125, the State of New Mexico Office of the Treasurer.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE B - CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS - (CONTINUED)

The Village invested in LGIP in the amount of \$ 8,155 as of June 30, 2009. 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 in 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 and Sections 6-10-10.1 A and E, NMSA 1978.2.
- (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 amounts was invested.
- (d) Participation in the LGIP is voluntary.

The Village maintains cash in various financial institutions within the Village or the surrounding area as well as an investment in the New MexigROW (LGIP).

As of June 30, 2010, the amount of cash reported on the financial statements may differ from the amount on deposit with the various institutions because of transactions in transit and outstanding items.

A reconciliation of cash and cash equivalents as shown on the Statement of Net Assets for the Village follows:

<u>Depository Name</u>	<u>Interest Bearing</u>	<u>Account Type</u>	<u>Bank Balance June 30, 2010</u>	<u>Outstanding Checks</u>	<u>Reconciled Balance June 30, 2010</u>
Bank of the Southwest	Yes	Checking	\$ 480,736	\$ 19,559	\$ 461,177
Compass Bank	Yes	Checking	226,181	26,537	199,644
First Savings Bank	Yes	Savings	140,259	-	140,259
First Savings Bank	Yes	Savings	66,350	-	66,350
State of New Mexico	Yes	LGIP	8,166	-	8,166
Cash and cash equivalents balances as of June 30, 2010			<u>\$ 921,692</u>	<u>\$ 46,096</u>	<u>\$ 875,595</u>

Cash reconciliation by fund type:

Total cash to Governmental Funds	\$ 716,917
Total Cash to Sewer Fund	157,930
Total Cash to Agency Fund	<u>749</u>
Total	\$ <u>875,595</u>

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE B - CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS - (CONTINUED)

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the Village. All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in accounts equal to at least 50% of the Village's carrying value of the deposits (demand and certificates of deposit). Such collateral, as permitted by the State of New Mexico is held in each respective depository bank(s) collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation. The accounts above are collateralized with securities held by the pledging financial institution or its agent but not in The Village of Williamsburg's name.

	<u>Bank of the Southwest</u>	<u>Compass Bank</u>	<u>First Savings Bank</u>
Cash in Bank per June 30, 2010 statements:			
Checking Accounts	\$ 480,736	\$ 226,181	\$ -
Savings Accounts	-	-	140,259
Money Market	-	-	66,350
	<hr/>	<hr/>	<hr/>
Total Deposits	480,736	226,181	206,609
Less FDIC - checking	(250,000)	(226,181)	-
Less FDIC - Time Deposits	-	-	(206,609)
	<hr/>	<hr/>	<hr/>
Uninsured Public Finds	230,736	-	-
	<hr/>	<hr/>	<hr/>
50% Collateral Requirements	115,368	-	-
Pledged Securities	234,055	125,000	-
	<hr/>	<hr/>	<hr/>
Over (Under)	\$ <u>118,687</u>	\$ <u>125,000</u>	\$ <u>-</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$ 230,736 of the Village's bank balance of \$ 921,692 was exposed to custodial credit risk.

Uninsured and Collateralized	\$ -
Uninsured and Collateralized by a bank not in the Village's Name	<u>230,736</u>
Total	<u>\$ 230,736</u>

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE B - CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS - (CONTINUED)

The following is a schedule of pledged collateral to secure deposits of The Village of Williamsburg as of June 30, 2010:

Safekeeping Location:

*Federal Home Loan Bank of Dallas
8500 Freeport Parkway South
Irving, Texas 75063-2547*

<u>Description</u>	<u>CUSIP No.</u>	<u>Maturity Par Value</u>	<u>Maturity Date</u>	<u>Par Value Market Value</u>
Federal Home Loan	LOC 27040000051	\$ 125,000	01/05/2011	\$ 125,000
Federal Home Loan	3128QPRJ3	<u>234,055</u>	04/01/2037	<u>234,055</u>
Total		<u>\$ 359,055</u>		<u>\$ 359,055</u>

The village is authorized to invest idle cash by state statutes and Village resolutions. The Village has \$ 206,609 in a savings accounts held at First Savings Bank and as described above \$ 8,166 is deposited with the New Mexico Government Investment Pool.

Credit Risk

The Village has adopted the state statute as their investment policy which limits investments in commercial paper to those rated "prime" by a national rating service, asset backed obligations with a maturity not to exceed five years and a rating of AAA or its equivalent, medium term notes and corporate notes with maturities not exceeding five year that are rated A or equivalent, shares of diversified investment companies that invest in U.S. fixed income securities, securities of U.S. government agencies backed by the full faith and credit of the U.S. government state-owned securities for periods not to exceed one year. The Village policy that would further limit its investment choices.

Concentration of Risk

The Village places no limit on the amount that may be invested in one issuer. The Village had no concentration of greater than 5% with any one issuer as of June 30, 2010.

Interest Rate Risk

The Village does not limit its exposure to fair value losses arising from rising interest rates other than those imposed by state statute.

NOTE C - RECEIVABLES

As of June 30, 2010, the Village had included receivables within the governmental fund types and the proprietary enterprise funds. The receivables of the governmental fund types as well as the proprietary enterprise funds consist primarily of revenues earned as of June 30, 2010, from, or payable by other governmental agencies. The amounts have been received within the following month and as a result no allowance for doubtful accounts has been recorded for intergovernmental or proprietary enterprise fund receivables.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE C - RECEIVABLES - (CONTINUED)

Accounts Receivable at June 30, 2010 consisted of the following:

	Governmental Activities	Business-Type Activities
Municipal Taxes	\$ 5,719	\$ -
State Shared Taxes	3,235	-
Other Accounts Receivable	8,528	2,067
	\$ 17,481	\$ 2,067

All receivables are from other government agencies and both Governmental and Business-Type receivables are considered 100% collectable.

No allowance for the uncollected and past due property taxes receivable are presented in the Village's funds because the amount of unpaid and past due property taxes was unavailable from the County. The Village is prohibited from writing off real property taxes.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 were as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 18,507	\$ -	\$ -	\$ 18,507
Infrastructure Work in Progress	450,890	345,330	796,220	-
Total Capital Assets, Not Being Depreciated	469,397	345,330	796,220	18,507
Capital Assets, Being Depreciated				
Infrastructure	725,843	796,220	138,895	1,383,168
Buildings and Improvements	488,881	-	-	488,881
Machinery and Equipment	824,323	36,846	103,535	757,634
Vehicles	103,736	-	47,794	55,942
Total Capital Assets, Being Depreciated	2,142,784	833,066	290,224	2,685,625
Less Accumulated Depreciation				
Infrastructure	(550,040)	(23,222)	(138,895)	(434,367)
Buildings and Improvements	(228,719)	(13,904)	-	(242,623)
Machinery and Equipment	(517,813)	(54,035)	(74,537)	(497,310)
Vehicles	(63,457)	(3,900)	(23,042)	(44,314)
Total Less Accumulated Depreciation	(1,360,030)	(95,060)	(236,475)	(1,218,615)
Governmental Activities: Capital Assets, Net	\$ 1,252,151	\$ 1,083,335	\$ 849,969	\$ 1,485,517

Depreciation expense for governmental activities for the Year was \$ 95,060

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE D - CAPITAL ASSETS - (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

General Government:			
Judicial	\$	3,718	
Financial and Administrative		6,936	
Total General Government:		\$	10,653
Public Safety:			
Fire Protection		49,084	
Health		1,341	
Total Public Safety:		\$	50,425
Public Works:			
Highways and Streets		25,967	
Total Public Works:		\$	25,967
Cultural and Recreation:			
Total Cultural and Recreation:		\$	8,015
Total Depreciation Expense as charged to governmental functions		\$	95,060

Proprietary fund capital assets activity for the year ended June 30, 2010 were as follows:

	Balance July 1, 2009	Additions	Transfer/ Retirements	Balance June 30, 2010
Sewer and Solid Waste				
Village Lift Stations	\$ 366,046	\$ -	\$ -	\$ 366,046
Total	366,046	-	-	366,046
Less Accumulated Depreciation				
Village Lift Stations	(209,652)	-	9,151	(218,803)
Total Less Accumulated Depreciation	(209,652)	-	9,151	(218,803)
Sewer and Solid Waste Capital Assets, Net	\$ 156,394	\$ -	\$ 9,151	\$ 147,243

Depreciation Expense for Sewer Activities for the Year was \$ 9,151

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE F - CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt during the fiscal year:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Amount Due within One Year
Compensated Absences	\$ 693	\$ 4,260	\$ 2,738	\$ 2,215	\$ -
NM Finance Authority	\$ 71,095	\$ -	\$ 9,827	\$ 61,268	\$ 9,928

The Village entered into a loan agreement with the New Mexico Finance Authority to finance the purchase of a fire truck on May 26, 2006. The original amount of the loan was \$ 100,000. The note is payable from pledged State of New Mexico fire allotment funds. The loan agreement provides for the New Mexico Finance Authority to intercept the annual debt service payment from the distribution of the Fire Protection Fund Revenues. The interest rate of this note varies from 3.14% to 3.63%. The loan matures May 1, 2016.

NM Finance Authority Loan - Fire Truck

Year Ending June 30,	Principal	Interest	Admin. Fee	Total
2011	\$ 9,928	\$ 561	\$ 153	\$ 10,642
2012	10,034	480	128	10,642
2013	10,146	394	103	10,643
2014	10,263	303	78	10,644
2015	10,388	204	53	10,645
2016	10,509	102	25	10,636
Total	\$ 61,268	\$ 2,044	\$ 540	\$ 63,852
Interest expense for 2010		\$ 545		

NOTE G - PERA PENSION PLAN

The Village has one full time employee and she participates 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-employee 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 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.

The municipal general plan member is required to contribute 9.15% of her gross salary. The Village is required to match this contribution. The contribution requirements of plan members and the Village are established under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Village contributions to PERA for the years ended June 30, 2010, 2009 and 2008 are \$5,947, \$5,661 and \$5,570 respectively.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE H - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has joined with other local governments and the State of New Mexico to participate in the New Mexico Self-Insurers Fund (NMSIF). The fund is a public entity risk pool operating as a common risk management and insurance program. Coverage provided for includes general and auto liability; errors and omissions; volunteer fire fighters; civil rights; inland marine; and workers compensation.

The Village pays an annual premium of \$25,040 to NMSIF for its general insurance coverage. The information from the NMSIF provides that NMSIF will be self-sustaining through member premiums and will reinsure through other companies such as captive mutuals as dictated by the NMSIF Board of Trustees.

NOTE I - COMMITMENTS AND CONTINGENCIES

Grant Audits

The Village receives federal and state grants for specific purposes that are subject to review and audit by the funding agencies. Such audits could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate agency. Management believes such disallowances, if any, will not be significant for the year ended June 30, 2010.

NOTE J - PROPERTY TAXES

Sierra County collects The Village of Williamsburg's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the Sierra County Treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. Thirty days later, the bill becomes delinquent and the county treasurer assesses penalties and interest. Sierra County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Property tax revenues amount to \$6,901 of which \$496 was collections of past due amounts. Each month the county treasurer remits to the Village the taxes collected of current as well as past due taxes. The amount of taxes receivable was requested of, but not provided by the Sierra County Treasurers office as a result no allowance for uncollected and past due property taxes receivable is presented in the Village's funds.

NOTE K - TRANSFERS

Transfers between funds during the year were as follows:

Transfer To the General Fund	\$ 3,000
Transfer To the Flood Fund	<u>30,000</u>
Total	<u>\$ 33,000</u>
Transfer From Sewer Fund	<u>\$ (33,000)</u>

Transfers are used to move unrestricted revenues collected in the general fund and enterprise funds to finance various activities/programs accounted for in the other funds in accordance with budgetary authorization, and move revenues from the fund that the statute budget requires to collect them to the fund that statute or budget requires to expend them.

**The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

NOTE L - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information concerning individual funds with expenditures in excess of appropriations. New Mexico State Statutes restrict all officials and governing authorities from approving claims in excess of the approved budget.

Individual Funds with excess expenditures over appropriations.

<u>Fund</u>	<u>Budgeted Expenses</u>	<u>Actual Expenses</u>	<u>Expenditures Over Budget</u>
Fire Fund	\$ 68,584	\$ 91,330	\$ 22,746
Law Enforcement Fund	40,000	47,209	7,209
Flood Services Fund	10,000	38,391	28,391
 Total	 <u>\$ 118,584</u>	 <u>\$ 176,929</u>	 <u>\$ 58,345</u>

NOTE M - JOINT POWER AGREEMENT

The Village receives police protection under a Joint Powers agreement (JPA) with the City of Truth or Consequences (City) that will terminate in October 2010. Under the terms of this agreement the Village is to pay a yearly fee to the City of \$ 20,000 from the General Fund and approximately \$ 20,000 that shall come from the State Law Enforcement Protection Fund (LEPF).

The City agrees not to purchase vehicles out of the LEPF but what purchases they do make out of the LEPF will:

- Be in accord with the State Procurement Act.
- Be eligible under the LEPF guidelines.
- Will remain the property of the City even upon completion/termination of this JPA.

For the year ended June 30, 2010 the City did purchase a vehicle in violation of this JPA. (Finding 2010-13)

NOTE N - RELATED PARTY TRANSACTIONS

A Village Trustee provided invoices for testing services for capital projects that were submitted to the New Mexico Department of Transportation (NMDOT) to be reimbursed. There were 4 requests for reimbursement amounting to \$ 7,060 for the year ended June 30, 2010 involving three separate projects. His services were not supported by a contract nor was the procedures required by the New Mexico Procurement Code followed. The NMDOT reimbursed the Village for his services based on his invoice to the Village and copies of checks reflecting him as payee. The checks being reimbursed by NMDOT were not cashed nor were they properly voided. See Finding 2010-05.

The wife of the Village Mayor serves as the Fire Chief while the Mayor serves as Fire Captain. Many participants of the Volunteer Fire Department relatives, and close personal friends of the Mayor and his wife. Each quarter the Fire Chief provides a list of department personnel who are to receive compensation for attending fire department calls and meetings. The list of individuals to be provided this compensation contains no support and provides only the name, number of calls to be compensated for and the amount to be paid.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

NOTE N - RELATED PARTY TRANSACTIONS - (CONTINUED)

The Village Fire Department received annual distributions from the State of New Mexico Fire Protection Fund. These funds are to be expended at the direction of the department Chief, but the Village is the fiscal agent for these distributions. Requests for distributions from this fund made by the Chief to the Village should be accompanied by supporting documentation, contain proper authorization, be only for approved activities or costs, and follow the New Mexico Procurement Code. Various requests were made by Village Trustees of the Fire Chief to follow these requirements but the Mayor would not support enforcement upon his wife. See Findings 2010 - 06 and 2010 - 07.

NOTE O - SUBSEQUENT EVENTS

Subsequent to the year end the Village Clerk, Mayor and one Trustee resigned making it difficult to locate various supporting documents and obtain some information. See Findings 2007 - 03, 2010 - 02 and 2010 - 03.

SUPPLEMENTARY INFORMATION

**The Village of Williamsburg
Special Revenue Funds**

June 30, 2010

Non-Major Funds

Correction Fund:

This fund accounts for collection of fines which are used to supplement the cost of prisoner housing. This fund was created by the authority of State Statute 29-13-1 NMSA 1978.

Emergency Medical Services Fund:

This fund accounts for State and County proceeds provided for the operations of the Village's emergency services. The authority for this fund is Sections 24-10A-1 to 10 NMSA 1978.

Law Enforcement Fund:

This Fund accounts for the expenditure of funds received from the State of New Mexico Law Enforcement Protection fund as provided by a Joint Powers Agreement between the Village of Williamsburg and the City of Truth or Consequences. This fund was created by the authority of state grant provisions, Section 18-13-3 NMSA 1978.

Lodgers Tax Fund:

This fund accounts for receipt and disbursement of Lodgers' tax which is to be used for cultural and recreational purposes that attract and support tourism for the Village. Authority Section 3-38-13 to 24 NMSA 1978.

Recreation Fund:

This fund accounts for the operations and maintenance of recreation facilities owned by the Village. Funding for this fund is provided by a specific tax on cigarette sales. Section 7-12-15 NMSA 1978.

Flood Control Fund:

This fund accounts for maintenance and improvement of flood control. Financing is provided by the Water Research, Conservation and Development Act. Section 75-2-1 NMSA 1978.

**The Village of Williamsburg
Non Major Special Revenue Funds
Combining Balance Sheet
Non Major Special Revenue Funds
June 30, 2010**

	<u>Corrections</u>	<u>Emergency Medical Services</u>	<u>Law Enforcement</u>	<u>Lodgers Tax</u>	<u>Recreation</u>	<u>Flood Control</u>	<u>Total</u>
ASSETS							
Cash & Cash Equivalents	\$ 14,881	\$ 8,756	\$ 3,560	\$ 9,825	\$ 4,642	\$ 1,220	\$ 42,884
Total Assets	<u>\$ 14,881</u>	<u>\$ 8,756</u>	<u>\$ 3,560</u>	<u>\$ 9,825</u>	<u>\$ 4,711</u>	<u>\$ 1,220</u>	<u>\$ 42,953</u>
 LIABILITIES AND FUND BALANCES							
Accounts Payable	\$ -	\$ -	\$ 143	\$ -	\$ -	\$ -	\$ 143
Total Liabilities	<u>-</u>	<u>-</u>	<u>143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143</u>
 Fund Balances;							
Reserved for Community Development	-	-	-	9,825	-	-	9,825
Reserved for Public Safety Safety	14,881	8,756	3,417	-	-	-	27,055
Unreserved, Undesignated	-	-	-	-	4,711	1,220	5,931
Total Fund Balances	<u>14,881</u>	<u>8,756</u>	<u>3,417</u>	<u>9,825</u>	<u>4,711</u>	<u>1,220</u>	<u>42,811</u>
 Total Liabilities and Fund Balances	 <u>\$ 14,881</u>	 <u>\$ 8,756</u>	 <u>\$ 3,560</u>	 <u>\$ 9,825</u>	 <u>\$ 4,711</u>	 <u>\$ 1,220</u>	 <u>\$ 42,953</u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Non Major Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in
Fund Balances - Non Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2010

	Corrections	Emergency Medical Services	Law Enforcement	Lodgers Tax	Parks and Recreation	Flood Services	Total
REVENUES							
Taxes - Other	\$ -	\$ -	\$ -	\$ 2,233	\$ 1,108	\$ -	\$ 3,341
Intergovernmental	-	-	20,000	-	-	-	20,000
Charges for Services	600	-	-	-	-	-	600
Interest	92	14	15	8	2	8	139
Total Revenues	<u>692</u>	<u>14</u>	<u>20,015</u>	<u>2,241</u>	<u>1,110</u>	<u>8</u>	<u>24,079</u>
EXPENDITURES							
Current:							
Public Safety	-	6,134	47,352	-	-	38,391	91,876
Cultural and Recreation	-	-	-	513	843	-	1,356
Total Expenditures	<u>-</u>	<u>6,134</u>	<u>47,352</u>	<u>513</u>	<u>843</u>	<u>38,391</u>	<u>93,232</u>
Excess (Deficiency) - Revenues over Expenditures	<u>692</u>	<u>(6,119)</u>	<u>(27,337)</u>	<u>1,728</u>	<u>267</u>	<u>(38,383)</u>	<u>(69,153)</u>
OTHER FINANCING SOURCES							
Transfers In (Out)	-	-	-	-	-	30,000	30,000
Total other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Net Change in Fund Balances	<u>692</u>	<u>(6,119)</u>	<u>(27,337)</u>	<u>1,728</u>	<u>267</u>	<u>(8,383)</u>	<u>(39,153)</u>
Fund Balance June 30, 2009	<u>14,189</u>	<u>14,875</u>	<u>30,755</u>	<u>8,097</u>	<u>4,444</u>	<u>9,603</u>	<u>81,964</u>
Fund Balance June 30, 2010.	<u>\$ 14,881</u>	<u>\$ 8,756</u>	<u>\$ 3,417</u>	<u>\$ 9,825</u>	<u>\$ 4,711</u>	<u>\$ 1,220</u>	<u>\$ 42,811</u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
Corrections Fund

For the Fiscal Year Ended June 30, 2010

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Charges for Services	\$ 800	\$ 800	\$ 600	\$ (200)
Interest	15	15	92	77
Total Revenues	815	815	692	(123)
<u>EXPENDITURES</u>				
Public Safety	100	100	-	100
Total Expenditures	100	100	-	100
Excess (Deficiency) of Revenues Over Expenditures	715	715	692	(23)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	715	715	\$ 692	\$ (23)
Budgeted Cash Carryover	(715)	(715)		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ 692
Adjustments for Revenue Accruals	-
Adjustments for Expenditures Accruals	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ 692

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
Emergency Medical Services Fund
For the Fiscal Year Ended June 30, 2010

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 1,500	\$ -	\$ (1,500)
Interest	30	30	14	(16)
Total Revenues	<u>30</u>	<u>1,530</u>	<u>14</u>	<u>(1,516)</u>
<u>EXPENDITURES</u>				
Public Safety	<u>8,000</u>	<u>10,396</u>	<u>6,134</u>	<u>4,262</u>
Total Expenditures	<u>8,000</u>	<u>10,396</u>	<u>6,134</u>	<u>4,262</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,970)	(8,866)	(6,119)	2,747
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(7,970)	(8,866)	<u>\$ (6,119)</u>	<u>\$ 2,747</u>
Budgeted Cash Carryover	<u>7,970</u>	<u>8,866</u>		
Total	<u>\$ -</u>	<u>\$ -</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (6,119)
Adjustments for Revenue Accruals	-
Adjustments for Expenditures Accruals	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	<u>\$ (6,119)</u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
Non Major Special Revenue Funds
Law Enforcement Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Interest	200	200	15	(185)
Total Revenues	<u>20,200</u>	<u>20,200</u>	<u>20,015</u>	<u>(185)</u>
<u>EXPENDITURES</u>				
Public Safety	<u>40,000</u>	<u>40,000</u>	<u>47,209</u>	<u>(7,209)</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>47,209</u>	<u>(7,209)</u>
Excess (Deficiency) of Revenues Over Expenditures	(19,800)	(19,800)	(27,194)	(7,394)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(19,800)	(19,800)	\$ <u>(27,194)</u>	\$ <u>(7,394)</u>
Budgeted Cash Carryover	<u>19,800</u>	<u>19,800</u>		
Total	<u>\$ -</u>	<u>\$ -</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (27,194)
Adjustments for Revenue Accruals	(143)
Adjustments for Expenditures Accruals	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ <u>(27,337)</u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
Non Major Special Revenue Funds
Lodgers Tax Fund

For the Fiscal Year Ended June 30, 2010

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Taxes - Other	\$ 2,000	\$ 2,000	\$ 2,233	\$ 233
Interest	20	20	8	(12)
Total Revenues	<u>2,020</u>	<u>2,020</u>	<u>2,241</u>	<u>221</u>
<u>EXPENDITURES</u>				
Cultural and Recreation	<u>2,000</u>	<u>2,000</u>	<u>513</u>	<u>1,487</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>513</u>	<u>1,487</u>
Excess (Deficiency) of Revenues Over Expenditures	20	20	1,728	1,708
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	20	20	\$ <u>1,728</u>	\$ <u>1,708</u>
Budgeted Cash Carryover	<u>(20)</u>	<u>(20)</u>		
Total	<u>\$ -</u>	<u>\$ -</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ 1,728
Adjustments for Revenue Accruals	-
Adjustments for Expenditures Accruals	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	<u>\$ 1,728</u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
Non Major Special Revenue Funds
Parks and Recreation Fund
For the Fiscal Year Ended June 30, 2010

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Taxes - Other	\$ 1,100	\$ 1,100	\$ 1,038	\$ (62)
Interest	10	10	2	(8)
Total Revenues	<u>1,110</u>	<u>1,110</u>	<u>1,041</u>	<u>(69)</u>
<u>EXPENDITURES</u>				
Cultural and Recreation	<u>1,100</u>	<u>1,100</u>	<u>843</u>	<u>257</u>
Total Expenditures	<u>1,100</u>	<u>1,100</u>	<u>843</u>	<u>257</u>
Excess (Deficiency) of Revenues Over Expenditures	10	10	197	187
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	-	-	-	-
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	10	10	\$ <u>197</u>	\$ <u>187</u>
Budgeted Cash Carryover	<u>(10)</u>	<u>(10)</u>		
Total	<u>\$ -</u>	<u>\$ -</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ 197
Adjustments for Revenue Accruals	69
Adjustments for Expenditures Accruals	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	<u>\$ 267</u>

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
Non Major Special Revenue Funds
Flood Services Fund

For the Fiscal Year Ended June 30, 2010

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Intergovernmental	\$ 10,005	\$ 10,005	\$ -	\$ (10,005)
Interest	-	-	8	8
Total Revenues	<u>10,005</u>	<u>10,005</u>	<u>8</u>	<u>(9,997)</u>
<u>EXPENDITURES</u>				
Public Safety	<u>10,000</u>	<u>10,000</u>	<u>38,391</u>	<u>(28,391)</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>38,391</u>	<u>(28,391)</u>
Excess (Deficiency) of Revenues Over Expenditures	5	5	(38,383)	(38,388)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	10,000	40,000	30,000	(10,000)
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>40,000</u>	<u>30,000</u>	<u>(10,000)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	10,005	40,005	\$ <u>(8,383)</u>	\$ <u>(48,388)</u>
Budgeted Cash Carryover	<u>(10,005)</u>	<u>(40,005)</u>		
Total	<u>\$ -</u>	<u>\$ -</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (8,383)
Adjustments for Revenue Accruals	-
Adjustments for Expenditures Accruals	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ <u>(8,383)</u>

The Village of Williamsburg

Enterprise Fund

June 30, 2010

The Village operates one enterprise fund. The Sewer fund is used to account for the receipt of Sewer and Solid Waste from the City of Truth or Consequences under an agreement entered into in June of 1975.

The The Village of Williamsburg establishes the sewage rates that will be sufficient to pay the operational costs of the wastewater treatment plant that is owned and operated by the City of Truth or Consequences who bills and collects these fees from the Village residents monthly. Under the terms of this agreement the Village will pay the City for all maintenance, repairs, replacements and extensions performed by the City. The Village will also pay its pro-rata share of the operation of the wastewater treatment plant.

This pro-rata share is computed on the gallonage contributed by the wastewater collection facility of the Village to the wastewater treatment plant.

The City remits to the Village the balance of the fees charged and collected after deducting the costs of operation as outlined in the agreement.

The Village of Williamsburg
Statement of Revenues, Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
Sewer Fund

For the Fiscal Year Ended June 30, 2010

	Original Approved Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes - Other	\$ -	\$ -	\$ 1,412	\$ 1,412
Intergovernmental	10,005	10,005	-	(10,005)
Charges for Services	-	-	24,916	24,916
Interest	-	-	70	70
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	10,005	10,005	26,397	16,392
<u>EXPENDITURES</u>				
Public Works	10,000	10,000	1,763	8,237
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	10,000	10,000	1,763	8,237
Excess (Deficiency) of Revenues Over Expenditures	5	5	24,634	24,629
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	10,000	40,000	-	(40,000)
Operating Transfers Out	-	-	33,000	33,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	10,000	40,000	(33,000)	(73,000)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	10,005	40,005	\$ (8,366)	\$ (48,371)
Budgeted Cash Carryover	(10,005)	(40,005)		
	<hr/>	<hr/>		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (8,366)
Adjustments for Revenue Accruals	2,067
Adjustments for Expenditures Accruals	<hr/> (9,151)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ <hr/> (15,450)

The notes to the financial statements are an integral part of these financial statements

The Village of Williamsburg
Schedule of Change in Assets and Liabilities
Agency Fund
June 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS</u>				
Cash In Bank				
Court	\$ 477	\$ 414	\$ (142)	\$ 749
Patriot	710	-	(710)	-
	<u>\$ 1,187</u>	<u>\$ 414</u>	<u>\$ (852)</u>	<u>\$ 749</u>
 <u>LIABILITIES</u>				
Due to Others				
Court	\$ 477	\$ 414	\$ (142)	\$ 749
Patriot	710	-	(710)	-
	<u>\$ 1,187</u>	<u>\$ 414</u>	<u>\$ (852)</u>	<u>\$ 749</u>

The notes to the financial statements are an integral part of these financial statements

Charles L. Henry

Certified Public Accountant
666 Cook Avenue
Raton, New Mexico 87740
(505) 681-9762

*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 Balderas
State Auditor of the State of New Mexico
Board Members of the The Village of Williamsburg

Mr. Balderas and Members of the Board

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund, major special revenue funds and nonmajor special revenue funds, and enterprise fund and the individual funds, and budgetary comparisons presented as supplemental information of the Village of Williamsburg (Village) for the year ended June 30, 2010, and have issued my report thereon dated June 15, 2012 that contains a qualification of my opinion due to inadequate records related to capital assets and related expenses and asset valuations. I have also audited the financial statements of the Village's nonmajor governmental funds and budgetary comparison for the enterprise fund presented as supplemental information in the combined and individual fund financial statement as of and for the year ended June 30, 2010 as listed in the table of contents. I conducted my 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 my audit of the financial statements of the Village as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, I considered the Village's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: Findings 2010-01, 2010-02, 2010-05, 2010-07.

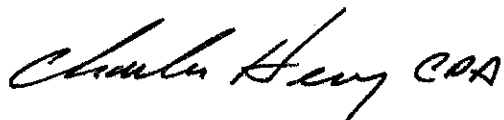
A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the following deficiencies in the Village's internal control to be significant deficiencies: Findings 2007-03, 2010-03, 2010-04, 2010-06, 2010-08, 2010-09, 2010-10, 2010-11, 2010-12, 2010-13.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 items: 2008-01, 2008-02, 2010-01, 2010-04, 2010-05, 2010-06, 2010-08, 2010-11, 2010-13.

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

This communication is intended solely for the information and use of management, the Village Board of Trustees, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Charles Henry CPA

June 15, 2012

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT STATUS OF PRIOR YEAR FINDINGS

2007-03 - Numerous Accounting and Posting Errors:	Repeated
2008-01 - Actual Expenditures Exceeded Amount Budgeted:	Repeated
2008-02 - Failure to File the Audit Report by the Required due Date:	Repeated

2007-03 - Numerous Accounting and Posting Errors: -- Significant Deficiency

Condition:

This previously reported condition was more prominent for 2010 than previously stated. The Village reported outstanding checks of \$17,987 at 6/30/10. This amount was understated by \$ 81,409 which was found to be primarily due to checks that were not voided. Other posting errors during the year resulting in \$ 2,600 being recorded twice and \$ 5,100 recorded as revenue but was never deposited in the bank. The Village Clerk made adjustments to cash in the amounts of \$ 13,800 but there was no cash transaction that justified such an adjustment.

Criteria

Generally Accepted Accounting Principles and Section 6-6-3 NMSA 1978 require that transactions be recorded properly and the resulting financial information be accurate and meaningful.

Effect:

The Village General Ledger contained material errors. Financial information being routinely reported and provided to the users of this information was misstated.

Cause

The Village Clerk did not have the basic bookkeeping skills necessary to record the day-to-day transactions and the mayor did not perform the basic requirements of being the Chief Executive and Administrator of the municipality.

Recommendation

The Village Clerk should be required to have adequate bookkeeping skills to record the day-to-day business transactions as a condition of employment or to agree to obtain such skills through additional training.

Management's Response

A new Village Clerk was hired March 2012. She has adequate bookkeeping skills and training to perform the duties of the Village Clerk. It is the belief of the Board that this finding has been addressed.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT STATUS OF PRIOR YEAR FINDINGS

2008-01 - Actual Expenditures Exceeded Amount Budgeted: -- Compliance

Condition:

The Village exceeded its budgeted expenditures in 3 funds. The Fire Fund (by \$ 22,746), Law Enforcement Fund (by \$ 7,209), and Flood Services Fund (by \$ 28,391).

Criteria

A budget is a proposal of financial operations for a given period of time. When authorized, the annual budget provides the basis for control of financial operations during the fiscal year. The budget should be analyzed monthly to ensure expenditures remain within the legally adopted budget and revisions should be made whenever necessary. Section 6-6-6, NMSA, 1978 prohibits governing officials from incurring expenses in excess of approved budgets.

Effect:

State Statute has been violated which may subject those responsible to a penalty provision of the statute.

Cause

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

Recommendation

The Village should monitor the budget and expenditures to assure effective budgeting control and accountability and to make proper budget adjustments when necessary. Expenditures of funds should stay within legal requirements.

Management's Response

The current Board has put in place a budget committee to review budgets as required by law. This committee will make sure the budgeted amounts are not exceeded by Village expenditures.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT STATUS OF PRIOR YEAR FINDINGS

2008-02 - Failure to File the Audit Report by the Required due Date: -- Compliance

Condition:

The New Mexico State Auditor requires the audit to be completed and submitted to his office by December 1 of the fiscal year end or December 1, 2010. The report was submitted to the Office of the State Auditor July 20, 2012.

Criteria

According to the State of New Mexico, Office of the State Auditor rule NMAC 2.2.2.9 A(1),(d) the due date for audit reports of villages is December 1 following the end of the fiscal year.

Effect

Statements that are filed after the due date contain information that is old. Economic conditions change and the more current the information is the better able the Village, or others needing current financial information from the Village are to make sound business decisions.

Cause

The Village did not contract for the audit until after the due date had passed because of difficulty in finding a replacement auditor after the auditor contracted to perform the audit was unable to do so.

Recommendation

The Village should strive to become current with the audit requirement as soon as possible, and once current should contract with an approved auditor in a timely manner to assure that this requirement is met.

Management's Response

The current Board of Trustees is currently in the process of contracting with an approved auditor that will bring the Village into compliance for the year ended 2012.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-01 - Failure to Reconcile Bank Statements: -- Material Weakness and Compliance

Condition

The Village maintains various bank accounts with a substantial amount of the total assets of the Village represented by the deposits in these banks. None of the three largest bank accounts; two checking and one savings, were properly reconciled for any month of the fiscal year ended June 30, 2010.

Criteria

Generally Accepted Accounting Principles and good internal control over financial assets require that bank accounts to be reconciled each month in a timely manner. When handling public money requirements are more strict; Section 6-10-2 NMSA 1978 requires that municipalities follow the mandates from the DFA-LGD to balance cash daily.

Effect

Almost all of the accounting or posting errors noted in finding 2007 - 03 would have been discovered and corrected had the bank accounts been properly reconciled. Without being reconciled material errors were carried on the books of the Village for each month of the fiscal year. This monthly misstatement not only effected the cash balances as reflected and presented for budgets and various information purposes, but also caused various revenue, expense and asset accounts to be misstated as well.

Cause

There were no procedures in place to assure that the banks are properly and timely reconciled. A lack of good internal control over cash as well as a basic lack of bookkeeping knowledge by the Village Clerk resulted in the bank reconciliations not being performed. The Mayor, who's job is to serve as Chief Executive Officer, provided no oversight or leadership in requiring the timely, and accurate preparation of bank reconciliations.

Recommendation

Procedures should be put in place to assure that bank statements are properly reconciled each month in a timely manner by someone not responsible for recording transactions or generating checks. If this is not possible then a trustee or committee designated by the Board, but not constituting a quorum could serve in that capacity. Once the bank accounts are properly reconciled and the correct balance the Village Clerk should enter any required adjusting entries to ensure that the general ledger agrees with the reconciled balance.

Management's Response

The Village now has a Village Clerk capable of performing accurate and timely bank reconciliations. Once the reconciliation is complete the Clerk is required to obtain approval of the Mayor or a Trustee.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-02 - General Lack of Internal Control: -- Material Weakness

Condition

The Village has policies and procedures that require that there be two signatures on each check, that all disbursements be supported by documents that reflect that the expenditure is appropriate and all Village disbursements be approved in open meeting by the Board of Trustees.

Though all checks had two signatures as required, it was found that almost all checks written to the Mayor were also signed by him. Of 103 transactions tested for compliance with Village procedures, 49 were noted as exceptions due to a lack of supporting documentation, lack of authorization, or simply no support at all. The error rate determined was 48% which reflects the fact that there is no internal control.

On July 9, 2009 the minutes of the Village contained a motion, that was seconded and passed, to postpone the payment of the bills. The general ledger and Village bank statement reflects that all bills were, in fact paid. This indicates that the Board of Trustees is not performing as the highest level of authority in the Village and Board's policies and procedures were being ignored by the Mayor.

Criteria

Section 3-11-4 NMSA 1978 states that the Mayor is the chief executive officer and shall cause the ordinances and regulations of the municipality to be obeyed and perform other duties, compatible with his office which the governing body may require.

Effect

The reliability of the financial information generated is reduced due to the higher risk of a material misstatement whether due to error or fraud. The fraud risk is higher because of the demonstrated ability to ignore or avoid controls in place by the governing body to protect the assets of the Village.

Cause

The Mayor of the Village either was not aware of his job description, or was not concerned with it. He ignored the directions of the governing body as well as their stated policies requiring proper approval, supporting documentation, and compliance with procurement requirements for Village expenditures. Because he had the support of one Trustee and the ability to persuade the Village Clerk to follow his wishes he was able to avoid all internal controls in place. The Board of Trustees was also unaware of their ability to assert control and that contributed to the Board's inability to enforce stated procedures and controls over the Mayor's actions though these desires were at times stated in Village minutes.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-02 - General Lack of Internal Control: -- Material Weakness - Continued

Recommendation

The Board of Trustees, being the highest level of authority, understand that protection of public funds is a primary obligation of public office. Controls should be put in place to ensure that all disbursements contain proper supporting documentation as well as being approved by a majority of the Board. That no person authorized to sign checks issued from Village funds be permitted to sign a check on which that check signer is also a payee.

Management's Response

Board actions in 2012 removed the Mayor's authority to sign checks. Also in 2012 a financial committee was formed, over the protest of the Mayor who resigned in protest, to review all Village expenditures prior to being presented for approval to the Board in open session.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

**2010-03 - Unrecorded Cash Receipts and Cash Disbursements Reflected in Village Bank Statements: --
Significant Deficiency**

Condition

While examining the bank statements for the fiscal year it was found that 19 checks totaling \$ 2,531 were presented for payment that were unrecorded. It was also found that \$ 2,843 in deposited funds were not recorded in the general ledger.

Criteria

Section 6-6-2 NMSA 1978 establishes the powers of the Local Government Division (LGD) of the Department of Finance and Administration (DFA). Section 6-6-2(J) NMSA 1978 provides LGD the power to prescribe the form for all budgets, books, records and accounts for all public bodies.

Effect

The Village revenues and expense were always incorrect causing all the financial information provided by the Village Clerk to be misstated.

Cause

Either incompetence or a lack of attention to the performance requirements of the Village Clerk duties.

Recommendation

The Village Board of Trustees should require that bank statements be reconciled on a timely basis and ensure that the general ledger is adjusted to agree with the amount determined by the reconciliation.

Management's Response

All bank statements are currently being reconciled within 10 days of receipt by the Village Clerk who has the skills required for such a task.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-04 - Violation of the Village Procurement Code: -- Significant Deficiency and Compliance

Condition

The Village has a stated procurement code that provides procedures for all purchases of goods and services. I tested 103 randomly selected transactions to test for compliance with Village policies and procedures including the Village Procurement Code. Many of these selected transactions were for various contracts, or repeating monthly expenditures as well as compensation for attending fire calls or meetings. 19 of the 103 were for goods or services that exceeded \$ 500 and either required names of three vendors submitting prices to be maintained as public record or written quote to be filed and maintained. I found no compliance with the Village Procurement Code for any transaction tested in this group.

Criteria

All expenditures of public funds are governed by New Mexico procurement requirements as found in Sections 13-1-1 thru 13-1-199 NMSA 1978. The Village Board of Trustees adopted a procurement code that is more restrictive, in some ways, than the state code.

Effect

The stated purpose of the procurement code was largely ignored and favoritism was granted to those who were closely associated with the Mayor rather than to provide the best services at the best price to the Village.

Cause

The desire of the Mayor, in his position of Chief Executive and Administrator of the Village, appeared to be to conduct business with friends, relatives or members of the Village volunteer fire department while the Village clerk, in her position as procurement officer, was not able to assert her position over her superior.

Recommendation

The Village should enforce the adopted procurement code and provide the procurement officer with the authority to enforce the code as stated.

Management's Response

The new Village Clerk is still the procurement officer, but her position cannot be threatened by enforcing the code over the objections of her superior as it was in the past. The Village procurement code is now being strictly enforced and monitored.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-05 - Violation of Grant Agreements, Misuse of Public Funds and Possible Fraud: --
Material Weakness and Compliance

Condition

The Village was involved in three Grants for Capital Improvement with the New Mexico Department of Transportation (NMDOT). Under the terms of the grant the Village was to maintain all records and documents for a minimum of 5 years which was not done. The records made available were incomplete.

The Village employed the services of a Trustee for engineering and testing services. Invoices were provided to the Village who in turn issued checks for the amount of the invoices and submitted copies to NMDOT for reimbursement. The checks to the Trustee were not cashed and were either filed or destroyed. The total of these checks for the fiscal year 2010 was \$ 7,040 but was greater in the previous fiscal year.

One incident was found where the same invoice for \$1,200 was submitted and reimbursed twice by NMDOT. One copy of the invoice submitted twice stated it was "certified as correct" by the Village Clerk.

NMDOT was provided copy of a check to a supplier of services in the amount of \$ 5,974 in December 2009 while the check remained outstanding until May of 2010, when it was voided. The payee of this check pursued payment of the amount owed and was paid \$11,398 in June 2010 that included the un-cashed check amount grant records were not adequate to determine if the \$ 11,398 was submitted for reimbursement or or just the difference.

The Village engaged the services of another engineer, who was reported to be a classmate of a Village Trustee, for testing and engineering services. The invoices that were submitted to the Village, approved by the Mayor and reimbursed by NMDOT reflected as many as 13 hours a day for work performed during the June 30, 2010 fiscal year while no evidence of what was done, where it was done, or the results of the work performed were provided to support the hours claimed in the invoice. Information contained in the files also reflect that this engineer provided invoices for as many as 23 hours a day during the 2009 Fiscal year.

This information was communicated to the Village in closed executive session as well as to the State Auditor by letter dated March 22, 2010. (As reported in the notes as subsequent events the Mayor, Board Trustee and Village Clerk all resigned during the course of this audit.)

Criteria

Grant terms require there be strict accountability for all receipts and disbursements, and all records and documents relative to the project be maintained for a minimum of five years after the completion of the project.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

**2010-05 - Violation of Grant Agreements, Misuse of Public Funds and Possible Fraud: --
Material Weakness and Compliance Continued**

Effect

The project records were not maintained as required and it was not possible to determine if all receipts and disbursements were proper. The Village did not pay amounts submitted to NMDOT for reimbursement. The actions of the Mayor, as Chief Executive Officer, to request reimbursement for funds that were never expended is misuse of public funds, violated the matching requirement of the grant terms and has the appearance of possible fraud that could result in personal liability or other legal consequences for those responsible.

The grant terms further provide that if an audit finding determines that specific funding use was inappropriate or not related to the project, the Village shall reimburse that portion to NMDOT within thirty days of written notification.

Cause

A Village Trustee was qualified to provide engineering and testing services for Village Capital Projects. Requesting reimbursement for his services that were never expended may have appeared as an easy way to obtain funds for the Village. NMDOT accepted copies of checks as evidence of expended funds so it was possible for the Village to generate a check and be reimbursed without actually expending the funds,

Recommendation

The Village should put procedures in place for all future capital projects and grant activity to maintain the strict accountability required grant agreements and maintain oversight by more involvement of the Board of Trustees. All expenditures should be presented to the Board and approved for payment before being submitted for reimbursement from the funding source.

Management's Response

This did not occur with the current Mayor, Board of Trustees and Clerk. All Capital projects or grant activity will be complete and all records will be kept as required and all expenditures and other related documents will be reviewed by the current board.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-06 - Improper Use of Proceeds from the Fire Protection Fund: --
Significant Deficiency and Compliance

Condition

The Village Fire Chief expended Fire Protection funds for expenses unrelated to the express purpose of the use of these funds. Small purchases were spent for either personal use or social events of the Fire Department, both of which are expressly prohibited. Two expenditures for the year in the total amount of \$87 were noted.

Criteria

Section 59A-53-8 of the State Fire Marshall's Act states that any distributions from the fire protection fund shall be used only for the maintenance of the fire department. The Fire chief's Handbook Section 10-25-14 specifically states that the use of Fire Protection Funds for social events is prohibited. The Village Fire Chief, who is personally charged with the distribution of these funds, made expenditures of fire protection funds specifically prohibited by the Fire Marshall's Act.

Effect

If audited or examined by the Fire Marshall all inappropriate expenditures would be personally assessed against the Fire Chief.

Cause

The funds by law are expended at the direction of the fire department Chief and little oversight as to the purpose of these funds was applied by the Village.

Recommendation

The Fire Chief of the Village should refrain from making inappropriate expenditures.

Management's Response

The Fire Chief is not competent and does not work with the Village to provide documentation to support fire funds. The Board removed the Fire Chief for making inappropriate purchases and refusing to furnish required documentation.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-07 - Requests of Reimbursement of Fire Allotment Distributions Without Supporting Documents. --
Material Weakness

Condition

The Village paid the members of the volunteer fire department \$8 for each call that is attended. Beginning in September 2009 the policy changed to \$ 5 per call and meeting attended. The Fire Chief (wife of the Mayor) provides a list of individuals to be compensated. The information provided by the Fire Chief is the name, number of calls and amount to be paid. There are no supporting documents provided for the amounts requested. The opportunity for misuse and fraud is generated because of the lack of support provided.

When asked to provide support the Chief refused and stated that that information requested would have to come from the State Fire Marshall.

I did contact the Office of the State Fire Marshall and requested these records be provided both verbal and by email. I was told by the office of the Fire Marshall that the Village was not in compliance with filing requirements for the fiscal year 2010 but I would be provided what was on file. That has never provided by the Fire Marshall's Office.

Additionally I contacted the Sierra County Dispatch Authority and under the freedom of information act requested all dispatch calls the Village of Williamsburg participated in for each month of the selected periods to test - July through September 2009 and January through March 2010. These were provided the

<u>July through September 2009</u>	<u>3rd Qtr 09</u>
The total of all individuals compensated	17
The total number of calls requested for compensation by the Fire Chief	331
The total amount disbursed @ \$8/call	\$2,648
The total possible calls responded to per Sierra Dispatch	36
The number of calls claimed for reimbursement by the Fire Chief	35
The number of calls claimed for reimbursement by the Mayor	41
The mathematical number of individuals attending every call (331/36)	9
<u>January through March 2010</u>	<u>1st Qtr 10</u>
The total of all individuals compensated	16
The total number of calls and/or meetings requested for compensation	331
The total amount disbursed @ \$5/call or meeting	\$1,655
Total possible meetings - (12 X 16 individuals if all attended all meetings)	192
Most conservative number of actual calls requested for payment	139
The total possible calls per Dispatch	30
The mathematical number of individuals per call (139/30)	5
The number of calls claimed by the Fire Chief 39 less 12 (for possible meetings)	27
The number of calls claimed by the Mayor 33 less 12 (for possible meetings)	21

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

**2010-07 - Requests of Reimbursement of Fire Allotment Distributions Without Supporting Documents. --
Material Weakness -- Continued**

Condition - Continued

Based on the information from Sierra Dispatch Authority the request for reimbursement from the Village appears to be intentionally misstated. If intentionally misstated it would be a fraudulent act.

Criteria

Section 6-6-3 NMSA 1978 requires that every local public body shall keep all the books, accounts, and records of their respective offices in the form prescribed by the Local Government Division. Requests for payment from Governmental Units requires that support be provided to justify the distribution.

Effect

The request for payments of the quarterly fire allotment appear to be intentionally overstated, the payment would be in excess of what was actually incurred. The potential for fraud cannot be overlooked.

Cause

The Mayor of the Village is the husband of the Fire Chief. Additionally the Mayor of the Village is the Captain of the Volunteer Fire Department. There was no pressure or oversight by the Mayor as Chief Executive and Administrator of the Village to require the support for such payments. Both the Mayor and the Fire Chief are, in fact, large recipients of the Village payments. Many of the members of the fire fire department are related to, or friends of, the Mayor or his wife.
would be in excess of what was actually incurred. The potential for fraud cannot be overlooked.

Recommendation

That there be no further fire allotment payments made by the Village without complete support of all amounts requested. The Board of Trustees should determine a course of action if it is found that past requests constituted an overpayment to the Fire Department.

Management's Response

The Fire Chief still is refusing to provide requested support. The Village will not pay any request for fire allotment payments without such support.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-08 - Capital Asset Inventory List for the Village and the Fire Department : --
Significant Deficiency and Compliance

Condition

The Capital asset inventory listings were not properly maintained by both the Village and it's Volunteer Fire Department. Numerous assets reflected on the depreciation schedules provided by the prior auditor contained assets that were not on hand per the Village Deputy Clerk and discussions with Trustees.

A inventory of Fire Department assets was requested directly from the Fire Chief. There was not a inventory available for the year of the audit. I was able to receive the results of an inspection by the Fire Marshall's office dated 8/25/09.

Criteria

Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory.

[10.25.10.17 NMAC-N,1-1-01] EQUIPMENT INVENTORY: All fire departments shall maintain an equipment inventory list. All single items purchased with FPF monies costing two hundred and fifty dollars (\$250) or or more shall be listed on the fire department's inventory list. A physical inventory of such items shall be conducted no less than annually. A copy of the inventory shall be maintained at the main station(s).

Effect

The assets listed in the general ledger are incorrect per Village Trustees who state that some assets reflected in the depreciation schedules obtained from the prior auditor are not available. This condition has the potential of the unreported sale of assets, and could result in personal gain and fraud.

Cause

The taking of inventories was not important to the Mayor of the Village or the Fire Chief.

Recommendation

The Village and the Village Fire Department conduct a physical inventory of assets as required by law to provide a current accurate listing of all Village and fire Department assets. This inventory should be certified by a committee of the Trustees. Any asset reflected on past depreciation schedules that cannot be accounted for should be researched by the Board to determine its disposition.

Management's Response

The current Board of Trustees will conduct a physical inventory on July 1, 2012 by the Village Clerk and two board members. All missing assets will be investigated and fully explained.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-09 - Not Maintaining Individual Fund Balances: -- Significant Deficiency

Condition

The Village operates 11 funds out of two checking accounts. Additionally, one savings account had entries from two funds made to it during the year. The individual fund balances for all funds were not maintained separately in the general ledger.

Criteria

Section 6-6-3 NMSA 1978 requires that every local public body shall keep all the books, accounts, and records of their respective offices in the form prescribed by the Local Government Division (LGD) and make all reports as prescribed by the LGD.

Effect

The individual fund balances for all funds is not readily available, combined with the lack of bank reconciliations the Village is unable to accurately report on any fund or cash balance for proper statement presentation or budget request.

Cause

The bookkeeping ability of the Village Clerk was not sufficient to properly maintain or account for individual funds.

Recommendation

The cash accounts as reconciled be separated to enable the clerk to treat each fund as if it had its own bank account. The reconciled balances each month would then generate accurate fund balances.

Management's Response

The current Village Clerk has the skills and the ability to reconcile and maintain individual fund balances monthly.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-10 - Lack of Accountability over Franchise Fees. -- Significant Deficiency

Condition

The Village receives franchise fees from various entities that provide services to the residents of the Village. These fees were overlooked by the Village Clerk and often were not billed.

Criteria

Generally Accepted Accounting Principles and the accrual method of accounting require that revenues be reported in the period in which they are earned. Section 6-6-3 NMSA 1978 requires that every local public body shall keep its books, accounts and records of their respective offices in the form prescribed by eh LCD.

Effect

By overlooking the billing of these revenue sources the Village is not receiving funds in the proper period and there is always the possibility that they will not be received.

Cause

A lack of attention to the requirements of the position of Village Clerk.

Recommendation

That there be a procedure put in place by the Village to insure that all franchise fees are billed when earned. A reconciliation of the past two years franchise fees be prepared by the Village Clerk to determine that all amounts due to the Village have been received.

Management's Response

The current Village Clerk will track and bill franchise fees as well as reconcile the past fees.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-11 - Improper preparation of quarterly payroll tax reports. --
Significant Deficiency and Compliance

Condition

The Village Clerk prepares the quarterly payroll tax reports. The amount of payroll reported in these reports was greater each month of the fiscal year than was reflected by the Village Payroll. The result was that the reported liability to the Internal Revenue Service was overstated by \$919 for the year ended June 30, 2010.

Criteria

Accurately paying the amounts due to the Internal Revenue Service for payroll tax deductions and related payroll taxes is required by Generally Accepted Accounting Principles as well as the Internal Revenue Service. Section 6-6-3 NMSA 1978 requires that every local public body shall keep all the books, accounts, and records of their respective offices in the form prescribed by LGD and make all reports as prescribed by the LGD.

Effect

The Village has overpaid the Internal Revenue Service for quarterly payroll tax liabilities. To correct this will be a somewhat difficult due to dealing with the Internal Revenue Service and it will be a long time before these funds will be made available by the IRS to the Village.

Cause

The Village Clerk did not understand how to prepare the required reports.

Recommendation

Additional training and having the reports checked by someone who does understand how to prepare the required reports.

Management's Response

The current Village Clerk has experience and is knowledgeable in the preparation of payroll tax reports.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-12 - Inadequate Filing System -- Significant Deficiency

Condition

Various requested documents were not found, or took a long time to find, by the Deputy Clerk. Information was misfiled and the condition of the files was not maintained in a "user friendly" state. Note documents, contracts and agreements were not available while disbursements or receipts that were divide to various. revenue or expense accounts were not easily followed.

Criteria

Generally Accepted Accounting Principles require that information supporting business transactions, Village agreements and contracts be maintained and readily available for reference and support. Section 6-6-3 NMSA 1978 requires all records of every local public body shall be maintained in a form prescribed by the LGD.

Effect

Without adequate maintenance of Village records it appears that various relationships may be inappropriate or open to fraud. Without having the records available for interested individuals the Village cannot respond to the freedom of information act and the credibility of the Village can be damaged.

Cause

Poor or non-existent filing skills of the Village Clerk as well as a lack of interest or oversight by the Mayor who serves as the Chief Executive Officer and Administrator of the Village.

Recommendation

That the Village Clerk attend training to gain filing skills and if necessary work with a third party to design a filing system that can support the Village business transactions, agreements and contracts.

Management's Response

The current Village Clerk acknowledges that this was a problem and has already began establishing a filing system to ensure that all requested information will be available.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2010

CURRENT YEAR FINDINGS:

2010-13. Terms of a Joint Powers Agreement were Violated -- Significant Deficiency and Compliance

Condition

The Village entered into a Joint Powers Agreement (JPA) with the City of Truth or Consequences (City) for police protection. This JPA specifically prohibits the purchase of vehicles with funds provided by the Law Enforcement Protection Fund (LEPF). Review of the General Ledger reflected a purchase through the LEPF of a Vehicle that was in direct violation of the stated agreement. This purchase was on the last day of the fiscal year in the amount of \$23,604. This check was not a budgeted expenditure, was not presented to, or approved by, the Board of Trustees and based on information provided by the minutes of a budget workshop on May 20, 2010 was an intentional act of the Mayor of the Village.

Criteria

A Joint Powers Agreement entered into by the Village specifically prohibited the purchase of vehicles from LEPF funds.

Effect

The Village, through the actions of the Mayor, violated Joint Powers Agreements, and intentionally expended funds in excess of budgeted amounts. If it were to be determined that this purchase also violated the Law Enforcement Protection Fund Act personal liability for such expenditure could be enforced upon those found responsible for such expenditure. Section 29-13-9 (B) NMSA 1978.

Cause

There were unexpended funds in the Law Enforcement Fund and the Mayor desired to expend these funds as he did not want to lose them. There was no concern or consideration to the budget consequences as a result of this decision and he did not consider or care about his responsibilities as Chief Executive and Administrator of the Village.

The Mayor explained to the Board in the minutes of a Village Budget Workshop held May 20, 2010 that it was budget time again and each member has a spreadsheet that clearly shows what was budgeted and what was spent for the current fiscal year.

Recommendation

The board needs to assert its position as the highest level of authority over the actions of the Mayor. No disbursement of Village funds should be made without proper approval of the Board.

Management's Response

The Board has removed the ability of the Mayor to sign checks and the current Board of Trustees will not permit expenditures without approval while a budget committee reviews all expenditures to see that they stay within budget guidelines.

The Village of Williamsburg
Exit Conference
For the Fiscal Year Ended June 30, 2010

Exit Conference

The exit conference was held June 15, 2012 in the Village offices in a properly advertised closed executive session. It was attended by the following individuals:

From The Village of Williamsburg

Carol Schuiling	Mayor
Deborah Stubblefield	Mayor Pro-Tem
Paul Mc Cauley	Trustee
Majorie Powey	Trustee
Linda Bauer	Village Clerk

The conference was also attended by:

Charles Henry, CPA

Financial Statement Preparation

Preparation of financial statements is the responsibility of management. Although, The Village of Williamsburg's personnel provided significant assistance, financial statements and related notes were prepared by Charles L. Henry, CPA.