

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, 2012

The Village of Williamsburg
Table of Contents
June 30, 2012

	<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 Governmental 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
Statement of Revenues, Expenses, and Changes in Fund Net Assets	14
Statement of Cash Flows	15
Agency Fund	
Statement of Fiduciary Assets and Liabilities	16
NOTES TO THE FINANCIAL STATEMENTS	17 - 33
SUPPLEMENTAL INFORMATION	
Special Revenue Funds	34
Statements For Non Major Governmental Funds	
Combining Balance Sheet	
Non Major Special Revenue Funds	35
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non Major Special Revenue Funds	36

The Village of Williamsburg

Table of Contents

June 30, 2012

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	37
Emergency Medical Services Fund	38
Law Enforcement Fund	39
Lodgers Tax Fund	40
Parks and Recreation Fund	41
Flood Prevention Fund	42
Enterprise Fund	43
Statement of Revenues and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)	
Sewer Fund	44
OTHER SUPPLEMENTAL INFORMATION	
Agency Fund	
Schedule of Changes in Assets and Liabilities	45
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	46 - 47
Schedule of Findings and Responses	48 - 66
Exit Conference	67

The Village of Williamsburg

Official Roster

June 30, 2012

Elected Officials

<u>Name</u>	<u>Title</u>
Carol Schuiling	Mayor
Debbie Stubblefield	Mayor - Pro-Tem
Majorie Powey	Trustee
Ron Hoskins Sr.	Trustee
Paul McCauley	Trustee

Administrative Staff

Linda S. Bauer	Clerk - Treasurer
Jerri McCauley	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
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 fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Williamsburg (Village), as of and for the year ended June 30, 2012, 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, 2012, 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

The Village disbursed funds under two contracts that are questionable as to their validity and classification as an expense or a receivable. [See Footnotes H & N as well as Findings 2011 - 01 and 2012 - 01] Without a resolution as to the validity and classification of these expenditures I am unable to satisfy myself as to any, and all, the financial information presented in, and for, the Sewer Fund as well as any information or report or report in which the information related to the Sewer Fund are combined or included. Additionally, the Village did not maintain depreciation for its capital assets. There is not a system in place to safeguard assets or to ensure that the capital assets are not misstated in the financial statements. Because of the lack of reliable capital asset information related to Village Assets, I am unable to satisfy myself as to the valuation of such assets.

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

In my opinion, except for the effects, of inadequate and unsupported presentation of capital assets and related expenses as well as the effect, if any, on the financial information presented for the Sewer Fund, or related Sewer Fund information included in, or combined with, the Village financial statements 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for 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 previously present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor 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 my report dated November 15, 2012 on my consideration of the Village's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of 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 which is required to be presented to supplement the basic statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

My audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons of the Village. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Charles Henry CPA
November 15, 2012**

The Village of Williamsburg
Government-wide Financial Statements
Statement of Net Assets
June 30, 2012

ASSETS	Governmental Activities	Business-Type Activities	Primary Government Total
Current Assets			
Cash and Cash Equivalents	\$ 727,115	\$ 117,757	\$ 844,872
Accounts Receivable and Prepaid Amounts	3,503	2,267	5,770
Taxes Receivable	8,436	-	8,436
Total Current Assets	739,054	120,024	859,078
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	824,104	-	824,104
Vehicles	55,942	-	55,942
Less Accumulated Depreciation	(1,486,705)	(237,105)	(1,723,810)
Total Noncurrent Assets	1,283,897	128,941	1,412,838
TOTAL ASSETS	2,022,951	248,965	2,271,916
LIABILITIES			
Current Liabilities			
Accounts Payable	11,472	63	11,535
Taxes Payable	466	-	466
Current Portion of Long-Term Debt	10,146	-	10,146
Total Current Liabilities	22,084	63	22,147
Long-Term Liabilities			
Long-Term Debt (Less current portion above)	31,160	-	31,160
Compensated Absences	1,104	-	1,104
Total Long-Term Liabilities	32,264	-	32,264
TOTAL LIABILITIES	54,348	63	54,411
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,368,258	138,092	1,506,350
Restricted for:			
Public Safety	29,906	-	29,906
Cultural Development	10,834	-	10,834
Unrestricted	663,880	126,700	790,581
TOTAL NET ASSETS	\$ 1,968,603	\$ 248,902	\$ 2,217,505

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

The Village of Williamsburg
Government-wide Financial Statements
Statement of Activities
For the Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Fees, Fines and Charges for Services	Operating Grant and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 294,908	\$ 600	\$ 98,522	\$ -	\$ (195,786)	\$ -	\$ (195,786)
Public Safety	108,712	-	-	-	(108,712)	-	(108,712)
Public Works	3,758	-	-	-	(3,758)	-	(3,758)
Cultural And Recreation	2,184	-	-	-	(2,184)	-	(2,184)
Interest on L/T Debt	480	-	-	-	(480)	-	(480)
Total Government Activities	410,041	600	98,522	-	(310,920)	-	(310,920)
Business - Type Activities							
Water Utility Services	36,621	20,311	-	-	-	(16,311)	(16,311)
Total Business - Type Activities	36,621	20,311	-	-	-	(16,311)	(16,311)
Total Primary Government	\$ 446,663	\$ 20,911	\$ 98,522	\$ -	\$ (310,920)	\$ (16,311)	\$ (327,231)

General Revenues and Transfers

Taxes				
Property Taxes Levied		\$ 9,071	\$ -	\$ 9,071
Gross Receipts Tax		39,629	389	40,018
Franchise Taxes		13,678	-	13,678
Gasoline Tax		9,417	-	9,417
Cigarette Tax		151	-	151
Other Taxes		8,242	-	8,242
Grants and Programs Unrestricted		119,039	-	119,039
Licenses & Permits		1,635	-	1,635
Miscellaneous		4,979	-	4,979
Investment Earnings		804	31	835
Total General Revenues and Transfers		206,645	420	207,066
Changes in Net Assets		(104,274)	(15,890)	(120,165)
Net Assets Beginning		2,072,878	264,792	2,337,670
Net Assets Ending		\$ 1,968,603	\$ 248,902	\$ 2,217,505

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

**The Village of Williamsburg
Fund Financial Statements
Balance Sheet - Governmental Funds**

June 30, 2012

	General Fund	Fire Fund	Municipal Street Fund	Nonmajor Governmental Fund	Total Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 593,321	\$ 35,466	\$ 55,174	\$ 43,155	\$ 727,115
Accounts Receivable	3,086	-	-	-	3,086
Intergovernmental Receivables	-	-	417	-	417
Taxes Receivable	8,436	-	-	-	8,436
Total Assets	\$ 604,843	\$ 35,466	\$ 55,591	\$ 43,155	\$ 739,054
<u>LIABILITIES</u>					
Accounts Payable	\$ 10,093	\$ 934	\$ 313	\$ 132	\$ 11,472
Accrued Payroll and Benefits	466	-	-	-	466
Total Liabilities	10,559	934	313	132	11,938
<u>FUND BALANCES</u>					
Spendable					
Restricted for:					
Public Safety	-	34,531	-	-	34,531
Health and Welfare	-	-	-	19,481	19,481
Debt Service Expenditures	-	-	-	13,032	13,032
Unassigned	594,284	-	55,278	10,509	660,070
Total Fund Balances	594,284	34,531	55,278	43,022	727,115
Total Liabilities and Fund Balances	\$ 604,843	\$ 35,466	\$ 55,591	\$ 43,155	\$ 739,054

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

The Village of Williamsburg
Fund Financial Statements
Reconciliation of the Fund Balance of Governmental Funds
to Governmental Activities Net Assets
June 30, 2012

Fund Balance of Governmental Funds \$ 727,115

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.

Governmental Capital Assets	\$ 2,770,603	
Less Accumulated Depreciation	<u>(1,486,705)</u>	1,283,898

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 Long-Term Debt	(10,146)	
Long-Term Debt	(31,160)	
Compensated Absences	<u>(1,104)</u>	<u>(42,410)</u>

Net Assets of Governmental Activities \$ 1,968,603

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, 2012

	General Fund	Fire Fund	Municipal Street Fund	Nonmajor Governmental Fund	Total Governmental Funds
REVENUES					
Taxes - Property	\$ 9,071	\$ -	\$ -	\$ -	\$ 9,071
Taxes - State Shared	49,197	-	-	-	49,197
Taxes - Franchise	13,678	-	-	-	13,678
Taxes - Other	-	-	6,054	2,188	8,242
Intergovernmental	119,039	74,022	-	24,500	217,560
Charges for Services	-	-	-	600	600
Interest	540	37	192	35	804
Licenses and Permits	1,635	-	-	-	1,635
Miscellaneous	4,979	-	-	-	4,979
Total Revenues	198,139	74,059	6,246	27,323	305,767
EXPENDITURES					
Current					
General Government	160,967	-	-	-	160,967
Public Safety	43,889	33,610	-	31,213	108,712
Public Works	-	-	3,758	-	3,758
Cultural and Recreation	2,184	-	-	-	2,184
Debt Service					
Principal	-	10,034	-	-	10,034
Interest Expense	-	480	-	-	480
Total Expenditures	207,040	44,124	3,758	31,213	286,135
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,901)	29,935	2,488	(3,890)	19,632
OTHER FINANCING SOURCES (USES)					
Operating Transfers in	-	-	-	-	-
Operating Transfers (Out)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	(8,901)	29,935	2,488	(3,890)	19,632
Fund Balance, Beginning of Year	603,185	4,596	52,789	46,912	707,483
Total Fund Balance - End of Year	\$ 594,284	\$ 34,531	\$ 55,278	\$ 43,022	\$ 727,115

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

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, 2012

Net Change in Fund Balances - Governmental Funds	\$	19,632
 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	-	
Less Current Year Depreciation	<u>(135,700)</u>	(135,700)
 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>1,760</u>	1,760
 Revenues that are deferred in the governmental funds because they do not provide current financial resources are included in the Statement of Activities.		
Payment on Long-Term Debt	<u>10,034</u>	<u>10,034</u>
 Change in Net Assets of Governmental Activities		 <u><u>(104,274)</u></u>

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

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes - Property	\$ 9,310	\$ 9,310	\$ 9,095	\$ (215)
Taxes - State Shared	48,300	44,800	50,786	5,986
Taxes - Franchise	17,000	15,000	11,786	(3,214)
Taxes - Other	6,500	6,500	-	(6,500)
Intergovernmental	126,108	125,708	119,039	(6,669)
Interest	1,000	1,000	540	(460)
Licenses and Permits	1,500	1,500	1,635	135
Miscellaneous	8,200	6,900	8,529	1,629
	<u>217,918</u>	<u>210,718</u>	<u>201,409</u>	<u>(9,309)</u>
Total Revenues				
<u>EXPENDITURES</u>				
Current:				
General Government	153,800	151,300	171,293	(19,993)
Public Safety	50,000	50,000	42,225	7,775
Cultural and Recreation	10,000	6,000	2,149	3,851
	<u>213,800</u>	<u>207,300</u>	<u>215,667</u>	<u>(8,367)</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,118	3,418	(14,258)	(17,676)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	-	-	-	-
Operating Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	4,118	3,418	\$ (14,258)	\$ (17,676)
Budgeted Cash Carryover	(4,118)	(3,418)		
	<u>-</u>	<u>-</u>		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (14,258)
Adjustments for Revenue Accruals	(3,271)
Adjustments for Expenditures Accruals	<u>8,627</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ <u>(8,901)</u>

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

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental	\$ 69,213	\$ 69,213	\$ 74,022	\$ 4,809
Interest	30	30	37	7
Total Revenues	69,243	69,243	74,059	4,816
<u>EXPENDITURES</u>				
Current:				
Public Safety	69,213	69,213	43,476	25,737
Total Expenditures	69,213	69,213	43,476	25,737
Excess (Deficiency) of Revenues Over (Under) Expenditures	30	30	30,583	30,553
<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)	30	30	\$ 30,583	\$ 30,553
Budgeted Cash Carryover	(30)	(30)		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ 30,583
Adjustments for Revenue Accruals	(648)
Adjustments for Expenditures Accruals	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ 29,935

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

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes - Other	\$ 4,000	\$ 4,000	\$ 5,637	\$ 1,637
Interest	100	100	192	92
Total Revenues	4,100	4,100	5,829	1,729
<u>EXPENDITURES</u>				
Current:				
Public Works	3,000	3,000	3,758	(758)
Total Expenditures	3,000	3,000	3,758	(758)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,100	1,100	2,071	971
<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)	1,100	1,100	\$ 2,071	\$ 971
Budgeted Cash Carryover	(1,100)	(1,100)		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ 2,071
Adjustments for Revenue Accruals	417
Adjustments for Expenditures Accruals	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ 2,488

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

The Village of Williamsburg
Statement of Net Assets
Proprietary Fund
June 30, 2012

	Business Type Activity
	<u>Sewer Solid Waste</u>
<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents	\$ 117,757
Accounts Receivable	<u>2,267</u>
Total Current Assets	<u>120,024</u>
 Non-Current Assets	
Buildings and Improvements	366,046
Accumulated Depreciation	<u>(237,105)</u>
Total Non-Current Assets	<u>128,941</u>
Total Assets	<u><u>\$ 248,965</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ <u>63</u>
Total Current Liabilities	<u>63</u>
 Net Assets	
Invested in Capital Assets, Net of Related Debt	128,941
Restricted	-
Unrestricted	<u>119,961</u>
Total Net Assets	<u>248,902</u>
Total Liabilities and Net Assets	<u><u>\$ 248,965</u></u>

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

The Village of Williamsburg
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2012

	Business Type Activity
	<u>Sewer Solid Waste</u>
<u>OPERATING REVENUE</u>	
Charges for Services - Sewer and Solid Waste	\$ <u>20,311</u>
Total Operating Revenue	<u>20,311</u>
<u>OPERATING EXPENSES</u>	
Operating Expenses	27,470
Depreciation	<u>9,151</u>
Total Operating Expenses	<u>36,621</u>
Operating Income (Loss)	<u>(16,311)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Taxes - Other	389
Interest	<u>31</u>
Total Non-Operating Revenues (Expenses)	<u>420</u>
Income Before Operating Transfers	<u>(15,890)</u>
<u>OTHER FINANCING SOURCES (USES)</u>	
Operating Transfers In	-
Operating Transfers (Out)	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Change in Net Assets	<u>(15,890)</u>
Total Net Assets - Beginning of Year	<u>264,792</u>
Total Net Assets - End of Year	<u><u>\$ 248,902</u></u>

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

The Village of Williamsburg
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2012

	Business Type Activity
	<u>Sewer Solid Waste</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash Received From User Charges	\$ 20,412
Cash Used for Suppliers of Goods and Services	<u>(27,513)</u>
Net Cash Provided by Operating Activities	<u>(7,101)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Distributions of State Shared Taxes	<u>389</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>389</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Income	<u>31</u>
Net Cash Provided by Investing Activities	<u>31</u>
Increase (Decrease) in Cash	(6,681)
Cash - Beginning of Year	<u>124,437</u>
<u>CASH - END OF YEAR</u>	<u>\$ 117,757</u>
Reconciliation of Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (16,311)
Depreciation	9,151
(Increase) Decrease in:	
Accounts Receivable	101
Increase (Decrease) in:	
Accounts Payable	<u>(42)</u>
Net Cash Provided by Operating Activities	<u>\$ (7,101)</u>

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

The Village of Williamsburg
Statement of Fiduciary Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2012

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>756</u>
<u>LIABILITIES</u>	
Refunds Payable to Others	\$ <u>756</u>

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

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

HISTORY, MISSION AND ORGANIZATION

Village of Williamsburg was incorporated under the laws of the State of New Mexico in the 1940s. 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 Governments." In June 2001, the GASB approved Statement No. 37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement No. 38 modifies, establishes and rescinds certain financial statement disclosure requirements. Village of Williamsburg implemented the provisions of the above statements effective July 1, 2003.

Financial 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 does not have any component units; therefore, component units are not represented in the financial statements.

Government-Wide Financial 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, 2012

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 and 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 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 receives) 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 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 Village's 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 governmental and business-type activities and enterprise funds of the Village follow FASB Statements issued after 11-30-89 and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins, 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 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, 2012

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. Section 7-1-6.9 and 7-13-1 to 18 NMSA.

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 special revenue 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, 2012

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, Sections 7-1-6.9 and 7-13-1 to 18 NMSA.

Proprietary Funds:

- **Enterprise Funds**

Enterprise funds are used to account for 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 an 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 Municipal Court 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, 2012

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
Lift Stations	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 Classification Policies and Procedures

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.

For the classification of fund balances, the Village considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

Fund equities are classified in the following five categories when appropriate:

Nonspendable

Fund balances that cannot be spent because they are either legally or contractually required to be maintained or are not in spendable form. At June 30, 2012, the Village had no nonspendable funds equities.

Restricted

Amounts that can be used only for specific purposes because of constitutional provisions, enabling legislation or externally imposed constraints. At June 30, 2012, the Village has presented restricted fund balances as follows:

Restricted for:

Public Safety	\$	34,531
Health and Welfare		19,481
Debt Service Expenditures		<u>13,032</u>
Total restricted fund balances	\$	<u>67,044</u>

Committed

Amounts that can be used only for specific purposes because of a formal action by the Village's highest level of decision-making authority which is the Village's Trustees. As of June 30, 2012, the Village has no committed fund equities.

Assigned

Amounts stipulated by the Village Trustees; or another empowered body, intended to be used for specific purposes but that do not meet the criteria to be classified as restricted or committed.

Unassigned

This is the residual fund equity classification for the general fund and at June 30, 2012 and the Village reflects unassigned fund equities of \$660,070.

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 fund basis. Budgets may be amended by resolution approved by the Village trustees with approval by the State Department of Finance and Administration. The Mayor may make transfers of appropriations within a fund. The legal level of budgetary control is the fund level. Increases or decreases of appropriations between fund require the approval of the governing board of Trustees.

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 of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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 principals (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. 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, 2012

New MexiGROW LGIP	AAAM rated	\$	8,202	60 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 invested in LGIP in the amount of \$ 8,202 as of June 30, 2012. 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 (P) and Sections 6-10-10.1 (A) and (E), NMSA 1978.
- (c) The LGIP does not have unit shares. Per Section 6-10-10. (F) 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 of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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, 2012, 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, 2012</u>	<u>Outstanding Checks</u>	<u>Reconciled Balance June 30, 2012</u>
Bank of the Southwest	Yes	Checking	\$ 517,574	\$ 2,484	\$ 515,090
Compass Bank	Yes	Checking	50,384	-	50,384
Citizens Bank	No	Checking	26,768	-	26,768
First Savings Bank	Yes	Savings	138,365	-	138,365
First Savings Bank	Yes	Savings	66,632	-	66,632
Citizens Bank	Yes	Savings	39,987	-	39,987
State of New Mexico	Yes	LGIP	8,202	-	8,202
Cash and cash equivalent balances as of June 30, 2012			<u>\$ 847,911</u>	<u>\$ 2,484</u>	<u>\$ 845,427</u>
Cash per financial Statements:					
Total cash to Government Funds					\$ 727,115
Total cash to Sewer Fund					117,757
Total cash to Agency Fund					756
Less Petty Cash					<u>(200)</u>
Total					<u>\$ 845,427</u>

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.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

Cash in Bank per June 30, 2012 statements:

	<u>Bank of the Southwest</u>	<u>Compass Bank</u>	<u>Citizens Bank</u>	<u>First Savings Bank</u>
Checking Accounts	\$ 517,574	\$ 50,384	\$ 26,768	\$ -
Savings Accounts	-	-	-	66,632
Money Market	-	-	39,987	138,365
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deposits	517,574	50,384	66,755	204,996
Less FDIC - checking	(250,000)	(50,384)	(26,768)	-
Less FDIC - Time Deposits	-	-	(39,987)	(204,996)
	<hr/>	<hr/>	<hr/>	<hr/>
Uninsured Public Finds	267,574	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
50% Collateral Requirements	133,787	-	-	-
Pledged Securities	175,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Over (Under)	\$ <u>41,213</u>	\$ <u>-</u>	\$ <u>-</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, 2012, \$ 267,574 of the Village's bank balance of \$ 845,427 was exposed to custodial credit risk.

Uninsured and Collateralized	\$ -
Uninsured and Collateralized by a bank not in the Village's Name	<u>267,574</u>
Total	\$ <u>267,574</u>

The following is a schedule of pledged collateral to secure deposits of Village of Williamsburg as of June 30, 2012:

Safekeeping Location:
Federal Home Loan Bank of Dallas
8500 Freepoint Parkway South
Irving, Texas 75063-2547

<u>Description</u>		<u>Maturity Par Value</u>	<u>Maturity Date</u>	<u>Par Value / Market Value</u>
Federal Home Loan	Letter of Credit	\$ 125,000	06/07/2013	\$ 125,000
Federal Home Loan	Letter of Credit	<u>50,000</u>	01/07/2013	<u>50,000</u>
Total		\$ <u>175,000</u>		\$ <u>175,000</u>

The Village is authorized to invest idle cash by state statutes and Village resolutions. The Village has \$ 39,987 in a savings accounts held at Citizens Bank, \$ 204,996 is deposited in savings at First Savings Bank and an additional \$ 8,202 invested with the New Mexico Government Investment Pool.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

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

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.

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, 2012.

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, 2012, 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, 2012, 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.

Accounts Receivable at June 30, 2012 consisted of the following:

	Governmental Activities	Business-Type Activities
Municipal Taxes	\$ 1,266	\$ -
State Shared Taxes	3,683	-
Other Accounts Receivable	3,503	2,267
Franchise Fees	3,487	-
	\$ 11,939	\$ 2,267

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.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 were as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 18,507	\$ -	\$ -	\$ 18,507
Total Capital Assets, Not Being Depreciated	<u>18,507</u>	<u>-</u>	<u>-</u>	<u>18,507</u>
Capital Assets, Being Depreciated				
Infrastructure	1,383,168	-	-	1,383,168
Buildings and Improvements	488,881	-	-	488,881
Machinery and Equipment	824,104	-	-	824,104
Vehicles	55,942	-	-	55,942
Total Capital Assets, Being Depreciated	<u>2,752,095</u>	<u>-</u>	<u>-</u>	<u>2,752,095</u>
Less Accumulated Depreciation				
Infrastructure	(495,080)	(60,064)	-	(555,144)
Buildings and Improvements	(256,070)	(13,222)	-	(269,292)
Machinery and Equipment	(551,980)	(59,084)	-	(611,064)
Vehicles	(47,875)	(3,331)	-	(51,205)
Total Less Accumulated Depreciation	<u>(1,351,005)</u>	<u>(135,700)</u>	<u>-</u>	<u>(1,486,705)</u>
Governmental Activities: Capital Assets, Net	<u>\$ 1,419,598</u>	<u>\$ (135,700)</u>	<u>\$ -</u>	<u>\$ 1,283,898</u>
Depreciation expense for governmental activities for the Year was				<u>\$ 135,700</u>

Depreciation expense was charged to governmental functions as follows:

General Government:		
Judicial	\$ 3,078	
Financial and Administration	5,797	
Total General Government	<u>8,875</u>	\$ 8,876
Public Safety:		
Fire Protection	55,523	
Health	1,203	
Total Public Safety	<u>56,726</u>	56,727
Public Works:		
Highway and Streets	62,493	
Total Public Works	<u>62,493</u>	62,493
Cultural and Recreation:		
Miscellaneous	7,605	
Total Cultural and Recreation	<u>7,605</u>	7,605
Total Depreciation Expense as charged to Governmental functions		<u>\$ 135,700</u>

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012

NOTE D - CAPITAL ASSETS - (CONTINUED)

Proprietary fund capital activity for the year ended June 30, 2012 were as follows:

Sewer and Solid Waste	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Transfer/ Retirements</u>	<u>Balance June 30, 2012</u>
Village Lift Stations	\$ 366,046	\$ -	\$ -	\$ 366,046
Total	<u>366,046</u>	<u>-</u>	<u>-</u>	<u>366,046</u>
Less Accumulated Depreciation				
Village Lift Stations	(227,954)	(9,151)	-	(237,105)
Total Less Accumulated Depreciation	<u>(227,954)</u>	<u>(9,151)</u>	<u>-</u>	<u>(237,105)</u>
Sewer and Solid Waste Capital Assets, Net	<u>\$ 138,092</u>	<u>\$ (9,151)</u>	<u>\$ -</u>	<u>\$ 128,941</u>
Depreciation Expense for Water & Sewer Activities for the Year was				<u>\$ 9,151</u>

NOTE E - CHANGES IN LONG-TERM DEBT

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

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>	<u>Amount Due in One Year</u>
Compensated Absences	\$ <u>2,863</u>	\$ <u>3,634</u>	\$ <u>5,394</u>	\$ <u>1,104</u>	\$ <u>-</u>
NM Finance Authority	\$ <u>51,340</u>	\$ <u>-</u>	\$ <u>10,034</u>	\$ <u>41,306</u>	\$ <u>10,146</u>

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,	<u>Principal</u>	<u>Interest</u>	<u>Admin. Fee</u>	<u>Total</u>
2013	\$ 10,146	\$ 394	\$ 103	\$ 10,643
2014	10,263	303	78	10,644
2015	10,385	207	52	10,644
2016	<u>10,512</u>	<u>106</u>	<u>26</u>	<u>10,645</u>
Total	<u>\$ 41,306</u>	<u>\$ 1,011</u>	<u>\$ 260</u>	<u>\$ 42,576</u>
Interest expense for 2012		<u>\$ 480</u>		

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE F - 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, 2012, 2011 and, 2010 are \$ 5,098, \$ 6,156 \$ 5,947, respectively.

NOTE G - 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 \$28,673 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 H - 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, 2012.

Disbursements Under an Engineering Contract:

The Village entered into a contract on March 12, 2010 for engineering services pertaining to water and wastewater system improvements for the Village. The basic services to be provided were as follows:

Prepare Preliminary Engineering and Environmental Reports in accordance with the appropriate USDA Rural Development Guides, which will include conceptual design criteria with applicable exhibits to indicate the agreed-to requirements, considerations involved, and those alternative solutions available to Owner which Engineer recommends.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE H - COMMITMENTS AND CONTINGENCIES - (CONTINUED)

Furnish 8 review copies of the Reports and any other deliverables to Owner and Agency within 60 calendar days of authorization to begin services and review it with Owner.

Revise the Reports and any other deliverables in response to Owner's and Agency's comments, as appropriate, and furnish 8 copies of the revised Reports and any other deliverables to the Owner and Agency within 30 calendar days of receipt of all such comments.

Engineer's services under the Reports Phase will be considered complete on the date when the revised Reports and any other deliverables have been delivered and accepted by Owner and Agency, as appropriate.

The contract further provides the following provision:

If Engineer fails, through its own fault, to complete the performance required in this Agreement within the time set forth, as duly adjusted, then Owner shall be entitled to the recovery of direct damages resulting from such failure.

For these services the Village agreed to pay the engineering firm as follows:

*The Lump Sum of \$ 46,148.00 (Excluding New Mexico Gross Receipts Tax) for the Preliminary Engineering Report.
The Lump Sum of \$ 23,088.00 (Excluding New Mexico Gross Receipts Tax) for the Environmental Report.*

After the Preliminary Engineering and Environmental Reports are considered complete

There were no billings from, or disbursements to, the engineering firm during the fiscal year ended June 30, 2010, but during the fiscal year ended June 30, 2011 invoices to the Village were received from the engineering firm totaling \$ 42,475.29 that was paid by the Village Mayor June 16, 2011 even though the engineering firm had not provided the required reports as described in the contract. This disbursement was recorded as an expense of the Village for the fiscal year ended June 30, 2011. During the 2012 fiscal year the Village disbursed an additional \$ 6,111.46 under this contract.

The Village entered into two additional contracts with the engineering firm. One for water system improvements dated April 5, 2012 in the amount of \$ 64,840.30 and the other for wastewater system improvements also dated April 5, 2012 for \$ 42,895.00. No amounts have been expended under these contracts as of June 30, 2012.

In a letter to the Village from the engineering firm dated 7/02/12 it was stated:

Subsequent to a CDBG application for funding of the water distribution system, it was determined that since the Village did not own the waterlines, it was not eligible for water system improvement funding by the State of New Mexico.

As of the date of this report the Village has not received either the preliminary engineering report or the environmental report associated with the March 12, 2010 contract and as the Village is not eligible for water system improvements funding by the State of New Mexico it is possible that the engineering firm will not be able to perform the basic services as described in this contract.

The classification of the amounts expended by the Village under this contract are contingent upon a legal, or negotiated determination more appropriately discussed as a subsequent event.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE I - PROPERTY TAXES

Sierra County collects 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 \$9,095 of which \$1,204 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 J - TRANSFERS

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.

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. Additionally 6-6-6 NMSA 1978 prohibits all officials and governing authorities from approving claims in excess of the approved budget. Any official or governing body allowing such an expenditure in excess of approved budgets shall be personally liability for making or allowing such expenditures.

The Village made no transfer of Funds for the fiscal year ending June 30, 2012.

NOTE K - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Individual Funds with excess expenditures over appropriations.

<u>Fund</u>	<u>Budgeted Expenses</u>	<u>Actual Expenses</u>	<u>Expenditures Over Budget</u>
General Fund	\$ 207,300	\$ 215,667	\$ 8,367
Municipal Street Fund	3,000	3,758	758
Emergency Medical Services Fund	3,000	5,824	2,824
Law Enforcement Fund	20,000	25,746	5,746
Sewer Fund	25,000	27,576	2,576
Total	<u>\$ 258,300</u>	<u>\$ 278,571</u>	<u>\$ 20,271</u>

NOTE L - JOINT POWERS AGREEMENTS

The Village receives police protection under a Joint Powers Agreement (JPA) with the City of Truth or Consequences (City) that will terminate in October 2013. 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 Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE L - JOINT POWERS AGREEMENTS - (CONTINUED)

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

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

The Village may terminate this JPA upon (30) days notice to the other party otherwise the term shall be for a period of (3) years beginning on October 14, 2010.

The Village receives dispatch services under a Joint Powers agreement (JPA) with the Sierra County Regional Dispatch Authority (SCRDA) under a perpetual, unless terminated, term. The JPA is authorized by Section 11-1-1 et seq. NMSA 1978 and the Enhanced 911 Act, being Section 63-9 D-1 et seq. SCRDA shall be a separate legal entity and empowered to exercise the common power to provide a communication/dispatch center to serve the Emergency Services Located in Sierra County, to include but not limited to: Law Enforcement, Fire, EMS, and after hours utilities to the State, County and Municipalities within.

The County of Sierra shall act as the fiscal agent for the SCRDA and shall collect all revenues accruing to and make all disbursements for the SCRDA including a monthly expense and revenue report.

The Village of Williamsburg will be responsible for a set baseline amount starting FY 2010-2011 of \$ 25,000. This baseline amount will be paid quarterly due on the 15th day of the month beginning July 15th, then each quarter after on September 15th, December 15th, final payment due on March 15th.

- Operating funds of the SCRDA shall be held in separate accounts and not commingled.
- SCRDA may invest funds in accordance with applicable laws governing public funds.
- The Village shall not have any liability to pay debts or obligations incurred by the SCRDA unless specifically agreed to.
- Funds received by the SCRDA shall be strictly accounted for and used for uses described in the JPA.
- The JPA is subject to the provisions of the Procurement Code and the terms of the Bateman Act apply.

The SCRDA shall maintain adequate and correct accounts of its funds, properties and business transactions. All accounts shall be open for inspection at any reasonable time by the Village or their accountants or agents, and shall submit a copy of a required annual audit to the Village.

Pursuant to the authority in the Joint Powers Agreement Act (11-1-1 et. Seq. NMSA 1978) and the Hospital Funding Act (Section 4-48B-9 NMSA) the Village entered into Joint Powers agreement with the County of Sierra, The City of Truth or Consequences and the City of Elephant Butte to own, lease, operate and maintain a hospital.

The purpose of this agreement is to provide adequate and appropriate hospital facilities for the citizens and visitors of Sierra County and for providing flexibility in financing the acquisition, ownership, construction, operation and maintenance of necessary hospital facilities and to minimize the cost of contracting new hospital facilities, and maintaining adequate hospital facilities and to avoid unnecessary duplication of expenditure of public funds for healthcare facilities and services.

All records are to be maintained required by state law or regulation and shall be subject to disclosure as provided by the Inspection of Public Records Act Section 14-2-1 NMSA 1978.

The Village of Williamsburg
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

NOTE L - JOINT POWERS AGREEMENTS - (CONTINUED)

The Village has a funding obligation to provide 1/4% Gross Receipts Tax, pledged for operations during the term of loan. The pledges stipulated in the agreement shall not exceed 20 years.

Based on this agreement the Village of Williamsburg owns 5% of all real property purchased or acquired under the terms of the agreement but may be adjusted with respect to any participating party. It is agreed that strict accountability will be required for all receipts and disbursements during the agreement and any party may unilaterally withdraw from participation after a written 90 day notice to the other parties and will continue indefinitely until termination.

NOTE N - SUBSEQUENT EVENTS

Closure and Transfer of Village Fire Department:

In August 2012 the Village Trustees made the decision to close the volunteer fire department and turn the assets and operation over to the City of T or C under provisions of New Mexico House Bill 11 after a lack of cooperation and communication between the Village Trustees, the Chief of the Village Fire Department and the previous mayor of the Village who also served as the Captain of the fire department.

This action was challenged by the former mayor and in response to this and other issues the Village engaged the services of a attorney who provided the following information:

In response to this decision by the Trustees the former mayor of the Village filed for declaratory relief and a Motion for Preliminary Injunctive against the Village to block the decision of the Village to close the fire department. This motion asserted that the citizens of the Village would not be protected due to the closure of the fire department. The judge in this action denied the motion and the declaratory action is set for trial on March 15, 2013. The Complaint requests a Declaratory Order that the Village's Ordinance 112 is void for failing to follow statutory ordinance enactment procedures and that the Village violated Ordinance 35 for the closure of the Fire Department. The Village Trustees expects the case will go to trial and ultimately the Village will prevail on the merits.

Questioned Expenditures under a Engineering Contract:

After questioning billings from and disbursements to a engineering firm the Village engaged the services of an attorney to review contracts and make determinations as to the appropriateness of disbursements made by the Village as well as represent the Village in this and other legal matters. The attorney has provided the following information with respect to the expenditures under the engineering contract.

The engineering matter involves four different contracts with the engineering firm. The Village asked for our analysis of whether the contracts have been breached or are void. We are currently developing our legal analysis of the contracts. We expect to provide our recommendations for potential legal courses of action in the near future.

SUPPLEMENTARY INFORMATION

**The Village of Williamsburg
Special Revenue Funds**

June 30, 2012

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
Combining Balance Sheet
Non Major Special Revenue Funds
June 30, 2012

	<u>Corrections</u>	<u>Emergency Medical Services</u>	<u>Law Enforcement</u>	<u>Lodgers Tax</u>	<u>Recreation</u>	<u>Flood Services</u>	<u>Total</u>
ASSETS							
Cash & Cash Equivalents	\$ 16,204	\$ 3,377	\$ 32	\$ 13,032	\$ 1,037	\$ 9,472	\$ 43,155
Total Assets	\$ 16,204	\$ 3,377	\$ 32	\$ 13,032	\$ 1,037	\$ 9,472	\$ 43,155
 LIABILITIES AND FUND BALANCES							
Accounts Payable	\$ -	\$ 132	\$ -	\$ -	\$ -	\$ -	\$ 132
Total Liabilities	-	132	-	-	-	-	132
 FUND BALANCES; Spensible							
Restricted for:							
Public Safety	16,204	3,245	32	-	-	-	19,481
Debt Service Expenditures	-	-	-	13,032	-	-	13,032
Unassigned	-	-	-	-	1,037	9,472	10,509
Total Liabilities and Fund Balances	16,204	3,245	32	13,032	1,037	9,472	43,022
	\$ 16,204	\$ 3,377	\$ 32	\$ 13,032	\$ 1,037	\$ 9,472	\$ 43,155

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

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, 2012

	Corrections	Emergency Medical Services	Law Enforcement	Lodgers Tax	Parks and Recreation	Flood Services	Total
REVENUES							
Taxes - Other	\$ -	\$ -	\$ -	\$ 2,187	\$ 1	\$ -	\$ 2,188
Intergovernmental	-	4,500	20,000	-	-	-	24,500
Charges for Services	600	-	-	-	-	-	600
Interest	9	4	5	11	2	4	35
Total Revenues	<u>609</u>	<u>4,504</u>	<u>20,005</u>	<u>2,199</u>	<u>2</u>	<u>4</u>	<u>27,323</u>
EXPENDITURES							
Current:							
Public Safety	-	5,824	25,122	-	-	267	31,213
Total Expenditures	<u>-</u>	<u>5,824</u>	<u>25,122</u>	<u>-</u>	<u>-</u>	<u>267</u>	<u>31,213</u>
Excess (Deficiency) - Revenues over Expenditures	<u>609</u>	<u>(1,320)</u>	<u>(5,117)</u>	<u>2,199</u>	<u>2</u>	<u>(262)</u>	<u>(3,890)</u>
OTHER FINANCING SOURCES							
Transfers In (Out)	-	-	-	-	-	-	-
Total other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>609</u>	<u>(1,320)</u>	<u>(5,117)</u>	<u>2,199</u>	<u>2</u>	<u>(262)</u>	<u>(3,890)</u>
Fund Balance June 30, 2011	<u>15,595</u>	<u>4,565</u>	<u>5,149</u>	<u>10,834</u>	<u>1,035</u>	<u>9,734</u>	<u>46,912</u>
Fund Balance June 30, 2012	<u>\$ 16,204</u>	<u>\$ 3,245</u>	<u>\$ 32</u>	<u>\$ 13,032</u>	<u>\$ 1,037</u>	<u>\$ 9,472</u>	<u>\$ 43,022</u>

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

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
<u>REVENUES</u>				
Charges for Services	\$ 800	\$ 800	\$ 600	\$ (200)
Interest	10	10	9	(1)
Total Revenues	810	810	609	(201)
<u>EXPENDITURES</u>				
Current:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	810	810	609	(201)
<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)	810	810	\$ 609	\$ (201)
Budgeted Cash Carryover	(810)	(810)		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ 609
Adjustments for Revenue Accruals	-
Adjustments for Expenditures Accruals	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ 609

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

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, 2012

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental	\$ 1,500	\$ 1,500	\$ 4,500	\$ 3,000
Interest	-	-	4	4
Miscellaneous	3,007	-	-	-
Total Revenues	4,507	1,500	4,504	3,004
<u>EXPENDITURES</u>				
Current:				
Public Safety	3,000	3,000	5,824	(2,824)
Total Expenditures	3,000	3,000	5,824	(2,824)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,507	(1,500)	(1,320)	180
<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)	1,507	(1,500)	\$ (1,320)	\$ 180
Budgeted Cash Carryover	(1,507)	1,500		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (1,320)
Adjustments for Revenue Accruals	-
Adjustments for Expenditures Accruals	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ (1,320)

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

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

For the Fiscal Year Ended June 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Interest	10	10	5	(5)
Total Revenues	20,010	20,010	20,005	(5)
<u>EXPENDITURES</u>				
Current:				
Public Safety	20,000	20,000	25,746	(5,746)
Total Expenditures	20,000	20,000	25,746	(5,746)
Excess (Deficiency) of Revenues Over (Under) Expenditures	10	10	(5,741)	(5,751)
<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)	10	10	\$ (5,741)	\$ (5,751)
Budgeted Cash Carryover	(10)	(10)		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (5,741)
Adjustments for Revenue Accruals	624
Adjustments for Expenditures Accruals	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ (5,117)

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

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

For the Fiscal Year Ended June 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes - Other	\$ 2,300	\$ 2,300	\$ 2,414	\$ 114
Interest	10	10	11	1
Total Revenues	2,310	2,310	2,425	115
<u>EXPENDITURES</u>				
Current:				
Cultural and Recreation	5,000	5,000	-	5,000
Total Expenditures	5,000	5,000	-	5,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,690)	(2,690)	2,425	5,115
<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)	(2,690)	(2,690)	\$ 2,425	\$ 5,115
Budgeted Cash Carryover	2,690	2,690		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ 2,425
Adjustments for Revenue Accruals	(226)
Adjustments for Expenditures Accruals	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basls)	\$ 2,199

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

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

For the Fiscal Year Ended June 30, 2012

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Taxes - State Shared	\$ 1,800	\$ 1,800	\$ -	\$ (1,800)
Taxes - Other	-	-	1	1
Interest	7	7	2	(5)
	<u>1,807</u>	<u>1,807</u>	<u>2</u>	<u>(1,805)</u>
<u>EXPENDITURES</u>				
Current:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,807	1,807	2	(1,805)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	-	-	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	1,807	1,807	\$ <u>2</u>	\$ <u>(1,805)</u>
Budgeted Cash Carryover	<u>(1,807)</u>	<u>(1,807)</u>		
Total	<u>\$ -</u>	<u>\$ -</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ 2
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>\$ 2</u>

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

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

For the Fiscal Year Ended June 30, 2012

	Original Approved Budget	Final Approved Budget	Actual	Variances Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental	\$ 5,010	\$ 5,010	\$ -	\$ (5,010)
Interest	-	-	4	4
Total Revenues	5,010	5,010	4	(5,006)
<u>EXPENDITURES</u>				
Current:				
Public Safety	-	-	267	(267)
Public Works	5,000	5,000	-	5,000
Total Expenditures	5,000	5,000	267	4,733
Excess (Deficiency) of Revenues Over (Under) Expenditures	10	10	(262)	(272)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	20,000	20,000	-	(20,000)
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	20,000	20,000	-	(20,000)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	20,010	20,010	\$ (262)	\$ (20,272)
Budgeted Cash Carryover	(20,010)	(20,010)		
Total	\$ -	\$ -		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (262)
Adjustments for Revenue Accruals	-
Adjustments for Expenditures Accruals	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	\$ (262)

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

The Village of Williamsburg
Enterprise Fund
June 30, 2012

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 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 and Expenditures - Budget (Non-GAAP) and Actual (Cash Basis)
Sewer Fund

For the Fiscal Year Ended June 30, 2012

	<u>Original Approved Budget</u>	<u>Final Approved Budget</u>	<u>Actual</u>	<u>Variances Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Taxes - State Shared	\$ -	\$ -	\$ 490	\$ 490
Charges for Services	30,000	30,000	20,311	(9,689)
Interest	-	-	31	31
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>20,832</u>	<u>(9,168)</u>
<u>EXPENDITURES</u>				
Current:				
Public Works	<u>25,000</u>	<u>25,000</u>	<u>27,576</u>	<u>(2,576)</u>
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>27,576</u>	<u>(2,576)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	5,000	(6,744)	(11,744)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers in	-	-	-	-
Operating Transfers Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>20,000</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	25,000	25,000	<u>\$ (6,744)</u>	<u>\$ (31,744)</u>
Budgeted Cash Carryover	<u>(25,000)</u>	<u>(25,000)</u>		
Total	<u>\$ -</u>	<u>\$ -</u>		

Budgetary - GAAP Reporting Reconciliation

Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	\$ (6,744)
Adjustments for Revenue Accruals	5
Adjustments for Expenditures Accruals	<u>(9,151)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses (GAAP Basis)	<u>\$ (15,890)</u>

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

The Village of Williamsburg
Schedule of Changes in Assets and Liabilities
Agency Fund
June 30, 2012

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS</u>				
Cash In Bank	\$ <u>827</u>	\$ <u>264</u>	\$ <u>(336)</u>	\$ <u>756</u>
	\$ <u><u>827</u></u>	\$ <u><u>264</u></u>	\$ <u><u>(336)</u></u>	\$ <u><u>756</u></u>
 <u>LIABILITIES</u>				
Due to Others Court	<u>827</u>	<u>264</u>	<u>(336)</u>	<u>756</u>
	\$ <u><u>827</u></u>	\$ <u><u>264</u></u>	\$ <u><u>(336)</u></u>	\$ <u><u>756</u></u>

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

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 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 budgetary comparison for the General Fund, Fire Fund, Municipal Street Fund and the aggregate remaining fund information of the Village of Williamsburg, (Village) as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents, and have issued my report thereon that contains qualifications of my opinion due to inadequate records related to capital assets and related expenses and asset valuations as well as the potential material misstatement from questionable expenditures contrary to contract terms dated November 15, 2012. I have also audited the financial statements of each of the Village's nonmajor governmental funds and budgetary comparisons for the nonmajor governmental funds and budgetary comparisons for the proprietary fund and the remaining nonmajor governmental funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 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 of America and the standards applicable to financial statement audits contained in the New Mexico State Audit Rule 2.2.2 NMAC.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village's internal control over 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 over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control over financial reporting 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 2010-07, 2011-01, 2012-01.

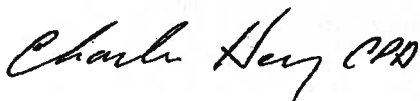
A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies: Findings 2008-01, 2010-06, 2010-08, 2010-09, 2010-11, 2010-12, 2012-02, 2012-03.

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, 2010-06, 2010-08, 2010-11.

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 it.

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
November 15, 2012

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR YEAR FINDINGS:

2007-03 - Numerous Accounting and Posting Errors:	Corrected
2008-01 - Actual Expenditures Exceeded Amount Budgeted:	Improved
2008-02 - Failure to File the Audit Report by the Required due Date:	Corrected
2010-01 - Failure to Reconcile Bank Statements:	Corrected
2010-02 - General Lack of Internal Control:	Corrected
2010-04 - Violation of the Village Procurement Code:	Resolved
2010-06 - Improper Use of Fire Protection Fund Proceeds:	Repeated
2010-07 - Undocumented Requests of Reimbursement of Fire Allotment Distributions:	Repeated
2010-08 - Capital Asset Inventory List for the Village and the Fire Department :	Repeated
2010-09 - Not Maintaining Individual Fund Balances:	Repeated
2010-11 - Improper preparation of quarterly payroll tax reports:	Repeated
2010-12 - Inadequate Filing System:	Repeated
2011-01 - Unbudgeted Expenditures Contrary to Contract Terms:	Modified/Repeated
2011-02 - Attempted Misuse of Public Funds:	Resolved
2011-03 - Questionable Cash Distributions to Village Officials and Untaxed Compensation:	Resolved

2008-01 - Actual Expenditures Exceeded Amount Budgeted: -- Significant Deficiency and Compliance

Condition

The Village exceeded its budgeted expenditures in 5 funds. The General Fund by \$ 8,367, Municipal Street Fund by \$ 758, Emergency Medical Services Fund by \$ 2,824 , Law Enforcement Fund by \$ 5,746 and Sewer Fund by \$ 2,576.

Criteria

Section 6-6-6, NMSA states the following:

When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or checks or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials.

Effect

Compliance with State Statute has not been followed. This action could subject those responsible to the penalty provisions described above.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR YEAR FINDINGS:

2008-01 - Actual Expenditures Exceeded Amount Budgeted: -- Significant Deficiency and Compliance - Continued

Cause

During the year the Village Mayor, one Trustee, the Village Clerk as well as her replacement resigned. The Village was behind in its required audits [Finding 2008 - 02] and was engaged in the necessary audit steps to become compliant with state statutes. The General Fund overspent the budgeted expenditures due to the confusion generated by the resignations and lack of good financial data to make accurate budget evaluations.

Recommendation

The Mayor and Village Trustees should establish accounting controls that compare expenditures to budgeted amounts and review them at least quarterly to insure compliance with the budgetary

Management Response

The current Board has put in place a budget committee to review budgets as required by law and have a competent and responsible Village Clerk in place to provide more accurate financial reports. Though this condition still exists it has improved and will be corrected by the next fiscal year end.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR YEAR FINDINGS:

2010-06 - Improper Use of Fire Protection Fund Proceeds: -- 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 in the amount of \$ 193.10 were spent for either personal use or social events of the Fire Department, both of which are expressly prohibited. The Fire Chief did reimburse the Fire Protection Fund for \$ 36.50 expended for Christmas Decorations.

Criteria

Section 59A-53-8 of the State Fire Marshall's Act states that any distributions from the fire protection fund 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

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.

Cause

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

Recommendation

The Fire Chief of the Village 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 members of the fire department would not agree to elect a fire chief who was acceptable to the Trustees and, as a result, the Village Fire Department was closed and turned over to the City of T or C under provisions of House Bill 11 in August of 2012.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR YEAR FINDINGS:

2010-07 - Undocumented Requests of Reimbursement of Fire Allotment Distributions: --

Material Weakness

Condition

The Village made disbursements from the General Fund to the members of the volunteer fire department for each meeting or call attended. The Fire Chief generated and provided a list of individuals to be compensated. This information provided the name, number of calls or meetings attended and the amount to be paid for each fire department member. The Fire Chief provided no supporting documents for the amounts requested. Audit requests were made of the Sierra County Dispatch Authority for the 4th quarter of 2011 to reflect all dispatches of the Village fire department by Sierra County Dispatch to provide audit support for disbursements.

A summary of the Fire Chief requests and data provided by the Sierra County Dispatch Authority is provided below:

	Totals
<u>October through December 2011</u>	18
The total number individuals included In the Fire Chief's list for payment	26
The total calls and meetings requested for compensation by the Fire Chief	13
The total Dispatched calls per Sierra Dispatch Authority	13
Total number of possible meeting for the period	26
Total possible calls and meetings available to attend	30
The number of calls or meetings requested to be paid to the Fire Chief	
The number of calls or meetings requested to be paid to Fire Department Captain	34
The total number of meetings and calls requested by the Fire Chief for reimbursement	323

The information received from Sierra County Dispatch does not support the amounts requested for reimbursement by the Fire Chief.

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. Section 6-6-2 NMSA 1978 requires that agencies implement internal accounting controls to prevent violations of state and federal laws and rules related to financial matters. In addition, agencies shall implement controls to prevent the submission of documents that contain errors or are for a purpose not authorized by law. Village policy - Code of Conduct (E) states that Employees shall not commit any dishonest or fraudulent act against the Village including falsifying any Village document, record or report.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR YEAR FINDINGS:

2010-07 - Undocumented Requests of Reimbursement of Fire Allotment Distributions: --

Material Weakness - Continued

Effect

The request for payments by the Village Fire Chief of the quarterly fire allotment appear to be intentionally misstated by the Fire Chief. Cash was improperly distributed by the Village in paying these requests.

This information was communicated to the Village in closed executive session as well as to the State Auditor by letter dated July 23, 2012. (As reported in the notes as subsequent events the Mayor, Board Trustee and Village Clerk all resigned during the course of this audit. The Fire Chief refused to comply with Trustees demands and the Fire Department was closed by the Trustees.)

Cause

The former Mayor of the Village is Captain of the Volunteer Fire Department as well as the husband of the Fire Chief. A conflict of interest was generated and no controls were established by the Village to deal with possibility of fraud and distribution of funds without proper supporting documents.

Recommendation

The Fire Chief still is refusing to provide requested support. The Village will not pay any request for fire allotment payments without such support. Because of this lack of cooperation and the inability of the Trustees of the Village to support the decisions of the members of the fire department for their Fire Chief the Fire Department was closed and turned over to the City of T or C under provisions of House Bill 11 in August of 2012.

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. Because of this lack of cooperation and the inability of the Trustees of the Village to support the decisions of the members of the fire department for their Fire Chief the Fire Department was closed and turned over to the City of T or C under provisions of House Bill 11 in August of 2012.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR 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 its Volunteer Fire Department.

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 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).

Cause

Due to the changes in Village administration the cause is not known.

Effect

The assets listed in the general ledger are incorrect.

Recommendation

The Village and the Village Fire Department conduct a physical inventory of assets as required by law.

Management's Response

The Village is currently in the process of a complete inventory of both the Village as well as the Fire Department. The closure of the fire department and transfer of all equipment to the City of T or C Fire Department requires a detailed and complete inventory of all assets and that process is being expanded to include the Village assets. All inventory requirements will be complete and available for the year end June 30, 2013.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR YEAR FINDINGS:

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

Condition

The Village operates 11 funds out of two checking accounts. The cash balances of the Village are maintained for each cash account, but the portion for each fund within the bank balance is not. The Village does not maintain Individual fund balances.

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 are not readily available. Fund Information generated for financial reports and the budgetary process is not accurate and contributes to the budgetary finding 2008 - 01.

Cause

The software package is not set up to properly account for the cash disbursed to various funds and the prior Village Clerks were not adequately educated or trained in the requirements of fund accounting.

Recommendation

The accounting software package be programed to require that all disbursements be assigned to a specific fund. The monthly balances provided for each fund will be totaled to reflect the balance in cash to be reconciled monthly for each bank account.

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, 2012

CURRENT STATUS OF PRIOR 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 amounts of federal withholding reported for the last two quarters of the fiscal year were greater than actually withheld from employees. Additionally it was found that tax transfers for payroll tax liabilities were being recorded in the general ledger but were not being wired to the Internal Revenue Service. This resulted in the Village claiming payments that were not, in fact, received by the IRS. Penalties and interest are being assessed against the Village that are not proper because the actual net effect of the errors is that the Village has overpaid its payroll obligation by \$ 3,085.45.

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 and a receivable from the IRS is due, but the information that is being reported as paid is also not accurate. The IRS is assessing penalties and interest that are being paid by the Village as a result.

Cause

The current as well as previous Village Clerk did not understand how to prepare the required reports or properly transfer funds to the IRS for payroll tax liabilities.

Recommendation

Additional training and having the reports checked by someone who does understand how to prepare the required reports. Additionally a meeting with the Internal Revenue Service be arranged and all prior quarterly reports as well as supporting documentation be provided to start the reconciliation process.

Management's Response

The current Village Clerk now understands the cause of the error and it will not happen again and the the Village will make arrangements with the IRS to address the problem and make the proper adjustments in the books of the Village.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR YEAR FINDINGS:

2010-12 - Inadequate Filing System: -- Significant Deficiency

Condition

Many requested documents were not found by the Deputy Clerk. Additionally note documents, contract information and Village agreements were not readily available for review or could not be provided.

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.

Cause

The many problems of the resignation of elected officials has kept the current Village Clerk from directing her attention to this previously identified problem.

Effect

Without adequate maintenance of Village records support for business decisions and related Village expenditures is difficult or impossible.

Recommendation

The filing system of the Village be made a priority for the Current Village Clerk.

Management's Response

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

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR YEAR FINDINGS:

2011-01 - Unbudgeted Expenditures Contrary to Contract Terms: -- Material Weakness

Condition

The Village entered into a contract with an effective date of March 12, 2010 for engineering services. The terms of the contract provide that the engineer shall begin rendering services as of the effective date of the agreement and that the engineer shall prepare preliminary engineering and environmental reports in accordance with USDA Rural Development Guides and furnish 8 review copies of the reports to the Owner within 90 calendar days of authorization to begin services and review it with the owner. In response to owners comments the engineer shall revise the reports as appropriate and furnish 8 copies of the revised reports within 60 calendar days of receipt of all such comments.

The engineer's services under the reports phase of the contract will be considered complete on the date when the revised reports and any other deliverables have been delivered to and accepted by the owner and once considered complete the owner has the responsibility to pay the engineer for the basic services a Lump Sum of \$ 69,236 excluding New Mexico Gross Receipts Tax.

If the engineer fails, through its own fault, to complete the performance required in the agreement within the time set forth, as duly adjusted, then the owner shall be entitled to the recovery of direct damages resulting from such failure.

The first invoice provided by the engineering firm was dated October 29, 2010 and was billed almost monthly thereafter by the engineering firm. In May of 2011 the total invoices totaled \$ 42,475.29 and this amount was paid with a check on June 16, 2011 without the Village having received any required report or deliverables as described by the terms of the contract. The Village minutes do not reflect discussion or agreement to pay the engineering invoice prior to the contract conditions being met. This large and unbudgeted expenditure contributed to, if not caused, the actual expenditures of the Village to exceed budgeted expenditures as reflected in finding 2008 - 01.

In the July board meeting the Village made a motion to grant the engineering firm a contract for a Solid Waste Transfer Station that was seconded and passed. [See finding 2012 - 01]

In the special meeting of September 14, 2011 board meeting the motion was made, seconded and passed to pay the upfront funds for the engineering contract.

Beginning in October 2011 the Village made distributions to the engineering firm for invoiced services totaling \$ 25,646.50 that included \$ 19,535.04 associated with the Solid Waste Transfer Station. [See finding 2012 - 01]

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR YEAR FINDINGS:

2011-01 - Unbudgeted Expenditures Contrary to Contract Terms: -- Material Weakness - Continued

Condition - Continued

In a letter to the Village from the engineering firm dated July 2, 2012 it was stated that the Village and the engineering firm executed an engineering contract for water and wastewater improvements. (March 12, 2010 contract.) Subsequent to a CDBG application for funding of the water distribution system it was determined that since the Village did not own the waterlines, it was not eligible for water system improvement funding by the State of New Mexico and the Village: therefore, the Village and the Engineering firm agreed to separate the engineering contracts, one for the replacement of the water distribution system and the second for the replacement of the wastewater collection. Both of these contracts were dated April 5, 2012 and reflected contract amounts of \$ 64,840.13 for the Water and \$ 42,895.00 for wastewater.

The Village has distributed funds associated with the March 12, 2010 contract contrary to contract terms. The contract has not been voided or amended and due to the realization that the water lines are not owned by the Village and the inability of the State of New Mexico to approve funding under this situation the ability of the engineer to perform under this contract is in doubt and proper classification of the expended amounts is questionable.

Criteria

Section 6-6-11 NMSA (Bateman Act) provides the following:

It is unlawful for any board of county commissioners, municipal governing body, for any purpose whatever become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year.

Section 6-6-6 NMSA provides that any official expending amounts in excess of approved budgeted amounts may be liable for such expenditures. (See finding 2008-01 for statute text)

Effect

The Village has expended public funds for contractual services that were not due or payable under contract terms. These distributions were not discussed, or agreed to, in the minutes of the Village and were not reflected in the budget as filed with DFA. Payment of these unbudgeted amounts caused Village expenditures to exceed budgeted amounts and violated state statute. It was subsequently determined that the contract terms could not be completed and the classification of the amounts expended has not been addressed. Without resolution as to the proper classification of the amounts expended the audit opinion was modified.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT STATUS OF PRIOR YEAR FINDINGS:

2011-01 - Unbudgeted Expenditures Contrary to Contract Terms: -- Material Weakness - Continued

Effect - Continued

The Village has engaged the services of counsel who has provided that the matter now involves four different contracts with the engineering firm. The Village asked for analysis of whether the contracts have been breached or are void. The attorney is currently developing the requested analysis.

Cause

Without any documentation or discussion in the minutes of the Village as to a cause it is not determined.

Recommendation

The Village should consult with a lawyer, and/or the Attorney General for the purposes of determining if the amounts paid can be recovered from the Mayor as provided by Section 6-6-6 NMSA 1978 or from the engineering firm under terms of non performance as contained in the contract and stated above.

Management's Response

The Village has obtained a lawyer and will also contact the Attorney General if an agreement is not reached as recommended by counsel.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT YEAR FINDINGS:

**2012-01 - Engaging Services Without a Signed Contract and Lack of Internal Control over Disbursements: --
Material Weakness**

Condition

In the July 14, 2011 board meeting the motion was made, seconded and approved to grant an engineering contract associated with a proposed solid waste transfer station. A letter stating the board decision was provided to the engineering firm reflecting the board decision but no executed contract was generated.

The minutes of a special meeting of the board on April 12, 2012 was held for the purpose of a presentation from a representative of the engineering firm to update on the wastewater and water projects. As of that date \$ 68,121.79 was paid to the engineering firm and when asked about the solid waste transfer station contract the representative responded that there was no signed contract. As for substantiation of the amounts billed it was agreed that timesheets and minutes of previous meetings would be provided to document monies already paid.

The last payment by the Village to the engineering firm that is referenced in the April 12, 2012 board meeting was made January 19, 2012 for a December 2011 billing. After this April meeting a contract dated April 5, 2012 was produced for the Solid Waste Transfer Station, presented to the Village and signed on May 7, 2012. The "Scope of Services" as described in this contract provided the following:

Solid Waste Transfer Station Project Development and Scoping Phase Services , to include participation in and conduct numerous Board of Trustees, general public, regional community and regulatory/finding agency meetings from June 2011 through December 2011. The Fee for these services shall be lump sum in the amount of \$ 19,535.04 plus applicable New Mexico Gross Receipts Tax at the time of billing.

A letter dated April 30, 2012 from the engineering firm to the Village stated that it was decided by the Village and the engineering firm that a formal engineering contract should not be executed until the participating communities were committed to the project. The minutes of the Village do not reflect any discussion or decision to delay the generation of a formal engineering contract.

This letter further states that New Mexico Environment Department advised that USDA Rural Development Colonias Grant Funding for the facility proposed by the Village of Williamsburg could not be achieved by the mandated landfill closure date of August 2012. In addition the NMED Solid Waste Bureau had provided planning grant funds to the City of T or C for preparation of the preliminary facility report which also included preliminary plans.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT YEAR FINDINGS:

**2012-01 - Engaging Services Without a Signed Contract and Lack of Internal Control over Disbursements: --
Material Weakness - Continued**

Condition - Continued

Additionally the letter from the engineering firm provided the dates, hours and services provided to substantiate Village distributions for solid waste consultations. That information is provided below:

6/13/11	8 hours	Meetings with Mayor Mishler and Trustee Childers on solid waste project scope funding options/Including travel;
8/11/11	8 hours	CDBG Solid Waste Funding Public Hearing/Including travel;
9/07/11	8 hours	Review of EPA Solid Waste Transfer Station Guide for kickoff meeting;
9/08/11	8 hours	Kickoff meeting/Including travel;
9/13/11	8 hours	Prepare power point presentation for Council Meeting;
9/14/11	8 hours	Meeting with TorC City Manager and attend Council Meeting/Including travel;
9/19/11	8 hours	Review of Regulatory Strategy for Siting and Operating Waste Transfer Stations for meeting with City of Elephant Butte and Sierra County meeting;
9/22/11	8 hours	Separate meetings with City of Elephant Butte and Sierra County/Including travel;
9/27/11	8 hours	Meeting with Mayor Mishler and Trustee Childers to review available sites and project funding/Including travel;
10/19/11	8 hours	Review City of TorC proposed transfer station report;
10/20/11	8 hours	Council meeting/Including travel;
11/10/11	8 hours	Council meeting/Including travel;
11/18/11	8 hours	Informal Solid Waste information meeting Williamsburg/Including travel;
11/30/11	8 hours	Informal Solid Waste information meeting Williamsburg/Including travel;
12/08/11	8 hours	Solid Waste Public Hearing;
12/21/11	8 hours	Informal Solid waste status meeting Williamsburg/Including travel;
1/10/12	8 hours	Final informal solid waste status meeting Williamsburg/Including travel;

136 Hours X \$143.64/hour = \$ 19,535.04

The minutes of the 8/11/11 Village board meeting reflected no update of engineering efforts but it was noted that Mayor Pro-Tem attended the Transfer Station Kick Off meeting as well as the Village Mayor. The time charged to the Village above states that on 9/07/11 the engineering firm charged the Village \$ 1,149.12 to review EPA Solid Waste Transfer Station Guide for kickoff meeting and then on 9/08/11 another \$ 1,149.12 was charged to attend a meeting that appears to have been attended in August by the Village Mayor and Mayor Pro-Tem.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT YEAR FINDINGS:

**2012-01 - Engaging Services Without a Signed Contract and Lack of Internal Control over Disbursements: --
Material Weakness - Continued**

Condition - Continued

The minutes of the 9/14/11, Special meeting did not indicate any input by the engineering firm and has as, its stated purpose, to make a motion and approve the upfront funds for the Engineering Contract. After this action the meeting was adjourned with a total of 30 minutes of time spent. The information provided above charges the Village \$ 1,149.12 to meet with the City of TorC City Manager and attend the board meeting.

The Village was charged \$ 1,149.12 for meetings held with the Mayor and a Trustee on 9/27/11 but the minutes of the October 13, 2011 board meeting did not reflect that any meeting took place nor did it reflect the attendance of the engineering firm.

The Village was charged \$ 1,149.12 to attend a council meeting 10/20/2011 but the Village was not able to provide any minutes for this meeting stating that there was no meeting on this date of the Village Board of Trustees.

The Village was charged \$ 1,149.12 to attend a council meeting of 11/10/11 in which the motion was made, seconded and passed to "terminate the Transfer Station contract" with the engineering firm. Additionally this meeting was attended by the Village auditor. A representative of the engineering firm was not present.

The Village did inform the engineering firm by letter that the Transfer Station Contract was terminated in an undated letter from the Mayor Pro-tem. This letter was received by the engineering firm who provided a copy to the audit firm along with various contracts requested.

After the termination of the Transfer Station Contract in a meeting the engineering firm requested and received an additional \$ 5,745.60 for 40 hours of time related to the Transfer Station Contract.

Criteria

Section 33-4-4 A (2) NMSA defines falsification of documents as follows:

knowingly submitting or causing to be submitted false or incomplete information for the purpose of receiving benefits or qualifying as a provider and is guilty of a 4th degree felony.

There are certain contracts that must be in writing, or have a written memorandum that records the essential elements of the agreement, in order to be enforced. The requirement that certain contracts be in writing is sometimes referred to as the Statute of Frauds.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT YEAR FINDINGS:

**2012-01 - Engaging Services Without a Signed Contract and Lack of Internal Control over Disbursements: --
Material Weakness - Continued**

Criteria - Continued

Section 55-2-201 (1) provides that a contract for the sale of goods for a price of \$ 500 or more is not enforceable by way of action or defense unless there is some writing sufficient to indicate that a contract for sale has been made between the parties. Though there is some written evidence that there was an intent to contract if not to contract with the engineering firm there is still room for some question in this finding as there was not formal contract entered into until after the completion of services and rendering of an invoice.

Section 3-12-3 A (3) NMSA states A governing body of a municipality having a mayor-council form of government shall manage and control the finances, real and personal, belonging to the municipality. Per Section 6-5-2 C NMSA - State agencies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Effect

The Village expended \$ 19,535.04 for services that were not supported by a signed contract and substantiation for the charges as provided by the engineering firm was not supported by the Village minutes. The expenditure was not budgeted and contributed to actual expenditures exceeding budgeted amounts. Internal control procedures to prevent improper distributions were not operative and funds were improperly distributed.

Cause

The relationship of the engineering firm representative with the former Mayor and a Village Trustee as well as a lack of internal control measures and communication with the Trustees made it very easy to overlook good business practices and follow Village procedures.

Recommendation

The Village should seek legal advice as well as discuss the actions of the engineering firm with the Office of the Attorney General.

Management's Response

The Village has engaged an attorney who is in the process of analyzing the contracts and will be provided the documents provided by the engineering firm to determine a further course of action.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT YEAR FINDINGS:

2012-02 - Trading Fire Department Assets: -- Significant Deficiency

Condition

During the process of closing the Fire Department and turning the assets over to the City of Truth or Consequences notes and documents were found that indicated Fire Department asserts were traded for other equipment purchased of services provided.

This trade was conducted in the FY 2011 but not discovered until the records were reviewed by the Village Trustee and personnel from the City of T or C fire department discussed in the notes as subsequent events.

As mentioned in the prior finding 2010 - 08 required Village and Fire Department inventories were not conducted as required by law and due to this the opinion for the report was amended to reflect the lack of support for the fixed assets represented in the books and records of the Village.

This discovery does not, in itself, require a restatement of prior period information and does not effect the current year report.

Criteria

Section 13-6-2 NMSA 1978 prohibits the sale or disposal of property by state agencies or local public bodies without obtaining authority to sell or dispose of such property.

Effect

Village Fire Department assets were improperly disposed of.

Cause

Because all parties to the transaction are not available and the discovery of the trade was in a previous fiscal year the cause is not know.

Recommendation

The Village determine that all assets listed on previous inventories and those found in the transfer of assets to the City of T or C Fire Department be traced to purchase documents or otherwise determine the reason and method of disposal.

Management's Response

The Village Trustees decided to close the Village Fire Department and turn it over to the City of T or C under provisions of House Bill 11 because of constant problems with dealing with the Fire Department. The inventory will be detailed in this process.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT YEAR FINDINGS:

2012-03 - Improper use of Fire Department Fuel Cards: -- Significant Deficiency

Condition

The Village purchased fuel with the use of fuel keys. One key was used by the Village for maintenance needs and 11 keys were available for use of the Volunteer Fire Department. The keys in the possession of the Fire Department were not controlled and fuel could be obtained at any time of day from the fuel supplier by anyone holding a fuel key.

For the fiscal year the Village disbursed \$ 3,098.38 for fuel. \$ 565.80 was for Village maintenance, \$ 2,532.58 was disbursed for the Fire Department and \$ 132.38 was payable at 6/30/12.

Upon request the fuel supplier provided detailed reports of all fuel use by the Village for the fiscal year. The price reflected on the detailed report for the fuel was not the price billed to the Village and for this reason only the quantity of purchase, type of fuel, and unit being serviced is reflected in the following summary of the detailed records provided.

<u>Unit</u>	<u>Gallons Unleaded</u>	<u>Gallons Diesel</u>	<u>Gallons Total</u>	<u>Times Filled</u>
1 Engine #6	None	36.9	36.9	2
2 Engine #2	None	59.4	59.4	3
3 Brush #4	None	34.1	34.1	1
4 Rescue #1	69.4	None	69.4	6
5 Extrication #5	11.7	None	11.7	1
6 Extrication #4	33.9	434.5	468.4	28
7 Extrication #1	179.2	14	193.2	14
Total's	<u>294.2</u>	<u>578.9</u>	<u>873.1</u>	<u>55</u>

Because of resignations of the Mayor, a Village Trustee and the Village Clerk the specific identification of each unit is not known or if each of the units represents a vehicle as apposed to a fund designation. The insurance schedules reflect that the Village has 6 Vehicles listed as belonging to the Fire Department and one has not moved in a year per Village Trustees.

The policy of the fire department is to fill each vehicle after each call indicating that there were 55 calls responded to by the Fire Department for the fiscal year. More units are being serviced than vehicles available and two units use both diesel and unleaded fuel.

The Village of Williamsburg
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2012

CURRENT YEAR FINDINGS:

2012-03 - Improper use of Fire Department Fuel Cards: -- Significant Deficiency

Criteria

Section 3-12-3 A (3) NMSA 1978 provides the governing body of a municipality having a mayor-council form of government shall manage and control the finances and all property, real and personal belonging to the municipality. Section 6-5-2 C states that state agencies shall implement internal control designed to prevent accounting errors and violations of state and federal laws and rules related to financial matters.

Effect

Fuel purchases are not being monitored properly and the potential for fraudulent use of fuel cards is high due to the lack of internal control.

Cause

The Village has no oversight on the use of fuel cards and the records provided by the fuel supplier are not being questioned or reconciled for proper or reasonable use.

Recommendation

The Village should put procedures in place for the use of fuel cards and reconcile all fuel charges to the vehicle or unit receiving such fuel.

Management's Response

The Village has closed the Village Fire Department that was responsible for all but one fuel card. The remaining fuel card will be monitored and use of the card will be subject to close review.

The Village of Williamsburg
Exit Conference
For the Fiscal Year Ended June 30, 2012

Exit Conference -- Village of Williamsburg

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

From Village of Williamsburg

Carol Schuiling	Mayor
Debbie Stubblefield	Mayor - Pro-Tem
Paul McCauley	Trustee
Majorie Powey	Trustee
Ron Hoskins Sr.	Trustee
Linda S. Bauer	Clerk - Treasurer

The conference was also attended by:

Charles Henry, CPA

Financial Statement Preparation

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

