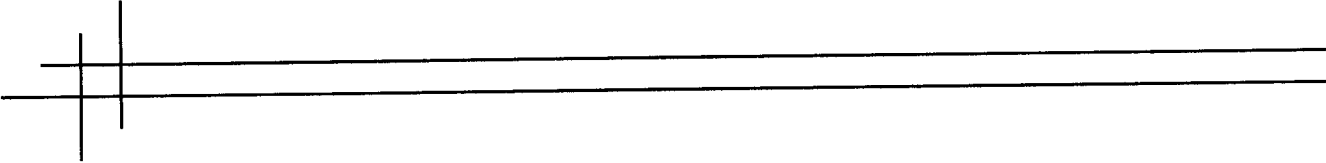




**STATE OF NEW MEXICO  
VILLAGE OF HOPE**

**ANNUAL FINANCIAL REPORT**  
June 30, 2008

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Melrose, New Mexico



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STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Official Roster  
June 30, 2008

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**BOARD OF TRUSTEES**

Bill Fletcher	Mayor
Alyson Young	Mayor Pro-tem
Marc Kincaid	Council Member
Bob Stewart	Council Member
Kristy McKee	Council Member

**ADMINISTRATIVE OFFICIAL**

Lora Crumrine	Clerk/Treasurer
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De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Independent Auditor's Report

Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the VILLAGE OF HOPE

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the VILLAGE OF HOPE, (Village), as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's 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, 2008, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all the 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, we have also issued our report dated December 1, 2008, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

The Village has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements. 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*De'Aun Willoughby CPA PC*

December 1, 2008

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Statement of Net Assets  
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 208,766	\$ 128,193	\$ 336,959
Investments	319,371	32,386	351,757
Receivable (net)	<u>2,284</u>	<u>2,802</u>	<u>5,086</u>
<b>Total Current Assets</b>	<u>530,421</u>	<u>163,381</u>	<u>693,802</u>
<b>Noncurrent Assets</b>			
Capital Assets	1,682,409	824,734	2,507,143
Less: Accumulated Depreciation	<u>(934,150)</u>	<u>(115,339)</u>	<u>(1,049,489)</u>
<b>Total Noncurrent Assets</b>	<u>748,259</u>	<u>709,395</u>	<u>1,457,654</u>
<b>Total Assets</b>	<u>1,278,680</u>	<u>872,776</u>	<u>2,151,456</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	<u>223</u>	<u>28</u>	<u>251</u>
<b>Total Current Liabilities</b>	<u>223</u>	<u>28</u>	<u>251</u>
<b>Noncurrent Liabilities</b>			
Compensated Absences	585	0	585
Customer Deposits	<u>0</u>	<u>1,350</u>	<u>1,350</u>
<b>Total Noncurrent Liabilities</b>	<u>585</u>	<u>1,350</u>	<u>1,935</u>
<b>Total Liabilities</b>	<u>808</u>	<u>1,378</u>	<u>2,186</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	748,259	709,395	1,457,654
Unrestricted	<u>529,613</u>	<u>162,003</u>	<u>691,616</u>
<b>Total Net Assets</b>	<u>\$ 1,277,872</u>	<u>\$ 871,398</u>	<u>\$ 2,149,270</u>

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 Statement of Activities  
 For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net(Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
General	\$ 65,986	\$ 0	\$ 0	(65,986)	\$ 0	(65,986)
Public Safety	150,673	12,629	92,772	(45,272)	0	(45,272)
Public Works	23,402	0	114,860	91,458	0	91,458
Culture & Recreation	8,967	0	0	0	0	0
<b>Total Governmental Activities</b>	<u>249,028</u>	<u>12,629</u>	<u>207,632</u>	<u>(19,800)</u>	<u>0</u>	<u>(19,800)</u>
<b>Business-type Activities</b>						
Water	58,651	24,816	0	0	(33,835)	(33,835)
Waste Water	4,130	564	0	0	(3,566)	(3,566)
<b>Total Business-type Activities</b>	<u>62,781</u>	<u>25,380</u>	<u>0</u>	<u>0</u>	<u>(37,401)</u>	<u>(37,401)</u>
<b>General Revenues</b>						
Taxes						
Property				4,532	0	4,532
Gross Receipts				26,570	0	26,570
Other Taxes				5,068	0	5,068
Federal and State aid not restricted to specific purpose						
General				68,240	0	68,240
Interest and investment earnings				23,610	2,653	26,263
Miscellaneous				2,915	0	2,915
<b>Total General Revenues</b>				<u>130,935</u>	<u>2,653</u>	<u>133,588</u>
<b>Change in Net Assets</b>				102,168	(34,748)	67,420
<b>Net Assets - beginning</b>				1,175,704	906,146	2,081,850
<b>Net Assets - ending</b>				<u>\$ 1,277,872</u>	<u>\$ 871,398</u>	<u>\$ 2,149,270</u>

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



STATE OF NEW MEXICO  
VILLAGE OF HOPE  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2008

	General Fund	Fire Fund	Non-Major Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 109,469	\$ 33,971	\$ 65,326
Investments	319,371	0	0
Receivables (Net of Allowance for Uncollectibles if Applicable):			
Taxes	1,866	0	418
<b>Total Assets</b>	<b>\$ 430,706</b>	<b>\$ 33,971</b>	<b>\$ 65,744</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 102	\$ 87	\$ 34
<b>Total Liabilities</b>	<b>102</b>	<b>87</b>	<b>34</b>
<b>Fund Balances</b>			
<b>Unreserved Reported In:</b>			
General Fund	430,604	0	0
Special Revenue Fund	0	33,884	65,710
<b>Total Fund Balances</b>	<b>430,604</b>	<b>33,884</b>	<b>65,710</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 430,706</b>	<b>\$ 33,971</b>	<b>\$ 65,744</b>

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2008

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	<u>Total Governmental Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 208,766
Investments	319,371
Receivables (Net of Allowance for Uncollectibles if Applicable):	
Taxes	2,284
Total Assets	<u>\$ 530,421</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 223
Total Liabilities	<u>223</u>
 <b>Fund Balances</b>	
<b>Unreserved Reported In:</b>	
General Fund	430,604
Special Revenue Fund	99,594
Total Fund Balances	<u>530,198</u>
 Total Liabilities and Fund Balances	 <u>\$ 530,421</u>

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Assets  
 June 30, 2008

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Amounts reported for governmental activities in the statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$	530,198
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets	\$	1,682,409	
Accumulated depreciation is		<u>(934,150)</u>	748,259

Long-term and certain other liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

Compensated Absences		<u>(585)</u>
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Total net assets - governmental activities	\$	<u><u>1,277,872</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
VILLAGE OF HOPE  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2008

	General Fund	Fire Fund	Non-Major Governmental Funds
<b>Revenues</b>			
Taxes	\$ 31,103	\$ 0	\$ 5,067
State Grant	183,100	66,742	26,030
Fees & Fines	8,046	0	4,583
Interest Income	21,232	1,099	1,279
Miscellaneous	2,915	0	0
Total Revenues	<u>246,396</u>	<u>67,841</u>	<u>36,959</u>
<b>Expenditures</b>			
Current			
General Government	61,402	0	0
Public Safety	23,467	63,823	31,052
Public Works	0	0	4,534
Culture and Recreation	8,967	0	0
Capital Outlay	115,344	0	27,205
Total Expenditures	<u>209,180</u>	<u>63,823</u>	<u>62,791</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>37,216</u>	<u>4,018</u>	<u>(25,832)</u>
Other Financing Sources (Uses)			
Transfer In/Out	<u>(27,205)</u>	<u>0</u>	<u>27,205</u>
Total Transfers	<u>(27,205)</u>	<u>0</u>	<u>27,205</u>
Net Change in Fund Balance	10,011	4,018	1,373
Fund Balances at Beginning of Year	<u>420,593</u>	<u>29,866</u>	<u>64,337</u>
Fund Balance End of Year	<u>\$ 430,604</u>	<u>\$ 33,884</u>	<u>\$ 65,710</u>

The notes to the financial statements are an integral

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 GOVERNMENTAL FUNDS  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balance  
 For the Year Ended June 30, 2008

	Total Governmental Funds
<b>Revenues</b>	
Taxes	\$ 36,170
State Grant	275,872
Fees & Fines	12,629
Interest Income	23,610
Miscellaneous	2,915
<b>Total Revenues</b>	<u>351,196</u>
<b>Expenditures</b>	
Current	
General Government	61,402
Public Safety	118,342
Public Works	4,534
Culture and Recreation	8,967
Capital Outlay	142,549
<b>Total Expenditures</b>	<u>335,794</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>15,402</u>
<b>Other Financing Sources (Uses)</b>	
Transfer In/Out	0
<b>Total Transfers</b>	<u>0</u>
<b>Net Change in Fund Balance</b>	15,402
<b>Fund Balances at Beginning of Year</b>	<u>514,796</u>
<b>Fund Balance End of Year</b>	<u>\$ 530,198</u>

The notes to the financial statements are an integral

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2008

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Net Change in Fund Balance-Governmental Funds \$ 15,402

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$	(55,198)	
Capital Outlays		<u>142,549</u>	87,351

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

(585)

Changes in Net Assets of Governmental Activities \$ 102,168

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

STATE OF NEW MEXICO  
VILLAGE OF HOPE  
GENERAL FUND

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget (Budgetary Basis) and Actual  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
<b>Taxes</b>				
Gross Receipts	\$ 24,170	\$ 13,170	\$ 26,570	\$ 13,400
Property	4,447	4,447	4,532	85
License & Permits	10	10	0	(10)
Court Fines	8,628	8,628	8,046	(582)
Interest Income	0	0	21,232	21,232
Joint Powers Agreement	31,240	31,240	33,240	2,000
Miscellaneous	2,574	2,574	2,915	341
Small Cities Assistance Grant	35,000	35,000	35,000	0
State Grant	0	114,860	114,860	0
Total Revenues	<u>106,069</u>	<u>209,929</u>	<u>246,395</u>	<u>36,466</u>
<b>Expenditures</b>				
<b>General</b>				
Personnel	1,559	1,559	1,040	519
Operating	<u>26,660</u>	<u>26,660</u>	<u>19,660</u>	<u>7,000</u>
Total General	<u>28,219</u>	<u>28,219</u>	<u>20,700</u>	<u>7,519</u>
<b>Judicial</b>				
Personnel	4,531	4,531	7,021	(2,490)
Operating	<u>2,898</u>	<u>2,898</u>	<u>1,617</u>	<u>1,281</u>
Total Judicial	<u>7,429</u>	<u>7,429</u>	<u>8,638</u>	<u>(1,209)</u>
<b>Financial Administration</b>				
Personnel	21,441	21,441	21,953	(512)
Operating	<u>3,460</u>	<u>3,460</u>	<u>4,378</u>	<u>(918)</u>
Total Financial Administration	<u>24,901</u>	<u>24,901</u>	<u>26,331</u>	<u>(1,430)</u>
<b>Police Department</b>				
Personnel	10,989	10,989	11,381	(392)
Operating	<u>9,500</u>	<u>9,500</u>	<u>10,775</u>	<u>(1,275)</u>
Total Police Department	<u>20,489</u>	<u>20,489</u>	<u>22,156</u>	<u>(1,667)</u>
<b>Fire Department</b>				
Personnel	1,559	1,559	1,311	248
Operating	<u>600</u>	<u>600</u>	<u>0</u>	<u>600</u>
Total Fire Department	<u>\$ 2,159</u>	<u>\$ 2,159</u>	<u>\$ 1,311</u>	<u>\$ 848</u>

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
**GENERAL FUND**

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget (Budgetary Basis) and Actual  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Community Center				
Personnel	\$ 1,559	\$ 1,559	\$ 1,788	\$ (229)
Operating	2,850	2,850	4,032	(1,182)
Total Community Center	<u>4,409</u>	<u>4,409</u>	<u>5,820</u>	<u>(1,411)</u>
Election				
Operating	900	900	676	224
Total Election	<u>900</u>	<u>900</u>	<u>676</u>	<u>224</u>
Parks Department				
Personnel	1,718	1,718	1,521	197
Operating	11,825	11,825	1,626	10,199
Total Parks Department	<u>13,543</u>	<u>13,543</u>	<u>3,147</u>	<u>10,396</u>
Public Works				
Capital Outlay	115,000	115,000	115,343	(343)
Total Pubic Works	<u>115,000</u>	<u>115,000</u>	<u>115,343</u>	<u>(343)</u>
Total Expenditures	<u>217,049</u>	<u>217,049</u>	<u>204,122</u>	<u>12,927</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(110,980)</u>	<u>(7,120)</u>	<u>42,273</u>	<u>49,393</u>
Other Financing Sources (Uses)				
Transfers In/Out	<u>(32,262)</u>	<u>(32,262)</u>	<u>(32,262)</u>	<u>0</u>
Total Other Sources (Uses)	<u>(32,262)</u>	<u>(32,262)</u>	<u>(32,262)</u>	<u>0</u>
Net Change in Cash Balance	(143,242)	(39,382)	10,011	49,393
Cash Balance Beginning of Year	<u>420,593</u>	<u>420,593</u>	<u>420,593</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>277,351</u></u>	\$ <u><u>381,211</u></u>	\$ <u><u>430,604</u></u>	\$ <u><u>49,393</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 10,011	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 10,011	

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



STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
SPECIAL REVENUE FUND-FIRE PROTECTION  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 58,200	\$ 58,200	\$ 65,438	7,238
Other	3,000	3,000	1,304	(1,696)
Interest Income	0	0	1,100	1,100
<b>Total Revenues</b>	<u>61,200</u>	<u>61,200</u>	<u>67,842</u>	<u>6,642</u>
<b>Expenditures</b>				
Public Safety				
Travel & Training	4,368	4,368	5,205	(837)
Maintenance	0	0	9,429	(9,429)
Fuel	0	0	2,847	(2,847)
Supplies	8,750	8,750	28,593	(19,843)
Insurance	0	0	9,254	(9,254)
Other	32,791	32,791	402	32,389
Utilities	0	0	8,093	(8,093)
Capital Purchases	40,554	40,554	0	40,554
<b>Total Expenditures</b>	<u>86,463</u>	<u>86,463</u>	<u>63,823</u>	<u>22,640</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(25,263)	(25,263)	4,019	29,282
Cash Balance Beginning of Year	<u>29,903</u>	<u>29,903</u>	<u>29,903</u>	<u>0</u>
Cash Balance End of Year	\$ <u>4,640</u>	\$ <u>4,640</u>	\$ <u>33,922</u>	\$ <u>29,282</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>4,019</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>4,019</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF HOPE  
PROPRIETARY FUND  
Statement of Fund Net Assets  
June 30, 2008

ASSETS	Water	Waste Water	Total
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 127,661	\$ 532	\$ 128,193
Investments	32,386	0	32,386
Receivables (net of allowance for uncollectible accounts)			
Accounts	2,802	0	2,802
<b>Total Current Assets</b>	<u>162,849</u>	<u>532</u>	<u>163,381</u>
<b>Noncurrent Assets</b>			
Capital Assets	750,000	74,734	824,734
Less: Accumulated Depreciation	(59,289)	(56,050)	(115,339)
<b>Total Noncurrent Assets</b>	<u>690,711</u>	<u>18,684</u>	<u>709,395</u>
<b>Total Assets</b>	<u>853,560</u>	<u>19,216</u>	<u>872,776</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	28	0	28
<b>Total Current Liabilities</b>	<u>28</u>	<u>0</u>	<u>28</u>
<b>Noncurrent Liabilities</b>			
Customer Deposits	1,350	0	1,350
<b>Total Noncurrent Liabilities</b>	<u>1,350</u>	<u>0</u>	<u>1,350</u>
<b>Total Liabilities</b>	<u>1,378</u>	<u>0</u>	<u>1,378</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	690,711	18,684	709,395
Unrestricted	161,471	532	162,003
<b>Total Net Assets</b>	<u>\$ 852,182</u>	<u>\$ 19,216</u>	<u>\$ 871,398</u>

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
**PROPRIETARY FUND**  
Statement of Revenue, Expenses and Changes in Fund Net Assets  
For the Year Ended June 30, 2008

	Water	Waste Water	Total
Operating Revenues			
Sales & Service	\$ 24,109	\$ 555	\$ 24,664
Connection Fees	707	9	716
Total Operating Revenues	<u>24,816</u>	<u>564</u>	<u>25,380</u>
Operating Expenses			
Salaries & Benefits	9,382	45	9,427
Travel	0	0	0
Repairs & Maintenance	10,280	0	10,280
Supplies	957	0	957
Insurance	848	0	848
Utilities	7,849	322	8,171
Miscellaneous	4,802	26	4,828
Depreciation	24,533	3,737	28,270
Total Operating Expenses	<u>58,651</u>	<u>4,130</u>	<u>62,781</u>
Operating Income (Loss)	<u>(33,835)</u>	<u>(3,566)</u>	<u>(37,401)</u>
Nonoperating Revenue (Expenses)			
Interest Income	2,653	0	2,653
Total Nonoperating Revenue (Expense)	<u>2,653</u>	<u>0</u>	<u>2,653</u>
Change in Net Assets	(31,182)	(3,566)	(34,748)
Net Assets-Beginning	<u>883,364</u>	<u>22,782</u>	<u>906,146</u>
Total Net Assets - Ending	<u>\$ 852,182</u>	<u>\$ 19,216</u>	<u>\$ 871,398</u>

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 PROPRIETARY FUND  
 Statement of Cash Flows  
 For the Year Ended June 30, 2008

	Water	Waste Water	Total
<b>Cash Flows from Operating Activities</b>			
Cash Received From Customers	\$ 27,403	\$ 564	\$ 27,967
Cash Paid to Suppliers and Employees	(36,708)	(393)	(37,101)
Net Cash Provided by Operating Activities	<u>(9,305)</u>	<u>171</u>	<u>(9,134)</u>
<b>Cash Flows from Investing Activities</b>			
Interest Income	<u>2,653</u>	<u>0</u>	<u>2,653</u>
Net Cash Provided by Investing Activities	<u>2,653</u>	<u>0</u>	<u>2,653</u>
Net Increase (Decrease) in Cash	(6,652)	171	(6,481)
Cash-Beginning of Year	<u>166,699</u>	<u>361</u>	<u>167,060</u>
Cash-End of Year	<u>\$ 160,047</u>	<u>\$ 532</u>	<u>\$ 160,579</u>
<b>Reconciliation of Cash Balance</b>			
Cash and Cash Equivalents	\$ 127,661	\$ 532	\$ 128,193
Investments	<u>32,386</u>	<u>0</u>	<u>32,386</u>
Cash-End of Year	<u>\$ 160,047</u>	<u>\$ 532</u>	<u>\$ 160,579</u>
<b>Reconciliation of Net Income to Net Cash Provided by Operating Activities</b>			
Operating Income (Loss)	\$ (33,835)	\$ (3,566)	\$ (37,401)
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>			
Depreciation	24,533	3,737	28,270
<b>Change in Assets and Liabilities</b>			
(Increase) Decrease in Accounts Receivable	(16)	0	(16)
Increase (Decrease) in Accounts Payable	(37)	0	(37)
Increase (Decrease) in Customer Deposits	50	0	50
Net Cash Provided by Operating Activities	<u>\$ (9,305)</u>	<u>\$ 171</u>	<u>\$ (9,134)</u>

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

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Village of Hope (Village) , has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the School's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. Some of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD & A) providing an analysis of the Village's overall financial position and results of operations.
- Financial Statements prepared using full-accrual accounting for all the Village's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2008.

In addition, in June 2001, the GASB issued Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, Certain Financial Note Disclosures*. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB No. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations or the financial position of the Village.

**Financial Reporting Entity**

The Village was incorporated under the laws of the State of New Mexico. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The Village has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Village members are financially accountable. There are no other primary governments with which the Village Board Members are financially accountable. There are no other primary governments with which the Village has a significant relationship.

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Village are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types.

#### **Basis of Presentation and Basis of Accounting**

##### ***Government-Wide Financial Statements (GWFS)***

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the activities of the Village. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and 3) capital grants and contributions that are restricted to meeting capital requirements. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Village segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources.

***Proprietary Fund Financial Statements***

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Village has presented the following major governmental fund:

**General Fund** - The General Fund is the general operating fund of the Village and accounts for all revenues and expenditures of the Village not encompassed within other funds.

**Fire Protection**

To account for the operation and maintenance of the Village Fire Department. Financing is primarily from an annual state fire allotment. The fund was created by the authority of state grant provisions. (NMSA 59A-53-1)

**Proprietary Funds** are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The Village has presented the following major proprietary funds:

**Water and Waste Water** - The Water and Waste Water Funds are used to account for the provision of water and waste water services to the residents of the Village. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Additionally, the Village reports the following non-major funds types:

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the Village.

Fiduciary Funds- The Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

**Measurement Focus and Basis of Accounting**

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. 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 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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Derived tax revenue, such as franchise and sales tax revenue, is recognized when the underlying exchange transaction occurs.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Property taxes, sales taxes, franchise tax, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreement, 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 financial 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.

**Budgetary Control**

1. Prior to June 1, the Village's Clerk-Treasurer submits the budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to July 1, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.
3. The Village treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Trustees and the State Department of Finance and Administration.



STATE OF NEW MEXICO  
VILLAGE OF HOPE  
Notes to the Financial Statements  
June 30, 2008

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4. Formal budgetary integration is employed as a management control device during the year for all funds.
5. The level of budget authority is at the fund level.
6. The cash basis is used to present the budgetary comparisons.

Cash and Cash Equivalents

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Village is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the Village may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or Village which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Prepaid Items

Prepaid balances are for payments made by the Village in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2008

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Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Capital Assets

Capital assets, which includes property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the Village as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Infrastructure	20 Years
Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	5-10 Years

Revenue

The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term debt in the government-wide statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Vacation leave is earned by employees during the year based on time worked and is non-cumulative. Vacation leave due, if any, is paid on an employee's termination. Unpaid vacation leave at June 30 2008 is \$585, all of which is considered to be a current liability (due within one year), and is payable from the General Fund which is the fund from which the respective liability originated.

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 Notes to the Financial Statements  
 June 30, 2008

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Employees are required to take compensatory days off instead of receiving overtime pay whenever possible. Sick leave is also earned by full time employees. Compensatory time and sick leave are not monetarily compensated.

**NOTE B: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses:

Reconciliations are located at the bottom of each budget actual.

**NOTE C: CASH AND INVESTMENTS**

The Village is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

<b>First National Bank</b>	<b>Balance</b>	<b>Reconciled</b>	<b>Type</b>
<u>Name of Account</u>	<u>Per Bank</u>	<u>Balance</u>	
	<u>06-30-08</u>	<u>Balance</u>	
Village of Hope	\$ 100,357	\$ 96,221	Checking
Hope Municipal Court	343	343	Checking
Village of Hope-Water	16,423	16,620	Savings
Village of Hope-Water	45,265	45,266	Savings
TOTAL Deposited	<u>162,388</u>	<u>\$ 158,450</u>	
Less: FDIC Coverage	<u>(161,688)</u>		
Uninsured Amount	700		
50% collateral requirement	350		
Pledged securities	<u>165,846</u>		
Over (Under) requirement	<u>\$ 165,496</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Notes to the Financial Statements  
June 30, 2008

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The following securities are pledged at **First Federal Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLB	801891ED0	25,097	8/1/2009	FHLB Dallas, TX
FHLB	31371K3H2	47,403	2/1/2013	FHLB Dallas, TX
FHLB	36202DXL0	93,346	5/20/2018	FHLB Dallas, TX
		<u>\$ 165,846</u>		

**Western Bank**

<u>Name of Account</u>	<u>Balance Per Bank 06-30-08</u>	<u>Reconciled Balance</u>	<u>Type</u>
Special Account	\$ 2,461	\$ 2,461	Checking
Infrastructure	55,099	55,099	Savings
Infrastructure-Two	7,590	7,590	Savings
Fire Dept	31,003	31,003	Savings
Water Dept	25,334	25,334	Savings
Water Dept	25,940	25,940	Savings
Correction	31,082	31,082	Savings
TOTAL Deposited	<u>\$ 178,509</u>	<u>\$ 178,509</u>	
Less: FDIC Coverage	<u>(102,461)</u>		
Uninsured Amount	76,048		
50% collateral requirement	39,524		
Pledged securities	<u>150,000</u>		
Over (Under) requirement	<u>\$ 110,476</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at **Western Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLB	914684BX2	150,000	6/1/2014	FHLB Dallas, TX
		<u>\$ 150,000</u>		

There is \$100 petty cash in the General Fund and \$100 in the cash drawer for the Water Fund.

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 264,149
Collateralized:	
Collateral held by the pledging bank in Village's name	76,748
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 340,897</u>

STATE OF NEW MEXICO  
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June 30, 2008

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Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008 none of the Village's bank balance of \$340,897 was exposed to custodial credit risk.

**New Mexico State Treasurer**

<u>Name of Account</u>	<u>Balance Per Bank 06-30-08</u>	<u>Reconciled Balance</u>	<u>Type</u>
LGIP Fund-Water Department	\$ 32,386	\$ 32,386	Savings
LGIP Fund EA Park	5,165	5,165	Savings
LGIP Fund-Gas Tax	77	77	Savings
LGIP Fund General	314,129	314,129	Savings
TOTAL Deposited	<u>\$ 351,757</u>	<u>\$ 351,757</u>	

The investments with the State Treasurer are valued at fair value based on quoted market prices as of valuation date.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments;

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

Participation in the local government investment pool is voluntary.

**Interest Rate Risk**

Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates 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 the tolerance of a fund's investments to rising interest rates. The WAM for this investment is 24 days. The investment is rated AAAM and the rate is 5.1185%.

**NOTE D: DEFERRED REVENUES**

There were no Deferred Revenues for the year ending June 30, 2008.

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Notes to the Financial Statements  
June 30, 2008

**NOTE E: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2008, is as follows:

	Balance 6/30/07	Increases	Adjustments	Balance 6/30/08
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 7,275	\$ 0	\$ 0	\$ 7,275
Total Capital Assets, not being Depreciated	<u>7,275</u>	<u>0</u>	<u>0</u>	<u>7,275</u>
Capital Assets, being Depreciated				
Infrastructure	541,617	0	0	541,617
Buildings & Improvements	543,512	27,205	0	570,717
Equipment	447,456	115,344	0	562,800
Total Capital Assets, being Depreciated	<u>1,532,585</u>	<u>142,549</u>	<u>0</u>	<u>1,675,134</u>
Total Capital Assets	<u>1,539,860</u>	<u>142,549</u>	<u>0</u>	<u>1,682,409</u>
<b>Less Accumulated Depreciation</b>				
Infrastructure	314,128	10,832	0	324,960
Building & Improvements	292,795	6,154	0	298,949
Equipment	272,029	38,212	0	310,241
Total Accumulated Depreciation	<u>878,952</u>	<u>55,198</u>	<u>0</u>	<u>934,150</u>
Capital Assets, net	<u>\$ 660,908</u>	<u>\$ 87,351</u>	<u>\$ 0</u>	<u>\$ 748,259</u>
<b>Business-Type Activities</b>				
	Balance 6/30/07	Increases	Adjustments	Balance 6/30/08
<b>Water</b>				
Land	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Total Capital Assets, not being Depreciated	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
Buildings & Improvements	10,000	0	0	10,000
Water system	730,000	0	0	730,000
Total Capital Assets at Historical Cost	<u>750,000</u>	<u>0</u>	<u>0</u>	<u>750,000</u>
<b>Less Accumulated Depreciation</b>				
Building & Improvements	283	283	0	566
Water System	34,472	24,251	0	58,723
Total Accumulated Depreciation	<u>34,755</u>	<u>24,534</u>	<u>0</u>	<u>59,289</u>
Capital Assets, net	<u>\$ 715,245</u>	<u>\$ (24,534)</u>	<u>\$ 0</u>	<u>\$ 690,711</u>

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Notes to the Financial Statements  
June 30, 2008

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	<u>Balance 6/30/07</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Balance 6/30/08</u>
<b>Waste Water</b>				
Other Capital Assets				
Sewer System	\$ 74,734	\$ 0	\$ 0	\$ 74,734
Total Capital				
Assets at Historical Cost	<u>74,734</u>	<u>0</u>	<u>0</u>	<u>74,734</u>
<b>Less Accumulated Depreciation</b>				
Sewer System	<u>52,314</u>	<u>3,736</u>	<u>0</u>	<u>56,050</u>
Total Accumulated Depreciation	<u>52,314</u>	<u>3,736</u>	<u>0</u>	<u>56,050</u>
Capital Assets, net	<u>\$ 22,420</u>	<u>\$ (3,736)</u>	<u>\$ 0</u>	<u>\$ 18,684</u>

**NOTE F: COMPENSATED ABSENCES**

The following is a summary of compensated absences transactions:

Accrued compensated absences, July 1, 2007	\$ 155
Current year additions	618
Current year retirements	<u>(188)</u>
Accrued compensated absences, June 30, 2008	<u>\$ 585</u>

The compensated absences are shown on the balance sheet of the General Fund. The liability is expected to be retired within the year.

**NOTE G: PROPERTY TAXES**

The County collects the Village's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the 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. The 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, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

**NOTE H: PENSION PLAN**

The Village has elected not to participate in the New Mexico Public Employees Retirement Association retirement system

**NOTE I: POST-EMPLOYMENT BENEFITS**

The Retiree Health Care Act (10-7C-1 to 10-7C-16 NMSA 1978 provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D. Of Chapter 6 Laws of 1990, the Village has elected not to participate in the program.

**NOTE J: RECEIVABLES**

Receivables as of June 30, 2008, were as follows:

<u>Receivables</u>	<u>General</u>	<u>Streets</u>	<u>Water</u>	<u>Total</u>
Accounts Receivable	\$ 0	\$ 418	\$ 2,802	\$ 3,220
Municipal Gross Receipts Tax	1,866	0	0	1,866
State Gross Receipts Tax	0	0	0	0
	<u>\$ 1,866</u>	<u>\$ 418</u>	<u>\$ 2,802</u>	<u>\$ 5,086</u>

**NOTE K: INTERFUND TRANSFERS**

There were no interfund transfers for the year ending June 30, 2008.

**NOTE L: RISK MANAGEMENT**

The Village is expose to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The village has obtained insurance through New Mexico Self Insures Fund, sponsored by the New Municipal League, to insure against potential losses and claims. The premiums are based on payroll and other expenditures, and are not directly related to claims filed.

**NOTE M: JOINT POWERS AGREEMENT**

Wild land Fire Protection and Suppression

This agreement is made pursuant to NMSA 1978, 11-1-1 et seq. between the Energy, Minerals and Natural Resources Department, Forestry Division (EMNRD) and the Village of Hope, who may hereinafter be jointly referred to as the "Agencies".

This Agreement for Wild land Fire Protection and Suppression's (hereinafter referred to as the Agreement) purpose is to document EMNRD's and the Village's agreement and commitment to mutual wild land fire suppression and management assistance and cooperation.



STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Notes to the Financial Statements  
June 30, 2008

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This Agreement shall not become effective until approved by the Secretary of the New Mexico Department of Finance and Administration (DFA) and shall be ongoing unless terminated. Either EMNRD or the village may terminate participation in this Agreement by written notification to the other at least 90 days proper to the termination date. By such termination, neither party may nullify obligations already incurred for performance or failure to perform prior to the noticed termination date. The Energy, Minerals and Natural Resources Department, Forestry Division is the Responsible Party. For the year ended June 30, 2008 The Village of Hope did not contribute nor did they estimated due. The EMNRD has audit responsibilities.

**NOTE N: SURETY BOND**

The officials and certain employees of the Village are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

**NONMAJOR SPECIAL REVENUE FUNDS**

**EMS Fund**

To account for operation and maintenance of the EMS Department. Financing is provided by the motor vehicle registration fee of one dollar. Funding is provided under State Statute 24-10A-1 NMSA, 1978 Compilation. Required to be accounted for as a separate fund by New Mexico Department of Health regulation.

**Law Enforcement**

To account for funds received from the State of New Mexico for law enforcement purposes. The fund was created by the authority of state grant provisions. (NMSA 29-13-3)

**DWI Program**

Eddy County DWI Program will reimburse the HOPE POLICE DEPARTMENT for Officer Overtime, at their normal overtime rate of pay, for DWI and underage drinking enforcement activities, DWI Court Appearances, DWI and other alcohol offense training to include expenses and travel for said training and equipment purchases to detect and deter DWI and other alcohol offenses.

**Correction Fund**

To account for the collection of fines which are used to supplement the cost of prisoner housing. The fund was created by the authority of state statute. (Section 29-1301 NASA 1978)

**Gasoline Tax Fund**

To account for the receipts, disbursements and transfers of funds received from an additional one-cent gasoline tax. Authority for this fund is NMSA 7-21-15

**Recreation**

To account for the operation and maintenance of the Village's youth recreation program. Financing is provided by the state shared cigarette tax. The fund was created by the authority of state statute. (NMSA 7-12-15)

**NONMAJOR CAPITAL OUTLAY FUNDS**

**CDBG**

To account for a federal grant to be used to renovate the Community Center Building.

STATE OF NEW MEXICO  
VILLAGE OF HOPE  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	<u>EMS</u>	<u>Law Enforcement</u>	<u>DWI Program</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 40	\$ 8,538	\$ 296
Taxes Receivable	0	0	0
<b>Total Assets</b>	<u>\$ 40</u>	<u>\$ 8,538</u>	<u>\$ 296</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 34	\$ 0
<b>Total Liabilities</b>	<u>0</u>	<u>34</u>	<u>0</u>
<b>Fund Balance</b>			
Unreserved, Undesignated	40	8,504	296
<b>Total Fund Balance</b>	<u>40</u>	<u>8,504</u>	<u>296</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 40</u>	<u>\$ 8,538</u>	<u>\$ 296</u>

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
 Combining Balance Sheet  
 June 30, 2008

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	<u>Correction Fund</u>	<u>Gas Tax</u>	<u>Recreation</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 52,198	\$ 4,039	\$ 215
Taxes Receivable	0	418	0
Total Assets	<u>\$ 52,198</u>	<u>\$ 4,457</u>	<u>\$ 215</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Unreserved, Undesignated	<u>52,198</u>	<u>4,457</u>	<u>215</u>
Total Fund Balance	<u>52,198</u>	<u>4,457</u>	<u>215</u>
Total Liabilities and Fund Balance	<u>\$ 52,198</u>	<u>\$ 4,457</u>	<u>\$ 215</u>

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	CDBG Capital Outlay	Total
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 0	\$ 65,326
Taxes Receivable	0	418
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 65,744</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 0	\$ 34
<b>Total Liabilities</b>	<u>0</u>	<u>34</u>
<b>Fund Balance</b>		
Unreserved, Undesignated	0	65,710
<b>Total Fund Balance</b>	<u>0</u>	<u>65,710</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 0</u>	<u>\$ 65,744</u>

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	<u>EMS</u>	<u>Law Enforcement</u>	<u>DWI Program</u>
<b>Revenues</b>			
Taxes	\$ 0	\$ 0	\$ 0
Grants	5,077	20,000	953
Fees & Fines	0	0	0
Interest	0	0	0
<b>Total Revenues</b>	<u>5,077</u>	<u>20,000</u>	<u>953</u>
<b>Expenditures</b>			
Current			
Public Safety	6,034	23,473	953
Public Works	0	0	0
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
<b>Total Expenditures</b>	<u>6,034</u>	<u>23,473</u>	<u>953</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(957)</u>	<u>(3,473)</u>	<u>0</u>
<b>Other Financing Sources and Uses</b>			
Transfers In	0	0	0
<b>Total Other Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	(957)	(3,473)	0
<b>Fund Balances at Beginning of Year</b>	<u>997</u>	<u>11,977</u>	<u>296</u>
<b>Fund Balance End of Year</b>	<u>\$ 40</u>	<u>\$ 8,504</u>	<u>\$ 296</u>

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	<u>Correction Fund</u>	<u>Gas Tax</u>	<u>Recreation</u>
<b>Revenues</b>			
Taxes	\$ 0	\$ 5,032	\$ 35
Grants	0	0	0
Fees & Fines	4,583	0	0
Interest	1,203	76	0
Total Revenues	<u>5,786</u>	<u>5,108</u>	<u>35</u>
<b>Expenditures</b>			
Current			
Public Safety	592	0	0
Public Works	0	4,534	0
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>592</u>	<u>4,534</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,194</u>	<u>574</u>	<u>35</u>
<b>Other Financing Sources and Uses</b>			
Transfers In	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	5,194	574	35
Fund Balances at Beginning of Year	<u>47,004</u>	<u>3,883</u>	<u>180</u>
Fund Balance End of Year	<u>\$ 52,198</u>	<u>\$ 4,457</u>	<u>\$ 215</u>

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



STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	<u>CDBG Capital Outlay</u>	<u>Total</u>
Revenues		
Taxes	\$ 0	\$ 5,067
Grants	0	26,030
Fees & Fines	0	4,583
Interest	0	1,279
Total Revenues	<u>0</u>	<u>36,959</u>
Expenditures		
Current		
Public Safety	0	31,052
Public Works	0	4,534
Culture & Recreation	0	0
Capital Outlay	27,205	27,205
Total Expenditures	<u>27,205</u>	<u>62,791</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(27,205)</u>	<u>(25,832)</u>
Other Financing Sources and Uses		
Transfers In	27,205	27,205
Total Other Sources (Uses)	<u>27,205</u>	<u>27,205</u>
Net Change in Fund Balance	0	1,373
Fund Balances at Beginning of Year	<u>0</u>	<u>64,337</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 65,710</u>

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
SPECIAL REVENUE FUND-EMS FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 5,414	\$ 5,414	\$ 5,077	(337)
<b>Total Revenues</b>	<u>5,414</u>	<u>5,414</u>	<u>5,077</u>	<u>(337)</u>
<b>Expenditures</b>				
Public Safety				
Travel & Training	2,016	3,013	4,369	(1,356)
Supplies	3,398	3,398	1,665	1,733
<b>Total Expenditures</b>	<u>5,414</u>	<u>6,411</u>	<u>6,034</u>	<u>377</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	(997)	(957)	40
<b>Cash Balance Beginning of Year</b>	<u>997</u>	<u>997</u>	<u>997</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 997</u>	<u>\$ 0</u>	<u>\$ 40</u>	<u>\$ 40</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (957)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (957)	

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
SPECIAL REVENUE FUND-LAW ENFORCEMENT  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 20,000	\$ 20,000	\$ 20,000	0
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
<b>Expenditures</b>				
Public Safety				
Travel & Training	0	0	1,955	(1,955)
Maintenance	0	0	2,000	(2,000)
Supplies	13,000	13,000	9,748	3,252
Capital Purchases	6,785	6,785	9,736	(2,951)
Other	7,000	7,000	0	7,000
Total Expenditures	<u>26,785</u>	<u>26,785</u>	<u>23,439</u>	<u>3,346</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,785)	(6,785)	(3,439)	3,346
Cash Balance Beginning of Year	<u>11,977</u>	<u>11,977</u>	<u>11,977</u>	<u>0</u>
Cash Balance End of Year	\$ <u>5,192</u>	\$ <u>5,192</u>	\$ <u>8,538</u>	\$ <u>3,346</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,439)	
Net Change in Accounts Payable			(34)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (3,473)</u>	

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

STATE OF NEW MEXICO  
VILLAGE OF HOPE  
SPECIAL REVENUE FUND-DWI PROGRAM  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Grant	\$ 3,000	\$ 3,000	\$ 963	(2,037)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>963</u>	<u>(2,037)</u>
<b>Expenditures</b>				
Contract Services	3,000	3,000	963	2,037
Total Expenditures	<u>3,000</u>	<u>3,000</u>	<u>963</u>	<u>2,037</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>296</u>	<u>296</u>	<u>296</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 296</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
**SPECIAL REVENUE FUND-CORRECTION FUND**  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Correction Fees	\$ 4,750	\$ 4,750	\$ 4,583	(167)
Interest	650	650	1,203	553
<b>Total Revenues</b>	<u>5,400</u>	<u>5,400</u>	<u>5,786</u>	<u>386</u>
<b>Expenditures</b>				
Public Safety				
Housing of Prisoners	3,000	3,000	592	2,408
<b>Total Expenditures</b>	<u>3,000</u>	<u>3,000</u>	<u>592</u>	<u>2,408</u>
Excess (Deficiency) of Revenues Over Expenditures	2,400	2,400	5,194	2,794
Cash Balance Beginning of Year	<u>47,004</u>	<u>47,004</u>	<u>47,004</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>49,404</u></u>	\$ <u><u>49,404</u></u>	\$ <u><u>52,198</u></u>	\$ <u><u>2,794</u></u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>5,194</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>5,194</u></u>	

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

STATE OF NEW MEXICO  
VILLAGE OF HOPE  
SPECIAL REVENUE FUND-GAS TAX  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Gas Tax	\$ 5,600	\$ 5,600	\$ 5,045	(555)
Interest	2	2	76	74
Total Revenues	<u>5,602</u>	<u>5,602</u>	<u>5,121</u>	<u>(481)</u>
<b>Expenditures</b>				
<b>Public Works</b>				
Salaries	2,340	2,340	2,373	(33)
Benefits	184	184	184	0
Maintenance	0	0	340	(340)
Fuel	0	0	888	(888)
Other	3,496	3,496	1,069	2,427
Total Expenditures	<u>6,020</u>	<u>6,020</u>	<u>4,854</u>	<u>1,166</u>
Excess (Deficiency) of Revenues Over Expenditures	(418)	(418)	267	685
Cash Balance Beginning of Year	<u>3,772</u>	<u>3,772</u>	<u>3,772</u>	<u>0</u>
Cash Balance End of Year	\$ <u>3,354</u>	\$ <u>3,354</u>	\$ <u>4,039</u>	\$ <u>685</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 267	
Net Change in Taxes Receivable			(13)	
Net Change in Accounts Payable			320	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>574</u>	

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
**SPECIAL REVENUE FUND-RECREATION**  
**Statement of Revenues, Expenditures, and Changes in Cash Balance -**  
**Budget and Actual (Budgetary Basis)**  
**For the Year Ended June 30, 2008**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Cigarette Taxes	\$ 40	\$ 40	\$ 35	(5)
<b>Total Revenues</b>	<u>40</u>	<u>40</u>	<u>35</u>	<u>(5)</u>
<b>Expenditures</b>				
Culture & Recreation				
Other	0	0	0	0
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	40	40	35	(5)
<b>Cash Balance Beginning of Year</b>	<u>180</u>	<u>180</u>	<u>180</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 220</u>	<u>\$ 220</u>	<u>\$ 215</u>	<u>\$ (5)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 35	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 35</u>	

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 CAPITAL OUTLAY-CDBG  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 67,031	\$ 0	(67,031)
<b>Total Revenues</b>	<u>0</u>	<u>67,031</u>	<u>0</u>	<u>(67,031)</u>
<b>Expenditures</b>				
Capital Outlay	0	67,031	27,205	39,826
<b>Total Expenditures</b>	<u>0</u>	<u>67,031</u>	<u>27,205</u>	<u>39,826</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>(27,205)</u>	<u>(27,205)</u>
<b>Other Financing Sources and Uses</b>				
Transfer In	0	0	27,205	27,205
<b>Total Other Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>27,205</u>	<u>27,205</u>
<b>Net Change in Assets</b>	0	0	0	0
<b>Cash Balance Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net Change in Assets			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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



**ENTERPRISE FUNDS**

**Water and Waste Water**

To account for the provision of water and waste water service to the residents of the Village. All activities necessary to provide such services are accounted for in these funds, including, but not limited to administration, operations, and maintenance.

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
**ENTERPRISE FUND-WATER**  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Sales & Service	\$ 24,679	\$ 24,679	\$ 24,044	(635)
Connection Fees	1,408	1,408	707	(701)
Interest	160	160	2,652	2,492
Total Revenues	<u>26,247</u>	<u>26,247</u>	<u>27,403</u>	<u>1,156</u>
<b>Expenditures</b>				
Salaries & Benefits	10,082	10,082	9,382	700
Travel	350	350	0	350
Repairs & Maintenance	0	0	10,280	(10,280)
Supplies	1,550	1,550	1,023	527
Insurance	0	0	848	(848)
Utilities	0	0	7,849	(7,849)
Capital Outlay	30,000	30,000	0	30,000
Miscellaneous	9,275	9,275	4,773	4,502
Total Expenditures	<u>51,257</u>	<u>51,257</u>	<u>34,155</u>	<u>17,102</u>
Excess (Deficiency) of Revenues Over Expenditures	(25,010)	(25,010)	(6,752)	18,258
Cash Balance Beginning of Year	<u>166,699</u>	<u>166,699</u>	<u>166,699</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 141,689</u>	<u>\$ 141,689</u>	<u>\$ 159,947</u>	<u>\$ 18,258</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,752)	
Accounts Receivable			15	
Expenditures Accruals			38	
Meter Deposits			50	
Depreciation			(24,533)	
Net Change in Net Assets-GAAP Basis			<u>\$ (31,182)</u>	

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
**ENTERPRISE FUND-WASTE WATER**  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Sales & Service	\$ 585	\$ 585	\$ 555	(30)
Penalty	0	0	9	9
Total Revenues	<u>585</u>	<u>585</u>	<u>564</u>	<u>(21)</u>
<b>Expenditures</b>				
Salaries	50	50	42	8
Benefits	5	5	3	2
Gross Receipts Tax	30	30	26	4
Utility	500	500	323	177
Total Expenditures	<u>585</u>	<u>585</u>	<u>394</u>	<u>191</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	170	170
Cash Balance Beginning of Year	<u>362</u>	<u>362</u>	<u>362</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 362</u>	<u>\$ 362</u>	<u>\$ 532</u>	<u>\$ 170</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 170	
Depreciation			<u>(3,737)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>(3,567)</u></u>	

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

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*

Hector Baldares  
State Auditor of the State of New Mexico  
Board Members of the VILLAGE OF HOPE

Mr. Baldares and Members of the Board

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue fund, and the combining and individual funds presented as supplemental information of the VILLAGE OF HOPE (Village), as of and for the year ended June 30, 2008, and have issued our report thereon dated December 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the New Mexico State Legislature and its committees, the Office of the State Auditor, 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.

*De'Aun Willoughby, CPA PC*

December 1, 2008

STATE OF NEW MEXICO  
VILLAGE OF HOPE  
Schedule of Findings and Responses  
For the Year Ended June 30, 2008

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**Prior Year Audit Findings**

	<u>Status</u>
07-01 Late Filed Audit Report-Compliance	Resolved
07-02 Preparation of the Audit Report	Resolved

**Current Year Audit Findings**

There are no current year audit findings.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held on December 1, 2008. Those present were Bob Stewart-Council Member, Lora Crumrine-Village Clerk and DeAun Willoughby, CPA.