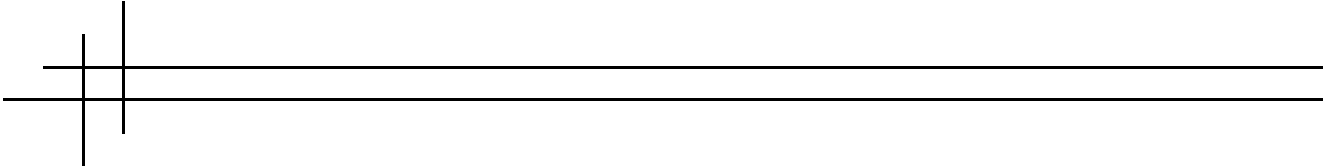




STATE OF NEW MEXICO
VILLAGE OF HOPE

ANNUAL FINANCIAL REPORT
June 30, 2009

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, 2009

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, 2009, 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, 2009, 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, 2009, 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, 2009, 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 September 17, 2009, 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.

De'Aun Willoughby CPA PC

September 17, 2009

STATE OF NEW MEXICO
VILLAGE OF HOPE
 Government Wide-Statement of Net Assets
 June 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 245,072	\$ 57,043	\$ 302,115
Investments	323,807	98,212	422,019
Receivables (net)	1,815	3,125	4,940
Total Current Assets	<u>570,694</u>	<u>158,380</u>	<u>729,074</u>
Noncurrent Assets			
Capital Assets	1,687,834	932,408	2,620,242
Less: Accumulated Depreciation	<u>(982,194)</u>	<u>(135,540)</u>	<u>(1,117,734)</u>
Total Noncurrent Assets	<u>705,640</u>	<u>796,868</u>	<u>1,502,508</u>
Total Assets	<u>1,276,334</u>	<u>955,248</u>	<u>2,231,582</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	<u>681</u>	<u>0</u>	<u>681</u>
Total Current Liabilities	<u>681</u>	<u>0</u>	<u>681</u>
Noncurrent Liabilities			
Compensated Absences	280	0	280
Customer Deposits	0	2,300	2,300
Total Noncurrent Liabilities	<u>280</u>	<u>2,300</u>	<u>2,580</u>
Total Liabilities	<u>961</u>	<u>2,300</u>	<u>3,261</u>
NET ASSETS			
Invested in Capital Assets	705,640	796,868	1,502,508
Unrestricted	<u>569,733</u>	<u>156,080</u>	<u>725,813</u>
Total Net Assets	<u>\$ 1,275,373</u>	<u>\$ 952,948</u>	<u>\$ 2,228,321</u>

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

STATE OF NEW MEXICO
VILLAGE OF HOPE
 Government Wide-Statement of Activities
 For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net(Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General	\$ 66,465	\$ 0	\$ 70,100	\$ 0	\$ 3,635	\$ 0	\$ 3,635
Public Safety	125,515	15,942	85,585	0	(23,988)	0	(23,988)
Public Works	23,850	0	0	0	(23,850)	0	(23,850)
Culture & Recreation	11,298	0	0	0	(11,298)	0	(11,298)
Total Governmental Activities	<u>227,128</u>	<u>15,942</u>	<u>155,685</u>	<u>0</u>	<u>(55,501)</u>	<u>0</u>	<u>(55,501)</u>
Business-type Activities							
Water	55,566	32,011	0	102,297	0	78,742	78,742
Waste Water	4,464	591	0	0	0	(3,873)	(3,873)
Total Business-type Activities	<u>\$ 60,030</u>	<u>\$ 32,602</u>	<u>\$ 0</u>	<u>\$ 102,297</u>	<u>0</u>	<u>74,869</u>	<u>74,869</u>
General Revenues							
Taxes							
Property							
					13,105	0	13,105
Gross Receipts							
					28,845	0	28,845
Other Taxes							
					5,274	0	5,274
Interest and investment earnings							
					5,808	1,304	7,112
Miscellaneous							
					5,347	0	5,347
Total General Revenues							
					<u>58,379</u>	<u>1,304</u>	<u>59,683</u>
Other Items							
Transfers							
					<u>(5,377)</u>	<u>5,377</u>	<u>0</u>
Change in Net Assets							
					(2,499)	81,550	79,051
Net Assets - beginning							
					<u>1,277,872</u>	<u>871,398</u>	<u>2,149,270</u>
Net Assets - ending							
					<u>\$ 1,275,373</u>	<u>\$ 952,948</u>	<u>\$ 2,228,321</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, 2009

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Law Enforcement</u>
ASSETS			
Cash and Cash Equivalents	\$ 118,332	\$ 63,743	\$ 2,540
Investments	323,729	0	0
Receivables (Net of Allowance for Uncollectibles if Applicable):			
Taxes	1,398	0	0
Total Assets	<u>\$ 443,459</u>	<u>\$ 63,743</u>	<u>\$ 2,540</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 452	\$ 229	\$ 0
Total Liabilities	<u>452</u>	<u>229</u>	<u>0</u>
 Fund Balances			
Unreserved Reported In:			
General Fund	443,007	0	0
Special Revenue Fund	<u>0</u>	<u>63,514</u>	<u>2,540</u>
Total Fund Balances	<u>443,007</u>	<u>63,514</u>	<u>2,540</u>
 Total Liabilities and Fund Balances	 <u>\$ 443,459</u>	 <u>\$ 63,743</u>	 <u>\$ 2,540</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, 2009

	Non-Major Governmental Funds	Total Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 60,457	\$ 245,072
Investments	78	323,807
Receivables (Net of Allowance for Uncollectibles if Applicable):		
Taxes	417	1,815
Total Assets	<u>\$ 60,952</u>	<u>\$ 570,694</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 0	\$ 681
Total Liabilities	<u>0</u>	<u>681</u>
 Fund Balances		
Unreserved Reported In:		
General Fund	0	443,007
Special Revenue Fund	<u>60,952</u>	<u>127,006</u>
Total Fund Balances	<u>60,952</u>	<u>570,013</u>
 Total Liabilities and Fund Balances	 <u>\$ 60,952</u>	 <u>\$ 570,694</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, 2009

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

Total Fund Balance - Governmental Funds	\$	570,013
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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	\$	1,687,834	
Accumulated depreciation is		<u>(982,194)</u>	705,640

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>(280)</u>
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Total net assets - governmental activities	\$	<u><u>1,275,373</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, 2009

	General Fund	Fire Fund	Law Enforcement
Revenues			
Taxes	\$ 42,170	\$ 0	\$ 0
State Grant	35,000	65,265	20,000
County Subsidy	35,100	0	0
Fees & Fines	12,142	0	0
Interest Income	5,082	298	0
Miscellaneous	5,344	0	0
Total Revenues	<u>134,838</u>	<u>65,563</u>	<u>20,000</u>
Expenditures			
Current			
General Government	63,457	0	0
Public Safety	42,847	35,933	12,541
Public Works	0	0	0
Culture and Recreation	10,754	0	0
Capital Outlay	0	0	13,425
Total Expenditures	<u>117,058</u>	<u>35,933</u>	<u>25,966</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>17,780</u>	<u>29,630</u>	<u>(5,966)</u>
Other Financing Sources (Uses)			
Transfer In/Out	(5,377)	0	0
Total Transfers	<u>(5,377)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	12,403	29,630	(5,966)
Fund Balances at Beginning of Year	<u>430,604</u>	<u>33,884</u>	<u>8,506</u>
Fund Balance End of Year	<u>\$ 443,007</u>	<u>\$ 63,514</u>	<u>\$ 2,540</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, 2009

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Taxes	\$ 5,054	\$ 47,224
State Grant	320	120,585
County Subsidy	0	35,100
Fees & Fines	3,800	15,942
Interest Income	428	5,808
Miscellaneous	0	5,344
Total Revenues	<u>9,602</u>	<u>230,003</u>
Expenditures		
Current		
General Government	0	63,457
Public Safety	641	91,962
Public Works	5,216	5,216
Culture and Recreation	0	10,754
Capital Outlay	0	13,425
Total Expenditures	<u>5,857</u>	<u>184,814</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,745</u>	<u>45,189</u>
Other Financing Sources (Uses)		
Transfer In/Out	0	(5,377)
Total Transfers	<u>0</u>	<u>(5,377)</u>
Net Change in Fund Balance	3,745	39,812
Fund Balances at Beginning of Year	<u>57,207</u>	<u>530,201</u>
Fund Balance End of Year	<u>\$ 60,952</u>	<u>\$ 570,013</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, 2009

Net Change in Fund Balance-Governmental Funds \$ 39,812

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	\$ (56,043)	
Capital Outlays	<u>13,426</u>	(42,617)

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.

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Changes in Net Assets of Governmental Activities \$ (2,499)

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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Gross Receipts	\$ 28,000	\$ 28,000	\$ 29,332	\$ 1,332
Property	5,250	5,250	13,105	7,855
MVD	0	0	200	200
License & Permits	30	30	40	10
Court Fines	7,000	7,000	9,612	2,612
Interest Income	15,000	15,000	5,082	(9,918)
Charge for Services	0	0	2,490	2,490
Miscellaneous	35,900	35,900	5,344	(30,556)
Small Cities Assistance Grant	35,000	35,000	70,100	35,100
Total Revenues	<u>126,180</u>	<u>126,180</u>	<u>135,305</u>	<u>9,125</u>
Expenditures				
Executive	26,000	26,000	29,480	(3,480)
Judicial	10,456	10,456	7,318	3,138
Financial Department	29,000	29,000	26,658	2,342
Police Department	27,112	27,112	21,834	5,278
Fire Department	22,629	22,629	20,663	1,966
Community Center	3,000	3,000	7,174	(4,174)
Parks Department	2,000	2,000	3,579	(1,579)
Total Expenditures	<u>120,197</u>	<u>120,197</u>	<u>116,706</u>	<u>3,491</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>5,983</u>	\$ <u>5,983</u>	\$ <u>18,599</u>	\$ <u>12,616</u>
Other Financing Sources (Uses)				
Transfers In/Out	\$ <u>44,209</u>	\$ <u>44,209</u>	\$ <u>(5,377)</u>	\$ <u>(49,586)</u>
Total Other Sources (Uses)	<u>44,209</u>	<u>44,209</u>	<u>(5,377)</u>	<u>(49,586)</u>
Net Change in Cash Balance	50,192	50,192	13,222	(36,970)
Cash Balance Beginning of Year	<u>428,741</u>	<u>428,741</u>	<u>428,741</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>478,933</u></u>	\$ <u><u>478,933</u></u>	\$ <u><u>441,963</u></u>	\$ <u><u>(36,970)</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 13,222	
Net Change in Taxes Receivable			(468)	
Net Change in Accounts Payable			(351)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>12,403</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-FIRE PROTECTION
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 63,945	\$ 63,945	\$ 63,945	0
Forestry Grant	25,000	25,000	1,320	(23,680)
Interest Income	0	0	298	298
Total Revenues	<u>88,945</u>	<u>88,945</u>	<u>65,563</u>	<u>(23,382)</u>
Expenditures				
Public Safety	<u>88,945</u>	<u>88,945</u>	<u>35,792</u>	<u>53,153</u>
Total Expenditures	<u>88,945</u>	<u>88,945</u>	<u>35,792</u>	<u>53,153</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	29,771	29,771
Cash Balance Beginning of Year	<u>33,972</u>	<u>33,972</u>	<u>33,972</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 33,972</u>	<u>\$ 33,972</u>	<u>\$ 63,743</u>	<u>\$ 29,771</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 29,771	
Net Change in Accounts Payable			<u>(141)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 29,630</u>	

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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
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>
Expenditures				
Public Safety	<u>26,042</u>	<u>26,042</u>	<u>25,999</u>	<u>43</u>
Total Expenditures	<u>26,042</u>	<u>26,042</u>	<u>25,999</u>	<u>43</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,042)	(6,042)	(5,999)	43
Cash Balance Beginning of Year	<u>8,539</u>	<u>8,539</u>	<u>8,539</u>	<u>0</u>
Cash Balance End of Year	\$ <u>2,497</u>	\$ <u>2,497</u>	\$ <u>2,540</u>	\$ <u>43</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (5,999)	
Net Change in Accounts Payable			<u>33</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(5,966)</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, 2009

ASSETS	Water	Waste Water	Total
Current Assets			
Cash and Cash Equivalents	\$ 56,647	\$ 396	\$ 57,043
Investments	98,212	0	98,212
Receivables (net of allowance for uncollectible accounts)			
Accounts	3,125	0	3,125
Total Current Assets	<u>157,984</u>	<u>396</u>	<u>158,380</u>
Noncurrent Assets			
Capital Assets	857,674	74,734	932,408
Less: Accumulated Depreciation	<u>(75,753)</u>	<u>(59,787)</u>	<u>(135,540)</u>
Total Noncurrent Assets	<u>781,921</u>	<u>14,947</u>	<u>796,868</u>
 Total Assets	 <u>939,905</u>	 <u>15,343</u>	 <u>955,248</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	<u>0</u>	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Noncurrent Liabilities			
Customer Deposits	<u>2,300</u>	<u>0</u>	<u>2,300</u>
Total Noncurrent Liabilities	<u>2,300</u>	<u>0</u>	<u>2,300</u>
 Total Liabilities	 <u>2,300</u>	 <u>0</u>	 <u>2,300</u>
NET ASSETS			
Invested in Capital Assets	781,921	14,947	796,868
Unrestricted	<u>155,684</u>	<u>396</u>	<u>156,080</u>
Total Net Assets	<u>\$ 937,605</u>	<u>\$ 15,343</u>	<u>\$ 952,948</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, 2009

	Water	Waste Water	Total
Operating Revenues			
Sales & Service	\$ 28,944	\$ 583	\$ 29,527
Connection Fees	3,067	8	3,075
Total Operating Revenues	<u>32,011</u>	<u>591</u>	<u>32,602</u>
Operating Expenses			
Salaries & Benefits	14,694	69	14,763
Travel	2,390	0	2,390
Repairs & Maintenance	6,414	233	6,647
Supplies	2,370	0	2,370
Insurance	761	0	761
Utilities	7,705	375	8,080
Miscellaneous	4,767	50	4,817
Depreciation	16,465	3,737	20,202
Total Operating Expenses	<u>55,566</u>	<u>4,464</u>	<u>60,030</u>
Operating Income (Loss)	<u>(23,555)</u>	<u>(3,873)</u>	<u>(27,428)</u>
Nonoperating Revenue (Expenses)			
Interest Income	1,304	0	1,304
State Grant	102,297	0	102,297
Transfers In	5,377	0	5,377
Total Nonoperating Revenue (Expense)	<u>108,978</u>	<u>0</u>	<u>108,978</u>
Change in Net Assets	85,423	(3,873)	81,550
Net Assets-Beginning	<u>852,182</u>	<u>19,216</u>	<u>871,398</u>
Total Net Assets-Ending	<u>\$ 937,605</u>	<u>\$ 15,343</u>	<u>\$ 952,948</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, 2009

	Water	Waste Water	Total
Cash Flows from Operating Activities			
Cash Received From Customers	\$ 31,688	\$ 591	\$ 32,279
Cash Paid to Suppliers and Employees	(38,180)	(727)	(38,907)
Net Cash Provided by Operating Activities	<u>(6,492)</u>	<u>(136)</u>	<u>(6,628)</u>
Cash Flows from Capital & Related Financing Activities			
State Grant	102,297	0	102,297
Acquisition and Construction of Capital Assets	(107,674)	0	(107,674)
Transfer in from General	5,377	0	5,377
Net Cash Provided by Capital & Related Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>
Cash Flows from Investing Activities			
Interest Received	1,304	0	1,304
Net Cash Provided by Investing Activities	<u>1,304</u>	<u>0</u>	<u>1,304</u>
Net Increase (Decrease) in Cash	(5,188)	(136)	(5,324)
Cash-Beginning of the Year	<u>160,047</u>	<u>532</u>	<u>160,579</u>
Cash-End of Year	<u>\$ 154,859</u>	<u>\$ 396</u>	<u>\$ 155,255</u>
Reconciliation of Cash Balance			
Cash and Cash Equivalents	\$ 56,647	\$ 396	\$ 57,043
Investments	98,212	0	98,212
Cash-End of Year	<u>\$ 154,859</u>	<u>\$ 396</u>	<u>\$ 155,255</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (23,555)	\$ (3,873)	\$ (27,428)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	16,465	3,737	20,202
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(323)	0	(323)
Increase (Decrease) in Accounts Payable	(29)	0	(29)
Increase (Decrease) in Customer Deposits	950	0	950
Net Cash Provided by Operating Activities	<u>\$ (6,492)</u>	<u>\$ (136)</u>	<u>\$ (6,628)</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.

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 funds:

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)

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)

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.

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.

Amounts reported as program revenue in the government-wide financial statements include: (1) charges to customers or applicants for goods received, services rendered or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. The Village's operating grants include the Small Cities Assistance Grant and State Grants.

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.
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.

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, 2009 is \$280, 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.

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.

<u>Name of Account</u>	<u>Balance Per Bank as of 6/30/09</u>	<u>Reconciled Balance</u>	<u>Type</u>
Village of Hope	\$ 125,993	\$ 119,005	Checking
TOTAL Deposited	125,993	<u>119,005</u>	
Less: FDIC Coverage	<u>125,993</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>134,233</u>		
Over (Under) requirement	<u>\$ 134,233</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:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLB	801891ED0	\$ 25,060	8/1/2009	FHLB Dallas, TX
FHLB	31371K3H2	31,140	2/1/2013	FHLB Dallas, TX
FHLB	36202DXL0	78,033	5/20/2018	FHLB Dallas, TX

STATE OF NEW MEXICO
VILLAGE OF HOPE
Notes to the Financial Statements
June 30, 2009

\$ 134,233

Western Bank

<u>Name of Account</u>	<u>Balance Per Bank as of 6/30/09</u>	<u>Reconciled Balance</u>	<u>Type</u>
Special Account	\$ 2,304	\$ 2,520	Checking
Infrastructure	55,418	55,418	Savings
Infrastructure-Two	7,640	7,640	Savings
Fire Dept	34,269	34,269	Savings
Water Dept	25,468	25,468	Savings
Water Dept	26,086	26,086	Savings
Correction	31,509	31,509	Savings
TOTAL Deposited	<u>182,694</u>	<u>\$ 182,910</u>	
Less: FDIC Coverage	<u>182,694</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	150,000		
Over (Under) requirement	<u>\$ 150,000</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:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLB	914684BX2	\$ <u>150,000</u>	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	\$ 308,687
Collateralized:	
Collateral held by the pledging bank in Village's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 308,687</u>

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, 2009 none of the Village's bank balance of \$308,687 was exposed to custodial credit risk.

STATE OF NEW MEXICO
VILLAGE OF HOPE
Notes to the Financial Statements
June 30, 2009

New Mexico State Treasurer

<u>Name of Account</u>	<u>Balance Per Bank as of 6/30/09</u>	<u>Reconciled Balance</u>	<u>Type</u>
LGIP Fund-Water Department	\$ 98,212	\$ 98,212	Investment
LGIP Fund EA Park	5,236	5,236	Investment
LGIP Fund-Gas Tax	78	78	Investment
LGIP Fund General	318,493	318,493	Investment
TOTAL Deposited	<u>\$ 422,019</u>	<u>\$ 422,019</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 2.1%.

NOTE D: DEFERRED REVENUES

There were no Deferred Revenues at the end of the year.

STATE OF NEW MEXICO
VILLAGE OF HOPE
Notes to the Financial Statements
June 30, 2009

NOTE E: CAPITAL ASSETS

Capital Assets Balances and Activity for the Fiscal year, is as follows:

	Beginning Balance 6/30/08	Increases	Adjustments	Ending Balance 6/30/09
Governmental Activities				
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	570,717	0	0	570,717
Equipment	562,800	13,425	(8,000)	568,225
Total Capital Assets, being Depreciated	<u>1,675,134</u>	<u>13,425</u>	<u>(8,000)</u>	<u>1,680,559</u>
Total Capital Assets	<u>1,682,409</u>	<u>13,425</u>	<u>(8,000)</u>	<u>1,687,834</u>
Less Accumulated Depreciation				
Infrastructure	324,960	10,834	0	335,794
Building & Improvements	298,948	6,696	0	305,644
Equipment	310,241	38,515	(8,000)	340,756
Total Accumulated Depreciation	<u>934,149</u>	<u>56,045</u>	<u>(8,000)</u>	<u>982,194</u>
Capital Assets, net	<u>\$ 748,260</u>	<u>\$ (42,620)</u>	<u>\$ 0</u>	<u>\$ 705,640</u>
	Beginning Balance 6/30/08	Increases	Adjustments	Ending Balance 6/30/09
Business-Type Activities				
Water				
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	107,674	0	837,674
Total Capital Assets at Historical Cost	<u>750,000</u>	<u>107,674</u>	<u>0</u>	<u>857,674</u>
Less Accumulated Depreciation				
Building & Improvements	566	117	0	683
Water System	58,722	16,348	0	75,070
Total Accumulated Depreciation	<u>59,288</u>	<u>16,465</u>	<u>0</u>	<u>75,753</u>
Capital Assets, net	<u>\$ 690,712</u>	<u>\$ 91,209</u>	<u>\$ 0</u>	<u>\$ 781,921</u>

STATE OF NEW MEXICO
VILLAGE OF HOPE
Notes to the Financial Statements
June 30, 2009

	Beginning Balance 6/30/09	Increases	Adjustments	Ending Balance 6/30/09
Waste Water				
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>
Less Accumulated Depreciation				
Sewer System	56,050	3,737	0	59,787
Total Accumulated Depreciation	<u>56,050</u>	<u>3,737</u>	<u>0</u>	<u>59,787</u>
Capital Assets, net	<u>\$ 18,684</u>	<u>\$ (3,737)</u>	<u>\$ 0</u>	<u>\$ 14,947</u>

NOTE F: COMPENSATED ABSENCES

The following is a summary of compensated absences transactions:

Accrued compensated absences, Beginning of the year	\$ 585
Current year additions	618
Current year retirements	<u>(923)</u>
Accrued compensated absences, End of the year	<u>\$ 280</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 the end of the year, were as follows:

<u>Receivables</u>	<u>General</u>	<u>Streets</u>	<u>Water</u>	<u>Total</u>
Accounts Receivable	\$ 0	\$ 0	\$ 3,125	\$ 3,125
Municipal Gross Receipts Tax	691	0	0	691
State Gross Receipts Tax	707	417	0	1,124
	<u>\$ 1,398</u>	<u>\$ 417</u>	<u>\$ 3,125</u>	<u>\$ 4,940</u>

NOTE K: INTERFUND TRANSFERS

There were no interfund transfers at the end of the year.

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.

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, 2009 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.

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)

STATE OF NEW MEXICO
VILLAGE OF HOPE
NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2009

	<u>EMS</u>	<u>DWI Program</u>	<u>Correction Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 20	\$ 136	\$ 56,283
Investments	0	0	0
Taxes Receivable	0	0	0
Total Assets	<u>\$ 20</u>	<u>\$ 136</u>	<u>\$ 56,283</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	<u>20</u>	<u>136</u>	<u>56,283</u>
Total Fund Balance	<u>20</u>	<u>136</u>	<u>56,283</u>
Total Liabilities and Fund Balance	<u>\$ 20</u>	<u>\$ 136</u>	<u>\$ 56,283</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, 2009

	<u>Gas Tax</u>	<u>Recreation</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,802	\$ 216	\$ 60,457
Investments	78	0	78
Taxes Receivable	417	0	417
Total Assets	<u>\$ 4,297</u>	<u>\$ 216</u>	<u>\$ 60,952</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	<u>4,297</u>	<u>216</u>	<u>60,952</u>
Total Fund Balance	<u>4,297</u>	<u>216</u>	<u>60,952</u>
Total Liabilities and Fund Balance	<u>\$ 4,297</u>	<u>\$ 216</u>	<u>\$ 60,952</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, 2009

	<u>EMS</u>	<u>DWI Program</u>	<u>Correction Fund</u>
Revenues			
Taxes	\$ 0	\$ 0	\$ 0
Grants	0	320	0
Fees & Fines	0	0	3,800
Interest	0	0	426
Total Revenues	<u>0</u>	<u>320</u>	<u>4,226</u>
Expenditures			
Current			
Public Safety	20	480	141
Public Works	0	0	0
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>20</u>	<u>480</u>	<u>141</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(20)</u>	<u>(160)</u>	<u>4,085</u>
Other Financing Sources and Uses			
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(20)	(160)	4,085
Fund Balances at Beginning of Year	<u>40</u>	<u>296</u>	<u>52,198</u>
Fund Balance End of Year	<u>\$ 20</u>	<u>\$ 136</u>	<u>\$ 56,283</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, 2009

	<u>Gas Tax</u>	<u>Recreation</u>	<u>Total</u>
Revenues			
Taxes	\$ 5,053	\$ 1	5,054
Grants	0	0	320
Fees & Fines	0	0	3,800
Interest	2	0	428
Total Revenues	<u>5,055</u>	<u>1</u>	<u>9,602</u>
Expenditures			
Current			
Public Safety	0	0	641
Public Works	5,216	0	5,216
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>5,216</u>	<u>0</u>	<u>5,857</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(161)</u>	<u>1</u>	<u>3,745</u>
Other Financing Sources and Uses			
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(161)	1	3,745
Fund Balances at Beginning of Year	<u>4,458</u>	<u>215</u>	<u>57,207</u>
Fund Balance End of Year	<u>\$ 4,297</u>	<u>\$ 216</u>	<u>60,952</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Public Safety	0	20	20	0
Total Expenditures	<u>0</u>	<u>20</u>	<u>20</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(20)	(20)	0
Cash Balance Beginning of Year	<u>40</u>	<u>40</u>	<u>40</u>	<u>0</u>
Cash Balance End of Year	\$ <u>40</u>	\$ <u>20</u>	\$ <u>20</u>	\$ <u>0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(20)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(20)</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Grant	\$ 3,000	\$ 3,000	\$ 320	(2,680)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>320</u>	<u>(2,680)</u>
Expenditures				
Public Safety	<u>3,296</u>	<u>3,296</u>	<u>480</u>	<u>2,816</u>
Total Expenditures	<u>3,296</u>	<u>3,296</u>	<u>480</u>	<u>2,816</u>
Excess (Deficiency) of Revenues Over Expenditures	(296)	(296)	(160)	136
Cash Balance Beginning of Year	<u>296</u>	<u>296</u>	<u>296</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>136</u>	\$ <u>136</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(160)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(160)</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 5,000	\$ 5,000	\$ 3,800	(1,200)
Interest	1,200	1,200	426	(774)
Total Revenues	<u>6,200</u>	<u>6,200</u>	<u>4,226</u>	<u>(1,974)</u>
Expenditures				
Public Safety				
Housing of Prisoners	2,500	2,500	141	2,359
Total Expenditures	<u>2,500</u>	<u>2,500</u>	<u>141</u>	<u>2,359</u>
Excess (Deficiency) of Revenues Over Expenditures	3,700	3,700	4,085	385
Cash Balance Beginning of Year	<u>52,198</u>	<u>52,198</u>	<u>52,198</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 55,898</u>	<u>\$ 55,898</u>	<u>\$ 56,283</u>	<u>\$ 385</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 4,085</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,085</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Gas Tax	\$ 5,200	\$ 5,200	\$ 5,055	(145)
Interest	0	0	2	2
Total Revenues	<u>5,200</u>	<u>5,200</u>	<u>5,057</u>	<u>(143)</u>
Expenditures				
Public Works	9,000	9,000	5,216	3,784
Total Expenditures	<u>9,000</u>	<u>9,000</u>	<u>5,216</u>	<u>3,784</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,800)	(3,800)	(159)	3,641
Cash Balance Beginning of Year	<u>4,039</u>	<u>4,039</u>	<u>4,039</u>	<u>0</u>
Cash Balance End of Year	\$ <u>239</u>	\$ <u>239</u>	\$ <u>3,880</u>	\$ <u>3,641</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (159)	
Net Change in Receivable			(2)	
Net Change in Accounts Payable			0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(161)</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Cigarette Taxes	\$ 36	\$ 36	\$ 1	(35)
Total Revenues	<u>36</u>	<u>36</u>	<u>1</u>	<u>(35)</u>
Expenditures				
Culture & Recreation				
Other	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	36	36	1	(35)
Cash Balance Beginning of Year	<u>215</u>	<u>215</u>	<u>215</u>	<u>0</u>
Cash Balance End of Year	\$ <u>251</u>	\$ <u>251</u>	\$ <u>216</u>	\$ <u>(35)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>1</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1</u>	

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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 26,000	\$ 26,000	\$ 28,621	2,621
Connection Fees	0	0	3,067	3,067
State Grant	110,000	110,000	102,297	(7,703)
Interest	2,000	2,000	1,304	(696)
Total Revenues	<u>138,000</u>	<u>138,000</u>	<u>135,289</u>	<u>(2,711)</u>
Expenditures				
Public Works	<u>150,000</u>	<u>150,000</u>	<u>146,803</u>	<u>3,197</u>
Total Expenditures	<u>150,000</u>	<u>150,000</u>	<u>146,803</u>	<u>3,197</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,000)</u>	<u>(12,000)</u>	<u>(11,514)</u>	<u>486</u>
Other Financing Sources (Uses)				
Transfers In/Out	<u>0</u>	<u>0</u>	<u>5,377</u>	<u>5,377</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>5,377</u>	<u>5,377</u>
Net Change in Cash Balance	(12,000)	(12,000)	(6,137)	5,863
Cash Balance Beginning of Year	<u>160,047</u>	<u>160,047</u>	<u>160,047</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 148,047</u>	<u>\$ 148,047</u>	<u>\$ 153,910</u>	<u>\$ 5,863</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (6,137)	
Net Change Accounts Receivable			323	
Purchase of Capital Assets			107,674	
Depreciation			(16,465)	
Net Change in Accounts Payable			28	
Net Change in Net Assets-GAAP Basis			<u>\$ 85,423</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, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 550	\$ 550	\$ 583	33
Penalty	0	0	8	8
Total Revenues	<u>550</u>	<u>550</u>	<u>591</u>	<u>41</u>
Expenditures				
Public Works	1,000	1,000	727	273
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>727</u>	<u>273</u>
Excess (Deficiency) of Revenues Over Expenditures	(450)	(450)	(136)	314
Cash Balance Beginning of Year	<u>532</u>	<u>532</u>	<u>532</u>	<u>0</u>
Cash Balance End of Year	\$ <u>82</u>	\$ <u>82</u>	\$ <u>396</u>	\$ <u>314</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (136)	
Net Change in Depreciation			<u>(3,737)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(3,873)</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

(575) 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, 2009, and have issued our report thereon dated September 17, 2009. 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 09-1 and 09-2.

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

This report is intended solely for the information and use of management, the New Mexico State Legislature and its committees, the Office of the State Auditor, the New Mexico Department of Finance and Administration - Local Government 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

September 17, 2009

Prior Year Audit Findings

There were no prior year audit findings.

Current Year Audit Findings

09-1 SAS 112 Compliance

Condition

The Auditing Standards Board has issued *Statement on Auditing Standards No. 112, Communicating Internal Control Related Matters Identified in an Audit* (SAS 112). The new standard provides guidance to auditors on communicating matters related to an audit of financial statements. The standard requires the auditor to evaluate identified control deficiencies and determine whether these deficiencies, individually or in combination, are significant deficiencies or material weaknesses.

Criteria

Statement on Auditing Standards (SAS) 112, Communication of Internal Control Related Matters Identified in an Audit, requires that management clearly accept responsibility for preparing all financial information and company's financial statements.

Effect

The Village's management may not be able to detect errors in reporting or financial presentation if they exist. Management may not be qualified to review the financial statements prepared by the auditor.

Cause

The Villages staff has not been trained on Governmental Accounting Standards and related procedures to prepare financial statements.

Recommendation

We recommend that the employees who participate in the accounting function obtain training in governmental accounting and the preparation of financial statements.

Response

The Village will continue to rely on the auditor to prepare the financial statements.

09-2 Judge's Overdrawn Bank Account, Violation of the 24 Hour Deposit Rule and Late Monthly Reporting

Condition

The Judge's bank account overdrew three times during the fiscal year. The bank account had not been reconciled monthly and there was only one deposit made each month. The monthly reports to management were not timely filed.

Criteria

"All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by management." N.M. Admin. Code tit. 6, § 20.2.14(K). All money is required to be deposited within 24 hours unless there is not a banking institution is located in the Village. If there is not a banking institution located in the Village, the 24 hour rule extends to 1 week. The Judge's report is required to be approved monthly by the board members.

Effect

The Village's management may not be able to detect errors in reporting or cash management if they exist. Money may be misappropriated if not deposited in a timely manner.

Cause

The Judge has been ill and unable to perform her obligations.

Recommendation

We recommend that the Clerk be responsible for reconciling the bank statements and helping with the monthly reports assuring their accuracy and timeliness. The Judge should deposit funds weekly as required where there is not a financial institution on the Village.

Response

We agree with your finding.

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 September 17, 2009. Those present were Bob Stewart-Council Member, Lora Crumrine-Village Clerk and DeAun Willoughby, CPA.