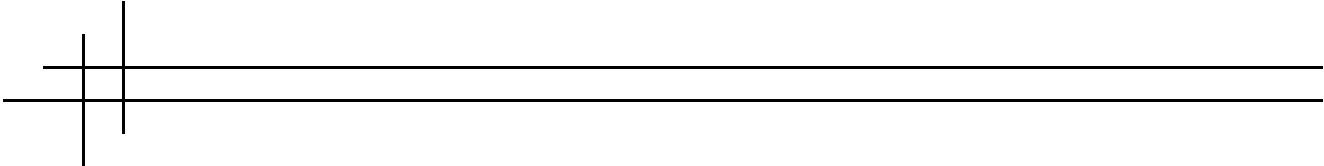




STATE OF NEW MEXICO  
**VILLAGE OF HOPE**

**ANNUAL FINANCIAL REPORT**  
June 30, 2011

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



STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
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 For the Year Ended June 30, 2011

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STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
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STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Official Roster  
June 30, 2011

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**BOARD OF TRUSTEES**

Alyson Young	Mayor
Bonnie Rogers	Mayor Pro Tem/Council Member
Marc Kincaid	Council Member
Ronald Guidry	Council Member
Bob Stewart	Council Member

**ADMINISTRATIVE OFFICIAL**

Lora Crumrine	Clerk/Treasurer
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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 and the budgetary comparisons for the general fund and major special revenue fund of the Village of Hope, (Village), as of and for the year ended June 30, 2011, 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 and the budgetary comparison for all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2011, and the respective changes in financial position, and cash flows where applicable, thereof and the respective budgetary comparison for the general fund and the major special revenue 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, 2011, and the respective changes in financial position thereof, and the respective budgetary comparisons of the nonmajor governmental 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 November 14, 2011, 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 Government 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 the purpose 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*

November 14, 2011

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 Government Wide-Statement of Net Assets  
 June 30, 2011

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 343,311	\$ 51,537	\$ 394,848
Investments	325,096	98,603	423,699
Receivables (net)	2,217	4,300	6,517
Total Current Assets	<u>670,624</u>	<u>154,440</u>	<u>825,064</u>
Noncurrent Assets			
Capital Assets	1,937,392	932,408	2,869,800
Less: Accumulated Depreciation	<u>(1,106,249)</u>	<u>(186,166)</u>	<u>(1,292,415)</u>
Total Noncurrent Assets	<u>831,143</u>	<u>746,242</u>	<u>1,577,385</u>
Total Assets	<u>1,501,767</u>	<u>900,682</u>	<u>2,402,449</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	1,809	1,140	2,949
Compensated Absences	311	0	311
Total Current Liabilities	<u>2,120</u>	<u>1,140</u>	<u>3,260</u>
Noncurrent Liabilities			
Customer Deposits	0	700	700
Total Noncurrent Liabilities	<u>0</u>	<u>700</u>	<u>700</u>
Total Liabilities	<u>2,120</u>	<u>1,840</u>	<u>3,960</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	831,143	746,242	1,577,385
Unrestricted	668,504	152,600	821,104
Total Net Assets	<u>\$ 1,499,647</u>	<u>\$ 898,842</u>	<u>\$ 2,398,489</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, 2011

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
<b>Governmental Activities</b>							
General	\$ 79,862	\$ 0	\$ 70,100	\$ 0	\$ (9,762)	\$ 0	\$ (9,762)
Public Safety	132,170	31,519	108,915	0	8,264	0	8,264
Public Works	27,740	0	0	53,646	25,906	0	25,906
Culture & Recreation	5,428	0	0	0	(5,428)	0	(5,428)
Total Governmental Activities	<u>245,200</u>	<u>31,519</u>	<u>179,015</u>	<u>53,646</u>	<u>18,980</u>	<u>0</u>	<u>18,980</u>
<b>Business-type Activities</b>							
Water	58,747	33,341	0	0	0	(25,406)	(25,406)
Waste Water	4,418	787	0	0	0	(3,631)	(3,631)
Total Business-type Activities	<u>\$ 63,165</u>	<u>\$ 34,128</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>(29,037)</u>	<u>(29,037)</u>
<b>General Revenues</b>							
Taxes							
Property					10,084	0	10,084
Gross Receipts					14,894	0	14,894
Gasoline					5,007	0	5,007
Other Taxes					530	0	530
Miscellaneous					17,198	0	17,198
Total General Revenues					<u>47,713</u>	<u>0</u>	<u>47,713</u>
Change in Net Assets					66,693	(29,037)	37,656
Net Assets - beginning					<u>1,432,954</u>	<u>927,879</u>	<u>2,360,833</u>
Net Assets - ending					<u>\$ 1,499,647</u>	<u>\$ 898,842</u>	<u>\$ 2,398,489</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, 2011

	Special Revenue		
	General	Fire	Law Enforcement
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 164,235	\$ 105,709	\$ 1,452
Investments	325,018	0	0
Receivables (Net of Allowance for Uncollectibles if Applicable):			
Taxes	1,800	0	0
Total Assets	<u>\$ 491,053</u>	<u>\$ 105,709</u>	<u>\$ 1,452</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 1,171	\$ 370	\$ 0
Total Liabilities	<u>1,171</u>	<u>370</u>	<u>0</u>
Fund Balances			
Restricted, reported in			
Special Revenue Fund	0	105,339	1,452
Capital Projects	0	0	0
Unassigned, reported in:			
General Fund	489,882	0	0
Total Fund Balances	<u>489,882</u>	<u>105,339</u>	<u>1,452</u>
Total Liabilities and Fund Balances	<u>\$ 491,053</u>	<u>\$ 105,709</u>	<u>\$ 1,452</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, 2011

	<u>Non-Major Governmental</u>	<u>Total Governmental</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 71,915	\$ 343,311
Investments	78	325,096
Receivables (Net of Allowance for Uncollectibles if Applicable):		
Taxes	417	2,217
Total Assets	<u>\$ 72,410</u>	<u>\$ 670,624</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 268	\$ 1,809
Total Liabilities	<u>268</u>	<u>1,809</u>
 Fund Balances		
Restricted, reported in		
Special Revenue Fund	72,142	178,933
Capital Projects	0	0
Unassigned, reported in:		
General Fund	0	489,882
Total Fund Balances	<u>72,142</u>	<u>668,815</u>
 Total Liabilities and Fund Balances	 <u>\$ 72,410</u>	 <u>\$ 670,624</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, 2011

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Total Fund Balance - Governmental Funds \$ 668,815

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

Capital assets used in governmental activities are not  
 financial resources and therefore are not reported as assets  
 in governmental funds.

The cost of capital assets	\$	1,937,392	
Accumulated depreciation		<u>(1,106,249)</u>	831,143

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>(311)</u>
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Total net assets - governmental activities	<u><u>\$ 1,499,647</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, 2011

	Special Revenue		
	General	Fire	Law Enforcement
Revenues			
Taxes			
Property	\$ 10,084	\$ 0	\$ 0
Gross Receipts	14,894	0	0
Gasoline	0	0	0
Other	521	0	0
Federal Grant	53,646	0	0
State Grant	35,000	75,495	20,000
County Subsidy	35,100	0	0
Fees & Fines	24,664	0	0
Miscellaneous	17,198	0	0
Total Revenues	<u>191,107</u>	<u>75,495</u>	<u>20,000</u>
Expenditures			
Current			
General Government	78,486	0	0
Public Safety	26,194	46,055	4,400
Public Works	1,700	0	0
Culture and Recreation	3,135	0	0
Capital Outlay	0	0	28,180
Total Expenditures	<u>109,515</u>	<u>46,055</u>	<u>32,580</u>
Excess (Deficiency) of Revenues Over Expenditures	81,592	29,440	(12,580)
Fund Balances at Beginning of Year	<u>408,290</u>	<u>75,899</u>	<u>14,032</u>
Fund Balance End of Year	<u>\$ 489,882</u>	<u>\$ 105,339</u>	<u>\$ 1,452</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, 2011

	<u>Non-Major Governmental</u>	<u>Total Governmental</u>
Revenues		
Taxes		
Property	\$ 0	\$ 10,084
Gross Receipts	0	14,894
Gasoline	5,007	5,007
Other	9	530
Federal Grant	0	53,646
State Grant	8,727	139,222
County Subsidy	4,693	39,793
Fees & Fines	6,855	31,519
Miscellaneous	0	17,198
Total Revenues	<u>25,291</u>	<u>311,893</u>
Expenditures		
Current		
General Government	0	78,486
Public Safety	10,709	87,358
Public Works	7,406	9,106
Culture and Recreation	0	3,135
Capital Outlay	0	28,180
Total Expenditures	<u>18,115</u>	<u>206,265</u>
Excess (Deficiency) of Revenues Over Expenditures	7,176	105,628
Fund Balances at Beginning of Year	<u>64,966</u>	<u>563,187</u>
Fund Balance End of Year	<u>\$ 72,142</u>	<u>\$ 668,815</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, 2011

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Excess (Deficiency) of Revenues Over Expenditures-Governmental Funds	\$	105,628
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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.

Depreciation expense	\$	(66,996)	
Capital Outlays		<u>28,180</u>	(38,816)

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.

Compensated Absences, June 30, 2010		192	
Compensated Absences, June 30, 2011		<u>(311)</u>	<u>(119)</u>

Changes in Net Assets of Governmental Activities	\$	<u><u>66,693</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**

## GENERAL FUND

## Statement of Revenues, Expenditures, and Changes in Cash Balance -

## Budget (Budgetary Basis) and Actual

## For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes				
Property	\$ 12,416	\$ 12,416	\$ 9,911	\$ (2,505)
Gross Receipts	17,000	17,000	14,088	(2,912)
Other	572	572	521	(51)
Federal Grant	0	0	53,646	53,646
State Grant	35,000	35,000	35,000	0
County Subsidy	35,100	35,100	35,100	0
Fees & Fines	19,000	19,000	24,664	5,664
Miscellaneous	2,300	2,300	18,280	15,980
Total Revenues	<u>121,388</u>	<u>121,388</u>	<u>191,210</u>	<u>69,822</u>
Expenditures				
Executive	29,000	29,000	21,196	7,804
Judicial	11,000	11,000	8,733	2,267
Elections	33,700	33,700	29,714	3,986
Financial Department	20,000	20,000	19,141	859
Public Safety	26,000	26,000	25,910	90
Highways & Streets	1,800	1,800	1,565	235
Culture & Recreation	4,200	4,200	3,175	1,025
Total Expenditures	<u>125,700</u>	<u>125,700</u>	<u>109,434</u>	<u>16,266</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,312)	(4,312)	81,776	86,088
Cash Balance Beginning of Year	<u>407,477</u>	<u>407,477</u>	<u>407,477</u>	<u>0</u>
Cash Balance End of Year	\$ <u>403,165</u>	\$ <u>403,165</u>	\$ <u>489,253</u>	\$ <u>86,088</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 81,776	
Net Change in Taxes Receivable			932	
Net Change in Other Receivable			(1,035)	
Net Change in Accounts Payable			(81)	
Net Change in Fund Balance			<u>\$ 81,592</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 58,584	\$ 58,584	\$ 75,495	\$ 16,911
Total Revenues	<u>58,584</u>	<u>58,584</u>	<u>75,495</u>	<u>16,911</u>
Expenditures				
Public Safety	107,257	107,257	45,878	61,379
Total Expenditures	<u>107,257</u>	<u>107,257</u>	<u>45,878</u>	<u>61,379</u>
Excess (Deficiency) of Revenues Over Expenditures	(48,673)	(48,673)	29,617	78,290
Cash Balance Beginning of Year	<u>76,092</u>	<u>76,092</u>	<u>76,092</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 27,419</u>	<u>\$ 27,419</u>	<u>\$ 105,709</u>	<u>\$ 78,290</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 29,617	
Net Change in Accounts Payable			<u>(177)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 29,440</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, 2011

	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	34,000	34,000	4,443	29,557
Capital Outlay	<u>0</u>	<u>0</u>	<u>28,180</u>	<u>(28,180)</u>
Total Expenditures	<u>34,000</u>	<u>34,000</u>	<u>32,623</u>	<u>1,377</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,000)	(14,000)	(12,623)	1,377
Cash Balance Beginning of Year	<u>14,075</u>	<u>14,075</u>	<u>14,075</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>75</u></u>	\$ <u><u>75</u></u>	\$ <u><u>1,452</u></u>	\$ <u><u>1,377</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (12,623)	
Net Change in Accounts Payable			<u>43</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>(12,580)</u></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, 2011

ASSETS	Water	Waste Water	Total
Current Assets			
Cash and Cash Equivalents	\$ 50,702	\$ 835	\$ 51,537
Investments	98,603	0	98,603
Receivables (net of allowance for uncollectible accounts)			
Accounts	4,300	0	4,300
Total Current Assets	<u>153,605</u>	<u>835</u>	<u>154,440</u>
Noncurrent Assets			
Capital Assets	857,674	74,734	932,408
Less: Accumulated Depreciation	<u>(118,905)</u>	<u>(67,261)</u>	<u>(186,166)</u>
Total Noncurrent Assets	<u>738,769</u>	<u>7,473</u>	<u>746,242</u>
 Total Assets	 <u>892,374</u>	 <u>8,308</u>	 <u>900,682</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	1,111	29	1,140
Total Current Liabilities	<u>1,111</u>	<u>29</u>	<u>1,140</u>
Noncurrent Liabilities			
Customer Deposits	700	0	700
Total Noncurrent Liabilities	<u>700</u>	<u>0</u>	<u>700</u>
 Total Liabilities	 <u>1,811</u>	 <u>29</u>	 <u>1,840</u>
NET ASSETS			
Invested in Capital Assets	738,769	7,473	746,242
Unrestricted	151,794	806	152,600
Total Net Assets	<u>\$ 890,563</u>	<u>\$ 8,279</u>	<u>\$ 898,842</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, 2011

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	Water	Waste Water	Total
Operating Revenues			
Sales & Service	\$ 33,163	\$ 787	\$ 33,950
Other	178	0	178
Total Operating Revenues	<u>33,341</u>	<u>787</u>	<u>34,128</u>
Operating Expenses			
Operating Expenses	32,060	681	32,741
Depreciation	26,687	3,737	30,424
Total Operating Expenses	<u>58,747</u>	<u>4,418</u>	<u>63,165</u>
Operating Income (Loss)	<u>(25,406)</u>	<u>(3,631)</u>	<u>(29,037)</u>
Nonoperating Revenue (Expenses)			
Interest Income	<u>0</u>	<u>0</u>	<u>0</u>
Total Nonoperating Revenue (Expense)	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Assets	(25,406)	(3,631)	(29,037)
Net Assets-Beginning	<u>915,969</u>	<u>11,910</u>	<u>927,879</u>
Total Net Assets-Ending	<u>\$ 890,563</u>	<u>\$ 8,279</u>	<u>\$ 898,842</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, 2011

	Water	Waste Water	Total
Cash Flows from Operating Activities			
Cash Received From Customers	\$ 29,880	\$ 787	\$ 30,667
Cash Paid to Suppliers and Employees	(31,847)	(681)	(32,528)
Net Cash Provided by Operating Activities	<u>(1,967)</u>	<u>106</u>	<u>(1,861)</u>
Net Increase (Decrease) in Cash	(1,967)	106	(1,861)
Cash-Beginning of the Year	<u>151,272</u>	<u>729</u>	<u>152,001</u>
Cash-End of Year	<u>\$ 149,305</u>	<u>\$ 835</u>	<u>\$ 150,140</u>
Reconciliation of Cash Balance			
Cash and Cash Equivalents	\$ 50,702	\$ 835	\$ 51,537
Investments	98,603	0	98,603
Cash-End of Year	<u>\$ 149,305</u>	<u>\$ 835</u>	<u>\$ 150,140</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ (25,406)	\$ (3,631)	\$ (29,037)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	26,687	3,737	30,424
Change in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(1,511)	0	(1,511)
Increase (Decrease) in Accounts Payable	213		213
Increase (Decrease) in Customer Deposits	(1,950)	0	(1,950)
Net Cash Provided by Operating Activities	<u>\$ (1,967)</u>	<u>\$ 106</u>	<u>\$ (1,861)</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 Village'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 including Small Cities Assistance, Fire Protection, EMS and LEPF 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: DEPOSITS 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.

**First American Bank**

<u>Name of Account</u>	Balance Per Bank 6/30/11	Reconciled Balance	<u>Type</u>
Village of Hope	\$ 178,505	\$ 169,549	Checking
TOTAL Deposited	<u>178,505</u>	<u>169,549</u>	
Less: FDIC Coverage	<u>(178,505)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>0</u>		
Over (Under) requirement	<u>\$ 0</u>		

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Notes to the Financial Statements  
June 30, 2011

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

<b>Western Bank</b>	Balance Per Bank 6/30/11	Reconciled Balance	Type
<u>Name of Account</u>			
Special Account	\$ 2,541	\$ 2,541	Checking
Infrastructure	55,517	55,517	Savings
Infrastructure-Two	7,656	7,656	Savings
Fire Dept	2,984	2,984	Savings
Fire Dept	31,375	31,375	Savings
Fire Dept	6,372	6,372	Savings
Water Dept	25,518	25,518	Savings
Water Dept	26,140	26,140	Savings
Correction	31,651	31,651	Savings
TOTAL Deposited	<u>189,754</u>	<u>\$ 189,754</u>	
Less: FDIC Coverage	<u>(189,754)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

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

<b>Custodial Credit Risk-Deposits</b>	Bank Balance 6/30/11
<u>Depository Account</u>	
Insured	\$ 368,259
Collateralized:	
Collateral held by the pledging bank in Village's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 368,259</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, 2011 none of the Village's bank balance of \$368,259 was exposed to custodial credit risk.

**New Mexico State Treasurer**

<u>Name of Account</u>	<u>Balance Per Bank 6/30/11</u>	<u>Reconciled Balance</u>	<u>Type</u>
LGIP Fund-Water Department	\$ 318,838	\$ 318,838	Investment
LGIP Fund-Water Department-Reserve	923	923	Investment
LGIP Fund EA Park	5,242	5,242	Investment
LGIP Fund EA Park-Reserve	15	15	Investment
LGIP Fund-Gas Tax	78	78	Investment
LGIP Fund-Gas Tax-Reserve	0	0	Investment
LGIP Fund General	98,319	98,319	Investment
LGIP Fund General-Reserve	284	284	Investment
TOTAL Deposited	<u>\$ 423,699</u>	<u>\$ 423,699</u>	

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website [www.stonm.org](http://www.stonm.org) and available for review by participants at any time.
3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at [www.stonm.org](http://www.stonm.org). As of June 30, 2011, the LGIP WAM is 50 days.
4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Notes to the Financial Statements  
June 30, 2011

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**NOTE D: DEFERRED REVENUES**

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

**NOTE E: CAPITAL ASSETS**

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

	Beginning Balance 6/30/10	Increases	Decreases	Ending Balance 6/30/11
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 7,275	\$ 0	\$ 0	\$ 7,275
Construction in Progress	131,825	0	0	131,825
Total Capital Assets, not being Depreciated	<u>139,100</u>	<u>0</u>	<u>0</u>	<u>139,100</u>
Capital Assets, being Depreciated				
Infrastructure	541,617	0	0	541,617
Buildings & Improvements	570,717	0	0	570,717
Equipment	657,778	28,180	0	685,958
Total Capital Assets, being Depreciated	<u>1,770,112</u>	<u>28,180</u>	<u>0</u>	<u>1,798,292</u>
Total Capital Assets	<u>1,909,212</u>	<u>28,180</u>	<u>0</u>	<u>1,937,392</u>
<b>Less Accumulated Depreciation</b>				
Infrastructure	346,628	10,832	0	357,460
Building & Improvements	312,340	6,698	0	319,038
Equipment	380,285	49,466	0	429,751
Total Accumulated Depreciation	<u>1,039,253</u>	<u>66,996</u>	<u>0</u>	<u>1,106,249</u>
Capital Assets, net	<u>\$ 869,959</u>	<u>\$ (38,816)</u>	<u>\$ 0</u>	<u>\$ 831,143</u>
<b>Business-Type Activities</b>				
<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	837,674	0	0	837,674
Total Capital Assets at Historical Cost	<u>\$ 857,674</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 857,674</u>

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Notes to the Financial Statements  
June 30, 2011

**Less Accumulated Depreciation**

Building & Improvements	\$	800	\$	200	\$	0	\$	1,000
Water System		91,418		26,487		0		117,905
Total Accumulated Depreciation		<u>92,218</u>		<u>26,687</u>		<u>0</u>		<u>118,905</u>
Capital Assets, net	\$	<u>765,456</u>	\$	<u>(26,687)</u>	\$	<u>0</u>	\$	<u>738,769</u>

	Beginning Balance 6/30/10	Increases	Adjustments	Ending Balance 6/30/11				
<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>

**Less Accumulated Depreciation**

Sewer System		63,524		3,737		0		67,261
Total Accumulated Depreciation		<u>63,524</u>		<u>3,737</u>		<u>0</u>		<u>67,261</u>
Capital Assets, net	\$	<u>11,210</u>	\$	<u>(3,737)</u>	\$	<u>0</u>	\$	<u>7,473</u>

**NOTE F: COMPENSATED ABSENCES**

The following is a summary of compensated absences transactions:

Accrued compensated absences, Beginning of the year	\$	192
Current year additions		736
Current year retirements		617
Accrued compensated absences, End of the year	\$	<u>311</u>

The compensated absences are 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 Fund. 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 Village does not participate in the State of New Mexico Retiree Health Care plan.

**NOTE J: RECEIVABLES**

Receivables as of the end of the year, were as follows:

<u>Receivables</u>	<u>General</u>	<u>Non-Major</u>	<u>Water</u>	<u>Total</u>
Accounts Receivable	\$ 0	\$ 0	\$ 4,300	\$ 4,300
Property Tax	1,800	417		2,217
	<u>\$ 1,800</u>	<u>\$ 417</u>	<u>\$ 4,300</u>	<u>\$ 6,517</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**

Wildland 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 Wildland 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, 2011 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.

**NOTE O. BUDGET**

Generally accepted accounting principles require disclosures of certain information concerning individual

Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2011:

<u>Major Funds</u>	<u>Amount</u>
DWI Program	\$ <u>(693)</u>

**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.

**Corrections**

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)

**Municipal Streets**

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)

**Capital Projects Fund**

To account for the state grants restricted to the construction and improvement of the community building.

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2011

	Special Revenue		
	EMS	DWI Program	Corrections
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 162	\$ 0	\$ 66,232
Investments	0	0	0
Taxes Receivable	0	0	0
Total Assets	<u>\$ 162</u>	<u>\$ 0</u>	<u>\$ 66,232</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 205	\$ 0	\$ 0
Total Liabilities	<u>205</u>	<u>0</u>	<u>0</u>
Fund Balance			
Restricted, reported in			
Special Revenue Fund	(43)	0	66,232
Total Fund Balance	<u>(43)</u>	<u>0</u>	<u>66,232</u>
Total Liabilities and Fund Balance	<u>\$ 162</u>	<u>\$ 0</u>	<u>\$ 66,232</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, 2011

	<u>Special Revenue</u>		<u>Capital Projects</u>
	<u>Streets</u>	<u>Recreation</u>	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,567	\$ 227	\$ 3,727
Investments	78	0	0
Taxes Receivable	417	0	0
Total Assets	<u>\$ 2,062</u>	<u>\$ 227</u>	<u>\$ 3,727</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 63	\$ 0	\$ 0
Total Liabilities	<u>63</u>	<u>0</u>	<u>0</u>
Fund Balance			
Restricted, reported in			
Special Revenue Fund	<u>1,999</u>	<u>227</u>	<u>3,727</u>
Total Fund Balance	<u>1,999</u>	<u>227</u>	<u>3,727</u>
Total Liabilities and Fund Balance	<u>\$ 2,062</u>	<u>\$ 227</u>	<u>\$ 3,727</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, 2011

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	<u>Total</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 71,915
Investments	78
Taxes Receivable	417
Total Assets	<u>\$ 72,410</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts Payable	\$ 268
Total Liabilities	<u>268</u>
Fund Balance	
Restricted, reported in	
Special Revenue Fund	<u>72,142</u>
Total Fund Balance	<u>72,142</u>
Total Liabilities and Fund Balance	<u>\$ 72,410</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, 2011

	Special Revenue		
	EMS	DWI Program	Corrections
Revenues			
Taxes			
Gasoline	\$ 0	\$ 0	\$ 0
Other	0	0	0
State Grants	5,000	0	0
County Subsidy	0	4,693	0
Fees & Fines	0	0	6,855
Interest	0	0	0
Total Revenues	<u>5,000</u>	<u>4,693</u>	<u>6,855</u>
Expenditures			
Current			
Public Safety	5,161	4,693	855
Public Works	0	0	0
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>5,161</u>	<u>4,693</u>	<u>855</u>
Excess (Deficiency) of Revenues Over Expenditures	(161)	0	6,000
Fund Balances at Beginning of Year	<u>118</u>	<u>0</u>	<u>60,232</u>
Fund Balance End of Year	<u>\$ (43)</u>	<u>\$ 0</u>	<u>\$ 66,232</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, 2011

	Special Revenue		Capital Projects
	Streets	Recreation	
Revenues			
Taxes			
Gasoline	\$ 5,007	\$ 0	\$ 0
Other	0	9	0
State Grants	0	0	3,727
County Subsidy	0	0	0
Fees & Fines	0	0	0
Interest	0	0	0
Total Revenues	<u>5,007</u>	<u>9</u>	<u>3,727</u>
Expenditures			
Current			
Public Safety	0	0	0
Public Works	7,406	0	0
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>7,406</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,399)	9	3,727
Fund Balances at Beginning of Year	<u>4,398</u>	<u>218</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 1,999</u>	<u>\$ 227</u>	<u>\$ 3,727</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, 2011

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	<u>Total</u>
Revenues	
Taxes	
Gasoline	\$ 5,007
Other	9
State Grants	8,727
County Subsidy	4,693
Fees & Fines	6,855
Interest	0
Total Revenues	<u>25,291</u>
Expenditures	
Current	
Public Safety	10,709
Public Works	7,406
Culture & Recreation	0
Capital Outlay	0
Total Expenditures	<u>18,115</u>
Excess (Deficiency) of Revenues Over Expenditures	7,176
Fund Balances at Beginning of Year	<u>64,966</u>
Fund Balance End of Year	<u>\$ 72,142</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 5,100	\$ 5,100	\$ 5,000	(100)
Total Revenues	<u>5,100</u>	<u>5,100</u>	<u>5,000</u>	<u>(100)</u>
Expenditures				
Public Safety	5,200	5,200	5,014	186
Total Expenditures	<u>5,200</u>	<u>5,200</u>	<u>5,014</u>	<u>186</u>
Excess (Deficiency) of Revenues Over Expenditures	(100)	(100)	(14)	86
Cash Balance Beginning of Year	<u>176</u>	<u>176</u>	<u>176</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 76</u>	<u>\$ 76</u>	<u>\$ 162</u>	<u>\$ 86</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (14)	
Net Change in Accounts Payable			<u>(147)</u>	
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-DWI PROGRAM  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
County Subsidy	\$ 4,000	\$ 4,000	\$ 4,693	693
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>4,693</u>	<u>693</u>
<b>Expenditures</b>				
Public Safety	4,000	4,000	4,693	(693)
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>4,693</u>	<u>(693)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Net Change in Cash Balance			\$ <u>0</u>	
Net Change in Fund Balance			\$ <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-CORRECTIONS FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Correction Fees	\$ 6,000	\$ 6,000	\$ 6,855	855
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>6,855</u>	<u>855</u>
<b>Expenditures</b>				
Public Safety	6,000	6,000	855	5,145
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>855</u>	<u>5,145</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	6,000	6,000
Cash Balance Beginning of Year	<u>60,232</u>	<u>60,232</u>	<u>60,232</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 60,232</u>	<u>\$ 60,232</u>	<u>\$ 66,232</u>	<u>\$ 6,000</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>6,000</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>6,000</u>	

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
SPECIAL REVENUE FUND-MUNICIPAL STREETS  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Correction Fees	\$ 5,039	\$ 5,039	\$ 5,014	(25)
Total Revenues	<u>5,039</u>	<u>5,039</u>	<u>5,014</u>	<u>(25)</u>
Expenditures				
Public Works	9,000	9,000	7,344	1,656
Total Expenditures	<u>9,000</u>	<u>9,000</u>	<u>7,344</u>	<u>1,656</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,961)	(3,961)	(2,330)	1,631
Cash Balance Beginning of Year	<u>3,975</u>	<u>3,975</u>	<u>3,975</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>14</u></u>	\$ <u><u>14</u></u>	\$ <u><u>1,645</u></u>	\$ <u><u>1,631</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,330)	
Net Change in Receivables			(6)	
Net Change in Accounts Payable			<u>(63)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>(2,399)</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-RECREATION  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Cigarette Taxes	\$ 3	\$ 3	\$ 9	6
Total Revenues	<u>3</u>	<u>3</u>	<u>9</u>	<u>6</u>
<b>Expenditures</b>				
Culture & Recreation				
Other	220	220	0	220
Total Expenditures	<u>220</u>	<u>220</u>	<u>0</u>	<u>220</u>
Excess (Deficiency) of Revenues Over Expenditures	(217)	(217)	9	226
Cash Balance Beginning of Year	<u>218</u>	<u>218</u>	<u>218</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 227</u>	<u>\$ 226</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 9</u>	

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

## STATE OF NEW MEXICO

**VILLAGE OF HOPE**

## CAPITAL PROJECTS

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 209,750	\$ 209,750	\$ 0	\$ (209,750)
State Grant	3,727	3,727	3,727	0
Total Revenues	<u>213,477</u>	<u>213,477</u>	<u>3,727</u>	<u>(209,750)</u>
Expenditures				
Culture & Recreation	261,956	261,956	0	261,956
Total Expenditures	<u>261,956</u>	<u>261,956</u>	<u>0</u>	<u>261,956</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(48,479)</u>	<u>(48,479)</u>	<u>3,727</u>	<u>52,206</u>
Other Financing Sources (Uses)				
Transfers	48,479	48,479	0	(48,479)
Total Other Financing Sources (Uses)	<u>48,479</u>	<u>48,479</u>	<u>0</u>	<u>(48,479)</u>
Net Change in Cash Balance	0	0	3,727	3,727
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,727</u>	<u>\$ 3,727</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ 3,727	
Net Change in Fund Balance			<u>\$ 3,727</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Sales & Service	\$ 28,000	\$ 28,000	\$ 29,702	1,702
Other	0	0	178	178
Total Revenues	<u>28,000</u>	<u>28,000</u>	<u>29,880</u>	<u>1,880</u>
<b>Expenditures</b>				
Public Works	<u>32,000</u>	<u>32,000</u>	<u>31,847</u>	<u>153</u>
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>31,847</u>	<u>153</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,000)	(4,000)	(1,967)	2,033
Cash Balance Beginning of Year	<u>151,272</u>	<u>151,272</u>	<u>151,272</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 147,272</u>	<u>\$ 147,272</u>	<u>\$ 149,305</u>	<u>\$ 2,033</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,967)	
Depreciation			(26,687)	
Net Change in Accounts Receivable			1,511	
Net Change in Accounts Payable			(213)	
Net Change in Meter Deposits			<u>1,950</u>	
Change in Net Assets			<u>\$ (25,406)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 697	\$ 697	\$ 787	90
Total Revenues	<u>697</u>	<u>697</u>	<u>787</u>	<u>90</u>
Expenditures				
Public Works	1,000	1,000	680	320
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>680</u>	<u>320</u>
Excess (Deficiency) of Revenues Over Expenditures	(303)	(303)	107	410
Cash Balance Beginning of Year	<u>728</u>	<u>728</u>	<u>728</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 425</u>	<u>\$ 425</u>	<u>\$ 835</u>	<u>\$ 410</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 107	
Depreciation			(3,737)	
Net Change in Accounts Payable			(1)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (3,631)</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 and related budgetary comparisons presented as supplemental information of the Village of Hope (Village), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 14, 2011. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting; 09-1 and 11-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is describe in the accompanying schedule of findings and responses as item 09-1 and 11-1.

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

This report is intended solely for the information and use of management, 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'Ann Willoughby CPA PC*

November 14, 2011

**Prior Year Audit Findings**

		<u>Status</u>
09-1	SAS 112 Compliance superseded by SAS 115	Repeated

**Current Year Audit Findings**

**09-1 SAS 115 Compliance-Compliance and Internal Control-Significant Deficiency**

**Condition**

The individuals responsible for the accounting functions for the Village lacks the skills and knowledge to apply generally accepted accounting principals in preparing the entity's financial statements. The accounting management has not obtained training to adequately apply the generally accepted accounting principals, which includes GASB 34 and subsequent pronouncements. The Financial statements were prepared by the auditor.

**Criteria**

Statement on Auditing Standards (SAS) 115, 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.

**Cause**

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

**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.

**11-1 Expenditures Over Budget-Compliance and Internal Control-Significant Deficiency**

**Condition**

The Village incurred expenditures in excess of the approved budget in the following fund.

<u>Fund</u>	<u>Approved Budget</u>	<u>Actual Expenditure</u>	<u>Amount over Expended</u>
<b><u>Non-Major Fund</u></b>			
DWI Program	\$ 4,000	\$ 4,693	\$ (693)

**Criteria**

Section 6-6-6, NMSA 1978, requires the Village to keep expenditures within budgeted amounts.

**Cause**

Purchases were approved in excess of available budget or budget adjustments were not approved to cover the expenditures approved.

**Effect**

State statute may have been violated subjecting those responsible to the penalty provisions of the statute.

**Recommendation**

The Village should consider preparing and reviewing budget to actual reports on a monthly basis.

**Response**

The Village will implement a system of controls to monitor budget to ensure budgets are not exceeded.

**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 November 14, 2011. Those present were Alyson Young-Mayor, Bonnie Rogers-Council Member, Lora Crumrine-Village Clerk and DeAun Willoughby, CPA.