



STATE OF NEW MEXICO
VILLAGE OF HOPE

**Report of Independent Accountant on the Application of Agreed-Upon Procedures
Compilation Report of Independent Accountant and Compiled Financial Statements**
June 30, 2012

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



STATE OF NEW MEXICO
VILLAGE OF HOPE
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For the Year Ended June 30, 2012

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STATE OF NEW MEXICO
VILLAGE OF HOPE
Official Roster
June 30, 2012

BOARD OF TRUSTEES

Alyson Young	Mayor
Bob Rogers	Mayor-Pro Tem
Marc Kincaid	Councilor
Ron Guidry	Councilor
Bob Stewart	Councilor

VILLAGE PERSONNEL

Lora Crumrine	Clerk
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De'Aun Willoughby CPA, PC

Certified Public Accountant

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Independent Auditor's Report on Applying Agreed Upon Procedures

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Village of Hope

We have performed the procedures enumerated below, which were agreed to by the Village of Hope (Village) and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the Village's financial reporting relating to its cash, capital assets, debt, revenues, expenditures, journal entries, and budget information and its compliance with Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended June 30, 2012. The Village's management is responsible for its accounting records, financial reporting, and compliance with the State Auditor rules as described above.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

In accordance with Tier 6 of the Audit Act-Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, the procedures and associated findings are as follows:

1. Cash

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.
- b) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division.
- c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results:

- a) We tested three of the twelve bank reconciliations and determined the bank reconciliations were performed timely.
- b) The three bank reconciliation were accurate and agreed with the general ledger. We could not verify the balances with DFA reports. The DFA reports could not be located nor could the State Agency provide them. **See Finding 2012-001.**
- c) There are two bank accounts, nine certificates of deposit and eight investments with the NM State Treasurer. None of the banking institutions had balances greater than FDIC coverage.

2. Capital Assets

Verify that the local public body is performing yearly inventory as required by Section 12-6-10 NMSA 1978.

Results:

We could not verify that the Village performed a yearly inventory. **See Finding 2012-002.**

3. Debt

If the local public body has any debt, verify that the required payments were made during the year. If the debt agreements require reserves, verify that the local public body is in compliance with those requirements.

Results:

The Village does not have any debt.

4. Revenue

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenues based on auditor judgment and test using the following attributes:

b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

Results:

Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no unexpected variances.

The accounting basis is the cash basis as required. The revenue deposited was classified correctly and recorded in the correct period and the amount recorded in the general ledger agreed with the amount deposited.

5. Expenditures

Select a sample of cash disbursements based on auditor judgment and test using the following attributes:

a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate.

b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results:

Sixty four expenditures were tested. Sixteen of the sixty four could not be located for a total of \$50,330.03. One invoice dated 3/31/11 for \$1,923.75 was not paid until 11/02/11 with no explanation. One voucher was dated 12/16/11 for \$1,000 "for the Christmas Party" was paid 03/08/12, hand written instead of printed as all other checks. See Finding **2012-003**.

6. Journal Entries

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results:

There were no journal entries made in the general ledger.

7. Budget

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

Results:

A review of the minutes indicated that the original budget was approved by the Board and that the original budget had not been adjusted, however the approved budget was not attached to the minutes and could not be located.

The total of actual expenditures exceeded the final budget at the fund level, the legal level of budgetary control in some of the funds. See Finding **2011-001**.

We prepared a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body. These schedules were prepared from the original and final approved budgets and general ledger.

8. Other

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(l)(3)(C) NMAC.

Results:

There was no other information that came to our attention.

We were not engaged to and did not conduct an audit or examination of the subject matter, the objective of which would be the expression of an opinion on the District's compliance with results of procedures required of a Tier 6 examination. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management, the board members, the Office of the State Auditor, the Department of Finance and Administration, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

De'Ann Willoughby CPA PC

Clovis, New Mexico
December 4, 2015

STATE OF NEW MEXICO

VILLAGE OF HOPE

GENERAL FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
Taxes				
Property	\$ 9,681	\$ 9,681	\$ 14,729	\$ 5,048
Gross Receipts	14,000	14,000	15,688	1,688
State Grant	35,000	35,000	35,000	0
Charges for Services	3,000	3,000	132	(2,868)
Fines and Fees	24,000	24,000	21,495	(2,505)
Miscellaneous	46,530	46,530	14,607	(31,923)
Transfer in from Capital Projects	0	0	3,727	3,727
Total Revenues	<u>132,211</u>	<u>132,211</u>	<u>105,378</u>	<u>(26,833)</u>
Expenditures and Other Uses				
Executive	25,000	25,000	26,459	(1,459)
Judicial	9,500	9,500	8,478	1,022
Elections	734	734	642	92
Financial Department	33,000	33,000	33,228	(228)
Public Safety	29,358	29,358	27,374	1,984
Public Works	2,000	2,000	1,610	390
Culture and Recreation	5,242	5,242	31,899	(26,657)
Other	53,000	53,000	0	53,000
Total Expenditures	<u>157,834</u>	<u>157,834</u>	<u>129,690</u>	<u>28,144</u>
Net Change in Cash Balance	(25,623)	(25,623)	(24,312)	1,311
Cash Balance Beginning of Year	<u>489,253</u>	<u>489,253</u>	<u>489,253</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 463,630</u>	<u>\$ 463,630</u>	<u>\$ 464,941</u>	<u>\$ 1,311</u>

STATE OF NEW MEXICO

VILLAGE OF HOPE

FIRE PROTECTION FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
State Grant	\$ 73,985	\$ 73,985	\$ 73,985	\$ 0
Other	0	0	599	599
Total Revenues	<u>73,985</u>	<u>73,985</u>	<u>74,584</u>	<u>599</u>
Expenditures and Other Uses				
Public Safety	<u>135,000</u>	<u>135,000</u>	<u>48,023</u>	<u>86,977</u>
Total Expenditures	<u>135,000</u>	<u>135,000</u>	<u>48,023</u>	<u>86,977</u>
Net Change in Cash Balance	(61,015)	(61,015)	26,561	87,576
Cash Balance Beginning of Year	<u>105,709</u>	<u>105,709</u>	<u>105,709</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 44,694</u>	<u>\$ 44,694</u>	<u>\$ 132,270</u>	<u>\$ 87,576</u>

STATE OF NEW MEXICO

VILLAGE OF HOPE

FIRE EXCISE TAX FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
Gross Receipts Tax	\$ 0	\$ 0	\$ 0	\$ 0
Reimbursement for Wildfires	0	0	26,728	26,728
Total Revenues	<u>0</u>	<u>0</u>	<u>26,728</u>	<u>26,728</u>
Expenditures and Other Uses				
Public Safety	0	0	795	(795)
Capital Purchases	0	0	31,464	(31,464)
Total Expenditures	<u>0</u>	<u>0</u>	<u>32,259</u>	<u>(32,259)</u>
Net Change in Cash Balance	0	0	(5,531)	(5,531)
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>\$ (5,531)</u>	<u>\$ (5,531)</u>

STATE OF NEW MEXICO

VILLAGE OF HOPE

EMERGENCY MEDICAL SERVICES FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
State Grant	\$ 5,043	\$ 5,043	\$ 5,044	\$ 1
Other	2,055	2,055	0	(2,055)
Total Revenues	<u>7,098</u>	<u>7,098</u>	<u>5,044</u>	<u>(2,054)</u>
Expenditures and Other Uses				
Public Safety	0	0	3,989	(3,989)
Total Expenditures	<u>0</u>	<u>0</u>	<u>3,989</u>	<u>(3,989)</u>
Net Change in Cash Balance	7,098	7,098	1,055	(6,043)
Cash Balance Beginning of Year	<u>162</u>	<u>162</u>	<u>162</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 7,260</u>	<u>\$ 7,260</u>	<u>\$ 1,217</u>	<u>\$ (6,043)</u>

STATE OF NEW MEXICO

VILLAGE OF HOPE

LAW ENFORCEMENT PROTECTION FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
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 and Other Uses				
Public Safety	<u>21,452</u>	<u>21,452</u>	<u>12,122</u>	<u>9,330</u>
Total Expenditures	<u>21,452</u>	<u>21,452</u>	<u>12,122</u>	<u>9,330</u>
Net Change in Cash Balance	(1,452)	(1,452)	7,878	9,330
Cash Balance Beginning of Year	<u>1,452</u>	<u>1,452</u>	<u>1,452</u>	<u>0</u>
Cash Balance End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 9,330</u></u>	<u><u>\$ 9,330</u></u>

STATE OF NEW MEXICO

VILLAGE OF HOPE

DWI PROGRAM FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
Reimbursements	\$ 6,000	\$ 6,000	\$ 3,505	\$ (2,495)
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>3,505</u>	<u>(2,495)</u>
Expenditures and Other Uses				
Public Safety	6,000	6,000	4,525	1,475
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>4,525</u>	<u>1,475</u>
Net Change in Cash Balance	0	0	(1,020)	(1,020)
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>\$ (1,020)</u>	<u>\$ (1,020)</u>

STATE OF NEW MEXICO

VILLAGE OF HOPE

CORRECTIONS FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
Fees and Fines	\$ 6,000	\$ 6,000	\$ 6,570	\$ 570
Other	0	0	48	48
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>6,618</u>	<u>618</u>
Expenditures and Other Uses				
Public Safety	6,000	6,000	730	5,270
Total Expenditures	<u>6,000</u>	<u>6,000</u>	<u>730</u>	<u>5,270</u>
Net Change in Cash Balance	0	0	5,888	5,888
Cash Balance Beginning of Year	<u>66,232</u>	<u>66,232</u>	<u>66,232</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 66,232</u>	<u>\$ 66,232</u>	<u>\$ 72,120</u>	<u>\$ 5,888</u>

STATE OF NEW MEXICO

VILLAGE OF HOPE

STREETS FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
Gasoline Taxes	\$ 5,039	\$ 5,039	\$ 5,005	\$ (34)
Total Revenues	<u>5,039</u>	<u>5,039</u>	<u>5,005</u>	<u>(34)</u>
Expenditures and Other Uses				
Public Works	<u>6,581</u>	<u>6,581</u>	<u>4,584</u>	<u>1,997</u>
Total Expenditures	<u>6,581</u>	<u>6,581</u>	<u>4,584</u>	<u>1,997</u>
Net Change in Cash Balance	(1,542)	(1,542)	421	1,963
Cash Balance Beginning of Year	<u>1,645</u>	<u>1,645</u>	<u>1,645</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 103</u>	<u>\$ 103</u>	<u>\$ 2,066</u>	<u>\$ 1,963</u>

STATE OF NEW MEXICO

VILLAGE OF HOPE

RECREATION FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
Other Taxes	\$ 2	\$ 2	\$ 0	\$ (2)
Total Revenues	<u>2</u>	<u>2</u>	<u>0</u>	<u>(2)</u>
Expenditures and Other Uses				
Culture and Recreation	<u>229</u>	<u>229</u>	<u>0</u>	<u>229</u>
Total Expenditures	<u>229</u>	<u>229</u>	<u>0</u>	<u>229</u>
Net Change in Cash Balance	(227)	(227)	0	227
Cash Balance Beginning of Year	<u>227</u>	<u>227</u>	<u>227</u>	<u>0</u>
Cash Balance End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 227</u></u>	<u><u>\$ 227</u></u>

STATE OF NEW MEXICO
VILLAGE OF HOPE
 CAPITAL PROJECTS FUND
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Non-GAAP-Budgetary Basis)
 For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
Federal Grant	\$ 400,000	\$ 400,000	\$ 0	\$ (400,000)
State Grant	100,000	100,000	0	(100,000)
Local Match	50,000	50,000	0	(50,000)
Total Revenues	<u>550,000</u>	<u>550,000</u>	<u>0</u>	<u>(550,000)</u>
Expenditures and Other Uses				
Capital Outlay	550,000	550,000	0	550,000
Transfer Out to General	0	0	3,727	(3,727)
Total Expenditures	<u>550,000</u>	<u>550,000</u>	<u>3,727</u>	<u>546,273</u>
Net Change in Cash Balance	0	0	(3,727)	(3,727)
Cash Balance Beginning of Year	<u>3,727</u>	<u>3,727</u>	<u>3,727</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,727</u>	<u>\$ 3,727</u>	<u>\$ 0</u>	<u>\$ (3,727)</u>

STATE OF NEW MEXICO

VILLAGE OF HOPE

WATER FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
Sales and Service	\$ 0	\$ 0	\$ 37,831	\$ 37,831
Other	0	0	486	486
Total Revenues	<u>0</u>	<u>0</u>	<u>38,317</u>	<u>38,317</u>
Expenditures and Other Uses				
Public Works	0	0	45,613	(45,613)
Total Expenditures	<u>0</u>	<u>0</u>	<u>45,613</u>	<u>(45,613)</u>
Net Change in Cash Balance	0	0	(7,296)	(7,296)
Cash Balance Beginning of Year	<u>148,974</u>	<u>148,974</u>	<u>148,974</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 148,974</u>	<u>\$ 148,974</u>	<u>\$ 141,678</u>	<u>\$ (7,296)</u>

STATE OF NEW MEXICO

VILLAGE OF HOPE

SEWER FUND

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

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
Sales and Service	\$ 0	\$ 0	\$ 809	\$ 809
Other	0	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>809</u>	<u>809</u>
Expenditures and Other Uses				
Public Works	0	0	578	(578)
Total Expenditures	<u>0</u>	<u>0</u>	<u>578</u>	<u>(578)</u>
Net Change in Cash Balance	0	0	231	231
Cash Balance Beginning of Year	<u>835</u>	<u>835</u>	<u>835</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 835</u>	<u>\$ 835</u>	<u>\$ 1,066</u>	<u>\$ 231</u>

STATE OF NEW MEXICO
VILLAGE OF HOPE
 Schedule of Findings and Responses
 June 30, 2012

Prior Year Audit Findings

2011-001 (11-1) Expenditures Over Budget

Status
Repeated

Current Year Findings

2011-001 Expenditures Over Budget-Compliance and Internal Control-Significant Deficiency

The Village incurred expenditures in excess of the approved budget in the following funds:

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Fire Excise Tax	0	0	32,259	(32,259)
EMS	0	0	3,989	(3,989)
Water	0	0	45,613	(45,613)
Sewer	0	0	578	(578)

Criteria

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

Cause

A complete original approved budget could not be located. The budgeted numbers presented were from the incomplete budget documents that were found.

Effect

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

Recommendation

The Village should prepare, review and compare the budget to actual expenditure reports on a monthly basis.

Response

We will compare the expenses to the budget on at least a quarterly basis in the future.

2012-001 Unable to Locate the DFA Reports-Compliance and Internal Control-Significant Deficiency Condition

The Clerk was unable to locate the DFA Reports nor the approved budget. DFA was contacted for copies of the reports but were unable to provide them.

Criteria

In accordance with Tier 6 of the Audit Act Section 12-6-3 B (6) NMSA 1978 Section 2.2.2.16 NMAC requires the bank reconciliation and general ledger reconciled balance agree to the DFA report.

Cause

The Clerk retired June 30, 2012. There have been three clerks appointed since that time and the records are in disarray. One of the Clerks removed and or destroyed records.

Effect

The AUP procedures could not be performed nor could the accuracy of the amounts reported to DFA be verified.

Recommendation

All public records should not be destroyed and kept in an orderly fashion so that they can be located.

Response

We are in the process of hiring an assistant clerk to clean, organize and archive all of our public records. Those that are missing will be logged.

2012-002 Unable to Determine if an Inventory was completed-Compliance and Internal Control-Significant Deficiency

Condition

We were unable to determine if an inventory was completed for the year ended June 30, 2012. There was no documentation of a physical inventory and the Clerk was unable to provide us with a list of capital assets.

Criteria

In accordance with Tier 6 of the Audit Act Section 12-6-3 B (6) NMSA 1978 Section 2.2.2.16 NMAC requires determining if an inventory was completed in accordance with Section 12-6-10 NMSA 1978.

Cause

The Clerk could not find an inventory list or the depreciation schedule. We were able to recover the depreciation schedule from the audit of the June 30, 2011 fiscal year.

Effect

Without a list and an annual inventory, assets could be misplaced or misappropriated and management would not know. An opportunity to recover the loss from insurance has expired.

Recommendation

A list should be created, maintained and an inventory conducted at least annually. Any items that become unusable or unnecessary should be removed from the list and disposed of correctly with board approval.

Response

We will get a list prepared and take an annual inventory as required.

2012-003 Expenditures-Compliance and Internal Control-Significant Deficiency

Condition

Sixty four expenditures were tested. Sixteen of the sixty four could not be located for a total of \$50,330.03. One invoice for \$1,923.75 dated 03/31/11 was not paid until 11/02/11 with no explanation. One voucher was dated 12/16/11 for \$1,000 memo "for the Christmas Party" and was not paid until 03/08/12. The check was hand written instead of printed like all other checks. There was no explanation for the late payment or the written check nor was there backup documentation for the check.

Criteria

In accordance with Tier 6 of the Audit Act Section 12-6-3 B (6) NMSA 1978 Section 2.2.2.16 NMAC requires expenditures have supporting documentation.

Cause

The Clerk could not find the missing sixteen bill packages. She could not explain the late paid invoice or the Christmas check.

Effect

Public money could be spent inappropriately without proper documentation.

Recommendation

All records should be maintained in a orderly fashion so that they can be located.

Response

We will reorganize our filing system and retain the bill packages with adequate documentation attached.

2012-4 Late Agreed-Upon Procedures Contract and Report-Compliance and Internal Control-Significant Deficiency

Condition

The contract and report were not submitted timely.

Criteria

In accordance with Section 2.2.2.16.H, NMAC the Agreed-Upon procedures reports should have been submitted to the State Auditor five months after fiscal year end.

Cause

Management did not submitted a contract to the State Auditor until October 19, 2015 and it was approved by the State Auditor on November 15, 2015.

Effect

The users of the report such as legislators, government agencies, management, etc., do not have timely reports for their review.

Recommendation

The contract should be sent to the State Auditor timely.

Response

We will submit the contract timely to assure the report is also timely submitted.

Exit Conference

An exit conference was held on December 4, 2015. Those present were Bob Rogers-Mayor, Sonia Carbajal-Clerk and De'Aun Willoughby, CPA.

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Compilation Report of the Independent Public Accountant

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Village of Hope

Mr. Keller and Members of the Board

We have compiled the accompanying combining balance sheet and the combining statement of revenues, expenditures, and changes in fund balance of the Village of Hope (Village) as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management of the Village is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management of the Village has elected to omit the statement of cash flows, government-wide financial statements, and notes related to the government-wide financial statements required by accounting principles generally accepted in the United States of America. If the omitted statements and note disclosures were included in the financial statements, they might influence the user's conclusions about the Village's financial position, respective changes in financial position, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management of the Village has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic

De'Aun Willoughby CPA PC

Clovis, New Mexico
December 4, 2015

STATE OF NEW MEXICO
VILLAGE OF HOPE
 Combining Balance Sheet
 June 30, 2012

	Governmental Funds		
	General	Fire	Fire Excise Tax
Assets			
Cash and Cash Equivalents	\$ 0	\$ 55,832	\$ 0
Investments	486,866	76,438	0
Receivables			
Interfund Balance	0	0	0
Total Assets	\$ 486,866	\$ 132,270	\$ 0
Liabilities			
Interfund Balance	\$ 21,925	\$ 0	\$ 5,531
Total Liabilities	21,925	0	5,531
Fund Balance			
Restricted for:			
Special Revenue	0	132,270	0
Unassigned	464,941	0	(5,531)
Total Fund Balance	464,941	132,270	(5,531)
Total Liabilities and Fund Balance	\$ 486,866	\$ 132,270	\$ 0

See compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF HOPE
 Combining Balance Sheet
 June 30, 2012

	Governmental Funds		
	Law		
	EMS	Enforcement	DWI
Assets			
Cash and Cash Equivalents	\$ 1,217	\$ 9,330	\$ 0
Investments	0	0	0
Receivables			
Interfund Balance	0	0	0
Total Assets	<u>\$ 1,217</u>	<u>\$ 9,330</u>	<u>\$ 0</u>
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 1,020
Total Liabilities	<u>0</u>	<u>0</u>	<u>1,020</u>
Fund Balance			
Restricted for:			
Special Revenue	1,217	9,330	0
Unassigned	0	0	(1,020)
Total Fund Balance	<u>1,217</u>	<u>9,330</u>	<u>(1,020)</u>
Total Liabilities and Fund Balance	<u>\$ 1,217</u>	<u>\$ 9,330</u>	<u>\$ 0</u>

See compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF HOPE
 Combining Balance Sheet
 June 30, 2012

	Governmental Funds		
	Corrections	Streets	Recreation
Assets			
Cash and Cash Equivalents	\$ 11,920	\$ 2,066	\$ 227
Investments	31,724	0	0
Receivables			
Interfund Balance	28,476	0	0
Total Assets	\$ 72,120	\$ 2,066	\$ 227
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Total Liabilities	0	0	0
Fund Balance			
Restricted for:			
Special Revenue	72,120	2,066	227
Unassigned	0	0	0
Total Fund Balance	72,120	2,066	227
Total Liabilities and Fund Balance	\$ 72,120	\$ 2,066	\$ 227

See compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF HOPE
 Combining Balance Sheet
 June 30, 2012

	Governmental	Proprietary Funds	
	Funds	Water	Sewer
	Capital		
	Outlay		
Assets			
Cash and Cash Equivalents	\$ 0	\$ 90,009	\$ 1,066
Investments	0	51,669	0
Receivables			
Interfund Balance	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 141,678</u>	<u>\$ 1,066</u>
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Restricted for:			
Special Revenue	0	0	0
Unassigned	0	141,678	1,066
Total Fund Balance	<u>0</u>	<u>141,678</u>	<u>1,066</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 141,678</u>	<u>\$ 1,066</u>

See compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF HOPE
 Combining Balance Sheet
 June 30, 2012

	<u>Total</u>
Assets	
Cash and Cash Equivalents	\$ 171,667
Investments	646,697
Receivables	
Interfund Balance	28,476
Total Assets	<u>\$ 846,840</u>
Liabilities	
Interfund Balance	\$ 28,476
Total Liabilities	<u>28,476</u>
Fund Balance	
Restricted for:	
Special Revenue	217,230
Unassigned	601,134
Total Fund Balance	<u>818,364</u>
Total Liabilities and Fund Balance	<u>\$ 846,840</u>

See compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF HOPE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2012

	Governmental Funds		
	General	Fire	Fire Excise Tax
Revenues			
Taxes			
Property	\$ 14,729	\$ 0	\$ 0
Gross Receipts	15,688	0	0
Gasoline	0	0	0
Other	455	0	0
State Grant	35,000	73,985	0
Charges for Services	0	0	0
Fines and Fees	21,495	0	0
Other	14,739	599	26,728
Total Revenues	<u>102,106</u>	<u>74,584</u>	<u>26,728</u>
Expenditures			
Current			
General	69,890	0	0
Public Safety	27,374	47,653	795
Public Works	1,611	0	0
Culture & Recreation	31,899	0	0
Capital Outlay	0	0	31,464
Total Expenditures	<u>130,774</u>	<u>47,653</u>	<u>32,259</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(28,668)</u>	<u>26,931</u>	<u>(5,531)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	3,727	0	0
Total Other Sources (Uses)	<u>3,727</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(24,941)	26,931	(5,531)
Fund Balances at Beginning of Year	<u>489,882</u>	<u>105,339</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 464,941</u>	<u>\$ 132,270</u>	<u>\$ (5,531)</u>

See compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF HOPE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2012

	Governmental Funds		
	EMS	Law Enforcement	DWI
Revenues			
Taxes			
Property	\$ 0	\$ 0	\$ 0
Gross Receipts	0	0	0
Gasoline	0	0	0
Other	0	0	3,505
State Grant	5,044	20,000	0
Charges for Services	0	0	0
Fines and Fees	0	0	0
Other	0	0	0
Total Revenues	<u>5,044</u>	<u>20,000</u>	<u>3,505</u>
Expenditures			
Current			
General	0	0	0
Public Safety	3,784	12,122	4,525
Public Works	0	0	0
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>3,784</u>	<u>12,122</u>	<u>4,525</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,260</u>	<u>7,878</u>	<u>(1,020)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	1,260	7,878	(1,020)
Fund Balances at Beginning of Year	<u>(43)</u>	<u>1,452</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 1,217</u>	<u>\$ 9,330</u>	<u>\$ (1,020)</u>

See compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF HOPE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2012

	Governmental Funds		
	Corrections	Streets	Recreation
Revenues			
Taxes			
Property	\$ 0	\$ 0	\$ 0
Gross Receipts	0	0	0
Gasoline	0	4,588	0
Other	6,570	0	0
State Grant	0	0	0
Charges for Services	0	0	0
Fines and Fees	0	0	0
Other	48	0	0
Total Revenues	<u>6,618</u>	<u>4,588</u>	<u>0</u>
Expenditures			
Current			
General	0	0	0
Public Safety	730	0	0
Public Works	0	4,521	0
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>730</u>	<u>4,521</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,888</u>	<u>67</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfers In (Out)	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	5,888	67	0
Fund Balances at Beginning of Year	<u>66,232</u>	<u>1,999</u>	<u>227</u>
Fund Balance End of Year	<u>\$ 72,120</u>	<u>\$ 2,066</u>	<u>\$ 227</u>

See compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF HOPE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2012

	Governmental	Proprietary Funds	
	Funds	Water	Sewer
	Capital		
	Outlay		
Revenues			
Taxes			
Property	\$ 0	\$ 0	\$ 0
Gross Receipts	0	0	0
Gasoline	0	0	0
Other	0	0	0
State Grant	0	0	0
Charges for Services	0	33,531	809
Fines and Fees	0	0	0
Other	0	486	0
Total Revenues	<u>0</u>	<u>34,017</u>	<u>809</u>
Expenditures			
Current			
General	0	0	0
Public Safety	0	0	0
Public Works	0	44,133	549
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>0</u>	<u>44,133</u>	<u>549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(10,116)</u>	<u>260</u>
Other Financing Sources (Uses)			
Transfers In (Out)	(3,727)	0	0
Total Other Sources (Uses)	<u>(3,727)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(3,727)	(10,116)	260
Fund Balances at Beginning of Year	<u>3,727</u>	<u>151,794</u>	<u>806</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 141,678</u>	<u>\$ 1,066</u>

See compilation report and accompanying notes.

STATE OF NEW MEXICO
VILLAGE OF HOPE
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 For the Year Ended June 30, 2012

	<u>Total</u>
Revenues	
Taxes	
Property	\$ 14,729
Gross Receipts	15,688
Gasoline	4,588
Other	10,530
State Grant	134,029
Charges for Services	34,340
Fines and Fees	21,495
Other	42,600
Total Revenues	<u>277,999</u>
Expenditures	
Current	
General	69,890
Public Safety	96,983
Public Works	50,814
Culture & Recreation	31,899
Capital Outlay	31,464
Total Expenditures	<u>281,050</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,051)</u>
Other Financing Sources (Uses)	
Transfers In (Out)	0
Total Other Sources (Uses)	<u>0</u>
Net Change in Fund Balance	(3,051)
Fund Balances at Beginning of Year	<u>821,415</u>
Fund Balance End of Year	<u>\$ 818,364</u>

See compilation report and accompanying notes.

I. Summary of Summary of Significant Accounting Policies- Selected Information-Substantially All Disclosures Required by Generally Accepted Accounting Principles Are Not Included

A. 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.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Village are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below.

Governmental Funds

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

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.

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

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

Proprietary Funds

The Proprietary Funds account for funds received in the course of the operation of self-supporting functions which receive their revenues from providing goods or services to internal or external customers.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period for this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are generally recorded when liability is incurred, as under accrual accounting. However, expenditures as well as expenditures related to claims and judgments, if any, are recorded only when payment is due.

The financial statements of the Village have 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.

D. Assets, Liabilities and Fund Balance

Cash and Investments

The Village's cash and cash equivalents consists of demands and short term investments (certificates of deposit) with original maturities of six months or less from the date of acquisition.

State statutes authorize the Village to invest in obligations of the U.S. Treasury, repurchase agreements, and certificates of deposit. Investments for the government, if applicable, are reported at fair value.

Property Taxes

Property taxes attached an enforceable lien as of January 1. Taxes are payable in equal semi-annual installments on November 10 and April 10 of the subsequent year. The taxes become delinquent thirty days after the due date. The taxes are collected by the Eddy County Treasurer and are remitted to the Village in the month following collection.

Capital Assets

Capital assets include property, buildings and improvements, infrastructure, equipment (including software), and furniture. Capital assets are defined by state law as assets with an initial cost of \$5,000 and an estimated useful life of more than one year. The total amounts spent for construction, if any, are capitalized. For donations, the government values these capital assets at the estimated fair value of the item at the date of acquisition. The cost of normal maintenance and repairs that do not add to the value or extend the life of the asset are not capitalized.

Property and equipment of the Village is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 years
Building Improvements	20 years
Vehicles	5 years
Office Equipment	5 years
Computer Equipment	5 years

Accounts payable

The account payable as of the balance sheet date includes routine monthly bills for services rendered and products purchased which are paid in the following month.

Fund Balance

The Village follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement defines fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classification describe the relative strength of the spending constraints:

- * Nonspendable fund balance-amount that are not in spendable form (such as inventory) or are required to be maintained intact.
- * Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- * Committed fund balance-amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority (i.e., Board Members). To be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level action to remove or change the constraint.
- * Assigned fund balance-amounts the Village intends to use for a specific purpose. Intent can be expressed by the Board Members or by a Village official or body to which the Board delegates the authority.
- * Unassigned fund balance-amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Village does not currently have a policy regarding whether committed, assigned, or unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those classifications could be used.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board Members have provided otherwise in its commitment or assignment actions.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

The budget is prepared on a basis that differs from accounting principles generally accepted in the United States of America (GAAP). GAAP basis revenues and expenditures include accrued amounts. The revenues and expenditures reported in the budgetary comparisons are generally recorded on the cash basis. The Village uses the following procedures to establish the budgeted amounts reflected in the budgetary comparisons:

1. Prior to April 1, the Clerk submits to the Village Board Members proposed revenue and expenditure budgets for the fiscal year beginning July 1.
2. The Board reviews the budget proposal and makes any necessary adjustments.
3. Prior to June 1, the Board approves the budget by passing a resolution.

STATE OF NEW MEXICO
VILLAGE OF HOPE
Notes to the Financial Statements
June 30, 2012

4. Prior to June 20, the approved budget is submitted to the State of New Mexico, Department of Finance and Administration, Local Government Division (DFA-LGD) for approval by the first Monday of September. The Board receives notice of the approved budget.

The legal level at which actual expenditures may not exceed budgeted expenditures is at the total fund level. The Board can revise its budget with the approval of DFA-LGD.

III. Detailed Notes on all Funds

A. Deposits and Investments

First American Bank

Account Name	Account Type	Bank Balance 06/30/2012	Reconciled Balance
Village of Hope	Interest-Checking	\$ 173,691	\$ 168,955
Fire Department	Savings	35,676	35,676
	Total	209,367	\$ 168,955
	Less: FDIC coverage	(209,367)	
	Uninsured Amount	0	

Western Bank

Account Name	Account Type	Bank Balance 06/30/2012	Reconciled Balance
Special Account	Noninterest-Checking	\$ 2,712	\$ 2,712
Correction	Savings	31,724	31,724
Infrastructure	Savings	55,552	55,552
Infrastructure 2	Savings	7,657	7,657
Fire Department	Savings	2,988	2,988
Fire Department	Savings	31,398	31,398
Fire Department	Savings	6,375	6,375
Water Department	Savings	25,523	25,523
Water Department	Savings	26,146	26,146
	Total	190,075	\$ 190,075
	Less: FDIC coverage	(190,075)	
	Uninsured Amount	0	

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

Custodial Credit Risk-Deposits

Depository Account	Bank Balance
Insured	\$ 399,442
Collateralized:	
Uninsured and uncollateralized	0
Total Deposits	\$ 399,442

Custodial Credit Risk — Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of the end of the fiscal year none of the Villages bank balances of \$399,443 were exposed to custodial credit risk.

New Mexico State Treasurer

<u>Name of Account</u>	<u>Fair Market Value</u>
General	\$ 319,574
General Reserved	155
Park	5,254
Park Reserved	3
Gas Tax	78
Gas Tax Reserved	0
Water Department	98,546
Water Department Reserved	48
	<u>\$ 423,658</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 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. As of June 30, 2012, the LGIP WAM(R) is 60 days and WAM(F) is 83 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, 2012

B. Capital Assets	Beginning Balance 6/30/11	Additions	Deletions	Ending Balance 6/30/12
Governmental Funds				
Capital Assets not being Depreciated				
Land	\$ 7,275	\$ 0	\$ 0	\$ 7,275
Construction in Process	131,825	0	131,825	0
Capital Assets, being Depreciated				
Infrastructure	541,617	0	0	541,617
Buildings & Improvements	570,717	131,825	0	702,542
Equipment	685,958	31,464		717,422
	<u>1,937,392</u>	<u>163,289</u>	<u>131,825</u>	<u>1,968,856</u>
Accumulated Depreciation				
Infrastructure	357,460	10,832	0	368,292
Buildings & Improvements	319,038	9,833	0	328,871
Equipment	429,751	50,377	0	480,128
	<u>1,106,249</u>	<u>71,042</u>	<u>0</u>	<u>1,177,291</u>
Net Capital Assets	<u>\$ 831,143</u>	<u>\$ 92,247</u>	<u>\$ 131,825</u>	<u>\$ 798,840</u>

	Beginning Balance 6/30/11	Additions	Deletions	Ending Balance 6/30/12
Proprietary Funds				
Capital Assets not being Depreciated				
Land	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Capital Assets, being Depreciated				
Buildings & Improvements	10,000	0	0	10,000
Water System	837,674	0	0	837,674
Sewer System	74,734	0	0	74,734
	<u>932,408</u>	<u>0</u>	<u>0</u>	<u>932,408</u>
Accumulated Depreciation				
Buildings & Improvements	1,000	200	0	1,200
Water System	117,905	26,486	0	144,391
Sewer System	67,261	3,737	0	70,998
	<u>186,166</u>	<u>30,423</u>	<u>0</u>	<u>216,589</u>
Net Capital Assets	<u>\$ 746,242</u>	<u>\$ (30,423)</u>	<u>\$ 0</u>	<u>\$ 715,819</u>

IV. Other Information

A. Risk Management

The Village is exposed 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 a commercial carrier to insure against potential losses and claims. The premiums are based on payroll and other expenditures, and are not directly related to claims filed. The policies are retrospectively rated and premiums may be adjusted after year end based on the ultimate level of expenditures.

STATE OF NEW MEXICO
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Notes to the Financial Statements
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B. Expenditures Over Budget

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

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Fire Excise	\$ 0	\$ 0	\$ 32,259	\$ (32,259)
EMS	0	0	3,989	(3,989)
Water	0	0	45,613	(45,613)
Sewer	\$ 0	\$ 0	\$ 578	\$ (578)

C. Negative Fund Balance

Fire Excise Tax	\$	(5,531)
DWI		(1,020)