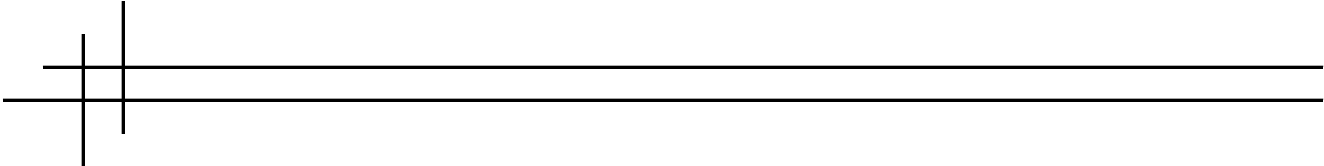




STATE OF NEW MEXICO
VILLAGE OF HOPE

ANNUAL FINANCIAL REPORT
June 30, 2014

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



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STATE OF NEW MEXICO
VILLAGE OF HOPE
Official Roster
June 30, 2014

BOARD OF TRUSTEES

Bob Rogers	Mayor
Bill Fletcher	Mayor Pro Tem/Council Member
Marc Kincaid	Council Member
Matt Bowerman	Council Member
Bob Stewart	Council Member

ADMINISTRATIVE OFFICIAL

Sonia Carbajal	Clerk/Treasurer
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Independent Auditor's Report

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

Report on Financial Statements

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 comparison for the general fund and major special revenue fund of the Village of Hope (Village), as of and for the year ended June 30, 2014, and the related notes to the financial statements 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 comparisons for the major capital projects and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance 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, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis which is 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 Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule required by 2.2.2.NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule required by 2.2.2 NMAC is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule required by 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 12, 2016, 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 in considering the Village's internal control over financial reporting and compliance.

De'Aun Willoughby CPA PC

Clovis, New Mexico
January 12, 2016

STATE OF NEW MEXICO
VILLAGE OF HOPE
 Government-Wide Statement of Net Position
 June 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 237,701	\$ 19,066	\$ 256,767
Investments	497,666	150,530	648,196
Receivables (net)	6,682	3,624	10,306
Total Current Assets	<u>742,049</u>	<u>173,220</u>	<u>915,269</u>
Noncurrent Assets			
Capital Assets	2,424,169	932,408	3,356,577
Less: Accumulated Depreciation	<u>(1,305,775)</u>	<u>(273,700)</u>	<u>(1,579,475)</u>
Total Noncurrent Assets	<u>1,118,394</u>	<u>658,708</u>	<u>1,777,102</u>
Total Assets	<u>1,860,443</u>	<u>831,928</u>	<u>2,692,371</u>
Liabilities			
Current Liabilities			
Accounts Payable	3,733	2,115	5,848
Accrued Payroll	<u>1,164</u>	<u>0</u>	<u>1,164</u>
Total Current Liabilities	<u>4,897</u>	<u>2,115</u>	<u>7,012</u>
Total Liabilities	<u>4,897</u>	<u>2,115</u>	<u>7,012</u>
Net Position			
Investment in Net Capital Assets	1,118,394	658,708	1,777,102
Unrestricted	<u>737,152</u>	<u>171,105</u>	<u>908,257</u>
Total Net Position	<u>\$ 1,855,546</u>	<u>\$ 829,813</u>	<u>\$ 2,685,359</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, 2014

Functions/Programs	Expenses	Program Revenues			Net(Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General	\$ 70,280	\$ 0	\$ 126,876	\$ 0	\$ 56,596	\$ 0	\$ 56,596
Public Safety	184,207	46,855	96,071	380,295	339,014	0	339,014
Public Works	66,339	0	0	0	(66,339)	0	(66,339)
Total Governmental Activities	<u>320,826</u>	<u>46,855</u>	<u>222,947</u>	<u>380,295</u>	<u>329,271</u>	<u>0</u>	<u>329,271</u>
Business-type Activities							
Water & Sewer	<u>49,282</u>	<u>31,746</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(17,536)</u>	<u>(17,536)</u>
Total Business-type Activities	<u>\$ 49,282</u>	<u>\$ 31,746</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>(17,536)</u>	<u>(17,536)</u>
General Revenues							
Taxes							
Property					18,950	0	18,950
Gross Receipts					39,674	0	39,674
Gasoline					5,013	0	5,013
Other Taxes					643	0	643
Miscellaneous					<u>3,401</u>	<u>109</u>	<u>3,510</u>
Total General Revenues					<u>67,681</u>	<u>109</u>	<u>67,790</u>
Change in Net Assets					396,952	(17,427)	379,525
Net Position - Beginning					<u>1,458,594</u>	<u>847,240</u>	<u>2,305,834</u>
Net Position - Ending					<u>\$ 1,855,546</u>	<u>\$ 829,813</u>	<u>\$ 2,685,359</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, 2014

	<u>General</u>	<u>Special Revenue Fire</u>	<u>Capital Projects</u>
Assets			
Cash and Cash Equivalents	\$ 166,196	\$ 31,925	\$ 0
Investments	421,063	76,603	0
Receivables (Net of Allowance for Uncollectibles if Applicable):			
Taxes	6,682	0	0
Total Assets	\$ 593,941	\$ 108,528	\$ 0
Liabilities and Fund Balance			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 1,925	\$ 1,808	\$ 0
Accrued Payroll	1,164	0	0
Total Liabilities	3,089	1,808	0
Fund Balances			
Restricted for			
Special Revenue Fund	0	106,720	0
Capital Projects	0	0	0
Unrestricted	590,852	0	0
Total Fund Balances	590,852	106,720	0
Total Liabilities and Fund Balances	\$ 593,941	\$ 108,528	\$ 0

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, 2014

	<u>Non-Major Governmental</u>	<u>Total Governmental</u>
Assets		
Cash and Cash Equivalents	\$ 39,580	\$ 237,701
Investments	0	497,666
Receivables (Net of Allowance for Uncollectibles if Applicable):		
Taxes	0	6,682
Total Assets	\$ 39,580	\$ 742,049
Liabilities and Fund Balance		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 0	\$ 3,733
Accrued Payroll	0	1,164
Total Liabilities	0	4,897
Fund Balances		
Restricted for		
Special Revenue Fund	39,580	146,300
Capital Projects	0	0
Unrestricted	0	590,852
Total Fund Balances	39,580	737,152
Total Liabilities and Fund Balances	\$ 39,580	\$ 742,049

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 Position
 June 30, 2014

Total Fund Balance - Governmental Funds \$ 737,152

Amounts reported for governmental activities in the Statement of Net Position
 are different because:

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

	\$	2,424,169		
The cost of capital assets		2,424,169		
Accumulated depreciation		<u>(1,305,775)</u>	<u>1,118,394</u>	
Total Net Position - Governmental Activities	\$		<u><u>1,855,546</u></u>	

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, 2014

	General	Special Revenue Fire	Capital Projects
Revenues			
Taxes			
Property	\$ 18,950	\$ 0	\$ 0
Gross Receipts	39,674	0	0
Gasoline	5,013	0	0
Other	643	0	0
Federal Grant	0	0	380,295
State Grant	90,000	70,858	0
County Subsidy	36,876	0	0
Fees & Fines	46,855	0	0
Other	1,182	108	0
Total Revenues	<u>239,193</u>	<u>70,966</u>	<u>380,295</u>
Expenditures			
Current			
General Government	69,023	0	0
Public Safety	50,131	63,202	0
Public Works	37,782	0	0
Capital Outlay	5,219	5,974	380,295
Total Expenditures	<u>162,155</u>	<u>69,176</u>	<u>380,295</u>
Excess (Deficiency) of Revenues Over Expenditures	77,038	1,790	0
Fund Balances at Beginning of Year	<u>513,814</u>	<u>104,930</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 590,852</u>	<u>\$ 106,720</u>	<u>\$ 0</u>

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, 2014

	<u>Non-Major Governmental</u>	<u>Total Governmental</u>
Revenues		
Taxes		
Property	\$ 0	\$ 18,950
Gross Receipts	0	39,674
Gasoline	0	5,013
Other	0	643
Federal Grant	0	380,295
State Grant	25,213	186,071
County Subsidy	0	36,876
Fees & Fines	0	46,855
Other	2,111	3,401
Total Revenues	<u>27,324</u>	<u>717,778</u>
Expenditures		
Current		
General Government	0	69,023
Public Safety	6,926	120,259
Public Works	0	37,782
Capital Outlay	0	391,488
Total Expenditures	<u>6,926</u>	<u>618,552</u>
Excess (Deficiency) of Revenues Over Expenditures	20,398	99,226
Fund Balances at Beginning of Year	<u>19,182</u>	<u>637,926</u>
Fund Balance End of Year	<u>\$ 39,580</u>	<u>\$ 737,152</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

Statement of Revenues, Expenditures and Changes in Fund Balance

To the Statement of Activities

June 30, 2014

Excess (Deficiency) of Revenues Over Expenditures-Governmental Funds \$ 99,226

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 Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Depreciation expense	\$ (93,762)	
Capital Outlays	<u>391,488</u>	297,726
Change in Net Position of Governmental Activities		\$ <u><u>396,952</u></u>

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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property	\$ 17,019	\$ 17,019	\$ 18,887	\$ 1,868
Gross Receipts	30,000	30,000	40,533	10,533
Gasoline	5,004	5,004	5,013	9
Other	580	580	635	55
State Grant	90,000	90,000	90,000	0
County Subsidy	22,000	22,000	36,876	14,876
Fees & Fines	40,000	40,000	42,923	2,923
Miscellaneous	270	270	1,182	912
Total Revenues	<u>204,873</u>	<u>204,873</u>	<u>236,049</u>	<u>31,176</u>
Expenditures				
Executive	1,000	1,000	0	1,000
Judicial	17,500	17,500	15,703	1,797
Elections	1,200	1,200	791	409
Financial Department	70,000	70,000	57,110	12,890
Public Safety	38,750	38,750	49,869	(11,119)
Public Works	24,200	24,200	37,563	(13,363)
Total Expenditures	<u>152,650</u>	<u>152,650</u>	<u>161,036</u>	<u>(8,386)</u>
Excess (Deficiency) of Revenues Over Expenditures	52,223	52,223	75,013	22,790
Cash Balance Beginning of Year	<u>512,246</u>	<u>512,246</u>	<u>512,246</u>	<u>0</u>
Cash Balance End of Year	\$ <u>564,469</u>	\$ <u>564,469</u>	\$ <u>587,259</u>	\$ <u>22,790</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 75,013	
Net Change in Taxes Receivable			3,142	
Net Change in Accounts Payable			(1,047)	
Net Change in Accrued Payroll			(70)	
Net Change in Fund Balance			<u>77,038</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 70,858	\$ 70,858	\$ 70,858	\$ 0
Other	0	0	108	108
Total Revenues	<u>70,858</u>	<u>70,858</u>	<u>70,966</u>	<u>108</u>
Expenditures				
Public Safety	120,000	120,000	69,106	50,894
Total Expenditures	<u>120,000</u>	<u>120,000</u>	<u>69,106</u>	<u>50,894</u>
Excess (Deficiency) of Revenues Over Expenditures	(49,142)	(49,142)	1,860	51,002
Cash Balance Beginning of Year	<u>106,668</u>	<u>106,668</u>	<u>106,668</u>	<u>0</u>
Cash Balance End of Year	\$ <u>57,526</u>	\$ <u>57,526</u>	\$ <u>108,528</u>	\$ <u>51,002</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,860	
Net Change in Accounts Payable			<u>(70)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>1,790</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 Position
 June 30, 2014

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 19,066
Investments	150,530
Receivables	
Accounts (net)	<u>3,624</u>
Total Current Assets	<u>173,220</u>
Noncurrent Assets	
Capital Assets	932,408
Less: Accumulated Depreciation	<u>(273,700)</u>
Total Noncurrent Assets	<u>658,708</u>
Total Assets	<u>831,928</u>
Liabilities	
Current Liabilities	
Accounts Payable	<u>2,115</u>
Total Current Liabilities	<u>2,115</u>
Total Liabilities	<u>2,115</u>
Net Position	
Invested in Capital Assets	658,708
Unrestricted	<u>171,105</u>
Total Net Position	<u>\$ 829,813</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 Position
 For the Year Ended June 30, 2014

	<u>Total</u>
Operating Revenues	
Sales & Service	\$ 31,746
Total Operating Revenues	<u>31,746</u>
Operating Expenses	
Operating Expenses	22,595
Depreciation	<u>26,687</u>
Total Operating Expenses	<u>49,282</u>
Operating Income (Loss)	<u>(17,536)</u>
Nonoperating Revenue (Expenses)	
Interest Income	<u>109</u>
Total Nonoperating Revenue (Expense)	<u>109</u>
Change in Net Position	(17,427)
Net Assets-Beginning	<u>847,240</u>
Total Net Assets-Ending	<u>\$ 829,813</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, 2014

	<u>Total</u>
Cash Flows from Operating Activities	
Cash Received From Customers	\$ 31,577
Cash Paid to Suppliers and Employees	<u>(22,458)</u>
Net Cash Provided by Operating Activities	<u>9,119</u>
Cash Flows from Investing Activities	
Interest Received	<u>109</u>
Net Cash Provided by Investing Activities	<u>109</u>
Net Increase (Decrease) in Cash	9,228
Cash-Beginning of the Year	<u>160,368</u>
Cash-End of Year	<u>\$ 169,596</u>
Reconciliation of Cash Balance	
Cash and Cash Equivalents	\$ 19,066
Investments	<u>150,530</u>
Cash-End of Year	<u>\$ 169,596</u>
Reconciliation of Net Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (17,536)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation	26,687
Change in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(169)
Increase (Decrease) in Accounts Payable	<u>137</u>
Net Cash Provided by Operating Activities	<u>\$ 9,119</u>

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

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. 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.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (the statement of net positions and the statement of changes in net position) 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 Position 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)

Capital Projects-To account for a grant to remodel the fire station.

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 Sewer - The Water and Sewer Fund is used to account for the provision of water and sewer 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.

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.

A. 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 6/30/14	Reconciled Balance	<u>Type</u>
Village of Hope	\$ 266,249	\$ 255,520	Checking
Fire Department	35,757	35,757	Savings
TOTAL Deposited	302,006	\$ 291,277	
Less: FDIC Coverage	(285,757)		
Uninsured Amount	16,249		
50% collateral requirement	8,125		
Pledged securities	0		
Over (Under) requirement	\$ (8,125)		

STATE OF NEW MEXICO
VILLAGE OF HOPE
Notes to the Financial Statements
June 30, 2014

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments. There was \$100 cash on hand at the year end.

<u>Name of Account</u>	Balance Per Bank 6/30/14	Reconciled Balance	Type
Special Account	\$ 1,144	\$ 1,144	Checking
Correction	31,862	31,862	Savings
Infrastructure	55,631	55,631	Savings
Infrastructure-Two	7,658	7,658	Savings
Fire Dept	2,989	2,989	Savings
Fire Dept	31,473	31,473	Savings
Fire Dept	6,385	6,385	Savings
Water Dept	25,529	25,529	Savings
Water Dept	26,151	26,151	Savings
TOTAL Deposited	<u>188,822</u>	<u>\$ 188,822</u>	
Less: FDIC Coverage	<u>(188,822)</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.

<u>Depository Account</u>	Bank Balance 6/30/14
Insured	\$ 474,579
Collateralized:	
Collateral held by the pledging bank in Village's name	0
Uninsured and uncollateralized	16,249
Total Deposits	<u>\$ 490,828</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, 2014 \$52,006 of the Village's bank balance of \$490,828 was exposed to custodial credit risk.

STATE OF NEW MEXICO
VILLAGE OF HOPE
Notes to the Financial Statements
June 30, 2014

New Mexico State Treasurer

<u>Name of Account</u>	<u>Balance Per Bank 6/30/14</u>	<u>Reconciled Balance</u>	<u>Type</u>
LGIP Fund General	320,409	320,409	Investment
LGIP Fund General-Reserve	155	155	Investment
LGIP Fund EA Park	5,268	5,268	Investment
LGIP Fund EA Park-Reserve	3	3	Investment
LGIP Fund-Gas Tax	78	78	Investment
LGIP Fund-Gas Tax-Reserve	0	0	Investment
LGIP Fund-Water Department	\$ 98,803	\$ 98,803	Investment
LGIP Fund-Water Department-Reserve	48	48	Investment
TOTAL Deposited	<u>\$ 424,764</u>	<u>\$ 424,764</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 IP 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 investment portfolio is posted on the State Treasurer’s Office website, www.nmsto.gov, 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.nmsto.gov. As of June 30, 2014, the LGIP WAM(R) is 59 days and WAM(F) is 96 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, 2014

B. Receivables

Receivables as of June 30, 2014, were as follows:

	General	Utilities
Property Taxes	\$ 63	\$ 0
Gross Receipts Taxes	1,528	0
Gasoline Taxes	417	0
Other Taxes	54	0
AOC-Police	4,620	0
Accounts Receivables	0	3,624
	<u>\$ 6,682</u>	<u>\$ 3,624</u>

C. Capital Assets

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

	Beginning Balance 6/30/13	Increases	Decreases	Ending Balance 6/30/14
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 7,275	\$ 0	\$ 0	\$ 7,275
Construction in Progress	0	0	0	0
Total Capital Assets, not being Depreciated	<u>7,275</u>	<u>0</u>	<u>0</u>	<u>7,275</u>
Capital Assets, being Depreciated				
Infrastructure	541,616	0	0	541,616
Buildings & Improvements	735,852	382,866	0	1,118,718
Equipment	747,938	8,622	0	756,560
Total Capital Assets, being Depreciated	<u>2,025,406</u>	<u>391,488</u>	<u>0</u>	<u>2,416,894</u>
Total Capital Assets	<u>2,032,681</u>	<u>391,488</u>	<u>0</u>	<u>2,424,169</u>
Less Accumulated Depreciation				
Infrastructure	379,125	10,832	0	389,957
Building & Improvements	340,059	24,279	0	364,338
Equipment	492,830	58,650	0	551,480
Total Accumulated Depreciation	<u>1,212,014</u>	<u>93,761</u>	<u>0</u>	<u>1,305,775</u>
Capital Assets, net	<u>\$ 820,667</u>	<u>\$ 297,727</u>	<u>\$ 0</u>	<u>\$ 1,118,394</u>

STATE OF NEW MEXICO
VILLAGE OF HOPE
Notes to the Financial Statements
June 30, 2014

Business-Type Activities	Beginning Balance 6/30/13	Increases	Decreases	Ending Balance 6/30/14
Water and Sewer				
Land	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Total Capital Assets, not being Depreciated	10,000	0	0	10,000
Buildings & Improvements	10,000	0	0	10,000
Water System	837,674	0	0	837,674
Sewer System	74,734	0	0	74,734
Total Capital Assets at Historical Cost	932,408	0	0	932,408
Less Accumulated Depreciation				
Building & Improvements	1,400	200	0	1,600
Water System	170,879	26,487	0	197,366
Sewer System	74,734	0	0	74,734
Total Accumulated Depreciation	247,013	26,687	0	273,700
Capital Assets, net	\$ 685,395	\$ (26,687)	\$ 0	\$ 658,708

D. 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.

E. Commitments

The Village has no commitments for the year ended June 30, 2014.

F. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability for the Village. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Village expects such amount, if any, to be immaterial.

G. Subsequent Events

Subsequent events were evaluated through January 12, 2016 which is the date the financial statements were available to be issued.

H. Budget Violation

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2014:

	Amount
General	\$ (8,386)
EMS	(1,007)

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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 382,330	\$ 382,330	\$ 381,313	\$ (1,017)
State Grant	268,000	268,000	0	(268,000)
Total Revenues	<u>650,330</u>	<u>650,330</u>	<u>381,313</u>	<u>(269,017)</u>
Expenditures				
Culture & Recreation	<u>649,312</u>	<u>649,312</u>	<u>380,295</u>	<u>269,017</u>
Total Expenditures	<u>649,312</u>	<u>649,312</u>	<u>380,295</u>	<u>269,017</u>
Excess (Deficiency) of Revenues Over Expenditures	1,018	1,018	1,018	0
Cash Balance Beginning of Year	<u>(1,018)</u>	<u>(1,018)</u>	<u>(1,018)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,018	
Net Change in Due from Grantor			<u>(1,018)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

Fire Excise Tax - To account for revenue received from the county from an excise tax to support fire protection. The fund was created by agreement.

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

Law Enforcement (LEPF) - 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)

STATE OF NEW MEXICO
VILLAGE OF HOPE
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2014

	Special Revenue		
	Fire Excise Tax	EMS	LEPF
Assets			
Cash and Cash Equivalents	\$ 14,469	\$ 2,424	\$ 22,687
Total Assets	<u>\$ 14,469</u>	<u>\$ 2,424</u>	<u>\$ 22,687</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Restricted for			
Special Revenue Fund	14,469	2,424	22,687
Total Fund Balance	<u>14,469</u>	<u>2,424</u>	<u>22,687</u>
Total Liabilities and Fund Balance	<u>\$ 14,469</u>	<u>\$ 2,424</u>	<u>\$ 22,687</u>

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

STATE OF NEW MEXICO
VILLAGE OF HOPE
 NONMAJOR FUNDS
 Combining Balance Sheet
 June 30, 2014

	<u>Total</u>
Assets	
Cash and Cash Equivalents	\$ 39,580
Total Assets	<u>\$ 39,580</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ 0
Total Liabilities	<u>0</u>
Fund Balance	
Restricted for	
Special Revenue Fund	39,580
Total Fund Balance	<u>39,580</u>
Total Liabilities and Fund Balance	<u>\$ 39,580</u>

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

STATE OF NEW MEXICO
VILLAGE OF HOPE
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2014

	Special Revenue		
	Fire Excise Tax	EMS	LEPF
Revenues			
State Grants	\$ 0	\$ 5,213	\$ 20,000
Other	0	2,111	0
Total Revenues	<u>0</u>	<u>7,324</u>	<u>20,000</u>
Expenditures			
Current			
Public Safety	0	6,007	919
Total Expenditures	<u>0</u>	<u>6,007</u>	<u>919</u>
Excess (Deficiency) of Revenues Over Expenditures	0	1,317	19,081
Fund Balances at Beginning of Year	<u>14,469</u>	<u>1,107</u>	<u>3,606</u>
Fund Balance End of Year	<u>\$ 14,469</u>	<u>\$ 2,424</u>	<u>\$ 22,687</u>

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

STATE OF NEW MEXICO
VILLAGE OF HOPE
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2014

	<u>Total</u>
Revenues	
State Grants	\$ 25,213
Other	<u>2,111</u>
Total Revenues	<u>27,324</u>
Expenditures	
Current	
Public Safety	<u>6,926</u>
Total Expenditures	<u>6,926</u>
Excess (Deficiency) of Revenues Over Expenditures	20,398
Fund Balances at Beginning of Year	<u>19,182</u>
Fund Balance End of Year	<u>\$ 39,580</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 EXCISE TAX

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

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Excise Tax	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Public Safety	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>14,469</u>	<u>14,469</u>	<u>14,469</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 14,469</u>	<u>\$ 14,469</u>	<u>\$ 14,469</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
VILLAGE OF HOPE
SPECIAL REVENUE FUND-EMS FUND
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State Grant	\$ 7,500	\$ 7,500	\$ 5,213	\$ (2,287)
Other	0	0	2,111	2,111
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>7,324</u>	<u>(176)</u>
Expenditures				
Public Safety	<u>5,000</u>	<u>5,000</u>	<u>6,007</u>	<u>(1,007)</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>6,007</u>	<u>(1,007)</u>
Excess (Deficiency) of Revenues Over Expenditures	2,500	2,500	1,317	(1,183)
Cash Balance Beginning of Year	<u>1,107</u>	<u>1,107</u>	<u>1,107</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,607</u>	<u>\$ 3,607</u>	<u>\$ 2,424</u>	<u>\$ (1,183)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,317	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,317</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 (LEPF)

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

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	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	20,000	34,000	919	33,081
Total Expenditures	<u>20,000</u>	<u>34,000</u>	<u>919</u>	<u>33,081</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(14,000)	19,081	33,081
Cash Balance Beginning of Year	<u>3,606</u>	<u>3,606</u>	<u>3,606</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,606</u>	<u>\$ (10,394)</u>	<u>\$ 22,687</u>	<u>\$ 33,081</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 19,081	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 19,081</u>	

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

ENTERPRISE FUNDS

Water and Sewer

To account for the provision of water and sewer 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 & SEWER
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sales & Service	\$ 34,900	\$ 34,900	\$ 31,577	(3,323)
Other	0	0	109	109
Total Revenues	<u>34,900</u>	<u>34,900</u>	<u>31,686</u>	<u>(3,214)</u>
Expenditures				
Public Works	<u>30,375</u>	<u>30,375</u>	<u>22,458</u>	<u>7,917</u>
Total Expenditures	<u>30,375</u>	<u>30,375</u>	<u>22,458</u>	<u>7,917</u>
Excess (Deficiency) of Revenues Over Expenditures	4,525	4,525	9,228	4,703
Cash Balance Beginning of Year	<u>160,368</u>	<u>160,368</u>	<u>160,368</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 164,893</u>	<u>\$ 164,893</u>	<u>\$ 169,596</u>	<u>\$ 4,703</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9,228	
Depreciation			(26,687)	
Net Change in Accounts Receivable			169	
Net Change in Accounts Payable			(137)	
Change in Net Assets			<u>\$ (17,427)</u>	

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace, Clovis NM

(855) 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*

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 audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Village of Hope (Village) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated January 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 Village's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be a significant deficiency. 2009-001, 2012-002, 2012-003, 2012-004, 2013-001, 2014-001, 2014-002, 2014-003

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Responses; 2009-001, 2012-002, 2012-003, 2012-004, 2013-001, 2014-001, 2014-002, 2014-003

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.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

De'Ann Willoughby CPA PC

January 12, 2016

Prior Year Audit Findings

	<u>Status</u>
2009-001 SAS 112 Compliance superseded by SAS 115	Repeated
2012-001 Unable to Locate the DFA Reports	Resolved
2012-002 Unable to Determine if an Inventory was Completed	Repeated
2012-003 Expenditures	Repeated
2012-004 Late Agreed-Upon Procedures Contract and Report	Repeated & Modified
2013-001 Bank Reconciliations	Repeated
2013-002 Disposal of Capital Assets-Significant	Resolved

Current Year Audit Findings

2009-001 Preparation of Financial Statements-Compliance and Internal Control-Significant Deficiency (09-1) Condition

The Village's employees or management do not have the qualifications and training to apply GAAP in recording their financial transactions and preparing their financial statements.
 The Clerk has not made progress resolving this finding.

Criteria

According to the SAS 115: SAO Rule 2.2.2.8 J (4) if the auditor prepares the financial statements, it should be included as a finding.

Cause

The Village is so small, it cannot afford to hire personnel that have adequate qualifications and training to prepare the financial statements.

Effect

By preparing the financial statements, the auditors are auditing their own work product.

Recommendation

The Village should hire someone with adequate qualifications and training to prepare the financial statements.

Response

Our Village is so small and does not have sufficient funding to hire personnel to prepare the financial statements. We chose to receive a finding rather than spend additional funds hiring personnel capable of preparing our financial statements.

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, 2014. There was no documentation of a physical inventory and the Clerk was unable to provide us with a list of capital assets.

The Clerk has not made progress resolving this finding.

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. The Clerk is responsible and this finding should be resolved by the end of the fiscal year ending June 30, 2016.

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

Condition

Seventy four expenditures were tested resulting in the following: thirteen expenditures totaling \$6,400.44 were for per diem, mileage and meal reimbursements with no proof of attendance, one totaling \$712.70 was for contract labor that should have been a payroll check, two totaling \$6,946.88 that were not paid within 30 days, and six totaling \$28,278.50 with missing documentation.

The Clerk has made significant progress resolving this finding.

Criteria

In accordance with 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 bill packages. She could not explain the lack of documentation or the late paid invoices.

Effect

Public money could be spent inappropriately without proper documentation.

Recommendation

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

Response

We will reorganize our filing system and retain the bill packages with adequate documentation attached. The Clerk is responsible and this finding should be resolved by the end of the fiscal year ending June 30, 2016.

2012-004 Late IPA Recommendation, Audit Contract and Report-Compliance and Internal Control-Significant Deficiency

Condition

The IPA recommendation, audit contract and report were not submitted timely.
The Clerk has made progress resolving this finding.

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. The Clerk is responsible and this finding should be resolved be the end of the fiscal year ending June 30, 2016.

2013-001 Bank Reconciliations-Compliance and Internal Control-Significant Deficiency

Condition

Bank reconciliations had not been completed since June 30, 2012.
The Clerk has made progress resolving this finding.

Criteria

Good accounting practices require that bank reconciliations be performed monthly and reviewed by someone independent of the preparation process to ensure that cash receipts and cash disbursements are recorded in a correct and timely manner and that differences or errors be followed up and corrected in a timely manner.

Cause

The books were converted to Quick Books beginning July 1, 2012. The Clerk was unable to reconcile the bank statements to the general ledger.

Effect

There is no confidence that the financial information provided is accurate. DFA reports would not be correct. Management cannot make good decisions without accurate information.

Recommendation

Bank reconciliations should be preformed monthly reconciling the bank statements to the general ledger.

Response

We are now able to reconcile the bank statements. The Clerk is responsible and this finding should be resolved be the end of the fiscal year ending June 30, 2016.

2014-001 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>
General	\$ 152,650	\$ 161,036	\$ (8,386)
EMS	5,000	6,007	(1,007)

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. The Clerk is responsible and this finding should be resolved by the end of the fiscal year ending June 30, 2016.

2014-002 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency Condition

Condition

The Village maintained a deficit budget in excess of available cash balance in the LEPF Fund of \$(10,394).

Criteria

Section 6-6-6, NMSA 1978, cash balances re-budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Cause

The Village does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budget deficits.

Effect

The Village will be required to supplement this budget deficit in this fund with cash reserves from other funds. This supplement may lead to financial difficulties and deplete the budget in other funds.

Recommendation

Greater attention should be given to the budget monitoring process and the end of the year cash balance estimates in preparing the new budget.

Response

The Village will implement a system of controls to monitor the ending cash balances when preparing the new budget. The Clerk is responsible and this finding should be resolved by the end of the fiscal year ending June 30, 2016.

2014-003 Lack of Pledged Securities-Compliance and Internal Control-Significant Deficiency

Condition

The First American Bank has not pledged securities for the public monies held by the Village. The securities were under pledged by \$8,125.

Criteria

Pursuant to Section 6-10-16, NMSA 1978 and Section 6-10-17, NMSA 1978 securities with an aggregate value equal to one-half the amount of public money deposited shall be provided by the depository.

Cause

The Bank did not provide the required pledged securities and the Village did not ask the Bank for pledged securities.

Effect

Under collateralization results in lack of guarantee of the District's money in case of institutional failure.

Recommendation

The Village should request pledged securities for the Bank above the insured amount.

Response

We will request pledged securities for the Bank. The Clerk is responsible and this finding should be resolved by the end of the fiscal year ending June 30, 2016.

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 January 12, 2016. Those present were Bob Rogers-Mayor, Sonia Carbajal-Clerk and De'Aun Willoughby, CPA.