



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, 2015

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



STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Table of Contents  
For the Year Ended June 30, 2015

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	<u>Page</u>
<b>Agreed-Upon Procedures</b>	
Official Roster.....	3
Report of Independent Account on the Application of Agreed-Upon Procedures.....	4-7
Statement of Revenues and Expenditures Budget and Actual-(Budgetary Basis)	
General Fund.....	8
Fire Protection Fund.....	9
Fire Excise Tax Fund.....	10
Emergency Medical Services Fund.....	11
Law Enforcement Protection Fund.....	12
Water and Sewer Fund.....	13
Schedule of Findings and Responses.....	14-17
<b>Compiled Financial Statements and Report</b>	
Compilation Report of Independent Accountant.....	18
Combining Balance Sheet.....	19-21
Combining Statement of Revenues, Expenditures or Expenses, and Changes in Fund Balances.....	22-26
Notes to the Financial Statements.....	25-30

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Official Roster  
June 30, 2015

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**BOARD OF TRUSTEES**

Bob Rogers	Mayor
Bill Fletcher	Mayor-Pro Tem
Marc Kincaid	Councilor
Matt Bowerman	Councilor
Bob Stewart	Councilor

**VILLAGE PERSONNEL**

Sonia Carbajal	Clerk
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# De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

## 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, 2015. 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) None of the bank statements were reconciled. **See Finding 2013-001**
- b) We cash balances reported to DFA did not agree with the general ledger. **See Finding 2015-001.**
- 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 three expenditures were tested. Eight of the sixty three could not be located for a total of \$7,082.53. Six checks for travel and training totaling \$3,837.57 had no supporting documentation to determine if the conference was actually attended. **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 was one journal entry for the fiscal year distributing payroll among the line items.

#### **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.

There were no budget violations at the fund level, the legal level of budget authority.

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(1)(3)(C) NMAC.

Results:

Individuals were paid as contract labor rather than as employees. **See Finding 2015-002.**

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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues and Other Sources</b>				
Taxes				
Property	\$ 19,419	\$ 19,419	\$ 22,142	\$ 2,723
Gross Receipts	40,800	40,800	32,232	(8,568)
Gas Taxes	5,004	5,004	5,004	0
Other Taxes	600	600	702	102
State Grant	90,000	90,000	90,000	0
County Subsidy	3,700	3,700	37,000	33,300
Charges for Services	6,800	6,800	11,441	4,641
Fines and Fees	40,000	40,000	28,967	(11,033)
Miscellaneous	270	270	2,769	2,499
Total Revenues	<u>206,593</u>	<u>206,593</u>	<u>230,257</u>	<u>23,664</u>
<b>Expenditures and Other Uses</b>				
Executive	500	500	0	500
Judicial	17,500	17,500	18,223	(723)
Financial Department	73,000	73,000	60,773	12,227
Public Safety	43,800	43,800	56,731	(12,931)
Public Works	47,000	47,000	42,272	4,728
Total Expenditures	<u>181,800</u>	<u>181,800</u>	<u>177,999</u>	<u>3,801</u>
Net Change in Cash Balance	24,793	24,793	52,258	27,465
Cash Balance Beginning of Year	<u>587,259</u>	<u>587,259</u>	<u>587,259</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 612,052</u>	<u>\$ 612,052</u>	<u>\$ 639,517</u>	<u>\$ 27,465</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
State Grant	\$ 73,982	\$ 73,982	\$ 73,982	\$ 0
Other	0	0	37	37
Total Revenues	<u>73,982</u>	<u>73,982</u>	<u>74,019</u>	<u>37</u>
Expenditures and Other Uses				
Public Safety	120,000	120,000	58,929	61,071
Capital Purchases	0	0	0	0
Total Expenditures	<u>120,000</u>	<u>120,000</u>	<u>58,929</u>	<u>61,071</u>
Net Change in Cash Balance	(46,018)	(46,018)	15,090	61,108
Cash Balance Beginning of Year	<u>108,528</u>	<u>108,528</u>	<u>108,528</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 62,510</u>	<u>\$ 62,510</u>	<u>\$ 123,618</u>	<u>\$ 61,108</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, 2015

	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	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures and Other Uses				
Public Safety	0	0	0	0
Capital Purchases	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Cash Balance	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>

## 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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Other	0	0	878	878
Total Revenues	<u>0</u>	<u>0</u>	<u>878</u>	<u>878</u>
Expenditures and Other Uses				
Public Safety	2,424	2,424	2,086	338
Total Expenditures	<u>2,424</u>	<u>2,424</u>	<u>2,086</u>	<u>338</u>
Net Change in Cash Balance	(2,424)	(2,424)	(1,208)	1,216
Cash Balance Beginning of Year	<u>2,424</u>	<u>2,424</u>	<u>2,424</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,216</u>	<u>\$ 1,216</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
State Grant	\$ 21,200	\$ 21,200	\$ 21,200	\$ 0
Total Revenues	<u>21,200</u>	<u>21,200</u>	<u>21,200</u>	<u>0</u>
Expenditures and Other Uses				
Public Safety	21,200	21,200	6,253	14,947
Capital Projects	<u>0</u>	<u>0</u>	<u>8,010</u>	<u>(8,010)</u>
Total Expenditures	<u>21,200</u>	<u>21,200</u>	<u>14,263</u>	<u>6,937</u>
Net Change in Cash Balance	0	0	6,937	6,937
Cash Balance Beginning of Year	<u>22,687</u>	<u>22,687</u>	<u>22,687</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 22,687</u>	<u>\$ 22,687</u>	<u>\$ 29,624</u>	<u>\$ 6,937</u>

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
WATER AND SEWER FUND  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Non-GAAP-Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Budget- Favorable (Unfavorable)
	Original	Final		
Revenues and Other Sources				
Sales and Service	\$ 34,140	\$ 34,140	\$ 28,546	\$ (5,594)
Transfer in from Sewer	0	0	105	105
Total Revenues	<u>34,140</u>	<u>34,140</u>	<u>28,651</u>	<u>(5,489)</u>
Expenditures and Other Uses				
Public Works	<u>47,037</u>	<u>47,037</u>	<u>20,189</u>	<u>26,848</u>
Total Expenditures	<u>47,037</u>	<u>47,037</u>	<u>20,189</u>	<u>26,848</u>
Net Change in Cash Balance	(12,897)	(12,897)	8,462	21,359
Cash Balance Beginning of Year	<u>169,596</u>	<u>169,596</u>	<u>169,596</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 156,699</u>	<u>\$ 156,699</u>	<u>\$ 178,058</u>	<u>\$ 21,359</u>

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 Schedule of Findings and Responses  
 June 30, 2015

<b>Prior Year Audit Findings</b>	<b>Status</b>
2009-001 SAS 112 Compliance superseded by	<b>Repeated</b>
<b>2012-001 Unable to Locate the DFA Reports</b>	<b>Resolved</b>
<b>2012-002 Unable to Determine if an Inventory was Completed</b>	<b>Repeated</b>
<b>2012-003 Expenditures</b>	<b>Repeated</b>
<b>2012-004 Late Agreed-Upon Procedures Contract and Report</b>	<b>Repeated &amp; Modified</b>
<b>2013-001 Bank Reconciliations</b>	<b>Repeated</b>
<b>2013-002 Disposal of Capital Assets</b>	<b>Resolved</b>
<b>2014-001 Expenditures Over Budget</b>	<b>Resolved</b>
<b>2014-002 Cash Appropriations in Excess of Available Cash Balances</b>	<b>Resolved</b>
<b>2014-003 Lack of Pledged Securities</b>	<b>Resolved</b>

**Current Year Findings**

**2009-001 Preparation of Financial Statements-Compliance and Internal Control-Significant Deficiency 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-Significant Deficiency**

**Condition**

We were unable to determine if an inventory was completed for the year ended June 30, 2015. 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 Village clerk expects to have this corrected by the end the the next fiscal year.

**2012-003 Expenditures-Significant Deficiency**

**Condition**

Sixty three expenditures were tested. Eight of the sixty three could not be located for a total of \$7,082.53. Six checks for travel and training totaling \$3,837.57 had no supporting documentation to determine if the conference was actually attended.

The Clerk has 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 expenditures have supporting documentation.

**Cause**

The Clerk could not find the missing bill packages. Management was not aware proof of attendance was required for adequate documentation of training attendance.

**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. Proof of attendance should be attached to the travel reimbursements.

**Response**

We will reorganize our filing system and retain the bill packages with adequate documentation attached. The Village clerk expects to have this corrected by the end the the next fiscal year.

**2012-004 Late Agreed-Upon Procedures Contract-Significant Deficiency**

**Condition**

The contract for the IPA was 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 IPA recommendation should have been submitted to the State Auditor by June 1st.

**Cause**

Management did not submit 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 Village clerk expects to have this corrected by the end of the next fiscal year.

**2013-001 Bank Reconciliations-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 recommend reconciling the bank statements to the general ledger monthly.

**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 performed monthly reconciling the bank statements to the general ledger.

**Response**

We are now able to reconcile the bank statements. The Village clerk expects to have this corrected by the end of the next fiscal year.



**2015-001 Cash Reported to DFA-Significant Deficiency**

**Condition**

The cash balances reported to DFA did not agree to the general ledger of this agreed upon procedures report. The total cash and investments reported to DFA was \$951,233, amount reported on this report was \$986,502 for a difference of \$35,269.

**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 cash balances are compared and should agree to the DFA report.

**Cause**

A lack of bank reconciliations for years and a set up problem with Quick Books caused the balances to differ.

**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 completed and the set up issue with Quick Books should be corrected.

**Response**

The bank reconciliations are caught up and the Quick Books are now set up correctly. The September, 2015 DFA report will be resubmitted. The Village clerk expects to have this corrected by the end the the next fiscal year.

**2015-002 Contract Labor-Significant Deficiency**

**Condition**

Two individuals were paid as contract labor rather than treated as employees as required by law. The total amount paid to the two individuals was \$18,144.73.

**Criteria**

Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding.

**Cause**

Management thought that because the two individuals were asked to work only when needed, they did not qualify as employees.

**Effect**

The Village is liable for a penalty of at least \$5,552.29 for the fiscal year. The Internal Revenue Service would assess additional penalties for three years based on the amount paid to the individuals.

**Recommendation**

All employees should have taxes withheld and paid by the Village as required by the Internal Revenue Service.

**Response**

We will pay the individuals as employees. The Village clerk expects to have this corrected by the end the the next fiscal year.

**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, 2015, 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 financial statements in an appropriate operational, economic, or historical context.

*De'Aun Willoughby CPA PC*

Clovis, New Mexico  
December 4, 2015

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 Combining Balance Sheet  
 June 30, 2015

	Governmental Funds		
	General	Fire	Fire Excise Tax
<b>Assets</b>			
Cash and Cash Equivalents	\$ 218,011	\$ 46,978	\$ 14,469
Investments	421,506	76,640	0
Receivables			
Taxes	3,325	0	0
Accounts	0	0	0
Due from Grantor	0	0	0
Interfund Balance	0	0	0
<b>Total Assets</b>	<b>\$ 642,842</b>	<b>\$ 123,618</b>	<b>\$ 14,469</b>
<b>Liabilities</b>			
Accounts Payable	\$ 2,709	\$ 493	\$ 0
Accrued Payroll	2,184	0	0
Interfund Balance	0	0	0
<b>Total Liabilities</b>	<b>4,893</b>	<b>493</b>	<b>0</b>
<b>Fund Balance</b>			
Restricted for:			
Special Revenue	0	123,125	14,469
Unassigned	637,949	0	0
<b>Total Fund Balance</b>	<b>637,949</b>	<b>123,125</b>	<b>14,469</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 642,842</b>	<b>\$ 123,618</b>	<b>\$ 14,469</b>

See compilation report and accompanying notes.

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 Combining Balance Sheet  
 June 30, 2015

	Governmental Funds		Proprietary
	Law		Fund
	EMS	Enforcement	Water and Sewer
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,216	\$ 29,624	\$ 27,422
Investments	0	0	150,636
Receivables			
Taxes	0	0	0
Accounts	0	0	4,128
Due from Grantor	0	0	0
Interfund Balance	0	0	0
<b>Total Assets</b>	<b>\$ 1,216</b>	<b>\$ 29,624</b>	<b>\$ 182,186</b>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 998
Accrued Payroll	0	0	0
Interfund Balance	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>998</b>
<b>Fund Balance</b>			
Restricted for:			
Special Revenue	1,216	29,624	0
Unassigned	0	0	181,188
<b>Total Fund Balance</b>	<b>1,216</b>	<b>29,624</b>	<b>181,188</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,216</b>	<b>\$ 29,624</b>	<b>\$ 182,186</b>

See compilation report and accompanying notes.

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
 Combining Balance Sheet  
 June 30, 2015

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	<u>Total</u>
Assets	
Cash and Cash Equivalents	\$ 337,720
Investments	648,782
Receivables	
Taxes	3,325
Accounts	4,128
Due from Grantor	0
Interfund Balance	0
Total Assets	<u>\$ 993,955</u>
Liabilities	
Accounts Payable	\$ 4,200
Accrued Payroll	2,184
Interfund Balance	0
Total Liabilities	<u>6,384</u>
Fund Balance	
Restricted for:	
Special Revenue	168,434
Unassigned	819,137
Total Fund Balance	<u>987,571</u>
Total Liabilities and Fund Balance	<u>\$ 993,955</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, 2015

	Governmental Funds		
	General	Fire	Fire Excise Tax
Revenues			
Taxes			
Property	\$ 22,129	\$ 0	\$ 0
Gross Receipts	33,510	0	0
Gasoline	5,004	0	0
Other	700	0	0
State Grants	90,000	73,982	0
County Subsidy	37,000	0	0
Charges for Services	6,821	0	0
Fines and Fees	28,967	0	0
Other	2,769	37	0
Total Revenues	<u>226,900</u>	<u>74,019</u>	<u>0</u>
Expenditures			
Current			
General	81,007	0	0
Public Safety	57,562	57,615	0
Public Works	41,234	0	0
Culture & Recreation	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>179,803</u>	<u>57,615</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	47,097	16,404	0
Fund Balances at Beginning of Year	<u>590,852</u>	<u>106,721</u>	<u>14,469</u>
Fund Balance End of Year	<u>\$ 637,949</u>	<u>\$ 123,125</u>	<u>\$ 14,469</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, 2015

	Governmental Funds		Proprietary Fund
	EMS	Law Enforcement	Water and Sewer
Revenues			
Taxes			
Property	\$ 0	\$ 0	\$ 0
Gross Receipts	0	0	0
Gasoline	0	0	0
Other	0	0	0
State Grants	0	21,200	0
County Subsidy	0	0	0
Charges for Services	0	0	29,050
Fines and Fees	0	0	0
Other	878	0	105
Total Revenues	<u>878</u>	<u>21,200</u>	<u>29,155</u>
Expenditures			
Current			
General	0	0	0
Public Safety	2,086	6,253	0
Public Works	0	0	19,072
Culture & Recreation	0	0	0
Capital Outlay	0	8,010	0
Total Expenditures	<u>2,086</u>	<u>14,263</u>	<u>19,072</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,208)	6,937	10,083
Fund Balances at Beginning of Year	<u>2,424</u>	<u>22,687</u>	<u>171,105</u>
Fund Balance End of Year	<u>\$ 1,216</u>	<u>\$ 29,624</u>	<u>\$ 181,188</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, 2015

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	<u>Total</u>
Revenues	
Taxes	
Property	\$ 22,129
Gross Receipts	33,510
Gasoline	5,004
Other	700
State Grants	185,182
County Subsidy	37,000
Charges for Services	35,871
Fines and Fees	28,967
Other	3,789
Total Revenues	<u>352,152</u>
Expenditures	
Current	
General	81,007
Public Safety	123,516
Public Works	60,306
Culture & Recreation	0
Capital Outlay	8,010
Total Expenditures	<u>272,839</u>
Excess (Deficiency) of Revenues Over Expenditures	79,313
Fund Balances at Beginning of Year	<u>908,258</u>
Fund Balance End of Year	<u>\$ 987,571</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 a 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 Villages 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:

STATE OF NEW MEXICO

**VILLAGE OF HOPE**

Notes to the Financial Statements

For the Year Ended June 30, 2015

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.
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 06/30/2015	Reconciled Balance
Village of Hope	Interest-Checking	\$ 342,984	\$ 336,877
Fire Department	Savings	35,792	35,792
	Total	<u>378,776</u>	<u>\$ 336,877</u>
	Less: FDIC coverage	<u>(378,776)</u>	
	Uninsured Amount	<u>\$ 0</u>	

Western Bank

Account Name	Account Type	Bank Balance 06/30/2015	Reconciled Balance
Special Account	Noninterest-Checking	\$ 743	\$ 743
Correction	Savings	31,971	31,971
Infrastructure	Savings	55,634	55,634
Infrastructure 2	Savings	7,658	7,658
Fire Department	Savings	2,989	2,989
Fire Department	Savings	31,473	31,473
Fire Department	Savings	6,386	6,386
Water Department	Savings	25,531	25,531
Water Department	Savings	<u>26,153</u>	<u>26,153</u>
	Total	<u>188,538</u>	<u>\$ 188,538</u>
	Less: FDIC coverage	<u>(188,538)</u>	
	Uninsured Amount	<u>\$ 0</u>	

There is \$100 in the change drawer.

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

STATE OF NEW MEXICO  
**VILLAGE OF HOPE**  
Notes to the Financial Statements  
For the Year Ended June 30, 2015

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Custodial Credit Risk-Deposits	Bank Balance
Depository Account	
Insured	\$ 567,314
Uninsured and uncollateralized	0
Total Deposits	\$ <u>567,314</u>

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 \$567,314 were exposed to custodial credit risk.

**New Mexico State Treasurer**

Name of Account	Fair Market Value
General	\$ 320,889
Park	5,276
Gas Tax	78
Water Department	98,952
	\$ <u>425,195</u>

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

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor’s. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer’s website [www.stonm.org](http://www.stonm.org) and available for review by participants at any time.
3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity (“WAM”). The State Treasurer’s Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer’s Office website at [www.stonm.org](http://www.stonm.org). As of June 30, 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  
For the Year Ended June 30, 2015

<b>B. Capital Assets</b>	Beginning Balance 6/30/14	Additions	Deletions	Ending Balance 6/30/15
Governmental Funds				
Capital Assets not being Depreciated				
Land	\$ 7,275	\$ 0	\$ 0	\$ 7,275
Construction in Process	0	0	0	0
Capital Assets, being Depreciated				
Infrastructure	541,617	0	0	541,617
Buildings & Improvements	1,118,718	0	0	1,118,718
Equipment	756,560	8,010	0	764,570
	<u>2,424,170</u>	<u>8,010</u>	<u>0</u>	<u>2,432,180</u>
Accumulated Depreciation				
Infrastructure	389,957	10,832	0	400,789
Buildings & Improvements	364,339	24,279	0	388,618
Equipment	551,480	44,546	0	596,026
	<u>1,305,776</u>	<u>79,657</u>	<u>0</u>	<u>1,385,433</u>
Net Capital Assets	<u>\$ 1,118,394</u>	<u>\$ (71,647)</u>	<u>\$ 0</u>	<u>\$ 1,054,022</u>
	Beginning Balance 6/30/14	Additions	Deletions	Ending Balance 6/30/15
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	1,600	200	0	1,800
Water System	74,734	26,486	0	101,220
Sewer System	197,366	0	0	197,366
	<u>273,700</u>	<u>26,686</u>	<u>0</u>	<u>300,386</u>
Net Capital Assets	<u>\$ 658,708</u>	<u>\$ (26,686)</u>	<u>\$ 0</u>	<u>\$ 632,022</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.