

***STATE OF NEW MEXICO***

***VILLAGE OF CAUSEY***

***AUDIT REPORT***

***For the Year Ended June 30, 2008***

***(with Auditor's Report Thereon)***

***RICE & ASSOCIATES***  
***CERTIFIED PUBLIC ACCOUNTANTS***

STATE OF NEW MEXICO

VILLAGE OF CAUSEY

AUDIT REPORT

For The Year Ended June 30, 2008

(with Auditor's Report Thereon)

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
TABLE OF CONTENTS  
Year Ended June 30, 2008

	<u>Page</u>
Introduction Section	
Official Roster	i
Financial Section	
Independent Auditor's Report	1
<u>Financial Statements</u>	
<u>Statements</u>	
1 Statement of Net Assets	3
2 Statement of Activities	4
3 Balance Sheet - Governmental Funds	5
4 Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds	6
5 Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	7
6 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	8
7 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	9
8 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue - Fire Protection Fund	10
9 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - Special Revenue - Road Fund	11

Table of Contents (continued)

	<u>Page</u>
Notes to Financial Statements	12
Other Major Funds Budgets	
10 Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects - Truck Bay Construction Fund	23
Non-Major Funds	
A-1 Combining Balance Sheet - By Fund Type	24
A-2 Combining Statement of Revenue, Expenditures and Changes in Fund Balances - By Fund Type	25
A-3 Special Revenue Funds - Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	26
A-4 Capital Projects Fund - Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	27
Non-Major Special Revenue Funds	
B-1 Combining Balance Sheet	28
B-2 Combining Statement of Revenue, Expenditures and Changes in Fund Balances	29
B-3 Recreation Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	30
B-4 EMS Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	31
B-5 Fire Improvement Fund- Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	32
B-6 Ambulance Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	33

Table of Contents (continued)

	<u>Page</u>
B-7 Fire Reserve Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	34
B-8 Beautification Grant Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	35
Non-Major Capital Projects Funds	
C-1 Balance Sheet	36
C-2 Statement of Revenue, Expenditures and Changes in Fund Balances	37
C-3 Community Center Improvement Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	38
C-4 Fire Equipment Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	39
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	40
Status of Comments	42
Financial Statement Preparation and Exit Conference	43

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Official Roster  
Year Ended June 30, 2008

Village Council

<u>Name</u>	<u>Title</u>
Mr. Kris K. King	Mayor
Mr. Lawrence K. Skelley	Mayor Pro-Tem
Ms. LaVern Scheller	Council Member
Mr. Jimmy R. Stokes	Council Member
Ms. Marcel Merrick	Council Member

Village Administration

Ms. T. Ann Clark	Clerk-Treasurer
------------------	-----------------

*Rice and Associates, C.P.A.*

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

**INDEPENDENT AUDITOR'S REPORT**

Mr. Hector T. Balderas  
New Mexico State Auditor  
and  
Honorable Mayor and Village Council  
Village of Causey  
Causey, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements for the General, Fire Protection and Road Fund of the Village of Causey as of and for the year ended June 30, 2008, 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 non-major governmental funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008. These financial statements are the responsibility of the Village of Causey's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Causey's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Causey as of June 30, 2008, and

the respective changes in financial position where applicable, thereof and the respective budgetary comparisons for the General, Fire Protection and Road Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the village as of June 30, 2008 and the respective changes in financial position, thereof, and the budgetary comparisons for the non-major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2008 on our consideration of the Village of Causey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Village of Causey has not presented the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

 R. J. Anderson, CPA

September 3, 2008



**FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Statement of Net Assets  
June 30, 2008

Statement 1

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 140,901
Accounts receivable	1,377
Due from grantor	<u>714</u>
Total current assets	<u>142,992</u>
Capital Assets	
Land	7,470
Land improvements	114,680
Buildings	359,188
Vehicles	394,838
Equipment	<u>307,264</u>
Total capital assets	<u>1,183,440</u>
Less accumulated depreciation	(715,589)
Total capital assets (net of accumulated depreciation)	<u>467,851</u>
Total assets	<u>610,843</u>
Net Assets	
Invested in capital assets	467,851
Unrestricted	<u>142,992</u>
Total net assets	<u><u>\$ 610,843</u></u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Statement of Activities  
Year Ended June 30, 2008

Statement 2

<u>Functions/Programs</u>	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 56,059	\$ 2,751	\$ 1,290	\$ 9,593	\$ (42,425)
Highways and streets	3,725	-	-	-	(3,725)
Public safety	64,169	8,947	85,096	117,992	147,866
Culture and recreation	3,129	-	900	-	(2,229)
Depreciation - unallocated	144,608	-	-	-	(144,608)
Total governmental activities	<u>\$ 271,690</u>	<u>\$ 11,698</u>	<u>\$ 87,286</u>	<u>\$ 127,585</u>	<u>(45,121)</u>
General Revenues:					
Property taxes					980
Gross receipts taxes					2,411
Gasoline taxes					5,004
Motor vehicle taxes					6,026
State aid not restricted to special purpose					
General					35,000
Unrestricted investment earnings					514
Total general revenues					<u>49,935</u>
Change in net assets					4,814
Net assets - beginning					606,029
Net assets - ending					<u>\$ 610,843</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Balance Sheet  
Governmental Funds  
June 30, 2008

Statement 3

	General	Fire Protection Fund	Road Fund	Truck Bay Construction Fund	Other Governmental Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash on deposit	\$ 34,772	\$ 57,433	\$ 21,060	\$ -	\$ 27,636	\$ 140,901
Due from grantor	-	-	-	-	714	714
Accounts receivable	960	-	417	-	-	1,377
Total assets	<b>\$ 35,732</b>	<b>\$ 57,433</b>	<b>\$ 21,477</b>	<b>\$ -</b>	<b>\$ 28,350</b>	<b>\$ 142,992</b>
<b>FUND BALANCE</b>						
Unreserved:						
Undesignated reported in:						
General fund	\$ 35,732	\$ -	\$ -	\$ -	\$ -	\$ 35,732
Designated for subsequent years						
expenditures reported in:						
Special revenue funds	-	57,433	21,477	-	28,350	107,260
Total fund balance	<b>\$ 35,732</b>	<b>\$ 57,433</b>	<b>\$ 21,477</b>	<b>\$ -</b>	<b>\$ 28,350</b>	<b>\$ 142,992</b>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Governmental Funds

Statement 4

Reconciliation of the Balance Sheet to the Statement of Net Assets  
June 30, 2008

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

Fund balances - total governmental funds	\$	142,992
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		<u>467,851</u>
Net assets of governmental activities	\$	<u><u>610,843</u></u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2008

Statement 5

	General	Fire Protection Fund	Road Fund	Truck Bay Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 980	\$ -	\$ -	\$ -	\$ -	\$ 980
Charges for services	2,751	-	-	-	8,947	11,698
Local sources	1,290	1,420	-	-	-	2,710
Intergovernmental	35,000	58,551	-	115,000	38,610	247,161
State shared taxes	8,339	-	5,038	-	64	13,441
Earnings from investments	401	113	-	-	-	514
<b>Total revenues</b>	<u>48,761</u>	<u>60,084</u>	<u>5,038</u>	<u>115,000</u>	<u>47,621</u>	<u>276,504</u>
<b>EXPENDITURES</b>						
<b>Current:</b>						
General government	53,067	-	-	-	-	53,067
Highways and streets	-	-	3,725	-	-	3,725
Public safety	-	29,415	-	-	34,754	64,169
Culture and recreation	-	-	-	-	3,129	3,129
Capital outlay	-	11,268	-	115,000	12,585	138,853
<b>Total expenditures</b>	<u>53,067</u>	<u>40,683</u>	<u>3,725</u>	<u>115,000</u>	<u>50,468</u>	<u>262,943</u>
Net change in fund balances	(4,306)	19,401	1,313	-	(2,847)	13,561
Fund balance beginning of year	40,038	38,032	20,164	-	31,197	129,431
Fund balance end of year	<u>\$ 35,732</u>	<u>\$ 57,433</u>	<u>\$ 21,477</u>	<u>\$ -</u>	<u>\$ 28,350</u>	<u>\$ 142,992</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

Statement 6

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances - Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds		\$	13,561
Amounts reported for governmental activities in the Statement of Activities are different because:			
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.			
Depreciation expense	(144,608)		
Capital outlays	<u>135,861</u>		
Excess of capital outlay over depreciation expense			<u>(8,747)</u>
Change in net assets of governmental activities		\$	<u><u>4,814</u></u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 General Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 604	\$ 604	\$ 522	\$ (82)
Charges for services	2,270	2,270	2,751	481
Local sources	430	430	1,290	860
State sources	35,000	35,000	35,000	-
State shared taxes	6,828	6,828	8,602	1,774
Earnings from investments	285	285	401	116
	<u>\$ 45,417</u>	<u>\$ 45,417</u>	<u>\$ 48,566</u>	<u>\$ 3,149</u>
<b>EXPENDITURES</b>				
General government	\$ 53,811	\$ 53,811	\$ 53,067	\$ 744
	<u>\$ 53,811</u>	<u>\$ 53,811</u>	<u>\$ 53,067</u>	<u>\$ 744</u>
<b>BUDGETED CASH BALANCE</b>	<u>\$ 8,394</u>	<u>\$ 8,394</u>		

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Special Revenue - Fire Protection Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ 1,420	\$ 1,420
Intergovernmental	43,620	43,620	58,551	14,931
Earnings from investments	41	41	113	72
Total revenues	<u>\$ 43,661</u>	<u>\$ 43,661</u>	<u>\$ 60,084</u>	<u>\$ 16,423</u>
<b>EXPENDITURES</b>				
Public safety	\$ 68,800	\$ 68,800	\$ 40,683	\$ 28,117
Total expenditures	<u>\$ 68,800</u>	<u>\$ 68,800</u>	<u>\$ 40,683</u>	<u>\$ 28,117</u>
BUDGETED CASH BALANCE	<u>\$ 25,139</u>	<u>\$ 25,139</u>		

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Special Revenue - Road Fund  
 Statement of Revenues and Expenditures  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 5,044	\$ 5,044	\$ 5,038	\$ (6)
Total revenues	<u>\$ 5,044</u>	<u>\$ 5,044</u>	<u>\$ 5,038</u>	<u>\$ (6)</u>
EXPENDITURES				
Highways and Streets	\$ 21,280	\$ 21,280	\$ 3,725	\$ 17,555
Total expenditures	<u>\$ 21,280</u>	<u>\$ 21,280</u>	<u>\$ 3,725</u>	<u>\$ 17,555</u>
BUDGETED CASH BALANCE	<u>\$ 16,236</u>	<u>\$ 16,236</u>		

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Notes to Financial Statements  
Year Ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Causey 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. The more significant of the Village's accounting policies are described below.

A. Financial Reporting Entity

The Village has a five-member board of trustees; staggered positions expire each election. The financial statements of the Village of Causey include the various departments, agencies, and organizational units under oversight of the council.

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 Board of Trustees are financially accountable. There are no other primary governments with which the Village has a significant relationship.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Notes to Financial Statements (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 both 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which taxes are levied. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Protection Fund* (Special Revenue Fund) is to account for the operations and maintenance of the Fire Department. It is financed by a specific allotment from the State Fire Marshall's Office. The authority is NMSA 59A-53-1.

The *Road Fund* (Special Revenue Fund) - This fund was established to account for the maintenance of roads within the Village. Financing is provided by special tax per gallon on gasoline sold within the village boundaries. Funding is provided by 7-1-6-9 and/or 7-13-1 thru 7-13-18, NMSA 1978 Compilation.

Notes to Financial Statements (continued)

*The Truck Bay Construction Fund* (Capital Project Fund) - This fund was established to account for the construction of a new bay for additional fire trucks. Funding is provided by a Special Appropriation Project, Laws of 2003, Chapter 385 and 429 for \$10,000. Also, a special Appropriation Project Laws of 2004 Chapter 126 for \$20,000 and two Special Appropriation Projects Laws of 2006, Chapter 111 for a total of \$85,000.

The District also reports additional Government funds as non-major. They include:

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

Capital Project Funds - these funds are used to account for the acquisition of capital assets or construction of major capital projects.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis inconsistent with generally accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the Non-GAAP budgetary basis.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

Notes to Financial Statements (continued)

1. The Village Clerk submits a proposed operating budget for the fiscal year commencing the following July 1, prior to June 30. The operating budget includes proposed expenditures and the means of financing them. A budget is proposed for the General, Special Revenue Funds, and Capital Projects Fund.
2. Public hearings are conducted to obtain taxpayer comments. The budgets are then submitted to the Department of Finance and Administration for review, adjustments and approval.
3. Prior to June 30, the budget is legally enacted through passage of a resolution. The board of trustees is authorized to transfer budgeted amounts between series levels within any fund. The Department of Finance and Administration must approve transfers between series and the Department of Finance and Administration must approve any revisions that alter the total expenditures of any fund.
4. Budgets for budgeted funds are adopted on the cash basis, which is not consistent with generally accepted accounting principals. Budgetary comparisons have been presented in this report on the basis of the legally adopted budget.
5. Budgets for all funds are adopted on a regulatory prescribed cash basis. The level of budgetary control is by fund total. Budgetary information is presented as adopted and amended, the amendments being adopted in a legally prescribed manner. Appropriations lapse at year-end with any unspent cash balance being available for expenditure and appropriation in the subsequent year's budget.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets for the Village are adopted on a basis that is not in accordance with accounting principals generally accepted in the United State of America (GAAP). The budgets secure appropriations for only one year. All annual appropriations lapse at fiscal year end. Budgeted amounts are as originally adopted, or as amended by the Village Council. Expenditures of the statutory funds may not legally exceed appropriations for each budget.

Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances lapse at year-end and therefore are not presented in these financial statements.

E. 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 for the date of acquisition.

The Village is authorized under the provision of Chapter 6, Article 10, Paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan association and/or credit unions whose accounts are insured by an agency of the United State.

Notes to Financial Statements (continued)

F. 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.

G. Property Taxes

The County collects the Village's share of property taxes assessed. Property taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Tax notices are sent by the County treasurer to property owners by November 1<sup>st</sup> of each year to be paid in whole or in two installments by November 10<sup>th</sup> and April 10<sup>th</sup> of each year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues for the budget presentation. The information required to report property taxes at full accrual was not available during the year.

H. Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

I. Inventories

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

J. Capital Assets

Capital assets, which include property, plant, equipment, computers and software, are reported in the applicable governmental-wide financial statements. Such assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). The Village defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The Village has no internally developed software to capitalize and depreciate. The cost of library books are not considered to be material, therefore they are not capitalized and depreciated. 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 as constructed. Other costs incurred for repairs and maintenance are expenses 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:

Notes to Financial Statements (continued)

<u>Assets</u>	<u>Years</u>
Buildings	40
Land improvements	10-20
Machinery and Equipment	10-20
Vehicles	5-15
Office equipment	3-10
Computer equipment	3-7

GASB Statement 34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc. The Village did not own any infrastructure assets as of June 30, 2008.

K. Short-Term Debt

Short-term Debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The Village does not have any activity in short-term debt.

L. Net Assets

The governmental activities and business-type activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associates with capital assets less outstanding capital asset related debt.

Restricted net assets - This category reflects the portion of net assets that have third party limitation on their use.

Unrestricted net assets - This category reflects net assets of the Village not restricted for any project or other purposes.

M. Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change. Fund Equity was reserved or designated for:

Unreserved, designated for subsequent year's expenditures - This represents the amounts, other than carryover expenditures, which are designated for subsequent year's expenditures in accordance with grantor status.

Unreserved, undesignated - Amounts which have not been reserved or designated for any purpose. These funds are unavailable for unrestricted usage by the Village.



Notes to Financial Statements (continued)

O. Compensated Absences

There is no liability for unpaid accumulated annual leave since the Village does not have a policy to pay any amounts when employees separate from service with the Village. Sick pay does not vest and is recorded as an expenditure when it is paid.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Q. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method, if applicable. Bonds payable are reported net of the applicable bond premium or discount, if applicable. The Village has no bonds issued or outstanding.

R. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for these risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current fiscal year.

2. CASH AND INVESTMENTS

The following is the Cash on Deposit at each financial institution.

Wells Fargo Bank	Fire Improvement	Checking	\$ 5,765
Wells Fargo Bank	N/A	Checking	137,764
			<u>\$143,529</u>
Portales Nat'l Bank	N/A	Certificate of Deposit	<u>\$ 8,542</u>
Total			<u>\$152,071</u>
Total amount on deposit			\$152,071
Outstanding checks			(11,215)
Petty cash			25
Deposit in transit			19
Rounding			<u>1</u>
Total per financial statements			<u>\$140,901</u>

Notes to Financial Statements (continued)

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.

	Wells Fargo Bank Portales, NM <u>Demand Deposits</u>	Portales Nat'l Bank Portales, NM <u>Demand Deposits</u>
Total amount of deposits, June 30, 2008	\$ 143,529	\$ 8,542
Less FDIC coverage	<u>(100,000)</u>	<u>(8,542)</u>
Total uninsured public funds	<u>43,529</u>	<u>-</u>
50% collateral requirement (As per Section 6-10-17, NMSA 1978)	21,765	-
Pledged securities	<u>65,874</u>	<u>-</u>
Over (under) collateralized	<u><u>\$ 44,109</u></u>	<u><u>\$ -</u></u>

Custodial Credit Risk - Deposits

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, 2008, \$0 of the Village's bank balance of \$152,071 was exposed to custodial credit risk.

The collateral pledged is shown as follows:

<u>Federal Reserve Bank</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FNCL #31388KMRO	11-01-31	\$ 18,784
FNCL #31409UVR3	06-01-36	<u>47,090</u>
		<u><u>\$ 65,874</u></u>

3. ACCOUNTS RECEIVABLE

Receivables as of June 30, consist of the following:

<u>General Fund</u>	
Gross receipts taxes	\$503
Property taxes	<u>457</u>
	<u><u>\$960</u></u>
 <u>Road Fund</u>	
Gasoline taxes	<b>\$417</b>

Notes to financial statements (continued)

Note 4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 7,470	\$ -	\$ -	\$ 7,470
Total capital assets not being depreciated	<u>7,470</u>	<u>-</u>	<u>-</u>	<u>7,470</u>
Capital assets being depreciated:				
Land improvements	114,680	-	-	114,680
Buildings and improvements	230,565	128,623	-	359,188
Vehicles	394,838	-	-	394,838
Equipment	<u>300,026</u>	<u>7,238</u>	<u>-</u>	<u>307,264</u>
Total capital assets being depreciated	<u>1,040,109</u>	<u>135,861</u>	<u>-</u>	<u>1,175,970</u>
Less accumulated depreciation for:				
Land improvements	(29,260)	(7,698)	-	(36,958)
Buildings and improvements	(118,431)	(9,706)	-	(128,137)
Vehicles	(172,970)	(75,257)	-	(248,227)
Equipment	<u>(250,320)</u>	<u>(51,947)</u>	<u>-</u>	<u>(302,267)</u>
Total accumulated depreciation	<u>(570,981)</u>	<u>(144,608)</u>	<u>-</u>	<u>(715,589)</u>
Total capital assets being depreciated, net	<u>469,128</u>	<u>(8,747)</u>	<u>-</u>	<u>460,381</u>
Governmental activity capital assets, net	<u>\$ 476,598</u>	<u>\$ (8,747)</u>	<u>\$ -</u>	<u>\$ 467,851</u>

Depreciation expense was charged to governmental activities as follows:

Unallocated	\$ <u>144,608</u>
Total depreciation expense	\$ <u>144,608</u>

Notes to Financial Statements (continued)

5. RETIREMENT PLAN

The Village of Causey does not participate in the State of New Mexico PERA retirement plan or any other retirement plan.

6. POST-RETIREMENT HEALTH CARE BENEFITS

The Village of Causey does not participate in the State of New Mexico Retiree Health Care plan.

7. SURETY BOND

A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.2. covers the officials and certain employees of the Village.

8. JOINT POWERS AGREEMENT

The Village of Causey entered into a Joint Powers Agreement 93-521-23-149 with the New Mexico Energy, Minerals and Natural Resources Department, State Forestry Division (EMNRD). EMNRD desires to assist the Village to enhance the organization of its wildfire protection activities and the Village desires to assist EMNRD to enhance the organization of wildfire protection activity on non-municipal lands adjacent to the Village. The Village agrees to develop and maintain a cooperative wildfire protection system including the use of its fire department for the prevention, detection, pre-suppression and suppression of wildfires, and for the procurement and maintenance of forest, brush, and grassland firefighting equipment. EMNRD will reimburse the Village for use of equipment for fire suppression when a Fire Reimbursement Request Form is completed and sent to EMNRD within 30 days after the fire is extinguished. All payments under this agreement are on a reimbursement basis. The agreement was approved by the New Mexico Department of Finance and Administration on January 1, 1993. The agreement shall remain in effect perpetually unless terminated by either party. The Village reports the receipts and disbursements in the Fire Reserve Fund.

A Joint Powers Agreement was entered into on February 11, 2003 between the City of Portales and the Village of Causey to provide a comprehensive emergency management program to achieve the maximum effect in the protection of the public health and safety within Roosevelt County and its municipalities. The agreement commenced on February 11, 2003 and shall remain in force until rescinded or terminated by either party. The administration of funds, which may be appropriated, shall be mutually agreed upon between participating political subdivisions. The Village reports the receipts and disbursements in the Fire Improvement Fund.

Notes to Financial Statements (continued)

9. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENT

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - budget and Actual - All Governmental Fund types are 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).

	<u>General Fund</u>	<u>Protection Fund</u>	<u>Road Fund</u>	<u>Truck Bay Construction Fund</u>	<u>Non-Major Special Revenue</u>
Revenue-budgetary basis	\$ 48,566	\$ 60,084	\$ 5,038	\$ 115,000	\$ 46,907
Add: Current year receivable	960	-	-	-	714
Less: Prior year receivable	<u>(765)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue-GAAP basis	<u><u>\$ 48,761</u></u>	<u><u>\$ 60,084</u></u>	<u><u>\$ 5,038</u></u>	<u><u>\$ 115,000</u></u>	<u><u>\$ 47,621</u></u>
Expenditures-budgetary basis	\$ 53,067	\$ 40,683	\$ 3,725	\$ 115,000	\$ 50,468
Add: Current year payable	-	-	-	-	-
Less: Prior year payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures-GAAP basis	<u><u>\$ 53,067</u></u>	<u><u>\$ 40,683</u></u>	<u><u>\$ 3,725</u></u>	<u><u>\$ 115,000</u></u>	<u><u>\$ 50,468</u></u>

**OTHER MAJOR FUNDS BUDGETS**

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Capital Projects - Truck Bay Construction Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Total revenues	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ -</u>
EXPENDITURES				
Capital outlay	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Total expenditures	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**NON-MAJOR FUNDS**



STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Governmental Funds  
 Combining Balance Sheet - By Fund Type  
 June 30, 2008

	Special Revenue Funds	Capital Project Funds	Totals
<b>ASSETS</b>			
Cash on deposit	\$ 27,636	\$ -	\$ 27,636
Due from grantor	714	-	714
Total assets	<u>\$ 28,350</u>	<u>\$ -</u>	<u>\$ 28,350</u>
<b>FUND BALANCE</b>			
Unreserved:			
Undesignated for subsequent years expenditures	<u>\$ 28,350</u>	<u>\$ -</u>	<u>\$ 28,350</u>
Total fund balance	<u>\$ 28,350</u>	<u>\$ -</u>	<u>\$ 28,350</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances - By Fund Type  
Year Ended June 30, 2008

Statement A-2

	Special Revenue Funds	Capital Project Funds	Total
<b>REVENUES</b>			
Charges for services	\$ 8,947	\$ -	\$ 8,947
State sources	26,025	12,585	38,610
State shared taxes	64	-	64
Total revenues	35,036	12,585	47,621
<b>EXPENDITURES</b>			
Current:			
Public safety	34,754	-	34,754
Culture and recreation	3,129	-	3,129
Capital outlay	-	12,585	12,585
Total expenditures	37,883	12,585	50,468
Net change in fund balance	(2,847)	-	(2,847)
Fund balance at beginning of year	31,197	-	31,197
Fund balance at end of year	\$ 28,350	\$ -	\$ 28,350

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Combined Statement of Revenues and Expenditures  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Governmental Fund Types - Non-Major  
 Special Revenue Funds  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$ 5,250	\$ 5,250	\$ 8,947	\$ 3,697
Local sources	7,350	7,350	6,700	(650)
State sources	<u>15,200</u>	<u>15,200</u>	<u>18,675</u>	<u>3,475</u>
 Total revenues	 <u>\$ 27,800</u>	 <u>\$ 27,800</u>	 <u>\$ 34,322</u>	 <u>\$ 6,522</u>
<b>EXPENDITURES</b>				
Public safety	\$ 53,334	\$ 53,334	\$ 34,754	\$ (18,580)
Culture and recreation	<u>3,129</u>	<u>3,129</u>	<u>3,129</u>	<u>-</u>
 Total expenditures	 <u>\$ 56,463</u>	 <u>\$ 56,463</u>	 <u>\$ 37,883</u>	 <u>\$ (18,580)</u>
 BUDGETED CASH BALANCE	 <u>\$ 28,663</u>	 <u>\$ 28,663</u>		

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Combined Statement of Revenues and Expenditures  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Capital Projects Funds  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ 47,992	\$ 47,992	\$ 12,585	\$ (35,407)
Total revenues	<u>\$ 47,992</u>	<u>\$ 47,992</u>	<u>\$ 12,585</u>	<u>\$ (35,407)</u>
<b>EXPENDITURES</b>				
Capital outlay	\$ 47,992	\$ 47,992	\$ 12,585	\$ 35,407
Total expenditures	<u>\$ 47,992</u>	<u>\$ 47,992</u>	<u>\$ 12,585</u>	<u>\$ 35,407</u>

See accompanying notes to financial statements.

## NON-MAJOR SPECIAL REVENUE FUNDS

**RECREATION FUND** - This fund is to provide for the operation and maintenance of the Village recreational equipment and facilities. The authority is NMSA 1978 Section 5-4-1 to 5-4-9.

**EMERGENCY MEDICAL SERVICES (EMS) FUND** - This fund was established to account for the operation and maintenance of the EMS Department. Financing is provided by a motor vehicle registration fee of one dollar. Funding is provided under State Statute 24-10A-6, NMSA, 1978 Compilation.

**FIRE IMPROVEMENT FUND** - This fund was established to account for County gross receipts taxes received by the County then remitted to the Village used only for improvement of fire protection equipment. Funding is provided under Roosevelt County Ordinance 5-83, Section 4.

**AMBULANCE FUND** - This fund was established to account for ambulance charges to help purchase medical supplies, conferences and maintenance on the ambulance.

**FIRE RESERVE FUND** - This fund was established to account for monies received from the Department of Energy, Minerals and National Resources, State Forestry Division for the suppression of wild fires. Funding is provided by a Joint Powers Agreement with Energy, Minerals and Natural Resources Department of the State of New Mexico 1983 to help purchase fire equipment, supplies and fire trucks.

**BEAUTIFICATION GRANT FUND** - To account for resources from the State of New Mexico, New Mexico Department of Tourism for the "New Mexico Litter Control and Beautification Act" to eliminate litter from the State to the maximum practical extent through a State coordinated plan of education, control, prevention and elimination. Authority is Sections 67-16-1 to 67-16-14, NMSA 1978.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Non-Major Governmental Funds  
Combining Balance Sheet  
June 30, 2008

Statement B-1

	Recreation Fund	EMS Fund	Fire Improvement Fund	Ambulance Fund	Fire Reserve Fund	Beautification Grant Fund	Total Governmental Funds
<b>ASSETS</b>							
Cash on deposit	\$ (64)	\$ -	\$ 4,418	\$ 10,043	\$ 13,889	\$ (650)	\$ 27,636
Due from grantor	<u>64</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650</u>	<u>714</u>
 Total assets	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,418</u>	 <u>\$ 10,043</u>	 <u>\$ 13,889</u>	 <u>\$ -</u>	 <u>\$ 28,350</u>
 <b>FUND BALANCE</b>							
Unreserved:							
Designated for subsequent year's expenditures	<u>-</u>	<u>-</u>	<u>4,418</u>	<u>10,043</u>	<u>13,889</u>	<u>-</u>	<u>28,350</u>
 Total fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,418</u>	 <u>\$ 10,043</u>	 <u>\$ 13,889</u>	 <u>\$ -</u>	 <u>\$ 28,350</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
For the year ended June 30, 2008

Statement B-2

	Recreation Fund	EMS Fund	Fire Improvement Fund	Ambulance Fund	Fire Reserve Fund	Beautification Grant Fund	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	8,947	-	-	8,947
State sources	-	7,500	8,702	-	8,923	900	26,025
State shared taxes	64	-	-	-	-	-	64
Earnings from investments	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>64</u>	<u>7,500</u>	<u>8,702</u>	<u>8,947</u>	<u>8,923</u>	<u>900</u>	<u>35,036</u>
<b>EXPENDITURES</b>							
<b>Current:</b>							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Public safety	-	7,571	12,777	3,862	10,544	-	34,754
Culture and recreation	2,229	-	-	-	-	900	3,129
Capital outlay	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>2,229</u>	<u>7,571</u>	<u>12,777</u>	<u>3,862</u>	<u>10,544</u>	<u>900</u>	<u>37,883</u>
<b>Net change in fund balances</b>	<b>(2,165)</b>	<b>(71)</b>	<b>(4,075)</b>	<b>5,085</b>	<b>(1,621)</b>	<b>-</b>	<b>(2,847)</b>
<b>Fund balance at beginning of year</b>	<u>2,165</u>	<u>71</u>	<u>8,493</u>	<u>4,958</u>	<u>15,510</u>	<u>-</u>	<u>31,197</u>
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,418</u>	<u>\$ 10,043</u>	<u>\$ 13,889</u>	<u>\$ -</u>	<u>\$ 28,350</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Special Revenue Fund - Recreation Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources	\$ 250	\$ 250	\$ -	\$ (250)
Total revenues	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ (250)</u>
<b>EXPENDITURES</b>				
Culture and recreation	\$ 2,229	\$ 2,229	\$ 2,229	\$ -
Total expenditures	<u>\$ 2,229</u>	<u>\$ 2,229</u>	<u>\$ 2,229</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 2,165</u>	<u>\$ 2,165</u>		

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Special Revenue Fund - EMS Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Total revenues	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 7,571	\$ 7,571	\$ 7,571	\$ -
Total expenditures	<u>\$ 7,571</u>	<u>\$ 7,571</u>	<u>\$ 7,571</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 71</u>	<u>\$ 71</u>		

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Special Revenue Fund - Fire Improvement Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 7,100	\$ 7,100	\$ 6,700	\$ (400)
State sources	<u>2,000</u>	<u>2,000</u>	<u>2,002</u>	<u>2</u>
Total revenues	<u>\$ 9,100</u>	<u>\$ 9,100</u>	<u>\$ 8,702</u>	<u>\$ (398)</u>
EXPENDITURES				
Public safety	\$ 17,592	\$ 17,592	\$ 12,777	\$ 4,815
Total expenditures	<u>\$ 17,592</u>	<u>\$ 17,592</u>	<u>\$ 12,777</u>	<u>\$ 4,815</u>
BUDGETED CASH BALANCE	<u>\$ 8,492</u>	<u>\$ 8,492</u>		

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Special Revenue Fund - Ambulance Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services	\$ 5,250	\$ 5,250	\$ 8,947	\$ 3,697
Total revenues	<u>\$ 5,250</u>	<u>\$ 5,250</u>	<u>\$ 8,947</u>	<u>\$ 3,697</u>
<b>EXPENDITURES</b>				
Public safety	\$ 9,423	\$ 9,423	\$ 3,862	\$ 5,561
Total expenditures	<u>\$ 9,423</u>	<u>\$ 9,423</u>	<u>\$ 3,862</u>	<u>\$ 5,561</u>
<b>BUDGETED CASH BALANCE</b>	<u>\$ 4,173</u>	<u>\$ 4,173</u>		

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Special Revenue Fund - Fire Reserve Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State source	\$ 4,800	\$ 4,800	\$ 8,923	\$ 4,123
Total revenues	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 8,923</u>	<u>\$ 4,123</u>
<b>EXPENDITURES</b>				
Public safety	\$ 18,748	\$ 18,748	\$ 10,544	\$ 8,204
Total expenditures	<u>\$ 18,748</u>	<u>\$ 18,748</u>	<u>\$ 10,544</u>	<u>\$ 8,204</u>
BUDGETED CASH BALANCE	<u>\$ 13,948</u>	<u>\$ 13,948</u>		

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Special Revenue Fund - Beautification Grant Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 900	\$ 900	\$ 250	\$ (650)
Total revenues	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ 250</u>	<u>\$ (650)</u>
EXPENDITURES				
Culture and recreation	\$ 900	\$ 900	\$ 900	\$ -
Total expenditures	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**NON-MAJOR CAPITAL PROJECTS FUNDS**

**COMMUNITY CENTER IMPROVEMENT** - To account for resources received from a Legislative Appropriation Project Laws of 2007, Chapter 42, Section 68, Paragraph 533 to renovate the Community Center, including flooring, countertops, carpeting and window coverings.

**FIRE EQUIPMENT FUND** - To account for resources received from the New Mexico Energy, Minerals and Natural Resources Department to purchase personal protection equipment for the Causey Fire Department.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Capital Projects Fund  
 Balance Sheet  
 June 30, 2008

	Community Center Improvement Fund	Fire Equipment Fund	Total
<b>ASSETS</b>			
Cash on deposit	\$ -	\$ -	\$ -
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE</b>			
Unreserved:			
Designated for subsequent years expenditures	\$ -	\$ -	\$ -
<b>Total fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Capital Projects Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Year Ended June 30, 2008

	Community Center Improvement Fund	Fire Equipment Fund	Total
<b>REVENUES</b>			
State sources	\$ 9,593	\$ 2,992	\$ 12,585
Total revenues	<u>9,593</u>	<u>2,992</u>	<u>12,585</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>9,593</u>	<u>2,992</u>	<u>12,585</u>
Total expenditures	<u>9,593</u>	<u>2,992</u>	<u>12,585</u>
Net change in fund balance	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.



STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Capital Projects Fund - Community Center Improvement Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 45,000	\$ 45,000	\$ 9,593	\$ (35,407)
Total revenues	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 9,593</u>	<u>\$ (35,407)</u>
EXPENDITURES				
Capital outlay	\$ 45,000	\$ 45,000	\$ 9,593	\$ 35,407
Total expenditures	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 9,593</u>	<u>\$ 35,407</u>

See accompanying notes to financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Capital Projects Fund - Fire Equipment Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ 2,992	\$ 2,992	\$ 2,992	\$ -
Total revenues	<u>\$ 2,992</u>	<u>\$ 2,992</u>	<u>\$ 2,992</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Capital outlay	\$ 2,992	\$ 2,992	\$ 2,992	\$ -
Total expenditures	<u>\$ 2,992</u>	<u>\$ 2,992</u>	<u>\$ 2,992</u>	<u>\$ -</u>

See accompanying notes to financial statements.

*Rice and Associates, C.P.A.*

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

**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. Hector T. Balderas  
New Mexico State Auditor  
and  
Honorable Mayor and Village Council  
Village of Causey  
Causey, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements for the General, Fire Protection and Road Fund of the Village of Causey, as of and for the year ended June 30, 2008, and have issued our report thereon dated September 3, 2008. We also have audited the financial statements of each of the Village's non-major governmental funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Causey's internal control over financial reporting as a basis for designing our auditing procedures 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 of Causey's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Causey's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Village of Causey's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Causey's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Causey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Rid & Associates, LLP*

September 3, 2008

**STATUS OF COMMENTS**

**Prior Year Audit Findings**

NONE

**Current Year Audit Findings**

NONE

## FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2008 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 112.

## EXIT CONFERENCE

An exit conference was held on September 3, 2008. In attendance were Ms. T. Ann Clark, Village Clerk, Mr. Jimmy R. Stokes, Council Member and Ms. Pamela A. Rice, CPA, Contract Auditor.