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STATE OF NEW MEXICO  
Village of Causey  
June 30, 2010

Financial Statements and Supplementary Information  
As Of And For The Year Ended June 30, 2010  
With Independent Auditor's Report Thereon

*Sandra Rush*  
*Certified Public Accountant, PC*

*1101 E Llano Estacado*  
*Clovis, New Mexico 88101*

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STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

Official Roster  
For the year ended June 30, 2010

Council Members

Kris K King

Mayor

LaVerne Scheller

Council Member

Lawrence K Skelley

Council Member

Darrell Caviness

Council Member

Jimmy R Stokes

Council Member

Administrative Officials

T Ann Clark

Clerk

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STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

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VILLAGE OF CAUSEY

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## Financial Section

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## Independent Auditor's Report

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

I have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds of the Village of Causey (Village), as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of the Village's non major governmental funds, and the budgetary comparisons for the major capital project fund, and all non major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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's internal control over financial reporting. Accordingly, I 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my 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, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project fund, and all non major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Honorable Mayor and Village Council  
Village of Causey  
Causey, New Mexico  
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In accordance with *Government Auditing Standards*, I have also issued my report dated September 20, 2010 on my consideration of the Village's internal control over financial reporting and on my 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 my 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 my audit.

For the year ended June 30, 2010 the Village has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

My audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Sandra Rush, CPA PC  
September 20, 2010

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY

Statement of Net Assets  
 June 30, 2010

Governmental  
 Activities

<u>ASSETS</u>	<u>Governmental Activities</u>
Current Assets	
Cash and cash equivalents	\$ 142,097
Due from grantor	2,423
Taxe receivable	<u>1,193</u>
Total current assets	<u>145,713</u>
Capital assets:	
Land	7,470
Land improvement	171,976
Building	365,710
Vehicle	394,838
Equipment	<u>558,486</u>
Total capital assets	<u>\$ 1,498,480</u>
Less accumulated depreciation	<u>(830,266)</u>
Total capital assets (net of accumulated depreciation)	<u>668,214</u>
Total assets	<u>\$ 813,927</u>
<u>LIABILITIES</u>	
Current	
Accounts payable	<u>\$ 2,212</u>
Total liabilities	<u>2,212</u>
<u>NET ASSETS</u>	
Invested in capital assets	668,214
Restricted	96,095
Unrestricted	<u>47,406</u>
Total net assets	<u>811,715</u>
Total assets and liabilities	<u>\$ 813,927</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY

Statement of Activities  
 For the year ended June 30, 2010

Functions / Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 46,284	\$ 6,382	\$	\$
Public safety	106,523		95,102	5,450
Highways and streets	3,147			
Culture and recreation	1,096		890	
Total governmental activities	<u>\$ 157,050</u>	<u>\$ 6,382</u>	<u>\$ 95,992</u>	<u>\$ 5,450</u>

General revenues:  
 Property taxes  
 Gross receipts taxes  
 Gas regular taxes  
 Motor vehicle administration fees  
 Interest income  
 Miscellaneous  
 State aid not restricted to special purposes

Total general revenues

Change in net assets

Net assets, beginning  
 Net assets, restatement  
 Net assets, beginning restated  
 Net assets, ending

The accompanying notes are an integral part of these financial statements

Net (Expense  
Revenues and  
Change in  
Net Assets

Governmental  
Activities

\$ (39,902)  
(5,971)  
(3,147)  
(206)

\$ (49,226)

472  
15,025  
5,033  
3,882  
268  
1,022  
35,000

60,702

11,476

833,632  
(33,393)  
800,239

\$ 811,715

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY

Balance Sheet  
 Governmental Funds  
 June 30, 2010

	General	Fire Protection Fund	Road Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 47,725	\$ 56,213	\$ 6,706
Due from grantor		-	-
Taxes receivable	776	-	417
Accounts receivable		-	
<b>Total assets</b>	<b><u>\$ 48,501</u></b>	<b><u>\$ 56,213</u></b>	<b><u>\$ 7,123</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 1,095	\$ 464	\$ 247
<b>Total liabilities</b>	<b><u>1,095</u></b>	<b><u>464</u></b>	<b><u>247</u></b>
Fund balances:			
Unreserved reported in:			
General fund	47,406	-	-
Special Revenue Fund	-	55,749	6,876
Capital Project Fund	-	-	-
<b>Total fund balances</b>	<b><u>47,406</u></b>	<b><u>55,749</u></b>	<b><u>6,876</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 48,501</u></b>	<b><u>\$ 56,213</u></b>	<b><u>\$ 7,123</u></b>

The accompanying notes are an integral part of these financial statements.

Fire Reserve Fund	Inter- Governmental Fund	Other Governmental Funds	Total Governmental Funds
\$ 13,901	\$ (1,400)	\$ 18,952	\$ 142,097
-	1,400	-	1,400
-	-	-	1,193
<u>1,023</u>	<u>-</u>	<u>-</u>	<u>1,023</u>
<u>\$ 14,924</u>	<u>\$ -</u>	<u>\$ 18,952</u>	<u>\$ 145,713</u>
<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 326</u>	<u>\$ 2,212</u>
<u>80</u>	<u>-</u>	<u>326</u>	<u>2,212</u>
-	-	-	47,406
14,844	-	-	77,469
<u>-</u>	<u>-</u>	<u>18,626</u>	<u>18,626</u>
<u>14,844</u>	<u>-</u>	<u>18,626</u>	<u>143,501</u>
<u>\$ 14,924</u>	<u>\$ -</u>	<u>\$ 18,952</u>	<u>\$ 145,713</u>

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

Fund balances - total governmental funds	\$ 143,501
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,498,480
Accumulated depreciation	<u>(830,266)</u>
Net assets of governmental activities	<u>\$ 811,715</u>

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the year ended June 30, 2010

	General	Fire Protection Fund	Road Fund
Revenues:			
Charge for services	\$ 204	\$ -	\$ -
Investment income	233	35	-
Miscellaneous	535	95	-
Local sources	4,916	-	-
State shared tax	14,463	-	5,033
State sources	35,000	69,299	-
	<u>55,351</u>	<u>69,429</u>	<u>5,033</u>
Total revenues			
Expenditures:			
Current:			
General government	45,721	-	-
Public safety	-	31,311	-
Highways and streets	-	-	3,147
Culture and recreation	-	-	-
Capital outlay	-	31,193	8,701
	<u>45,721</u>	<u>62,504</u>	<u>11,848</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>9,630</u>	<u>6,925</u>	<u>(6,815)</u>
Other financing sources (uses)			
Transfer in/(out)	<u>-</u>	<u>-</u>	<u>-</u>
Total transfers			
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	9,630	6,925	(6,815)
Fund balances, beginning of year	<u>37,776</u>	<u>48,824</u>	<u>13,691</u>
Fund balances, end of year	<u>\$ 47,406</u>	<u>\$ 55,749</u>	<u>\$ 6,876</u>

The accompanying notes are an integral part of these financial statements

Fire Reserve Fund	Inter- Governmental Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 6,178	\$ 6,382
-	-	-	268
-	-	-	630
-	-	13,391	18,307
-	-	-	19,496
<u>5,522</u>	<u>5,450</u>	<u>8,172</u>	<u>123,443</u>
<u>5,522</u>	<u>5,450</u>	<u>27,741</u>	<u>168,526</u>
-	-	-	45,721
3,843	4,953	23,773	63,880
-	-	-	3,147
-	-	1,096	1,096
-	<u>118,376</u>	-	<u>158,270</u>
<u>3,843</u>	<u>123,329</u>	<u>24,869</u>	<u>272,114</u>
<u>1,679</u>	<u>(117,879)</u>	<u>2,872</u>	<u>(103,588)</u>
-	-	-	-
-	-	-	-
1,679	(117,879)	2,872	(103,588)
<u>13,165</u>	<u>117,879</u>	<u>15,754</u>	<u>247,089</u>
<u>\$ 14,844</u>	<u>\$ -</u>	<u>\$ 18,626</u>	<u>\$ 143,501</u>

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

Net change in fund balances - total governmental funds	\$ (103,588)
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	158,270
Depreciation expense	<u>(43,206)</u>
Change in net assets of governmental activities	<u>\$ 11,476</u>



STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

General Fund - Major Fund  
Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance favorable (unfavorable)
	Original	Final		
Revenue:				
Local effort:				
Charge for services	\$ 50	\$ 50	\$ 204	\$ 154
Gross receipts - municipal 1.25%	2,225	2,225	4,444	2,219
Property tax - current	1,290	1,290	370	(920)
Total local effort	<u>3,565</u>	<u>3,565</u>	<u>5,018</u>	<u>1,453</u>
Taxes - state shared:				
Gross receipts - tax 1.225%	4,850	4,850	10,581	5,731
Cigarette tax	583	583		(583)
Motor vehicle administration fees	425	3,972	3,882	(90)
Total state shared taxes	<u>5,858</u>	<u>9,405</u>	<u>14,463</u>	<u>5,058</u>
Miscellaneous:				
Contributions	425	425	409	(16)
Interest income	420	420	233	(187)
Reimbursements / refunds	-	-	126	126
Total miscellaneous	<u>845</u>	<u>845</u>	<u>768</u>	<u>(77)</u>
Grants:				
State:				
State - Small City Assistance	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total grants	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total revenues	<u>45,268</u>	<u>48,815</u>	<u>55,249</u>	<u>6,434</u>
Expenditures:				
Current:				
General government	<u>50,740</u>	<u>54,287</u>	<u>44,626</u>	<u>9,661</u>
Total expenditures	<u>50,740</u>	<u>54,287</u>	<u>44,626</u>	<u>9,661</u>
Excess (deficiency) revenues over expenditures	(5,472)	(5,472)	10,623	(3,227)
Cash balance, beginning of year	<u>37,102</u>	<u>37,102</u>	<u>37,102</u>	<u>-</u>
Cash balance, end of year	<u>\$ 31,630</u>	<u>\$ 31,630</u>	<u>\$ 47,725</u>	<u>\$ (3,227)</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

General Fund - Major Fund  
Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2010

Revenue - budget basis	\$	55,249
Current year receivable/other credits		776
Prior year receivable/other debits		(674)
Revenue - GAAP basis		<u>55,351</u>
Expenditures - budgetary basis	\$	44,626
Current year payable/other debits		1,095
Prior year payables/other credits		-
Expenditures - GAAP basis		<u>45,721</u>

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

Fire Protection - Special Revenue Fund - Major Fund  
Statement of Revenues and Expenditures and Changes in  
Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance favorable (unfavorable)
	Original	Final		
Revenues:				
Local source:				
Interest income	\$ 89	\$ 89	\$ 35	\$ (54)
Reimbursements / refunds	-	-	95	95
Total local sources	89	89	130	41
State source:				
State - fire allotment	57,214	57,214	69,299	12,085
Total state source	57,214	57,214	69,299	12,085
Total revenues	57,303	57,303	69,429	12,126
Expenditures:				
Current:				
Public safety	43,704	43,704	30,847	12,857
Capital outlay	32,423	32,423	31,193	1,230
Total expenditures	76,127	76,127	62,040	14,087
Excess (deficiency) revenues over expenditures	(18,824)	(18,824)	7,389	26,213
Other financing sources (uses):				
Operating transfer	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) revenues and other financing sources (uses) over expenditures	(18,824)	(18,824)	7,389	26,213
Cash balance, beginning of year	48,824	48,824	48,824	-
Cash balance, end of year	\$ 30,000	\$ 30,000	\$ 56,213	\$ 26,213
Revenue - budget basis			\$ 69,429	
Current year receivable/other credits			-	
Prior year receivable/other debits			-	
Revenue - GAAP basis			69,429	
Expenditures - budgetary basis			\$ 62,040	
Current year payable/other debits			464	
Prior year payables/other credits			-	
Expenditures - GAAP basis			62,504	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

Road Fund - Special Revenue Fund - Major Fund  
Statement of Revenues and Expenditures and Changes in  
Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Gasoline tax	\$ 5,031	\$ 5,031	\$ 5,033	\$ 2
Total revenues	<u>5,031</u>	<u>5,031</u>	<u>5,033</u>	<u>2</u>
Expenditures:				
Current:				
Highways and streets	9,604	9,604	2,900	6,704
Capital outlay	<u>8,701</u>	<u>8,701</u>	<u>8,701</u>	<u>-</u>
Total expenditures	<u>18,305</u>	<u>18,305</u>	<u>11,601</u>	<u>6,704</u>
Excess (deficiency) revenues over expenditures	(13,274)	(13,274)	(6,568)	(6,702)
Cash balance, beginning of year	<u>13,274</u>	<u>13,274</u>	<u>13,274</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,706</u>	<u>\$ (6,702)</u>
Revenue - budget basis			\$ 5,033	
Current year receivable/other credits			417	
Prior year receivable/other debits			<u>(417)</u>	
Revenue - GAAP basis			<u>5,033</u>	
Expenditures - budgetary basis			\$ 11,601	
Current year payable/other debits			247	
Prior year payables/other credits			<u>-</u>	
Expenditures - GAAP basis			<u>11,848</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

Fire Reserve - Special Revenue Fund - Major Fund  
Statement of Revenues and Expenditures and Changes in  
Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State source	\$ 5,762	\$ 5,762	\$ 4,499	\$ (1,263)
Total revenues	<u>5,762</u>	<u>5,762</u>	<u>4,499</u>	<u>(1,263)</u>
Expenditures:				
Current:				
Public safety	<u>18,927</u>	<u>18,927</u>	<u>3,763</u>	<u>15,164</u>
Total expenditures	<u>18,927</u>	<u>18,927</u>	<u>3,763</u>	<u>15,164</u>
Excess (deficiency) revenues over expenditur	(13,165)	(13,165)	736	13,901
Other financing sources (uses):				
Operating transfer	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) revenues and other financing sources (uses) over expenditures	-	-	736	13,901
Cash balance, beginning of year	<u>13,165</u>	<u>13,165</u>	<u>13,165</u>	<u>-</u>
Cash balance, end of year	<u>\$ 13,165</u>	<u>\$ 13,165</u>	<u>\$ 13,901</u>	<u>\$ 13,901</u>
Revenue - budget basis			\$ 4,499	
Current year receivable/other credits			1,023	
Prior year receivable/other debits			<u>-</u>	
Revenue - GAAP basis			<u>5,522</u>	
Expenditures - budgetary basis			\$ 3,763	
Current year payable/other debits			80	
Prior year payables/other credits			<u>-</u>	
Expenditures - GAAP basis			<u>3,843</u>	

The accompanying notes are an integral part of these financial statements.

## Notes To Financial Statements

## Note 1. Summary of Significant Accounting Policies

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

### 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.

### 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 non fiduciary activities of the Village. For the most part, the effect of inter fund 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 is 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.

#### 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 60 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 judgments, 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:

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.



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.

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.

Fire Reserve Fund (Special Revenue Fund) – This fund was established to account for monies received from the Department of Energy, Minerals, and Natural 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.

Intergovernmental Fund (Capital Project Fund) – This fund was established to account for the construction of a new water tank.

The Village 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.

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 government has elected not 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.

## 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 accepted 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:

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 principles. 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, Special Revenue Funds, and Capital Project Fund. Budgets for the Village are adopted on a basis that is not in accordance with accounting principles generally accepted in the United States 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, Special Revenue Funds and Capital Project Fund. Encumbrances lapse at year-end and therefore are not presented in these financial statements.

#### Cash and Cash Equivalents

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Village is authorized under the 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 States.

#### 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.

#### 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.

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.

Inventories

Inventories of governmental funds are recorded as expenditures when purchased.

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. Items on the capital asset listing that were capitalized under previous lower thresholds should not be deleted from the capital asset listing until the Village disposes of them in accordance with applicable statute. The Village has no internally developed software to capitalize and depreciate. 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:

Assets	Years
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, 2010.

### 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 as of June 30, 2010.

### 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, – This category reflects the portion of net assets that are associates with capital assets less outstanding capital asset related debt. As of June 30, 2010 the Village had no outstanding 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.

### 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.

### Fund Balances of Fund Financial Statements

Reserved fund balance indicates that portion of fund equity, which has been segregated for specific purposes.

Unreserved fund balance indicates that portion of fund equity, which is available for budgeting in future periods.

### 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.

### 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.

### 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 long-term debt or bonds issued or outstanding as of June 30, 2010.

### 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.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Notes to Financial Statements  
 June 30, 2010

Note 2. Cash and Investments

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

Wells Fargo Bank	Checking	\$	133,260
Wells Fargo Bank	Checking		4,808
J P Stone Community Bank	Certificate of Deposit		<u>9,142</u>
Total bank balance			147,210
Outstanding checks			(5,176)
Petty cash			64
Rounding			<u>(1)</u>
Total cash per financial statements		\$	<u>142,097</u>

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 New Mexico	J P Stone Community Bank Portales New Mexico
Total amount of deposits June 30, 2010	\$ 138,068	\$ 9,142
Less FDIC coverage	<u>(138,068)</u>	<u>(9,142)</u>
Total uninsured public funds	-	-
50% collateral requirement		
as per Section 6-10-17, NMSA 1978	-	-
Pledged securities	<u>-</u>	<u>-</u>
Over (under) collateralized	\$ -	\$ -

The bank's has no collateral pledged as of June 30, 2010.

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 Village does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$.00 of the Village's bank balance of \$147,210 was exposed to custodial credit risk.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Notes to Financial Statements  
June 30, 2010

Note 3. Accounts Receivable

Receivables as of June 30, 2010 consist of the following:

	General Fund	Road Fund	Fire Reserve Fund	Inter- Governmental Fund	Totals
Property tax	\$ 776	\$ -	\$ -	\$ -	\$ 776
Gasoline tax	-	417	-	-	417
From other governments	-	-	1,023	1,400	2,423
	<u>\$ 776</u>	<u>\$ 417</u>	<u>\$ 1,023</u>	<u>\$ 1,400</u>	<u>\$ 3,616</u>

All receivables are considered to be 100% collectible.

Note 4. Changes in Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Adjustments	Ending Balance
Governmental activities:				
Capital assets not being depreciated	\$ 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	163,275	8,701	-	171,976
Buildings	365,710	-	-	365,710
Vehicles	394,838	-	-	394,838
Equipment	<u>415,227</u>	<u>149,569</u>	<u>(6,310)</u>	<u>558,486</u>
Total capital assets being depreciated	<u>1,339,050</u>	<u>158,270</u>	<u>(6,310)</u>	<u>1,491,010</u>
Less accumulated depreciation for:				
Land improvements	(47,086)	(10,124)	1	(57,209)
Buildings	(138,169)	(8,636)	(520)	(147,325)
Vehicles	(259,819)	(3,833)	(25,195)	(288,847)
Equipment	<u>(314,903)</u>	<u>(20,613)</u>	<u>(1,369)</u>	<u>(336,885)</u>
Total depreciation	<u>(759,977)</u>	<u>(43,206)</u>	<u>(27,083)</u>	<u>(830,266)</u>
Total capital assets being depreciated, net	<u>579,073</u>	<u>115,064</u>	<u>(33,393)</u>	<u>660,744</u>
Governmental activity capital assets, net	<u>\$ 586,543</u>	<u>\$ 115,064</u>	<u>\$ (33,393)</u>	<u>\$ 668,214</u>



STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Notes to Financial Statements  
June 30, 2010

Depreciation by category for the year ended June 30, 2010 was

General government	\$	563
Public safety		<u>42,643</u>
Total depreciation	\$	<u>43,206</u>

Note 5. Retirement Plan

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

Note 6. Post-Retirement Health Care Benefits

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

Note 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.

Note 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.

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.

#### Note 9. Prior Period Adjustment

A prior period adjustment was made to correct the value of capital assets and amount applied to depreciation expense in prior years. Capital assets was overstated \$6,310 and accumulated depreciation was understated \$27,083.

#### Note 10 Deficit Cash Balance

The Intergovernmental Fund had a deficit cash balance in the amount of \$1,400 on June 30, 2010. The deficit resulted from a Beautification and Litter Grant from the State of New Mexico that required the Village spend the fund then request a reimbursement.

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## Major Capital Project Fund

### Intergovernmental Fund

This fund was established to account for the construction of a new water tank.

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STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY

Intergovernmental - Capital Project Fund - Major Fund  
 Statement of Revenues and Expenditures and Changes in  
 Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
 For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance favorable (unfavorable)
	Original	Final		
Revenues:				
State sources	\$ 237,676	\$ 237,676	\$ 4,050	\$ (233,626)
Total revenues	<u>237,676</u>	<u>237,676</u>	<u>4,050</u>	<u>(233,626)</u>
Expenditures:				
Current:				
Public safety	234,674	234,674	4,953	229,721
Capital outlay	<u>120,880</u>	<u>120,880</u>	<u>118,376</u>	<u>2,504</u>
Total expenditures	<u>355,554</u>	<u>355,554</u>	<u>123,329</u>	<u>232,225</u>
Excess (deficiency) revenues over expenditur	(117,878)	(117,878)	(119,279)	(1,401)
Cash balance, beginning of year	<u>117,879</u>	<u>117,879</u>	<u>117,879</u>	<u>-</u>
Cash balance, end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (1,400)</u>	<u>\$ (1,401)</u>
Revenue - budget basis			\$ 4,050	
Current year receivable/other credits			1,400	
Prior year receivable/other debits			-	
Revenue - GAAP basis			<u>5,450</u>	
Expenditures - budgetary basis			\$ 123,329	
Current year payable/other debits			-	
Prior year payables/other credits			-	
Expenditures - GAAP basis			<u>123,329</u>	

The accompanying notes are an integral part of these financial statements.

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## Other Supplementary Information



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## Non-Major Special Revenue Funds

### Emergency Medical Service (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.

### 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 of NM 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.

### 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.

### Fire Improvement Fund

This fund was established to account for County gross receipts taxes received by the County then remitted to the Village. The funds are 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.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2010

	<u>EMS</u>	<u>Beautification</u>	<u>Recreation</u>	<u>Fire Improvement</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 649	\$ 4,527
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649</u>	<u>\$ 4,527</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 117
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Unreserved reported in Special revenue	<u>-</u>	<u>-</u>	<u>649</u>	<u>4,410</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>649</u>	<u>4,410</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649</u>	<u>\$ 4,410</u>

The accompanying notes are an integral part of these financial statements.

<u>Ambulance</u>	<u>Totals</u>
\$ 13,776	\$ 18,952
<u>\$ 13,776</u>	<u>\$ 18,952</u>

<u>\$ 209</u>	<u>\$ 326</u>
<u>-</u>	<u>326</u>

<u>13,567</u>	<u>18,626</u>
<u>13,567</u>	<u>18,626</u>
<u>\$ 13,567</u>	<u>\$ 18,952</u>

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the year ended June 30, 2005

	<u>EMS</u>	<u>Beautification</u>	<u>Recreation</u>	<u>Fire Improvement</u>
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Local sources	392		-	6,719
State shared taxes	-	-	-	-
State sources	<u>7,282</u>	<u>890</u>	<u>-</u>	<u>-</u>
Total revenues	<u>7,674</u>	<u>890</u>	<u>-</u>	<u>6,719</u>
Expenditures:				
Current:				
Public safety	7,674	-	-	5,535
Culture and recreation	<u>-</u>	<u>1,000</u>	<u>96</u>	<u>-</u>
Total expenditures	<u>7,674</u>	<u>1,000</u>	<u>96</u>	<u>5,535</u>
Net change in fund balance	-	(110)	(96)	1,184
Fund balances, beginning	<u>-</u>	<u>110</u>	<u>745</u>	<u>3,226</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649</u>	<u>\$ 4,410</u>

The accompanying notes are an integral part of these financial statements.

<u>Ambulance</u>	<u>Totals</u>
\$ 6,178	\$ 6,178
6,280	13,391
-	-
-	8,172
12,458	27,741
10,564	23,773
-	1,096
10,564	24,869
1,894	2,872
11,673	15,754
\$ 13,567	\$ 18,626

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

EMS Fund - Special Revenue Fund - Non Major Fund  
Statement of Revenues and Expenditures and Changes in  
Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance favorable (unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Refund	\$ -	\$ -	\$ 392	\$ 392
State sources	<u>7,282</u>	<u>7,282</u>	<u>7,282</u>	<u>-</u>
Total revenues	<u>7,282</u>	<u>7,282</u>	<u>7,674</u>	<u>392</u>
Expenditures:				
Current:				
Public safety	<u>7,281</u>	<u>7,281</u>	<u>7,674</u>	<u>(393)</u>
Total expenditures	<u>7,281</u>	<u>7,281</u>	<u>7,674</u>	<u>(393)</u>
Excess (deficiency) revenues over expenditures	1	1	-	(1)
Cash balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance, end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ (1)</u>
Revenue - budget basis			\$ 7,674	
Current year receivable/other credits			-	
Prior year receivable/other debits			-	
Revenue - GAAP basis			<u>7,674</u>	
Expenditures - budgetary basis			\$ 7,674	
Current year payable/other debits			-	
Prior year payables/other credits			-	
Expenditures - GAAP basis			<u>7,674</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

Beautification Grant Fund - Special Revenue Fund - Non Major Fund  
Statement of Revenues and Expenditures and Changes in  
Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2010

	Budgeted Amounts		Actual	Variance favorable (unfavorable)
	Original	Final		
Revenues:				
State sources	\$ 890	\$ 890	\$ 890	\$ -
Total revenues	<u>890</u>	<u>890</u>	<u>890</u>	<u>-</u>
Expenditures:				
Current:				
Culture and recreation	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Excess (deficiency) revenues over expenditures	(110)	(110)	(110)	-
Cash balance, beginning of year	<u>110</u>	<u>110</u>	<u>110</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue - budget basis			\$ 890	
Current year receivable/other credits			-	
Prior year receivable/other debits			-	
Revenue - GAAP basis			<u>890</u>	
Expenditures - budgetary basis			\$ 1,000	
Current year payable/other debits			-	
Prior year payables/other credits			-	
Expenditures - GAAP basis			<u>1,000</u>	

The accompanying notes are an integral part of these financial statements.



STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY

Recreation Fund - Special Revenue Fund - Non Major Fund  
 Statement of Revenues and Expenditures and Changes in  
 Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
 For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 592	\$ 592	\$ -	\$ (592)
Total revenues	<u>592</u>	<u>592</u>	<u>-</u>	<u>(592)</u>
Expenditures:				
Current:				
Culture and recreation	<u>1,337</u>	<u>1,337</u>	<u>96</u>	<u>1,241</u>
Total expenditures	<u>1,337</u>	<u>1,337</u>	<u>96</u>	<u>1,241</u>
Excess (deficiency) revenues over expenditur	(745)	(745)	(96)	649
Cash balance, beginning of year	<u>745</u>	<u>745</u>	<u>745</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649</u>	<u>\$ 649</u>
Revenue - budget basis			\$ -	
Current year receivable/other credits			-	
Prior year receivable/other debits			-	
Revenue - GAAP basis			<u>-</u>	
Expenditures - budgetary basis			\$ 96	
Current year payable/other debits			-	
Prior year payables/other credits			-	
Expenditures - GAAP basis			<u>96</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY

Fire Improvements - Special Revenue Fund - Non Major Fund  
 Statement of Revenues and Expenditures and Changes in  
 Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
 For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources	\$ 7,000	\$ 7,000	\$ 6,719	\$ (281)
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>6,719</u>	<u>(281)</u>
Expenditures:				
Current:				
Public safety	<u>10,226</u>	<u>10,226</u>	<u>5,418</u>	<u>4,808</u>
Total expenditures	<u>10,226</u>	<u>10,226</u>	<u>5,418</u>	<u>4,808</u>
Excess (deficiency) revenues over expenditur	(3,226)	(3,226)	1,301	4,527
Cash balance, beginning of year	<u>3,226</u>	<u>3,226</u>	<u>3,226</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,527</u>	<u>\$ 4,527</u>
Revenue - budget basis			\$ 6,719	
Current year receivable/other credits			-	
Prior year receivable/other debits			-	
Revenue - GAAP basis			<u>6,719</u>	
Expenditures - budgetary basis			\$ 5,418	
Current year payable/other debits			117	
Prior year payables/other credits			-	
Expenditures - GAAP basis			<u>5,535</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY

Ambulance - Special Revenue Fund - Non Major Fund  
Statement of Revenues and Expenditures and Changes in  
Fund Balance - Budget and Actual (Non - GAAP Budgetary Basis)  
For the year ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local source:				
Charges for service	\$ 9,460	\$ 9,460	\$ 6,178	\$ (3,282)
Federal Grant			6,280	6,280
Total revenues	<u>9,460</u>	<u>9,460</u>	<u>12,458</u>	<u>2,998</u>
Expenditures:				
Current:				
Public safety	<u>21,133</u>	<u>21,133</u>	<u>10,355</u>	<u>10,778</u>
Total expenditures	<u>21,133</u>	<u>21,133</u>	<u>10,355</u>	<u>10,778</u>
Excess (deficiency) revenues over expenditur	(11,673)	(11,673)	2,103	13,776
Cash balance, beginning of year	<u>11,673</u>	<u>11,673</u>	<u>11,673</u>	<u>-</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,776</u>	<u>\$ 13,776</u>
Revenue - budget basis			\$ 12,458	
Current year receivable/other credits			-	
Prior year receivable/other debits			-	
Revenue - GAAP basis			<u>12,458</u>	
Expenditures - budgetary basis			\$ 10,355	
Current year payable/other debits			209	
Prior year payables/other credits			-	
Expenditures - GAAP basis			<u>10,564</u>	

The accompanying notes are an integral part of these financial statements.

## Compliance Section

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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 Balderas  
State Auditor of the State of New Mexico  
Honorable Mayor and Village Council  
Village of Causey  
Causey, New Mexico

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons statement of the General Fund and major special revenue funds activities of the Village of Causey (Village), as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents and have issued my report thereon dated September 20, 2010. I also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for the Intergovernmental Fund and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and the budgetary comparison statements as of and for the year ended June 30, 2010, as listed in the table of contents. I conducted my 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 my audit, I considered the Villages' internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Villages' internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Villages' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as described above. Nor did I identify deficiencies in internal control over financial reporting that I consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Mr. Hector Balderas

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Honorable Mayor and Village Council  
Village of Causey  
Causey, New Mexico  
Page 2

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Villages' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test disclosed instances of non compliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as findings 10-1 and 10-2.

This report is intended solely for the information and use of management, the village council, others within the Village, New Mexico Department of Finance Authority, the Office of the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

  
Sandra Rush, CPA  
September 20, 2010

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Schedule of Findings and Responses  
June 30, 2010

Prior Year Audit findings

The June 30, 2009 audit report was not filed timely as required by the State Auditors Rule NMAC 2.2.2.9.A. Repeated.

Current Year Audit Findings

10-1 Audit Report Late

Condition

The June 30, 2010 audit report was not filed timely as required by the State Auditors Rule NMAC 2.2.2.9.A.

Criteria

In accordance with the State Auditor Rule NMAC 2.2.2.9.A, the audited financial statements and other required documents are due by December 1, annually.

Cause

The audited financial statements and the required documents were not submitted by December 1, 2010.

Effect

The Village is not in compliance with State Auditor Rule NMAC 2.2.2.9.A, for the year ended June 30, 2010.

Recommendation

The audit report should be submitted to the State Auditor by the December 1 deadline.

Response

The Village agrees.

10-2 Expenditures Exceeded Available Resources

Condition

The Intergovernmental Fund has a negative cash balance on June 30, 2010 in the amount of \$1,400.

Criteria

In accordance with the State Auditor Rule NMAC 2.2.2.10.P "if budgeted expenditures exceed budgeted revenue (after prior-year cash balance and any applicable federal receivables required to balance the budget), that fact must also be reported in a finding since budget deficits are generally not allowed".

Cause

The Intergovernmental Fund expenditures exceeded revenues and prior-year cash.

Effect

The Village is not in compliance with State Auditor Rule NMAC 2.2.2.10.P, for the year ended June 30, 2010.

Recommendation

The Village should budget a transfer to cover any cash deficit.



STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Schedule of Findings and Responses  
June 30, 2010

Response  
The Village agrees.

Financial Statement Preparation

The financial statements were prepared by Village personnel with assistance from Sandra Rush, CPA. The financial statements remain the responsibility of the Village's management.

Exit Conference

The contents of this report were discussed with T Ann Clark, clerk – treasurer, LaVerne Scheller, council member, Darrell Caviness council member, and Sandra Rush, CPA, in an exit conference on November 23, 2010.