

STATE OF NEW MEXICO

VILLAGE OF CAUSEY

AUDIT REPORT

For The Year Ended June 30, 2012

(with Auditor's Report Thereon)

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
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STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Official Roster  
Year Ended June 30, 2012

Village Council

<u>Name</u>	<u>Title</u>
Mr. Kris K. King	Mayor
Mr. Darrell Caviness	Mayor Pro-Tem
Ms. LaVerne Scheller	Council Member
Mr. Jimmy R. Stokes	Council Member
Ms. Jill M. Caviness	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 H. 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, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison for the General, Fire Protection, Road and Fire Reserve Funds of the Village of Causey, as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's non-major governmental and enterprise funds and the budgetary comparisons for all non-major governmental and enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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. According, 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Causey, as of June 30, 2012, and the respective changes

in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Fire Protection, Road and Fire Reserve Funds 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 and enterprise funds of the Village of Causey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the non-major governmental and enterprise 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 25, 2012 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.

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Price & Associates, CPA*

September 25, 2012

**FINANCIAL STATEMENTS**



STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Statement of Net Assets  
June 30, 2012

Statement 1

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash	\$ 200,495	\$ 23,605	\$ 224,100
Accounts receivable (net of uncollectible accounts)	1,528	1,916	3,444
Total current assets	202,023	25,521	227,544
Capital Assets			
Land	7,470	645	8,115
Land improvements	166,445	-	166,445
Buildings	376,822	-	376,822
Vehicles	392,838	-	392,838
Equipment	684,248	-	684,248
Plant/Infrastructure	-	225,000	225,000
Total capital assets	1,627,823	225,645	1,853,468
Less accumulated depreciation	(1,118,587)	(30,000)	(1,148,587)
Total capital assets (net of accumulated depreciation)	509,236	195,645	704,881
Total assets	\$ 711,259	\$ 221,166	\$ 932,425
<b>LIABILITIES AND NET ASSETS</b>			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Security deposits	-	300	300
Total current liabilities	-	300	300
Net Assets			
Invested in capital assets net of related debt	509,236	195,645	704,881
Unrestricted	202,023	25,221	227,244
Total net assets	711,259	220,866	932,125
Total liabilities and net assets	\$ 711,259	\$ 221,166	\$ 932,425

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

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Statement of Activities  
Year Ended June 30, 2012

Statement 2

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 43,823	\$ 40	\$ 1,325	\$ -	\$ (42,458)	\$ -	\$ (42,458)
Highways and streets	3,089	-	-	-	(3,089)	-	(3,089)
Public safety	82,227	8,403	100,370	-	26,546	-	26,546
Culture and recreation	2,123	-	1,900	-	(223)	-	(223)
Depreciation - unallocated	67,609	-	-	-	(67,609)	-	(67,609)
Total governmental activities	<u>198,871</u>	<u>8,443</u>	<u>103,595</u>	<u>-</u>	<u>(86,833)</u>	<u>-</u>	<u>(86,833)</u>
Business-type activities:							
Water services	27,658	13,106	728	-	(13,824)	-	(13,824)
Solid waste services	6,288	6,774	-	-	486	-	486
Total business-type activities	<u>33,946</u>	<u>19,880</u>	<u>728</u>	<u>-</u>	<u>(13,338)</u>	<u>-</u>	<u>(13,338)</u>
<b>Total all activities</b>	<b>\$ 232,817</b>	<b>\$ 28,323</b>	<b>\$ 104,323</b>	<b>\$ -</b>	<b>(86,833)</b>	<b>(13,338)</b>	<b>(100,171)</b>
<b>General Revenues:</b>							
Property taxes					3,049	-	3,049
Gross receipts taxes					4,959	-	4,959
Gasoline taxes					5,054	-	5,054
Motor vehicle taxes					205	-	205
State aid not restricted to special purpose					35,000	-	35,000
General					83	4	87
Investment earnings					-	-	-
Total general revenues					<u>48,350</u>	<u>4</u>	<u>48,354</u>
Change in net assets					(38,483)	(13,334)	(51,817)
Net assets - beginning of year					749,742	234,200	983,942
Net assets - ending					<u>\$ 711,259</u>	<u>\$ 220,866</u>	<u>\$ 932,125</u>

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

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Balance Sheet  
 Governmental Funds  
 June 30, 2012

Statement 3

	General	Fire Protection Fund	Road Fund	Fire Reserve Fund	Other Governmental Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash on deposit	\$ 48,065	\$ 108,517	\$ 10,661	\$ 22,460	\$ 10,792	\$ 200,495
Accounts receivable	1,111	-	417	-	-	1,528
<b>Total assets</b>	<b>\$ 49,176</b>	<b>\$ 108,517</b>	<b>\$ 11,078</b>	<b>\$ 22,460</b>	<b>\$ 10,792</b>	<b>\$ 202,023</b>
<b>FUND BALANCE</b>						
Restricted	\$ -	\$ 108,517	\$ 11,078	\$ 22,460	\$ 10,792	\$ 152,847
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	49,176	-	-	-	-	49,176
<b>Total fund balance</b>	<b>\$ 49,176</b>	<b>\$ 108,517</b>	<b>\$ 11,078</b>	<b>\$ 22,460</b>	<b>\$ 10,792</b>	<b>\$ 202,023</b>

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

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Reconciliation of the Balance Sheet - Governmental Funds  
 to the Statement of Net Assets  
 June 30, 2012

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

Total fund balances - governmental funds		\$ 202,023
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
The cost of capital assets	1,627,823	
Accumulated depreciation	<u>(1,118,587)</u>	
		<u>509,236</u>
Net assets of governmental activities		<u><u>\$ 711,259</u></u>

The accompanying notes are an integral part of these 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, 2012

	General	Fire Protection Fund	Road Fund	Fire Reserve Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 3,049	\$ -	\$ -	\$ -	\$ -	\$ 3,049
Charges for services	40	-	-	-	8,403	8,443
Local sources	1,325	82	-	800	8,003	10,210
State sources	36,900	66,198	-	18,156	7,131	128,385
State shared taxes	5,164	-	5,054	-	-	10,218
Earnings from investments	56	27	-	-	-	83
<b>Total revenues</b>	<u>46,534</u>	<u>66,307</u>	<u>5,054</u>	<u>18,956</u>	<u>23,537</u>	<u>160,388</u>
<b>EXPENDITURES</b>						
Current:						
General government	43,823	-	-	-	-	43,823
Highways and streets	-	-	3,089	-	-	3,089
Public safety	-	48,805	-	13,229	20,193	82,227
Culture and recreation	1,900	-	-	-	223	2,123
Capital outlay	-	-	-	-	-	-
<b>Total expenditures</b>	<u>45,723</u>	<u>48,805</u>	<u>3,089</u>	<u>13,229</u>	<u>20,416</u>	<u>131,262</u>
Net change in fund balances	811	17,502	1,965	5,727	3,121	29,126
Fund balance beginning of year	48,365	91,015	9,113	16,733	7,671	172,897
<b>Fund balance end of year</b>	<u>\$ 49,176</u>	<u>\$ 108,517</u>	<u>\$ 11,078</u>	<u>\$ 22,460</u>	<u>\$ 10,792</u>	<u>\$ 202,023</u>

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

## STATE OF NEW MEXICO

Statement 6

## VILLAGE OF CAUSEY

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, 2012

Net change in fund balances - total governmental funds \$ 29,126

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 expense exceeds capital outlays in the period.

Depreciation expense (67,609)

Capital outlays -

Excess of capital outlay over depreciation expense (67,609)

Change in net assets of governmental activities \$ (38,483)

The accompanying notes are an integral part of these 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 1,030	\$ 1,030	\$ 3,067	\$ 2,037
Charges for services	100	100	40	(60)
Local sources	750	750	1,325	575
State sources	36,900	36,900	36,900	-
State shared taxes	4,847	4,847	4,099	(748)
Earnings from investments	100	100	56	(44)
<b>Total revenues</b>	<b><u>\$ 43,727</u></b>	<b><u>\$ 43,727</u></b>	<b><u>\$ 45,487</u></b>	<b><u>\$ 1,760</u></b>
<b>EXPENDITURES</b>				
General government	\$ 46,578	\$ 46,578	\$ 43,823	\$ 2,755
Culture and recreation	1,900	1,900	1,900	-
<b>Total expenditures</b>	<b><u>\$ 48,478</u></b>	<b><u>\$ 48,478</u></b>	<b><u>\$ 45,723</u></b>	<b><u>\$ 2,755</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 4,751</u></b>	<b><u>\$ 4,751</u></b>		

The accompanying notes are an integral part of these 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ 82	\$ 82
State sources	52,418	52,418	66,198	13,780
Earnings from investments	37	37	27	(10)
Total revenues	<u>\$ 52,455</u>	<u>\$ 52,455</u>	<u>\$ 66,307</u>	<u>\$ 13,852</u>
<b>EXPENDITURES</b>				
Public safety	\$ 113,470	\$ 113,470	\$ 48,805	\$ 64,665
Total expenditures	<u>\$ 113,470</u>	<u>\$ 113,470</u>	<u>\$ 48,805</u>	<u>\$ 64,665</u>
BUDGETED CASH BALANCE	<u>\$ 61,015</u>	<u>\$ 61,015</u>		

The accompanying notes are an integral part of these 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 5,034	\$ 5,034	\$ 5,054	\$ 20
Total revenues	<u>\$ 5,034</u>	<u>\$ 5,034</u>	<u>\$ 5,054</u>	<u>\$ 20</u>
EXPENDITURES				
Highways and Streets	\$ 13,730	\$ 13,730	\$ 3,089	\$ 10,641
Total expenditures	<u>\$ 13,730</u>	<u>\$ 13,730</u>	<u>\$ 3,089</u>	<u>\$ 10,641</u>
BUDGETED CASH BALANCE	<u>\$ 8,696</u>	<u>\$ 8,696</u>		

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

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Special Revenue Fund - Fire Reserve Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ 800	\$ 800
State sources	<u>9,746</u>	<u>9,746</u>	<u>18,156</u>	<u>8,410</u>
Total revenues	<u><b>\$ 9,746</b></u>	<u><b>\$ 9,746</b></u>	<u><b>\$ 18,956</b></u>	<u><b>\$ 9,210</b></u>
<b>EXPENDITURES</b>				
Public safety	\$ 26,479	\$ 26,479	\$ 13,229	\$ 13,250
Total expenditures	<u><b>\$ 26,479</b></u>	<u><b>\$ 26,479</b></u>	<u><b>\$ 13,229</b></u>	<u><b>\$ 13,250</b></u>
<b>BUDGETED CASH BALANCE</b>	<u><b>\$ 16,733</b></u>	<u><b>\$ 16,733</b></u>		

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

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Proprietary Funds  
Combining Statement of Net Assets  
June 30, 2012

Statement 11

	Water Fund	Solid Waste Fund	Totals
<b>ASSETS</b>			
Current Assets			
Cash on deposit	\$ 20,474	\$ 3,131	\$ 23,605
Accounts receivable (net)	<u>1,317</u>	<u>599</u>	<u>1,916</u>
Total Current Assets	<u>21,791</u>	<u>3,730</u>	<u>25,521</u>
Capital Assets			
Land	645	-	645
Land improvements	-	-	-
Plant/infrastructure	225,000	-	225,000
Accumulated depreciation	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
Total Capital Assets	<u>195,645</u>	<u>-</u>	<u>195,645</u>
Total Assets	<u><b>\$ 217,436</b></u>	<u><b>\$ 3,730</b></u>	<u><b>\$ 221,166</b></u>
<b>LIABILITIES</b>			
Current Liabilities			
Security deposits	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 300</u>
Total Liabilities	<u>300</u>	<u>-</u>	<u>300</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	195,645	-	195,645
Unrestricted	<u>21,491</u>	<u>3,730</u>	<u>25,221</u>
Total Net Assets	<u>217,136</u>	<u>3,730</u>	<u>220,866</u>
Total Liabilities and Net Assets	<u><b>\$ 217,436</b></u>	<u><b>\$ 3,730</b></u>	<u><b>\$ 221,166</b></u>

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

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Proprietary Funds

Statement 12

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
For the Year Ended June 30, 2012

	Water Fund	Solid Waste Fund	Totals
<b>OPERATING REVENUES</b>			
Sales and services	\$ 13,106	\$ 6,774	\$ 19,880
Local sources	728	-	728
<b>Total operating revenue</b>	<b>13,834</b>	<b>6,774</b>	<b>20,608</b>
<b>OPERATING EXPENSES</b>			
Personal services	1,171	-	1,171
Maintenance and operations	11,487	295	11,782
Major contractual services	-	5,993	5,993
Depreciation	15,000	-	15,000
<b>Total operating expenses</b>	<b>27,658</b>	<b>6,288</b>	<b>33,946</b>
Operating income (loss)	(13,824)	486	(13,338)
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Investment income	4	-	4
Investment expense	-	-	-
<b>Total Non-Operating Revenue (Expense)</b>	<b>4</b>	<b>-</b>	<b>4</b>
Change in Net Assets	(13,820)	486	(13,334)
Total net assets, beginning of year	230,956	3,244	234,200
<b>Total net assets, end of year</b>	<b>\$ 217,136</b>	<b>\$ 3,730</b>	<b>\$ 220,866</b>

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

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Proprietary Funds  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2012

Statement 13

	Water Fund	Solid Waste Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 13,004	\$ 6,600	\$ 19,604
Cash received from local sources	728	-	728
Cash payments to employees and to suppliers for goods and services	(12,658)	(6,288)	(18,946)
Net cash provided by operating activities	1,074	312	1,386
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	-	-	-
Investment expense	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income	4	-	4
Security deposits	100	-	100
Net cash provided by investing activities	104	-	104
Net increase (decrease) in cash	1,178	312	1,490
Cash, beginning of year	19,296	2,819	22,115
Cash, end of year	\$ 20,474	\$ 3,131	\$ 23,605
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (13,824)	\$ 486	\$ (13,338)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	15,000	-	15,000
Changes in assets and liabilities:			
(Increase) decrease in receivables	(102)	(174)	(276)
Net cash provided (used) by operating activities	\$ 1,074	\$ 312	\$ 1,386

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

STATE OF NEW MEXICO  
VILLAGE OF CAUSEY  
Notes to Financial Statements  
Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Causey is incorporated under Section 3 New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized: highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

The Village has a five-member board of trustees; staggered positions expire each election.

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 government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village had no component units.

Notes to Financial Statements (continued)

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. *Governmental activities*, which is normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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*, as are the proprietary fund financial statements. 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.

Notes to Financial Statements (continued)

Property taxes, 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. 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.

The *Fire Reserve 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.

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.

The Village reports the following Proprietary Fund types:

Enterprise Fund - Water Fund - To account for the provision of water services to the residents of Causey, New Mexico. All activities necessary to provide these services are accounted for in this fund.

Enterprise Fund - Solid Waste Fund - To account for the collection and disposal of solid waste for residents of Causey, New Mexico. All activities necessary to provide these services are accounted for in this fund.



Notes to Financial Statements (continued)

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary 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.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions and 3) program specific 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.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is charged to customers for sales and services. The enterprise fund also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

## Notes to Financial Statements (continued)

### D. Budgets and Budgetary Accounting

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

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments. The original budget that was adopted in July, 1998 was amended during the fiscal year in a legally permissible manner.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Project Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the General and Special Revenue Funds are adopted on a basis not consistent with generally accepted accounting principals. Throughout the year the accounting records are maintained on the Non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for General and Special Revenue Funds in this report are on the Non-GAAP budgetary basis and actual (cash basis). The budget of the Enterprise Fund is adopted on a Non-GAAP cash basis.

### E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Village. The pledged securities remain in the name of the financial institution.

Notes to Financial Statements (continued)

F. Inventories

The cost of inventories are recorded as expenditures when purchased rather than when consumed.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated Capital Assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10 to 20
Buildings	40
Building improvements	40
Public domain infrastructure	40
System infrastructure	15
Vehicles	5 to 15
Equipment	10 to 20

The Village does not capitalize computer software or software developed for internal use (if applicable) unless it exceeds the \$5,000 threshold.

H. 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.

Notes to Financial Statements (continued)

I. 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.

J. Restricted Assets

Certain long-term assets in the proprietary funds are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purpose such as "deposits held in trust for others".

K. 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.

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Notes to Financial Statements (continued)

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by the Village Council or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Notes to Financial Statements (continued)

M. Estimates

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

N. 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.

O. Surety Coverage

The officials and certain employees of the Village are covered by a surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.

2. DEPOSITORY COLLATERAL

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Village's Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

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

Wells Fargo	General	Checking	\$ 232,353
Wells Fargo	Fire		
	Improvement	Checking	6,446
James Polk Stone		Certificate	
Community Bank		of Deposit	<u>9,284</u>
			<b><u>\$ 248,083</u></b>
Total amount on deposit			\$ 248,083
Deposit in transit			273
Outstanding checks			<u>(24,256)</u>
Total per financial statements			<b><u>\$ 224,100</u></b>

Notes to Financial Statements (continued)

The following schedule details the public money held by Wells Fargo and the pledged collateral provided for the Village follows:

	<u>James Polk Stone</u>	<u>Wells Fargo</u>
Cash on deposit at June 30	\$ 9,284	\$ 238,799
Less <u>FDIC</u>	<u>(9,284)</u>	<u>(238,799)</u>
Uninsured funds	-	-
Funds needing collateralization at 50% (required by State Law)	-	-
Pledged collateral at June 30	<u>-</u>	<u>-</u>
Excess of Pledged Collateral	<u>\$ -</u>	<u>\$ -</u>

*Custodial Credit Risk - Deposits* - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, \$0 of the Village's bank balance \$203,666 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ -
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Village's name	<u>-</u>
Total	<u>\$ -</u>

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the cooperative for at least one half of the amount on deposit with the institution. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

3. ACCOUNTS RECEIVABLES

Receivables as of June 30, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Receivables from customers	\$ -	\$ 1,916
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Subtotal	-	1,916
Gross receipts taxes receivable	1,081	-
Property taxes receivable	14	-
Gasoline taxes receivable	417	-
Motor vehicle taxes receivable	<u>16</u>	<u>-</u>
Total	<u>\$ 1,528</u>	<u>\$ 1,916</u>

Notes to Financial Statements (continued)

4. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semi-annual installments by November 10 and April 10 of the subsequent year. Taxes are collected on behalf of the Village by the County Treasurer, and are remitted to the Village in the month following collection. Because the Treasurer for the county in which the Village is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the Village.

The Village is permitted to levy taxes for general operating purposes based on taxable value for both residential and nonresidential property, taxable value being defined as one-third of the fully assessed value. In addition, the Village is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the Village.

The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenues. The Village has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the Villages financial records.

5. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Road Funds</u>	<u>Fire Reserve Fund</u>
Accrual basis	\$ 46,534	\$ 66,307	\$ 5,054	\$ 18,956
Budget basis	<u>45,487</u>	<u>66,307</u>	<u>5,054</u>	<u>18,956</u>
Increase (decrease) in receivables	<u>\$ 1,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Expenditures</u>				
Accrual basis	\$ 45,723	\$ 48,805	\$ 3,089	\$ 13,229
Budget basis	<u>44,013</u>	<u>48,805</u>	<u>3,089</u>	<u>13,229</u>
Increase (decrease) in payables	<u>\$ 1,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Notes to Financial Statements (continued)

<u>Revenues</u>	<u>Non-Major Special Revenue Funds</u>	<u>Water Fund</u>	<u>Solid Waste Fund</u>
Accrual basis	\$ 23,537	\$ 13,838	\$ 6,774
Budget basis	<u>23,537</u>	<u>13,736</u>	<u>6,600</u>
Increase (decrease) in receivables	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 174</u>
 <u>Expenditures</u>			
Accrual basis	\$ 20,416	\$ 27,658	\$ 6,288
Budget basis	20,416	12,658	6,288
Depreciation	<u>-</u>	<u>(15,000)</u>	<u>-</u>
(Increase) decrease in inventory	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

6. CAPITAL ASSETS

The amount of property, plant and equipment in the Governmental-Type Activities consists of the following:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Land	\$ 7,470	\$ -	\$ -	\$ 7,470
Total capital assets not being depreciated	<u>7,470</u>	<u>-</u>	<u>-</u>	<u>7,470</u>
Land improvements	166,445	-	-	166,445
Buildings	376,822	-	-	376,822
Vehicles	394,838	-	(2,000)	392,838
Equipment	<u>684,248</u>	<u>-</u>	<u>-</u>	<u>684,248</u>
Total capital assets being depreciated	<u>1,622,353</u>	<u>-</u>	<u>(2,000)</u>	<u>1,620,353</u>
Less accumulated depreciation:	<u>(1,052,978)</u>	<u>(67,609)</u>	<u>2,000</u>	<u>(1,118,587)</u>
Total accumulated depreciation	<u>(1,052,978)</u>	<u>(67,609)</u>	<u>2,000</u>	<u>(1,118,587)</u>
Total capital assets being depreciated	<u>569,375</u>	<u>(67,609)</u>	<u>-</u>	<u>501,766</u>
Net capital assets	<u>\$ 576,845</u>	<u>\$ (67,609)</u>	<u>\$ -</u>	<u>\$ 509,236</u>

Notes to Financial Statements (continued)

The amount of property, plant and equipment in the Business-Type Activities consists of the following:

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>
Land	\$ <u>645</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>645</u>
Total capital assets not being depreciated	<u>645</u>	<u>-</u>	<u>-</u>	<u>645</u>
Plant	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
Total capital assets being depreciated	<u>225,000</u>	<u>-</u>	<u>-</u>	<u>225,000</u>
Less accumulated depreciation for:				
Plant	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>(30,000)</u>
Total accumulated depreciation	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>	<u>(30,000)</u>
Net capital assets	<u>\$ 210,645</u>	<u>\$ (15,000)</u>	<u>\$ -</u>	<u>\$ 195,645</u>

7. RETIREMENT PLAN

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

8. POST-RETIREMENT HEALTH CARE BENEFITS

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

9. 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

Notes to Financial Statements (continued)

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.

10. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Road Fund</u>	<u>Fire Reserve Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Totals</u>
<u>Nonspendable:</u>						
Interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-	-
Total nonspendable	-	-	-	-	-	-
<u>Restricted for:</u>						
Road improvements	-	-	11,078	-	-	11,078
Fire protection	-	108,517	-	22,460	5,496	136,473
Emergency services	-	-	-	-	5,079	5,079
Recreation services	-	-	-	-	217	217
Total restricted	-	108,517	11,078	22,460	10,792	152,847
<u>Committed to:</u>						
Other purposes	-	-	-	-	-	-
Total committed	-	-	-	-	-	-
<u>Unassigned:</u>	49,176	-	-	-	-	49,176
Total Fund Balances	<u>\$ 49,176</u>	<u>\$ 108,517</u>	<u>\$ 11,078</u>	<u>\$ 22,460</u>	<u>\$ 10,792</u>	<u>\$ 202,023</u>

11. RELATED PARTY

During the fiscal year ending June 20, 2012 the Village paid a Board Member \$696 to read water meters. This task was minimal and hiring a part-time employee to perform these duties was not beneficial for the Village.

### 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.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Non-Major Governmental Funds  
 Combining Balance Sheet  
 June 30, 2012

Statement A-1

	Recreation Fund	EMS Fund	Fire Improvement Fund	Ambulance Fund	Total Governmental Funds
ASSETS					
Cash on deposit	\$ 217	-	\$ 5,496	\$ 5,079	\$ 10,792
Total assets	<u>\$ 217</u>	<u>-</u>	<u>\$ 5,496</u>	<u>\$ 5,079</u>	<u>\$ 10,792</u>
FUND BALANCE					
Restricted	\$ 217	-	\$ 5,496	\$ 5,079	\$ 10,792
Total fund balance	<u>\$ 217</u>	<u>-</u>	<u>\$ 5,496</u>	<u>\$ 5,079</u>	<u>\$ 10,792</u>

The accompanying notes are an integral part of these 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, 2012

	Recreation Fund	EMS Fund	Fire Improvement Fund	Ambulance Fund	Total Governmental Funds
<b>REVENUES</b>					
Charges for services	\$ -	\$ -	\$ -	\$ 8,403	\$ 8,403
Local sources	-	-	7,972	31	8,003
State sources	-	7,131	-	-	7,131
State shared taxes	-	-	-	-	-
Earnings from investments	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>7,131</u>	<u>7,972</u>	<u>8,434</u>	<u>23,537</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	-
Highways and streets	-	-	-	-	-
Public safety	-	7,131	7,214	5,848	20,193
Culture and recreation	223	-	-	-	223
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<u>223</u>	<u>7,131</u>	<u>7,214</u>	<u>5,848</u>	<u>20,416</u>
<b>Net change in fund balances</b>	(223)	-	758	2,586	3,121
<b>Fund balance at beginning of year</b>	<u>440</u>	<u>-</u>	<u>4,738</u>	<u>2,493</u>	<u>7,671</u>
<b>Fund balance at end of year</b>	<u>\$ 217</u>	<u>\$ -</u>	<u>\$ 5,496</u>	<u>\$ 5,079</u>	<u>\$ 10,792</u>

The accompanying notes are an integral part of these 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Culture and recreation	\$ 440	\$ 440	\$ 223	\$ 217
Total expenditures	<u>\$ 440</u>	<u>\$ 440</u>	<u>\$ 223</u>	<u>\$ 217</u>
BUDGETED CASH BALANCE	<u>\$ 440</u>	<u>\$ 440</u>		

The accompanying notes are an integral part of these 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 7,131	\$ 7,131	\$ 7,131	\$ -
Total revenues	<u>\$ 7,131</u>	<u>\$ 7,131</u>	<u>\$ 7,131</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 7,131	\$ 7,131	\$ 7,131	\$ -
Total expenditures	<u>\$ 7,131</u>	<u>\$ 7,131</u>	<u>\$ 7,131</u>	<u>\$ -</u>

The accompanying notes are an integral part of these 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 7,479	\$ 7,479	\$ 7,972	\$ 493
Total revenues	<u>\$ 7,479</u>	<u>\$ 7,479</u>	<u>\$ 7,972</u>	<u>\$ 493</u>
EXPENDITURES				
Public safety	\$ 12,217	\$ 12,217	\$ 7,214	\$ 5,003
Total expenditures	<u>\$ 12,217</u>	<u>\$ 12,217</u>	<u>\$ 7,214</u>	<u>\$ 5,003</u>
BUDGETED CASH BALANCE	<u>\$ 4,738</u>	<u>\$ 4,738</u>		

The accompanying notes are an integral part of these 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources	\$ -	\$ -	\$ 31	\$ 31
Charges for services	<u>6,512</u>	<u>6,512</u>	<u>8,403</u>	<u>1,891</u>
Total revenues	<u><b>\$ 6,512</b></u>	<u><b>\$ 6,512</b></u>	<u><b>\$ 8,434</b></u>	<u><b>\$ 1,922</b></u>
<b>EXPENDITURES</b>				
Public safety	<u>9,006</u>	<u>9,006</u>	<u>5,848</u>	<u>3,158</u>
Total expenditures	<u><b>\$ 9,006</b></u>	<u><b>\$ 9,006</b></u>	<u><b>\$ 5,848</b></u>	<u><b>\$ 3,158</b></u>
<b>BUDGETED CASH BALANCE</b>	<u><b>\$ 2,494</b></u>	<u><b>\$ 2,494</b></u>		

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

**PROPRIETARY FUND DETAIL**

### PROPRIETARY FUNDS BUDGETS

**WATER FUND** - To account for the provision of water services to the residents of Causey, New Mexico. All activities necessary to provide these services are accounted for in this fund.

**SOLID WASTE FUND** - To account for the collection and disposal of solid waste for the residents of Causey, New Mexico. All activities necessary to provide these services are accounted for in this fund.

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Proprietary Funds  
 Water Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 11,696	\$ 11,696	\$ 13,004	\$ 1,308
Local sources	-	-	728	728
Interest income	5	5	4	(1)
<b>Total revenues</b>	<b><u>\$ 11,701</u></b>	<b><u>\$ 11,701</u></b>	<b><u>\$ 13,736</u></b>	<b><u>\$ 2,035</u></b>
<b>EXPENDITURES</b>				
Personal services	\$ -	\$ -	\$ 1,171	\$ (1,171)
Maintenance and operations	30,755	30,755	11,487	19,268
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b><u>\$ 30,755</u></b>	<b><u>\$ 30,755</u></b>	<b><u>\$ 12,658</u></b>	<b><u>\$ 18,097</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ 19,054</u></b>	<b><u>\$ 19,054</u></b>		

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

STATE OF NEW MEXICO  
 VILLAGE OF CAUSEY  
 Proprietary Funds  
 Solid Waste Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 6,993	\$ 6,993	\$ 6,600	\$ (393)
Local sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u><b>\$ 6,993</b></u>	<u><b>\$ 6,993</b></u>	<u><b>\$ 6,600</b></u>	<u><b>\$ (393)</b></u>
<b>EXPENDITURES</b>				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	10,055	10,055	6,288	3,767
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u><b>\$ 10,055</b></u>	<u><b>\$ 10,055</b></u>	<u><b>\$ 6,288</b></u>	<u><b>\$ 3,767</b></u>
BUDGETED CASH BALANCE	<u><b>\$ 3,062</b></u>	<u><b>\$ 3,062</b></u>		

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

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

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
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Albuquerque, NM 87112

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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 H. 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, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General, Fire Protection, Road and Fire Reserve Funds of the Village of Causey, as of and for the year ended June 30, 2012, and have issued our report thereon dated September 25, 2012. We also have audited the financial statements of each of the Village's non-major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012. 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's 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. A significant deficiency is a deficiency, or a 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.

#### 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 noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

*Rice & Associates, CPA*

September 25, 2012



**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, 2012 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 115.

## EXIT CONFERENCE

An exit conference was held on September 25, 2012. In attendance were Ms. T. Ann Clark, Village Clerk, Mr. Kris K. King, Mayor, Ms. Jill M. Caviness, Council Member and Ms. Pamela A. Rice, CPA, Contract Auditor.