

State of New Mexico

VILLAGE OF CAUSEY

FOR YEAR ENDED JUNE 30, 2016

ANNUAL FINANCIAL REPORT

RICE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

VILLAGE OF CAUSEY

AUDIT REPORT

For The Year Ended June 30, 2016

(with Auditor's Report Thereon)

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VILLAGE OF CAUSEY
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STATE OF NEW MEXICO
VILLAGE OF CAUSEY
Official Roster
Year Ended June 30, 2016

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
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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. Tim Keller
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Causey
Causey, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the General, Fire Protection and Fire Reserve Funds of the Village of Causey, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Village of Causey's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village of Causey's nonmajor governmental and enterprise funds and the budgetary comparisons for the non-major governmental and enterprise funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Causey, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Fire Protection and Fire Reserve Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and enterprise fund of the Village of Causey, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental and enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the Village of Causey's financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The budgetary comparison for the enterprise fund and the schedule of vendor information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons for the enterprise fund and the schedule of vendor information are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison for the enterprise fund and the schedule of vendor information fairly states, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2016 on our consideration of the Village of Causey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Causey's internal control over financial reporting and compliance.

Price & Associates, CPA

Albuquerque, New Mexico
October 19, 2016

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CAUSEY
Statement of Net Position
June 30, 2016

Statement 1

	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 270,720	\$ 22,582	\$ 293,302
Accounts receivable (net of uncollectible accounts)	286	1,691	1,977
Total current assets	271,006	24,273	295,279
Capital Assets			
Land	7,470	645	8,115
Land improvements	179,350	-	179,350
Buildings	376,822	-	376,822
Vehicles	392,838	-	392,838
Equipment	711,542	-	711,542
Heavy equipment	331,005	-	331,005
Plant/Infrastructure	-	239,894	239,894
Total capital assets	1,999,027	240,539	2,239,566
Less accumulated depreciation	(1,307,596)	(91,828)	(1,399,424)
Total capital assets (net of accumulated depreciation)	691,431	148,711	840,142
Total assets	\$ 962,437	\$ 172,984	\$ 1,135,421
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts payable	\$ -	\$ 405	\$ 405
Security deposits	-	800	800
Current portion of long-term debt	3,519	-	3,519
Total current liabilities	3,519	1,205	4,724
Long-term Liabilities			
Non-current portion of long-term debt	46,859	-	46,859
Total long-term liabilities	46,859	-	46,859
Total liabilities	50,378	1,205	51,583
Net Position			
Net investment in capital assets	641,053	148,711	789,764
Restricted for special grants	88,843	-	88,843
Restricted for capital outlay	361	-	361
Restricted for reserves	5,246	-	5,246
Unrestricted	176,556	23,068	199,624
Total net position	912,059	171,779	1,083,838
Total liabilities and net position	\$ 962,437	\$ 172,984	\$ 1,135,421

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, 2016

Statement 2

<u>Functions/Programs</u>	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 49,352	\$ 341	\$ 2,189	\$ -	\$ (46,822)	\$ -	\$ (46,822)
Highways and streets	3,322	-	-	-	(3,322)	-	(3,322)
Public safety	57,131	152	101,665	-	44,686	-	44,686
Culture and recreation	3,606	-	-	-	(3,606)	-	(3,606)
Depreciation - unallocated	71,908	-	-	-	(71,908)	-	(71,908)
Total governmental activit	185,319	493	103,854	-	(80,972)	-	(80,972)
Business-type activities:							
Water services	102,224	11,220	1,049	8,634	-	(81,321)	(81,321)
Solid waste services	5,436	6,610	-	-	-	1,174	1,174
Total business-type activi	107,660	17,830	1,049	8,634	-	(80,147)	(80,147)
Total all activities	\$ 292,979	\$ 18,323	\$ 104,903	\$ 8,634	(80,972)	(80,147)	(161,119)
General Revenues:							
Property taxes					2,567	-	2,567
Gross receipts taxes					4,894	-	4,894
Gasoline taxes					5,004	-	5,004
Motor vehicle taxes					471	-	471
State aid not restricted to special purpose							
General					90,000	-	90,000
Investment earnings					398	15	413
Total general revenues					103,334	15	103,349
Change in net position					22,362	(80,132)	(57,770)
Net position - beginning of year					889,697	251,911	1,141,608
Net position - ending					\$ 912,059	\$ 171,779	\$ 1,083,838

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

STATE OF NEW MEXICO
VILLAGE OF CAUSEY
Balance Sheet
Governmental Funds
June 30, 2016

Statement 3

	General	Fire Protection Fund	Fire Reserve Fund	Other Governmental Fund	Total Governmental Funds
ASSETS					
Cash on deposit	\$ 181,516	\$ 54,314	\$ 21,833	\$ 13,057	\$ 270,720
Accounts receivable	286	-	-	-	286
Total assets	\$ 181,802	\$ 54,314	\$ 21,833	\$ 13,057	\$ 271,006
FUND BALANCE					
Restricted for:					
Fire protection	\$ -	\$ 53,953	\$ 21,833	\$ 4,490	\$ 80,276
Road improvements	-	-	-	7,931	7,931
Recreation services	-	-	-	-	-
Emergency services	-	-	-	636	636
Capital outlay	-	361	-	-	361
Reserves	5,246	-	-	-	5,246
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	176,556	-	-	-	176,556
Total fund balance	\$ 181,802	\$ 54,314	\$ 21,833	\$ 13,057	\$ 271,006

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 Position
 June 30, 2016

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

Total fund balances - governmental funds	\$	271,006
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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	1,999,027		
Accumulated depreciation	<u>(1,307,596)</u>		
			<u>691,431</u>

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:

NMFA Loan		<u>(50,378)</u>
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Net position of governmental activities	\$	<u><u>912,059</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF CAUSEY
Governmental Funds

Statement 5

Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2016

	General	Fire Protection Fund	Fire Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,567	\$ -	\$ -	\$ -	\$ 2,567
Charges for services	341	-	-	152	493
Local sources	2,189	130	13	3,704	6,036
State sources	90,000	77,852	7,854	12,112	187,818
State shared taxes	5,275	-	-	5,094	10,369
Earnings from investments	221	155	7	15	398
	<u>100,593</u>	<u>78,137</u>	<u>7,874</u>	<u>21,077</u>	<u>207,681</u>
EXPENDITURES					
Current:					
General government	49,352	-	-	-	49,352
Highways and streets	-	-	-	3,322	3,322
Public safety	-	31,995	5,374	19,762	57,131
Culture and recreation	3,606	-	-	-	3,606
Capital outlay	-	331,005	-	-	331,005
	<u>52,958</u>	<u>363,000</u>	<u>5,374</u>	<u>23,084</u>	<u>444,416</u>
Net change in fund balances	47,635	(284,863)	2,500	(2,007)	(236,735)
Fund balance beginning of year	134,167	339,177	19,333	15,064	507,741
Fund balance end of year	<u>\$ 181,802</u>	<u>\$ 54,314</u>	<u>\$ 21,833</u>	<u>\$ 13,057</u>	<u>\$ 271,006</u>

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

STATE OF NEW MEXICO
VILLAGE OF CAUSEY

Statement 6

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ (236,735)

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
capital outlays exceeds depreciation expense in the period.

Capital outlays	331,005
Depreciation expense	<u>(71,908)</u>

Excess of capital outlay over depreciation expense	<u>259,097</u>
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The issuance of long-term debt (e.g. loans) provides
current financial resources to governmental funds
while the repayment of the principal of long-term debt
consumes the current financial resources of governmental funds

Proceeds of loan	-
Repayment of long-term debt	<u>-</u>

-

Change in net position of governmental activities	<u><u>\$ 22,362</u></u>
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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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 2,132	\$ 2,132	\$ 2,559	\$ 427
Charges for services	75	75	341	266
Local sources	250	250	2,189	1,939
State sources	90,000	90,000	90,000	-
State shared taxes	5,734	5,734	5,438	(296)
Earnings from investments	5	5	221	216
	<u>5</u>	<u>5</u>	<u>221</u>	<u>216</u>
Total revenues	<u>\$ 98,196</u>	<u>\$ 98,196</u>	<u>\$ 100,748</u>	<u>\$ 2,552</u>
EXPENDITURES				
General government	\$ 108,767	\$ 108,767	\$ 49,352	\$ 59,415
Culture and recreation	4,000	4,000	3,606	394
	<u>4,000</u>	<u>4,000</u>	<u>3,606</u>	<u>394</u>
Total expenditures	<u>\$ 112,767</u>	<u>\$ 112,767</u>	<u>\$ 52,958</u>	<u>\$ 59,809</u>
BUDGETED CASH BALANCE	<u>\$ 14,571</u>	<u>\$ 14,571</u>		

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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 61,667	\$ 61,667	\$ 77,852	\$ 16,185
Local sources	-	-	130	130
Earnings from investments	<u>3</u>	<u>3</u>	<u>155</u>	<u>152</u>
Total revenues	<u>\$ 61,670</u>	<u>\$ 61,670</u>	<u>\$ 78,137</u>	<u>\$ 16,467</u>
EXPENDITURES				
Public safety	<u>\$ 400,840</u>	<u>\$ 400,840</u>	<u>\$ 363,000</u>	<u>\$ 37,840</u>
Total expenditures	<u>\$ 400,840</u>	<u>\$ 400,840</u>	<u>\$ 363,000</u>	<u>\$ 37,840</u>
BUDGETED CASH BALANCE	<u>\$ 339,170</u>	<u>\$ 339,170</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 13	\$ 13
State sources	2,505	2,505	7,854	5,349
Earnings from investments	-	-	7	7
	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
Total revenues	<u>\$ 2,505</u>	<u>\$ 2,505</u>	<u>\$ 7,874</u>	<u>\$ 5,369</u>
EXPENDITURES				
Public safety	\$ 21,839	\$ 21,839	\$ 5,374	\$ 16,465
Total expenditures	<u>\$ 21,839</u>	<u>\$ 21,839</u>	<u>\$ 5,374</u>	<u>\$ 16,465</u>
BUDGETED CASH BALANCE	<u>\$ 19,334</u>	<u>\$ 19,334</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 Position
June 30, 2016

Statement 10

	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash on deposit	\$ 17,490	\$ 5,092	\$ 22,582
Accounts receivable (net)	<u>1,124</u>	<u>567</u>	<u>1,691</u>
Total Current Assets	<u>18,614</u>	<u>5,659</u>	<u>24,273</u>
Capital Assets			
Land	645	-	645
Land improvements	-	-	-
Plant/infrastructure	239,894	-	239,894
Accumulated depreciation	<u>(91,828)</u>	<u>-</u>	<u>(91,828)</u>
Total Capital Assets	<u>148,711</u>	<u>-</u>	<u>148,711</u>
Total Assets	<u>\$ 167,325</u>	<u>\$ 5,659</u>	<u>\$ 172,984</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 243	\$ 162	\$ 405
Security deposits	<u>800</u>	<u>-</u>	<u>800</u>
Total Liabilities	<u>1,043</u>	<u>162</u>	<u>1,205</u>
NET POSITION			
Net investment in capital assets	148,711	-	148,711
Unrestricted	<u>17,571</u>	<u>5,497</u>	<u>23,068</u>
Total Net Position	<u>166,282</u>	<u>5,497</u>	<u>171,779</u>
Total Liabilities and Net Position	<u>\$ 167,325</u>	<u>\$ 5,659</u>	<u>\$ 172,984</u>

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

STATE OF NEW MEXICO
VILLAGE OF CAUSEY
Proprietary Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Year Ended June 30, 2016

Statement 11

	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Totals</u>
OPERATING REVENUES			
Sales and services	\$ 11,220	\$ 6,610	\$ 17,830
Local sources	<u>1,049</u>	<u>-</u>	<u>1,049</u>
Total operating revenue	<u>12,269</u>	<u>6,610</u>	<u>18,879</u>
OPERATING EXPENSES			
Personal services	2,207	-	2,207
Maintenance and operations	34,698	314	35,012
Major contractual services	49,326	5,122	54,448
Depreciation	<u>15,993</u>	<u>-</u>	<u>15,993</u>
Total operating expenses	<u>102,224</u>	<u>5,436</u>	<u>107,660</u>
Operating income (loss)	<u>(89,955)</u>	<u>1,174</u>	<u>(88,781)</u>
NON-OPERATING REVENUE (EXPENSE)			
Investment income	7	8	15
Investment expense	-	-	-
Legislative Appropriation	<u>8,634</u>	<u>-</u>	<u>8,634</u>
Total Non-Operating Revenue (Expense)	<u>8,641</u>	<u>8</u>	<u>8,649</u>
Change in Net Position	(81,314)	1,182	(80,132)
Total net position, beginning of year	<u>247,596</u>	<u>4,315</u>	<u>251,911</u>
Total net position, end of year	<u>\$ 166,282</u>	<u>\$ 5,497</u>	<u>\$ 171,779</u>

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, 2016

Statement 12

	Water Fund	Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 11,054	\$ 6,584	\$ 17,638
Cash received from local sources	1,049	-	1,049
Cash payments to employees and to suppliers for goods and services	(86,216)	(5,424)	(91,640)
Net cash provided by operating activities	(74,113)	1,160	(72,953)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(8,634)	-	(8,634)
Investment expense	-	-	-
Net cash provided (used) by capital and related financing activities	(8,634)	-	(8,634)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	7	8	15
Legislative Appropriation	8,634	-	8,634
Net cash provided by investing activities	8,641	8	8,649
Net increase (decrease) in cash	(74,106)	1,168	(72,938)
Cash, beginning of year	91,596	3,924	95,520
Cash, end of year	\$ 17,490	\$ 5,092	\$ 22,582
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (89,955)	\$ 1,174	\$ (88,781)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	15,993	-	15,993
Changes in assets and liabilities:			
(Increase) decrease in receivables	(166)	(26)	(192)
Increase (decrease) in payables	15	12	27
Net cash provided (used) by operating activities	\$ (74,113)	\$ 1,160	\$ (72,953)

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, 2016

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 four-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 *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.

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

Notes to Financial Statements (continued)

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.

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.

Notes to Financial Statements (continued)

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.

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

Notes to Financial Statements (continued)

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
Heavy equipment	10

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.

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".

Notes to Financial Statements (continued)

K. Net Position

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

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

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

Unrestricted net position - This category reflects net position 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).

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 purposed 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

Notes to Financial Statements (continued)

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.

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.

Notes to Financial Statements (continued)

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	\$ 252,576
Western Bank		Certificate of Deposit	10,080
Western Bank		Certificate of Deposit	9,388
First Financial		Certificate of Deposit	10,052
First Financial		Certificate of Deposit	10,071
First Financial		Savings	5
First Financial		Certificate of Deposit	<u>10,043</u>
			<u>\$ 302,215</u>
Total amount on deposit			\$ 302,215
Deposit in transit			-
Outstanding checks			<u>(8,913)</u>
Total per financial statements			<u>\$ 293,302</u>

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

	<u>Western Bank</u>	<u>First Financial</u>	<u>Wells Fargo</u>
Cash on deposit at June 30	\$ 19,468	\$ 30,171	\$ 252,576
Less <u>FDIC</u>	<u>(19,468)</u>	<u>(30,171)</u>	<u>(250,000)</u>
Uninsured funds	-	-	2,576
Funds needing collateralization at 50% (required by State Law)	-	-	1,288
Pledged collateral at June 30	<u>-</u>	<u>-</u>	<u>1,888</u>
Excess of Pledged Collateral	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600</u>

Notes to Financial Statements (continued)

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, \$2,576 of the Village's bank balance \$302,215 was exposed to custodial credit risk as follows:

A. Uninsured and Un-collateralized	\$ 688
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Village's name	<u>1,888</u>
Total	<u>\$ 2,576</u>

<u>Federal Reserve Bank</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FNMA #31419MBJ9	12-1-2025	<u>\$1,888</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.

The amount held at the New Mexico Finance Authority totaling \$50,007 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to the New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

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	\$ -	\$ 1,691
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Subtotal	-	1,691
Gross receipts taxes receivable	245	-
Property taxes receivable	11	-
Motor vehicle taxes receivable	<u>30</u>	<u>-</u>
Total	<u>\$ 286</u>	<u>\$ 1,691</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. CAPITAL ASSETS

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

	Balance <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2016</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	179,350	-	-	179,350
Buildings	376,822	-	-	376,822
Vehicles	392,838	-	-	392,838
Equipment	711,542	-	-	711,542
Heavy equipment	<u>-</u>	<u>331,005</u>	<u>-</u>	<u>331,005</u>
Total capital assets being depreciated	<u>1,660,552</u>	<u>331,005</u>	<u>-</u>	<u>1,991,557</u>
Less accumulated depreciation:	<u>(1,235,688)</u>	<u>(71,908)</u>	<u>-</u>	<u>(1,307,596)</u>
Total capital assets being depreciated	<u>424,864</u>	<u>259,097</u>	<u>-</u>	<u>683,961</u>
Net capital assets	<u>\$ 432,334</u>	<u>\$ 259,097</u>	<u>\$ -</u>	<u>\$ 691,431</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, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2016</u>
Land	\$ 645	\$ -	\$ -	\$ 645
Total capital assets not being depreciated	<u>645</u>	<u>-</u>	<u>-</u>	<u>645</u>
Plant	<u>231,261</u>	<u>8,634</u>	<u>-</u>	<u>239,895</u>
Total capital assets being depreciated	<u>231,261</u>	<u>8,634</u>	<u>-</u>	<u>239,895</u>
Less accumulated depreciation for:				
Plant	<u>(75,835)</u>	<u>(15,993)</u>	<u>-</u>	<u>(91,828)</u>
Total accumulated depreciation	<u>(75,835)</u>	<u>(15,993)</u>	<u>-</u>	<u>(91,828)</u>
Net capital assets	<u>\$ 156,071</u>	<u>\$ (7,359)</u>	<u>\$ -</u>	<u>\$ 148,712</u>

6. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Governmental Funds

During the year ended June 30, the following changes occurred in the liabilities reported in the Governmental Funds:

	Balance <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2016</u>	Due Within <u>One Year</u>
NMFA Loan	<u>\$ 50,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,378</u>	<u>\$ 3,519</u>

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$50,378 and interest for the purpose of defraying the cost of acquiring a fire tanker for the Village's fire department. The Village has pledged future State Fire Fund revenues to pay the loan. The yearly payments are to be redirected from the Village's share of the State Fire Fund revenues to the NMFA. Total annual principal and interest payments for the repayment of the loan is expected to require 6% of the yearly State Fire Allotment. The interest rate is 0.570% to 2.450% plus 0.25% administrative fee. The maturity date is May 1, 2026.

Notes to Financial Statements (continued)

<u>Due Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,519	\$ 1,742	\$ 5,261
2018	4,751	874	5,625
2019	4,833	826	5,659
2020	4,928	763	5,691
2021	5,037	690	5,727
2022-2026	<u>27,310</u>	<u>1,930</u>	<u>29,240</u>
Total	<u>\$ 50,378</u>	<u>\$ 6,825</u>	<u>\$ 57,203</u>

The liability will be liquidated by the Fire Fund.

7. DEPOSITS HELD FOR OTHERS, ENTERPRISE FUND

Deposits in the Water and Wastewater Utility Enterprise Fund consist of the following:

Hydrant Meter deposits \$ 800

Water meter deposits are charged to new customers and consist of the following:

Residential properties \$ 100
Commercial properties \$ 100

8. RETIREMENT PLAN

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

9. POST-RETIREMENT HEALTH CARE BENEFITS

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

10. 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

Notes to Financial Statements (continued)

when a Fire Reimbursement Request Form is completed and sent to EMNRD within 30 days after the fire is extinguished. All payments under this agreement are on a reimbursement basis. The agreement was approved by the New Mexico Department of Finance and Administration on January 1, 1993. The agreement shall remain in effect perpetually unless terminated by either party. The Village reports the receipts and disbursements in the Fire Reserve Fund.

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

11. 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>Fire Reserve Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Totals</u>
Nonspendable:					
Interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-
Total nonspendable	-	-	-	-	-
Restricted for:					
Road improvements	-	-	-	7,931	7,931
Fire protection	-	53,953	21,833	4,490	80,276
Emergency services	-	-	-	636	636
Recreation services	-	-	-	-	-
Reserved	5,246	-	-	-	5,246
Capital outlay	-	361	-	-	361
Total restricted	<u>5,246</u>	<u>54,314</u>	<u>21,833</u>	<u>13,057</u>	<u>94,450</u>
Committed to:					
Other purposes	-	-	-	-	-
Total committed	-	-	-	-	-
Unassigned:	<u>176,556</u>	-	-	-	<u>176,556</u>
Total Fund Balances	<u>\$ 181,802</u>	<u>\$ 54,314</u>	<u>\$ 21,833</u>	<u>\$ 13,057</u>	<u>\$271,006</u>

Notes to Financial Statements (continued)

12. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

<u>Revenues</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Fire Reserve Fund</u>
Accrual basis	\$ 100,593	\$ 78,137	\$ 7,874
Budget basis	<u>100,748</u>	<u>78,137</u>	<u>7,874</u>
Increase (decrease) in receivables	<u>\$ (155)</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Expenditures</u>			
Accrual basis	\$ 52,958	\$ 363,000	\$ 5,374
Budget basis	<u>52,958</u>	<u>363,000</u>	<u>5,374</u>
Increase (decrease) in payables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Revenues</u>			
	<u>Non-Major Special Revenue Funds</u>	<u>Water Fund</u>	<u>Solid Waste Fund</u>
Accrual basis	\$ 21,077	\$ 20,910	\$ 6,618
Budget basis	<u>21,077</u>	<u>20,744</u>	<u>6,592</u>
Increase (decrease) in receivables	<u>\$ -</u>	<u>\$ 166</u>	<u>\$ 26</u>
 <u>Expenditures</u>			
Accrual basis	\$ 23,084	\$ 102,224	\$ 5,436
Budget basis	23,084	94,850	5,424
Depreciation	-	(15,993)	-
Capital assets	<u>-</u>	<u>8,634</u>	<u>-</u>
Increase (decrease) in accounts payable	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 12</u>

13. RELATED PARTY

During the fiscal year ending June 30, the Village paid several different Board Members a total of \$505 to read water meters. This task was minimal and hiring a part-time employee to perform these duties was not beneficial for the Village.

14. LEGISLATIVE APPROPRIATIONS

The Village of Causey received an appropriation of \$100,000 to plan, design and construct wastewater improvements. This appropriation has not been completed.

<u>Appropriation</u>	<u>Term</u>	<u>Amount</u>	<u>Remaining Balance</u>
Laws of 2014, Chapter 66 Section 16, Paragraph 85	November 19, 2014 to June 30, 2018	\$ 100,000	\$ 91,366

NON-MAJOR SPECIAL REVENUE FUNDS

THE ROAD FUND - This fund was established to account for the maintenance of roads within the Village. Financing is provided by a 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.

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.

STATE OF NEW MEXICO
VILLAGE OF CAUSEY
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2016

Statement A-1

	Road Fund	EMS Fund	Fire Improvement Fund	Ambulance Fund	Total Governmental Funds
ASSETS					
Cash on deposit	\$ 7,931	\$ -	\$ 4,490	\$ 636	\$ 13,057
Total assets	<u>\$ 7,931</u>	<u>\$ -</u>	<u>\$ 4,490</u>	<u>\$ 636</u>	<u>\$ 13,057</u>
FUND BALANCE					
Restricted for:					
Streets	\$ 7,931	\$ -	\$ -	\$ -	\$ 7,931
Fire improvements	-	-	4,490	-	4,490
Public safety	-	-	-	636	636
Total fund balance	<u>\$ 7,931</u>	<u>\$ -</u>	<u>\$ 4,490</u>	<u>\$ 636</u>	<u>\$ 13,057</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, 2016

Statement A-2

	Road Fund	EMS Fund	Fire Improvement Fund	Ambulance Fund	Total Governmental Funds
REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ 152	\$ 152
Local sources	-	-	3,659	45	3,704
State sources	-	7,176	-	4,936	12,112
State shared taxes	5,094	-	-	-	5,094
Earnings from investments	4	-	4	7	15
Total revenues	<u>5,098</u>	<u>7,176</u>	<u>3,663</u>	<u>5,140</u>	<u>21,077</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Highways and streets	3,322	-	-	-	3,322
Public safety	-	7,176	1,340	11,246	19,762
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>3,322</u>	<u>7,176</u>	<u>1,340</u>	<u>11,246</u>	<u>23,084</u>
Net change in fund balances	1,776	-	2,323	(6,106)	(2,007)
Fund balance at beginning of year	<u>6,155</u>	<u>-</u>	<u>2,167</u>	<u>6,742</u>	<u>15,064</u>
Fund balance at end of year	<u><u>\$ 7,931</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,490</u></u>	<u><u>\$ 636</u></u>	<u><u>\$ 13,057</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 - Road Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 5,069	\$ 5,069	\$ 5,094	\$ 25
Earnings from investments	<u>2</u>	<u>2</u>	<u>4</u>	<u>2</u>
Total revenues	<u>\$ 5,071</u>	<u>\$ 5,071</u>	<u>\$ 5,098</u>	<u>\$ 27</u>
EXPENDITURES				
Highways and Streets	\$ 5,071	\$ 5,071	\$ 3,322	\$ 1,749
Total expenditures	<u>\$ 5,071</u>	<u>\$ 5,071</u>	<u>\$ 3,322</u>	<u>\$ 1,749</u>
BUDGETED CASH BALANCE	<u>\$ -</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 - EMS Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 7,176	\$ 7,176	\$ 7,176	\$ -
Total revenues	<u>\$ 7,176</u>	<u>\$ 7,176</u>	<u>\$ 7,176</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 7,176	\$ 7,176	\$ 7,176	\$ -
Total expenditures	<u>\$ 7,176</u>	<u>\$ 7,176</u>	<u>\$ 7,176</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ 152	\$ 152	\$ 3,659	\$ 3,507
Earnings from investments	<u> -</u>	<u> -</u>	<u> 4</u>	<u> 4</u>
Total revenues	<u>\$ 152</u>	<u>\$ 152</u>	<u>\$ 3,663</u>	<u>\$ 3,511</u>
EXPENDITURES				
Public safety	<u>\$ 2,319</u>	<u>\$ 2,319</u>	<u>\$ 1,340</u>	<u>\$ 979</u>
Total expenditures	<u>\$ 2,319</u>	<u>\$ 2,319</u>	<u>\$ 1,340</u>	<u>\$ 979</u>
BUDGETED CASH BALANCE	<u>\$ 2,167</u>	<u>\$ 2,167</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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 9,000	\$ 9,000	\$ 152	\$ (8,848)
Local sources	-	-	45	45
State sources	-	-	4,936	4,936
Earnings from investments	-	-	7	7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 5,140</u>	<u>\$ (3,860)</u>
EXPENDITURES				
Public safety	<u>\$ 15,741</u>	<u>\$ 15,741</u>	<u>\$ 11,246</u>	<u>\$ 4,495</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 15,741</u>	<u>\$ 15,741</u>	<u>\$ 11,246</u>	<u>\$ 4,495</u>
BUDGETED CASH BALANCE	<u>\$ 6,741</u>	<u>\$ 6,741</u>		

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

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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 12,600	\$ 12,600	\$ 11,054	\$ (1,546)
Local sources	-	-	1,049	1,049
State sources	100,000	100,000	8,634	(91,366)
Interest income	4	4	7	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 112,604</u>	<u>\$ 112,604</u>	<u>\$ 20,744</u>	<u>\$ (91,860)</u>
EXPENDITURES				
Personal services	\$ -	\$ -	\$ 2,207	\$ (2,207)
Maintenance and operations	104,199	104,199	84,009	20,190
Capital outlay	-	-	8,634	(8,634)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 104,199</u>	<u>\$ 104,199</u>	<u>\$ 94,850</u>	<u>\$ 9,349</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 6,000	\$ 6,000	\$ 6,284	\$ 284
State shared taxes	250	250	-	(250)
Interest income	4	4	8	4
	<u>4</u>	<u>4</u>	<u>8</u>	<u>4</u>
Total revenues	<u>\$ 6,254</u>	<u>\$ 6,254</u>	<u>\$ 6,292</u>	<u>\$ 38</u>
EXPENDITURES				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	10,179	10,179	5,424	4,755
Capital outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 10,179</u>	<u>\$ 10,179</u>	<u>\$ 5,424</u>	<u>\$ 4,755</u>
BUDGETED CASH BALANCE	<u>\$ 3,925</u>	<u>\$ 3,925</u>		

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

SUPPLEMENTARY INFORMATION

Village of Causey
 SCHEDULE OF VENDOR INFORMATION
 (for Purchases Exceeding \$60,000 excluding GRT)
 For the Year Ended June 30, 2016

Prepared by (Agency Staff Name): Ann Clark

Title: Village Clerk

Date: October 19, 2016

<u>RFB#/RFP#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>	<u>Name and Physical Address of All Respondents</u>	<u>In-State/Out-of-State Vendor</u>	<u>Veteran's Preference N/A for Federal Funds</u>	<u>Scope of Work</u>
N/A	Purchase	Smeal Fire Apparatus Co.	\$ 331,005	\$ -	Smeal Fire Apparatus Co. 610 West 4th Street PO Box 8 Snyder, Nebraska 68664	Out of State	N	Fire Truck

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Mr. Tim Keller
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Causey
Causey, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General, Fire Protection and Fire Reserve Funds of the Village of Causey, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Village of Causey's basic financial statements, and the related budgetary comparison of the non-major governmental and enterprise fund, presented as supplemental information, and have issued our report thereon dated October 19, 2016.

Internal Control Over Financial Reporting

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

A *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.

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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

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.

Purpose of this Report

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

Rod & Associates, CPA

Albuquerque, New Mexico
October 19, 2016

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, 2016 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 October 19, 2016. In attendance were Ms. T. Ann Clark, Village Clerk, Mr. Kris K. King, Mayor, Ms. LaVerne Scheller, Council Member and Ms. Pamela A. Rice, CPA, Contract Auditor.