

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
JUNE 30, 2019**

INTRODUCTORY SECTION

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VILLAGE OF CAUSEY
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VILLAGE OF CAUSEY
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**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
OFFICIAL ROSTER
JUNE 30, 2019**

VILLAGE COUNCIL

Name	Title
Kris King	Mayor
Darrell Caviness	Mayor Pro-tem
Jill Caviness	Councilor
LaVerne Lee	Councilor
Jimmy Stokes	Councilor

FINANCIAL SECTION



SCOTT NORTHAM, CPA, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Brian Colón, New Mexico State Auditor, and
Honorable Mayor and Councilors of
Village of Causey
Causey, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund, enterprise funds, and major special revenue funds of the Village of Causey, New Mexico as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements 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 misstatement, 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 from 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, the aggregate remaining fund information and the respective budgetary comparison for the General Fund and major special revenue funds of the Village of Causey, New Mexico as of June 30, 2019, and, the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Management has elected to omit the MD&A for the year ended June 30, 2019, which is required to be presented to supplement the basic financial statements by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting. Our opinion on the basic financial statements is not affected by this omitted information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements the combining and individual fund financial statements, and the budgetary comparisons. The supplemental information as noted in the table of contents are the responsibility of management and were derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, 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 November 25, 2019 on our consideration of the Village'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's internal control over financial reporting and compliance.



Scott Northam, CPA, PC
Ruidoso, New Mexico
November 25, 2019

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 354,512	\$ 11,988	\$ 366,500
Grants Receivable	-	28,980	28,980
Accounts Receivable, Net	-	1,846	1,846
Taxes Receivable			
Gross Receipts	1,000	-	1,000
Property	11	-	11
Motor Vehicle	31	-	31
Gasoline	834	-	834
	<hr/>	<hr/>	<hr/>
Total Current Assets	356,388	42,814	399,202
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	-	1,100	1,100
Capital Assets, Net	479,007	183,780	662,787
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	479,007	184,880	663,887
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 835,395</u>	<u>\$ 227,694</u>	<u>\$ 1,063,089</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	-	-	-
NONCURRENT LIABILITIES			
Customer Deposits	-	1,100	1,100
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	-	1,100	1,100
	<hr/>	<hr/>	<hr/>
Total Liabilities	-	1,100	1,100
NET POSITION			
Net Investment in Capital Assets	479,007	183,780	662,787
Restricted for:			
Special Revenue Funds	120,422	-	120,422
Unrestricted	235,966	42,814	278,780
	<hr/>	<hr/>	<hr/>
Total Net Position	835,395	226,594	1,061,989
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Position	<u>\$ 835,395</u>	<u>\$ 227,694</u>	<u>\$ 1,063,089</u>

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, 2019**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<i>Primary Government</i>				
Governmental Activities:				
General Administration	\$ 76,815	\$ 5	\$ 90,500	\$ -
Streets	5,212	-	-	-
Public Safety	53,855	-	101,088	-
Culture and Recreation	6,800	-	-	-
Health and Welfare	7,929	2,766	-	-
Interest and Administrative Fees	646	-	-	-
Depreciation	90,774	-	-	-
	<u>242,031</u>	<u>2,771</u>	<u>191,588</u>	<u>-</u>
<i>Total Governmental Activities</i>				
	<u>242,031</u>	<u>2,771</u>	<u>191,588</u>	<u>-</u>
Business-Type Activities:				
Water Fund	22,030	11,572	-	38,547
Solid Waste Fund	7,529	8,340	-	-
	<u>29,559</u>	<u>19,912</u>	<u>-</u>	<u>38,547</u>
<i>Total Business-Type Activities</i>				
	<u>29,559</u>	<u>19,912</u>	<u>-</u>	<u>38,547</u>
Total - Primary Government	<u>\$ 271,590</u>	<u>\$ 22,683</u>	<u>\$ 191,588</u>	<u>\$ 38,547</u>

General Revenues

Taxes:

Gross Receipts

Property

Motor Vehicle

Gasoline

Miscellaneous

Interest

Transfers

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 13,690	\$ -	\$ 13,690
(5,212)	-	(5,212)
47,233	-	47,233
(6,800)	-	(6,800)
(5,163)	-	(5,163)
(646)	-	(646)
(90,774)	-	(90,774)
<u>(47,672)</u>	<u>-</u>	<u>(47,672)</u>
-	28,089	28,089
-	811	811
-	28,900	28,900
<u>(47,672)</u>	<u>28,900</u>	<u>(18,772)</u>
5,645	-	5,645
2,107	-	2,107
350	-	350
5,026	-	5,026
2,015	-	2,015
1,575	-	1,575
(25,000)	25,000	-
<u>(8,282)</u>	<u>25,000</u>	<u>16,718</u>
(55,954)	53,900	(2,054)
891,349	172,694	1,064,043
<u>\$ 835,395</u>	<u>\$ 226,594</u>	<u>\$ 1,061,989</u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Fire Protection Fund	Fire Reserve Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
ASSETS					
Cash and Cash Equivalents	\$ 232,509	\$ 90,698	\$ 20,799	\$ 10,506	\$ 354,512
NMFA Cash Deposits	-	-	-	-	-
Taxes Receivable					
Gross Receipts	1,000	-	-	-	1,000
Property	11	-	-	-	11
Motor Vehicle	31	-	-	-	31
Gasoline	-	-	-	834	834
Total Assets	<u>\$ 233,551</u>	<u>\$ 90,698</u>	<u>\$ 20,799</u>	<u>\$ 11,340</u>	<u>\$ 356,388</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Fire Protection	-	90,698	20,799	3,644	115,141
Emergency Services	-	-	-	2,415	2,415
Road Improvements	-	-	-	5,281	5,281
Unassigned	233,551	-	-	-	233,551
Total Fund Balances	<u>233,551</u>	<u>90,698</u>	<u>20,799</u>	<u>11,340</u>	<u>356,388</u>
Total Liabilities and Fund Balances	<u>\$ 233,551</u>	<u>\$ 90,698</u>	<u>\$ 20,799</u>	<u>\$ 11,340</u>	<u>\$ 356,388</u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
RECONCILIATION OF GOVERNMENTAL FUNDS
FUND BALANCES TO GOVERNMENT ACTIVITIES
STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balance - Governmental Funds	\$ 356,388
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>479,007</u>
Net Position of Governmental Activities	<u><u>\$ 835,395</u></u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	General Fund	Fire Protection Fund	Fire Reserve Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES					
Charges for Service	\$ 5	\$ -	\$ -	\$ 2,766	\$ 2,771
Taxes					
Gross Receipts	5,645	-	-	-	5,645
Property	2,107	-	-	-	2,107
Motor Vehicle	350	-	-	-	350
Gasoline				5,026	5,026
Intergovernmental					
State	90,500	85,172	5,275	7,141	188,088
Local	-	-	-	3,500	3,500
Interest Income	1,548	27	-	-	1,575
Miscellaneous	1,512	64	-	439	2,015
Total Revenues	<u>101,667</u>	<u>85,263</u>	<u>5,275</u>	<u>18,872</u>	<u>211,077</u>
EXPENDITURES					
Current					
General Administration	76,815	-	-	-	76,815
Culture and Recreation	6,800	-	-	-	6,800
Streets	-	-	-	5,212	5,212
Health and Welfare	-	-	-	7,929	7,929
Public Safety	-	46,750	2,921	4,184	53,855
Debt Service					
Principal	-	42,108	-	-	42,108
Interest and Administrative Fees	-	646	-	-	646
Total Expenditures	<u>83,615</u>	<u>89,504</u>	<u>2,921</u>	<u>17,325</u>	<u>193,365</u>
OTHER FINANCING USES					
Transfers Out	(25,000)	-	-	-	(25,000)
Total Other Financing Uses	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Excess of Revenues over Expenditures	(6,948)	(4,241)	2,354	1,547	(7,288)
Fund Balance, Beginning of Year	<u>240,499</u>	<u>94,939</u>	<u>18,445</u>	<u>9,793</u>	<u>363,676</u>
Fund Balance, End of Year	<u>\$ 233,551</u>	<u>\$ 90,698</u>	<u>\$ 20,799</u>	<u>\$ 11,340</u>	<u>\$ 356,388</u>

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

STATE OF NEW MEXICO
VILLAGE OF CAUSEY
RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE TO THE GOVERNMENTAL ACTIVITIES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

Net Changes in Fund Balance - Governmental Funds	\$	(7,288)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Depreciation Expense allocated the cost of capital assets over their useful lives in the Statement of Activities, but the cost of the capital assets has already been expended in prior periods in the Governmental Funds.		(90,774)
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Principal payments on long-term liabilities are reported as expenditures in the Governmental Funds but as a reduction of liabilities in the Statement of Activities.		42,108
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Change in Net Position of Governmental Activities	\$	<u>(55,954)</u>
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**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Charges for Service	\$ 350	\$ 350	\$ 5	\$ (345)
Taxes				
Gross Receipts	10,225	10,225	6,369	(3,856)
Property	-	-	2,107	2,107
Motor Vehicle	-	-	350	350
Intergovernmental				
State	90,927	90,927	90,500	(427)
Interest Income	-	-	1,548	1,548
Miscellaneous	510	510	1,512	1,002
Total Revenues	<u>102,012</u>	<u>102,012</u>	<u>102,391</u>	<u>724</u>
EXPENDITURES				
Current				
General Administration	89,359	89,359	76,815	12,544
Culture and Recreation	-	-	6,800	(6,800)
Total Expenditures	<u>89,359</u>	<u>89,359</u>	<u>83,615</u>	<u>5,744</u>
OTHER FINANCING USES				
Transfers Out	-	-	(25,000)	(25,000)
Total Other Financing Uses	-	-	(25,000)	(25,000)
Net Change in Fund Balance	12,653	12,653	(6,224)	(18,532)
Cash Balance, Beginning of Year	<u>238,733</u>	<u>238,733</u>	<u>238,733</u>	<u>-</u>
Cash Balance, End of Year	<u>\$ 251,386</u>	<u>\$ 251,386</u>	<u>\$ 232,509</u>	<u>\$ (18,532)</u>
Reconciliation to GAAP Basis				
Net Change in Fund Balance - Budget			\$ (6,224)	
Change in:				
Gross Receipts			(724)	
Net Change in Fund Balance - GAAP Basis			<u>\$ (6,948)</u>	

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
FIRE PROTECTION FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental				
State	\$ 90,872	\$ 90,872	\$ 85,172	\$ (5,700)
Interest Income	-	-	27	27
Miscellaneous	-	-	64	64
Total Revenues	<u>90,872</u>	<u>90,872</u>	<u>85,263</u>	<u>(5,609)</u>
EXPENDITURES				
Current				
Public Safety	162,568	162,568	46,750	115,818
Debt Service				
Principal	4,833	4,833	42,108	(37,275)
Interest and Administrative Fees	826	826	646	180
Total Expenditures	<u>168,227</u>	<u>168,227</u>	<u>89,504</u>	<u>78,723</u>
Net Change in Fund Balance	(77,355)	(77,355)	(4,241)	73,114
Cash Balance, Beginning of Year	<u>94,939</u>	<u>94,939</u>	<u>94,939</u>	<u>-</u>
Cash Balance, End of Year	<u>\$ 17,584</u>	<u>\$ 17,584</u>	<u>\$ 90,698</u>	<u>\$ 73,114</u>
Reconciliation to GAAP Basis				
Net Change in Fund Balance - Budget Basis			<u>\$ (4,241)</u>	
Net Change in Fund Balance - GAAP Basis			<u>\$ (4,241)</u>	

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
FIRE RESERVE FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental State	\$ 2,150	\$ 2,150	\$ 5,275	\$ 3,125
Total Revenues	<u>2,150</u>	<u>2,150</u>	<u>5,275</u>	<u>3,125</u>
EXPENDITURES				
Current				
Public Safety	11,410	11,410	2,921	8,489
Total Expenditures	<u>11,410</u>	<u>11,410</u>	<u>2,921</u>	<u>8,489</u>
Net Change in Fund Balance	(9,260)	(9,260)	2,354	11,614
Cash Balance, Beginning of Year	<u>18,445</u>	<u>18,445</u>	<u>18,445</u>	<u>-</u>
Cash Balance, End of Year	<u>\$ 9,185</u>	<u>\$ 9,185</u>	<u>\$ 20,799</u>	<u>\$ 11,614</u>
Reconciliation to GAAP Basis				
Net Change in Fund Balance - Budget Basis			<u>\$ 2,354</u>	
Net Change in Fund Balance - GAAP Basis			<u>\$ 2,354</u>	

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Water Fund	Solid Waste Fund	Total Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 5,167	\$ 6,821	\$ 11,988
Grant Receivable	28,980	-	28,980
Accounts Receivable, Net	<u>1,201</u>	<u>645</u>	<u>1,846</u>
Total Current Assets	<u>35,348</u>	<u>7,466</u>	<u>42,814</u>
Noncurrent Assets			
Restricted Cash and Cash Equivalents	1,100	-	1,100
Capital Assets, Net	<u>183,780</u>	<u>-</u>	<u>183,780</u>
Total Noncurrent Assets	<u>184,880</u>	<u>-</u>	<u>184,880</u>
Total Assets	<u><u>\$ 220,228</u></u>	<u><u>\$ 7,466</u></u>	<u><u>\$ 227,694</u></u>
 LIABILITIES, AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent Liabilities			
Customer Deposits	<u>1,100</u>	<u>-</u>	<u>1,100</u>
Total Noncurrent Liabilities	<u>1,100</u>	<u>-</u>	<u>1,100</u>
Total Liabilities	1,100	-	1,100
NET POSITION			
Net Investment in Capital Assets	183,780	-	183,780
Unrestricted	<u>35,348</u>	<u>7,466</u>	<u>42,814</u>
Total Fund Net Position	<u>219,128</u>	<u>7,466</u>	<u>226,594</u>
Total Liabilities and Net Position	<u><u>\$ 220,228</u></u>	<u><u>\$ 7,466</u></u>	<u><u>\$ 227,694</u></u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Water Fund	Solid Waste Fund	Total Funds
OPERATING REVENUES			
Charges for Services	\$ 11,116	\$ 8,152	\$ 19,268
Other Revenue	<u>456</u>	<u>188</u>	<u>644</u>
Total Operating Revenues	11,572	8,340	19,912
OPERATING EXPENSES			
Personnel Services and Benefits	1,466	1,464	2,930
Professional and Contracted Services	4,959	4,494	9,453
Repairs, Maintenance, Supplies and Materials	595	871	1,466
Utilities	2,480	-	2,480
Other Expenses	2,935	700	3,635
Depreciation	<u>9,595</u>	<u>-</u>	<u>9,595</u>
Total Operating Expenses	<u>22,030</u>	<u>7,529</u>	<u>29,559</u>
Operating Income (Loss)	(10,458)	811	(9,647)
NONOPERATING REVENUES			
Capital Grant	38,547	-	38,547
Transfers In	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Nonoperating Revenue	<u>63,547</u>	<u>-</u>	<u>63,547</u>
Change in Net Position	53,089	811	53,900
Net Position, Beginning of Year	<u>166,039</u>	<u>6,655</u>	<u>172,694</u>
Net Position, End of Year	<u><u>\$ 219,128</u></u>	<u><u>\$ 7,466</u></u>	<u><u>\$ 226,594</u></u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019**

	Water Fund	Solid Waste Fund	Total Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 11,897	\$ 8,310	\$ 20,207
Payments to and on Behalf of Employees	(1,466)	(1,464)	(2,930)
Payments to Suppliers and Contractors	<u>(10,969)</u>	<u>(6,065)</u>	<u>(17,034)</u>
Net Cash (Used) Provided by Operating Activities	<u>(538)</u>	<u>781</u>	<u>243</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Asset Purchases	<u>(34,421)</u>	<u>-</u>	<u>(34,421)</u>
Net Cash Used by Investing Activities	<u>(34,421)</u>	<u>-</u>	<u>(34,421)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers In	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Net Cash Provided by Non-Capital Financing Activities	<u>25,000</u>	<u>-</u>	<u>25,000</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Capital Grant	<u>9,567</u>	<u>-</u>	<u>9,567</u>
Net Cash Provided by Capital Financing Activities	<u>9,567</u>	<u>-</u>	<u>9,567</u>
NET CHANGE IN CASH	(392)	781	389
CASH AT BEGINNING OF YEAR	<u>6,659</u>	<u>6,040</u>	<u>12,699</u>
CASH AT END OF YEAR	<u><u>\$ 6,267</u></u>	<u><u>\$ 6,821</u></u>	<u><u>\$ 13,088</u></u>
Reconciliation of Operating Income (Loss) to Net Cash			
(Used) Provided by Operating Activities			
Operating Income (Loss)	\$ (10,458)	\$ 811	\$ (9,647)
Adjustments to Reconcile Operating Income (Loss) to Cash			
(Used) Provided by Operating Activities:			
Depreciation	9,595	-	9,595
Changes In:			
Accounts Receivable	<u>325</u>	<u>(30)</u>	<u>295</u>
Net Cash (Used) Provided by Operating Activities	<u><u>\$ (538)</u></u>	<u><u>\$ 781</u></u>	<u><u>\$ 243</u></u>
Reconciliation to the Balance Sheet			
Unrestricted	\$ 5,167	\$ 6,821	\$ 11,988
Restricted	<u>1,100</u>	<u>-</u>	<u>1,100</u>
CASH AT END OF YEAR	<u><u>\$ 6,267</u></u>	<u><u>\$ 6,821</u></u>	<u><u>\$ 13,088</u></u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This following summary presentation of significant accounting policies of the Village of Causey (the Village) is to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units and the Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures, and Financial Accounting Standards Board (FASB) pronouncements applicable to governmental agencies.

Organization - The Village is a political subdivision of the State of New Mexico and was incorporated under provisions of Chapter 3, Article 2, NMSA 1978 as amended. The Village operates under the mayor-council form of government. The Village provides the following authorized services: public safety (fire), highways and streets, water, sanitation, health and welfare (ambulance), social services, culture and recreation, public improvements, and general administrative services. The Village's basic financial statements include all activities and accounts of the Village's financial reporting entity.

The financial reporting entity consists of the primary government, and any another organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The GASB 14 definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it could impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government could impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Based upon the GASB 14 criteria above, there are no component units of the Village, nor is the Village considered a component unit of another governmental agency during the fiscal year ended June 30, 2019.

Measurement Focus, Basis of Accounting, Financial Statement Presentation

Government-wide Financial Statements - The basic financial statements include both government-wide (based on the Village as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which relies on fees and charges for support. The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

In accordance with GASB Statement No. 33, the Village follows the following revenue recognition principles applied to non-exchange transactions:

- Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred, and the resources are available. Derived tax revenues include gross receipts, and gasoline taxes.
- Imposed non-exchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen, and the resources are available.
- Property tax revenue is recorded on a cash basis and the revenue is recognized in the fiscal year for which the taxes are levied.
- Government-mandated non-exchange transactions and voluntary non-exchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

The Village considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Generally, intergovernmental revenues and grants are recognized when all eligibility requirements are met, and the revenues are available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property and gross receipts tax revenues associated with the current fiscal period are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is immaterial. Taxes and other items not properly included among program revenues are reported as general revenues. Grants and similar items are recognized as revenue as soon as all the eligibility requirements of time, reimbursement, and contingencies imposed by the provider are met.

The Roosevelt County Treasurer levies and collects property taxes on behalf of the Village. Property taxes are levied in November and are payable in two installments, half on November 10, which becomes delinquent on December 10, and half on April 10, which becomes delinquent on May 10, which is also the lien date.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the Village; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. Investment earnings are recorded as earned since they are measurable and available.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is received.

STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a function category (general government, public safety, etc.) or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity; 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or activity; and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity.

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is a specifically identified function and is included as a separate line item on the Statement of Activities rather than a direct expense of each function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Transfers between funds and other internal activity are eliminated at the government-wide financial statements.

The government-wide focus is more on the sustainability of the Village as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the governmental fund financial statements is on the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations.

Governmental Fund Financial Statements - Governmental fund level financial statements report activity using the current financial resources measurement focus and the modified accrual basis of accounting. The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balance of financial resources) rather than upon net income. Revenue recognition is as soon as they are both measurable and available.

Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. Management also has the option to report a fund as major even though it does not fit the criteria. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the Supplemental information section of the report.

Governmental funds are used to account for the Village's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund. No other funds were required to be presented as major or at the discretion of management.

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Village 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. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.
- The **Fire Protection Fund** is a special revenue fund which accounts for the receipts and expenditures for the operation and maintenance of the fire department. It is financed by specific allocations from the New Mexico State Fire Marshall's Office. This fund was created under the authority provided by Section 59A-53-1 NMSA 1978.
- The **Fire Reserve Fund** was established to account for monies received from the Department of Energy, Minerals and National Resources, and the State Forestry Division for the suppression of wildfires. Funding is provided by a 1993 Joint Powers Agreement with the Department of Energy, Minerals and Natural Resources to assist in purchasing fire equipment, vehicles and supplies.

The Village also reports the additional Governmental funds as non-major funds, including:

Special Revenue Funds which are used to account for the proceeds of specific revenue sources that are legally restricted to be expended for specified purposes.

Business-Type Activities – Business-Type Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus and on an accrual basis. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases and decreases (e.g., revenues and expenses) in net total position.

Proprietary funds use the *flow of economic resources measurement focus* for accounting purposes. The accounting objectives are a determination of net income, financial position, and changes in cash flow. The Proprietary Funds are accounted for using the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Village reports the following major proprietary funds:

- The **Water Fund** is used to account for the provision of water services to the residents of the Village and is considered an enterprise fund. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.
- The **Solid Waste Fund** is used to account for the collection and disposal of solid waste services for the residents of the Village and is considered an enterprise fund. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

Budgetary Information - Budgets for all funds are prepared by management and is approved by the Village Council and the New Mexico Department of Finance and Administration.

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Village Clerk/Treasurer is responsible for preparing the budget from requests submitted by department heads. The appropriated budget is prepared by line item within object class, program, department and fund; revenues expected to be available are estimated to provide an approved budget. The comprehensive budget package is brought before the Village Council for approval by resolution. The proposed budget is then submitted by June 1st to the New Mexico Department of Finance and Administration Local Government Division (DFA) for approval. DFA certifies a pending budget by July 1st with final certification of the original budget by the first Monday of September. The expenditure section of the budget, once adopted, is legally binding. Exceeding the budgeted expenditures may result in an audit finding. Based on the final certified budget submitted, DFA certifies the allowable tax rates for property taxes in September.

These budgets are prepared on the non-GAAP cash basis, and secure appropriation of funds for only one year. Carryover funds from the previous fiscal year are re-appropriated in the budget of the subsequent fiscal year. The budget process in the state of New Mexico requires that the beginning cash balance be utilized to fund deficit budgets appropriated in the budget of the subsequent fiscal year. Such appropriated balance is presented as a committed portion of fund balance.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended in two ways. If a budget transfer is necessary within a fund, this may be accomplished with only Village Council approval. If a transfer between "funds" or a budget increase is required, approval must be obtained from the Department of Finance and Administration. The budgetary information presented in these financial statements has been prepared in accordance with the above procedures.

Assets, Liabilities, Net Position or Fund Equity, Other Matters

Cash and Investments - Cash includes amounts in demand deposits and short-term investments. Cash deposits are reported at carrying amount, which reasonably estimates fair value. All investments are stated at fair value, which is determined by using selected bases. Interest income and realized gains and losses on investment transactions are included for financial statement purposes as investment income.

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

Restricted Cash - The Village restricts a compensating amount of cash equal to the amount of the customer deposits held on hand. These reserves are not required but are separated by management.

Use of Restricted Cash - When the Village incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

Grants and Contributions - The Village receives state and local grants and contributions in the course of operations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Utility Receivables - Substantially all of the Village's outstanding utility receivables are due from its customers for water and sewer service and solid waste collection. Collateral is generally not required on receivables, but a deposit is required to activate new service.

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Allowance for Doubtful Accounts – Management reviews the accounts receivable periodically to determine which accounts may not be collectible and adjust the account accordingly.

Concentration of Credit Risk for Utility Receivables - The Village grants credit without collateral to its customers for its services, but the customers are subject to security deposits at the start of service and service termination if the receivables are not settled within a specified time frame. The customer deposits held by the Village helps mitigate the credit risk.

Customer Deposits - The Village requires a deposit to establish service for a residential or commercial customer. Deposits are not considered revenue for the Village unless or until the customer closes their account, at which time any remaining balance due on the account is deducted from the deposit and the customer is refunded the excess.

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when used rather than purchased.

Property and Equipment - Capital assets which may include software, property, plant, equipment, vehicles, and infrastructure assets (e.g., building, roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Land owned by the Village is always capitalized.

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* allows Phase III governments an exemption from the retroactive application of the capitalization requirements to major general infrastructure assets. The Village has elected not to retroactively record infrastructure assets since being considered a Phase III municipality. However, it must report all infrastructure assets purchased or built after July 1, 2003.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs 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.

Assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings, Structures and Improvements	10-40
Water and Wastewater Systems	25
Infrastructure	25
Office and Maintenance Equipment	7-10
Vehicles	5

Analysis of Impairments - Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based on comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based on the fair value of the impaired assets. No such impairment losses were recorded during the year ended June 30, 2019.

STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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, or business-type activities within the statement of net position. Issuance costs associated with notes entered into are expensed in the year of issuance.

Long-term obligations are reported as debt in the proprietary fund. In the governmental funds, the long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

Compensated Absences - Any accumulated leave for the employees must be used by the end of the fiscal year. The Village does not have a policy to pay any accumulated amounts to employees upon separation from service with the Village. Sick pay does not vest and is recorded as an expenditure when paid.

Deferred Outflows of Resources - In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that time.

Deferred Inflows of Resources - Deferred inflows of resources represent the acquisition of net position that is applicable to a future reporting period.

- ***Government-Wide Statements*** - Unearned revenues represent the prepaid revenues advanced to the Village. Such advances are reported as unearned revenue until the earnings process is complete.
- ***Fund Financial Statements*** - Within the governmental funds, revenues must be available in order to be recognized. Revenues, such as property taxes that have been assessed and remain uncollected, are reflected as unearned revenues if they are not available in the current period, which the Village has established as sixty days after year end.

Fund Equity - Governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of resources: Non-spendable, Restricted, Committed, Assigned and Unassigned. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, e.g., prepaid items or inventories; or (b) legally or contractually required to be maintained intact. Restricted fund balances have limitations placed on the funds by external means or legislation. Committed fund balances have self-imposed limitations. Assigned fund balances have an intended use factor for a specific fund, and unassigned fund balances are excess funds not categorized in the other classifications.

Net Position - The government-wide financial statements and proprietary funds utilize a net position presentation. Net position is reported represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position is reported in three categories:

- ***Net investment in capital assets*** - This category reflects the portion of net position that is associated with capital assets, net of accumulated depreciation reduced by the outstanding capital asset-related debt and adding back unspent proceeds.
- ***Restricted net position*** - This category reflects the portion of net position that has third party limitations on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Unrestricted net position*** - This category reflects net position of the Village, not restricted for any project or other purpose.

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Operating and Non-operating Revenues - Revenues are classified as operating or non-operating according to the following criteria:

Operating revenue - include activities which have the characteristic of exchange transactions, such as charges for services and fees, net of any allowance for uncollectible amounts.

Non-operating revenues - include activities which have the characteristics of non-exchange transactions, such as capital grants and investment income.

Interfund Activity - Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund balances as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Operating and Non-operating expenditures - Expenditures are classified as operating or non-operating according to the following criteria:

Operating expenditures - include activities that have the characteristics of an exchange transaction such as employee salaries, benefits, and related expenses; maintenance, operations and contractual services; materials and supplies; office expenses; and depreciation expenses related to Village capital assets.

Non-operating expenditures - include activities that have the characteristics of non-exchange transactions such as interest on capital asset-related debt and bond expenses that are defined as non-operating expenses by GASB Statement No. 9 - *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general or special revenue funds.

Use of 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.

Risk Management - The Village is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any preceding years. A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule covers the officials and certain employees of the Village.

GASBS No. 77 – Tax Abatement Disclosures - The objective of this statement is to assist the users of state and local government financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The statement will not have a material impact on the Village's financial statements. The Village is not a party to any tax abatement agreements that need to be disclosed as required by GASB 77.

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Subsequent Events – GASB 56 requires reporting entities to disclose the date through which subsequent events have been evaluated and whether that date is the date the financial statements were issued or available to be issued. Management has evaluated subsequent events through the date of the auditor’s report, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

The Village pools its cash of the various funds to facilitate effective cash management. The pooled cash accounts balance is available to meet current operating requirements for each fund. The table below reconciles the cash amount in the financial statements to the amount of cash deposited with the financial institution.

	Governmental Activities	Business-type Activities	Total
Unrestricted Pooled Cash	\$ 354,512	\$ 11,988	\$ 366,500
Restricted Cash			
Customer Deposits	<u> -</u>	<u> 1,100</u>	<u> 1,100</u>
Total Cash and Cash Equivalents	<u>\$ 354,512</u>	<u>\$ 13,088</u>	<u>\$ 367,600</u>

At June 30, 2019, the Village had cash and cash equivalents on deposit with local financial institutions, consisting of demand checking accounts, savings accounts and certificates of deposit. Following is a schedule as of June 30, 2019, of the cash and cash equivalents.

	Bank Balance June 30, 2019	Net Items Outstanding	Book Balance June 30, 2019
Demand Deposit Accounts:			
Wells Fargo Bank:			
Pooled Cash Account	\$ 240,576	\$ (9,800)	\$ 230,776
Time and Savings Accounts:			
First Financial Credit Union:			
Savings Account	15,018	-	15,018
Certificate of Deposit	10,289	-	10,289
Certificate of Deposit	10,204	-	10,204
Certificate of Deposit	25,423	-	25,423
Certificate of Deposit	25,337	-	25,337
Certificate of Deposit	25,270	-	25,270
Certificate of Deposit	<u>25,283</u>	<u> -</u>	<u>25,283</u>
Total Cash and Cash Equivalents	<u>\$ 377,400</u>	<u>\$ (9,800)</u>	<u>\$ 367,600</u>

Restricted Cash – The Village restricted \$1,100 in the Water Fund for customer deposits.

Collateralization - The FDIC provides coverage of up to \$250,000 for interest -bearing and non-interest-bearing demand accounts separately from an additional \$250,000 for interest-bearing time and savings accounts at each financial institution. Excess coverage from one category is not transferrable to the other. No security is required for the deposit of public money being insured by the Federal Deposit Insurance Corporation.

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE B - CASH AND CASH EQUIVALENTS (Cont.)

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value.

	Wells Fargo Bank	First Financial	Totals
Deposits	\$ 240,576	\$ 136,824	\$ 377,400
Less FDIC/NCUA Coverage	<u>(240,576)</u>	<u>(136,824)</u>	<u>(377,400)</u>
Uninsured Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Pledged Collateral Securities	<u>28,621</u>		<u>28,621</u>
Uninsured and Uncollateralized	<u>\$ (28,621)</u>		<u>\$ (28,621)</u>
50% Pledged Collateral Requirement per Statute	\$ -		\$ -
Pledged Collateral	<u>28,621</u>		<u>28,621</u>
(Over) Under Collateralized	<u>\$ (28,621)</u>		<u>\$ (28,621)</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to them. The Village does not have a deposit policy for custodial credit risk other than state statutes. As of June 30, 2019, none of the Village's bank balances were exposed to custodial credit risk before applying the pledged collateral. BNY Mellon in New York City, New York holds the securities pledged toward the Village.

Wells Fargo Bank Pledged Collateral:	Maturity	Market Value	Par Value
FNMA – 3138WQHS4	05/01/2043	<u>\$ 28,621</u>	<u>\$ 51,906</u>

NOTE C - RECEIVABLES

Government Activities - The Village operates the local ambulance service and bills Medicaid and other private insurance carriers for their services, with the transported patient billed for any remainder not covered by insurance. The full amount of any outstanding ambulance charges is fully reserved at fiscal year-end and recorded as income as the Village collects.

The Village records gross receipts, franchise and other taxes collected within sixty days of year end as receivables at year end. The following amount are considered receivable at the fiscal year end.

	Total
Gross Receipts Tax	\$ 1,000
Property Tax	11
Motor Vehicle	31
Gasoline	<u>834</u>
Accounts Receivables - Net	<u>\$ 1,876</u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE C – RECEIVABLES (cont.)

Business-type Activities – The Village does not reserve a portion of the utility accounts receivable as not being susceptible to collection since the Village determined that all current receivables are considered collectible. The amount of the allowance for the Proprietary funds is below as of the fiscal year end:

	Water Fund	Solid Waste Fund	Total
Gross Accounts Receivables	\$ 1,201	\$ 645	\$ 1,846
Less Allowance for Doubtful Accounts	-	-	-
Accounts Receivables - Net	<u>\$ 1,201</u>	<u>\$ 645</u>	<u>\$ 1,846</u>

Grant Receivable - The Village has a grant receivable from New Mexico Environment Department for approximately \$28,980 under SAP-18-C4092-STBR for the reimbursement of Village expenditures for water well improvements under the grant.

Concentrations of Risk - The Village depends on financial resources flowing from, or associated with, property taxes, gross receipts taxes, the Federal Government and the State of New Mexico. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal, State, and local appropriations; changes in gross receipts tax rates, collections, and property values.

NOTE D - CAPITAL ASSETS

The following capital asset activity for the Village for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Governmental Activities:				
Non-depreciable Capital Assets				
Land	\$ 7,470	-	-	\$ 7,470
Total Non-depreciable Capital Assets	<u>7,470</u>	-	-	<u>7,470</u>
Depreciable Capital Assets				
Buildings and Improvements	376,822	-	-	376,822
Land Improvements	179,350	-	-	179,350
Equipment	1,042,547	-	-	1,042,547
Vehicles	<u>428,838</u>	-	-	<u>428,838</u>
Total Depreciable Capital Assets	<u>2,024,557</u>	-	-	<u>2,024,557</u>
Accumulated Depreciation				
Buildings and Improvements	(231,211)	(9,964)	-	(241,175)
Land Improvements	(127,589)	(5,851)	-	(133,440)
Equipment	(698,508)	(68,359)	-	(767,867)
Vehicles	<u>(404,938)</u>	<u>(6,600)</u>	-	<u>(411,538)</u>
Accumulated Depreciation	<u>(1,462,246)</u>	<u>(90,774)</u>	-	<u>(1,554,020)</u>
Total Depreciable Capital Assets, Net	<u>562,311</u>	<u>(90,774)</u>	-	<u>470,537</u>
Capital Assets, Net	<u>\$ 569,781</u>	<u>\$ (90,774)</u>	<u>\$ -</u>	<u>\$ 479,007</u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE D - CAPITAL ASSETS (Cont.)

Management has elected to present the Governmental Activities depreciation expense of \$90,774 as a separate line-item expense on the Statement of Activities rather than allocating the expense to each function within the primary government.

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Business-type Activities:				
Non-depreciable Capital Assets				
Land	\$ 645	\$ -	\$ -	\$ 645
Construction in Progress	<u>42,228</u>	<u>34,421</u>	<u>-</u>	<u>76,649</u>
Total Non-depreciable Capital Assets	<u>42,873</u>	<u>34,421</u>	<u>-</u>	<u>77,294</u>
Depreciable Capital Assets				
Water System	<u>239,895</u>	<u>-</u>	<u>-</u>	<u>239,895</u>
Total Depreciable Capital Assets	<u>239,895</u>	<u>-</u>	<u>-</u>	<u>239,895</u>
Accumulated Depreciation				
Water System	<u>(123,814)</u>	<u>(9,595)</u>	<u>-</u>	<u>(133,409)</u>
Total Accumulated Depreciation	<u>(123,814)</u>	<u>(9,595)</u>	<u>-</u>	<u>(133,409)</u>
Total Depreciable Capital Assets, Net	<u>116,081</u>	<u>(9,595)</u>	<u>-</u>	<u>106,486</u>
Capital Assets, Net	<u>\$ 158,954</u>	<u>\$ 24,826</u>	<u>\$ -</u>	<u>\$ 183,780</u>

NOTE E - TRANSFERS

The Village transferred approximately \$25,000 to the Water Fund for capital grant water well improvement expenditures under NMED grant SAP-18-C4092-STBR. This amount is to be reimbursed from NMED under the grant and is included in the Grant Receivable in the Water Fund.

NOTE F - LONG-TERM DEBT

The Village had the following long-term debt obligation as of June 30, 2019:

NMFA 3297-PP - Fire Equipment Purchase - The Village entered into an agreement with NMFA in March 2015 to assist funding of a fire tanker purchase. Initial principal was \$50,378 with repayment terms of 10 annual payments ranging from approximately \$5,261 to \$5,938, bearing variable interest rates between 0.67% and 2.55% with interest paid semi-annually, and maturing in May 2026. The debt is paid out of the Fire Protection Fund using state fire protection allocation funds that are intercepted by NMFA. The Village elected to accelerate the payoff of the debt in February 2019.

The Village paid approximately \$646 in interest expense and administration fees during the fiscal year from the Fire Protection Fund.

Long-term debt activity for the fiscal year ended June 30, 2019 was as follows:

Governmental	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
NMFA 3297-PP	<u>\$ 42,108</u>	<u>\$ -</u>	<u>\$ (42,108)</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE F - LONG-TERM DEBT (Cont.)

Commitment:

NMFA 4785-PPRF - Ambulance Purchase - The Village entered into an agreement with NMFA in June 2019 to assist funding of an ambulance purchase. Initial principal was \$206,103 with repayment terms of 10 annual payments of approximately \$23,196, bearing a blended interest rate of approximately 1.09% with interest paid semi-annually, with principal payments commencing in May 2021 and maturing in May 2030. The debt is to be paid out of the Fire Protection Fund using state fire protection allocation funds to be intercepted by NMFA. The Village drew on the funds in August 2019 for the purchase of the ambulance and is awaiting delivery as of the date of the audit report.

NOTE G - RETIRE HEALTH CARE ACT CONTRIBUTIONS

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. The Village has elected not to participate in the program.

NOTE H- PERA PENSION PLAN

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

NOTE I- JOINT POWERS AGREEMENTS

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

City of Portales. The Village entered into a Joint Powers Agreement with the City of Portales 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.

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE J- RELATED PARTY TRANSACTIONS

The Village hired a relative of two councilors to perform park and grounds landscaping maintenance during the year. The relative was paid approximately \$2,625 during the fiscal year and was issued a 1099-MISC for the services.

SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
NONMAJOR FUND DESCRIPTIONS
JUNE 30, 2019**

Road Fund - Accounts for funds designated for street repairs within the Village and financed on a special tax per gallon on gasoline. This fund was created by the authority of state grant provisions and Sections 7-1-6-9 and 7-13-1 to 18, NMSA 1978.

Emergency Medical Services Fund - Accounts for the operation and maintenance of the EMS department. Financing is provided by motor vehicle registration fees. The fund was created under 24-10A-6, NMSA 1978.

Fire Improvement Fund - Accounts for the receipt of gross receipts taxes received by the Village from the County designated for the improvement of fire protection equipment. Authority is Roosevelt County Ordinance 5-83, Section 4.

Ambulance Fund - Accounts for the fees collected from ambulance charges for the purchase of medical supplies, ambulance maintenance and training. Established by Village Council ordinance.

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2019**

	Road Fund	Emergency Medical Services Fund	Fire Improvement Fund	Ambulance Fund	Total Nonmajor Governmental Funds
ASSETS					
ASSETS					
Cash and Cash Equivalents	\$ 4,447	\$ -	\$ 3,644	\$ 2,415	\$ 10,506
Taxes Receivable					
Gasoline	<u>834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>834</u>
Total Assets	<u>\$ 5,281</u>	<u>\$ -</u>	<u>\$ 3,644</u>	<u>\$ 2,415</u>	<u>\$ 11,340</u>
 LIABILITIES AND FUND BALANCE					
FUND BALANCES					
Restricted For:					
Fire Protection	\$ -	\$ -	\$ 3,644	\$ -	\$ 3,644
Emergency Services	-	-		2,415	2,415
Road Improvements	<u>5,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,281</u>
Total Fund Balances	<u>5,281</u>	<u>-</u>	<u>3,644</u>	<u>2,415</u>	<u>11,340</u>
Total Liabilities and Fund Balances	<u>\$ 5,281</u>	<u>\$ -</u>	<u>\$ 3,644</u>	<u>\$ 2,415</u>	<u>\$ 11,340</u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
COMBINED SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2019**

	Road Fund	Emergency Medical Services Fund	Fire Improvement Fund	Ambulance Fund	Total Nonmajor Governmental Funds
REVENUES					
Charges for Service	\$ -	\$ -	\$ -	\$ 2,766	\$ 2,766
Taxes					
Gasoline	5,026	-	-	-	5,026
Intergovernmental					
State	-	7,141	-	-	7,141
Local	-	-	3,500	-	3,500
Miscellaneous	-	-	439	-	439
	<u>-</u>	<u>-</u>	<u>439</u>	<u>-</u>	<u>439</u>
Total Revenues	5,026	7,141	3,939	2,766	18,872
EXPENDITURES					
Current					
Streets	5,212	-	-	-	5,212
Health and Welfare	-	7,141	-	788	7,929
Public Safety	-	-	4,184	-	4,184
	<u>-</u>	<u>-</u>	<u>4,184</u>	<u>-</u>	<u>4,184</u>
Total Expenditures	5,212	7,141	4,184	788	17,325
Excess (Deficit) of Revenues over Expenditures	(186)	-	(245)	1,978	1,547
Fund Balance, Beginning of Year	5,467	-	3,889	437	9,793
	<u>5,467</u>	<u>-</u>	<u>3,889</u>	<u>437</u>	<u>9,793</u>
Fund Balance, End of Year	\$ 5,281	\$ -	\$ 3,644	\$ 2,415	\$ 11,340
	<u>\$ 5,281</u>	<u>\$ -</u>	<u>\$ 3,644</u>	<u>\$ 2,415</u>	<u>\$ 11,340</u>

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
ROAD FUND
YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes				
Gasoline	\$ 5,100	\$ 5,100	\$ 5,038	\$ (62)
Total Revenues	5,100	5,100	5,038	(62)
EXPENDITURES				
Current				
Streets	10,066	10,066	5,212	4,854
Total Expenditures	10,066	10,066	5,212	4,854
Net Change in Fund Balance	(4,966)	(4,966)	(174)	4,792
Cash Balance, Beginning of Year	4,621	4,621	4,621	-
Cash Balance, End of Year	\$ (345)	\$ (345)	\$ 4,447	\$ 4,792
Reconciliation to GAAP Basis				
Net Change in Fund Balance - Budget Basis			\$ (174)	
Change in:				
Taxes Receivable				
Gasoline			(12)	
Net Change in Fund Balance - GAAP Basis			\$ (186)	

STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
EMS FUND
YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental				
State	\$ 7,141	\$ 7,141	\$ 7,141	\$ -
Total Revenues	7,141	7,141	7,141	-
EXPENDITURES				
Current				
Health and Welfare	7,141	7,141	7,141	-
Total Expenditures	7,141	7,141	7,141	-
Net Change in Fund Balance	-	-	-	-
Cash Balance, Beginning of Year	-	-	-	-
Cash Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to GAAP Basis				
Net Change in Fund Balance - Budget Basis			<u>\$ -</u>	
Net Change in Fund Balance - GAAP Basis			<u>\$ -</u>	

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
FIRE IMPROVEMENT FUND
YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Local	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Miscellaneous		-	439	439
Total Revenues	3,500	3,500	3,939	439
EXPENDITURES				
Current				
Public Safety	13,357	13,357	4,184	9,173
Total Expenditures	13,357	13,357	4,184	9,173
Net Change in Fund Balance	(9,857)	(9,857)	(245)	9,612
Cash Balance, Beginning of Year	3,889	3,889	3,889	-
Cash Balance, End of Year	\$ (5,968)	\$ (5,968)	\$ 3,644	\$ 9,612
Reconciliation to GAAP Basis				
Net Change in Fund Balance - Budget Basis			\$ (245)	
Net Change in Fund Balance - GAAP Basis			\$ (245)	

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
AMBULANCE FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Charges for Service	\$ 2,050	\$ 2,050	\$ 2,766	\$ 716
Total Revenues	2,050	2,050	2,766	716
EXPENDITURES				
Current				
Health and Welfare	2,050	2,050	788	1,262
Total Expenditures	2,050	2,050	788	1,262
Net Change in Fund Balance	-	-	1,978	1,978
Cash Balance, Beginning of Year	437	437	437	-
Cash Balance, End of Year	<u>\$ 437</u>	<u>\$ 437</u>	<u>\$ 2,415</u>	<u>\$ 1,978</u>
Reconciliation to GAAP Basis				
Net Change in Fund Balance - Budget Basis			<u>\$ 1,978</u>	
Net Change in Fund Balance - GAAP Basis			<u>\$ 1,978</u>	

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

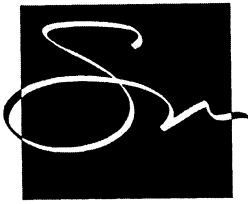
**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
WATER FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Charges for Services	\$ 11,707	\$ 11,707	\$ 11,441	\$ (266)
Other Revenue	100	100	456	356
Total Operating Revenues	11,807	11,807	11,897	90
OPERATING EXPENSES				
Current				
Personnel Services and Benefits	2,713	2,713	1,466	1,247
Professional and Contracted Services	7,507	7,507	4,959	2,548
Repairs, Maintenance, Supplies and Materials	1,470	1,470	595	875
Utilities	6,300	6,300	2,480	3,820
Other Expenses	180	180	2,935	(2,755)
Capital Outlay	49,138	49,138	34,421	14,717
Total Operating Expenses	67,308	67,308	46,856	20,452
Operating Income	(55,501)	(55,501)	(34,959)	20,542
NONOPERATING REVENUE				
Capital Grant	49,138	49,138	9,567	(39,571)
Transfers In	-	-	25,000	25,000
Total Nonoperating Revenue	-	-	34,567	(14,571)
Change in Net Position	(55,501)	(55,501)	(392)	5,971
Cash - Beginning of Year	6,659	6,659	6,659	-
Cash - End of Year	<u>\$ (48,842)</u>	<u>\$ (48,842)</u>	<u>\$ 6,267</u>	<u>\$ (2,629)</u>
Reconciliation to GAAP Basis				
Change in Net Position - Budget Basis			\$ (392)	
Depreciation			(9,595)	
Capital Outlay			34,421	
Change in:				
Accounts Receivable			(325)	
Grant Receivable			28,980	
Change in Net Position - GAAP Basis			<u>\$ 53,089</u>	

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)
SOLID WASTE FUND
YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES				
Charges for Services	\$ 8,295	\$ 8,295	\$ 8,122	\$ (173)
Other Revenue	<u>-</u>	<u>-</u>	<u>188</u>	<u>188</u>
Total Operating Revenues	8,295	8,295	8,310	15
OPERATING EXPENSES				
Current				
Personnel Services and Benefits	2,713	2,713	1,464	1,249
Professional and Contracted Services	6,853	6,853	4,494	2,359
Other Expenses	<u>5,000</u>	<u>5,000</u>	<u>700</u>	<u>4,300</u>
Total Operating Expenses	<u>14,566</u>	<u>14,566</u>	<u>7,529</u>	<u>7,037</u>
Change in Net Position	(6,271)	(6,271)	781	7,052
Cash - Beginning of Year	<u>6,040</u>	<u>6,040</u>	<u>6,040</u>	<u>-</u>
Cash - End of Year	<u>\$ (231)</u>	<u>\$ (231)</u>	<u>\$ 6,821</u>	<u>\$ 7,052</u>
Reconciliation to GAAP Basis				
Change in Net Position - Budget Basis			\$ 781	
Change in:				
Accounts Receivable			<u>30</u>	
Change in Net Position - GAAP Basis			<u>\$ 811</u>	

INTERNAL CONTROL AND COMPLIANCE



SCOTT NORTHAM, CPA, PC
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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***

Brian Colón, New Mexico State Auditor, and
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, 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 fund and major special revenue funds of the Village of Causey, New Mexico as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for the nonmajor funds presented as supplemental 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, 2019, as listed in the table of contents and have issued our report thereon dated November 25, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 a 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed a matter described in the accompanying schedule of findings and responses as item 2019-001 as an item of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and Section 12-6-5 NMSA 1978.

Village's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 results of that testing, and not to provide an opinion on the effectiveness of the Village'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Scott Northam, CPA, PC
Ruidoso, New Mexico
November 25, 2019

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

SUMMARY OF AUDITOR RESULTS:

Financial Statements:

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
c. Noncompliance material to the financial statements noted?	No
d. Other non-compliance matters	Yes (1)

FINANCIAL STATEMENT FINDINGS:

CURRENT YEAR FINDINGS:

2019-001 – Lack of Proper Documentation – Other Non-Compliance

CONDITION - The Village could not substantiate proof that the quarterly Form 941s were properly submitted by the required Internal Revenue Service deadlines. Unsigned Form 941 copies were saved to the Village computers.

CRITERIA – Internal Revenue Service instructions for the Form 941 requires an employer to file the form by the end of the month following the end of the calendar quarter.

CAUSE – The prior Village Clerk had not saved a copy of the signed forms, and the new clerk followed the procedures in place.

EFFECT - The Village may not have accurate proof of filing should questions or an employment audit arise.

RECOMMENDATION - The Village should change procedure to either file electronically through its payroll system to receive a proof of submission receipt, or print and sign the forms, make a copy and certify-mail the form to the Internal Revenue Service for proof of submission.

MANAGEMENT RESPONSE AND PLANNED CORRECTIVE ACTION – After discussing with the IPA, the Village Clerk will change procedures beginning with the calendar year 2019's fourth quarter Form 941 to document the form's submission. This finding should be resolved by January 2020.

**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

FINANCIAL STATEMENT FINDINGS:

PRIOR YEAR FINDINGS:

2018-001 – Budgeted Fund Balance Deficit – Other Non-Compliance	Resolved
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**STATE OF NEW MEXICO
VILLAGE OF CAUSEY
EXIT CONFERENCE
JUNE 30, 2019**

An entrance conference was held on November 25, 2019. The contents of this report were discussed with the Village of Causey representatives in an exit conference on November 25, 2019. The following individuals were available for the conference:

Village of Causey

Scott Northam, CPA, PC

Jimmy Stokes, Mayor
Trish Watson, Village Clerk

Scott Northam, CPA

The financial statements of the Village of Causey were prepared by Scott Northam, CPA, PC from original books and records provided by and with assistance from the management of the Village.

Although standards strongly emphasize the Village prepare its own financial statements, the consensus between Village management and the auditor was that it would be more time and cost efficient for the auditor to prepare the financial statements and the related notes. Accordingly, the Village designated a competent management-level individual to oversee the auditor's services, make all management decisions and perform all management functions. The Village reviewed, approved, and accepted responsibility for the accompanying financial statements and related notes and Supplemental schedules, and for ensuring that the underlying accounting records adequately support the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance.