

STATE OF NEW MEXICO  
VILLAGE OF HOUSE

*Audit Report*

For the Year Ended June 30, 2009

RONNY FOUTS  
*CERTIFIED PUBLIC ACCOUNTANT*  
Melrose, New Mexico

STATE OF NEW MEXICO  
Village of House

**Official Roster**  
For the year ended June 30, 2009

VILLAGE COUNCIL

Cathy Ray..... Mayor Pro Tem  
Debbie Patton..... Council Member  
Judy Morrow..... Council Member  
Hilous Hargrove..... Council Member

VILLAGE OFFICIALS

Sherman Martin ..... Mayor  
Linda Lavender..... Clerk/Treasurer

**STATE OF NEW MEXICO**  
**Village of House**

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June 30, 2009

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITOR'S REPORT**

Hector Balderas, State Auditor  
The Village Council and  
Village of House  
House, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund including budget comparisons, and the aggregate remaining fund information of the Village of House, as of and for the year ended June 30, 2009, which collectively comprise the Village of House's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the nonmajor governmental funds and budget comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2009 and the respective changes in financial position thereof, and the respective budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 17, 2009, on our consideration of Village of House's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

For the year ended June 30, 2009, Village of House has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements that collectively compromise the Village's basic financial statements. The additional schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Ronny Fouts, CPA". The signature is written in a cursive style with a large, prominent "R" and "F".

Ronny Fouts, CPA  
Melrose, New Mexico  
November 17, 2009

## **Basic Financial Statements**



STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities	Business-Type Activities	Total Primary Government
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 91,654	\$ 56,786	\$ 148,440
Receivables		1,632	1,632
Due from other governments	3,061	-	3,061
Non-Current:			
Capital Assets, Net	976,748	127,647	1,104,395
<b>Total Assets</b>	<b>\$ 1,071,463</b>	<b>\$ 186,065</b>	<b>\$ 1,257,528</b>
<b><u>LIABILITIES</u></b>			
Accrued Interest Payable	\$ -	\$ -	\$ -
Noncurrent Liabilities:			
Due within one year	-	-	-
Due in more than one year	-	-	-
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	976,748	127,647	1,104,395
Unrestricted	94,715	58,418	153,133
<b>Total Net Assets</b>	<b>\$ 1,071,463</b>	<b>\$ 186,065</b>	<b>\$ 1,257,528</b>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government
<b>Governmental Activities:</b>							
General Government	\$ 95,746	\$ -	\$ -	\$ -	\$ (95,746)	\$ -	\$ (95,746)
Public Safety	135,395	4,850	-	-	(130,545)	-	(130,545)
Public Works	5,987	-	-	-	(5,987)	-	(5,987)
Culture and Recreation	1,889	-	-	-	(1,889)	-	(1,889)
Streets	6,719	-	-	-	(6,719)	-	(6,719)
<b>Total Governmental Activities</b>	<b>\$ 245,736</b>	<b>\$ 4,850</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (240,886)</b>	<b>\$ -</b>	<b>\$ (234,899)</b>
<b>Business-Type Activities:</b>							
Water and Sewer	\$ 23,688	\$ 14,412	\$ -	\$ -	\$ -	\$ (9,276)	\$ (9,276)
Solid Waste	1,795	-	-	-	-	(1,795)	(1,795)
<b>Total Business-Type Activities</b>	<b>\$ 25,483</b>	<b>\$ 14,412</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (11,071)</b>	<b>\$ (11,071)</b>
<b>General Revenues:</b>							
Intergovernmental	\$ 98,197	\$ 1,161	\$ -	\$ -	\$ 99,358	\$ -	\$ 99,358
Property Taxes	2,888	-	-	-	2,888	-	2,888
NM Gross Receipts Taxes	49,071	-	-	-	49,071	-	49,071
Cigarette Taxes	91	-	-	-	91	-	91
Gasoline Taxes	5,004	-	-	-	5,004	-	5,004
Motor Vehicle	276	-	-	-	276	-	276
Licenses and Permits	-	-	-	-	-	-	-
Other State	-	-	-	-	-	-	-
Miscellaneous Income	30,406	1,756	-	-	32,162	-	32,162
<b>Total Revenue</b>	<b>185,933</b>	<b>2,917</b>	<b>-</b>	<b>-</b>	<b>188,850</b>	<b>-</b>	<b>188,850</b>
<b>Change in Net Assets</b>	<b>(54,953)</b>	<b>(8,154)</b>	<b>-</b>	<b>-</b>	<b>(63,107)</b>	<b>-</b>	<b>(63,107)</b>
<b>Net Assets - Beginning</b>	<b>1,126,416</b>	<b>194,219</b>	<b>-</b>	<b>-</b>	<b>1,320,635</b>	<b>-</b>	<b>1,320,635</b>
<b>Net Assets - Ending</b>	<b>\$ 1,071,463</b>	<b>\$ 186,065</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,257,528</b>	<b>\$ -</b>	<b>\$ 1,257,528</b>

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

## **Fund Financial Statements**

STATE OF NEW MEXICO  
 VILLAGE OF HOUSE  
 Balance Sheet  
 Governmental Funds  
 June 30, 2009

	General Fund	Municipal Streets Fund	Fire Protection	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>					
Pooled Cash and Investments	\$ 46,712	\$ 14,099	\$ 26,348	\$ 4,495	\$ 91,654
Receivables:					
Due from Other Governments	2,520	417	-	124	3,061
<b>Total Assets</b>	<b>\$ 49,232</b>	<b>\$ 14,516</b>	<b>\$ 26,348</b>	<b>\$ 4,619</b>	<b>\$ 94,715</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
Liabilities:					
Fund Balance:					
Unreserved:					-
Desig. for Subsequent Years' Expenditures					-
Reported in:					-
General Fund	49,232				49,232
Special Revenue Funds	-	14,516	26,348	4,619	45,483
<b>Total Fund Balance</b>	<b>49,232</b>	<b>14,516</b>	<b>26,348</b>	<b>4,619</b>	<b>94,715</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 49,232</b>	<b>\$ 14,516</b>	<b>\$ 26,348</b>	<b>\$ 4,619</b>	<b>\$ 94,715</b>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Reconciliation of the Balance Sheet - All  
Governmental funds to the  
Statement of Net Assets  
June 30, 2009

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

Total Fund Balances - Governmental Funds	\$	94,715
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		<u>976,748</u>
Net assets of governmental activities	\$	<u>1,071,463</u>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
For Year Ended June 30, 2009

	General Fund	Municipal Streets Fund	Fire Protection	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Intergovernmental	\$ 35,000	\$ -	\$ 57,214	\$ 5,983	\$ 98,197
Property Taxes	2,888	-	-	-	2,888
NM Gross Receipts Taxes	46,704	-	-	2,367	49,071
Cigarette Taxes	91	-	-	-	91
Gasoline Taxes	-	5,004	-	-	5,004
Motor Vehicle Taxes	276	-	-	-	276
State Grant	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Charge for Services	-	-	-	4,850	4,850
Miscellaneous	28,971	9	1,426	-	30,406
<b>Total Revenue</b>	<b>113,930</b>	<b>5,013</b>	<b>58,640</b>	<b>13,200</b>	<b>190,783</b>
<b>Expenditures</b>					
<b>Current:</b>					
General Government	\$ 78,810	\$ -	\$ -	\$ -	\$ 78,810
Public Safety	30,317	-	44,630	12,026	86,973
Public Works	-	-	-	5,987	5,987
Culture and Health	807	-	-	1,082	1,889
Streets and Drainage	2,343	3,612	-	-	5,955
Capital Outlay	890	-	-	-	890
<b>Total Expenditures</b>	<b>113,167</b>	<b>3,612</b>	<b>44,630</b>	<b>19,095</b>	<b>180,504</b>
Excess (deficiency) of revenues over expenditures	763	1,401	14,010	(5,895)	10,279
<b>Other financing sources (uses)</b>					
Operating transfers in	\$ 2,885	\$ -	\$ -	\$ 4,176	\$ 7,061
Operating transfers out	(6,078)	-	-	(983)	(7,061)
<b>Total other financing sources(uses)</b>	<b>(3,193)</b>	<b>-</b>	<b>-</b>	<b>3,193</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(2,430)</b>	<b>1,401</b>	<b>14,010</b>	<b>(2,702)</b>	<b>10,279</b>
<b>Fund Balance at beginning of year</b>	<b>51,662</b>	<b>13,114</b>	<b>12,338</b>	<b>7,321</b>	<b>84,435</b>
<b>Fund Balance at end of year</b>	<b>\$ 49,232</b>	<b>\$ 14,515</b>	<b>\$ 26,348</b>	<b>\$ 4,619</b>	<b>\$ 94,714</b>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance - All Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2009

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

Net Change - Total Governmental Funds	\$	10,279
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.		
Depreciation Expense		(65,233)
Capital Outlay		-
Rounding		<u>1</u>
Change in net assets of governmental activities	\$	<u><u>(54,953)</u></u>

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

## **Major Funds**



## **MAJOR FUNDS**

GENERAL FUND– to account for all financial resources of the general government, except those required to be accounted for in another fund.

MUNICIPAL STREETS FUND – to account for the collection of one-half of one percent gross receipts tax for the purpose of improving the Village streets. Funding is provided under State Statute 7-16.9 and 7-13-1 through 7-13-18 NMSA 1978 Compilation.

FIRE PROTECTION FUND – This fund accounts for the operations and maintenance of the fire department. Financing is provided by state collected taxes for fire protection. State Statute 59A-53-1 NMSA 1978 Compilation.

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Statement of Revenues, Expenditures, and Changes  
in Cash Balance - Budget and Actual (Non-GAAP)  
General Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance-Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$ 2,540	\$ 2,540	\$ 2,888	\$ 348
NM Gross Receipts Taxes	54,677	54,677	49,402	(5,275)
Cigarette Taxes	102	102	91	(11)
Gasoline Taxes	2,913	2,913	-	(2,913)
Motor Vehicle	281	281	276	(5)
Licenses and Permits	79	79	60	(19)
Charges for Services	21,192	21,192	28,813	7,621
Miscellaneous	-	-	-	-
Small Cities Assistance	35,000	35,000	35,000	-
<b>Total Revenues</b>	<b>\$ 116,784</b>	<b>\$ 116,784</b>	<b>\$ 116,530</b>	<b>\$ (254)</b>
<b>Expenditures:</b>				
General Government	\$ 80,876	\$ 80,876	\$ 78,810	\$ 2,066
Public Safety	31,825	31,825	30,317	1,508
Public Works	-	-	-	-
Culture and Recreation	2,185	2,185	807	1,378
Streets and Drainage	3,500	3,500	2,343	1,157
Capital Outlay	1,000	1,000	890	110
<b>Total Expenditures</b>	<b>119,386</b>	<b>119,386</b>	<b>113,167</b>	<b>6,219</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,602)</b>	<b>(2,602)</b>	<b>3,363</b>	<b>5,965</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	4,500	4,500	2,983	1,517
Operating transfers out	(4,500)	(4,500)	(6,078)	1,578
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(3,095)</b>	<b>1,578</b>
<b>Cash Balance at beginning of year</b>	<b>46,444</b>	<b>46,444</b>	<b>46,444</b>	<b>-</b>
<b>Cash balance at end of year</b>	<b>\$ 43,843</b>	<b>\$ 43,842</b>	<b>\$ 46,712</b>	<b>\$ 7,543</b>

RECONCILIATION TO GAAP BASIS:

<b>Revenue:</b>	
Actual per budgetary basis	\$ 116,530
Change in Due from Other Governments	(2,698)
Actual per GAAP	<u>\$ 113,832</u>
<b>Expenditures</b>	
Actual per budgetary basis	\$ 113,167
Change in payables	-
Actual per GAAP	<u>\$ 113,167</u>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Schedule of Revenues, Expenditures, and Changes  
in Cash Balance - Budget and Actual (Non-GAAP)  
Municipal Streets Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Gasoline	\$ 5,004	\$ 5,004	\$ 5,004	\$ -
Other Charges	-	-	9	9
<b>Total Revenues</b>	<b>5,004</b>	<b>5,004</b>	<b>5,013</b>	<b>9</b>
<b>Expenditures:</b>				
Streets	4,500	4,500	3,612	888
<b>Total Expenditures</b>	<b>4,500</b>	<b>4,500</b>	<b>3,612</b>	<b>888</b>
Excess (deficiency) of revenues over expenditures	504	504	1,401	897
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	504	504	1,401	897
Cash Balance at beginning of year	12,697	12,697	12,697	-
Cash balance at end of year	<u>\$ 13,201</u>	<u>\$ 13,201</u>	<u>\$ 14,098</u>	<u>\$ 897</u>
<b>Reconciliation to GAAP</b>				
<b>Revenues:</b>				
Actual per Budgetary Basis				\$ 5,013
Changes in due from other governments				-
Actual per GAAP				<u>\$ 5,013</u>
<b>Expenditures:</b>				
Actual per Budgetary Basis				\$ 3,612
Changes in payables				-
Actual per GAAP				<u>\$ 3,612</u>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Statement of Revenues, Expenditures, and Changes  
in Cash Balance - Budget and Actual (Non-GAAP)  
Fire Protection Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance-Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
State Fire Allotment	\$ 57,214	\$ 57,214	\$ 57,214	\$ -
Miscellaneous	689	689	1,426	737
<b>Total Revenues</b>	<b>\$ 57,903</b>	<b>\$ 57,903</b>	<b>\$ 58,640</b>	<b>\$ 737</b>
<b>Expenditures:</b>				
Public Safety	35,942	35,942	28,003	7,939
Capital Outlay	16,627	16,627	16,627	-
<b>Total Expenditures</b>	<b>52,569</b>	<b>52,569</b>	<b>44,630</b>	<b>7,939</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>5,334</b>	<b>5,334</b>	<b>14,010</b>	<b>8,676</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash Balance at beginning of year	12,338	12,338	12,338	-
<b>Cash balance at end of year</b>	<b>\$ 17,672</b>	<b>\$ 17,672</b>	<b>\$ 26,348</b>	<b>\$ 8,676</b>
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Revenue:</b>				
Actual per budgetary basis				\$ 58,640
Change in Due from Other Governments				-
Actual per GAAP				<u>\$ 58,640</u>
<b>Expenditures</b>				
Actual per budgetary basis				\$ 44,630
Change in payables				-
Actual per GAAP				<u>\$ 44,630</u>

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

STATE OF NEW MEXICO  
 VILLAGE OF HOUSE  
 Balance Sheet  
 Proprietary Funds  
 For the Year Ended June 30, 2009

	Major Water and Sewer Fund	Major Solid Waste Fund	Totals
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalent	\$ 46,997	\$ 9,789	\$ 56,786
Receivables	1,571	61	1,632
<b>Total Current Assets</b>	<b>48,568</b>	<b>9,850</b>	<b>58,418</b>
Non-Current Assets			
Capital Assets	250,927	-	250,927
Less: Accumulated Depreciaton	(123,280)	-	(123,280)
<b>Total Non-Current Assets</b>	<b>127,647</b>	<b>-</b>	<b>127,647</b>
<b>Total Assets</b>	<b>\$ 176,215</b>	<b>\$ 9,850</b>	<b>\$ 186,065</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>			
Invested in Capital Assets net of related debt	127,647	-	127,647
Unrestricted	48,568	9,850	58,418
<b>Total Net Assets</b>	<b>176,215</b>	<b>9,850</b>	<b>186,065</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 176,215</b>	<b>\$ 9,850</b>	<b>\$ 186,065</b>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2009

	Major Water and Sewer Fund	Major Solid Waste Fund	Totals
<b>Operating Revenues</b>			
Charges for Services	\$ 14,412	\$ -	\$ 14,412
Environmental GRT	-	1,161	1,161
Miscellaneous	1,756	-	1,756
<b>Total Operating Revenues</b>	<b>16,168</b>	<b>1,161</b>	<b>17,329</b>
<b>Operating Expenses</b>			
Personal Services	6,096	-	6,096
Operating Expenses	10,348	1,795	12,143
Depreciation	7,244	-	7,244
<b>Total Operating Expenses</b>	<b>23,688</b>	<b>1,795</b>	<b>25,483</b>
<b>Operating Income/Loss</b>	<b>(7,520)</b>	<b>(634)</b>	<b>(8,154)</b>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	-	-	-
<b>Net Operating Income/Loss before Transfers</b>	<b>(7,520)</b>	<b>(634)</b>	<b>(8,154)</b>
Operating Transfer out	-	-	-
<b>Changes in Net Assets</b>	<b>(7,520)</b>	<b>(634)</b>	<b>(8,154)</b>
<b>Net Assets - Beginning</b>	<b>183,735</b>	<b>10,484</b>	<b>194,219</b>
<b>Net Assets - Ending</b>	<b>\$ 176,215</b>	<b>\$ 9,850</b>	<b>\$ 186,065</b>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2009

	Major Water and Sewer Fund	Major Solid Waste Fund	Totals
<b>Cash flow from operating activities</b>			
Cash received from customers	\$ 16,117	\$ 1,218	\$ 17,335
Cash payments to vendors for goods and services	(10,348)	(1,795)	(12,143)
Cash payments to employees for services	(6,096)	-	(6,096)
Net Cash provided (used) by operating activities	<u>(327)</u>	<u>(577)</u>	<u>(904)</u>
<b>Cash flows from capital activities</b>			
Purchase of capital assets	-	-	-
Net cash (used) from capital activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Interest Income	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Operating Income In cash and cash equivalents</b>	(327)	(577)	(904)
Cash and Cash Equivalents, beginning of year	<u>47,324</u>	<u>10,366</u>	<u>57,690</u>
Cash and Cash Equivalents, end of year	<u>\$ 46,997</u>	<u>\$ 9,789</u>	<u>\$ 56,786</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating Income/Loss	\$ (7,520)	\$ (634)	\$ (8,154)
<b>Adjustment to reconcile operating income/loss to net cash provided (used) by operating activities:</b>			
Depreciation	7,244	-	7,244
Changes in assets and liabilities			
(Increase) Decrease in accounts receivable	(51)	57	6
Increase (Decrease) in accounts payable	-	-	-
Net Operating Income in Cash and Cash Equivalents	<u>\$ (327)</u>	<u>\$ (577)</u>	<u>\$ (904)</u>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Notes to Financial Statements  
June 30, 2009

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The accompanying financial statements present the activities of the Village of House. The Village does not have any component units. The Village operates under a Mayor – Village Council form of government and provides services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and welfare, culture and recreation, public improvements, planning and zoning, and general administrative services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted setting body for establishing governmental accounting and financial reporting principles.

**B. Basis of Presentation – Basis of Accounting**

*Government-wide Statements* – The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental and business-type activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other Nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements* – The fund financial statements provide information about the Village's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as Nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from Nonexchange transactions or ancillary activities.



STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Notes to Financial Statements  
June 30, 2009

The Village reports the following major governmental funds:

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

**Municipal Street Fund** – This fund accounts for the collection of one-half of one percent gross receipts tax for the purpose of improving the Village streets. Funding is provided under State Statute 7-16.9 and 7-13-1 through 7-13-18 NMSA 1978 Compilation.

**Fire Protection Fund** – This fund accounts for the operations and maintenance of the fire department. Financing is provided by state collected taxes for fire protection. State Statute 59A-53-1 NMSA 1978 Compilation.

The Village reports two major proprietary funds. The Water and Sewer Fund and Solid Waste Fund, which are used to account for the assets, liabilities, net assets, revenue and expenditures related to water and refuse services provided to the residents of the Village, and water sold to parties outside the Village. Under GASB Statement No. 20, “Accounting and Financial Reporting the Proprietary Funds and Other Governmental Entities the Use Proprietary Fund Accounting”, all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The Village has chosen to apply future FASB standards.

C. Measurement Focus, Basis of Accounting

*Government-wide and Proprietary Statements* – The government-wide and proprietary statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Program revenues derive directly from the program itself or from parties outside the reporting government’s taxpayers or citizenry as a whole; they reduce the net cost of the function to be financed from the government’s general revenues.

*Governmental Fund Financial Statements* – Government funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Notes to Financial Statements  
June 30, 2009

after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Village funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Village's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants, and then, by general revenues.

All governmental and business-type activities and enterprise funds of the Village follow GASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Neither fiduciary funds nor component units that are fiduciary in nature are included in the Village's government-wide financial statements. The Village has no fiduciary funds.

**D. Budgetary Data**

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

1. The Village Clerk submits a proposed operating budget for the fiscal year commencing July 1, prior to June 30. The operating budget includes proposed expenditures and the means for financing them. A budget is proposed for the General and Special Revenue Funds. Proprietary funds are also budgeted.
2. Public hearings are conducted to obtain taxpayer comments. The budgets are then submitted to the Department of Finance and Administration for review, adjustment, and approval.
3. Prior to June 30, the budget is legally enacted through passage of a resolution. The Village Council is authorized to transfer budgeted amounts between departments within any fund. Department of Finance and Administration, Local Government Division must approve any revisions that alter the total expenditures of any fund.
4. Budgets for all funds are adopted on the cash basis, which is not consistent with generally accepted accounting principles. Budgetary comparisons have been presented in this report on the basis of the legally adopted budget.
5. Budgets for all funds are adopted on a regulatory prescribed cash basis. The level of budgeting control is by fund total. Budgetary information is presented as amended, the amendments being

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Notes to Financial Statements  
June 30, 2009

adopted in a legally prescribed manner. Appropriation laps at year-end with any unspent cash balance being available for expenditures and appropriation in the subsequent year's budget.

E. Encumbrances

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

F. Cash

Cash includes amounts in demand deposits as well as certificates of deposit acquired by the Village. For the purpose of reporting cash flows all highly liquid investments including restricted assets with maturity of three months or less are considered to be cash equivalents.

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

H. Accounts Receivable

The accounts receivable of the governmental funds consist primarily of taxes collected by the collection agency in the current year, but not remitted to the Village until after year-end. The accounts receivable of the enterprise funds represent earned income for water, sewer, and solid waste services.

I. Capital Assets

Capital assets are recorded as expenditures in the General Fund and Special Revenue funds at the time assets are received and a liability is incurred. These assets are capitalized at cost in the capital assets account except for rights of way and certain improvements other than buildings constructed in the public right of way such as roads, bridges, curbs, gutters, streets and sidewalks, drainage systems and lighting systems, as these assets are immovable and of value only to the Village. All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimate fair market value on the date received. The fair market value of donated assets is determined by comparison to other similar assets.

Depreciation of all exhaustible capital assets used by proprietary funds is charges as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20-50 years
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STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Notes to Financial Statements  
June 30, 2009

Improvements	10-40 years
Equipment	10-20 years

The Village capitalizes assets that cost \$5,000 or more.

Construction period interest, if any, is capitalized per GASB 37. The Village did not incur any construction period interest during the year ended June 30, 2009.

The Village capitalizes and depreciates its computer software.

J. Accrued Compensated Absences

At June 30, 2009, the Village had no liability for accrued annual or sick leave.

**2. DEPOSITS AND PLEDGED COLLATERAL BY BANKS**

The Village is required by the New Mexico Statutes (Section 6-10-17) to be 50 percent collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities:

	<u>Citizens Bank Demand Deposits</u>	<u>Citizens Bank Time Deposits</u>
Total amount of Deposits on June 30, 2009	\$ 116,903	\$ 42,566
Less: FDIC Insurance	<u>(116,903)</u>	<u>(42,566)</u>
Uninsured public funds	<u>\$ -</u>	<u>\$ -</u>
50% collateral requirement	\$ -	\$ -
Pledged security - market value	<u>-</u>	<u>-</u>
(Over) under-collateralized	<u>\$ -</u>	<u>\$ -</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 it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$0 of the Village's bank balance of \$159,469 was exposed to custodial credit risk.

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Notes to Financial Statements  
June 30, 2009

Uninsured and Uncollateralized	\$	-
Uninsured and Collateral held by pledging bank's trust department not in District's name		-
		<hr/>
Total	\$	-
		<hr/> <hr/>

**3. CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009, was as follows:

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Notes to Financial Statements  
June 30, 2009

	Balance per Prior Year	Additions	Retirements	Balance at End of Year
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land & Improvements	\$ 9,750	\$ -	\$ -	9,750
Capital Assets being depreciated:				
Buildings & Improvements	846,814	-	-	846,814
Infrastructure	38,206	-	-	38,206
Equipment	874,217	-	-	874,217
<b>Total Capital Assets being depreciated</b>	<b>1,759,237</b>	<b>-</b>	<b>-</b>	<b>1,759,237</b>
Less accumulated depreciation for:				
Buildings & Improvements	313,822	16,936	-	330,758
Infrastructure	4,584	764	-	5,348
Equipment	408,600	47,533	-	456,133
Total-accumulated depreciation	727,006	65,233	-	792,239
<b>Total Capital Assets being depreciated</b>	<b>1,032,231</b>	<b>(65,233)</b>	<b>-</b>	<b>966,998</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 1,041,981</b>	<b>\$ (65,233)</b>	<b>\$ -</b>	<b>\$ 976,748</b>
<b>Business-Type Activities:</b>				
Capital Assets being depreciated:				
Water System	226,225	-	-	226,225
Machinery & Equipment	24,702	-	-	24,702
<b>Total Capital Assets being depreciated</b>	<b>250,927</b>	<b>-</b>	<b>-</b>	<b>250,927</b>
Less accumulated depreciation for:				
Water Systems	107,321	5,717	-	113,038
Equipment	8,715	1,527	-	10,242
Total-accumulated depreciation	116,036	7,244	-	123,280
<b>Business-Type Activities capital assets, net</b>	<b>\$ 134,891</b>	<b>\$ (7,244)</b>	<b>\$ -</b>	<b>\$ 127,647</b>

For year ended June 30, 2009 depreciation was identified to the following activities:

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Notes to Financial Statements  
June 30, 2009

General Government	\$ 16,936
Public Safety	47,533
Streets	764
Total	<u>\$ 65,233</u>

**4. RETIREMENT PLAN**

Employees of the Village are not covered by the PERA or any other retirement plan.

**5. RETIREE HEALTH CARE ACT**

The Village has elected not to participate in the New Mexico Health Care Act.

**6. LONG-TERM LIABILITIES**

At June 30, 2009 the Village had paid off all long term debt and did not have any liability.

**7. 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. During the fiscal year June 30, 2009, the Village carried insurance with the New Mexico Self-Insurer's fund for a shared premium cost. There were no significant reductions in coverage in the past fiscal year and there was no settlement exceeding insurance coverage in any of the past three fiscal years. The Village's policy is not an assessable policy; therefore the only risk is for the premium paid.

**8. SURETY COVERAGE**

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

**9. BUDGET RECONCILIATION**

The Statement of Revenue and Expenditures Budget (Non-GAAP) and Actual Comparison – Governmental Funds are presented on the budgetary basis to provide a comparison of actual results with the budget. The major difference between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Notes to Financial Statements  
June 30, 2009

Items required to adjust actual revenues and expenditures reported on the budget basis to those reported on the Statement of Revenue, Expenditures and Fund Balances – Governmental Funds (GAAP Basis) are presented on the face of the statements.

**10. PROPERTY TAXES**

The County collects the Village's share of property taxes assessed. Property taxes attach as an enforceable lien on property as of January 1. Tax notices are sent by the County Treasurer to property owners by November 1 of each year to be paid in whole or in two installments by November 10 and April 10 of the following year. The County collects such taxes and distributes them to the Village on a monthly basis. The Village accounts for its share of property taxes in the General Fund. Only those collections received are recorded as revenue. The Village has no means of determining the amount of delinquent taxes, and no delinquent taxes are recorded on the Village's financial records.



## AUDITED SUPPLEMENTARY INFORMATION

## **NONMAJOR FUNDS**

EMERGENCY MEDICAL SERVICES – to account for grant funds received by the Village from State sources for development of an EMS system. Funding is provided for under State Statute 24-10A-1 to 24-10A-10 NMSA Compilation.

RECREATION FUND – to account for operations of the parks and other recreation type activities. A cigarette tax and miscellaneous revenue provide financing. (State Statute 7-12-1 and 7-12-15 NMSA 1978 Compilation)

INFRASTRUCTURE FUND – to account for the Village's share of gross receipts tax that is legally restricted to the purchase of raw material for the roads within the government's boundaries. (7-1-6.27 NMSA 1978 Compilation)

CEMETERY FUND – to account for monies received for the cemetery and to expend them on behalf of the cemetery fund.

STATE OF NEW MEXICO  
 VILLAGE OF HOUSE  
 Combining Balance sheet  
 Non Major Special Revenue Funds  
 For the Year Ended June 30, 2009

	EMS	Recreation	Infrastructure
<b>Assets:</b>			
Cash on deposit	\$ -	\$ 278	\$ 1,926
Accounts receivable		3	121
<b>Total assets</b>	<b>-</b>	<b>281</b>	<b>2,047</b>
<b>Fund Equity:</b>			
Fund Balance	-		-
Unreserved:			-
Desig. For Subsequent Years Expend	-	281	2,047
<b>Total Fund Equity</b>	<b>\$ -</b>	<b>\$ 281</b>	<b>\$ 2,047</b>

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

Cemetery Fund		Totals	
\$	2,291	\$	4,495
			124
	2,291		4,619
	-		-
	2,291		4,619
\$	2,291	\$	4,619

STATE OF NEW MEXICO  
 VILLAGE OF HOUSE  
 Combining Statement of Revenue, Expenditures, and Changes  
 in Fund Balances  
 Non Major Funds  
 For the Year Ended June 30, 2009

	EMS	Recreation
<b>Revenues:</b>		
State grants	\$ 5,000	\$ -
Taxes		44
Charges for services	3,850	
Miscellaneous	-	-
	<hr/>	<hr/>
Total Revenues	8,850	44
	<hr/>	<hr/>
<b>Expenditures:</b>		
Public safety	12,026	
Public works		
Culture and health	-	-
	<hr/>	<hr/>
Total Expenditures	12,026	-
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(3,176)	44
<b>Other Financing Sources (Uses)</b>		
Transfers In	3,176	-
Transfers Out	-	-
	<hr/>	<hr/>
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	-	44
Fund Balance at beginning of year	-	237
	<hr/>	<hr/>
Fund balance at end of year	\$ -	\$ 281
	<hr/> <hr/>	<hr/> <hr/>

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

Infrastructure	Cemetery Fund	Highway Beautification	Totals
\$ -	\$ -	\$ 983	\$ 5,983
2,323	-	-	2,367
-	1,000	-	4,850
-	-	-	-
2,323	1,000	983	13,200
-	-	-	12,026
5,987	-	-	5,987
-	82	1,000	1,082
5,987	82	1,000	19,095
(3,664)	918	(17)	(5,895)
-	-	1,000	4,176
-	-	(983)	(983)
(3,664)	918	-	(2,702)
5,711	1,373	-	7,321
\$ 2,047	\$ 2,291	\$ -	\$ 4,619

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Statement of Revenues, Expenditures, and Changes  
in Cash Balance - Budget and Actual (Non-GAAP)  
Emergency Medical Services  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance-Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
State Emergency Medical Services	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Other Charge	3,850	3,850	3,850	-
<b>Total Revenues</b>	<b>\$ 8,850</b>	<b>\$ 8,850</b>	<b>\$ 8,850</b>	<b>\$ -</b>
<b>Expenditures:</b>				
Public Safety	12,031	12,031	12,026	5
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>12,031</b>	<b>12,031</b>	<b>12,026</b>	<b>5</b>
Excess (deficiency) of revenues over expenditures	(3,181)	(3,181)	(3,176)	5
<b>Other financing sources (uses):</b>				
Operating transfers in	6,500	6,500	5,176	(1,324)
Operating transfers out	(6,500)	(6,500)	(2,000)	4,500
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>3,176</b>	<b>3,176</b>
Revenues and Other financing sources over (under) Expenditures & Other uses	(3,181)	(3,181)	(0)	3,181
Cash Balance at beginning of year	-	-	-	-
Cash balance at end of year	\$ (3,181)	\$ (3,181)	\$ (0)	\$ 3,181
<b>RECONCILIATION TO GAAP BASIS:</b>				
<b>Revenue:</b>				
Actual per budgetary basis				\$ 8,850
Change in Due from Other Governments				-
Actual per GAAP				<u>\$ 8,850</u>
<b>Expenditures</b>				
Actual per budgetary basis				\$ 12,026
Change in payables				-
Actual per GAAP				<u>\$ 12,026</u>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Schedule of Revenues, Expenditures, and Changes  
in Cash Balance - Budget and Actual (Non-GAAP)  
Recreation Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
<b>Revenues:</b>				
Cigarette Tax	\$ 52	\$ 52	\$ 46	\$ (6)
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>52</u>	<u>52</u>	<u>46</u>	<u>(6)</u>
<b>Expenditures:</b>				
Administration	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	52	52	46	(6)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	52	52	46	(6)
Cash Balance at beginning of year	232	232	232	-
Cash balance at end of year	<u>\$ 284</u>	<u>\$ 284</u>	<u>\$ 278</u>	<u>\$ (6)</u>
<b>Reconciliation to GAAP</b>				
<b>Revenues:</b>				
Actual per Budgetary Basis				\$ 46
Changes in due from other governments				(2)
Actual per GAAP				<u>\$ 44</u>
<b>Expendures:</b>				
Actual per Budgetary Basis				\$ -
Changes in payables				-
Actual per GAAP				<u>\$ -</u>

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



STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Schedule of Revenues, Expenditures, and Changes  
in Cash Balance - Budget and Actual (Non-GAAP)  
Infrastructure Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 2,700	\$ 2,700	\$ 2,437	\$ (263)
Miscellaneous	-	-	-	-
Total Revenues	<u>2,700</u>	<u>2,700</u>	<u>2,437</u>	<u>(263)</u>
Expenditures:				
Public Works	<u>7,000</u>	<u>7,000</u>	<u>5,987</u>	<u>1,013</u>
Total Expenditures	<u>7,000</u>	<u>7,000</u>	<u>5,987</u>	<u>1,013</u>
Excess (deficiency) of revenues over expenditures	(4,300)	(4,300)	(3,550)	750
Other Financing Sources (Uses)				
Transfers In	-	-	-	
Transfers Out				
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	(4,300)	(4,300)	(3,550)	750
Cash Balance at beginning of year	<u>5,476</u>	<u>5,476</u>	<u>5,476</u>	-
Cash balance at end of year	<u>\$ 1,176</u>	<u>\$ 1,176</u>	<u>\$ 1,926</u>	<u>\$ 750</u>
Reconciliation to GAAP				
Revenues:				
Actual per Budgetary Basis				\$ 2,437
Changes in due from other governments				(114)
Actual per GAAP				<u>\$ 2,323</u>
Expendures:				
Actual per Budgetary Basis				\$ 5,987
Changes in payables				
Actual per GAAP				<u>\$ 5,987</u>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Schedule of Revenues, Expenditures, and Changes  
in Cash Balance - Budget and Actual (Non-GAAP)  
Cemetery Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Charges for Services	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
<b>Total Revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<b>Expenditures:</b>				
Health and culture	<u>778</u>	<u>778</u>	<u>82</u>	<u>696</u>
<b>Total Expenditures</b>	<u>778</u>	<u>778</u>	<u>82</u>	<u>696</u>
Excess (deficiency) of revenues over expenditures	222	222	918	696
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	222	222	918	696
Cash Balance at beginning of year	<u>1,373</u>	<u>1,373</u>	<u>1,373</u>	<u>-</u>
Cash balance at end of year	<u>\$ 1,595</u>	<u>\$ 1,595</u>	<u>\$ 2,291</u>	<u>\$ 696</u>
<b>Reconciliation to GAAP</b>				
<b>Revenues:</b>				
Actual per Budgetary Basis				\$ 1,000
Changes in due from other governments				-
Actual per GAAP				<u>\$ 1,000</u>
<b>Expenditures:</b>				
Actual per Budgetary Basis				\$ 82
Changes in payables				-
Actual per GAAP				<u>\$ 82</u>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Schedule of Revenues, Expenditures, and Changes  
in Cash Balance - Budget and Actual (Non-GAAP)  
Highway Beautification Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
State Beautification	\$ 1,000	\$ 1,000	\$ 983	\$ (17)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>983</u>	<u>(17)</u>
Expenditures:				
Culture and recreation	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	(17)	(17)
Other Financing Sources (Uses)				
Transfers In	1,000	1,000	1,000	-
Transfers Out	<u>(1,000)</u>	<u>(1,000)</u>	<u>(983)</u>	<u>17</u>
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	-	-	-	-
Cash Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Schedule of Revenues, Expenditures, and Changes  
in Cash Balance - Budget and Actual (Non-GAAP)  
Proprietary Fund - Water and Sewer Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
<b>Revenues:</b>				
Utility Charges for Service	\$ 14,902	\$ 14,902	\$ 14,361	\$ (541)
Miscellaneous	2,194	2,194	1,756	(438)
<b>Total Revenues</b>	<b>17,096</b>	<b>17,096</b>	<b>16,117</b>	<b>(979)</b>
<b>Expenditures:</b>				
Personal services	6,102	6,102	6,096	6
Operating expenses	6,732	6,732	6,304	428
Capital Outlay	4,045	4,045	4,044	1
<b>Total Expenditures</b>	<b>16,879</b>	<b>16,879</b>	<b>16,444</b>	<b>435</b>
Excess (deficiency) of revenues over expenditures	217	217	(327)	(544)
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	
Transfers Out	-	-	-	
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	217	217	(327)	(544)
Cash balance at beginning of year	47,324	47,324	47,324	-
Cash balance at end of year	<u>\$ 47,541</u>	<u>\$ 47,541</u>	<u>\$ 46,997</u>	<u>\$ (544)</u>
<b>Reconciliation to GAAP</b>				
<b>Revenues:</b>				
Actual per Budgetary Basis				\$ 16,117
Changes in receivables		1		51
Actual per GAAP				<u>\$ 16,168</u>
<b>Expenditures:</b>				
Actual per Budgetary Basis				\$ 16,444
Changes in payables				-
Actual per GAAP				<u>\$ 16,444</u>

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

## OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO  
VILLAGE OF HOUSE  
Schedule of Revenues, Expenditures, and Changes  
in Cash Balance - Budget and Actual (Non-GAAP)  
Proprietary Fund - Solid Waste Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 1,351	\$ 1,351	\$ 1,218	\$ (133)
Charges for services	-	-	-	-
Total Revenues	<u>1,351</u>	<u>1,351</u>	<u>1,218</u>	<u>(133)</u>
Expenditures:				
Public Works	<u>5,415</u>	<u>5,415</u>	<u>1,795</u>	<u>3,620</u>
Total Expenditures	<u>5,415</u>	<u>5,415</u>	<u>1,795</u>	<u>3,620</u>
Excess (deficiency) of revenues over expenditures	(4,064)	(4,064)	(577)	3,487
Other Financing Sources (Uses)				
Transfers In		-	-	
Transfers Out				
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	(4,064)	(4,064)	(577)	3,487
Cash Balance at beginning of year	<u>10,366</u>	<u>10,366</u>	<u>10,366</u>	<u>-</u>
Cash balance at end of year	<u>\$ 6,302</u>	<u>\$ 6,302</u>	<u>\$ 9,789</u>	<u>\$ 3,487</u>
Reconciliation to GAAP				
Revenues:				
Actual per Budgetary Basis				\$ 1,218
Changes in due from other governments				<u>(57)</u>
Actual per GAAP				<u>\$ 1,161</u>
Expenditures:				
Actual per Budgetary Basis				\$ 1,795
Changes in payables				<u>-</u>
Actual per GAAP				<u>\$ 1,795</u>

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

STATE OF NEW MEXICO  
 VILLAGE OF HOUSE  
 Bank Reconciliation - All Bank Accounts  
 June 30, 2009

Bank Name	Bank Statement Balance June 30, 2009	Outstanding		Book Balance June 30, 2009
		Deposits	Checks	
Citizens Bank -				
Tucumcari, NM				
Demand Deposits				
Checking:				
Village of House	\$ 116,903	\$ -	\$ 11,029	\$ 105,874
Time Deposits:				
Certificates of Deposit:				
Village of House Water Dept.	25,730			25,730
Village of House Water Dept.	16,836			16,836
Total Ending Cash	<u>\$ 159,469</u>	<u>\$ -</u>	<u>\$ 11,029</u>	<u>\$ 148,440</u>

**RONNY FOUTS**  
**CERTIFIED PUBLIC ACCOUNTANT**  
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Melrose, NM 88124

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Fax: (505) 253-4727

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

Hector Balderas, State Auditor  
Village Council and  
Village of House  
House, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the combining and individual funds presented as supplemental information of the agency as of and for the year ended June 30, 2009, and have issued our report thereon dated November 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Village of House'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 agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the agency's internal control over financial reporting.

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

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

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



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of House financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the agency, the audit committee, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Ronny Fouts, CPA". The signature is written in a cursive style.

Ronny Fouts, CPA  
Melrose, New Mexico  
November 19, 2009

STATE OF NEW MEXICO  
Village of House

**Schedule of Findings and Responses  
For the Year Ended June 30, 2009**

FINDINGS – FINANCIAL STATEMENT AUDIT

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None

CURRENT YEAR FINDINGS

None

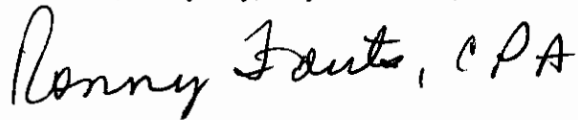
**STATE OF NEW MEXICO**  
**Village of House**

**Exit Conference**  
For the Year Ended June 30, 2009

The financial statements were prepared by Ronny Fouts, CPA with substantial assistance from Village personnel.

EXIT CONFERENCE

The contents of this report were discussed on November 17, 2009 with Linda Lavender, Village Clerk/Treasurer, Cathy Ray, Mayor Pro-Tem, and Ronny Fouts, CPA.

A handwritten signature in black ink that reads "Ronny Fouts, CPA". The signature is written in a cursive style with a large initial 'R'.

Ronny Fouts, CPA  
Meirose, New Mexico  
November 17, 2009