

STATE OF NEW MEXICO
VILLAGE OF HOUSE

Audit Report

For the Year Ended June 30, 2010

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
Melrose, New Mexico

STATE OF NEW MEXICO
Village of House

Official Roster
For the year ended June 30, 2010

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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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, 2010, 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, 2010, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary 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, 2010 and the respective changes in financial position and cash flows, where applicable, 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 23, 2010, 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, 2010, 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 long horizontal stroke at the end.

Ronny Fouts, CPA
Melrose, New Mexico
November 23, 2010

STATE OF NEW MEXICO
VILLAGE OF HOUSE
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities	Business-Type Activities	Total Primary Government
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 85,198	\$ 56,547	\$ 141,745
Receivables		1,790	1,790
Due from other governments	3,509	-	3,509
Non-Current:			
Capital Assets, Net	1,161,556	120,403	1,281,959
Total Assets	\$ 1,250,263	\$ 178,740	\$ 1,429,003
<u>LIABILITIES</u>			
Accrued Interest Payable	\$ 1,688	\$ -	\$ 1,688
Noncurrent Liabilities:			
Due within one year	16,685	-	16,685
Due in more than one year	196,465	-	196,465
Total Liabilities	\$ 214,838	\$ -	\$ 214,838
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	946,718	120,403	1,067,121
Unrestricted	88,707	58,337	147,044
Total Net Assets	\$ 1,035,425	\$ 178,740	\$ 1,214,165

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, 2010

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
Governmental Activities:							
General Government	\$ 84,788	\$ -	\$ -	\$ -	\$ (84,788)	\$ -	\$ (84,788)
Public Safety	124,601	13,154	-	-	(111,447)	-	(111,447)
Public Works	430	-	-	-	(430)	-	(430)
Culture and Recreation	1,067	-	-	-	(1,067)	-	(1,067)
Streets	6,918	-	-	-	(6,918)	-	(6,918)
Total Governmental Activities	\$ 217,804	\$ 13,154	\$ -	\$ -	\$ (204,650)	\$ -	\$ (204,650)
Business-Type Activities:							
Water and Sewer	\$ 22,592	\$ 16,432	\$ -	\$ -	\$ -	\$ (6,160)	\$ (6,160)
Solid Waste	3,198	-	-	-	-	(3,198)	(3,198)
Total Business-Type Activities	\$ 25,790	\$ 16,432	\$ -	\$ -	\$ -	\$ (9,358)	\$ (9,358)
General Revenues:							
Intergovernmental					\$ 111,299	\$ 937	\$ 112,236
Property Taxes					2,766	-	2,766
NM Gross Receipts Taxes					43,133	-	43,133
Cigarette Taxes					87	-	87
Gasoline Taxes					5,195	-	5,195
Motor Vehicle					278	-	278
Licenses and Permits					50	-	50
Miscellaneous Income					5,805	-	5,805
Rounding					(1)	1,096	1,095
Total Revenue					168,612	2,033	170,645
Change in Net Assets					(36,038)	(7,325)	(43,363)
Net Assets - Beginning					1,071,463	186,065	1,257,528
Net Assets - Ending					\$ 1,035,425	\$ 178,740	\$ 1,214,165

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

STATE OF NEW MEXICO
 VILLAGE OF HOUSE
 Balance Sheet
 Governmental Funds
 June 30, 2010

	General Fund	Municipal Streets Fund	Fire Protection	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled Cash and Investments	\$ 39,783	\$ 15,838	\$ 19,352	\$ 10,225	\$ 85,198
Receivables:					
Due from Other Governments	3,092	417	-	-	3,509
Total Assets	\$ 42,875	\$ 16,255	\$ 19,352	\$ 10,225	\$ 88,707
LIABILITIES AND FUND BALANCE					
Liabilities:					
Fund Balance:					
Unreserved:					
Desig. for Subsequent Years' Expenditures					
Reported in:					
General Fund	42,875				42,875
Special Revenue Funds		16,255	19,352	10,225	45,832
Total Fund Balance	42,875	16,255	19,352	10,225	88,707
Total Liabilities and Fund Balance	\$ 42,875	\$ 16,255	\$ 19,352	\$ 10,225	\$ 88,707

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, 2010

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

Total Fund Balances - Governmental Funds	\$ 88,707
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,161,556
Proceed of borrowings from NMFA Bonds	(213,150)
Accrued Interest on long term debt	<u>(1,688)</u>
Net assets of governmental activities	<u>\$ 1,035,425</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, 2010

	General Fund	Municipal Streets Fund	Fire Protection	Other Governmental Funds	Total Governmental Funds
Revenues:					
Intergovernmental	\$ 35,000	\$ -	\$ 69,299	\$ 7,000	\$ 111,299
Property Taxes	2,766	-	-	-	2,766
NM Gross Receipts Taxes	41,213	-	-	1,920	43,133
Cigarette Taxes	87	-	-	-	87
Gasoline Taxes	191	5,004	-	-	5,195
Motor Vehicle Taxes	278	-	-	-	278
State Grant	-	-	-	-	-
Licenses and Permits	50	-	-	-	50
Charge for Services	6,350	-	-	6,804	13,154
Miscellaneous	5,621	-	184	-	5,805
Total Revenue	91,556	5,004	69,483	15,724	181,767
Expenditures					
Current:					
General Government	\$ 67,852	\$ -	\$ -	\$ -	\$ 67,852
Public Safety	26,785	-	30,654	9,007	66,446
Public Works	-	-	-	430	430
Culture and Health	386	-	-	681	1,067
Streets and Drainage	2,890	3,264	-	-	6,154
Capital Outlay	-	-	258,975	-	258,975
Total Expenditures	97,913	3,264	289,629	10,118	400,924
Excess (deficiency) of revenues over expenditures	(6,357)	1,740	(220,146)	5,606	(219,157)
Other financing sources (uses)					
NMFA bonds	-	-	213,150.00	-	213,150.00
Operating transfers in	3,500	-	-	3,500	7,000
Operating transfers out	(3,500)	-	-	(3,500)	(7,000)
Total other financing sources(uses)	-	-	213,150	-	213,150
Net change in fund balance	(6,357)	1,740	(6,996)	5,606	(6,007)
Fund Balance at beginning of year	49,232	14,515	26,348	4,619	94,714
Fund Balance at end of year	\$ 42,875	\$ 16,255	\$ 19,352	\$ 10,225	\$ 88,707

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, 2010

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

Net Change - Total Governmental Funds	\$ (6,007)
<p>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.</p>	
Depreciation Expense	(75,671)
Capital Outlay	260,479
<p>Governmental funds report long term debt as sources. However in the statement of activities those are not reported as sources</p>	
	(213,150)
<p>Accrued interest is not reported as expense in the fund statements.</p>	
	(1,688)
Rounding	<u>(1)</u>
Change in net assets of governmental activities	<u><u>\$ (36,038)</u></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)
General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance-Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property Taxes	\$ 2,741	\$ 2,741	\$ 2,766	\$ 25
NM Gross Receipts Taxes	53,372	53,372	40,641	(12,731)
Cigarette Taxes	105	105	87	(18)
Gasoline Taxes	-	-	191	191
Motor Vehicle	242	242	278	36
Licenses and Permits	70	70	50	(20)
Charges for Services	28,351	28,351	6,350	(22,001)
Miscellaneous	7,199	7,199	5,621	(1,578)
Small Cities Assistance	35,000	35,000	35,000	-
Total Revenues	\$ 127,080	\$ 127,080	\$ 90,984	\$ (36,096)
Expenditures:				
General Government	\$ 75,604	\$ 75,604	\$ 67,852	\$ 7,752
Public Safety	47,745	47,745	26,785	20,960
Public Works	-	-	-	-
Culture and Recreation	1,721	1,721	386	1,335
Streets and Drainage	2,896	2,896	2,890	6
Capital Outlay	-	-	-	-
Total Expenditures	127,966	127,966	97,913	30,053
Excess (deficiency) of revenues over expenditures	(886)	(886)	(6,929)	(6,043)
Other financing sources (uses):				
Operating transfers in	3,500	3,500	3,500	-
Operating transfers out	(3,500)	(3,500)	(3,500)	-
Total Other Financing Sources (Uses)	-	-	-	-
Cash Balance at beginning of year	46,712	46,712	46,712	-
Cash balance at end of year	\$ 45,826	\$ 45,826	\$ 39,783	\$ (6,043)

RECONCILIATION TO GAAP BASIS:

Revenue:	
Actual per budgetary basis	\$ 90,984
Change in Due from Other Governments	572
Actual per GAAP	<u>\$ 91,556</u>
Expenditures	
Actual per budgetary basis	\$ 97,913
Change in payables	-
Actual per GAAP	<u>\$ 97,913</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, 2010

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Gasoline	\$ 5,004	\$ 5,004	\$ 5,004	\$ -
Other Charges	-	-	-	-
Total Revenues	<u>5,004</u>	<u>5,004</u>	<u>5,004</u>	<u>-</u>
Expenditures:				
Streets	<u>5,468</u>	<u>5,468</u>	<u>3,264</u>	<u>2,204</u>
Total Expenditures	<u>5,468</u>	<u>5,468</u>	<u>3,264</u>	<u>2,204</u>
Excess (deficiency) of revenues over expenditures	(464)	(464)	1,740	2,204
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	(464)	(464)	1,740	2,204
Cash Balance at beginning of year	<u>14,098</u>	<u>14,098</u>	<u>14,098</u>	<u>-</u>
Cash balance at end of year	<u>\$ 13,634</u>	<u>\$ 13,634</u>	<u>\$ 15,838</u>	<u>\$ 2,204</u>
Reconciliation to GAAP				
Revenues:				
Actual per Budgetary Basis				\$ 5,004
Changes in due from other governments				-
Actual per GAAP				<u>\$ 5,004</u>
Expendures:				
Actual per Budgetary Basis				\$ 3,264
Changes in payables				-
Actual per GAAP				<u>\$ 3,264</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, 2010

	Budgeted Amounts		Actual	Variance-Favorable (Unfavorable)
	Original	Final		
Revenues:				
State Fire Allotment	\$ 52,418	\$ 67,418	\$ 69,299	\$ 1,881
Miscellaneous	1,003	239,978	210,252	(29,726)
Total Revenues	\$ 53,421	\$ 307,396	\$ 279,551	\$ (27,845)
Expenditures:				
Public Safety	65,831	45,831	27,572	18,259
Capital Outlay	-	258,975	258,975	-
Total Expenditures	65,831	304,806	286,547	18,259
Excess (deficiency) of revenues over expenditures	(12,410)	2,590	(6,996)	(9,586)
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Cash Balance at beginning of year	26,348	26,348	26,348	-
Cash balance at end of year	\$ 13,938	\$ 28,938	\$ 19,352	\$ (9,586)
RECONCILIATION TO GAAP BASIS:				
Revenue:				
Actual per budgetary basis				\$ 279,551
Change in Due from Other Governments				-
Actual per GAAP				\$ 279,551
Expenditures				
Actual per budgetary basis				\$ 286,547
Change in payables				-
Actual per GAAP				\$ 286,547

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, 2010

	Major Water and Sewer Fund	Major Solid Waste Fund	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalent	\$ 48,958	\$ 7,589	\$ 56,547
Receivables	1,790	-	1,790
Total Current Assets	50,748	7,589	58,337
Non-Current Assets			
Capital Assets	250,927	-	250,927
Less: Accumulated Depreciation	(130,524)	-	(130,524)
Total Non-Current Assets	120,403	-	120,403
Total Assets	\$ 171,151	\$ 7,589	\$ 178,740
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	-	-	-
NET ASSETS			
Invested in Capital Assets net of related debt	120,403	-	120,403
Unrestricted	50,748	7,589	58,337
Total Net Assets	171,151	7,589	178,740
Total Liabilities and Net Assets	\$ 171,151	\$ 7,589	\$ 178,740

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, 2010

	Major Water and Sewer Fund	Major Solid Waste Fund	Totals
Operating Revenues			
Charges for Services	\$ 16,432	\$ -	\$ 16,432
Environmental GRT	-	937	937
Miscellaneous	1,096	-	1,096
Total Operating Revenues	17,528	937	18,465
Operating Expenses			
Personal Services	6,766	-	6,766
Operating Expenses	8,582	3,198	11,780
Depreciation	7,244	-	7,244
Total Operating Expenses	22,592	3,198	25,790
Operating Income/Loss	(5,064)	(2,261)	(7,325)
Non-Operating Revenues (Expenses)			
Interest Income	-	-	-
Net Operating Income/Loss before Transfers	(5,064)	(2,261)	(7,325)
Operating Transfer out	-	-	-
Changes in Net Assets	(5,064)	(2,261)	(7,325)
Net Assets - Beginning	176,215	9,850	186,065
Net Assets - Ending	\$ 171,151	\$ 7,589	\$ 178,740

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, 2010

	Major Water and Sewer Fund	Major Solid Waste Fund	Totals
Cash flow from operating activities			
Cash received from customers	\$ 17,309	\$ 998	\$ 18,307
Cash payments to vendors for goods and services	(8,582)	(3,198)	(11,780)
Cash payments to employees for services	(6,766)	-	(6,766)
Net Cash provided (used) by operating activities	1,961	(2,200)	(239)
Cash flows from capital activities			
Purchase of capital assets	-	-	-
Net cash (used) from capital activities	-	-	-
Cash flows from investing activities			
Interest Income	-	-	-
Net cash provided by investing activities	-	-	-
Net Operating Income in cash and cash equivalents	1,961	(2,200)	(239)
Cash and Cash Equivalents, beginning of year	46,997	9,789	56,786
Cash and Cash Equivalents, end of year	<u>\$ 48,958</u>	<u>\$ 7,589</u>	<u>\$ 56,547</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating Income/Loss	\$ (5,064)	\$ (2,261)	\$ (7,325)
Adjustment to reconcile operating income/loss to net cash provided (used) by operating activities:			
Depreciation	7,244	-	7,244
Changes in assets and liabilities			
(Increase) Decrease in accounts receivable	(219)	61	(158)
Increase (Decrease) in accounts payable	-	-	-
Net Operating Income in Cash and Cash Equivalents	\$ 1,961	\$ (2,200)	\$ (239)

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

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

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, 2010

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, 2010

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, 2010

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, 2010

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, 2010.

The Village capitalizes and depreciates its computer software.

J. Accrued Compensated Absences

At June 30, 2010, 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:

	Citizens Bank Demand Deposits	Citizens Bank Time Deposits
Total amount of Deposits on June 30, 2010	\$ 104,442	\$ 42,566
Less: FDIC Insurance	(104,442)	(42,566)
Uninsured public funds	\$ -	\$ -
50% collateral requirement	\$ -	\$ -
Pledged security - market value	-	-
(Over) under-collateralized	\$ -	\$ -

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, 2010, \$0 of the Village's bank balance of \$147,008 was exposed to custodial credit risk.

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

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

3. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance per Prior Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
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	260,479	-	1,134,696
<hr/>				
Total Capital Assets being depreciated	1,759,237	260,479	-	2,019,716
<hr/>				
Less accumulated depreciation for:				
Buildings & Improvements	330,758	16,936	-	347,694
Infrastructure	5,348	764	-	6,112
Equipment	456,133	57,971	-	514,104
Total-accumulated depreciation	792,239	75,671	-	867,910
Total Capital Assets being depreciated	966,998	184,808	-	1,151,806
<hr/>				
Governmental activities capital assets, net	\$ 976,748	\$ 184,808	\$ -	\$ 1,161,556
<hr/>				
	Balance per Prior Year	Additions	Retirements	Balance at End of Year
Business-Type Activities:				
Capital Assets being depreciated:				
Water System	226,225	-	-	226,225
Machinery & Equipment	24,702	-	-	24,702
<hr/>				
Total Capital Assets being depreciated	250,927	-	-	250,927
<hr/>				
Less accumulated depreciation for:				
Water Systems	113,038	5,717	-	118,755
Equipment	10,242	1,527	-	11,769
Total-accumulated depreciation	123,280	7,244	-	130,524
<hr/>				
Business-Type Activities capital assets, net	\$ 127,647	\$ (7,244)	\$ -	\$ 120,403
<hr/>				

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

For year ended June 30, 2010 depreciation was identified to the following activities:

General Government	\$ 16,936
Public Safety	57,971
Streets	<u>764</u>
Total	<u><u>\$ 75,671</u></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

A summary of activity in the Long-Term Debt is as follows:

Governmental Activities	Balance 6/30/09	Additions	Reductions	Balance 6/30/10	Amounts Due Within One Year
NMFA PPRF Disadvantaged Program		\$ 213,150		\$ 213,150	\$ 16,685
Long-Term Liabilities	<u>\$ -</u>	<u>\$ 213,150</u>	<u>\$ -</u>	<u>\$ 213,150</u>	<u>\$ 16,685</u>

The New Mexico Finance Authority under the provisions of Sections 3-31-1 through 3-31-12, NMSA 1978, as amended, Sections 6-18-1 through 6-18-16, NMSA 1978 as amended and the Village's Resolution 2009-2010, adopted on November 10, 2009, loaned the Village \$213,150.00 for the acquisition of a Class A Pumper Tanker. The interest rate is from 1.04% to 3.64%. The debt is serviced by pledged revenues from the Fire Protection Fund Distribution made annually by the State Fire Marshal or State Fire Board.

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

The annual requirements to amortize the 2009 Series bonds as of June 30, 2010, including interest payments are as follows:

NMFA PPRF Disadvantaged Program	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 16,685	\$ 8,091	\$ 24,776
2012	19,733	5,540	25,273
2013	20,118	5,156	25,274
2014	20,563	4,710	25,273
2015	21,073	4,200	25,273
2016-2020	<u>114,978</u>	<u>11,384</u>	<u>126,362</u>
	<u>\$ 213,150</u>	<u>\$ 39,081</u>	<u>\$ 252,231</u>

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, 2010, 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).

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.

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

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

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
Melrose, New Mexico
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, 2010

	EMS	Recreation	Infrastructure
Assets:			
Cash on deposit	\$ 4,297	\$ 322	\$ 3,496
Accounts receivable		-	-
	<hr/>		
Total assets	4,297	322	3,496
<hr/>			
Fund Equity:			
Fund Balance	-		-
Unreserved:			-
Desig. For Subsequent Years Expend	4,297	322	3,496
	<hr/>		
Total Fund Equity	\$ 4,297	\$ 322	\$ 3,496
	<hr/>		

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

Cemetery Fund	Totals
\$ 2,110	\$ 10,225
	-
2,110	10,225
	-
	-
2,110	10,225
\$ 2,110	\$ 10,225

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, 2010

	EMS	Recreation
Revenues:		
State grants	\$ 7,000	\$ -
Taxes		41
Charges for services	6,304	
Miscellaneous	-	-
Total Revenues	<u>13,304</u>	<u>41</u>
Expenditures:		
Public safety	9,007	
Public works		
Culture and health	-	-
Total Expenditures	<u>9,007</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	4,297	41
Other Financing Sources (Uses)		
Transfers In	3,500	-
Transfers Out	<u>(3,500)</u>	
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	4,297	41
Fund Balance at beginning of year	<u>-</u>	<u>281</u>
Fund balance at end of year	<u>\$ 4,297</u>	<u>\$ 322</u>

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

Infrastructure	Cemetery Fund	Totals
\$ -	\$ -	\$ 7,000
1,879	-	1,920
-	500	6,804
-	-	-
1,879	500	15,724
-	-	9,007
430	-	430
-	681	681
430	681	10,118
1,449	(181)	5,606
-	-	3,500
-	-	(3,500)
1,449	(181)	5,606
2,047	2,291	4,619
\$ 3,496	\$ 2,110	\$ 10,225

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, 2010

	Budgeted Amounts		Actual	Variance-Favorable (Unfavorable)
	Original	Final		
Revenues:				
State Emergency Medical Services	\$ 7,100	\$ 7,100	\$ 7,000	\$ (100)
Other Charge	-	2,000	6,304	4,304
Total Revenues	\$ 7,100	\$ 9,100	\$ 13,304	\$ 4,204
Expenditures:				
Public Safety	9,100	9,100	9,007	93
Capital Outlay	-	-	-	-
Total Expenditures	9,100	9,100	9,007	93
Excess (deficiency) of revenues over expenditures	(2,000)	-	4,297	4,297
Other financing sources (uses):				
Operating transfers in	3,500	3,500	3,500	-
Operating transfers out	(3,500)	(3,500)	(3,500)	-
Total Other Financing Sources (Uses)	-	-	-	-
Revenues and Other financing sources over (under) Expenditures & Other uses	(2,000)	-	4,297	4,297
Cash Balance at beginning of year	-	-	-	-
Cash balance at end of year	\$ (2,000)	\$ -	\$ 4,297	\$ 4,297
RECONCILIATION TO GAAP BASIS:				
Revenue:				
Actual per budgetary basis				\$ 13,304
Change in Due from Other Governments				-
Actual per GAAP				<u>\$ 13,304</u>
Expenditures				
Actual per budgetary basis				\$ 9,007
Change in payables				-
Actual per GAAP				<u>\$ 9,007</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, 2010

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Cigarette Tax	\$ 53	\$ 53	\$ 44	\$ (9)
Miscellaneous	-	-	-	-
Total Revenues	<u>53</u>	<u>53</u>	<u>44</u>	<u>(9)</u>
Expenditures:				
Administration	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	53	53	44	(9)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	53	53	44	(9)
Cash Balance at beginning of year	<u>278</u>	<u>278</u>	<u>278</u>	<u>-</u>
Cash balance at end of year	<u>\$ 331</u>	<u>\$ 331</u>	<u>\$ 322</u>	<u>\$ (9)</u>
Reconciliation to GAAP				
Revenues:				
Actual per Budgetary Basis				\$ 44
Changes in due from other governments				(3)
Actual per GAAP				<u>\$ 41</u>
Expendures:				
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, 2010

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 2,635	\$ 2,635	\$ 2,000	\$ (635)
Miscellaneous	-	-	-	-
Total Revenues	<u>2,635</u>	<u>2,635</u>	<u>2,000</u>	<u>(635)</u>
Expenditures:				
Public Works	<u>4,500</u>	<u>4,500</u>	<u>430</u>	<u>4,070</u>
Total Expenditures	<u>4,500</u>	<u>4,500</u>	<u>430</u>	<u>4,070</u>
Excess (deficiency) of revenues over expenditures	(1,865)	(1,865)	1,570	3,435
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	(1,865)	(1,865)	1,570	3,435
Cash Balance at beginning of year	<u>1,926</u>	<u>1,926</u>	<u>1,926</u>	<u>-</u>
Cash balance at end of year	<u>\$ 61</u>	<u>\$ 61</u>	<u>\$ 3,496</u>	<u>\$ 3,435</u>
Reconciliation to GAAP				
Revenues:				
Actual per Budgetary Basis				\$ 2,000
Changes in due from other governments				(121)
Actual per GAAP				<u>\$ 1,879</u>
Expenditures:				
Actual per Budgetary Basis				\$ 430
Changes in payables				-
Actual per GAAP				<u>\$ 430</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, 2010

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Charges for Services	\$ 1,000	\$ 1,000	\$ 500	\$ (500)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>500</u>	<u>(500)</u>
Expenditures:				
Health and culture	<u>778</u>	<u>778</u>	<u>681</u>	<u>97</u>
Total Expenditures	<u>778</u>	<u>778</u>	<u>681</u>	<u>97</u>
Excess (deficiency) of revenues over expenditures	222	222	(181)	(403)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	222	222	(181)	(403)
Cash Balance at beginning of year	<u>2,292</u>	<u>2,292</u>	<u>2,292</u>	<u>-</u>
Cash balance at end of year	<u>\$ 2,514</u>	<u>\$ 2,514</u>	<u>\$ 2,111</u>	<u>\$ (403)</u>
Reconciliation to GAAP				
Revenues:				
Actual per Budgetary Basis				\$ 500
Changes in due from other governments				-
Actual per GAAP				<u>\$ 500</u>
Expenditures:				
Actual per Budgetary Basis				\$ 681
Changes in payables				-
Actual per GAAP				<u>\$ 681</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, 2010

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Utility Charges for Service	\$ 14,732	\$ 14,732	\$ 16,213	\$ 1,481
Miscellaneous	2,080	2,080	1,096	(984)
Total Revenues	16,812	16,812	17,309	497
Expenditures:				
Personal services	7,352	7,352	6,766	586
Operating expenses	8,491	8,491	7,289	1,202
Capital Outlay	1,294	1,294	1,293	1
Total Expenditures	17,137	17,137	15,348	1,789
Excess (deficiency) of revenues over expenditures	(325)	(325)	1,961	2,286
Other Financing Sources (Uses)				
Transfers In	-	-	-	
Transfers Out	-	-	-	
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	(325)	(325)	1,961	2,286
Cash balance at beginning of year	46,997	46,997	46,997	-
Cash balance at end of year	<u>\$ 46,672</u>	<u>\$ 46,672</u>	<u>\$ 48,958</u>	<u>\$ 2,286</u>
Reconciliation to GAAP				
Revenues:				
Actual per Budgetary Basis				\$ 17,309
Changes in receivables		0		219
Actual per GAAP				<u>\$ 17,528</u>
Expendures:				
Actual per Budgetary Basis				\$ 15,348
Changes in payables				-
Actual per GAAP				<u>\$ 15,348</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 - Solid Waste Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 1,317	\$ 1,317	\$ 998	\$ (319)
Charges for services	-	-	-	-
Total Revenues	<u>1,317</u>	<u>1,317</u>	<u>998</u>	<u>(319)</u>
Expenditures:				
Public Works	<u>5,780</u>	<u>5,780</u>	<u>3,198</u>	<u>2,582</u>
Total Expenditures	<u>5,780</u>	<u>5,780</u>	<u>3,198</u>	<u>2,582</u>
Excess (deficiency) of revenues over expenditures	(4,463)	(4,463)	(2,200)	2,263
Other Financing Sources (Uses)				
Transfers In		-	-	
Transfers Out				
Revenues and Other Financing Sources Over (Under) Expenditures & Other Uses	(4,463)	(4,463)	(2,200)	2,263
Cash Balance at beginning of year	<u>9,789</u>	<u>9,789</u>	<u>9,789</u>	<u>-</u>
Cash balance at end of year	<u>\$ 5,326</u>	<u>\$ 5,326</u>	<u>\$ 7,589</u>	<u>\$ 2,263</u>
Reconciliation to GAAP				
Revenues:				
Actual per Budgetary Basis				\$ 998
Changes in due from other governments				(61)
Actual per GAAP				<u>\$ 937</u>
Expendures:				
Actual per Budgetary Basis				\$ 3,198
Changes in payables				-
Actual per GAAP				<u>\$ 3,198</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, 2010

<u>Bank Name</u>	<u>Bank Statement Balance June 30, 2010</u>	<u>Outstanding</u>		<u>Book Balance June 30, 2010</u>
		<u>Deposits</u>	<u>Checks</u>	
Citizens Bank - Tucumcari, NM Demand Deposits				
Checking:				
Village of House	\$ 104,442	\$ -	\$ 5,263	\$ 99,179
Time Deposits:				
Certificates of Deposit:				
Village of House Water Dept.	25,730			25,730
Village of House Water Dept.	<u>16,836</u>			<u>16,836</u>
Total Ending Cash	<u>\$ 147,008</u>	<u>\$ -</u>	<u>\$ 5,263</u>	<u>\$ 141,745</u>

RONNY FOUTS
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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 of House and
Council Members
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, the budgetary comparisons for the major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Southeastern New Mexico Educational Resource Center as of and for the year ended June 30, 2010, and have issued our report thereon dated August 5, 2010. 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 Southeastern New Mexico Educational Resource Center'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 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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeastern New Mexico Educational Resource Center 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. . We noted one certain matter that is required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of finding and responses as 10-01.

The agency's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the agency's response and accordingly, we express no opinion on it.

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, Public Education Department and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



Ronny Fouts, CPA
Melrose, New Mexico
November 23, 2010

STATE OF NEW MEXICO
Village of House

**Schedule of Findings and Responses
For the Year Ended June 30, 2010**

FINDINGS – FINANCIAL STATEMENT AUDIT

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None

IV. CURRENT FINDINGS

Late Audit Report 10-01

Condition

The audit report was filed by the due date of November 15, 2010, but because of changes required in the report the SAO office deemed the report to not be timely filed.

Criteria

According to the New Mexico State Auditor Rule 2.2.2.9 the audit report due date for this agency is November 15.

Cause

The report was timely filed by November 15, however, changes required by the Office of the State Auditor's office which were made after the due date of November 15, has deemed the report to be late.

Effect

The users of the financial statements such as legislators, creditors, bondholders, state and federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit report could have an effect on state and federal funding.

Recommendation

The association and auditor will be more diligent to file the audit in the future.

Response

The audit will be filed timely in the future.

STATE OF NEW MEXICO
Village of House

Exit Conference
For the Year Ended June 30, 2010

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 16, 2010 with Linda Lavender, Village Clerk/Treasurer, Sherman Martin, Mayor 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, stylized initial 'R'.

Ronny Fouts, CPA
Melrose, New Mexico
November 23, 2010