

STATE OF NEW MEXICO

VILLAGE OF CIMARRON

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2008

(WITH AUDITOR'S REPORT THEREON)

**RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS**

6032



OFFICE OF THE STATE AUDITOR

Hector H. Balderas

September 8, 2009

SAO Ref. No. 6032

The Honorable Linda Pavletich, Mayor
Village of Cimarron
P.O. Box 654
Cimarron, NM 87714-0654

SUBJECT: Audit Report—Village of Cimarron—2007-2008 Fiscal Year—Prepared by Rice & Associates, CPA

The audit report for your agency was received by the Office of the State Auditor (Office) on August 4, 2009. The State Auditor's review of the audit report required by Section 12-6-14 (D) NMSA 1978 and 2.2.2.13 NMAC has been completed. This letter is your authorization to make the final payment to the independent public accountant (IPA) who contracted to perform the agency's financial and compliance audit. In accordance with Section 2 of the audit contract, the IPA will deliver the specified number of copies of the audit to the agency.

Per Section 12-6-5 NMSA 1978, **the audit report does not become public record until five days after the date of this letter.** Once the five day waiting period has passed, the audit report shall be:

- released by the Office of the State Auditor to the Legislative Finance Committee, and the Department of Finance and Administration; and
- presented by your agency to a quorum of the agency's governing authority at a public meeting, for approval, per Section 2.2.2.10.J.(3)(d) NMAC, *Requirements for Contracting and Conducting Audits of Agencies.*

The independent public accountant's findings and comments are included in the audit report on pages 57 - 68. **It is ultimately the responsibility of the governing authority of the agency to take corrective action on all findings and comments.**

HECTOR H. BALDERAS
STATE AUDITOR

cc: Legislative Finance Committee
Department of Finance and Administration-
Local Government Division
Rice & Associates, CPA

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STATE OF NEW MEXICO
OFFICE COPY**

STATE OF NEW MEXICO

VILLAGE OF CIMARRON

AUDIT REPORT

For The Year Ended June 30, 2008

(with Auditor's Report Thereon)

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STATE OF NEW MEXICO
VILLAGE OF CIMARRON
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STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Official Roster
Year Ended June 30, 2008

Village Council

<u>Name</u>	<u>Title</u>
Ms. Linda Pavletich	Mayor
Ms. Judy LeDoux	Mayor Pro-Tem
Ms. Denise Sanchez	Council Member
Ms. Mary Alice Tracey-Boyce	Council Member
Mr. Todd Smith	Council Member
Ms. Sherry Bennett	Council Member
Mr. Joseph Cruz	Council Member

Village Administration

Ms. Mindy Cahill	Clerk
Ms. Jessica Espinoza	Deputy Clerk

Public Housing Administration

Ms. Teresita Gruver	Executive Director
---------------------	--------------------

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Cimarron
Cimarron, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cimarron, as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's non-major governmental funds and enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of the Village of Cimarron's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Cimarron's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the

Village of Cimarron, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General and Fire Protection Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund and enterprise funds of the Village of Cimarron, as of June 30, 2008, and the respective changes in financial position, thereof and the budgetary comparisons for the non-major governmental funds and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009 on our consideration of the Village of Willard'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.

The Village has not presented the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States 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 an opinion on the basic financial statements and the combining and individual fund financial statements and the budgetary comparisons of Village of Cimarron. The accompanying financial information listed as Schedule of Changes in Assets and Liabilities - All Agency Funds is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining and individual fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds taken as a whole.

Rice & Associates, C.P.A.

June 30, 2009

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Statement of Net Assets
June 30, 2008

Statement 1

	Governmental Activities	Business-Type Activities	Housing Authority Component Unit
ASSETS			
Current Assets			
Cash	\$ 483,588	\$ 154,131	\$ 21,961
Accounts receivable (net)	43,083	44,148	1,305
Prepaid assets	-	-	1,746
Inventory	-	-	575
Due from other funds	88,864	11,034	-
Total current assets	615,535	209,313	25,587
Restricted Assets			
Cash	-	55,600	1,646
Total restricted assets	-	55,600	1,646
Capital Assets			
Land (non-depreciable)	117,880	58,000	18,600
Capital assets, net of depreciation	1,591,569	2,895,422	459,646
Total capital assets	1,709,449	2,953,422	478,246
Total assets	\$ 2,324,984	\$ 3,218,335	\$ 505,479
Current Liabilities			
Interst payable	\$ 2,411	\$ -	\$ -
Accounts payable	9,914	14,361	1,475
Deposits payable	-	38,483	2,405
NMFA Loan (current portion)	18,371	10,226	-
Capital lease payable (current portion)	-	9,933	-
Revenue bonds payable (current portion)	-	4,000	-
RUS bonds payable	-	1,900	-
Due to other funds	-	88,864	-
Deferred revenue	11,034	-	2,044
Total current liabilities	41,730	167,767	5,924
Non-Current Liabilities			
NMFA Loan (non-current portion)	97,230	106,998	-
Compensated absences payable	7,245	8,838	658
Revenue bonds payable	-	101,000	-
RUS bonds payable	-	181,125	-
Total non-current liabilities	104,475	397,961	658
Total liabilities	146,205	565,728	6,582
Net Assets			
Invested in capital assets, net of related debt	1,591,437	2,538,240	478,246
Restricted for Debt Service	-	17,647	-
Unrestricted	587,342	96,720	20,651
Total net assets	2,178,779	2,652,607	498,897
Total liabilities and net assets	\$ 2,324,984	\$ 3,218,335	\$ 505,479

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Statement of Activities
Year Ended June 30, 2008

Functions/Programs	Program Revenues					Net (Expenses) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 283,163	\$ 16,700	\$ 63,275	\$ -	\$ (203,188)	\$ -	\$ (203,188)	\$ -	
Highways and streets	82,948	-	-	100,842	17,894	-	17,894	-	
Public safety	252,835	59,068	90,082	-	(103,685)	-	(103,685)	-	
Culture and recreation	30,529	-	-	-	(30,529)	-	(30,529)	-	
Health and welfare	466	852	-	-	386	-	386	-	
Interest on long-term debt	2,411	-	-	-	(2,411)	-	(2,411)	-	
Depreciation - unallocated	99,189	-	-	-	(99,189)	-	(99,189)	-	
Total governmental activities	751,541	76,620	153,357	100,842	(420,722)	-	(420,722)	-	
Business-type activities:									
Water/Sewer services	218,714	217,715	-	247,797	-	246,798	246,798	-	
Solid waste services	147,527	125,258	-	-	-	(22,269)	(22,269)	-	
Ambulance services	46,165	62,785	19,331	-	-	35,951	35,951	-	
Interest on long-term debt	18,981	-	-	-	-	(18,981)	(18,981)	-	
Depreciation - unallocated	164,104	-	-	-	-	(164,104)	(164,104)	-	
Total business-type activities	595,491	405,758	19,331	247,797	-	77,395	77,395	-	
Total all activities	\$ 1,347,032	\$ 482,378	\$ 172,688	\$ 348,639	\$ (420,722)	\$ 77,395	\$ 77,395	\$ -	
Component Unit:									
Housing Authority	\$ 102,343	\$ 30,281	\$ 49,526	\$ -	\$ -	\$ -	\$ -	\$ (22,536)	
General Revenues:									
Property taxes					52,144		52,144		
Gross receipts taxes					243,608	6,149	249,757		
Franchise taxes					1,906		1,906		
Gas tax					22,122		22,122		
MVD fees					17,184		17,184		
Cigarette taxes					2,195		2,195		
Lodgers taxes					19,271		19,271		
State aid not restricted to special purpose					129,277		129,277		
General					14,808	2,125	16,933	923	
Investment earnings					502,515	8,274	510,789	923	
Total general revenues and transfers					81,793	85,669	167,462	(21,613)	
Change in net assets					2,196,986	2,566,938	4,763,924	520,510	
Net assets - beginning of year					(100,000)	-	(100,000)	-	
Restatement					2,096,986	2,566,938	4,663,924	520,510	
Net Assets - restated					\$ 2,178,779	\$ 2,652,607	\$ 4,831,386	\$ 498,897	
Net assets - end of year									

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Balance Sheet
 Governmental Funds
 June 30, 2008

Statement 3

	General	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash on deposit	\$ 307,458	\$ 58,954	\$ 117,176	\$ 483,588
Accounts receivable	31,380	-	11,703	43,083
Due from other funds	<u>88,864</u>	<u>-</u>	<u>-</u>	<u>88,864</u>
Total assets	<u>\$ 427,702</u>	<u>\$ 58,954</u>	<u>\$ 128,879</u>	<u>\$ 615,535</u>
LIABILITIES				
Accounts payable	\$ 9,914	\$ -	\$ -	\$ 9,914
Due to other funds	<u>11,034</u>	<u>-</u>	<u>-</u>	<u>11,034</u>
Total liabilities	<u>20,948</u>	<u>-</u>	<u>-</u>	<u>20,948</u>
FUND BALANCE				
Unreserved:				
Designated for subsequent years expenditures	-	-	37,472	37,472
Undesignated reported in:				
General fund	406,754	-	-	406,754
Special revenue funds	-	58,954	91,407	150,361
Capital project funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>406,754</u>	<u>58,954</u>	<u>128,879</u>	<u>594,587</u>
Total liabilities and fund balance	<u>\$ 427,702</u>	<u>\$ 58,954</u>	<u>\$ 128,879</u>	<u>\$ 615,535</u>

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2008

Statement 4

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

Total fund balances - governmental funds		\$ 594,587
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
The cost of capital assets	3,844,009	
Accumulated depreciation	<u>(2,134,560)</u>	
		1,709,449
Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year-end consist of:		
Interest payable	(2,411)	
NMFA loan payable	(115,601)	
Compensated absences	<u>(7,245)</u>	
		<u>(125,257)</u>
Net assets of governmental activities		<u>\$ 2,178,779</u>

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Governmental Funds

Statement 5

Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2008

	General Fund	Fire Protection Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 52,144	\$ -	\$ 19,271	\$ 71,415
Franchise taxes	22,122	-	-	22,122
Gross receipts taxes	115,642	-	-	115,642
Gas tax	17,184	-	-	17,184
Rent	10,155	-	-	10,155
MVD fees	1,906	-	-	1,906
Charges for services	768	-	852	1,620
Licenses and permits	5,777	-	-	5,777
Fines and forfeitures	24,752	-	14,147	38,899
Local sources	63,275	5,657	-	68,932
State sources	230,119	68,882	21,200	320,201
Federal sources	14,512	-	-	14,512
State shared taxes	129,451	-	710	130,161
Earnings from investments	14,695	-	113	14,808
Total revenues	702,502	74,539	56,293	833,334
EXPENDITURES				
Current:				
General government	284,654	-	-	284,654
Highways and streets	82,948	-	-	82,948
Public safety	209,340	33,992	9,503	252,835
Culture and recreation	12,104	-	18,425	30,529
Health & welfare	-	-	466	466
Capital outlay	85,694	-	-	85,694
Debt service:				
Bonds paid	-	18,114	16,845	34,959
Interest paid	-	2,668	716	3,384
Total expenditures	674,740	54,774	45,955	775,469
Excess (deficiency) revenues over expenditures	27,762	19,765	10,338	57,865
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	27,762	19,765	10,338	57,865
Fund balance beginning of year	378,992	39,189	118,541	536,722
Fund balance end of year	\$ 406,754	\$ 58,954	\$ 128,879	\$ 594,587

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2008

Statement 6

Net change in fund balances - total governmental funds \$ 57,865

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

Capital outlays to purchase or build capital
 assets are reported in governmental funds as
 expenditures. However, for governmental
 activities those costs are shown in the statement
 of net assets and allocated over their estimated
 useful lives as annual depreciation expenses in the
 statement of activities. This is the amount by which
 depreciation exceeds capital outlays in the period.

Depreciation expense	(99,189)	
Capital outlays	<u>85,694</u>	

Excess of capital outlay over depreciation expense (13,495)

In the Statement of Activities, certain operating
 expenses are measured by the amount incurred
 during the year. In the fund financial statements,
 however, expenditures are measured by the amount
 of financial resources used (essentially the amounts
 actually paid). The (increases) decreases in the
 liabilities for the year were:

Accrued interest payable		973
Compensated absences payable		1,491

Repayment of capital leases payable, loans payable and revenue bonds payable are expenditures in the governmental funds, but reduces long-term liabilities in the statement of net assets and does not affect the Statement of Activities		<u>34,959</u>
--	--	---------------

Change in net assets of governmental activities \$ 81,793

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
General Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 49,843	\$ 49,843	\$ 52,144	\$ 2,301
Franchise taxes	33,236	33,236	22,122	(11,114)
Gross receipts taxes	117,144	117,144	115,642	(1,502)
Gas tax	18,716	18,716	17,184	(1,532)
Rent	10,000	10,000	10,155	155
MVD fees	2,427	2,427	1,906	(521)
Charges for services	1,000	1,000	768	(232)
Licenses and permits	1,839	1,839	5,777	3,938
Fines and forfeitures	-	-	24,752	24,752
Local sources	-	-	63,275	63,275
State sources	269,090	269,090	230,119	(38,971)
Federal sources	-	-	14,512	14,512
State shared taxes	168,869	168,869	128,598	(40,271)
Earnings from investments	9,860	9,860	14,695	4,835
Total revenues	<u>\$ 682,024</u>	<u>\$ 682,024</u>	<u>\$ 701,649</u>	<u>\$ 19,625</u>
EXPENDITURES				
General government	\$ 331,698	\$ 331,698	\$ 310,434	\$ 21,264
Highways and streets	73,811	73,811	132,948	(59,137)
Public safety	189,761	189,761	209,340	(19,579)
Culture and recreation	11,800	11,800	12,104	(304)
Total expenditures	<u>\$ 607,070</u>	<u>\$ 607,070</u>	<u>\$ 664,826</u>	<u>\$ (57,756)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Fire Protection Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			,	
Local sources	\$ 9,800	\$ 9,800	\$ 5,657	\$ (4,143)
State sources	<u>72,000</u>	<u>72,000</u>	<u>68,882</u>	<u>(3,118)</u>
Total revenues	<u>\$ 81,800</u>	<u>\$ 81,800</u>	<u>\$ 74,539</u>	<u>\$ (7,261)</u>
EXPENDITURES				
Public safety	\$ 69,893	\$ 69,893	\$ 54,774	\$ 15,119
Total expenditures	<u>\$ 69,893</u>	<u>\$ 69,893</u>	<u>\$ 54,774</u>	<u>\$ 15,119</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Enterprise Funds
 Statement of Net Assets
 June 30, 2008

Statement 9

	Enterprise Fund
ASSETS	
Current Assets	
Cash on deposit	\$ 154,131
Accounts receivable (net)	44,148
Due from other funds	12,153
Total Current Assets	210,432
Restricted Assets (Cash)	
Customer meter deposits	37,953
Debt service	17,647
Total Restricted Assets (Cash)	55,600
Property, Plant and Equipment	
Land	58,000
Equipment	535,733
Vehicles	216,723
Plant	5,290,700
Accumulated depreciation	(3,147,734)
Total Property, Plant and Equipment	2,953,422
Total Assets	\$ 3,219,454
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 14,361
Due to other funds	89,983
Customer meter deposits payable from Restricted Assets	38,483
Revenue bonds payable	4,000
RUS Bonds payable	10,226
Loans payable	1,900
Capital lease payable	9,933
Total Current Liabilities	168,886
Long-Term Liabilities	
Compensated absences	8,838
Revenue bonds payable	101,000
RUS Bonds payable	181,125
Loan payable	106,998
Total Long-Term Liabilities	397,961
NET ASSETS	
Invested in Capital Assets, net of related debt	2,538,240
Restricted for debt service	17,647
Unrestricted	96,720
Total Net Assets	2,652,607
Total Liabilities and Net Assets	\$ 3,219,454

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Enterprise Funds
 Statement of Revenues, Expenses and
 Changes in Fund Net Assets
 For the Year Ended June 30, 2008

	Enterprise Fund
OPERATING REVENUES	
Sales and services	\$ 405,758
Environmental gross receipts taxes	6,149
Intergovernmental	256,852
Miscellaneous	10,276
Total operating revenue	679,035
OPERATING EXPENSES	
Personal services	94,725
Maintenance and operations	317,681
Depreciation	164,104
Total operating expenses	576,510
Operating income (loss)	102,525
NON-OPERATING REVENUE (EXPENSE)	
Investment income	2,125
Investment expense	(18,981)
Total Non-Operating Revenue (Expense)	(16,856)
Income (loss) before transfers	85,669
Operating transfers in	-
Operating transfers out	-
Net transfers	-
Change in Net Assets	85,669
Total Net Assets, beginning of year	2,566,938
Total Net Assets, end of year	\$ 2,652,607

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Enterprise Funds
Statement of Cash Flows
For the Year Ended June 30, 2008

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 390,221
Cash received from intergovernmental	256,852
Cash received from miscellaneous sources	10,276
Cash payments to employees and to suppliers for goods and services	<u>(396,508)</u>
Net cash provided by operating activities	<u>260,841</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(255,377)
Principal paid	(34,978)
Investment expense	(18,981)
Borrowed from other funds	<u>63,952</u>
Net cash provided (used) by capital and related financing activities	<u>(245,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	2,125
Security deposits	<u>(980)</u>
Net cash provided by investing activities	<u>1,145</u>
Net increase (decrease) in cash	16,602
Cash, beginning of year	<u>193,129</u>
Cash, end of year	<u>\$ 209,731</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	1
Operating income (loss)	<u>\$ 102,525</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	164,104
Changes in assets and liabilities:	
(Increase) decrease in receivables	(15,978)
Increase (decrease) in accounts payable	14,361
Increase (decrease) in compensated absences	1,536
(Increase) decrease in due from other funds	<u>(5,707)</u>
Total	<u>158,316</u>
Net cash provided (used) by operating activities	<u>\$ 260,841</u>

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 332
Total Assets	<u>\$ 332</u>
LIABILITIES	
Due to bond holders	\$ 100
Due to other agencies	<u>232</u>
Total Liabilities	<u>\$ 332</u>

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Notes to Financial Statements
Year Ended June 30, 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Cimarron was incorporated in 1980 as a municipality in the State of New Mexico under the provisions to amend 1608 compiled laws 1884, House Bill 88 approved February 10, 1981. The Village of Cimarron operates under the direction of a Mayor-Council form of government. The Village provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include water and sewer services, solid waste disposal, ambulance and public housing.

The summary of significant accounting policies of the Village of Cimarron is presented to assist in the understanding of the Village of Cimarron's financial statements. The financial statements and notes are the representation of the Village of Cimarron's management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basis - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the Village and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each component unit addressed in defining the governments reporting entity.

Notes to Financial Statements (continued)

Village of Cimarron Housing Authority

The Village of Cimarron Housing Authority is located in Cimarron, New Mexico. The primary goal of the Low Income Housing program is the provision of a decent home in a suitable living environment for families that cannot afford standard private housing.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which is normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

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

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the

Notes to Financial Statements (continued)

revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Fire Protection Fund - To account for the operations and maintenance of the Department. Financing provided by a specific allotment from the State Fire Marshall's Office. Authority is NMSA 59A-53-1.

The Village reports the following as Proprietary Funds.

Proprietary Funds - Enterprise Funds

Enterprise Fund - Water and Sewer Fund - To account for the operations of the Village's Water and Sewer Department, for meter deposits and payment of Joint Utility Revenue Bonds.

Enterprise Fund - Solid Waste Fund - To account for the operations of the (contracted) solid waste services.

Enterprise Fund - Ambulance Fund - To account for the operations of the emergency ambulance services.

Additionally, the Village reports the following fund types:

Fiduciary Funds - Agency Funds

Agency Funds - To account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the Village.

The Village also reports additional Government funds as non-major. They include:

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds - These funds are used to account for the acquisition of capital assets or construction of major capital projects.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments.

Notes to Financial Statements (continued)

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Taxes and other items not properly included among program revenue are reported instead as *general revenues*.

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

When both restricted and unrestricted resources are available for use it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the Statement of Cash Flows, the Village considers all highly liquid investments including restricted cash assets to be cash equivalents.

State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Notes to Financial Statements (continued)

Investments for the Village are reported at cost.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances". Advances between funds, as reported in the fund financial statement, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are not recorded as revenue until received.

Inventories

Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are reported at cost, and expenditures are recorded at the time individual inventory items are purchased. Proprietary fund inventories are recorded at the lower of cost or market on a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as expenditures when purchased.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) per Section 12-6-10 NMSA 1978 and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the

Notes to Financial Statements (continued)

historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The Village does not capitalize computer software or software developed for internal use (if applicable) unless they exceed the \$5,000 threshold. Also, the Village does not capitalize library books unless they exceed the \$5,000 threshold.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	33
Building improvements	33
Public domain infrastructure	33
System infrastructure	33
Vehicles	3 to 5
Office equipment	3 to 10
Heavy equipment	3 to 10

Deferred Revenues

Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues.

Compensated Absences

Vested or accumulated vacation and compensation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

Notes to Financial Statements (continued)

Net Assets

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

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

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

Unrestricted net assets - This category reflects net assets of the Village not restricted for any project or other purposes.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change. Fund equity was reserved or designated for:

Unreserved, designated for subsequent year's expenditures - This represents the amounts, other than carryover expenditures, which are designated for subsequent year's expenditures in accordance with grantor status.

Unreserved, undesignated - Amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the Village.

Estimates

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

E. Budgetary Information

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

1. The Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing July 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the Village offices to obtain taxpayer comments. The budget is legally enacted through passage of a resolution.

Notes to Financial Statements (continued)

3. The Village Mayor and Clerk-Treasurer are authorized to transfer budget amounts between departments within any fund; however, the Local-Government Division of the State Department of Finance and Administration must approve any revisions that alter the total expenditures of any fund.
4. Formal budgetary integration is to be employed as a management control device during the year for all of the governmental fund types.
5. Encumbrances are not considered in budget preparation.
6. The level of classifications detail in which expenditures may not legally exceed appropriations for each budget is in fund total. Appropriates lapse at year-end.
7. All budgets are adopted on a cash basis.
8. Budgets have been adopted for all funds of the Village, except for the Housing Authority. HUD controls the Budget of the Housing Authority. The budgetary comparison for the Housing Authority appears in the Authority's separate audit report.

F. Property Taxes

Property taxes are collected by the County Treasurer and remitted to the Village monthly. Delinquent property taxes payable to the County Treasurer are not recognized until actually collected and remitted by the Guadalupe County Treasurer to the Village. Property taxes are payable to the County Treasurer in two equal installments, due on November 10th of each year in which the tax bill was prepared and mailed and on April 10th of the following year. Pursuant to Section 7-38-46, NMSA 1978, property taxes are delinquent if not paid within thirty days after the date on which they are due. Taxes on real property may be collected by selling the real property on which the taxes are delinquent.

G. Interfund Transactions

Transactions that constitute material reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

H. Risk Management

The City is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance of these risks of loss, including workers' compensation and employee health and accident insurance.

Notes to Financial Statements (continued)

I. Encumbrances

The Village does not utilize encumbrance accounting.

2. DEPOSITORY COLLATERAL

New Mexico statutes provide that deposits of public monies in financial institutions must be secured by pledged collateral in an aggregate value equal to one-half of the amount of the public monies deposited after deducting the amount of Federal Deposit Insurance Corporation insurance coverage (for each financial institution).

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Village's Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

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

International State Bank	Checking-Debt Service Account	\$	37,472
International State Bank	Checking-Bond Account (Enterprise)		8,476
International State Bank	Checking-Municipal Bond Account		817
International State Bank	Checking-Municipal Court Account		5,910
International State Bank	Checking-Water Meter Account		26,037
International State Bank	Checking-General Account		549,157
International State Bank	Checking-Solid Waste Account		29,358
International State Bank	Checking-Sewer Operating Account		4,827
International State Bank	Checking-Water Income Account		9,779
International State Bank	Checking-Payroll Account		6,708
International State Bank	Checking-EMS Account		15,319
International State Bank	Checking-Water Transmission		-
International State Bank	Checking-RUS		48
International State Bank	Certificate of Deposit- Bond Reserve		9,123
International State Bank	Certificate of Deposit- Water Meter		11,916
International State Bank	Certificate of Deposit- General Account		21,229
	Total		<u>\$ 736,177</u>
	Total amount on deposit	\$	736,177
	Rounding		(1)
	Outstanding checks		(76,115)
	Deposits in transit		<u>33,590</u>
	Total per financial statements		<u>\$ 693,651</u>

Notes to Financial Statements (continued)

The following schedule details the public money held by International State Bank and pledged collateral held by the Village follows:

	<u>International State Bank</u>
Cash on deposit at June 30, 2007	\$ 736,177
Less F.D.I.C.	<u>(142,268)</u>
Uninsured funds	593,909
50% Collateral requirement	<u>296,955</u>
Pledged collateral at June 30, 2007	360,299
Excess of pledged collateral	<u>\$ 63,344</u>

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$593,909 of the Village's bank balance of \$736,177 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 233,610
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Villages name	<u>360,299</u>
Total	<u>\$ 593,909</u>

Pledged collateral of the International State Bank consists of the following at June 30, 2008:

<u>Federal Reserve Bank, Denver, Colorado</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FHLB #3133XDTB7	9-14-2012	\$ 155,176
FHLB #3133MUGP4	11-13-2009	50,685
FHLB #3133MUGP4	11-13-2009	25,311
FFCB #31331X2Q4	9-04-2013	<u>129,127</u>
		<u>\$ 360,299</u>

Notes to Financial Statements (continued)

3. ACCOUNTS RECEIVABLE

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

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Receivables from customers	\$ -	\$ 43,587
Less allowance for uncollectible accounts	<u>-</u>	<u>-</u>
Subtotal	-	43,587
Franchise taxes	4,703	-
Property taxes	632	-
Gas taxes	8,278	-
Cigarette tax	65	-
Gross receipts tax	17,431	-
Lodgers tax	2,308	-
MVD fees	336	-
Fines & forfeitures	9,330	-
Intergovernmental	<u>-</u>	<u>561</u>
Total	<u>\$ 43,083</u>	<u>\$ 44,148</u>

4. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

During the year ended June 30, the following changes occurred in the liabilities reported in the Statement of Net Assets:

	<u>Balance 6-30-2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2008</u>	<u>Due Within One Year</u>
Compensated absences	\$ 8,735	\$ -	\$ 1,491	\$ 7,244	\$ -
NMFA Loan	133,715	-	18,114	115,601	18,371
Capital Lease	<u>16,845</u>	<u>-</u>	<u>16,845</u>	<u>-</u>	<u>-</u>
Total	<u>\$159,295</u>	<u>\$ -</u>	<u>\$ 36,450</u>	<u>\$ 122,845</u>	<u>\$ 18,371</u>

The General and Road Funds normally pay for all compensated absences.

The Village entered into a loan agreement with the New Mexico Finance Authority (NMFA) to pay principal in the amount of \$184,501 and interest for the purpose of defraying the cost of acquiring a fire tanker for the Villages fire department. The yearly payments are to be redirected from the Villages share of the State Fire Fund revenues to the NMFA. The interest rate is 0.880% 3.49% plus 0.25% administrative fee. The maturity date is May 1, 2014.

Notes to Financial Statements (continued)

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 18,371	\$ 2,411	\$ 20,782
2010	18,673	2,110	20,783
2011	19,018	1,766	20,784
2012	19,407	1,378	20,786
2013	19,836	950	20,786
2014	20,296	491	20,787
	<u>\$ 115,601</u>	<u>\$ 9,106</u>	<u>\$ 124,707</u>

5. LONG-TERM DEBT OBLIGATIONS - ENTERPRISE FUNDS

The following is a summary of changes in long-term obligations for the enterprise Fund for the year ended June 30:

	<u>Balance 6-30-2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2008</u>	<u>Due Within One Year</u>
Water/Sewer Bonds	\$109,000	\$ -	\$ 4,000	\$ 105,000	\$ 4,000
Water Loan	127,152	-	9,928	117,224	10,226
Compensated absences	7,302	1,536	-	8,838	-
RUS Bonds	184,825	-	1,800	183,025	1,900
Capital lease	29,183	-	19,250	9,933	9,933
Total	<u>\$457,462</u>	<u>\$ 1,536</u>	<u>\$ 34,978</u>	<u>\$ 424,020</u>	<u>\$ 26,059</u>

1985 Water and Sewer Revenue Bonds

Original amount \$140,000 payable in annual installments each January 1st through the year 2025. Interest is 5% per annum. The annual requirements to amortize the amounts outstanding are as follows.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 4,000	\$ 5,250	\$ 9,250
2010	4,000	5,050	9,050
2011	4,000	4,850	8,850
2012	5,000	4,650	9,650
2013	5,000	4,400	9,400
2014-2018	28,000	18,100	46,100
2019-2023	37,000	10,200	47,200
2024-2025	18,000	1,350	19,350
	<u>\$ 105,000</u>	<u>\$ 53,850</u>	<u>\$ 158,850</u>

Notes to Financial Statements (continued)

Water System Loan

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 10,226	\$ 3,516	\$ 13,742
2010	10,532	3,210	13,742
2011	10,848	2,894	13,742
2012	11,174	2,569	13,743
2013	11,509	2,233	13,742
2014	11,854	1,888	13,742
2015	12,210	1,532	13,742
2016	12,576	1,167	13,743
2017	12,953	789	13,742
2018	13,342	401	13,742
	<u>\$ 117,224</u>	<u>\$ 20,199</u>	<u>\$ 137,420</u>

2004 Water System Revenue Bonds (RUS)

Original amount \$188,125 payable in annual installments each September 28 through the year 2045. Interest is 4.375% per annum. The annual requirements to amortize the amounts outstanding are as follows.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,900	\$ 7,924	\$ 9,824
2010	1,900	7,841	9,741
2011	2,000	7,754	9,754
2012	2,100	7,662	9,762
2013	2,200	7,565	9,765
2014-18	12,800	36,204	49,004
2019-23	16,100	33,980	49,080
2024-28	20,500	28,902	49,402
2029-33	25,700	23,749	49,449
2034-38	32,500	17,265	49,765
2039-43	41,000	8,126	49,126
2044-45	24,325	653	24,978
	<u>\$ 183,025</u>	<u>\$ 186,625</u>	<u>\$ 369,650</u>

Capital Lease - Ambulance

The Village of Cimarron entered into a capital lease in the amount of \$90,935 with semi-annual payments of \$10,144 due October 1st and April 1st through the year 2009. Interest is 4.25% per annum. The annual requirements to amortize the amounts outstanding are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 9,933	\$ 211	\$ 10,144
	<u>\$ 9,933</u>	<u>\$ 211</u>	<u>\$ 10,144</u>

Notes to Financial Statements (continued)

6. DEPOSITS HELD FOR OTHERS , ENTERPRISE FUND

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

Hydrant Meter deposits \$38,483

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

Residential properties \$ 60
Commercial properties \$ 120

7. CAPITAL ASSETS

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

	Balances June 30, 2007	Additions	Deletions	Balances June 30, 2008
Land	\$ 117,880	\$ -	\$ -	\$ 117,880
Buildings	1,685,139	-	-	1,685,139
Infrastructure	1,182,197	-	-	1,182,197
Vehicles	565,270	-	-	565,270
Equipment	217,972	85,694	(10,143)	293,523
Sub-total	<u>3,768,458</u>	<u>85,694</u>	<u>(10,143)</u>	<u>3,844,009</u>
Less: accumulated depreciation	<u>(2,045,514)</u>	<u>(99,189)</u>	<u>10,143</u>	<u>(2,134,560)</u>
Net capital assets	<u>\$ 1,722,944</u>	<u>\$ (13,495)</u>	<u>\$ -</u>	<u>\$ 1,709,449</u>

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

	Balances June 30, 2007	Additions	Deletions	Balances June 30, 2008
Land	\$ 58,000	\$ -	\$ -	\$ 58,000
Equipment	448,303	89,759	(2,329)	535,733
Vehicles	216,723	-	-	216,723
Plant	5,122,753	167,948	-	5,290,701
Sub-total	<u>5,845,779</u>	<u>257,707</u>	<u>(2,329)</u>	<u>6,101,157</u>
Less: accumulated depreciation	<u>(2,985,959)</u>	<u>(164,104)</u>	<u>2,329</u>	<u>(3,147,734)</u>
Net capital assets	<u>\$ 2,859,820</u>	<u>\$ 93,603</u>	<u>\$ -</u>	<u>\$ 2,953,423</u>

8. PROPERTY TAXES

The Village of Cimarron receives property taxes from the Sandoval County Treasurer for operational purposes. Property taxes are assessed on January 1st of each year, except on livestock, and are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year.

Notes to Financial Statements (continued)

In addition, tax levies are authorized by statute to service payments due on general obligation bonds which have been authorized pursuant to state law. The full faith and credit of the necessary to pay the interest and on the principal of the negotiable bonds as the interest and principal become due, without limitation as to rate or amount. The Village may pay the principal or interest on any general obligation bonds from any available revenues, and the levy or levies of taxes may be diminished to the extent such other revenues are available for the payment of such principal and interest.

Proceeds from the issuance of general obligation bonds are restricted in usage.

1. Erecting and operating natural or artificial gas works;
2. Erecting and operating electric works;
3. Constructing, purchasing, rehabilitating or remodeling, or any combination thereof, public buildings, including additions and improvements thereto;
4. Building, beautifying and improving public parks within or without the municipal boundary, but not beyond the planning and platting jurisdiction of the municipality;
5. Acquiring land or buildings for playgrounds, recreation centers, zoos, and other recreational purposes and the equipment thereof, or any combination thereof;
6. Providing proper means for protecting from fire including but not limited to purchasing apparatus for fire protection and providing, enlarging and improving fire equipment and facilities;
7. Laying off, opening, constructing, repairing, and otherwise improving municipal alleys, streets, public roads, and bridges or any combination thereof;
8. Providing apparatus for the collection and disposal of garbage and refuse; acquiring, constructing and maintaining garbage and refuse;
9. Constructing or purchasing a system for supplying water or constructing and purchasing such a system, for the municipality, including without limiting the generality of the foregoing, the enlargement, improvement, extension or acquisition of the system, and acquisition of water or water rights, necessary real estate of rights of way, bridges and easements, and necessary apparatus for a water system, or any combination of the foregoing;
10. Construction or purchasing a sewer system or the construction and purchase of a sewer system, including without limiting the generality of the foregoing, acquiring, enlarging, improving, or extending, or any combination of the foregoing, said system;
11. Flood control purposes are provided in Section 3-41-1 NMSA 1978;
12. Constructing, purchasing, rehabilitating or remodeling, or any combination thereof, hospital, including additions and improvements thereto;
13. Purchasing, improving, or erecting public auditoriums or public buildings of a similar nature for a general civic purposes, or for authorizing the improvement of erection of public auditoriums or buildings of similar nature by agreement, with officers of the county in which the municipality is located; and
14. Acquiring, purchasing, constructing, improving, rehabilitating, or remodeling, or any combination thereof, of cemeteries or mausoleums.

Notes to Financial Statements (continued)

9. BUDGET TO GAAP RECONCILIATION

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Non- Major Special Revenue Fund</u>	<u>Non- Major Debt Service Fund</u>
<u>Revenues</u>				
Modified accrual basis	\$702,502	\$ 74,539	\$ 56,180	\$ 113
Budgetary basis	<u>701,649</u>	<u>74,539</u>	<u>49,688</u>	<u>113</u>
Increase (decrease) in receivables	<u>\$ 853</u>	<u>\$ -</u>	<u>\$ 6,492</u>	<u>\$ -</u>
<u>Expenditures</u>				
Modified accrual basis	\$674,740	\$ 54,774	\$ 45,955	\$ -
Budgetary basis	<u>664,826</u>	<u>54,774</u>	<u>45,955</u>	<u>-</u>
Increase (decrease) in payables	<u>\$ 9,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

10. BUDGET VIOLATIONS

The Special Revenue Law Enforcement Fund had a budget overrun of \$4,385. The Special Revenue Recreation Fund had a budget overrun of \$1,379. The Special Revenue Lodgers Tax Fund had a budget overrun of \$1,249. The Enterprise Water/Sewer Fund had a budget overrun of \$308,331. Also, the Enterprise Solid Waste Fund had a budget overrun of \$27,949. The General Fund had a budget overrun of \$57,756.

11. RETIREMENT PLAN

Plan Description. Substantially all of Village of Cimarron's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Board (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy. Plan members are required to contribute 7% for policemen 9.15% for all other members (range from 4% to 16.3% depending upon the division, i.e., state general, state hazardous duty, state police, municipal general, municipal police, municipal fire) of their gross salary. The Village of Cimarron is required to contribute 10% for policemen and 9.15% for all other plan members (range from 7% to 25.72% depending upon the division) of the gross covered salary. The contribution requirements of plan members and the Village of Cimarron are established in Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The Village of Cimarron's contributions to PERA for the years ending June 30, 2008, 2007, and 2006 were \$24,471, \$20,603 and \$21,921 respectively equal to the amount of the required contributions for the year.

Notes to Financial Statements (continued)

12. RETIREE HEALTH CARE ACT

The Village has elected not to participate in the Retiree Health Care Act of New Mexico's retiree health care program.

13. RISK MANAGEMENT

The Village is exposed to various risks for loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Village carries insurance with the New Mexico Self Insurer's Fund for a shared premium cost. The Village established a limited risk management program for general and auto liability, workman's compensation, employer's liability, and property. Premiums are paid by the General, Fire and Enterprise Funds.

14. RESTATEMENT - STATEMENT OF ACTIVITIES

In the Statement of Activities there is a restatement from the prior year's audit for \$100,000 due to an NMFA Loan that was not correctly reported. The loan is now \$100,000 more and reported at \$115,601. In Note 4 the investment in capital assets, net of related debt is now \$100,000 less.

15. COMPONENT UNIT

The Village of Cimarron Housing Authority is a component unit of the Village. The Housing Authority issues a separate, publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the Village of Cimarron Housing Authority, PO Box 654, Cimarron, NM 87714.

NON-MAJOR FUNDS

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Non-Major Governmental Funds
 Combining Balance Sheet - By Fund Type
 June 30, 2008

	Special Revenue Funds	Debt Service Funds	Total
ASSETS			
Cash on deposit	\$ 79,704	\$ 37,472	\$ 117,176
Accounts receivable	11,703	-	11,703
 Total assets	 \$ 91,407	 \$ 37,472	 \$ 128,879
 FUND BALANCE			
Unreserved:			
Designated for subsequent years expenditures	\$ -	\$ 37,472	\$ 37,472
Undesignated	91,407	-	91,407
 Total fund balance	 \$ 91,407	 \$ 37,472	 \$ 128,879

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - By Fund Type
Year Ended June 30, 2008

Statement A-2

	Special Revenue Funds	Debt Service Funds	Total
REVENUES			
Taxes	\$ 19,271	\$ -	\$ 19,271
Charges for services	852	-	852
Fines and forfeitures	14,147	-	14,147
Local sources	-	-	-
State sources	21,200	-	21,200
State shared taxes	710	-	710
Earnings from investments	-	113	113
	56,180	113	56,293
EXPENDITURES			
Current:			
Public safety	9,503	-	9,503
Culture and recreation	18,425	-	18,425
Health and welfare	466	-	466
Capital outlay	-	-	-
Bonds paid	16,845	-	16,845
Interest paid	716	-	716
	45,955	-	45,955
Excess (deficiency) of revenues over expenditures	10,225	113	10,338
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balance	10,225	113	10,338
Fund balance at beginning of year	81,182	37,359	118,541
Fund balance at end of year	\$ 91,407	\$ 37,472	\$ 128,879

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Combined Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP Budgetary Basis)
Governmental Fund Types - Non-Major
Special Revenue Funds
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 15,197	\$ 15,197	\$ 19,383	\$ 4,186
Charges for services	2,129	2,129	852	(1,277)
Fines and forfeitures	16,850	16,850	7,507	(9,343)
State sources	21,200	21,200	21,200	-
State shared taxes	1,200	1,200	746	(454)
	<u>56,576</u>	<u>56,576</u>	<u>49,688</u>	<u>(6,888)</u>
Total revenues	<u>\$ 56,576</u>	<u>\$ 56,576</u>	<u>\$ 49,688</u>	<u>\$ (6,888)</u>
EXPENDITURES				
Public safety	\$ 27,200	\$ 27,200	\$ 27,064	\$ 136
Culture and recreation	15,797	15,797	18,425	(2,628)
Health and welfare	1,570	1,570	466	1,104
	<u>44,567</u>	<u>44,567</u>	<u>45,955</u>	<u>(1,388)</u>
Total expenditures	<u>\$ 44,567</u>	<u>\$ 44,567</u>	<u>\$ 45,955</u>	<u>\$ (1,388)</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Combined Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Governmental Fund Types - Non-Major
 Debt Service Funds
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 113	\$ 113
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113</u>	<u>\$ 113</u>
EXPENDITURES				
Bonds paid	\$ -	\$ -	\$ -	\$ -
Coupons paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

NON-MAJOR SPECIAL REVENUE FUNDS

LAW ENFORCEMENT PROTECTION FUND (LEPF) - To account for funds allotted by the Law Enforcement Protection Fund , Section 29-13-5, NMSA 1978, to "enhance the efficiency and effectiveness of law enforcement service."

RECREATION FUND - To account for the operation and maintenance of all Village-owned recreational facilities. Financing is provided by a specific annual cigarette tax levy. Authority is NMSA 7-12-1 and 7-12-15.

CEMETERY FUND - To account for the operations and maintenance of the cemetery. Financing is provided by the sale of burial permits. Authority is NMSA 3-45-1.

LODGER'S TAX FUND - To account for the operations of promoting tourism in the Village. Financing is provided by a special lodger's tax charged on transient lodging in the Village. Authority is NMSA 3-38-15.

CORRECTION FEES FUND - To account for fines collected by the Village Courts and designated to be used for the operation and maintenance of the Village jail. Authority is Section 35-14-11 NMSA.

Statement B-1

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Non-Major Special Revenue Funds
 Combining Balance Sheet
 June 30, 2008

	Law Enforcement Protection Fund	Recreation Fund	Cemetery Fund	Lodgers Tax Fund	Correction Fees Fund	Total
ASSETS						
Cash on deposit	\$ 5	\$ 2,439	\$ 7,909	\$ 3,863	\$ 65,488	\$ 79,704
Accounts receivable	-	65	-	2,308	9,330	11,703
Total assets	\$ 5	\$ 2,504	\$ 7,909	\$ 6,171	\$ 74,818	\$ 91,407
FUND BALANCE						
Unreserved:						
Undesignated	\$ 5	\$ 2,504	\$ 7,909	\$ 6,171	\$ 74,818	\$ 91,407
Total fund balance	\$ 5	\$ 2,504	\$ 7,909	\$ 6,171	\$ 74,818	\$ 91,407

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON

Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2008

	Law Enforcement Protection Fund	Recreation Fund	Cemetery Fund	Lodgers Tax Fund	Correction Fees Fund	Total
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 19,271	\$ -	\$ 19,271
Charges for services	-	-	852	-	-	852
Fines and forfeitures	-	-	-	-	14,147	14,147
Local sources	-	-	-	-	-	-
State sources	21,200	-	-	-	-	21,200
State shared taxes	-	710	-	-	-	710
Total revenues	21,200	710	852	19,271	14,147	56,180
EXPENDITURES						
Current:						
Public safety	8,024	-	-	-	1,479	9,503
Culture and recreation	-	2,479	-	15,946	-	18,425
Health and welfare	-	-	466	-	-	466
Debt service:						
Lease principle	16,845	-	-	-	-	16,845
Lease interest	716	-	-	-	-	716
Total expenditures	25,585	2,479	466	15,946	1,479	45,955
Net change in fund balance	(4,385)	(1,769)	386	3,325	12,668	10,225
Fund balance, beginning of year	4,390	4,273	7,523	2,846	62,150	81,182
Fund balance, end of year	5	2,504	7,909	6,171	74,818	91,407

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Non-Major Special Revenue - Law Enforcement Protection Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 21,200	\$ 21,200	\$ 21,200	\$ -
Total revenues	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 21,200	\$ 21,200	\$ 25,585	\$ (4,385)
Total expenditures	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ 25,585</u>	<u>\$ (4,385)</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Non-Major Special Revenue - Recreation Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 1,200	\$ 1,200	\$ 746	\$ (454)
Total revenues	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ 746</u>	<u>\$ (454)</u>
EXPENDITURES				
Culture & recreation	\$ 1,100	\$ 1,100	\$ 2,479	\$ (1,379)
Total expenditures	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>\$ 2,479</u>	<u>\$ (1,379)</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Non-Major Special Revenue - Cemetery Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 2,129	\$ 2,129	\$ 852	\$ (1,277)
Total revenues	<u>\$ 2,129</u>	<u>\$ 2,129</u>	<u>\$ 852</u>	<u>\$ (1,277)</u>
EXPENDITURES				
Health and welfare	\$ 1,570	\$ 1,570	\$ 466	\$ 1,104
Total expenditures	<u>\$ 1,570</u>	<u>\$ 1,570</u>	<u>\$ 466</u>	<u>\$ 1,104</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Non-Major Special Revenue - Lodgers Tax Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis),
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 15,197	\$ 15,197	\$ 19,383	\$ 4,186
Total revenues	<u>\$ 15,197</u>	<u>\$ 15,197</u>	<u>\$ 19,383</u>	<u>\$ 4,186</u>
EXPENDITURES				
Culture & recreation	\$ 14,697	\$ 14,697	\$ 15,946	\$ (1,249)
Total expenditures	<u>\$ 14,697</u>	<u>\$ 14,697</u>	<u>\$ 15,946</u>	<u>\$ (1,249)</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Non-Major Special Revenue - Correction Fees Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 16,850	\$ 16,850	\$ 7,507	\$ 9,343
Total revenues	<u>\$ 16,850</u>	<u>\$ 16,850</u>	<u>\$ 7,507</u>	<u>\$ 9,343</u>
EXPENDITURES				
Public safety	\$ 6,000	\$ 6,000	\$ 1,479	\$ 4,521
Total expenditures	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 1,479</u>	<u>\$ 4,521</u>

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

NON-MAJOR DEBT SERVICE FUND

Sales Tax Bond Fund - To account for the payment of general long-term debt principal and interest. (This particular bond was paid off in fiscal year 2005.)

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Non-Major Debt Service Fund
Balance Sheet
June 30, 2008

	<u>Sales Tax Bond Fund</u>
ASSETS	
Cash on deposit	\$ <u>37,472</u>
Total assets	<u>\$ 37,472</u>
FUND BALANCE	
Reserved for debt service	\$ <u>37,472</u>
Total fund balance	<u>\$ 37,472</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Non-Major Debt Service Fund
 Statement of Revenues, Expenditures and
 Changes in Fund Balance
 Year Ended June 30, 2008

	Sales Tax Bond Fund
REVENUES	
Taxes	\$ -
Earnings from investments	113
Total revenues	113
EXPENDITURES	
Bonds	-
Interest	-
Total expenditures	-
Excess (deficiency) of revenues over expenditures	113
OTHER FINANCING SOURCES	
Transfer in	-
Net change in fund balance	113
Fund balance at beginning of year	37,359
Fund balance at end of year	\$ 37,472

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Non-Major Debt Service Fund - Sales Tax Bond
 Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 113	\$ 113
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113</u>	<u>\$ 113</u>
EXPENDITURES				
Bonds paid	\$ -	\$ -	\$ -	\$ -
Coupons paid	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

ENTERPRISE FUNDS

WATER AND SEWER FUND - To account for the operations of the Village's Water and Sewer Department, for meter deposits and payment of Joint Utility Revenue Bonds.

SOLID WASTE FUND - To account for the operations of the (contracted) solid waste services.

AMBULANCE FUND - To account for the operations of the emergency ambulance services.

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Enterprise Funds
Combining Statement of Net Assets
June 30, 2008

Statement D-1

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Total
ASSETS				
Current Assets				
Cash on deposit	\$ 14,486	\$ 16,961	\$ 122,684	\$ 154,131
Accounts receivable (net)	31,144	13,004	-	44,148
Due from other funds	-	11,033	1,120	12,153
Total Current Assets	<u>45,630</u>	<u>40,998</u>	<u>123,804</u>	<u>210,432</u>
Restricted Assets (Cash)				
Customer meter deposits	37,953	-	-	37,953
Debt service	17,647	-	-	17,647
Total Restricted Assets (Cash)	<u>55,600</u>	<u>-</u>	<u>-</u>	<u>55,600</u>
Property, Plant and Equipment				
Land	58,000	-	-	58,000
Equipment	425,676	5,643	104,414	535,733
Vehicles	-	-	216,723	216,723
Plant	5,290,700	-	-	5,290,700
Accumulated depreciation	(2,835,809)	(5,643)	(306,282)	(3,147,734)
Total Property, Plant and Equipment	<u>2,938,567</u>	<u>-</u>	<u>14,855</u>	<u>2,953,422</u>
Total Assets	<u>\$ 3,039,797</u>	<u>\$ 40,998</u>	<u>\$ 138,659</u>	<u>\$ 3,219,454</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 1,056	\$ 13,305	\$ -	\$ 14,361
Due to other funds	89,983	-	-	89,983
Customer meter deposits payable from Restricted Assets	38,483	-	-	38,483
Revenue bonds payable	4,000	-	-	4,000
RUS bonds payable	1,900	-	-	1,900
Loans payable	10,226	-	-	10,226
Capital lease payable	282	-	9,651	9,933
Total Current Liabilities	<u>145,930</u>	<u>13,305</u>	<u>9,651</u>	<u>168,886</u>
Long-Term Liabilities				
Compensated absences	8,838	-	-	8,838
Revenue bonds payable	101,000	-	-	101,000
RUS bonds payable	181,125	-	-	181,125
Loan payable	106,998	-	-	106,998
Total Long-Term Liabilities	<u>397,961</u>	<u>-</u>	<u>-</u>	<u>397,961</u>
NET ASSETS				
Invested in Capital Assets	2,533,036	-	5,204	2,538,240
Restricted for debt service	17,647	-	-	17,647
Unrestricted	(54,777)	27,693	123,804	96,720
Total Net Assets	<u>2,495,906</u>	<u>27,693</u>	<u>129,008</u>	<u>2,652,607</u>
Total Liabilities and Net Assets	<u>\$ 3,039,797</u>	<u>\$ 40,998</u>	<u>\$ 138,659</u>	<u>\$ 3,219,454</u>

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Enterprise Funds
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
For the Year Ended June 30, 2008

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Totals
OPERATING REVENUES				
Sales and services	\$ 217,715	\$ 125,258	\$ 62,785	\$ 405,758
Environmental gross receipts taxes	-	6,149	-	6,149
Intergovernmental	247,797	-	9,055	256,852
Miscellaneous	-	-	10,276	10,276
Total operating revenue	465,512	131,407	82,116	679,035
OPERATING EXPENSES				
Personal services	94,725	-	-	94,725
Maintenance and operations	123,989	147,527	46,165	317,681
Depreciation	146,755	-	17,349	164,104
Total operating expenses	365,469	147,527	63,514	576,510
Operating income (loss)	100,043	(16,120)	18,602	102,525
NON-OPERATING REVENUE (EXPENSE)				
Investment income	2,125	-	-	2,125
Investment expense	(18,007)	-	(974)	(18,981)
Total Non-Operating Revenue (Expense)	(15,882)	-	(974)	(16,856)
Income (loss) before transfers	84,161	(16,120)	17,628	85,669
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Net transfers	-	-	-	-
Change in Net Assets	84,161	(16,120)	17,628	85,669
Total Net Assets, beginning of year	2,411,745	43,813	111,380	2,566,938
Total Net Assets, end of year	\$ 2,495,906	\$ 27,693	\$ 129,008	\$ 2,652,607

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2008

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 204,736	\$ 122,700	\$ 62,785	\$ 390,221
Cash received from intergovernmental	247,797	-	9,055	256,852
Cash received from miscellaneous sources	-	-	10,276	10,276
Cash payments to employees and to suppliers for goods and services	<u>(216,122)</u>	<u>(134,221)</u>	<u>(46,165)</u>	<u>(396,508)</u>
Net cash provided by operating activities	<u>236,411</u>	<u>(11,521)</u>	<u>35,951</u>	<u>260,841</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(255,377)	-	-	(255,377)
Principal paid	(17,904)	-	(17,074)	(34,978)
Interest expense	(18,007)	-	(974)	(18,981)
Borrowed from other funds	<u>65,072</u>	<u>-</u>	<u>(1,120)</u>	<u>63,952</u>
Net cash provided (used) by capital and related financing activities	<u>(226,216)</u>	<u>-</u>	<u>(19,168)</u>	<u>(245,384)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	2,125	-	-	2,125
Security deposits	<u>(980)</u>	<u>-</u>	<u>-</u>	<u>(980)</u>
Net cash provided by investing activities	<u>1,145</u>	<u>-</u>	<u>-</u>	<u>1,145</u>
Net increase (decrease) in cash	11,340	(11,521)	16,783	16,602
Cash, beginning of year	<u>58,746</u>	<u>28,482</u>	<u>105,901</u>	<u>193,129</u>
Cash, end of year	<u>\$ 70,086</u>	<u>\$ 16,961</u>	<u>\$ 122,684</u>	<u>\$ 209,731</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 100,043	\$ (16,120)	\$ 18,602	\$ 102,525
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	146,755	-	17,349	164,104
Changes in assets and liabilities:				
(Increase) decrease in receivables	(12,979)	(2,999)	-	(15,978)
Increase (decrease) in accounts payable	1,056	13,305	-	14,361
Increase (decrease) in compensated absences	1,536	-	-	1,536
(Increase) decrease in due from other funds	-	(5,707)	-	(5,707)
Total	<u>136,368</u>	<u>4,599</u>	<u>17,349</u>	<u>158,316</u>
Net cash provided (used) by operating activities	<u>\$ 236,411</u>	<u>\$ (11,521)</u>	<u>\$ 35,951</u>	<u>\$ 260,841</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Proprietary Funds
 Water/Sewer Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 209,068	\$ 209,068	\$ 204,736	\$ (4,332)
State sources	-	-	247,797	247,797
Interest income	324	324	2,125	1,801
Total revenues	<u>\$ 209,392</u>	<u>\$ 209,392</u>	<u>\$ 454,658</u>	<u>\$ 245,266</u>
EXPENDITURES				
Personal services	\$ 116,046	\$ 116,046	\$ 93,189	\$ 22,857
Maintenance and operations	64,791	64,791	122,933	(58,142)
Capital outlay	3,000	3,000	255,377	(252,377)
Revenue bonds principle	-	-	5,800	(5,800)
Loan principle	15,242	15,242	12,104	3,138
Interest expense	-	-	18,007	(18,007)
Total expenditures	<u>\$ 199,079</u>	<u>\$ 199,079</u>	<u>\$ 507,410</u>	<u>\$ (308,331)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		
REVENUES				
Budgetary basis			\$ 454,658	
(Increase) in receivables			<u>(12,979)</u>	
Modified accrual basis			<u>\$ 467,637</u>	
EXPENDITURES				
Budgetary Basis			\$ 507,410	
Depareciation			146,755	
Bonds paid			(5,800)	
Loans paid			(12,104)	
Capital assets reclassified			(255,377)	
Decrease in accounts payable			1,056	
Decrease in compensated absenses			<u>1,536</u>	
Modified accrual basis			<u>\$ 383,476</u>	

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Proprietary Funds
 Solid Waste Funds
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 122,473	\$ 122,473	\$ 122,700	\$ 227
Environmental gross receipts tax	-	-	-	-
Total revenues	<u>\$ 122,473</u>	<u>\$ 122,473</u>	<u>\$ 122,700</u>	<u>\$ 227</u>
EXPENDITURES				
Personal services	\$ -	\$ -	\$ -	\$ -
Maintenance and operations	106,272	106,272	134,221	(27,949)
Total expenditures	<u>\$ 106,272</u>	<u>\$ 106,272</u>	<u>\$ 134,221</u>	<u>\$ (27,949)</u>
REVENUES				
Budgetary basis			\$ 122,700	
Increase in receivables			8,707	
Modified accrual basis			<u>\$ 131,407</u>	
EXPENDITURES				
Budgetary basis			\$ 134,221	
Increase in payables			13,306	
Modified accrual basis			<u>\$ 147,527</u>	

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Proprietary Funds
Ambulance Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 82,418	\$ 82,418	\$ 62,785	\$ (19,633)
Local sources	6,214	6,214	10,276	4,062
State sources	<u>9,100</u>	<u>9,100</u>	<u>9,055</u>	<u>(45)</u>
Total revenues	<u>\$ 97,732</u>	<u>\$ 97,732</u>	<u>\$ 82,116</u>	<u>\$ (15,616)</u>
EXPENDITURES				
Maintenance and operations	\$ 60,663	\$ 60,663	\$ 46,165	\$ 14,498
Capital outlay	35,357	35,357	-	35,357
Principal bond	-	-	17,074	(17,074)
Interest expense	<u>-</u>	<u>-</u>	<u>974</u>	<u>(974)</u>
Total expenditures	<u>\$ 96,020</u>	<u>\$ 96,020</u>	<u>\$ 64,213</u>	<u>\$ 31,807</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		
REVENUES				
Budgetary basis			\$ 82,216	
Difference			<u>-</u>	
Modified accrual basis			<u>\$ (82,216)</u>	
EXPENDITURES				
Budgetary basis			\$ 64,213	
Depareciation			17,349	
Bond principal paid			<u>(17,074)</u>	
Modified accrual basis			<u>\$ 64,488</u>	

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

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Schedule of Changes in
 Assets and Liabilities -
 Agency Funds
 Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS				
Cash	\$ 1,135	\$ 45,041	\$ 45,844	\$ 332
Total assets	<u>\$ 1,135</u>	<u>\$ 45,041</u>	<u>\$ 45,844</u>	<u>\$ 332</u>
LIABILITIES				
Due to bond holders	\$ 1,699	\$ 1,800	\$ 3,399	\$ 100
Due to other agencies	(564)	43,241	42,445	232
Total liabilities	<u>\$ 1,135</u>	<u>\$ 45,041</u>	<u>\$ 45,844</u>	<u>\$ 332</u>

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Component Unit
Housing Authority
Statement of Cash Flows
For the Year Ended June 30, 2008

	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 32,225
Cash payments to employees	(37,104)
Cash payments to suppliers for goods and services	(42,882)
Net cash provided by operating activities	(47,761)
CASH FLOWS FROM FINANCING ACTIVITIES	
Subsidy from federal grant	27,123
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grant	32,688
Acquisition of capital assets	(16,756)
Net cash provided by capital and related financing activities	15,932
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	974
Net increase (decrease) in cash	(3,732)
Cash, beginning of year	27,339
Cash, end of year	\$ 23,607
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (72,062)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	22,125
Changes in assets and liabilities:	
Accounts receivable	(100)
Deferred credits	2,044
Prepaid rent	205
Prepaid items	38
Accounts payable	107
Customer deposits	113
Accrued payroll	256
Inventory	(487)
Total	24,301
Net cash (used) by operating activities	\$ (47,761)

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

Rice and Associates, C.P.A.

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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**

Mr. Hector H. Balderas
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Cimarron
Cimarron, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General Fund and Fire Protection Fund of the Village of Cimarron, as of and for the year ended June 30, 2008, and have issued our report thereon dated June 30, 2009. We also have audited the financial statements of each of the Village of Cimarron's non-major governmental funds and proprietary funds and budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying Status of Comments to be significant deficiencies in internal control over financial reporting. Those significant deficiencies are described as 03-03 Budget Overruns, 03-04 Old Meter Deposits, 03-05 Water Meter Deposits, 03-06 Imprest Bank Account, 06-02 DFA Quarterly Report Incorrect, 07-02 Receipt of Goods, 08-01 Reimbursement Claims Submitted But Not Collected, 08-02 Direct Payments Not Posted, and 08-03 Enterprise Fund Debt.

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 Village'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 the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Status of Comments as 02-02 Late Audit Report, 03-03 Budget Overruns, 06-02 DFA Quarterly Report Incorrect and 07-02 Receipt of Goods.

The Village of Cimarron's responses to the findings identified in our audit are described in the accompanying Status of Comments and Responses. We did not audit the Village of Cimarron's responses and, accordingly, we express no opinion on them.

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

Price & Associates, C.P.A.

June 30, 2009

STATUS OF COMMENTS

Prior Year Audit Findings

1. Late Audit Report (02-02) - Repeated.
2. Sales Taxes Paid (03-01) - Resolved.
3. Budget Overruns (03-03) - Repeated.
4. Old Meter Deposits (03-04) - Repeated.
5. Water Meter Deposits (03-05) - Repeated.
6. Imprest Bank Account(03-06) - Repeated.
7. Rental Agreement (05-03) - Resolved.
8. Penalties and Interest Charged (06-01) - Resolved.
9. DFA Quarterly Report Incorrect (06-02) - Repeated.
10. Agency Fund Overdraft (07-01) - Resolved.
11. Receipt of Goods (07-02) - Repeated.

Current Year Audit Findings

1. Reimbursement Claims Submitted But Not Collected (08-01)
2. Direct Payments Not Posted (08-02)
3. Enterprise Fund Debt (08-03)

Component Unit Audit Findings

Prior Year

1. Lack of Complete Capital Assets Schedule (06-03) - Repeated.
2. Cell Phone Overages Not Reimbursed (06-04) - Resolved.

Current Year

NONE

Late Audit Report
(02-02)

CONDITION	The audit report was submitted to the State Auditor after the required deadline of December 1, 2008. The State Auditors Office received the audit report on July 15, 2009.
CRITERIA	Village audits are required to be submitted to the State Auditor by December 1 as required by NMAC 2.2.2.9A(1)(d).
CAUSE	The 2007 audit report was late. This situation then forced the 2008 audit report to be late.
EFFECT	NMAC 2.2.2.9A(1)(d) was not followed.
RECOMMENDATION	The Village should work closely with the new State Auditor to ensure all future audits are prepared timely.
RESPONSE	Once our audits are caught up our audits will be conducted on a timely basis.

Budget Overruns
(03-03)

CONDITION The Village had a budget overrun in the General Fund in the amount of \$57,756. The Village also had a budget overrun in the Non-Major Special Law Enforcement Protection Fund in the amount of \$4,385. The Non-Major Special Revenue Recreation Fund overrun was in the amount of \$1,379. The Non-Major Special Revenue Lodgers Tax Fund overrun was in the amount of \$1,249. The Proprietary Water/Sewer Fund overrun was \$308,331 and the Proprietary Solid Waste Fund overrun was \$27,949.

CRITERIA According to State Statute 6-6-2 and 6-6-6 NMSA 1978 all expenditures may not exceed approved budgets.

 Also, DFA's Local Government Division regulations address budget requirements needed by the Village.

CAUSE Budgetary adjustments did not occur to correct budget deficits.

EFFECT Department of Finance and Administration regulations have not been adhered to.

RECOMMENDATION Review financial statements periodically for possible overruns and request the appropriate budgetary increases before expenditures exceed budget.

RESPONSE We are now requesting budget adjustments along with a resolution with the Village Council and filing them with the DFA.

Old Meter Deposits
(03-04)

CONDITION	The Village has failed to create a policy providing guidance on when meter deposits could be returned after a designated time period.
CRITERIA	The Village may determine that meter deposits could be returned after a certain time period, instead of keeping them indefinitely.
CAUSE	Management was unaware they could prepare such a policy.
EFFECT	Staff time is wasted on keeping track of \$5 meter deposits that are over 10 years old.
RECOMMENDATION	The Village should prepare a policy as soon as possible and return these deposits.
RESPONSE	The Village Council will be updating the Ordinance #244, where as it will state that deposits will be paid back after a good payment history.

Water Meter Deposits
(03-05)

CONDITION	The Village is not reconciling their monthly water meter deposit to the restricted bank account each month. As of June 30, 2007 the Meter Deposit List had \$1,678 more due to constituents than money available in the restricted bank account. Also, these monthly listings are not created on the last day of each month.
CRITERIA	The monthly meter deposit list should be reconciled and agree to the reconciled bank account each month. This complies with good accounting practices.
CAUSE	Management is aware of this situation but has not completed an accurate meter deposit list and reconciled it to the reconciled bank account on a monthly basis.
EFFECT	Available resources could not be budgeted for and used in the Water Fund.
RECOMMENDATION	Management should designate an employee to perform this duty each month, identify differences and resolve those differences.
RESPONSE	Village staff are currently entering the information into the Caselle program for monthly reviews and reporting.

Imprest Bank Account
(03-06)

CONDITION	The Payroll imprest bank account is not being reconciled correctly. The monthly reconciled balance is not the same each month.
CRITERIA	All imprest accounts should be reconciled correctly monthly, resulting in a zero balance. This complies with good accounting practices.
CAUSE	Prior management was not reconciling this account at all. Current management understands that it should be reconciled and is trying diligently to do so.
EFFECT	The General Fund would have to cover any cash deficiencies that might occur.
RECOMMENDATION	Management has obtained guidance from outside sources on how to reconcile this account. However, management should continue to ensure this account is reconciled correctly.
RESPONSE	The account will be reconciled monthly in 2008-2009 fiscal year.

DFA Quarterly Report Incorrect
(06-02)

CONDITION	Management of the Village did not prepare the end of year quarterly report correctly.
CRITERIA	According to Statute 6-6-3 NMSA 1978 all local governments are to submit an accurate quarterly performance report to the Department of Finance and Administration.
CAUSE	A change in management occurred during the year.
EFFECT	The Village books of record could not be traced and compared to the DFA quarterly report.
RECOMMENDATION	Village management should obtain training in the preparation of the report so all future reports will be submitted correctly.
RESPONSE	The new software is in place and is being reviewed monthly for accuracy. Personnel training is ongoing.

Receipt of Goods
(07-02)

CONDITION	Management of the Village has not designated an employee to review all items received (including the packing slips) and signing off showing that the Village can now properly pay for those items.
CRITERIA	All goods and services should be verified as received before payment is made. This is good accounting practice.
CAUSE	It is unclear why management is not performing this procedure.
EFFECT	Goods and/or services may be paid for without actually receiving them.
RECOMMENDATION	Village management should designate an employee with the responsibilities of signing off on all goods received.
RESPONSE	The Village has bought a stamp to be used to verify when and who received all incoming items.

Reimbursement Claims Submitted But Not Collected
(08-01)

CONDITION	The Police Department submitted \$1,596 in reimbursement requests to the New Mexico Department of Transportation. However, these monies were never collected.
CRITERIA	All grant monies should be requested and collected in a timely basis before any applicable deadlines to ensure all grants are utilized.
CAUSE	A change over in staff in the Police Department occurred.
EFFECT	The Village did not receive \$1,596 from ODWI/OBD grants.
RECOMMENDATION	The Village should implement procedures to ensure all monies owed to the Village are collected in a timely manner.
RESPONSE	Village management is bringing all the Public Safety grants into the Administration Department of the Village (from the Police Department) as of July 1, 2009.

Direct Payments Not Posted
(08-02)

CONDITION	The Village had \$172,675 worth of SAP monies paid directly to a vendor, however, never shown on the Village's books of record.
CRITERIA	All transactions of the Village are to be posted to the books of record.
CAUSE	Management was not completing this procedure.
EFFECT	The total \$172,675 was not being included in the original books of record. Thus, if not posted could have understated revenues and capital assets.
RECOMMENDATION	Management should implement procedures to ensure these transactions are included in the 2009 books of record.
RESPONSE	Village management has posted all required journal entries for the 2008-2009 fiscal year.

Enterprise Fund Debt
(08-03)

CONDITION

The Enterprise Fund (Water/Sewer Fund and Solid Waste Fund) have been borrowing monies from the General Fund to pay debt for the past two years. There are not enough monies from the user charges to pay these monies back to the General Fund. This means that the Village needs to increase user rates so as to keep up with the expenses associated with these services.

CRITERIA

Enterprise Funds need to charge a user rate adequate to cover all expenses and to cover any future repairs and maintenance of the capital assets.

CAUSE

The Village has not increased user rates adequately over the years.

EFFECT

The General Fund is being used to cover Enterprise Fund expenses at amounts that appear excessive.

RECOMMENDATION

The Village should increase user rates immediately and reimburse the General Fund for all monies borrowed.

RESPONSE

The Village is analyzing the current utility rate and it is being discussed with the Council and should be updated by December, 2009.

**COMPONENT UNIT
AUDIT FINDINGS**

Component Unit Finding

Lack of Complete Capital Assets Schedule
(06-03)

CONDITION	Housing Authority does not keep a detailed listing of capital asset schedules.
CRITERIA	Good internal controls require that subsidiary ledgers be maintained to support general ledger entries. New Mexico State Auditor Rule 2.2.2.10 NMAC requires a schedule of capital assets be maintained.
CAUSE	Inconsistency of management personnel and fee accountant changes.
EFFECT	Although a summary depreciation schedule by asset type is maintained, there is no schedule to support capital asset balances recorded in the financial statements. Non-compliance with New Mexico State Auditor Rule 2.2.2.10 NMAC.
RECOMMENDATION	Detailed subsidiary ledgers be kept to support general ledger entries.
RESPONSE	The Cimarron Housing Authority has contacted the Fee Accountant to obtain an inventory module and bring the capital assets inventory up to date and maintain the schedule.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2008 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 112. However, these financial statements are the responsibility of the Village of Cimarron's management.

EXIT CONFERENCE

An exit conference was held at the Village on June 30, 2009, to discuss the current audit report and auditors' comments. In attendance were Ms. Mindy Cahill, Village Clerk/Administrator, Ms. Linda Pavletich, Mayor, Ms. Sherry Wolf, Accounting Consultant, Ms. Jessica Espinoza, Financial Officer/Deputy Clerk, Ms. Charlene Carlisle, Chairperson, Village of Cimarron Housing Authority and Ms. Pamela A. Rice, CPA, Contract Auditor.