

***STATE OF NEW MEXICO***

***VILLAGE OF CIMARRON***

***AUDIT REPORT***

***FOR THE YEAR ENDED JUNE 30, 2009***

***(WITH AUDITOR'S REPORT THEREON)***

***RICE & ASSOCIATES***  
***CERTIFIED PUBLIC ACCOUNTANTS***

STATE OF NEW MEXICO

VILLAGE OF CIMARRON

AUDIT REPORT

For The Year Ended June 30, 2009

(with Auditor's Report Thereon)

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VILLAGE OF CIMARRON  
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STATE OF NEW MEXICO  
VILLAGE OF CIMARRON  
Official Roster  
Year Ended June 30, 2009

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

Mr. Robert Portillos	Acting Executive Director
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# *Rice and Associates, C.P.A.*

AUDITING  
BOOKKEEPING  
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS  
11805 Menaul NE  
Albuquerque, NM 87112

TAX PLANNING  
TAX PREPARATION  
FAX (505) 294-8904

## INDEPENDENT AUDITOR'S REPORT

Mr. 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, 2009, 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, 2009 as listed in the table of contents. We did not audit the financial statements of the Village of Cimarron Public Housing Authority, a component unit of the Village of Cimarron which statements reflect total assets of \$493,735 as of June 30, 2009, and net operating revenues of \$85,098 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for the Village of Cimarron, is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Cimarron, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General, Fire Protection and Correction Fees 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 May 3, 2010 on our consideration of the Village of Cimarron'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.

 *Handwritten signature of the auditor, likely from the firm mentioned in the text.*

May 3, 2010

**FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
VILLAGE OF CIMARRON  
Statement of Net Assets  
June 30, 2009

Statement 1

	Governmental Activities	Business-Type Activities	Housing Authority Component Unit
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 369,125	\$ 176,683	\$ 32,325
Accounts receivable (net)	94,253	35,676	3,792
Prepaid assets	-	-	1,649
Due from other funds	83,864	-	-
Total current assets	<u>547,242</u>	<u>212,359</u>	<u>37,766</u>
<b>Restricted Assets</b>			
Cash	-	45,379	2,474
Total restricted assets	<u>-</u>	<u>45,379</u>	<u>2,474</u>
<b>Capital Assets</b>			
Land (non-depreciable)	117,880	58,000	18,600
Capital assets, net of depreciation	1,640,635	3,382,514	434,895
Total capital assets	<u>1,758,515</u>	<u>3,440,514</u>	<u>453,495</u>
Total assets	<u>\$ 2,305,757</u>	<u>\$ 3,698,252</u>	<u>\$ 493,735</u>
<b>Current Liabilities</b>			
Interst payable	\$ 2,110	\$ -	\$ -
Accounts payable	4,220	13,102	2,543
Deposits payable	-	36,105	3,448
NMFA Loan (current portion)	18,673	25,026	-
Revenue bonds payable (current portion)	-	4,000	-
RUS bonds payable	-	1,900	-
Due to other funds	-	83,864	-
Deferred revenue	-	-	-
Total current liabilities	<u>25,003</u>	<u>163,997</u>	<u>5,991</u>
<b>Non-Current Liabilities</b>			
Compensated absences payable	7,274	8,188	-
NMFA Loan (non-current portion)	78,557	126,772	-
Revenue bonds payable	-	97,000	-
RUS bonds payable	-	179,225	-
Total non-current liabilities	<u>85,831</u>	<u>411,185</u>	<u>-</u>
Total liabilities	<u>110,834</u>	<u>575,182</u>	<u>5,991</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	1,659,175	3,006,591	453,495
Restricted for Debt Service	-	9,274	-
Unrestricted	535,748	107,205	34,249
Total net assets	<u>2,194,923</u>	<u>3,123,070</u>	<u>487,744</u>
Total liabilities and net assets	<u>\$ 2,305,757</u>	<u>\$ 3,698,252</u>	<u>\$ 493,735</u>

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, 2009

Statement 2

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	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 412,740	\$ 21,496	\$ 23,780	\$ 12,000	\$ (355,464)	\$ -	\$ (355,464)	\$ -
Highways and streets	66,699	-	-	91,696	24,997	-	24,997	-
Public safety	235,980	140,948	123,468	-	28,436	-	28,436	-
Culture and recreation	30,942	-	-	-	(30,942)	-	(30,942)	-
Health and welfare	3,623	989	2,500	-	(134)	-	(134)	-
Depreciation - unallocated	111,434	-	-	-	(111,434)	-	(111,434)	-
Total governmental activities	861,418	163,433	149,748	103,696	(444,541)	-	(444,541)	-
Business-type activities:								
Water/Sewer services	318,621	208,773	-	498,974	-	389,126	389,126	-
Solid waste services	139,057	127,045	-	-	-	(12,012)	(12,012)	-
Ambulance services	84,532	71,163	23,381	-	-	10,012	10,012	-
Total business-type activities	542,210	406,981	23,381	498,974	-	387,126	387,126	-
Total all activities	<u>\$ 1,403,628</u>	<u>\$ 570,414</u>	<u>\$ 173,129</u>	<u>\$ 602,670</u>	(444,541)	387,126	(57,415)	-
<b>Component Unit:</b>								
Housing Authority	<u>\$ 96,251</u>	<u>\$ 35,002</u>	<u>\$ 49,755</u>	<u>\$ -</u>	-	-	-	(11,494)
General Revenues:								
Property taxes					56,561	-	56,561	-
Gross receipts taxes					258,814	5,790	264,604	-
Franchise taxes					23,171	-	23,171	-
Gas tax					16,315	-	16,315	-
MVD fees					1,547	-	1,547	-
Cigarette taxes					740	-	740	-
Lodgers taxes					15,283	-	15,283	-
State aid not restricted to special purpose								
General					155,780	-	155,780	-
Transfers					(71,826)	71,826	-	-
Investment earnings					4,298	5,720	10,018	341
Total general revenues and transfers					460,683	83,336	544,019	341
Change in net assets					16,142	470,462	486,604	(11,153)
Net assets - beginning of year					2,178,781	2,652,608	4,831,389	498,897
Net assets - end of year					<u>\$ 2,194,923</u>	<u>\$ 3,123,070</u>	<u>\$ 5,317,993</u>	<u>\$ 487,744</u>

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

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

Statement 3

	General	Fire Protection Fund	Correction Fees Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash on deposit	\$ 224,545	\$ 44,380	\$ 89,800	\$ 10,400	\$ 369,125
Accounts receivable	91,295	-	1,120	1,838	94,253
Due from other funds	83,864	-	-	-	83,864
	<u>399,704</u>	<u>44,380</u>	<u>90,920</u>	<u>12,238</u>	<u>547,242</u>
Total assets	<u>\$ 399,704</u>	<u>\$ 44,380</u>	<u>\$ 90,920</u>	<u>\$ 12,238</u>	<u>\$ 547,242</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 4,220	\$ -	\$ -	\$ -	\$ 4,220
Due to other funds	-	-	-	-	-
	<u>4,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,220</u>
Total liabilities	<u>4,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,220</u>
<b>FUND BALANCE</b>					
Unreserved:					
Designated for subsequent years expenditures	-	-	-	-	-
Undesignated reported in:					
General fund	395,484	-	-	-	395,484
Special revenue funds	-	44,380	90,920	12,238	147,538
Capital project funds	-	-	-	-	-
	<u>395,484</u>	<u>44,380</u>	<u>90,920</u>	<u>12,238</u>	<u>543,022</u>
Total fund balance	<u>395,484</u>	<u>44,380</u>	<u>90,920</u>	<u>12,238</u>	<u>543,022</u>
Total liabilities and fund balance	<u>\$ 399,704</u>	<u>\$ 44,380</u>	<u>\$ 90,920</u>	<u>\$ 12,238</u>	<u>\$ 547,242</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, 2009

Statement 4

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

Total fund balances - governmental funds	\$	543,022
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

The cost of capital assets	4,004,509	
Accumulated depreciation	<u>(2,245,994)</u>	
		1,758,515

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	(2,110)	
NMFA loan payable	(97,230)	
Compensated absences	<u>(7,274)</u>	
		<u>(106,614)</u>

Net assets of governmental activities	\$	<u><u>2,194,923</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
VILLAGE OF CIMARRON  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2009

Statement 5

	General Fund	Fire Protection Fund	Correction Fees Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 56,561	\$ -	\$ -	\$ 15,283	\$ 71,844
Franchise taxes	23,171	-	-	-	23,171
Gross receipts taxes	120,666	-	-	-	120,666
Gas tax	16,315	-	-	-	16,315
Rent	10,469	-	-	-	10,469
MVD fees	1,547	-	-	-	1,547
Charges for services	6,576	-	-	989	7,565
Licenses and permits	4,451	-	-	-	4,451
Fines and forfeitures	124,608	-	16,340	-	140,948
Local sources	23,780	6,564	-	2,500	32,844
State sources	247,476	67,310	-	20,600	335,386
Federal sources	40,994	-	-	-	40,994
State shared taxes	138,148	-	-	740	138,888
Earnings from investments	4,285	-	-	13	4,298
<b>Total revenues</b>	<b>819,047</b>	<b>73,874</b>	<b>16,340</b>	<b>40,125</b>	<b>949,386</b>
<b>EXPENDITURES</b>					
Current:					
General government	412,712	-	-	-	412,712
Highways and streets	66,699	-	-	-	66,699
Public safety	179,615	33,970	238	20,047	233,870
Culture and recreation	10,147	-	-	20,795	30,942
Health & welfare	-	-	-	3,623	3,623
Capital outlay	126,803	33,696	-	-	160,499
Debt service:					
Bonds paid	-	18,371	-	-	18,371
Interest paid	-	2,411	-	-	2,411
<b>Total expenditures</b>	<b>795,976</b>	<b>88,448</b>	<b>238</b>	<b>44,465</b>	<b>929,127</b>
Excess (deficiency) revenues over expenditures	23,071	(14,574)	16,102	(4,340)	20,259
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	37,485	-	-	-	37,485
Operating transfers (out)	(71,826)	-	-	(37,485)	(109,311)
<b>Total other financing sources (uses)</b>	<b>(34,341)</b>	<b>-</b>	<b>-</b>	<b>(37,485)</b>	<b>(71,826)</b>
Net change in fund balances	(11,270)	(14,574)	16,102	(41,825)	(51,567)
Fund balance beginning of year	406,754	58,954	74,818	54,063	594,589
Fund balance end of year	<b>\$ 395,484</b>	<b>\$ 44,380</b>	<b>\$ 90,920</b>	<b>\$ 12,238</b>	<b>\$ 543,022</b>

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

STATE OF NEW MEXICO  
VILLAGE OF CIMARRON

Statement 6

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

Net change in fund balances - total governmental funds \$ (51,567)

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

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

Capital outlays	160,500
Depreciation expense	<u>(111,434)</u>

Excess of capital outlay over depreciation expense 49,066

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	301
Compensated absences payable	(29)

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

18,371

Change in net assets of governmental activities \$ 16,142

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 54,112	\$ 54,112	\$ 56,561	\$ 2,449
Franchise taxes	26,123	26,123	23,171	(2,952)
Gross receipts taxes	126,518	126,518	121,631	(4,887)
Gas tax	16,280	16,280	16,315	35
Rent	14,832	14,832	10,469	(4,363)
MVD fees	2,400	2,400	1,547	(853)
Charges for services	679	679	6,576	5,897
Licenses and permits	7,736	7,736	4,451	(3,285)
Fines and forfeitures	119,355	119,355	124,608	5,253
Local sources	667,340	667,340	23,780	(643,560)
State sources	139,000	155,780	188,112	32,332
Federal sources	-	-	40,994	40,994
State shared taxes	147,272	147,272	136,632	(10,640)
Earnings from investments	17,000	17,000	4,285	(12,715)
<b>Total revenues</b>	<b><u>\$ 1,338,647</u></b>	<b><u>\$ 1,355,427</u></b>	<b><u>\$ 759,132</u></b>	<b><u>\$ (596,295)</u></b>
<b>EXPENDITURES</b>				
General government	\$ 547,843	\$ 547,843	\$ 418,406	\$ 129,437
Highways and streets	522,858	522,858	66,699	456,159
Public safety	181,371	181,371	179,615	1,756
Culture and recreation	10,000	10,000	10,147	(147)
Capital outlay	-	-	126,803	(126,803)
<b>Total expenditures</b>	<b><u>\$ 1,262,072</u></b>	<b><u>\$ 1,262,072</u></b>	<b><u>\$ 801,670</u></b>	<b><u>\$ 460,402</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 37,485	\$ 37,485	\$ -
Transfers out	(20,858)	(44,622)	(71,826)	(27,204)
<b>Total expenditures</b>	<b><u>\$ (20,858)</u></b>	<b><u>\$ (7,137)</u></b>	<b><u>\$ (34,341)</u></b>	<b><u>\$ (27,204)</u></b>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>		

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources	\$ 14,800	\$ 14,800	\$ 6,564	\$ (8,236)
State sources	<u>81,667</u>	<u>81,667</u>	<u>67,310</u>	<u>(14,357)</u>
Total revenues	<u><b>\$ 96,467</b></u>	<u><b>\$ 96,467</b></u>	<u><b>\$ 73,874</b></u>	<u><b>\$ (22,593)</b></u>
<b>EXPENDITURES</b>				
Public safety	\$ 126,350	\$ 126,350	\$ 88,448	\$ 37,902
Total expenditures	<u><b>\$ 126,350</b></u>	<u><b>\$ 126,350</b></u>	<u><b>\$ 88,448</b></u>	<u><b>\$ 37,902</b></u>
BUDGETED CASH BALANCE	<u><b>\$ 29,883</b></u>	<u><b>\$ 29,883</b></u>		

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

STATE OF NEW MEXICO  
 VILLAGE OF CIMARRON  
 Correction Fees Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 24,000	\$ 24,000	\$ 24,550	\$ 550
Total revenues	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 24,550</u>	<u>\$ 550</u>
EXPENDITURES				
Public safety	\$ 24,000	\$ 24,000	\$ 238	\$ 23,762
Total expenditures	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 238</u>	<u>\$ 23,762</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, 2009

Statement 10

	Enterprise Fund
<b>ASSETS</b>	
Current Assets	
Cash on deposit	\$ 176,683
Accounts receivable (net)	35,676
Due from other funds	1,120
Total Current Assets	213,479
Restricted Assets (Cash)	
Customer meter deposits	36,208
Debt service	9,171
Total Restricted Assets (Cash)	45,379
Property, Plant and Equipment	
Land	58,000
Equipment	482,964
Heavy equipment	59,800
Vehicles	216,723
Plant	5,863,703
Accumulated depreciation	(3,240,676)
Total Property, Plant and Equipment	3,440,514
Total Assets	\$ 3,699,372
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 13,102
Due to other funds	84,984
Customer meter deposits payable from Restricted Assets	36,105
Revenue bonds payable	4,000
RUS Bonds payable	1,900
Loans payable	25,026
Total Current Liabilities	165,117
Long-Term Liabilities	
Compensated absences	8,188
Revenue bonds payable	97,000
RUS Bonds payable	179,225
Loan payable	126,772
Total Long-Term Liabilities	411,185
<b>NET ASSETS</b>	
Invested in Capital Assets, net of related debt	3,006,591
Restricted for debt service	9,274
Unrestricted	107,205
Total Net Assets	3,123,070
Total Liabilities and Net Assets	\$ 3,699,372

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, 2009

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Sales and services	\$ 406,981
Environmental gross receipts taxes	5,790
Intergovernmental	515,600
Miscellaneous	<u>6,755</u>
Total operating revenue	<u>935,126</u>
OPERATING EXPENSES	
Personal services	126,002
Maintenance and operations	306,577
Depreciation	<u>92,941</u>
Total operating expenses	<u>525,520</u>
Operating income (loss)	<u>409,606</u>
NON-OPERATING REVENUE (EXPENSE)	
Investment income	5,720
Investment expense	<u>(16,690)</u>
Total Non-Operating Revenue (Expense)	<u>(10,970)</u>
Income (loss) before transfers	<u>398,636</u>
Operating transfers in	71,826
Operating transfers out	<u>-</u>
Net transfers	<u>71,826</u>
Change in Net Assets	470,462
Total Net Assets, beginning of year	<u>2,652,608</u>
Total Net Assets, end of year	<u><b>\$ 3,123,070</b></u>

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, 2009

	Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 415,351
Cash received from intergovernmental	521,492
Cash received from miscellaneous sources	17,788
Cash payments to employees and to suppliers for goods and services	(439,487)
Net cash provided by operating activities	515,144
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of capital assets	(580,033)
Principal paid	(26,059)
Investment expense	(16,690)
Transferred from other funds	71,826
Loan proceeds	44,800
Net cash provided (used) by capital and related financing activities	(506,156)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment income	5,720
Security deposits	(2,378)
Net cash provided by investing activities	3,342
Net increase (decrease) in cash	12,330
Cash, beginning of year	209,732
Cash, end of year	\$ 222,062
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 409,606
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	92,942
Changes in assets and liabilities:	
(Increase) decrease in receivables	8,472
Increase (decrease) in accounts payable	(1,259)
Increase (decrease) in compensated absences	(650)
(Increase) decrease in due from other funds	11,033
Increase (decrease) in due to other funds	(5,000)
Total	105,538
Net cash provided (used) by operating activities	\$ 515,144

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, 2009

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,032
Total Assets	<u>\$ 1,032</u>
LIABILITIES	
Due to bond holders	\$ 400
Due to other agencies	<u>632</u>
Total Liabilities	<u>\$ 1,032</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, 2009

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 government's 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.

**Special Revenue Fund - 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.

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.

Debt Service Fund - This fund is used to account for the payment of Sales Tax Bonds principal and interest.

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

## Notes to Financial Statements (continued)

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. 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.

## Notes to Financial Statements (continued)

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

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

Notes to Financial Statements (continued)

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 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.

Notes to Financial Statements (continued)

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.

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 associates 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:

Notes to Financial Statements (continued)

1. The Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing July 1<sup>st</sup>. 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.
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.

Notes to Financial Statements (continued)

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.

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 \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

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

International State Bank	Checking-Municipal Bond Account	\$	400
International State Bank	Checking-Municipal Court Account		7,261
International State Bank	Checking-Water Meter Account		28,693
International State Bank	Checking-General Account		520,159
International State Bank	Checking-Solid Waste Account		32,000
International State Bank	Checking-Sewer Operating Account		12,785
International State Bank	Checking-Water Income Account		10,484
International State Bank	Checking-Payroll Account		7,303
International State Bank	Checking-RUS		48
International State Bank	Certificate of Deposit- Bond Reserve		9,123
International State Bank	Certificate of Deposit- Water Meter		12,353
International State Bank	Certificate of Deposit- General Account		21,999
	Total	<b>\$</b>	<b>662,608</b>
Total amount on deposit		\$	662,608
Rounding			(2)
Outstanding checks			(77,664)
Deposits in transit			7,277
Total per financial statements		<b>\$</b>	<b>592,219</b>



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, 2009	\$ 662,608
Less F.D.I.C.	<u>(293,475)</u>
Uninsured funds	369,133
50% Collateral requirement	184,567
Pledged collateral at June 30, 2009	<u>350,000</u>
Excess of pledged collateral	<u>\$ 165,433</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, 2009, \$369,133 of the Village's bank balance of \$662,608 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 19,133
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Villages name	<u>350,000</u>
Total	<u>\$ 369,133</u>

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

<u>Federal Reserve Bank, Denver, Colorado</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FHLB #3133XDTB7	9-14-2012	\$ 150,000
FHLB #3133MUGP4	11-13-2009	75,000
FFCB #31331X2Q4	9-04-2013	<u>125,000</u>
		<u>\$ 350,000</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	\$ -	\$ 37,216
Less allowance for uncollectible accounts	-	(2,000)
Subtotal	-	35,216
Franchise taxes	4,294	-
Property taxes	1,844	-
Gas taxes	792	-
Cigarette tax	86	-
Gross receipts tax	19,149	-
Lodgers tax	1,809	-
MVD fees	141	-
Fines & forfeitures	6,775	-
Intergovernmental	59,363	460
Total	<u>\$ 94,253</u>	<u>\$ 35,676</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 6-30-2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2009</u>	<u>Due Within One Year</u>
Compensated absences	\$ 7,244	\$ 29	\$ -	\$ 7,273	\$ -
NMFA Loan	115,601	-	18,371	97,230	18,673
Total	<u>\$122,845</u>	<u>\$ 29</u>	<u>\$ 18,371</u>	<u>\$ 104,503</u>	<u>\$ 18,673</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>
2010	\$ 18,673	\$ 2,110	\$ 20,783
2011	19,018	1,766	20,784
2012	19,407	1,378	20,785
2013	19,836	950	20,786
2014	20,296	491	20,787
	<b><u>\$ 97,230</u></b>	<b><u>\$ 6,695</u></b>	<b><u>\$ 103,925</u></b>

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 6-30-2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2009</u>	<u>Due Within One Year</u>
Water/Sewer Bonds	\$105,000	\$ -	\$ 4,000	\$ 101,000	\$ 4,000
Water Loan	117,224	-	10,226	106,998	10,532
Compensated absences	8,838	-	650	8,188	-
RUS Bonds	183,025	-	1,900	181,125	1,900
RIP Loan	-	44,800	-	44,800	14,494
Capital lease	9,933	-	9,933	-	-
Total	<b><u>\$424,020</u></b>	<b><u>\$ 44,800</u></b>	<b><u>\$ 26,709</u></b>	<b><u>\$ 442,111</u></b>	<b><u>\$ 30,926</u></b>

1985 Water and Sewer Revenue Bonds

Original amount \$140,000 payable in annual installments each January 1<sup>st</sup> 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>
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	5,000	4,150	9,150
2015-2019	30,000	16,700	46,700
2020-2024	39,000	8,350	47,350
2025	9,000	450	9,450
	<b><u>\$ 101,000</u></b>	<b><u>\$ 48,600</u></b>	<b><u>\$ 149,600</u></b>

Notes to Financial Statements (continued)

Water System Loan

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	13,743
	<b><u>\$ 106,998</u></b>	<b><u>\$ 16,683</u></b>	<b><u>\$ 123,681</u></b>

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>
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	2,300	7,465	9,765
2015-19	13,400	35,618	49,018
2020-24	16,900	32,240	49,140
2025-29	21,500	27,962	49,462
2030-34	26,900	22,572	49,472
2035-39	34,000	15,777	49,777
2040-44	43,000	7,202	50,202
2045	14,925	-	14,925
	<b><u>\$ 181,125</u></b>	<b><u>\$ 179,658</u></b>	<b><u>\$ 360,783</u></b>

RIP LOAN

Original amount \$44,800 payable in annual installments each June 1 through the year 2011. Interest is 3.00% 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>
2010	\$ 14,494	\$ 1,344	\$ 15,838
2011	14,929	909	15,838
2012	15,377	461	15,838
	<b><u>\$ 44,800</u></b>	<b><u>\$ 2,714</u></b>	<b><u>\$ 47,514</u></b>

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 \$36,105

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, 2008	Additions	Deletions	Balances June 30, 2009
Land	\$ 117,880	\$ -	\$ -	\$ 117,880
Buildings	1,685,139	26,392	-	1,711,531
Infrastructure	1,182,197	103,503	-	1,285,700
Vehicles	565,270	18,405	-	583,675
Equipment	293,523	12,200	-	305,723
Sub-total	<u>3,844,009</u>	<u>160,500</u>	<u>-</u>	<u>4,004,509</u>
Less: accumulated depreciation	<u>(2,134,560)</u>	<u>(111,434)</u>	<u>-</u>	<u>(2,245,994)</u>
Net capital assets	<u>\$ 1,709,449</u>	<u>\$ 49,066</u>	<u>\$ -</u>	<u>\$ 1,758,515</u>

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

	Balances June 30, 2008	Additions	Deletions	Balances June 30, 2009
Land	\$ 58,000	\$ -	\$ -	\$ 58,000
Equipment	535,733	15,880	(68,649)	482,964
Heavy equipment	-	59,800	-	59,800
Vehicles	216,723	-	-	216,723
Plant	5,290,701	504,353	68,649	5,863,703
Sub-total	<u>6,101,157</u>	<u>580,033</u>	<u>-</u>	<u>6,681,190</u>
Less: accumulated depreciation	<u>(3,147,734)</u>	<u>(92,942)</u>	<u>-</u>	<u>(3,240,676)</u>
Net capital assets	<u>\$ 2,953,423</u>	<u>\$ 487,091</u>	<u>\$ -</u>	<u>\$ 3,440,514</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 1<sup>st</sup> of each year, except on livestock, and are payable in two equal installments on November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> 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>Correction Fees Fund</u>	<u>Non- Major Special Revenue Fund</u>	<u>Non- Major Debt Service Fund</u>
<u>Revenues</u>					
Modified accrual basis	\$819,047	\$ 73,874	\$ 16,340	\$ 40,112	\$ 13
Budgetary basis	<u>759,132</u>	<u>73,874</u>	<u>24,550</u>	<u>40,648</u>	<u>13</u>
Increase (decrease) in receivables	<u>\$ 59,915</u>	<u>\$ -</u>	<u>\$ (8,210)</u>	<u>\$ (536)</u>	<u>\$ -</u>
<u>Expenditures</u>					
Modified accrual basis	\$795,976	\$ 88,448	\$ 238	\$ 44,465	\$ -
Budgetary basis	<u>801,670</u>	<u>88,448</u>	<u>238</u>	<u>44,465</u>	<u>-</u>
Increase (decrease) in payables	<u>\$ (5,694)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

10. BUDGET VIOLATIONS

The Special Revenue Law Enforcement Fund had a budget overrun of \$5,147. The Special Revenue Recreation Fund had a budget overrun of \$175. The Special Revenue Lodgers Tax Fund had a budget overrun of \$2,930. The Special Revenue Cemetery Fund had a budget overrun of \$2,288. The Enterprise Water/Sewer Fund had a budget overrun of \$84,182.

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, 2009, 2008, and 2007 were \$26,128, \$24,471 and \$20,603 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. 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.

15. TRANSFERS

The composition of interfund transfers for the Village during the year ended June 30 are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>
<u>General Fund</u>	<u>Water/Sewer Fund</u>
<u>\$ (71,826)</u>	<u>\$ 71,826</u>

This one time transfer from the General Fund to the Water/Sewer Fund for completion of Capital Projects.



**NON-MAJOR FUNDS**

STATE OF NEW MEXICO  
 VILLAGE OF CIMARRON  
 Non-Major Governmental Funds  
 Combining Balance Sheet - By Fund Type  
 June 30, 2009

	Special Revenue Funds	Debt Service Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
ASSETS			
Cash on deposit	\$ 10,400	\$ -	\$ 10,400
Accounts receivable	<u>1,838</u>	<u>-</u>	<u>1,838</u>
Total assets	<u><u>\$ 12,238</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,238</u></u>
 FUND BALANCE			
Unreserved:			
Designated for subsequent years expenditures	\$ -	\$ -	\$ -
Undesignated	<u>12,338</u>	<u>-</u>	<u>12,338</u>
Total fund balance	<u><u>\$ 12,338</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,338</u></u>

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, 2009

Statement A-2

	Special Revenue Funds	Debt Service Funds	Total
<b>REVENUES</b>			
Taxes	\$ 15,283	\$ -	\$ 15,283
Charges for services	989	-	989
Fines and forfeitures	-	-	-
Local sources	2,500	-	2,500
State sources	20,600	-	20,600
State shared taxes	740	-	740
Earnings from investments	-	13	13
	40,112	13	40,125
<b>EXPENDITURES</b>			
Current:			
Public safety	20,047	-	20,047
Culture and recreation	20,795	-	20,795
Health and welfare	3,623	-	3,623
Capital outlay	-	-	-
	44,465	-	44,465
Excess (deficiency) of revenues over expenditures	(4,353)	13	(4,340)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	(37,485)	(37,485)
	-	(37,485)	(37,485)
Total other financing sources (uses)	-	(37,485)	(37,485)
Net change in fund balance	(4,353)	(37,472)	(41,825)
Fund balance at beginning of year	16,591	37,472	54,063
Fund balance at end of year	\$ 12,238	\$ -	\$ 12,238

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 16,500	\$ 16,500	\$ 15,782	\$ (718)
Charges for services	-	-	989	989
Local sources	2,500	2,500	2,500	-
State sources	21,600	21,600	20,600	(1,000)
State shared taxes	1,500	1,500	777	(723)
	<u>\$ 42,100</u>	<u>\$ 42,100</u>	<u>\$ 40,648</u>	<u>\$ (1,452)</u>
<b>EXPENDITURES</b>				
Public safety	\$ 14,900	\$ 14,900	\$ 20,047	\$ (5,147)
Culture and recreation	17,690	17,690	20,795	(3,105)
Health and welfare	1,335	1,335	3,623	(2,288)
	<u>\$ 33,925</u>	<u>\$ 33,925</u>	<u>\$ 44,465</u>	<u>\$ (10,540)</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 13	\$ 13
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</u>
EXPENDITURES				
Bonds paid	\$ -	\$ -	\$ -	\$ -
Coupons paid	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING (USES)				
Transfer out	<u>\$ -</u>	<u>\$ (37,485)</u>	<u>\$ (37,485)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 37,485</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.

STATE OF NEW MEXICO  
 VILLAGE OF CIMARRON  
 Non-Major Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2009

	Law Enforcement Protection Fund	Recreation Fund	Cemetery Fund	Lodgers Tax Fund	Total
<b>ASSETS</b>					
Cash on deposit	\$ 559	\$ 1,851	\$ 7,775	\$ 215	\$ 10,400
Accounts receivable	<u>-</u>	<u>29</u>	<u>-</u>	<u>1,809</u>	<u>1,838</u>
Total assets	<u><u>\$ 559</u></u>	<u><u>\$ 1,880</u></u>	<u><u>\$ 7,775</u></u>	<u><u>\$ 2,024</u></u>	<u><u>\$ 12,238</u></u>
<b>FUND BALANCE</b>					
Unreserved:					
Undesignated	\$ 559	\$ 1,880	\$ 7,775	\$ 2,024	\$ 12,238
Total fund balance	<u><u>\$ 559</u></u>	<u><u>\$ 1,880</u></u>	<u><u>\$ 7,775</u></u>	<u><u>\$ 2,024</u></u>	<u><u>\$ 12,238</u></u>

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, 2009

	Law Enforcement Protection Fund	Recreation Fund	Cemetary Fund	Lodgers Tax Fund	Total
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 15,283	\$ 15,283
Charges for services	-	-	989	-	989
Fines and forfeitures	-	-	-	-	-
Local sources	-	-	2,500	-	2,500
State sources	20,600	-	-	-	20,600
State shared taxes	-	740	-	-	740
	<u>20,600</u>	<u>740</u>	<u>3,489</u>	<u>15,283</u>	<u>40,112</u>
Total revenues					
<b>EXPENDITURES</b>					
Current:					
Public safety	20,047	-	-	-	20,047
Culture and recreation	-	1,365	-	19,430	20,795
Health and welfare	-	-	3,623	-	3,623
	<u>20,047</u>	<u>1,365</u>	<u>3,623</u>	<u>19,430</u>	<u>44,465</u>
Total expenditures					
Net change in fund balance	553	(625)	(134)	(4,147)	(4,353)
Fund balance, beginning of year	<u>6</u>	<u>2,505</u>	<u>7,909</u>	<u>6,171</u>	<u>16,591</u>
Fund balance, end of year	<u>\$ 559</u>	<u>\$ 1,880</u>	<u>\$ 7,775</u>	<u>\$ 2,024</u>	<u>\$ 12,238</u>

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 21,600	\$ 21,600	\$ 20,600	\$ (1,000)
Total revenues	<u>\$ 21,600</u>	<u>\$ 21,600</u>	<u>\$ 20,600</u>	<u>\$ (1,000)</u>
EXPENDITURES				
Public safety	\$ 14,900	\$ 14,900	\$ 20,047	\$ (5,147)
Total expenditures	<u>\$ 14,900</u>	<u>\$ 14,900</u>	<u>\$ 20,047</u>	<u>\$ (5,147)</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State shared taxes	\$ 1,500	\$ 1,500	\$ 777	\$ (723)
Total revenues	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 777</u>	<u>\$ (723)</u>
<b>EXPENDITURES</b>				
Culture & recreation	\$ 1,190	\$ 1,190	\$ 1,365	\$ (175)
Total expenditures	<u>\$ 1,190</u>	<u>\$ 1,190</u>	<u>\$ 1,365</u>	<u>\$ (175)</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 989	\$ 989
Local sources	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total revenues	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 3,489</u>	<u>\$ 989</u>
EXPENDITURES				
Health and welfare	\$ 1,335	\$ 1,335	\$ 3,623	\$ (2,288)
Total expenditures	<u>\$ 1,335</u>	<u>\$ 1,335</u>	<u>\$ 3,623</u>	<u>\$ (2,288)</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 16,500	\$ 16,500	\$ 15,782	\$ (718)
Total revenues	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 15,782</u>	<u>\$ (718)</u>
EXPENDITURES				
Culture & recreation	\$ 16,500	\$ 16,500	\$ 19,430	\$ (2,930)
Total expenditures	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 19,430</u>	<u>\$ (2,930)</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, 2009

	<u>Sales Tax Bond Fund</u>
ASSETS	
Cash on deposit	\$ _____ -
Total assets	<u>\$ _____ -</u>
FUND BALANCE	
Reserved for debt service	\$ _____ -
Total fund balance	<u>\$ _____ -</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, 2009

	<u>Sales Tax Bond Fund</u>
REVENUES	
Taxes	\$ -
Earnings from investments	<u>13</u>
Total revenues	<u>13</u>
EXPENDITURES	
Bonds	-
Interest	<u>-</u>
Total expenditures	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>13</u>
OTHER FINANCING SOURCES (USES)	
Transfer out	<u>(37,485)</u>
Net change in fund balance	(37,472)
Fund balance at beginning of year	<u>37,472</u>
Fund balance at end of year	<u><u>\$ -</u></u>

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 13	\$ 13
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</u>
EXPENDITURES				
Bonds paid	\$ -	\$ -	\$ -	\$ -
Coupons paid	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
OTHER FINANCING (USES)				
Transfer out	<u>\$ -</u>	<u>\$ (37,485)</u>	<u>\$ (37,485)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ 37,485</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, 2009

Statement D-1

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Total
<b>ASSETS</b>				
Current Assets				
Cash on deposit	\$ 23,381	\$ 20,553	\$ 132,749	\$ 176,683
Accounts receivable (net)	22,727	12,949	-	35,676
Due from other funds	-	-	1,120	1,120
<b>Total Current Assets</b>	<b>46,108</b>	<b>33,502</b>	<b>133,869</b>	<b>213,479</b>
Restricted Assets (Cash)				
Customer meter deposits	36,208	-	-	36,208
Debt service	9,171	-	-	9,171
<b>Total Restricted Assets (Cash)</b>	<b>45,379</b>	<b>-</b>	<b>-</b>	<b>45,379</b>
Property, Plant and Equipment				
Land	58,000	-	-	58,000
Equipment	372,907	5,643	104,414	482,964
Heavy equipment	59,800	-	-	59,800
Vehicles	-	-	216,723	216,723
Plant	5,863,703	-	-	5,863,703
Accumulated depreciation	(2,919,047)	(5,643)	(315,986)	(3,240,676)
<b>Total Property, Plant and Equipment</b>	<b>3,435,363</b>	<b>-</b>	<b>5,151</b>	<b>3,440,514</b>
<b>Total Assets</b>	<b>\$ 3,526,850</b>	<b>\$ 33,502</b>	<b>\$ 139,020</b>	<b>\$ 3,699,372</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 1,072	\$ 12,030	\$ -	\$ 13,102
Due to other funds	84,984	-	-	84,984
Customer meter deposits payable from Restricted Assets	36,105	-	-	36,105
Revenue bonds payable	4,000	-	-	4,000
RUS bonds payable	1,900	-	-	1,900
Loans payable	25,026	-	-	25,026
<b>Total Current Liabilities</b>	<b>153,087</b>	<b>12,030</b>	<b>-</b>	<b>165,117</b>
Long-Term Liabilities				
Compensated absences	8,188	-	-	8,188
Revenue bonds payable	97,000	-	-	97,000
RUS bonds payable	179,225	-	-	179,225
Loan payable	126,772	-	-	126,772
<b>Total Long-Term Liabilities</b>	<b>411,185</b>	<b>-</b>	<b>-</b>	<b>411,185</b>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	3,001,440	-	5,151	3,006,591
Restricted for debt service	9,274	-	-	9,274
Unrestricted	(48,136)	21,472	133,869	107,205
<b>Total Net Assets</b>	<b>2,962,578</b>	<b>21,472</b>	<b>139,020</b>	<b>3,123,070</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,526,850</b>	<b>\$ 33,502</b>	<b>\$ 139,020</b>	<b>\$ 3,699,372</b>

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, 2009

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Totals
OPERATING REVENUES				
Sales and services	\$ 208,773	\$ 127,045	\$ 71,163	\$ 406,981
Environmental gross receipts taxes	-	5,790	-	5,790
Intergovernmental	498,974	-	16,626	515,600
Miscellaneous	-	-	6,755	6,755
Total operating revenue	<u>707,747</u>	<u>132,835</u>	<u>94,544</u>	<u>935,126</u>
OPERATING EXPENSES				
Personal services	126,002	-	-	126,002
Maintenance and operations	92,692	139,057	74,828	306,577
Depreciation	83,237	-	9,704	92,941
Total operating expenses	<u>301,931</u>	<u>139,057</u>	<u>84,532</u>	<u>525,520</u>
Operating income (loss)	<u>405,816</u>	<u>(6,222)</u>	<u>10,012</u>	<u>409,606</u>
NON-OPERATING REVENUE (EXPENSE)				
Investment income	5,720	-	-	5,720
Investment expense	(16,690)	-	-	(16,690)
Total Non-Operating Revenue (Expense)	<u>(10,970)</u>	<u>-</u>	<u>-</u>	<u>(10,970)</u>
Income (loss) before transfers	<u>394,846</u>	<u>(6,222)</u>	<u>10,012</u>	<u>398,636</u>
Operating transfers in	71,826	-	-	71,826
Operating transfers out	-	-	-	-
Net transfers	<u>71,826</u>	<u>-</u>	<u>-</u>	<u>71,826</u>
Change in Net Assets	466,672	(6,222)	10,012	470,462
Total Net Assets, beginning of year	<u>2,495,906</u>	<u>27,694</u>	<u>129,008</u>	<u>2,652,608</u>
Total Net Assets, end of year	<u>\$ 2,962,578</u>	<u>\$ 21,472</u>	<u>\$ 139,020</u>	<u>\$ 3,123,070</u>

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, 2009

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 217,190	\$ 126,998	\$ 71,163	\$ 415,351
Cash received from intergovernmental	498,974	5,892	16,626	521,492
Cash received from miscellaneous sources	-	11,033	6,755	17,788
Cash payments to employees and to suppliers for goods and services	<u>(224,327)</u>	<u>(140,332)</u>	<u>(74,828)</u>	<u>(439,487)</u>
Net cash provided by operating activities	<u>491,837</u>	<u>3,591</u>	<u>19,716</u>	<u>515,144</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(580,033)	-	-	(580,033)
Principal paid	(16,408)	-	(9,651)	(26,059)
Interest expense	(16,690)	-	-	(16,690)
Transferred from other funds	71,826	-	-	71,826
Loan proceeds	<u>44,800</u>	<u>-</u>	<u>-</u>	<u>44,800</u>
Net cash provided (used) by capital and related financing activities	<u>(496,505)</u>	<u>-</u>	<u>(9,651)</u>	<u>(506,156)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	5,720	-	-	5,720
Security deposits	<u>(2,378)</u>	<u>-</u>	<u>-</u>	<u>(2,378)</u>
Net cash provided by investing activities	<u>3,342</u>	<u>-</u>	<u>-</u>	<u>3,342</u>
Net increase (decrease) in cash	(1,326)	3,591	10,065	12,330
Cash, beginning of year	<u>70,086</u>	<u>16,962</u>	<u>122,684</u>	<u>209,732</u>
Cash, end of year	<u>\$ 68,760</u>	<u>\$ 20,553</u>	<u>\$ 132,749</u>	<u>\$ 222,062</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 405,816	\$ (6,222)	\$ 10,012	\$ 409,606
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	83,238	-	9,704	92,942
Changes in assets and liabilities:				
(Increase) decrease in receivables	8,417	55	-	8,472
Increase (decrease) in accounts payable	16	(1,275)	-	(1,259)
Increase (decrease) in compensated absences	(650)	-	-	(650)
(Increase) decrease in due from other funds	-	11,033	-	11,033
Increase (decrease) in due to other funds	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Total	<u>86,021</u>	<u>9,813</u>	<u>9,704</u>	<u>105,538</u>
Net cash provided (used) by operating activities	<u>\$ 491,837</u>	<u>\$ 3,591</u>	<u>\$ 19,716</u>	<u>\$ 515,144</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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 295,650	\$ 295,650	\$ 217,190	\$ (78,460)
State sources	-	-	498,974	498,974
Interest income	<u>2,180</u>	<u>2,180</u>	<u>5,720</u>	<u>3,540</u>
<b>Total revenues</b>	<b><u>\$ 297,830</u></b>	<b><u>\$ 297,830</u></b>	<b><u>\$ 721,884</u></b>	<b><u>\$ 424,054</u></b>
<b>EXPENDITURES</b>				
Personal services	\$ 130,000	\$ 130,000	\$ 131,652	\$ (1,652)
Maintenance and operations	382,649	382,649	92,676	289,973
Capital outlay	225,000	225,000	580,033	(355,033)
Revenue bonds principle	5,900	5,900	5,900	-
Loan principle	9,728	9,728	10,508	(780)
Interest expense	<u>-</u>	<u>-</u>	<u>16,690</u>	<u>(16,690)</u>
<b>Total expenditures</b>	<b><u>\$ 753,277</u></b>	<b><u>\$ 753,277</u></b>	<b><u>\$ 837,459</u></b>	<b><u>\$ (84,182)</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 71,826</u>	<u>\$ (428,174)</u>
<b>BUDGETED CASH BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>		
<b>REVENUES</b>				
Budgetary basis			\$ 721,884	
(Decrease) in receivables			<u>(8,417)</u>	
<b>Modified accrual basis</b>			<b><u>\$ 713,467</u></b>	
<b>EXPENDITURES</b>				
Budgetary Basis			\$ 837,459	
Depreciation			83,237	
Bonds paid			(5,900)	
Loans paid			(10,508)	
Capital assets reclassified			(580,033)	
Increase in accounts payable			16	
Decrease in compensated absences			(650)	
Decrease in Due to Other Funds			<u>(5,000)</u>	
<b>Modified accrual basis</b>			<b><u>\$ 318,621</u></b>	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 151,800	\$ 151,800	\$ 126,998	\$ (24,802)
Environmental gross receipts tax	-	-	5,892	5,892
<b>Total revenues</b>	<b><u>\$ 151,800</u></b>	<b><u>\$ 151,800</u></b>	<b><u>\$ 132,890</u></b>	<b><u>\$ (18,910)</u></b>
<b>EXPENDITURES</b>				
Maintenance and operations	\$ 140,723	\$ 140,723	\$ 140,332	\$ 391
<b>Total expenditures</b>	<b><u>\$ 140,723</u></b>	<b><u>\$ 140,723</u></b>	<b><u>\$ 140,332</u></b>	<b><u>\$ 391</u></b>
<b>REVENUES</b>				
Budgetary basis			\$ 132,890	
(Decrease) in receivables			<u>(55)</u>	
Modified accrual basis			<b><u>\$ 132,835</u></b>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 140,332	
(Decrease) in payables			<u>(1,275)</u>	
Modified accrual basis			<b><u>\$ 139,057</u></b>	

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 62,000	\$ 62,000	\$ 71,163	\$ 9,163
Local sources	3,500	3,500	6,755	3,255
State sources	<u>14,000</u>	<u>14,000</u>	<u>16,626</u>	<u>2,626</u>
Total revenues	<u>\$ 79,500</u>	<u>\$ 79,500</u>	<u>\$ 94,544</u>	<u>\$ 15,044</u>
<b>EXPENDITURES</b>				
Maintenance and operations	\$ 78,100	\$ 78,100	\$ 74,828	\$ 3,272
Capital outlay	40,000	40,000	-	40,000
Principal bond	-	-	9,651	(9,651)
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 118,100</u>	<u>\$ 118,100</u>	<u>\$ 84,479</u>	<u>\$ 33,621</u>
BUDGETED CASH BALANCE	<u>\$ 38,600</u>	<u>\$ 38,600</u>		
<b>REVENUES</b>				
Budgetary basis			\$ 94,544	
Difference			<u>-</u>	
Modified accrual basis			<u>\$ 94,544</u>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 84,479	
Depreciation			9,704	
Bond principal paid			<u>(9,651)</u>	
Modified accrual basis			<u>\$ 84,532</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, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<b>ASSETS</b>				
Cash	\$ 332	\$ 159,045	\$ 158,345	\$ 1,032
Total assets	<u>\$ 332</u>	<u>\$ 159,045</u>	<u>\$ 158,345</u>	<u>\$ 1,032</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 100	\$ 1,900	\$ 1,600	\$ 400
Due to other agencies	232	157,145	156,745	632
Total liabilities	<u>\$ 332</u>	<u>\$ 159,045</u>	<u>\$ 158,345</u>	<u>\$ 1,032</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, 2009

	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 32,083
Cash payments to employees	(33,065)
Cash payments to suppliers for goods and services	(37,928)
Net cash provided by operating activities	(38,910)
CASH FLOWS FROM FINANCING ACTIVITIES	
Subsidy from federal grant	49,755
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	347
Net increase (decrease) in cash	11,192
Cash, beginning of year	23,607
Cash, end of year	\$ 34,799
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (61,249)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	24,751
Changes in assets and liabilities:	
Accounts receivable	(2,493)
Deferred credits	(2,369)
Prepaid rent	106
Prepaid items	97
Accounts payable	1,068
Customer deposits	1,262
Accrued payroll	(658)
Inventory	575
Total	22,339
Net cash (used) by operating activities	\$ (38,910)

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, Fire Protection and Correction Fees Funds of the Village of Cimarron, as of and for the year ended June 30, 2009, and have issued our report thereon dated May 3, 2010. 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, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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, 03-06 Imprest Bank Account, 08-02 Direct Payments Not Posted, 08-03 Enterprise Fund Debt, 09-01 Access to Records, 09-02 Unrecorded Bank Account and 09-03 Unbudgeted Transfers.

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, 09-04 Contract for Services and 09-05 Purchase Orders Required.

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.



May 3, 2010

## STATUS OF COMMENTS

### Prior Year Village Audit Findings

1. Late Audit Report (02-02) - Repeated.
2. Budget Overruns (03-03) - Repeated.
3. Old Meter Deposits (03-04) - Repeated.
4. Water Meter Deposits (03-05) - Resolved.
5. Imprest Bank Account(03-06) - Repeated.
6. DFA Quarterly Report Incorrect (06-02) - Resolved.
7. Receipt of Goods (07-02) - Resolved.
8. Reimbursement Claims Submitted But Not Collected (08-01) - Resolved.
9. Direct Payments Not Posted (08-02) - Repeated.
10. Enterprise Fund Debt (08-03) - Repeated.

### Current Year

1. Access to Records (09-01)
2. Unrecorded Bank Account (09-02)
3. Unbudgeted Transfers (09-03)
4. Contract for Services (09-04)
5. Purchase Orders Required (09-05)

### Component Unit Audit Findings

#### Prior Year

1. Lack of Complete Capital Assets Schedule (06-03) - Repeated.

#### Current Year

1. No Security Deposit Register and Liability Does Not Agree With Bank Balance (09-01)
2. Unable to Locate Petty Cash Fund (09-02)
3. Incomplete Board Minutes (09-03)
4. Receipts Report Does Not Agree to Deposit (09-04)
5. No Board Approval of Disbursements (09-05)

Late Audit Report  
(02-02)

CONDITION	The audit report was submitted to the State Auditor after the required deadline of December 1, 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 component unit audit report was due to the State Auditors Office the same day as the Village audit report. This did not provide enough time to ensure the component unit figures could be included in the Village audit report. Also, since the audit report would be late the Village used some of this time to reconstruct and verify its Capital Asset and Depreciation worksheets.
EFFECT	NMAC 2.2.2.9A(1)(d) was not followed.
RECOMMENDATION	The Village has contacted the State Auditors Office to see if the due dates for both entities could be changed. Thus, there should be no problem submitting the 2010 audit report in by the required due date.
RESPONSE	The Cimarron Housing Authority Director was contacted and it was requested that their audit reports be submitted to the State Auditor by September 30 each year. The State Auditors Office was also contacted and it was requested that they formally change the Housing Authority deadline to September 30.

Budget Overruns  
(03-03)

CONDITION                    The Village had a budget overrun in the Non-Major Special Law Enforcement Protection Fund in the amount of \$5,147. The Non-Major Special Revenue Recreation Fund overrun was in the amount of \$175. The Non-Major Special Revenue Lodgers Tax Fund overrun was in the amount of \$2,930. The Non-Major Special Revenue Cemetery Fund overrun was in the amount of \$2,285. Also, the Water/Sewer Fund was overrun by \$84,182.

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                     A monthly procedure has been implemented to review the budget vs. income and expenses to make sure that budget adjustments are approved by the governing body and reported to DFA on a quarterly basis.



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 passed a new policy as of November, 2009. Therefore, this comment should be eliminated in the 2010 audit.
RESPONSE	Per Village Ordinance 250, Section 10: A good faith deposit shall be refundable after one year of excellent payment history (no late fees) or upon termination of service and payment of all outstanding water and sewer charges.

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 monthly bank reconciliation will be verified to make sure that the balance equals zero at the end of the month.

Direct Payments Not Posted  
(08-02)

CONDITION	The Village had \$124,146 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 \$124,146 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 2010 books of record.
RESPONSE	All expense transactions using grant or legislative funds will first be paid by the Village, then the Village will request reimbursement. This will ensure that all transactions are tracked through the Caselle accounts payable and receivable systems and will be reflected in all financial reporting.

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	Beginning in 2010 a user rate analysis will be performed to determine the optimum user rates. The governing body will take appropriate action to get enterprise accounts self supporting.

Access to Records  
(09-01)

CONDITION                    The Village paid \$2,245 for some police equipment. The Company did not cash the check until after December, 2009. The Village could not verify that the equipment had been received however before payment was made. The Company would not cash the check until they had verified that the equipment had been received and in good condition. Neither the Company or the Village could verify that the equipment (guns) had been received as the prior police chief quit and would not allow access to his office.

CRITERIA                    Either someone in Village management or the Mayor should have access to all departments within its control. Also, the Village should not pay for any goods and/or services before they have been received. This is good accounting practice.

CAUSE                        It is unclear as to why the police chief denied access to his office. It is also unclear as to why management paid for the equipment without verifying that the police department had received the equipment.

EFFECT                      Assets are not safeguarded. Access to records has been denied. Goods and/or services may be paid for without actually receiving them.

RECOMMENDATION            Someone in the Village management should ensure that there is access to all departments under the Villages control. Also, management should ensure that all goods and/or services are received before they are paid for.

RESPONSE                    The Utility Clerk will verify all incoming shipment contents to the packing slip. The packing slip and invoice will be matched up to the supply requisition, purchase order and evidence of 3 bid research prior to processing of the payment.

Unrecorded Bank Account  
(09-02)

CONDITION	A checking account and laptop were relinquished to the Village. The checking account has \$921. They were originally obtained by fundraisers for a Village Community Center. The Community Center was never built.
CRITERIA	All assets of the Village are to be maintained and in the possession of the Village.
CAUSE	The Village was unaware of these assets. The individual that controlled these assets relinquished them for unknown reasons.
EFFECT	Assets of the Village are not safeguarded.
RECOMMENDATION	Management of the Village should ensure all assets are kept under the control of the Village.
RESPONSE	This situation was created by the prior administrations plans to have fund raising for a new Community Center. In the future all fund raising for Village assets will have oversight by the Village Management.

Unbudgeted Transfer  
(09-03)

CONDITION                    The Village transferred \$27,204 more (in the General Fund) than the budgeted amount.

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

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 transfers exceed budget.

RESPONSE                     A monthly procedure has been implemented to review the budget vs. income and expenses to make sure that budget adjustments are approved by the governing body and reported to DFA on a quarterly basis.

Contract for Services  
(09-04)

CONDITION	A consultant was hired during the year for accounting services. The total amount paid to this person was \$11,389. A contract was not prepared and signed by both parties.
CRITERIA	Sound accounting practices would involve a contract being agreed to and signed by both parties.
CAUSE	Management did not ensure a contract was obtained.
EFFECT	Disputes over the parameters of the work and compensation could occur.
RECOMMENDATION	The Village should obtain contracts for all consulting services.
RESPONSE	In the future all contracts will be reviewed and approved at the beginning of each fiscal year, depending on the terms of the contracts. All sub-contractors will have an approved Village contract.



Purchase Orders Required  
(09-05)

CONDITION	Twenty-three out of fifty-six paid invoices chosen had purchase orders dated after the invoice.
CRITERIA	According to the Department of Finance and Administration regulations purchase orders are to be used as part of the internal control process. They are used to ensure the purchase has been authorized, cash and budget authorized, cash and budget are available and the correct fund and line item have been charged.
CAUSE	Management of the Village is not ensuring that this internal control procedure is being done.
EFFECT	Department of Finance and Administration regulations have not been followed.
RECOMMENDATION	The Village should start dating purchase orders before the item is purchased/ordered.
RESPONSE	A new procedure has been implemented stating that the department head will submit a supply requisition to the Clerk. The Clerk will verify the budget and department coding and give the requisition to the Financial Clerk for purchase order processing. The purchase order is sent back to the Clerk for approval and is then given back to the Financial Clerk who gives a copy of the purchase order to the department head so that they can place the order for supplies, etc.

COMPONENT UNIT  
AUDIT FINDINGS

**Component Unit Finding**

**Lack of Complete Capital Assets Schedule**  
(06-03)

CONDITION	Client 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 to 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 should be kept to support general ledger entries.
RESPONSE	The Cimarron Housing Authority CHA has purchased computer software to keep a current listing of its capital assets. The current staff will complete this task as soon as possible.

No Security Deposit Register and Liability Does Not Agree With  
Bank Balance  
(09-01)

CONDITION	The Housing Authority does not have a security deposit register; nor does the security deposit bank balance (\$2,474) agree to the liability (\$3,098) for the same.
CRITERIA	Good internal controls require reconciliation of general ledger balance to supporting detail.
CAUSE	Change in personnel and lack of good records.
EFFECT	The Housing Authority must rely on the tenants and old accounting records to determine whose deposits they are holding, applying, or refunding. The Housing Authority may refund or apply deposits that were not received.
RECOMMENDATION	The Housing Authority should research, prepare, and maintain an accurate security deposit register and correct the security deposit bank balance accordingly.
RESPONSE	The Cimarron Housing Authority will reconcile the tenant's accounts with the tenant's security deposits by reviewing each tenant's activity and establish a tenant security deposit register. The register will be reconciled monthly with the bank account.

Unable to Locate Petty Cash Fund  
(09-02)

CONDITION	The accounting records identify a \$50 petty cash fund that Housing Authority personnel were unable to produce.
CRITERIA	Good internal controls require procedures to be in place to track all petty cash transactions, i.e. imprest account.
CAUSE	Change in personnel.
EFFECT	The Housing Authority has incurred a loss of \$50 due to missing petty cash fund.
RECOMMENDATION	The Housing Authority Board should implement periodic review procedures over the petty cash fund to insure accountability at all times.
RESPONSE	The Cimarron Housing Authority's Board of Commissioners will ensure at every Board Meeting that the petty cash is accounted for and expenditures are proper.

Incomplete Board Minutes  
(09-03)

CONDITION	We noted during our audit that the Board minutes are not signed and resolutions are missing.
CRITERIA	Board minutes are a critical part of a good internal control system to identify and document the actions of the Board.
CAUSE	Change in personnel and lack of consistent procedures.
EFFECT	Potential for Board Policy not to be carried out properly.
RECOMMENDATION	All Board minutes should be timely maintained, and updated upon each board meeting. The Board Secretary should review Board minutes prior to each meeting to ensure completeness and accuracy.
RESPONSE	The Cimarron Housing Authority's Board of Commissioners and Executive Director have already taken action to correct this deficiency.

Receipts Report Does Not Agree to Deposit  
(09-04)

CONDITION	<p>During our receipts testwork, 3 of the 40 receipts did not comply with the internal control process as follows:</p> <ul style="list-style-type: none"><li>• A security deposit received was deposited in the wrong bank account. The error was identified per not attached to documentation but the deposit was never moved to correct bank account.</li><li>• One receipt was not located but was identified on the daily cash report and properly deposited.</li><li>• One daily cash receipt report was not printed, although all receipts received were deposited.</li></ul>
CRITERIA	<p>Good internal controls require consistent application of policies and procedures.</p>
CAUSE	<p>Lack of care and review in performance of daily procedures.</p>
EFFECT	<p>Potential to improperly expend security deposits which are restricted and potential to incorrectly record receipts in the general ledger.</p>
RECOMMENDATION	<p>Review procedures utilizing checklist should be established and implemented to identify and correct errors in a timely manner.</p>
RESPONSE	<p>The present Executive and Assistant Director have steps to reconcile the accounts receivable daily after each bank deposit.</p>

No Board Approval on Disbursements  
(09-05)

CONDITION	During our testwork of disbursements, we noted 12 of the 40 sample items that were not initialed as approved by the Board.
CRITERIA	Good internal controls require the consistent application of internal control procedures.
CAUSE	Board Meeting was canceled.
EFFECT	Inappropriate disbursements could have been made with Housing Authority funds.
RECOMMENDATION	All disbursements should be reviewed in accordance with policy regardless of whether a meeting is held.
RESPONSE	The Cimarron Housing Authority's Board of Commissioners and staff have taken action to insure that the Board reviews each voucher and that it is initialed by the entire Board at each Board Meeting.



## FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2009 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 May 3, 2010, to discuss the current audit report and auditors' comments. In attendance were Ms. Mary Alice Tracy-Boyce, Mayor, Ms. Mindy Cahill, Village Clerk/Administrator, Mr. Joseph Cruz Mayor Pro-Tem, Ms. Anita LeDoux, Board Member, Village of Cimarron Housing Authority, Ms. Jessica Espinoza, Financial Officer/Deputy Clerk and Ms. Pamela A. Rice, CPA, Contract Auditor.