

**STATE OF NEW MEXICO**

**VILLAGE OF CIMARRON**

**AUDIT REPORT**

**FOR THE YEAR ENDED JUNE 30, 2010**

**(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, 2010

(with Auditor's Report Thereon)

STATE OF NEW MEXICO  
VILLAGE OF CIMARRON  
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STATE OF NEW MEXICO  
VILLAGE OF CIMARRON  
Official Roster  
Year Ended June 30, 2010

Village Council

<u>Name</u>	<u>Title</u>
Ms. Mary Alice Tracy-Boyce	Mayor
Mr. Joseph Cruz	Mayor Pro-Tem
Ms. Denise Sanchez	Council Member
Mr. Eddie Carter	Council Member
Mr. Todd Smith	Council Member
Ms. Anita LeDoux	Council Member
Ms. Judy LeDoux	Council Member

Village Administration

Ms. Mindy Cahill	Clerk
Ms. Jessica Espinoza	Deputy Clerk

Public Housing Administration

Ms. Melissa Cruz	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, 2010, 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, 2010 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 \$513,282 as of June 30, 2010, and net operating revenues of \$96,318 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. According, 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, 2010, 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, 2010, 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 August 9, 2011 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.



August 9, 2011



**FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
VILLAGE OF CIMARRON  
Statement of Net Assets  
June 30, 2010

Statement 1

	Governmental Activities	Business-Type Activities	Housing Authority Component Unit
<b>ASSETS</b>			
Current Assets			
Cash	\$ 335,417	\$ 232,923	\$ 61,458
Accounts receivable (net)	40,480	42,831	1,770
Prepaid assets	-	-	1,542
Due from other funds	87,224	-	-
Total current assets	<u>463,121</u>	<u>275,754</u>	<u>64,770</u>
Restricted Assets			
Cash	-	45,121	2,720
Total restricted assets	<u>-</u>	<u>45,121</u>	<u>2,720</u>
Capital Assets			
Land (non-depreciable)	117,880	58,000	18,600
Capital assets, net of depreciation	2,071,002	3,082,388	427,192
Total capital assets	<u>2,188,882</u>	<u>3,140,388</u>	<u>445,792</u>
Total assets	<u><b>\$ 2,652,003</b></u>	<u><b>\$ 3,461,263</b></u>	<u><b>\$ 513,282</b></u>
Current Liabilities			
Interest payable	\$ 2,464	\$ -	\$ -
Accounts payable	20,131	36,352	772
Deposits payable	-	35,701	2,953
Loan (current portion)	12,501	25,342	-
Revenue bonds payable (current portion)	-	4,000	-
RUS bonds payable	-	2,000	-
Due to other funds	-	87,224	-
Total current liabilities	<u>35,096</u>	<u>190,619</u>	<u>3,725</u>
Non-Current Liabilities			
Compensated absences payable	11,030	10,114	-
Loan (non-current portion)	53,499	115,924	-
Revenue bonds payable	-	93,000	-
RUS bonds payable	-	177,225	-
Total non-current liabilities	<u>64,529</u>	<u>396,263</u>	<u>-</u>
Total liabilities	<u>99,625</u>	<u>586,882</u>	<u>3,725</u>
Net Assets			
Invested in capital assets, net of related debt	2,120,418	2,722,897	445,792
Restricted for Debt Service	-	9,420	-
Unrestricted	431,960	142,064	63,765
Total net assets	<u>2,552,378</u>	<u>2,874,381</u>	<u>509,557</u>
Total liabilities and net assets	<u><b>\$ 2,652,003</b></u>	<u><b>\$ 3,461,263</b></u>	<u><b>\$ 513,282</b></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, 2010

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	\$ 335,201	\$ 16,865	\$ -	\$ 207,184	\$ (111,152)	\$ -	\$ (111,152)	\$ -
Highways and streets	80,701	-	-	176,559	95,858	-	95,858	-
Public safety	232,167	82,945	105,634	-	(43,588)	-	(43,588)	-
Culture and recreation	28,805	-	-	14,423	(14,382)	-	(14,382)	-
Health and welfare	948	802	-	-	(146)	-	(146)	-
Depreciation - unallocated	144,359	-	-	-	(144,359)	-	(144,359)	-
Total governmental activities	822,181	100,612	105,634	398,166	(217,769)	-	(217,769)	-
Business-type activities:								
Water/Sewer services	538,368	215,916	-	5,307	-	(317,145)	(317,145)	-
Solid waste services	135,177	133,765	-	-	-	(1,412)	(1,412)	-
Ambulance services	42,026	56,744	23,537	-	-	38,255	38,255	-
Total business-type activities	715,571	406,425	23,537	5,307	-	(280,302)	(280,302)	-
Total all activities	<u>\$ 1,537,752</u>	<u>\$ 507,037</u>	<u>\$ 129,171</u>	<u>\$ 403,473</u>	(217,769)	(280,302)	(280,302)	-
<b>Component Unit:</b>								
Housing Authority	<u>\$ 74,505</u>	<u>\$ 32,304</u>	<u>\$ 1,386</u>	<u>\$ 62,380</u>	-	-	-	21,565
General Revenues:								
Property taxes					57,795	-	57,795	-
Gross receipts taxes					236,996	5,772	242,768	-
Franchise taxes					25,848	-	25,848	-
Gas tax					26,299	-	26,299	-
MVD fees					1,862	-	1,862	-
Cigarette taxes					1,765	-	1,765	-
Lodgers taxes					19,841	-	19,841	-
State aid not restricted to special purpose								
General					131,304	-	131,304	-
Transfers					(24,742)	24,742	-	-
Investment earnings					1,025	1,101	2,126	248
Total general revenues and transfers					477,993	31,615	509,608	248
Change in net assets					260,224	(248,687)	11,537	21,813
Net assets - beginning of year, as previously reported					2,194,924	3,123,068	5,317,992	487,744
Restatement					97,230	-	97,230	-
Net assets-beginning of year, as restated					2,292,154	3,123,068	5,415,222	487,744
Net assets - end of year					<u>\$ 2,552,378</u>	<u>\$ 2,874,381</u>	<u>\$ 5,426,759</u>	<u>\$ 509,557</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, 2010

Statement 3

	General	Fire Protection Fund	Correction Fees Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash on deposit	\$ 149,526	\$ 77,491	\$ 84,695	\$ 23,705	\$ 335,417
Accounts receivable	36,435	-	1,080	2,965	40,480
Due from other funds	87,224	-	-	-	87,224
<b>Total assets</b>	<b><u>\$ 273,185</u></b>	<b><u>\$ 77,491</u></b>	<b><u>\$ 85,775</u></b>	<b><u>\$ 26,670</u></b>	<b><u>\$ 463,121</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 20,131	\$ -	\$ -	\$ -	\$ 20,131
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b><u>20,131</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>20,131</u></b>
<b>FUND BALANCE</b>					
Unreserved:					
Designated for subsequent years expenditures	-	-	-	-	-
Undesignated reported in:					
General fund	253,054	-	-	-	253,054
Special revenue funds	-	77,491	85,775	26,670	189,936
<b>Total fund balance</b>	<b><u>253,054</u></b>	<b><u>77,491</u></b>	<b><u>85,775</u></b>	<b><u>26,670</u></b>	<b><u>442,990</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 273,185</u></b>	<b><u>\$ 77,491</u></b>	<b><u>\$ 85,775</u></b>	<b><u>\$ 26,670</u></b>	<b><u>\$ 463,121</u></b>

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

STATE OF NEW MEXICO  
VILLAGE OF CIMARRON

Statement 4

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets  
June 30, 2010

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

Total fund balances - governmental funds \$ 442,990

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 4,464,376  
Accumulated depreciation (2,275,494)

2,188,882

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 (2,464)  
Wells Fargo loan payable (66,000)  
Compensated absences (11,030)

(79,494)

Net assets of governmental activities

\$ 2,552,378

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

STATE OF NEW MEXICO  
VILLAGE OF CIMARRON  
Governmental Funds

Statement 5

Statement of Revenues, Expenditures and Changes in Fund Balances  
For the year ended June 30, 2010

	General Fund	Fire Protection Fund	Correction Fees Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 57,795	\$ -	\$ -	\$ -	\$ 57,795
Lodgers taxes	-	-	-	19,841	19,841
Franchise taxes	25,848	-	-	-	25,848
Gross receipts taxes	119,897	-	-	-	119,897
Cigarette taxes	1,765	-	-	-	1,765
Gas tax	26,299	-	-	-	26,299
Rent	457	-	-	-	457
MVD fees	1,862	-	-	-	1,862
Charges for services	2,853	-	-	802	3,655
Licenses and permits	3,795	-	-	-	3,795
Fines and forfeitures	66,170	-	16,775	-	82,945
Local sources	24,183	25	-	-	24,208
State sources	448,826	81,526	-	21,200	551,552
Federal sources	69,104	-	-	-	69,104
State shared taxes	116,281	-	-	818	117,099
Earnings from investments	1,025	-	-	-	1,025
<b>Total revenues</b>	<u>966,160</u>	<u>81,551</u>	<u>16,775</u>	<u>42,661</u>	<u>1,107,147</u>
<b>EXPENDITURES</b>					
Current:					
General government	331,445	-	-	-	331,445
Highways and streets	80,701	-	-	-	80,701
Public safety	190,462	40,546	-	805	231,813
Culture and recreation	11,318	-	-	17,487	28,805
Health & welfare	-	-	-	948	948
Capital outlay	469,922	7,895	21,919	74,990	574,726
Debt service:					
Bonds paid	-	-	-	-	-
Interest paid	-	-	-	-	-
<b>Total expenditures</b>	<u>1,083,848</u>	<u>48,441</u>	<u>21,919</u>	<u>94,230</u>	<u>1,248,438</u>
Excess (deficiency) revenues over expenditures	(117,688)	33,110	(5,144)	(51,569)	(141,291)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	(24,742)	-	-	-	(24,742)
Loan proceeds	-	-	-	66,000	66,000
<b>Total other financing sources (uses)</b>	<u>(24,742)</u>	<u>-</u>	<u>-</u>	<u>66,000</u>	<u>41,258</u>
Net change in fund balances	(142,430)	33,110	(5,144)	14,431	(100,033)
Fund balance beginning of year	395,484	44,381	90,919	12,239	543,023
Fund balance end of year	<u>\$ 253,054</u>	<u>\$ 77,491</u>	<u>\$ 85,775</u>	<u>\$ 26,670</u>	<u>\$ 442,990</u>

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, 2010

Net change in fund balances - total governmental funds \$ (100,033)

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	574,726
Depreciation expense	<u>(144,359)</u>

Excess of capital outlay over depreciation expense 430,367

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	(354)
Compensated absences payable	(3,756)

The issuance of long-term debt (e.g. loans) provides  
current financial resources to governmental funds  
while the repayment of the principal of long-term debt  
consumes the current financial resources of governmental funds.

Proceeds of loan	(66,000)
Repayment of long-term debt	<u>-</u>

(66,000)

Change in net assets of governmental activities \$ 260,224

The accompanying notes are an integral part of these 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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	\$ 56,000	\$ 56,000	\$ 57,523	\$ 1,523
Franchise taxes	21,000	21,000	25,826	4,826
Gross receipts taxes	126,500	126,500	117,978	(8,522)
Cigarette tax	1,700	1,700	1,711	11
Gas tax	16,100	16,100	25,541	9,441
Rent	-	-	457	457
MVD fees	1,300	1,300	1,517	217
Charges for services	4,600	4,600	2,853	(1,747)
Licenses and permits	500	500	3,795	3,295
Fines and forfeitures	-	-	67,336	67,336
Local sources	-	-	21,883	21,883
State sources	150,000	150,000	508,190	358,190
Federal sources	819,976	819,976	69,104	(750,872)
State shared taxes	126,000	126,000	116,281	(9,719)
Earnings from investments	-	-	1,025	1,025
<b>Total revenues</b>	<b><u>\$ 1,323,676</u></b>	<b><u>\$ 1,323,676</u></b>	<b><u>\$ 1,021,020</u></b>	<b><u>\$ (302,656)</u></b>
<b>EXPENDITURES</b>				
General government	\$ 451,999	\$ 451,999	\$ 347,356	\$ 104,643
Highways and streets	521,808	521,808	80,701	441,107
Public safety	250,058	250,058	190,462	59,596
Culture and recreation	10,000	10,000	11,318	(1,318)
Capital outlay	-	-	469,922	(469,922)
<b>Total expenditures</b>	<b><u>\$ 1,233,865</u></b>	<b><u>\$ 1,233,865</u></b>	<b><u>\$ 1,099,759</u></b>	<b><u>\$ 134,106</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	(24,742)	(24,742)	-
<b>Total expenditures</b>	<b><u>\$ -</u></b>	<b><u>\$ (24,742)</u></b>	<b><u>\$ (24,742)</u></b>	<b><u>\$ -</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local sources	\$ 30,000	\$ 30,000	\$ 25	\$ (29,975)
State sources	<u>81,667</u>	<u>81,667</u>	<u>81,526</u>	<u>(141)</u>
Total revenues	<u><b>\$ 111,667</b></u>	<u><b>\$ 111,667</b></u>	<u><b>\$ 81,551</b></u>	<u><b>\$ (30,116)</b></u>
<b>EXPENDITURES</b>				
Public safety	<u>\$ 111,250</u>	<u>\$ 111,250</u>	<u>\$ 48,441</u>	<u>\$ 62,809</u>
Total expenditures	<u><b>\$ 111,250</b></u>	<u><b>\$ 111,250</b></u>	<u><b>\$ 48,441</b></u>	<u><b>\$ 62,809</b></u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO  
 VILLAGE OF CIMARRON  
 Correction Fees Fund  
 Statement of Revenues and Expenditures -  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 24,000	\$ 24,000	\$ 16,815	\$ (7,185)
Total revenues	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 16,815</u>	<u>\$ (7,185)</u>
EXPENDITURES				
Public safety	\$ 24,000	\$ 24,000	\$ 21,919	\$ 2,081
Total expenditures	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 21,919</u>	<u>\$ 2,081</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, 2010

Statement 10

	Enterprise Fund
<b>ASSETS</b>	
Current Assets	
Cash on deposit	\$ 232,923
Accounts receivable (net)	42,831
Due from other funds	7,645
Total Current Assets	283,399
Restricted Assets (Cash)	
Customer meter deposits	35,701
Debt service	9,420
Total Restricted Assets (Cash)	45,121
Property, Plant and Equipment	
Land	58,000
Equipment	484,664
Heavy equipment	59,800
Vehicles	216,723
Plant	5,881,651
Accumulated depreciation	(3,560,450)
Total Property, Plant and Equipment	3,140,388
Total Assets	<b>\$ 3,468,908</b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	\$ 36,352
Due to other funds	94,869
Customer meter deposits payable from Restricted Assets	35,701
Revenue bonds payable	4,000
RUS Bonds payable	2,000
Loans payable	25,342
Total Current Liabilities	198,264
Long-Term Liabilities	
Compensated absences	10,114
Revenue bonds payable	93,000
RUS Bonds payable	177,225
Loan payable	115,924
Total Long-Term Liabilities	396,263
<b>NET ASSETS</b>	
Invested in Capital Assets, net of related debt	2,722,897
Restricted for debt service	9,420
Unrestricted	142,064
Total Net Assets	2,874,381
Total Liabilities and Net Assets	<b>\$ 3,468,908</b>

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, 2010

	Enterprise Fund
OPERATING REVENUES	
Sales and services	\$ 406,425
Environmental gross receipts taxes	5,772
Intergovernmental	18,681
Miscellaneous	10,163
Total operating revenue	441,041
OPERATING EXPENSES	
Personal services	139,265
Maintenance and operations	242,195
Depreciation	319,773
Total operating expenses	701,233
Operating income (loss)	(260,192)
NON-OPERATING REVENUE (EXPENSE)	
Investment income	1,101
Investment expense	(14,338)
Total Non-Operating Revenue (Expense)	(13,237)
Income (loss) before transfers	(273,429)
Operating transfers in	24,742
Operating transfers out	-
Net transfers	24,742
Change in Net Assets	(248,687)
Total Net Assets, beginning of year	3,123,068
Total Net Assets, end of year	\$ 2,874,381

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, 2010

	Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 399,302
Cash received from intergovernmental	24,421
Cash received from miscellaneous sources	10,163
Cash payments to employees and to suppliers for goods and services	(356,284)
Net cash provided by operating activities	77,602
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of capital assets	(19,648)
Principal paid	(6,952)
Investment expense	(14,338)
Transferred from other funds	18,217
Loan proceeds	-
Net cash provided (used) by capital and related financing activities	(22,721)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Investment income	1,101
Net cash provided by investing activities	1,101
Net increase (decrease) in cash	55,982
Cash, beginning of year	222,062
Cash, end of year	\$ 278,044
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ (260,192)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	319,773
Changes in assets and liabilities:	
(Increase) decrease in receivables	(7,155)
Increase (decrease) in accounts payable	23,250
Increase (decrease) in compensated absences	1,926
Total	337,794
Net cash provided (used) by operating activities	\$ 77,602

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, 2010

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 740
Total Assets	<u>\$ 740</u>
LIABILITIES	
Due to bond holders	\$ 400
Due to other agencies	<u>340</u>
Total Liabilities	<u>\$ 740</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, 2010

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 it's charter: public safety (police and fire), highways and streets, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include water and sewer services, solid waste disposal, ambulance and public housing.

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

A. Reporting Entity

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

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

Village of Cimarron Housing Authority

Based upon the application of these criteria, the Village has a Housing Authority that will be considered a component unit, however, the Village was not a component unit of another governmental agency during the fiscal year ended June 30, 2010. 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. Questions concerning any of the information regarding the Village of Cimarron Housing Authority audit report (portions included herein), requests for additional information or to review a copy of the financial statements should be addressed to the Executive Director, Village of Cimarron Housing Authority, PO Box 654, Cimarron, NM 87714.

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 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.

Notes to Financial Statements (continued)

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.

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

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

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:

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.

H. Risk Management

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



Notes to Financial Statements (continued)

I. Encumbrances

The Village does not utilize encumbrance accounting.

2. DEPOSITORY COLLATERAL

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

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the Village's Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$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		6,568
International State Bank	Checking-Water Meter Account		24,133
International State Bank	Checking-General Account		520,845
International State Bank	Checking-Solid Waste Account		48,528
International State Bank	Checking-Sewer Operating Account		4,235
International State Bank	Checking-Water Income Account		12,582
International State Bank	Checking-Payroll Account		12,006
International State Bank	Checking-RUS		48
International State Bank	Certificate of Deposit- Bond Reserve		9,372
International State Bank	Certificate of Deposit- Water Meter		12,618
International State Bank	Certificate of Deposit- General Account		<u>22,354</u>
	Total	\$	<u>673,689</u>
	Total amount on deposit	\$	673,689
	Rounding		(2)
	Outstanding checks		(67,406)
	Deposits in transit		<u>7,920</u>
	Total per financial statements	\$	<u>614,201</u>

Notes to Financial Statements (continued)

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

	<u>International State Bank</u>
Cash on deposit at June 30, 2010	\$ 673,689
Less F.D.I.C.	<u>(294,344)</u>
Uninsured funds	379,345
50% Collateral requirement	189,673
Pledged collateral at June 30, 2010	<u>275,000</u>
Excess of pledged collateral	<u>\$ 85,327</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, 2010, \$379,345 of the Village's bank balance of \$673,689 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 104,345
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Villages name	<u>275,000</u>
Total	<u>\$ 379,345</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	12-14-2012	\$ 150,000
FFCB #31331X2Q4	9-04-2013	<u>125,000</u>
		<u>\$ 275,000</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	\$ -	\$ 44,339
Less allowance for uncollectible accounts	<u>-</u>	<u>(2,000)</u>
Subtotal	-	42,339
Franchise taxes	4,316	-
Property taxes	2,116	-
Gas taxes	1,550	-
Cigarette tax	167	-
Gross receipts tax	21,068	-
Lodgers tax	2,909	-
MVD fees	485	-
Fines & forfeitures	5,569	-
Intergovernmental	<u>2,300</u>	<u>492</u>
Total	<u>\$ 40,480</u>	<u>\$ 42,831</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 6-30-2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2010</u>	<u>Due Within One Year</u>
Compensated absences	\$ 7,273	\$ 3,756	\$ -	\$ 11,029	\$ -
NMFA Loan	<u>97,230</u>	<u>66,000</u>	<u>97,230</u>	<u>66,000</u>	<u>12,501</u>
Total	<u>\$104,503</u>	<u>\$ 69,756</u>	<u>\$ 97,230</u>	<u>\$ 77,029</u>	<u>\$ 12,501</u>

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

The Village entered into a loan agreement with the Wells Fargo Bank to pay principal in the amount of \$66,000 and interest for the purpose of defraying the cost of acquiring three police vehicles for the Villages police department. The interest rate is 4.650%. The maturity date is August 15, 2014.

Notes to Financial Statements (continued)

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 12,501	\$ 2,464	\$ 14,965
2012	12,477	2,488	14,965
2013	13,057	1,908	14,965
2014	13,665	1,300	14,965
2015	<u>14,300</u>	<u>665</u>	<u>14,965</u>
	<b><u>\$ 66,000</u></b>	<b><u>\$ 8,825</u></b>	<b><u>\$ 74,825</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 6-30-2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2010</u>	<u>Due Within One Year</u>
Water/Sewer Bonds	\$101,000	\$ -	\$ 4,000	\$ 97,000	\$ 4,000
Water Loan	106,998	-	10,532	96,466	10,848
Compensated absences	8,188	1,926	-	10,114	-
RUS Bonds	181,125	-	1,900	179,225	2,000
RIP Loan	<u>44,800</u>	<u>-</u>	<u>-</u>	<u>44,800</u>	<u>14,494</u>
Total	<b><u>\$442,111</u></b>	<b><u>\$ 1,926</u></b>	<b><u>\$ 16,432</u></b>	<b><u>\$ 427,605</u></b>	<b><u>\$ 31,342</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>
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	5,000	3,900	8,900
2016	6,000	3,650	9,650
2017	6,000	3,350	9,350
2018	6,000	3,050	9,050
2019	7,000	2,750	9,750
2020	7,000	2,400	9,400
2021	7,000	2,050	9,050
2022	8,000	1,700	9,700
2023	8,000	1,300	9,300
2024	9,000	900	9,900
2025	<u>9,000</u>	<u>450</u>	<u>9,450</u>
	<b><u>\$ 97,000</u></b>	<b><u>\$ 43,550</u></b>	<b><u>\$ 140,550</u></b>

Notes to Financial Statements (continued)

Water System Loan

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>13,342</u>	<u>401</u>	<u>13,743</u>
	<b><u>\$ 96,466</u></b>	<b><u>\$ 13,473</u></b>	<b><u>\$ 109,939</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</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,400	7,360	9,760
2016-20	14,100	35,001	49,101
2021-25	17,700	31,466	49,166
2026-30	22,500	26,977	49,477
2031-35	28,200	21,338	49,538
2036-40	35,600	14,220	49,820
2041-45	<u>50,125</u>	<u>5,009</u>	<u>55,134</u>
	<b><u>\$ 179,225</u></b>	<b><u>\$ 171,817</u></b>	<b><u>\$ 351,042</u></b>

Notes to Financial Statements (continued)

RIP LOAN

Original amount \$44,800 payable in annual installments each June 1 through the year 2013. Interest is 3.00% per annum. The annual requirements to amortize the amounts outstanding are as follows.

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 14,494	\$ 1,344	\$ 15,838
2012	14,929	909	15,838
2013	<u>15,377</u>	<u>461</u>	<u>15,838</u>
	<u>\$ 44,800</u>	<u>\$ 2,714</u>	<u>\$ 47,514</u>

6. DEPOSITS HELD FOR OTHERS , ENTERPRISE FUND

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

Hydrant Meter deposits \$35,701

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:

	<u>Balances</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2010</u>
Land	\$ 117,880	\$ -	\$ -	\$ 117,880
Buildings	1,711,531	8,840	-	1,720,371
Infrastructure	1,285,700	414,687	-	1,700,387
Vehicles	583,675	73,415	(114,859)	542,231
Equipment	<u>305,723</u>	<u>77,784</u>	<u>-</u>	<u>383,507</u>
Sub-total	<u>4,004,509</u>	<u>574,726</u>	<u>(114,859)</u>	<u>4,464,376</u>
Less: accumulated depreciation	<u>(2,245,994)</u>	<u>(144,359)</u>	<u>114,859</u>	<u>(2,275,494)</u>
Net capital assets	<u>\$ 1,758,515</u>	<u>\$ 430,367</u>	<u>\$ -</u>	<u>\$ 2,188,882</u>

Notes to Financial Statements (continued)

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

	Balances <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2010</u>
Land	\$ 58,000	\$ -	\$ -	\$ 58,000
Equipment	482,964	1,700	-	484,664
Heavy equipment	59,800	-	-	59,800
Vehicles	216,723	-	-	216,723
Plant	<u>5,863,703</u>	<u>17,948</u>	<u>-</u>	<u>5,881,651</u>
Sub-total	<u>6,681,190</u>	<u>19,648</u>	<u>-</u>	<u>6,700,838</u>
Less: accumulated depreciation	<u>(3,240,677)</u>	<u>(319,773)</u>	<u>-</u>	<u>(3,560,450)</u>
Net capital assets	<u>\$ 3,440,513</u>	<u>\$ (300,125)</u>	<u>\$ -</u>	<u>\$ 3,140,388</u>

8. PROPERTY TAXES

The Village of Cimarron receives property taxes from the Colfax 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. 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;

Notes to Financial Statements (continued)

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 or 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 or 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>Revenues</u>				
Modified accrual basis	\$ 966,160	\$ 81,551	\$ 16,775	\$ 42,661
Budgetary basis	<u>1,021,020</u>	<u>81,551</u>	<u>16,815</u>	<u>41,534</u>
Increase (decrease) in receivables	<u>\$ (54,860)</u>	<u>\$ -</u>	<u>\$ (40)</u>	<u>\$ 1,127</u>
<u>Expenditures</u>				
Modified accrual basis	\$1,083,848	\$ 48,441	\$ 21,919	\$ 94,230
Budgetary basis	<u>1,099,759</u>	<u>48,441</u>	<u>21,919</u>	<u>94,230</u>
Increase (decrease) in payables	<u>\$ 15,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

10. BUDGET VIOLATIONS

The Special Revenue Law Enforcement Fund had a budget overrun of \$55,195. The Special Revenue Recreation Fund had a budget overrun of \$1,086.

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

Notes to Financial Statements (continued)

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, 2010, 2009 and 2008 were \$25,991, \$26,128 and \$24,471 respectively equal to the amount of the required contributions for the year.

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. 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>\$ (24,742)</u>	<u>\$ 24,742</u>

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

15. COMPONENT UNIT

The Village of Cimarron Housing Authority is a discrete 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.

Notes to Financial Statements (continued)

The following are summarized details fo the Housing Authority's balances and transactions as of June 30, 2010 and for the year then ended:

A. Depository Collateral

The Housing Authority held only short term certificates of deposit and therefore, they were shown as cash equivalents.

Restricted cash is cash from tenants being held as security deposits.

Cash on Deposit

International State Bank - Checking	\$ 2,720
International State Bank - Checking	48,296
International State Bank - Checking	261
International State Bank - Checking	1
International State Bank - Certificate of Deposit	2,562
International State Bank - Certificate of Deposit	<u>10,338</u>

**\$ 64,178**

Total amount on deposit	\$ 64,178
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Outstanding checks	<u>-0-</u>
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Total per financial statements	<b><u>\$ 64,178</u></b>
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International  
State Bank

Cash on deposit	\$ 64,178
Less FDIC	<u>(64,178)</u>

Amount uninsured	<b><u>\$ -0-</u></b>
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B. Capital Assets

	<u>Balances June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2010</u>
Land	\$ 18,600	\$ -	\$ -	\$ 18,600
Construction in progress	1,000	-	-	1,000
Building	668,754	-	-	668,754
Non-dwelling structures	99,767	17,048	-	116,815
Machinery & equipment	<u>72,542</u>	<u>-</u>	<u>-</u>	<u>72,542</u>
Sub-total	<u>860,663</u>	<u>17,048</u>	<u>-</u>	<u>877,711</u>
Less: accumulated depreciation	<u>(407,168)</u>	<u>(24,751)</u>	<u>-</u>	<u>(431,919)</u>
Net capital assets	<b><u>\$ 453,495</u></b>	<b><u>\$ (7,703)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 445,792</u></b>

C. Retirement Plan

The Authority's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 are included with the figures shown in Note 11.

D. Retiree Health Care Act

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

16. RESTATEMENT - STATEMENT OF ACTIVITIES

The Village is reporting a prior period adjustment. The adjustment for the Governmental-Type Activities is \$97,230 to correct the amount payable for an NMFA Loan that had a \$100,000 payment made back in fiscal year 2005. This loan is now paid in full.

**NON-MAJOR FUNDS**

### 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, 2010

	Law Enforcement Protection Fund	Recreation Fund	Cemetery Fund	Lodgers Tax Fund	Total
<b>ASSETS</b>					
Cash on deposit	\$ 11,963	\$ 56	\$ 7,630	\$ 4,056	\$ 23,705
Accounts receivable	<u>          -</u>	<u>          56</u>	<u>          -</u>	<u>          2,909</u>	<u>          2,965</u>
Total assets	<u><b>\$ 11,963</b></u>	<u><b>\$ 112</b></u>	<u><b>\$ 7,630</b></u>	<u><b>\$ 6,965</b></u>	<u><b>\$ 26,670</b></u>
<b>FUND BALANCE</b>					
Unreserved:					
Undesignated	<u>\$ 11,963</u>	<u>\$ 112</u>	<u>\$ 7,630</u>	<u>\$ 6,965</u>	<u>\$ 26,670</u>
Total fund balance	<u><b>\$ 11,963</b></u>	<u><b>\$ 112</b></u>	<u><b>\$ 7,630</b></u>	<u><b>\$ 6,965</b></u>	<u><b>\$ 26,670</b></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, 2010

	Law Enforcement Protection Fund	Recreation Fund	Cemetery Fund	Lodgers Tax Fund	Total
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ 19,841	\$ 19,841
Charges for services	-	-	802	-	802
Fines and forfeitures	-	-	-	-	-
Local sources	-	-	-	-	-
State sources	21,200	-	-	-	21,200
State shared taxes	-	818	-	-	818
	<u>21,200</u>	<u>818</u>	<u>802</u>	<u>19,841</u>	<u>42,661</u>
Total revenues					
<b>EXPENDITURES</b>					
Current:					
Public safety	805	-	-	-	805
Culture and recreation	-	2,586	-	14,901	17,487
Health and welfare	-	-	948	-	948
Capital outlay	74,990	-	-	-	74,990
	<u>75,795</u>	<u>2,586</u>	<u>948</u>	<u>14,901</u>	<u>94,230</u>
Total expenditures					
Excess (deficiency) revenue over expenses	(54,595)	(1,768)	(146)	4,940	(51,569)
<b>OTHER FINANCING SOURCES</b>					
Loan proceeds	66,000	-	-	-	66,000
	<u>66,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,000</u>
Total other financing sources					
Net change in fund balance	11,405	(1,768)	(146)	4,940	14,431
Fund balance, beginning of year	558	1,880	7,776	2,025	12,239
Fund balance, end of year	<u>\$ 11,963</u>	<u>\$ 112</u>	<u>\$ 7,630</u>	<u>\$ 6,965</u>	<u>\$ 26,670</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
State sources	\$ 20,600	\$ 20,600	\$ 21,200	\$ 600
Total revenues	<u>\$ 20,600</u>	<u>\$ 20,600</u>	<u>\$ 21,200</u>	<u>\$ 600</u>
<b>EXPENDITURES</b>				
Public safety	\$ 20,600	\$ 20,600	\$ 75,795	\$ (55,195)
Total expenditures	<u>\$ 20,600</u>	<u>\$ 20,600</u>	<u>\$ 75,795</u>	<u>\$ (55,195)</u>
<b>OTHER FINANCING SOURCES</b>				
Loan proceeds	\$ -	\$ -	\$ 66,000	\$ 66,000
Total other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,000</u>	<u>\$ 66,000</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State shared taxes	\$ 1,500	\$ 1,500	\$ 791	\$ (709)
Total revenues	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 791</u>	<u>\$ (709)</u>
EXPENDITURES				
Culture & recreation	\$ 1,500	\$ 1,500	\$ 2,586	\$ (1,086)
Total expenditures	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 2,586</u>	<u>\$ (1,086)</u>
REVENUES				
Budgetary basis			\$ 791	
Increase accounts receivable			<u>27</u>	
Modified accrual basis			<u>\$ 818</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 802	\$ 802
Local sources	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>
Total revenues	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 802</u>	<u>\$ (1,698)</u>
EXPENDITURES				
Health and welfare	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>\$ 948</u>	<u>\$ 1,252</u>
Total expenditures	<u>\$ 2,200</u>	<u>\$ 2,200</u>	<u>\$ 948</u>	<u>\$ 1,252</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 16,500	\$ 16,500	\$ 18,741	\$ 2,241
Total revenues	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 18,741</u>	<u>\$ 2,241</u>
EXPENDITURES				
Culture & recreation	\$ 16,500	\$ 16,500	\$ 14,901	\$ 1,599
Total expenditures	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 14,901</u>	<u>\$ 1,599</u>
REVENUES				
Budgetary basis			\$ 18,741	
Increase accounts receivable			<u>1,100</u>	
Modified accrual basis			<u>\$ 19,841</u>	

The accompanying notes 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, 2010

Statement B-1

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Total
<b>ASSETS</b>				
Current Assets				
Cash on deposit	\$ 19,290	\$ 41,927	\$ 171,706	\$ 232,923
Accounts receivable (net)	29,622	13,209	-	42,831
Due from other funds	-	6,525	1,120	7,645
Total Current Assets	<u>48,912</u>	<u>61,661</u>	<u>172,826</u>	<u>283,399</u>
Restricted Assets (Cash)				
Customer meter deposits	35,701	-	-	35,701
Debt service	9,420	-	-	9,420
Total Restricted Assets (Cash)	<u>45,121</u>	<u>-</u>	<u>-</u>	<u>45,121</u>
Property, Plant and Equipment				
Land	58,000	-	-	58,000
Equipment	372,907	5,643	106,114	484,664
Heavy equipment	59,800	-	-	59,800
Vehicles	-	-	216,723	216,723
Plant	5,881,651	-	-	5,881,651
Accumulated depreciation	(3,236,419)	(5,643)	(318,388)	(3,560,450)
Total Property, Plant and Equipment	<u>3,135,939</u>	<u>-</u>	<u>4,449</u>	<u>3,140,388</u>
Total Assets	<u>\$ 3,229,972</u>	<u>\$ 61,661</u>	<u>\$ 177,275</u>	<u>\$ 3,468,908</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 522	\$ 35,830	\$ -	\$ 36,352
Due to other funds	94,869	-	-	94,869
Customer meter deposits payable from Restricted Assets	35,701	-	-	35,701
Revenue bonds payable	4,000	-	-	4,000
RUS bonds payable	2,000	-	-	2,000
Loans payable	25,342	-	-	25,342
Total Current Liabilities	<u>162,434</u>	<u>35,830</u>	<u>-</u>	<u>198,264</u>
Long-Term Liabilities				
Compensated absences	10,114	-	-	10,114
Revenue bonds payable	93,000	-	-	93,000
RUS bonds payable	177,225	-	-	177,225
Loan payable	115,924	-	-	115,924
Total Long-Term Liabilities	<u>396,263</u>	<u>-</u>	<u>-</u>	<u>396,263</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of related debt	2,718,448	-	4,449	2,722,897
Restricted for debt service	9,420	-	-	9,420
Unrestricted	(56,593)	25,831	172,826	142,064
Total Net Assets	<u>2,671,275</u>	<u>25,831</u>	<u>177,275</u>	<u>2,874,381</u>
Total Liabilities and Net Assets	<u>\$ 3,229,972</u>	<u>\$ 61,661</u>	<u>\$ 177,275</u>	<u>\$ 3,468,908</u>

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

STATE OF NEW MEXICO  
VILLAGE OF CIMARRON  
Enterprise Funds  
Combining Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
For the Year Ended June 30, 2010

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Totals
<b>OPERATING REVENUES</b>				
Sales and services	\$ 215,916	\$ 133,765	\$ 56,744	\$ 406,425
Environmental gross receipts taxes	-	5,772	-	5,772
Intergovernmental	5,307	-	13,374	18,681
Miscellaneous	-	-	10,163	10,163
<b>Total operating revenue</b>	<u>221,223</u>	<u>139,537</u>	<u>80,281</u>	<u>441,041</u>
<b>OPERATING EXPENSES</b>				
Personal services	139,265	-	-	139,265
Maintenance and operations	67,393	135,177	39,625	242,195
Depreciation	317,372	-	2,401	319,773
<b>Total operating expenses</b>	<u>524,030</u>	<u>135,177</u>	<u>42,026</u>	<u>701,233</u>
Operating income (loss)	<u>(302,807)</u>	<u>4,360</u>	<u>38,255</u>	<u>(260,192)</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment income	1,101	-	-	1,101
Investment expense	(14,338)	-	-	(14,338)
<b>Total Non-Operating Revenue (Expense)</b>	<u>(13,237)</u>	<u>-</u>	<u>-</u>	<u>(13,237)</u>
Income (loss) before transfers	<u>(316,044)</u>	<u>4,360</u>	<u>38,255</u>	<u>(273,429)</u>
Operating transfers in	24,742	-	-	24,742
Operating transfers out	-	-	-	-
<b>Net transfers</b>	<u>24,742</u>	<u>-</u>	<u>-</u>	<u>24,742</u>
Change in Net Assets	(291,302)	4,360	38,255	(248,687)
Total Net Assets, beginning of year	<u>2,962,577</u>	<u>21,471</u>	<u>139,020</u>	<u>3,123,068</u>
<b>Total Net Assets, end of year</b>	<u><b>\$ 2,671,275</b></u>	<u><b>\$ 25,831</b></u>	<u><b>\$ 177,275</b></u>	<u><b>\$ 2,874,381</b></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, 2010

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 209,021	\$ 133,537	\$ 56,744	\$ 399,302
Cash received from intergovernmental	5,307	5,740	13,374	24,421
Cash received from miscellaneous sources	-	-	10,163	10,163
Cash payments to employees and to suppliers for goods and services	<u>(205,282)</u>	<u>(111,377)</u>	<u>(39,625)</u>	<u>(356,284)</u>
Net cash provided by operating activities	<u>9,046</u>	<u>27,900</u>	<u>40,656</u>	<u>77,602</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(17,948)	-	(1,700)	(19,648)
Principal paid	(6,952)	-	-	(6,952)
Interest expense	(14,338)	-	-	(14,338)
Transferred from/to other funds	24,742	(6,525)	-	18,217
Loan proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(14,496)</u>	<u>(6,525)</u>	<u>(1,700)</u>	<u>(22,721)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	<u>1,101</u>	<u>-</u>	<u>-</u>	<u>1,101</u>
Net cash provided by investing activities	<u>1,101</u>	<u>-</u>	<u>-</u>	<u>1,101</u>
Net increase (decrease) in cash	(4,349)	21,375	38,956	55,982
Cash, beginning of year	<u>68,760</u>	<u>20,552</u>	<u>132,750</u>	<u>222,062</u>
Cash, end of year	<u><b>\$ 64,411</b></u>	<u><b>\$ 41,927</b></u>	<u><b>\$ 171,706</b></u>	<u><b>\$ 278,044</b></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (302,807)	\$ 4,360	\$ 38,255	\$ (260,192)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	317,372	-	2,401	319,773
Changes in assets and liabilities:				
(Increase) decrease in receivables	(6,895)	(260)	-	(7,155)
Increase (decrease) in accounts payable	(550)	23,800	-	23,250
Increase (decrease) in compensated absences	<u>1,926</u>	<u>-</u>	<u>-</u>	<u>1,926</u>
Total	<u>311,853</u>	<u>23,540</u>	<u>2,401</u>	<u>337,794</u>
Net cash provided (used) by operating activities	<u><b>\$ 9,046</b></u>	<u><b>\$ 27,900</b></u>	<u><b>\$ 40,656</b></u>	<u><b>\$ 77,602</b></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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 258,960	\$ 258,960	\$ 209,021	\$ (49,939)
State sources	-	-	5,307	5,307
Interest income	2,000	2,000	1,101	(899)
	<u>260,960</u>	<u>260,960</u>	<u>215,429</u>	<u>(45,531)</u>
<b>Total revenues</b>	<b>\$ 260,960</b>	<b>\$ 260,960</b>	<b>\$ 215,429</b>	<b>\$ (45,531)</b>
<b>EXPENDITURES</b>				
Personal services	\$ 140,000	\$ 140,000	\$ 137,339	\$ 2,661
Maintenance and operations	69,088	69,088	67,942	1,146
Capital outlay	18,000	18,000	17,948	52
Revenue bonds principle	5,900	5,900	5,900	-
Loan principle	1,053	1,053	1,053	-
Interest expense	15,000	15,000	14,338	662
	<u>249,041</u>	<u>249,041</u>	<u>244,520</u>	<u>4,521</u>
<b>Total expenditures</b>	<b>\$ 249,041</b>	<b>\$ 249,041</b>	<b>\$ 244,520</b>	<b>\$ 4,521</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 24,742	\$ 24,742	\$ -
<b>BUDGETED CASH BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>REVENUES</b>				
Budgetary basis			\$ 215,429	
Increase in receivables			6,895	
			<u>222,324</u>	
<b>Modified accrual basis</b>			<b>\$ 222,324</b>	
<b>EXPENDITURES</b>				
Budgetary Basis			\$ 244,520	
Depreciation			317,372	
Bonds paid			(5,900)	
Loans paid			(1,052)	
Capital assets reclassified			(17,948)	
(Decrease) in accounts payable			(550)	
Increase in compensated absenses			1,926	
			<u>538,368</u>	
<b>Modified accrual basis</b>			<b>\$ 538,368</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sales and services	\$ 151,800	\$ 151,800	\$ 133,537	\$ (18,263)
Environmental gross receipts tax	-	-	5,740	5,740
<b>Total revenues</b>	<b><u>\$ 151,800</u></b>	<b><u>\$ 151,800</u></b>	<b><u>\$ 139,277</u></b>	<b><u>\$ (12,523)</u></b>
<b>EXPENDITURES</b>				
Maintenance and operations	\$ 140,723	\$ 140,723	\$ 111,377	\$ 29,346
<b>Total expenditures</b>	<b><u>\$ 140,723</u></b>	<b><u>\$ 140,723</u></b>	<b><u>\$ 111,377</u></b>	<b><u>\$ 29,346</u></b>
<b>REVENUES</b>				
Budgetary basis			\$ 139,277	
Increase in receivables			260	
<b>Modified accrual basis</b>			<b><u>\$ 139,537</u></b>	
<b>EXPENDITURES</b>				
Budgetary basis			\$ 111,377	
Increase in payables			23,800	
<b>Modified accrual basis</b>			<b><u>\$ 135,177</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 62,000	\$ 62,000	\$ 56,744	\$ (5,256)
Local sources	3,500	3,500	10,163	6,663
State sources	<u>13,000</u>	<u>13,000</u>	<u>13,374</u>	<u>374</u>
Total revenues	<u>\$ 78,500</u>	<u>\$ 78,500</u>	<u>\$ 80,281</u>	<u>\$ 1,781</u>
EXPENDITURES				
Maintenance and operations	\$ 120,300	\$ 120,300	\$ 39,625	\$ 80,675
Capital outlay	<u>8,000</u>	<u>8,000</u>	<u>1,700</u>	<u>6,300</u>
Total expenditures	<u>\$ 128,300</u>	<u>\$ 128,300</u>	<u>\$ 41,325</u>	<u>\$ 86,975</u>
BUDGETED CASH BALANCE	<u>\$ 49,800</u>	<u>\$ 49,800</u>		
REVENUES				
Budgetary basis			\$ 80,281	
Difference			<u>-</u>	
Modified accrual basis			<u>\$ 80,281</u>	
EXPENDITURES				
Budgetary basis			\$ 41,325	
Depreciation			2,401	
Capital outlay			<u>(1,700)</u>	
Modified accrual basis			<u>\$ 42,026</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, 2010

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
<b>ASSETS</b>				
Cash	\$ 1,032	\$ 90,506	\$ 90,798	\$ 740
Total assets	<u>\$ 1,032</u>	<u>\$ 90,506</u>	<u>\$ 90,798</u>	<u>\$ 740</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 400	\$ 1,000	\$ 1,000	\$ 400
Due to other agencies	632	89,506	89,798	340
Total liabilities	<u>\$ 1,032</u>	<u>\$ 90,506</u>	<u>\$ 90,798</u>	<u>\$ 740</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, 2010

	Component Unit
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 35,583
Cash payments to employees	(33,282)
Cash payments to suppliers for goods and services	(18,630)
Net cash provided by operating activities	(16,329)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Subsidy from federal grant	62,499
Acquisition of capital assets	(17,049)
Net cash provided (used) by capital and related financing activities	45,450
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	258
Net increase (decrease) in cash	29,379
Cash, beginning of year	34,799
Cash, end of year	<b>\$ 64,178</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ (40,815)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	24,751
Changes in assets and liabilities:	
Accounts receivable	1,893
Prepaid rent	(117)
Prepaid items	107
Accounts payable	(1,770)
Customer deposits	(378)
Total	24,486
Net cash (used) by operating activities	<b>\$ (16,329)</b>

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

*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

**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, Fire Protection and Correction Fees Funds of the Village of Cimarron, as of and for the year ended June 30, 2010, and have issued our report thereon dated August 9, 2011. We also have audited the financial statements of each of the Village's non-major governmental and proprietary funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Cimarron'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 of Cimarron'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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies,

in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. It is listed as (03-06) Imprest Bank Account. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Cimarron'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 noncompliance or other matters that are required to be reported under Government Auditing Standards and which were described in the accompanying Status of Comments as 02-02 Late Audit Report, 03-03 Budget Overruns, 10-04 Contract Not Dated, 10-07 Bills Not Paid on Time, 10-10 Grant Not Utilized.

We also noted certain other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5 NMSA 1978, which are described in the accompanying Status of Comments as 03-03 Budget Overruns, 08-03 Enterprise Fund Debt, 10-01 Mayor Accepting Receipts, 10-02 Mayor Circumventing a Village Ordinance, 10-03 Mayor and Council Not Following the Village Ordinances, 10-05 Interest Earned From Certificates of Deposit Not Posted, 10-06 Interest Earned From Meter Deposits Not Transferred, 10-07 Bills Not Paid in Time, 10-08 Council Member Directing Staff to Violate Ordinance, 10-09 Owners Signatures Not Required, 10-10 Grant Not Utilized.



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, applicable federal grantors and the New Mexico Department of Finance and Administration and is not intended to be used by anyone other than these specified parties.

*Rice & Associates, LLP*

August 9, 2011

## 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) - Resolved.
4. Imprest Bank Account(03-06) - Repeated.
5. Direct Payments Not Posted (08-02) - Resolved.
6. Enterprise Fund Debt (08-03) - Repeated.
7. Access to Records (09-01) - Resolved.
8. Unrecorded Bank Account (09-02) - Resolved.
9. Unbudgeted Transfers (09-03) - Resolved.
10. Contract for Services (09-04) - Resolved.
11. Purchase Orders Required (09-05) - Resolved.

### Current Year

1. Mayor Accepting Receipts (10-01)
2. Mayor Circumventing a Village Ordinance (10-02)
3. Mayor and Village Council Not Following Village Ordinance (10-03)
4. Contract Not Dated (10-04)
5. Interest Earned From Certificates of Deposit Not Posted (10-05)
6. Interest Earned From Meter Deposits Not Transferred (10-06)
7. Bills Not Paid on Time (10-07)
8. Council Member Directing Staff to Violate Ordinance (10-08)
9. Owners Signatures Not Required (10-09)
10. Grant Not Utilized (10-10)

## Component Unit Audit Findings

### Prior Year

1. Lack of Complete Capital Assets Schedule (06-03) - Repeated.
2. No Security Deposit Register and Liability Does Not Agree With Bank Balance (09-01) - Resolved.
3. Unable to Locate Petty Cash Fund (09-02) - Resolved.
4. Incomplete Board Minutes (09-03) - Resolved.
5. Receipts Report Does Not Agree to Deposit (09-04) - Resolved.
6. No Board Approval of Disbursements (09-05) - Resolved.

### Current Year

1. Audit Report Not Submitted Timely (10-01)

Late Audit Report  
(02-02)

CONDITION	The audit report was submitted to the State Auditor after the required deadline of December 1, 2010.
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.
RESPONSE	The Village will be working towards getting the 2010-2011 audit completed in a timely manner.

Budget Overruns

(03-03)

CONDITION                    The Village had a budget overrun in the Non-Major Special Law Enforcement Protection Fund in the amount of \$55,195. The Non-Major Special Revenue Recreation Fund overrun was in the amount of \$1,086.

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 quarterly review of financials will be done at a regular council meeting where possible overruns will be discussed and a budget adjustment will be processed and submitted to DFA for approval.

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 Village will research and clean up the imprest account and keep the imprest account at \$2,000.00.

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 three 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	User rates are being increased as of September 30, 2011 by approximately 12% on all utilities.

Mayor Accepting Receipts

(10-01)

CONDITION                   The Mayor accepted a payment (\$60) for a water meter deposit at her place of business and not at the Village. The Mayor did not provide the individual with a receipt. Also, the Water Clerk had to go obtain the amount from the Mayor at her normal place of business.

CRITERIA                    The duties of the Mayor do not include accepting payments from water users.

CAUSE                        The Mayor chose to receive monies at her place of business instead of directing the water user to pay the amount at the Village.

EFFECT                      The Mayor could be accused of misappropriating funds, these funds could have been lost, and the Mayor is assuming duties that are not included in the scope of an elected official.

RECOMMENDATION            The Mayor should discontinue allowing any monies to be received anywhere other than Village Offices.

RESPONSE                    In the future the Mayor will not accept any Village payments. The Mayor will inform residents and businesses to take all payments to the Village Hall where they will be properly receipted and documented.



Mayor Circumventing a Village Ordinance

(10-02)

CONDITION                    The Mayor accepted an application for a landlord to obtain water at her place of business and then allowed this individual to cross out a portion of the paragraph concerning the owners responsibility. This omission would violate Ordinance #250.

CRITERIA                    Ordinance #250 states that "The owner of the property is ultimately responsible for any charges billable to that property".

CAUSE                        The Mayor is allowing certain individuals to circumvent one of the Village's Ordinances.

EFFECT                      The Mayor is not following one of their own ordinances.

RECOMMENDATION            The Mayor needs to follow each Ordinance the Village has voted on and published as law.

RESPONSE                    The Mayor accepted the application prior to Village Hall business hours. This was not done at the Mayor's place of business.

                                  The landlord was unable to present the application during regular business hours due to a work schedule conflict. The landlord had lined through the "owner of property is ultimately responsible for any charges billable to the property". The Mayor stated that the application would be submitted and that the utility clerk would contact the landlord if there would be a concern/question. The Mayor only facilitated the delivery of the application. In the future, the Mayor will not accept any paperwork on behalf of a citizen relating to the utility department.

Mayor and Council Following the Village Ordinances  
(10-03)

CONDITION	The Council voted against their own Ordinance #250. In doing this they allowed the tenant to be responsible for the utility bill instead of the Landlord.
CRITERIA	Ordinance #250 states that "The owner of the property is ultimately responsible for any charges billable to that property".
CAUSE	The Council are not aware that an Ordinance is a Law and that by allowing an individual to not comply with the Ordinance they are allowing them to violate their own law.
EFFECT	The Council are not following their own Ordinances.
RECOMMENDATION	The Council must adhere to their own Ordinances that the Village has passed as Law.
RESPONSE	The governing body will follow and adhere to Village ordinances. If an ordinance needs to be updated, it will be reviewed and updated accordingly.

Contract Not Dated

(10-04)

CONDITION	The Village has a contract for Solid Waste Collection that is signed however is not dated to ensure when the contract takes effect.
CRITERIA	All contracts need to be signed and "dated" to ensure they become a legal and binding document.
CAUSE	None of the parties of the contract were aware a date needed to be included.
EFFECT	The document may not be legally enforceable.
RECOMMENDATION	Management should ensure that all contracts are signed and dated.
RESPONSE	All contracts will be reviewed by the governing body to verify contracts are signed and dated.

Interest Earned From Certificates of Deposit Not Posted  
(10-05)

CONDITION	Management is not posting the interest earned from the Certificates of Deposit on the books of record.
CRITERIA	All transactions of the Village should be posted and included on the Village's books and records.
CAUSE	Management does not have enough staff to ensure all transactions are posted correctly to the books of record.
EFFECT	The books of record are understating interest earned and cash (Certificates of Deposit).
RECOMMENDATION	Management should hire additional staff to ensure all transactions are posted to the books of record.
RESPONSE	On a monthly basis all interest income will be receipted in and processed through the Caselle Bank Reconciliation Program to ensure correct financial reporting.

Interest Earned From Meter Deposits Not Transferred  
(10-06)

CONDITION	The Water Meter Deposit bank account is earning interest each month. This amount has not been transferred and budgeted for use in over two years.
CRITERIA	When the interest is earned each month it should be transferred in the subsequent month so the Water Fund can budget and spend the amount.
CAUSE	Management does not have enough staff to ensure all transactions are transferred and budgeted.
EFFECT	The Water Fund has monies that could be budgeted and spent however Management is not utilizing these funds.
RECOMMENDATION	Management should hire additional staff and this procedure would be done as part of their duties.
RESPONSE	Management will move monthly interest to the Water Department by cutting a check from the Water Meter bank account and depositing it into the Water Department bank account.

Bills Not Paid On Time  
(10-07)

CONDITION	An employee of the Village was not performing their duties. These duties included paying the monthly bills in a timely basis. This procedure was not being performed for several months. Because this occurred about \$35,000 of invoices not paid are shown as accounts payable on the financial statements.
CRITERIA	All amounts billed by Vendors need to be paid in a timely fashion to avoid interest and penalty charges of which are not budgeted for.
CAUSE	The employee chose not to perform their assigned duties for several months.
EFFECT	The financial statements show a large accounts payable balance as of the end of the fiscal year.
RECOMMENDATION	Management should hire responsible individuals. Also, these employees should be monitored periodically to ensure that their duties are being performed.
RESPONSE	Management will review the bills to be paid on a monthly basis and verify timely payments to vendors.

Council Member Directing Staff to Violate Ordinance  
(10-08)

CONDITION	A Council Member directed the Utility Clerk to accept a water connection application from a renter instead of the owner of the property. This violates ordinance #250.
CRITERIA	Ordinance #250 states that "The owner of the property is ultimately responsible for any charges billable to that property".
CAUSE	The Council Member is overriding the Village Ordinance.
EFFECT	The Councilor is not following a Village Ordinance (Law).
RECOMMENDATION	The Council Members should have a retreat and review all Ordinances so they are presented and read and understood, so these types of violations do not occur in the future.
RESPONSE	The governing body will follow and adhere to Village ordinances. If an ordinance needs to be updated, it will be reviewed and updated accordingly.

Owners Signatures Not Required  
(10-09)

CONDITION	The Mayor allowed a water connection application be approved without the landlords signature, only the renters.
CRITERIA	According to Ordinance #250 "The owner of the property is ultimately responsible for any charges billable to that property".
CAUSE	The mayor instructed the utility Clerk to accept the application without the Landlord's signature.
EFFECT	The Mayor is not adhering to the Village Ordinances.
RECOMMENDATION	The Mayor should attend a retreat and review all Ordinances to ensure they are read and understood, so these types of violations do not occur in the future.
RESPONSE	The governing body will follow and adhere to Village ordinances. If an ordinance needs to be updated, it will be reviewed and updated accordingly.



Grant Not Utilized  
(10-10)

CONDITION	The Village received a grant in the amount of \$30,000. The Village did not spend the full amount of the grant. Only \$20,900 was spent and received for this grant leaving \$9,000 that could have been utilized by the Village.
CRITERIA	All grant monies received should be utilized for the project the grant was received for. Thus, the whole amount of the grant should be spent and utilized before any other funds.
CAUSE	An explanation as to why this grant was not spent completely could not be provided.
EFFECT	The Village lost \$9,000 that could have been spent and used instead of Operational Fund monies.
RECOMMENDATION	Management should review these grants to ensure they are used completely before any other funds are used.
RESPONSE	The Grant Administrator will track all funding reimbursements to ensure utilization of all Grant funding.

**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.

Audit Report Not Submitted timely  
(10-01)

CONDITION	The audit report for the year ended June 30, 2010 was not submitted timely. The report was submitted to the Office of the State Auditor on December 1, 2010, but was rejected due to the exclusion of the Financial Data Schedule.
CRITERIA	Audit of Housing Authorities must be submitted by December 1 in accordance with the New Mexico State Auditor Rule 2.2.2. NMAC.
CAUSE	The "audited submission" of the Financial Data Schedule was not available on the HUD website as of the December 1 due date. The "unaudited submission" was still in HUD review status at that time. The auditor incorrectly understood that the Financial Data Schedule required to be included in the audit report to be the "audited submission".
EFFECT	Noncompliance with the New Mexico State Auditor Rule 2.2.2. NMAC.
RECOMMENDATION	Clarify any submission requirements in the future prior to the report due date.
RESPONSE	We concur with Kriegel/Gray/Shaw & Co., P.C.'s finding and recommendation.

## FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2010 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 August 9, 2011, to discuss the current audit report and auditors' comments. In attendance were Ms. Mary Alice Tracy-Boyce, Mayor, Ms. Mindy Cahill, Village Clerk/Administrator, Ms. Melissa Cruz, Acting Executive Director, Village of Cimarron Housing Authority, Ms. Stephanie Pacheco, Utility Clerk and Ms. Pamela A. Rice, CPA, Contract Auditor.