

STATE OF NEW MEXICO

VILLAGE OF CIMARRON

AUDIT REPORT

For the Year Ended June 30, 2012

(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, 2012

(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, 2012

Village Council

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

Village Administration

Ms. Mindy Cahill	Clerk
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Public Housing Administration

Ms. Teresita Gruver	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 and the budgetary comparison for the General, Fire Protection and Correction Fees Funds of the Village of Cimarron, as of and for the year ended June 30, 2012, 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 and the budgetary comparisons for all non-major governmental 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, 2012 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 \$539,167 as of June 30, 2012, and net operating revenues of \$105,220 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, 2012, and the

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, 2012, 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 December 18, 2013 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.

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



December 18, 2013

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Statement of Net Assets
June 30, 2012

Statement 1

	Governmental Activities	Business-Type Activities	Housing Authority Component Unit
ASSETS			
Current Assets			
Cash	\$ 599,890	\$ 234,293	\$ 93,108
Accounts receivable (net)	51,151	42,836	1,051
Prepaid assets	-	-	2,512
Due from other funds	87,224	7,926	-
Inventory	-	-	-
Total current assets	<u>738,265</u>	<u>285,055</u>	<u>96,671</u>
Restricted Assets			
Cash	-	46,196	2,745
Total restricted assets	<u>-</u>	<u>46,196</u>	<u>2,745</u>
Capital Assets			
Land (non-depreciable)	117,880	58,000	18,600
Capital assets, net of depreciation	<u>2,099,243</u>	<u>3,006,925</u>	<u>421,151</u>
Total capital assets	<u>2,217,123</u>	<u>3,064,925</u>	<u>439,751</u>
Total assets	<u>\$ 2,955,388</u>	<u>\$ 3,396,176</u>	<u>\$ 539,167</u>
Current Liabilities			
Interst payable	\$ 1,908	\$ -	\$ -
Accounts payable	4,306	44,073	5,288
Deposits payable	-	35,226	2,748
Loan (current portion)	13,057	19,024	-
Revenue bonds payable (current portion)	-	5,000	-
RUS bonds payable	-	2,200	-
Due to other funds	-	88,344	-
Total current liabilities	<u>19,271</u>	<u>193,867</u>	<u>8,036</u>
Non-Current Liabilities			
Compensated absences payable	10,977	6,909	-
Loan (non-current portion)	27,965	129,191	-
Revenue bonds payable	-	83,000	-
RUS bonds payable	-	172,925	-
Long-term payables	-	-	22,468
Total non-current liabilities	<u>38,942</u>	<u>392,025</u>	<u>22,468</u>
Total liabilities	<u>58,213</u>	<u>585,892</u>	<u>30,504</u>
Net Assets			
Invested in capital assets, net of related debt	2,174,193	2,653,585	439,751
Restricted for Debt Service	-	9,606	-
Unrestricted	429,362	147,093	68,912
Restricted for Special Revenue Grants	<u>293,620</u>	<u>-</u>	<u>-</u>
Total net assets	<u>2,897,175</u>	<u>2,810,284</u>	<u>508,663</u>
Total liabilities and net assets	<u>\$ 2,955,388</u>	<u>\$ 3,396,176</u>	<u>\$ 539,167</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, 2012

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 226,500	\$ 15,298	\$ 82,075	\$ -	\$ (129,127)	\$ -	(129,127)	\$ -
Highways and streets	34,672	-	-	-	(34,672)	-	(34,672)	-
Public safety	274,691	74,779	101,872	-	(98,040)	-	(98,040)	-
Culture and recreation	27,044	-	-	-	(27,044)	-	(27,044)	-
Health and welfare	415	1,657	-	-	1,242	-	1,242	-
Depreciation - unallocated	122,756	-	-	-	(122,756)	-	(122,756)	-
Total governmental activities	686,078	91,734	183,947	-	(410,397)	-	(410,397)	-
Business-type activities:								
Water/Sewer services	508,848	233,550	18,522	268,122	-	11,346	11,346	-
Solid waste services	209,309	138,305	-	-	-	(71,004)	(71,004)	-
Ambulance services	70,495	65,425	35,618	-	-	30,548	30,548	-
Total business-type activities	788,652	437,280	54,140	268,122	-	(29,110)	(29,110)	-
Total all activities	\$ 1,474,730	\$ 529,014	\$ 238,087	\$ 268,122	(410,397)	(29,110)	(439,507)	-
Component Unit:								
Housing Authority	\$ 134,902	\$ 32,028	\$ 1,056	\$ 71,995	-	-	-	(29,823)
General Revenues:								
Property taxes					64,565	-	64,565	-
Gross receipts taxes					280,710	13,046	293,756	-
Franchise taxes					23,518	-	23,518	-
Gas tax					18,320	-	18,320	-
MVD fees					899	-	899	-
Cigarette taxes					2	-	2	-
Lodgers taxes					23,342	-	23,342	-
State aid not restricted to special purpose								
General					39,879	-	39,879	-
Transfers					(102,000)	102,000	-	-
Investment earnings					1,209	345	1,554	141
Total general revenues and transfers					350,444	115,391	465,835	141
Change in net assets					(59,953)	66,281	26,328	(29,682)
Net assets - beginning of year					2,957,120	2,724,003	5,681,131	538,345
Net assets - end of year					\$ 2,897,175	\$ 2,810,284	\$ 5,707,459	\$ 508,663

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Balance Sheet
Governmental Funds
June 30, 2012

Statement 3

	General	Fire Protection Fund	Correction Fees Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash on deposit	\$ 310,400	\$ 162,678	\$ 107,861	\$ 18,951	\$ 599,890
Accounts receivable	47,021	-	1,000	3,130	51,151
Due from other funds	87,224	-	-	-	87,224
Total assets	<u>\$ 444,645</u>	<u>\$ 162,678</u>	<u>\$ 108,861</u>	<u>\$ 22,081</u>	<u>\$ 738,265</u>
LIABILITIES					
Accounts payable	\$ 4,306	\$ -	\$ -	\$ -	\$ 4,306
Due to other funds	-	-	-	-	-
Total liabilities	<u>4,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,306</u>
FUND BALANCE					
Restricted	-	162,678	108,861	22,081	293,620
Unassigned	440,339	-	-	-	440,339
Total fund balance	<u>440,339</u>	<u>162,678</u>	<u>108,861</u>	<u>22,081</u>	<u>733,959</u>
Total liabilities and fund balance	<u>\$ 444,645</u>	<u>\$ 162,678</u>	<u>\$ 108,861</u>	<u>\$ 22,081</u>	<u>\$ 738,265</u>

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

STATE OF NEW MEXICO

Statement 4

VILLAGE OF CIMARRON

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets
June 30, 2012

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

Total fund balances - governmental funds		\$ 733,959
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

The cost of capital assets	4,813,651	
Accumulated depreciation	<u>(2,596,528)</u>	
		2,217,123

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	(1,908)	
Wells Fargo loan payable	(41,022)	
Compensated absences	<u>(10,977)</u>	
		<u>(53,907)</u>

Net assets of governmental activities		<u><u>\$ 2,897,175</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Governmental Funds

Statement 5

Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2012

	General Fund	Fire Protection Fund	Correction Fees Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 64,565	\$ -	\$ -	\$ -	\$ 64,565
Lodgers taxes	-	-	-	23,342	23,342
Franchise taxes	23,518	-	-	-	23,518
Gross receipts taxes	128,557	-	-	-	128,557
Cigarette taxes	2	-	-	-	2
Gas tax	18,320	-	-	-	18,320
Rent	6,500	-	-	-	6,500
MVD fees	699	-	-	-	699
Charges for services	3,008	-	-	1,657	4,665
Licenses and permits	5,790	-	-	-	5,790
Fines and forfeitures	58,682	-	16,097	-	74,779
Local sources	14,819	1,062	-	-	15,881
State sources	67,340	77,879	-	21,200	166,419
Federal sources	41,526	-	-	-	41,526
State shared taxes	152,153	-	-	-	152,153
Earnings from investments	1,209	-	-	-	1,209
Total revenues	586,888	78,941	16,097	46,199	728,125
EXPENDITURES					
Current:					
General government	228,155	-	-	-	228,155
Highways and streets	34,672	-	-	-	34,672
Public safety	211,762	43,960	2,256	14,805	272,783
Culture and recreation	10,196	-	-	16,846	27,042
Health & welfare	-	-	-	415	415
Capital outlay	-	-	-	-	-
Debt service:					
Loan principal	-	-	-	12,477	12,477
Loan interest	-	-	-	2,488	2,488
Total expenditures	484,785	43,960	2,256	47,033	578,034
Excess (deficiency) revenues over expenditures	102,103	34,981	13,841	(834)	150,091
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	(102,000)	-	-	-	(102,000)
Loan proceeds	-	-	-	-	-
Total other financing sources (uses)	(102,000)	-	-	-	(102,000)
Net change in fund balances	103	34,981	13,841	(834)	48,091
Fund balance beginning of year	440,236	127,697	95,020	22,915	685,868
Fund balance end of year	\$ 440,339	\$ 162,678	\$ 108,861	\$ 22,081	\$ 733,959

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, 2012

Net change in fund balances - total governmental funds \$ 48,091

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

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

Depreciation expense	(122,756)
Capital outlays	

Excess of capital outlay over depreciation expense	(122,756)
--	-----------

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	580
Compensated absences payable	1,655

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	
Repayment of long-term debt	12,477

12,477

Change in net assets of governmental activities	\$ (59,953)
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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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 58,396	\$ 58,396	\$ 65,671	\$ 7,275
Franchise taxes	23,000	23,000	27,840	4,840
Gross receipts taxes	138,500	138,500	135,032	(3,468)
Cigarette tax	-	-	2	2
Gas tax	16,600	16,600	16,209	(391)
Rent	6,600	6,600	6,500	(100)
MVD fees	1,600	1,600	1,728	128
Charges for services	600	600	3,008	2,408
Licenses and permits	4,250	4,250	5,790	1,540
Fines and forfeitures	70,000	70,000	60,400	(9,600)
Local sources	187	187	14,819	14,632
State sources	120,000	120,000	67,340	(52,660)
Federal sources	-	-	29,944	29,944
State shared taxes	126,000	126,000	152,153	26,153
Earnings from investments	800	800	1,209	409
Total revenues	<u>\$ 566,533</u>	<u>\$ 566,533</u>	<u>\$ 587,645</u>	<u>\$ 21,112</u>
EXPENDITURES				
General government	\$ 218,632	\$ 218,632	\$ 237,286	\$ (18,654)
Highways and streets	47,577	47,577	34,672	12,905
Public safety	220,501	220,501	211,762	8,739
Culture and recreation	10,000	10,000	10,196	(196)
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 496,710</u>	<u>\$ 496,710</u>	<u>\$ 493,916</u>	<u>\$ 2,794</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(92,000)	(92,000)	(102,000)	(10,000)
Total expenditures	<u>\$ (92,000)</u>	<u>\$ (92,000)</u>	<u>\$ (102,000)</u>	<u>\$ (10,000)</u>
BUDGETED CASH BALANCE	<u>\$ 22,177</u>	<u>\$ 22,177</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Fire Protection Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 1,062	\$ 1,062
State sources	<u>61,667</u>	<u>61,667</u>	<u>77,879</u>	<u>16,212</u>
Total revenues	<u>\$ 61,667</u>	<u>\$ 61,667</u>	<u>\$ 78,941</u>	<u>\$ 17,274</u>
EXPENDITURES				
Public safety	<u>\$ 69,150</u>	<u>\$ 69,150</u>	<u>\$ 43,960</u>	<u>\$ 25,190</u>
Total expenditures	<u>\$ 69,150</u>	<u>\$ 69,150</u>	<u>\$ 43,960</u>	<u>\$ 25,190</u>
BUDGETED CASH BALANCE	<u>\$ 7,483</u>	<u>\$ 7,483</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 16,542	\$ 1,542
Total revenues	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 16,542</u>	<u>\$ 1,542</u>
EXPENDITURES				
Public safety	\$ 15,000	\$ 15,000	\$ 2,256	\$ 12,744
Total expenditures	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 2,256</u>	<u>\$ 12,744</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, 2012

Statement 10

	Enterprise Fund
ASSETS	
Current Assets	
Cash on deposit	\$ 234,293
Accounts receivable (net)	42,836
Due from other funds	7,926
Total Current Assets	285,055
Restricted Assets (Cash)	
Customer meter deposits	36,590
Debt service	9,606
Total Restricted Assets (Cash)	46,196
Property, Plant and Equipment	
Land	58,000
Equipment	486,275
Heavy equipment	59,800
Vehicles	293,523
Plant	6,168,295
Accumulated depreciation	(4,000,968)
Total Property, Plant and Equipment	3,064,925
Total Assets	\$ 3,396,176
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 44,073
Due to other funds	88,344
Customer meter deposits payable from Restricted Assets	35,226
Revenue bonds payable	5,000
RUS Bonds payable	2,200
Loans payable	19,024
Total Current Liabilities	193,867
Long-Term Liabilities	
Compensated absences	6,909
Revenue bonds payable	83,000
RUS Bonds payable	172,925
Loan payable	129,191
Total Long-Term Liabilities	392,025
NET ASSETS	
Invested in Capital Assets, net of related debt	2,653,585
Restricted for debt service	9,606
Unrestricted	147,093
Total Net Assets	2,810,284
Total Liabilities and Net Assets	\$ 3,396,176

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, 2012

	Enterprise Fund
OPERATING REVENUES	
Sales and services	\$ 437,280
Environmental gross receipts taxes	13,046
Intergovernmental	7,940
Miscellaneous	46,200
Total operating revenue	504,466
OPERATING EXPENSES	
Personal services	176,639
Maintenance and operations	291,800
Depreciation	303,720
Total operating expenses	772,159
Operating income (loss)	(267,693)
NON-OPERATING REVENUE (EXPENSE)	
Investment income	345
Investment expense	(16,493)
Federal Grant	268,122
Total Non-Operating Revenue (Expense)	251,974
Income (loss) before transfers	(15,719)
Operating transfers in	102,000
Operating transfers out	-
Net transfers	102,000
Change in Net Assets	86,281
Total Net Assets, beginning of year	2,724,003
Total Net Assets, end of year	\$ 2,810,284

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, 2012

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 425,974
Cash received from intergovernmental	14,180
Cash received from miscellaneous sources	67,809
Cash payments to employees and to suppliers for goods and services	<u>(469,765)</u>
Net cash provided by operating activities	<u>38,198</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(439,893)
Principal paid	(41,080)
Investment expense	(16,493)
Transferred from/to other funds	102,000
Federal grant	268,122
Loan proceeds	<u>81,200</u>
Net cash provided (used) by capital and related financing activities	<u>(46,144)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Security deposits (returned)	2,485
Investment income	<u>346</u>
Net cash provided by investing activities	<u>2,831</u>
Net increase (decrease) in cash	(5,115)
Cash, beginning of year	<u>285,604</u>
Cash, end of year	<u>\$ 280,489</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ <u>(267,693)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	303,720
Changes in assets and liabilities:	
(Increase) decrease in receivables	(11,306)
Increase (decrease) in accounts payable	14,004
Increase (decrease) in compensated absences	1,064
(Increase) decrease in due to/from other funds	<u>(1,591)</u>
Total	<u>305,891</u>
Net cash provided (used) by operating activities	<u>\$ 38,198</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Statement of Fiduciary Assets and Liabilities - Agency Funds
 June 30, 2012

	Agency Funds
ASSETS	
Cash	\$ 810
Total Assets	\$ 810
LIABILITIES	
Due to general fund	\$ 100
Due to bond holders	300
Due to other agencies	410
Total Liabilities	\$ 810

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, 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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.

Notes to Financial Statements (continued)

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

Special Revenue Fund - Correction Fees Fund - To account for fines collected by the Village Courts and designated to be used for the operation and maintenance of the Village jail. Authority is Section 35-14-11 NMSA.

The Village reports the following as Proprietary Funds.

Proprietary Funds - Enterprise Funds

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

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

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

Additionally, the Village reports the following fund types:

Fiduciary Funds - Agency Funds

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

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

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

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*.

Notes to Financial Statements (continued)

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 Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by the Village Council or ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

E. Budgetary Information

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

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

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.

Notes to Financial Statements (continued)

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		5,521
International State Bank	Checking-Water Meter Account		23,789
International State Bank	Checking-General Account		677,186
International State Bank	Checking-Solid Waste Account		22,808
International State Bank	Checking-Sewer Operating Account		15,031
International State Bank	Checking-Water Income Account		24,776
International State Bank	Checking-Payroll Account		4,788
International State Bank	Checking-RUS		48
International State Bank	Certificate of Deposit- Bond Reserve		9,558
International State Bank	Certificate of Deposit- Water Meter		12,866
International State Bank	Certificate of Deposit- General Account		22,530
International State Bank	Certificate of Deposit- Fire Fund		<u>100,940</u>
	Total	\$	<u>920,241</u>
Total amount on deposit		\$	920,241
Outstanding checks			(39,052)
Deposits in transit			<u>-</u>
Total per financial statements		\$	<u>881,189</u>

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, 2012	\$ 920,241
Less F.D.I.C.	<u>(395,894)</u>
Uninsured funds	524,347
50% Collateral requirement	262,174
Pledged collateral at June 30, 2012	<u>325,000</u>
Excess of pledged collateral	<u>\$ 62,826</u>

Notes to Financial Statements (continued)

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, 2012, \$524,347 of the Village's bank balance of \$920,241 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 199,347
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Villages name	<u>325,000</u>
Total	<u>\$ 524,347</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	125,000
FHLB #3133XKTV7	6-13-2014	<u>50,000</u>
		<u>\$ 325,000</u>

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	\$ -	\$ 44,836
Less allowance for uncollectible accounts	<u>-</u>	<u>(2,000)</u>
Subtotal	-	42,836
Franchise taxes	4,691	-
Property taxes	786	-
Gas taxes	3,523	-
Gross receipts tax	22,700	-
Lodgers tax	3,130	-
MVD fees	3,738	-
Fines & forfeitures	1,000	-
Intergovernmental	<u>11,583</u>	<u>-</u>
Total	<u>\$ 51,151</u>	<u>\$ 42,836</u>

Notes to Financial Statements (continued)

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 6-30-2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2012</u>	<u>Due Within One Year</u>
Compensated absences	\$ 12,632	\$ -	\$ 1,655	\$ 10,977	\$ -
NMFA Loan	<u>53,499</u>	<u>-</u>	<u>12,477</u>	<u>41,022</u>	<u>13,057</u>
Total	<u>\$ 66,131</u>	<u>\$ -</u>	<u>\$ 14,132</u>	<u>\$ 51,999</u>	<u>\$ 13,057</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.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>
	<u>\$ 41,022</u>	<u>\$ 3,873</u>	<u>\$ 44,895</u>

5. LONG-TERM DEBT OBLIGATIONS - ENTERPRISE FUNDS

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

	<u>Balance 6-30-2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2012</u>	<u>Due Within One Year</u>
Water/Sewer Bonds	\$ 93,000	\$ -	\$ 5,000	\$ 88,000	\$ 5,000
Water Loan	85,618	-	11,174	74,444	11,509
Compensated absences	8,500	-	1,591	6,909	-
RUS Bonds	177,225	-	2,100	175,125	2,200
RIP Loan	15,377	-	15,377	-	-
NMFA Loan	<u>-</u>	<u>81,200</u>	<u>7,429</u>	<u>73,771</u>	<u>7,515</u>
Total	<u>\$379,720</u>	<u>\$ 81,200</u>	<u>\$ 42,671</u>	<u>\$ 418,249</u>	<u>\$ 26,224</u>

Notes to Financial Statements (continued)

1985 Water and Sewer Revenue Bonds

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	9,000	450	9,450
	<u>\$ 88,000</u>	<u>\$ 34,250</u>	<u>\$ 122,050</u>

Water System Loan

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	11,509	2,233	13,742
2014	11,854	1,888	13,742
2015	12,210	1,532	13,742
2016	12,576	1,167	13,743
2017	12,953	789	13,742
2018	13,342	401	13,743
	<u>\$ 74,444</u>	<u>\$ 8,010</u>	<u>\$ 82,454</u>

2004 Water System Revenue Bonds (RUS)

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

Notes to Financial Statements (continued)

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	2,200	7,565	9,765
2014	2,300	7,465	9,765
2015	2,400	7,360	9,760
2016	2,600	7,246	9,846
2017	2,700	7,128	9,828
2018-22	15,400	33,684	49,084
2023-27	19,500	29,799	49,299
2028-32	24,600	24,873	49,473
2033-37	31,000	18,687	49,687
2038-42	39,100	10,877	49,977
2043-45	<u>33,325</u>	<u>1,717</u>	<u>35,042</u>
	<u>\$ 175,125</u>	<u>\$ 156,401</u>	<u>\$ 331,526</u>

NMFA LOAN - Ambulance

The Village entered into a loan agreement with the New Mexico Finance Authority evidencing a special limited obligation of the Village to pay a principal amount of \$81,200 and interest for the purpose of defraying the cost of acquiring an ambulance for the Village's Ambulance Fund. The Village has pledged future State Gross Receipts tax (Fifth Increment) to pay the loan. Total annual principal and interest payments for the repayment of the loan is expected to require 100% of the yearly State Gross Receipts Tax (Fifth Increment). The interest rate is 1.705%. The maturity date is April, 2021.

The annual requirements to amortize the amounts outstanding are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 7,515	\$ 1,041	\$ 8,556
2014	7,621	1,013	8,634
2015	7,749	973	8,722
2016	7,910	908	8,818
2017	8,097	820	8,917
2018	8,314	709	9,023
2019	8,563	571	9,134
2020	8,845	407	9,252
2021	<u>9,157</u>	<u>216</u>	<u>9,373</u>
	<u>\$ 73,771</u>	<u>\$ 6,658</u>	<u>\$ 80,429</u>

Notes to Financial Statements (continued)

6. DEPOSITS HELD FOR OTHERS , ENTERPRISE FUND

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

Hydrant Meter deposits \$35,226

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

Residential properties \$ 60
Commercial properties \$ 120

7. CAPITAL ASSETS

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

	Balances <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2012</u>
Land	\$ 117,880	\$ -	\$ -	\$ 117,880
Buildings	1,720,371	-	-	1,720,371
Infrastructure	2,049,662	-	-	2,049,662
Vehicles	542,231	-	-	542,231
Equipment	<u>383,507</u>	<u>-</u>	<u>-</u>	<u>383,507</u>
Sub-total	<u>4,813,651</u>	<u>-</u>	<u>-</u>	<u>4,813,651</u>
Less: accumulated depreciation	<u>(2,473,772)</u>	<u>(122,756)</u>	<u>-</u>	<u>(2,596,528)</u>
Net capital assets	<u>\$ 2,339,879</u>	<u>\$ (122,756)</u>	<u>\$ -</u>	<u>\$ 2,217,123</u>

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

	Balances <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2012</u>
Land	\$ 58,000	\$ -	\$ -	\$ 58,000
Equipment	486,275	-	-	486,275
Heavy equipment	59,800	-	-	59,800
Vehicles	216,723	153,250	(76,450)	293,523
Plant	<u>5,881,651</u>	<u>286,644</u>	<u>-</u>	<u>6,168,295</u>
Sub-total	<u>6,702,449</u>	<u>439,894</u>	<u>(76,450)</u>	<u>7,065,893</u>
Less: accumulated depreciation	<u>(3,773,698)</u>	<u>(303,720)</u>	<u>76,450</u>	<u>(4,000,968)</u>
Net capital assets	<u>\$ 2,928,751</u>	<u>\$ (136,174)</u>	<u>\$ -</u>	<u>\$ 3,064,925</u>

Notes to Financial Statements (continued)

8. PROPERTY TAXES

The Village of Cimarron receives property taxes from the Colfax County Treasurer for operational purposes. Property taxes are assessed on January 1st of each year, except on livestock, and are payable in two equal installments on November 10th of the year in which the tax bill is prepared and April 10th of the following year. In addition, tax levies are authorized by statute to service payments due on general obligation bonds which have been authorized pursuant to state law. The full faith and credit of the necessary to pay the interest and on the principal of the negotiable bonds as the interest and principal become due, without limitation as to rate or amount. The Village may pay the principal or interest on any general obligation bonds from any available revenues, and the levy or levies of taxes may be diminished to the extent such other revenues are available for the payment of such principal and interest.

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

1. Erecting and operating natural or artificial gas works;
2. Erecting and operating electric works;
3. Constructing, purchasing, rehabilitating or remodeling, or any combination thereof, public buildings, including additions and improvements thereto;
4. Building, beautifying and improving public parks within or without the municipal boundary, but not beyond the planning and platting jurisdiction of the municipality;
5. Acquiring land or buildings for playgrounds, recreation centers, zoos, and other recreational purposes and the equipment thereof, or any combination thereof;
6. Providing proper means for protecting from fire including but not limited to purchasing apparatus for fire protection and providing, enlarging and improving fire equipment and facilities;
7. Laying off, opening, constructing, repairing, and otherwise improving municipal alleys, streets, public roads, and bridges or any combination thereof;
8. Providing apparatus for the collection and disposal of garbage and refuse; acquiring, constructing and maintaining garbage and refuse;
9. Constructing or purchasing a system for supplying water or constructing and purchasing such a system, for the municipality, including without limiting the generality of the foregoing, the enlargement, improvement, extension or acquisition of the system, and acquisition of water or water rights, necessary real estate or rights of way, bridges and easements, and necessary apparatus for a water system, or any combination of the foregoing;

Notes to Financial Statements (continued)

10. Construction or purchasing a sewer system or the construction and purchase of a sewer system, including without limiting the generality of the foregoing, acquiring, enlarging, improving, or extending, or any combination of the foregoing, said system;
11. Flood control purposes are provided in Section 3-41-1 NMSA 1978;
12. Constructing, purchasing, rehabilitating or remodeling, or any combination thereof, hospital, including additions and improvements thereto;
13. Purchasing, improving, or erecting public auditoriums or public buildings of a similar nature for a general civic purposes, or for authorizing the improvement of erection of public auditoriums or buildings of similar nature by agreement, with officers of the county in which the municipality is located; and
14. Acquiring, purchasing, constructing, improving, rehabilitating, or remodeling, or any combination thereof, of cemeteries or mausoleums.

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	\$ 586,888	\$ 78,941	\$ 16,097	\$ 46,199
Budgetary basis	<u>587,645</u>	<u>78,941</u>	<u>16,542</u>	<u>45,823</u>
Increase (decrease) in receivables	<u>\$ (757)</u>	<u>\$ -</u>	<u>\$ (445)</u>	<u>\$ 376</u>
<u>Expenditures</u>				
Modified accrual basis	\$ 484,785	\$ 43,960	\$ 2,256	\$ 47,033
Budgetary basis	<u>493,916</u>	<u>43,960</u>	<u>2,256</u>	<u>47,033</u>
Increase (decrease) in payables	<u>\$ (9,131)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

10. BUDGET VIOLATIONS

The Non-Major Special Revenue Recreation Tax Fund had a budget overrun of \$373. The Proprietary Water/Sewer Fund was overrun in the amount of \$315,556 and the Proprietary Ambulance Fund in the amount of \$5,124 and the Proprietary Solid Waste Fund in the amount of \$44,671.

Notes to Financial Statements (continued)

11. RETIREMENT PLAN

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

Funding Policy. Plan members are required to contribute 7% for policemen 9.15% for all other members (range from 4% to 16.3% depending upon the division, i.e., state general, state hazardous duty, state police, municipal general, municipal police, municipal fire) of their gross salary. The Village of Cimarron is required to contribute 10% for policemen and 9.15% for all other plan members (range from 7% to 25.72% depending upon the division) of the gross covered salary. The contribution requirements of plan members and the Village of Cimarron are established in Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of legislature. The Village of Cimarron's contributions to PERA for the years ending June 30, 2012, 2011 and 2010 were \$23,497, \$21,924 and \$25,991 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.

Notes to Financial Statements (continued)

14. TRANSFERS

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

<u>Transfers Out</u> <u>General Fund</u>	<u>Transfers In</u> <u>Water/Sewer Fund</u>	<u>Transfers In</u> <u>Solid Waste Fund</u>
<u>\$ (102,000)</u>	<u>\$ 62,000</u>	<u>\$ 40,000</u>

This one time transfer from the General Fund to the Water/Sewer and Solid Waste Fund are to cover one-time expenditures.

15. LONG-TERM RECEIVABLES

The Housing Authority agreed to reimburse the Village \$32,000 in legal fees during the June 30, 2011 fiscal year. This amount is to be paid a minimal annual payment of \$3,000 without interest, until paid in full. The balance due at June 30, 2012 was \$25,468.

16. FUND BALANCES CLASSIFIED

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here.

<u>Fund Balances</u>	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Correction Fees Fund</u>	<u>Non-Major Governmental Fund</u>	<u>Total</u>
Nonspendable:					
Interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	-	-	-
Total nonspendable	-	-	-	-	-
Restricted for:					
Fire Protection	-	162,678	-	-	162,678
Law Enforcement	-	-	108,861	2,020	110,881
Culture and recreation	-	-	-	10,432	10,432
Cemetery improvements	-	-	-	9,629	9,629
Total restricted	-	162,678	108,861	22,081	293,620
Committed to:					
Other purposes	-	-	-	-	-
Total committed	-	-	-	-	-
Unassigned:	440,339	-	-	-	440,339
Total Fund Balances	<u>\$ 440,339</u>	<u>\$ 162,678</u>	<u>\$ 108,861</u>	<u>\$ 22,081</u>	<u>\$ 733,959</u>

17. 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.

The following are summarized details of the Housing Authority's balances and transactions as of June 30, 2012 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	\$ 79,698
International State Bank - Checking	2,745
International State Bank - Checking	261
International State Bank - Checking	-
International State Bank - Certificate of Deposit	2,600
International State Bank - Certificate of Deposit	<u>10,549</u>

\$ 95,853

Total amount on deposit \$ 95,853

Outstanding checks -

Total per financial statements \$ 95,853

International
State Bank

Cash on deposit	\$ 95,853
Less FDIC	<u>(95,853)</u>

Amount uninsured \$ -

Notes to Financial Statements (continued)

B. Capital Assets

	Balances <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2012</u>
Land	\$ 18,600	\$ -	\$ -	\$ 18,600
Construction in progress	1,000	-	-	1,000
Building	668,754	-	-	668,754
Non-dwelling structures	166,868	6,238	-	173,106
Machinery & equipment	<u>72,542</u>	<u>-</u>	<u>-</u>	<u>72,542</u>
Sub-total	<u>927,764</u>	<u>6,238</u>	<u>-</u>	<u>934,002</u>
Less: accumulated depreciation	<u>(462,546)</u>	<u>(31,705)</u>	<u>-</u>	<u>(494,251)</u>
Net capital assets	<u>\$ 465,218</u>	<u>\$ (25,467)</u>	<u>\$ -</u>	<u>\$ 439,751</u>

C. Retirement Plan

The Authority's contributions to PERA for the fiscal years ending June 30, 2012, 2011, and 2010 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.

E. Changes in Compensated Absences

The following summarizes the changes in accrued compensated absences during 2012:

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>	Due Written <u>One Year</u>
Compensated Absences	<u>\$ 1,559</u>	<u>\$ -</u>	<u>\$ 1,559</u>	<u>\$ -</u>	<u>\$ -</u>

F. Commitments and Contingencies

The Housing Authority agreed to reimburse the Village \$32,000 in legal fees during the June 30, 2011 fiscal year. This amount is to be paid a minimal annual payment of \$3,000 without interest, until paid in full. The balance due at June 30, 2012 was \$25,465

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, 2012

	Law Enforcement Protection Fund	Recreation Fund	Cemetery Fund	Lodgers Tax Fund	Total
ASSETS					
Cash on deposit	\$ 2,020	\$ 311	\$ 9,629	\$ 6,991	\$ 18,951
Accounts receivable	-	-	-	3,130	3,130
Total assets	<u>\$ 2,020</u>	<u>\$ 311</u>	<u>\$ 9,629</u>	<u>\$ 10,121</u>	<u>\$ 22,081</u>
FUND BALANCE					
Restricted	\$ 2,020	\$ 311	\$ 9,629	\$ 10,121	\$ 22,081
Unassigned	-	-	-	-	-
Total fund balance	<u>\$ 2,020</u>	<u>\$ 311</u>	<u>\$ 9,629</u>	<u>\$ 10,121</u>	<u>\$ 22,081</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, 2012

	Law Enforcement Protection Fund	Recreation Fund	Cemetery Fund	Lodgers Tax Fund	Total
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 23,342	\$ 23,342
Charges for services	-	-	1,657	-	1,657
Fines and forfeitures	-	-	-	-	-
Local sources	-	-	-	-	-
State sources	21,200	-	-	-	21,200
State shared taxes	-	-	-	-	-
Total revenues	<u>21,200</u>	<u>-</u>	<u>1,657</u>	<u>23,342</u>	<u>46,199</u>
EXPENDITURES					
Current:					
Public safety	29,770	-	-	-	29,770
Culture and recreation	-	373	-	16,475	16,848
Health and welfare	-	-	415	-	415
Capital outlay	-	-	-	-	-
Total expenditures	<u>29,770</u>	<u>373</u>	<u>415</u>	<u>16,475</u>	<u>47,033</u>
Net change in fund balance	<u>(8,570)</u>	<u>(373)</u>	<u>1,242</u>	<u>6,867</u>	<u>(834)</u>
Fund balance, beginning of year	<u>10,590</u>	<u>684</u>	<u>8,387</u>	<u>3,254</u>	<u>22,915</u>
Fund balance, end of year	<u>\$ 2,020</u>	<u>\$ 311</u>	<u>\$ 9,629</u>	<u>\$ 10,121</u>	<u>\$ 22,081</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ -</u>
Total revenues	<u><u>\$ 21,200</u></u>	<u><u>\$ 21,200</u></u>	<u><u>\$ 21,200</u></u>	<u><u>\$ -</u></u>
EXPENDITURES				
Public safety	<u>\$ 31,000</u>	<u>\$ 31,000</u>	<u>\$ 29,770</u>	<u>\$ 1,230</u>
Total expenditures	<u><u>\$ 31,000</u></u>	<u><u>\$ 31,000</u></u>	<u><u>\$ 29,770</u></u>	<u><u>\$ 1,230</u></u>
BUDGETED CASH BALANCE	<u><u>\$ 9,800</u></u>	<u><u>\$ 9,800</u></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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State shared taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
EXPENDITURES				
Culture & recreation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373</u>	<u>\$ (373)</u>
Total expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 373</u></u>	<u><u>\$ (373)</u></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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 600	\$ 600	\$ 1,657	\$ 1,057
Total revenues	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 1,657</u>	<u>\$ 1,057</u>
EXPENDITURES				
Health and welfare	\$ 500	\$ 500	\$ 415	\$ 85
Total expenditures	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 415</u>	<u>\$ 85</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes	\$ 16,500	\$ 16,500	\$ 22,966	\$ 6,466
Total revenues	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 22,966</u>	<u>\$ 6,466</u>
EXPENDITURES				
Culture & recreation	\$ 16,500	\$ 16,500	\$ 16,475	\$ 25
Total expenditures	<u>\$ 16,500</u>	<u>\$ 16,500</u>	<u>\$ 16,475</u>	<u>\$ 25</u>
REVENUES				
Budgetary basis			\$ 22,966	
Increase in accounts receivable			<u>376</u>	
Modified accrual basis			<u>\$ 23,342</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, 2012

Statement B-1

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Total
ASSETS				
Current Assets				
Cash on deposit	\$ 27,786	\$ 20,241	\$ 186,266	\$ 234,293
Accounts receivable (net)	27,943	14,893	-	42,836
Due from other funds	-	6,806	1,120	7,926
Total Current Assets	<u>55,729</u>	<u>41,940</u>	<u>187,386</u>	<u>285,055</u>
Restricted Assets (Cash)				
Customer meter deposits	36,590	-	-	36,590
Debt service	9,606	-	-	9,606
Total Restricted Assets (Cash)	<u>46,196</u>	<u>-</u>	<u>-</u>	<u>46,196</u>
Property, Plant and Equipment				
Land	58,000	-	-	58,000
Equipment	380,161	-	106,114	486,275
Heavy equipment	59,800	-	-	59,800
Vehicles	-	-	293,523	293,523
Plant	6,168,295	-	-	6,168,295
Accumulated depreciation	(3,737,381)	-	(263,587)	(4,000,968)
Total Property, Plant and Equipment	<u>2,928,875</u>	<u>-</u>	<u>136,050</u>	<u>3,064,925</u>
Total Assets	<u>\$ 3,030,800</u>	<u>\$ 41,940</u>	<u>\$ 323,436</u>	<u>\$ 3,396,176</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ 44,073	\$ -	\$ 44,073
Due to other funds	88,344	-	-	88,344
Customer meter deposits payable from Restricted Assets	35,226	-	-	35,226
Revenue bonds payable	5,000	-	-	5,000
RUS bonds payable	2,200	-	-	2,200
Loans payable	11,509	-	7,515	19,024
Total Current Liabilities	<u>142,279</u>	<u>44,073</u>	<u>7,515</u>	<u>193,867</u>
Long-Term Liabilities				
Compensated absences	840	6,069	-	6,909
Revenue bonds payable	83,000	-	-	83,000
RUS bonds payable	172,925	-	-	172,925
Loan payable	62,935	-	66,256	129,191
Total Long-Term Liabilities	<u>319,700</u>	<u>6,069</u>	<u>66,256</u>	<u>392,025</u>
NET ASSETS				
Invested in Capital Assets, net of related debt	2,591,306	-	62,279	2,653,585
Restricted for debt service	9,606	-	-	9,606
Unrestricted	(32,091)	(8,202)	187,386	147,093
Total Net Assets	<u>2,568,821</u>	<u>(8,202)</u>	<u>249,665</u>	<u>2,810,284</u>
Total Liabilities and Net Assets	<u>\$ 3,030,800</u>	<u>\$ 41,940</u>	<u>\$ 323,436</u>	<u>\$ 3,396,176</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, 2012

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Totals
OPERATING REVENUES				
Sales and services	\$ 233,550	\$ 138,305	\$ 65,425	\$ 437,280
Environmental gross receipts taxes	-	13,046	-	13,046
Intergovernmental	-	-	7,940	7,940
Miscellaneous	18,522	-	27,678	46,200
Total operating revenue	<u>252,072</u>	<u>151,351</u>	<u>101,043</u>	<u>504,466</u>
OPERATING EXPENSES				
Personal services	113,953	62,686	-	176,639
Maintenance and operations	94,452	146,623	50,725	291,800
Depreciation	284,470	-	19,250	303,720
Total operating expenses	<u>492,875</u>	<u>209,309</u>	<u>69,975</u>	<u>772,159</u>
Operating income (loss)	<u>(240,803)</u>	<u>(57,958)</u>	<u>31,068</u>	<u>(267,693)</u>
NON-OPERATING REVENUE (EXPENSE)				
Investment income	345	-	-	345
Investment expense	(15,973)	-	(520)	(16,493)
Federal grant	268,122	-	-	268,122
Total Non-Operating Revenue (Expense)	<u>252,494</u>	<u>-</u>	<u>(520)</u>	<u>251,974</u>
Income (loss) before transfers	<u>11,691</u>	<u>(57,958)</u>	<u>30,548</u>	<u>(15,719)</u>
Operating transfers in	62,000	40,000	-	102,000
Operating transfers out	-	-	-	-
Net transfers	<u>62,000</u>	<u>40,000</u>	<u>-</u>	<u>102,000</u>
Change in Net Assets	73,691	(17,958)	30,548	86,281
Total Net Assets, beginning of year	<u>2,495,130</u>	<u>9,756</u>	<u>219,117</u>	<u>2,724,003</u>
Total Net Assets, end of year	<u>\$ 2,568,821</u>	<u>\$ (8,202)</u>	<u>\$ 249,665</u>	<u>\$ 2,810,284</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, 2012

Statement B-3

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 223,566	\$ 136,983	\$ 65,425	\$ 425,974
Cash received from intergovernmental	-	6,240	7,940	14,180
Cash received from miscellaneous sources	23,112	17,019	27,678	67,809
Cash payments to employees and to suppliers for goods and services	<u>(225,361)</u>	<u>(193,679)</u>	<u>(50,725)</u>	<u>(469,765)</u>
Net cash provided by operating activities	<u>21,317</u>	<u>(33,437)</u>	<u>50,318</u>	<u>38,198</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(286,643)	-	(153,250)	(439,893)
Principal paid	(33,651)	-	(7,429)	(41,080)
Interest expense	(15,973)	-	(520)	(16,493)
Transferred from/to other funds	62,000	40,000	-	102,000
Federal grant	268,122	-	-	268,122
Loan proceeds	<u>-</u>	<u>-</u>	<u>81,200</u>	<u>81,200</u>
Net cash provided (used) by capital and related financing activities	<u>(6,145)</u>	<u>40,000</u>	<u>(79,999)</u>	<u>(46,144)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Security deposits (returned)	2,485	-	-	2,485
Investment income	<u>346</u>	<u>-</u>	<u>-</u>	<u>346</u>
Net cash provided by investing activities	<u>2,831</u>	<u>-</u>	<u>-</u>	<u>2,831</u>
Net increase (decrease) in cash	18,003	6,563	(29,681)	(5,115)
Cash, beginning of year	<u>55,979</u>	<u>13,678</u>	<u>215,947</u>	<u>285,604</u>
Cash, end of year	<u>\$ 73,982</u>	<u>\$ 20,241</u>	<u>\$ 186,266</u>	<u>\$ 280,489</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (240,803)	\$ (57,958)	\$ 31,068	\$ (267,693)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	284,470	-	19,250	303,720
Changes in assets and liabilities:				
(Increase) decrease in receivables	(9,984)	(1,322)	-	(11,306)
Increase (decrease) in accounts payable	(1,037)	15,041	-	14,004
(Increase) decrease in due to/from other funds	(9,149)	10,213	-	1,064
Increase (decrease) in compensated absences	<u>(2,180)</u>	<u>589</u>	<u>-</u>	<u>(1,591)</u>
Total	<u>262,120</u>	<u>24,521</u>	<u>19,250</u>	<u>305,891</u>
Net cash provided (used) by operating activities	<u>\$ 21,317</u>	<u>\$ (33,437)</u>	<u>\$ 50,318</u>	<u>\$ 38,198</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 205,979	\$ 205,979	\$ 223,566	\$ 17,587
Local sources	-	-	23,112	23,112
State sources	-	-	-	-
Federal sources	-	-	268,122	268,122
Interest income	500	500	346	(154)
Total revenues	<u>\$ 206,479</u>	<u>\$ 206,479</u>	<u>\$ 515,146</u>	<u>\$ 308,667</u>
EXPENDITURES				
Personal services	\$ 122,722	\$ 122,722	\$ 111,773	\$ 10,949
Maintenance and operations	88,350	88,350	113,588	(25,238)
Capital outlay	-	-	286,643	(286,643)
Revenue bonds principle	7,100	7,100	10,751	(3,651)
Loan principle	22,900	22,900	22,900	-
Interest expense	5,000	5,000	15,973	(10,973)
Total expenditures	<u>\$ 246,072</u>	<u>\$ 246,072</u>	<u>\$ 561,628</u>	<u>\$ (315,556)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 57,000</u>	<u>\$ 57,000</u>	<u>\$ 62,000</u>	<u>\$ 5,000</u>
BUDGETED CASH BALANCE	<u>\$ 39,739</u>	<u>\$ 39,739</u>		
REVENUES				
Budgetary basis			\$ 515,146	
Increase in receivables			9,983	
(Decrease) in due from other funds			(4,590)	
Modified accrual basis			<u>\$ 520,539</u>	
EXPENDITURES				
Budgetary Basis			\$ 561,628	
Depreciation			284,470	
Principal paid			(33,651)	
Capital assets reclassified			(286,643)	
(Decrease) in accounts payable			(1,037)	
(Decrease) in compensated absences			(2,180)	
(Decrease) in due from other funds			(13,739)	
Modified accrual basis			<u>\$ 508,848</u>	

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Proprietary Funds
 Solid Waste Funds
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 131,531	\$ 131,531	\$ 136,983	\$ 5,452
Local sources	-	-	17,019	17,019
Environmental gross receipts tax	-	-	6,240	6,240
Total revenues	<u>\$ 131,531</u>	<u>\$ 131,531</u>	<u>\$ 160,242</u>	<u>\$ 28,711</u>
EXPENDITURES				
Maintenance and operations	\$ 164,638	\$ 164,638	\$ 209,309	\$ (44,671)
Total expenditures	<u>\$ 164,638</u>	<u>\$ 164,638</u>	<u>\$ 209,309</u>	<u>\$ (44,671)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 40,000</u>	<u>\$ 5,000</u>
BUDGETED CASH BALANCES	<u>\$ 33,107</u>	<u>\$ 33,107</u>		
REVENUES				
Budgetary basis			\$ 160,242	
(Decrease) in due from other funds			(10,213)	
Increase in receivables			<u>1,322</u>	
Modified accrual basis			<u>\$ 151,351</u>	
EXPENDITURES				
Budgetary basis			\$ 193,679	
Increase in payables			15,041	
Increase in Compensated Absences			<u>589</u>	
Modified accrual basis			<u>\$ 209,309</u>	

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Proprietary Funds
 Ambulance Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 62,000	\$ 62,000	\$ 65,425	\$ 3,425
Local sources	3,500	3,500	27,678	24,178
State sources	5,000	5,000	7,940	2,940
Total revenues	<u>\$ 70,500</u>	<u>\$ 70,500</u>	<u>\$ 101,043</u>	<u>\$ 30,543</u>
EXPENDITURES				
Maintenance and operations	\$ 110,800	\$ 110,800	\$ 50,725	\$ 60,075
Capital outlay	96,000	96,000	153,250	(57,250)
Loan principal	-	-	7,429	(7,429)
Interest expense	-	-	520	(520)
Total expenditures	<u>\$ 206,800</u>	<u>\$ 206,800</u>	<u>\$ 211,924</u>	<u>\$ (5,124)</u>
BUDGETED CASH BALANCE	<u>\$ 136,300</u>	<u>\$ 136,300</u>		
REVENUES				
Budgetary basis			\$ 101,043	
Increase in accounts receivable			<u> </u>	
Modified accrual basis			<u>\$ 101,043</u>	
EXPENDITURES				
Budgetary basis			\$ 211,924	
Loan principle			(7,429)	
Capital acquisitions			(153,250)	
Interest expense			(520)	
Depreciation			<u>19,250</u>	
Modified accrual basis			<u>\$ 69,975</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, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
ASSETS				
Cash	\$ 400	\$ 82,856	\$ 82,446	\$ 810
Total assets	<u>\$ 400</u>	<u>\$ 82,856</u>	<u>\$ 82,446</u>	<u>\$ 810</u>
LIABILITIES				
Due to General Fund	\$ -	\$ 100	\$ -	\$ 100
Due to bond holders	400	-	100	300
Due to other agencies	-	82,756	82,346	410
Total liabilities	<u>\$ 400</u>	<u>\$ 82,856</u>	<u>\$ 82,446</u>	<u>\$ 810</u>

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Component Unit
Housing Authority
Statement of Cash Flows
For the Year Ended June 30, 2012

	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 32,025
Cash payments to employees	(40,372)
Cash payments to suppliers for goods and services	(37,646)
Net cash provided by operating activities	(45,993)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Subsidy from federal grant	71,777
Acquisition of capital assets	(6,238)
Net cash provided (used) by capital and related financing activities	65,539
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificate of deposit	(15,894)
Interest received	170
Net cash provided (used) by investing activities	(15,724)
Net increase (decrease) in cash	3,822
Cash, beginning of year	76,137
Cash, end of year	\$ 79,959
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (101,818)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	31,705
Changes in assets and liabilities:	
Accounts receivable	(140)
Prepaid rent	(238)
Prepaid items	75
Accounts payable	25,252
Customer deposits	(216)
Inventory	946
Compensated Absences	(1,559)
Total	55,825
Net cash (used) by operating activities	\$ (45,993)

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

Rice and Associates, C.P.A.

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

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas
New Mexico State Auditor
and
Board of Education
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, 2012, and have issued our report thereon dated December 18, 2013. 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, 2012. 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

Management of the Village of Cimarron is responsible for establishing and maintaining effective 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 our opinions 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 of Cimarron'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 Status of Comments 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, which are described in the accompanying Status of Comments as (02-02) Late Audit Report and (03-03) Budget Overruns.

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 (08-03) Enterprise Fund Debt, (10-06) Interest Earned From Meter Deposits Not Transferred, (12-01) Bonuses Violating the Anti-Donation Clause, (12-02) Personnel Policy for Housing Authority, (12-03) Housing Authority Employee Requesting Their Own "Bonus", (12-04) Unallowed "Comp-Time", (12-05) Unapproved "Comp-Time", (12-06) Personnel Policy Not Followed, and (12-07) Bank Reconciliation for Municipal Escrow Account.

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, Co. PA

December 18, 2013

STATUS OF COMMENTS

Prior Year Village Audit Findings

1. Late Audit Report (02-02) - Repeated.
2. Budget Overruns (03-03) - Repeated.
3. Imprest Bank Account (03-06) - Repeated.
4. Enterprise Fund Debt (08-03) - Repeated.
5. Interest Earned From Certificates of Deposit Not Posted (10-05) - Resolved.
6. Interest Earned From Meter Deposits Not Transferred (10-06) - Repeated.

Current Year

1. Bonuses Violating the Anti-Donation Clause (12-01)
2. Personnel Policy for Housing Authority (12-02)
3. Housing Authority Employee Requesting Their Own "Bonus" (12-03)
4. Unallowed "Comp-Time" (12-04)
5. Unapproved "Comp-Time" (12-05)
6. Personnel Policy Not Followed (12-06)
7. Bank Reconciliation For Municipal Escrow Account (12-07)

Component Unit Audit Findings

Prior Year

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

Current Year

NONE

Late Audit Report - Non-Compliance Matter
(02-02)

CONDITION	The audit report was submitted to the State Auditor after the required deadline of December 1, 2011.
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, the cash balances were not reconciled timely since the Village Clerk was not employed for the whole fiscal year.
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 Cimarron Housing Authority has been instructed to have their audit completed by September 1 st . This will allow the Village to have theirs completed by the required deadline date.

Budget Overruns - Non-Compliance Matter
(03-03)

CONDITION The Village had a budget overrun in the Non-Major Special Recreation Fund in the amount of \$373. The Proprietary Water/Sewer Fund was overrun in the amount of \$315,556 and the Proprietary Ambulance Fund overrun was in the amount of \$5,124 and the Proprietary Solid Waste Fund in the amount of \$44,671.

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

 Also, DEA'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 The Village Clerk Administrator will review monthly the income/expenses to the budget to ensure any need to increase the budget is done so with an approved Resolution by the governing body and approval from the New Mexico Department of Finance. The overrun in Water/Sewer Fund was due to a CDBG grant that was expended and reimbursed in the next fiscal year. Funding was available to pay the vendor and then receive the reimbursement from CDBG funding.

Imprest Bank Account - Significant Deficiency
(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	This situation occurred when reimbursement checks were not deposited into the Payroll Imprest bank account prior to the month's end. The Bank reconciliation is now in balance monthly.

Enterprise Fund Debt - Other Matter
(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	Currently enterprise rates are reviewed annually at budget time. The governing body has voted to continue increasing the user rates by 1% each annually for the next four years.

Interest Earned From Meter Deposits Not Transferred
- Other Matter
(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 three 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	The water meter interest earned was transferred in 2012-2013 and is now being transferred annually to the water enterprise fund bank account.

Bonuses Violating the Anti-Donation Clause - Other Matter
(12-01)

CONDITION The Cimarron Housing Authority Board voted to pay three Housing Authority employees a \$500 bonus. This bonus did not cover any new duties or training. Thus, appearing to violate the anti-donation clause.

CRITERIA According to the anti-donation clause a Village shall not directly or indirectly make a donation to or in aid of any one person. Bonuses without services are considered donations.

CAUSE The Housing Authority Board decided to approve these bonuses even after they were told they could violate the anti-donation clause.

EFFECT The Housing Authority spent \$1,500 in violation of the anti-donation clause.

RECOMMENDATION The Housing Authority Board should familiarize itself with the law concerning anti-donations.

RESPONSE The Village of Cimarron Mayor informed the Cimarron Housing Authority not to pay the bonuses which conflicted with the Village personnel policy. Village of Cimarron Mayor requested financial information from the Housing Authority and was denied. HUD was contacted and per their recommendation the Village made the Housing Authority a department of the Village. Per HUD "The Board's reluctance to provide the Mayor financial information pertaining to the operation of the Housing Authority is direct violation of the terms of the ACC establishes a clear disregard for HUD rules and regulations, as well as a flagrant lack of concern for the success of the programs. It is the recommendation of this office that the Board of Commissioners of Cimarron Housing Authority be removed for cause based on noncompliance with housing program regulations, which is permissible under NMSA 3-45-7. Municipal Housing Law empowers a

city, in addition to other powers conferred, to create, as an agent of the city, an authority to be known as the "housing authority" of the city. It is not in the best interest of the Village of Cimarron to continue to be represented by the individuals currently responsible for the governance of the Cimarron Housing Authority."

The Village dismissed the Housing Authority Board on 9-11-2013 and now follows the Village of Cimarron personnel policy.

Personnel Policy for Housing Authority - Other Matter
(12-02)

CONDITION The Housing Authority approved anew personnel policy from another agency but did not modify it to suit the needs and circumstances of the Cimarron Housing Authority employees.

CRITERIA The Board needs to ensure that all policies approved are modified and are complete for all circumstances and situations of the Cimarron Housing Authority.

CAUSE The Housing Authority Board did not ensure the policy was modified before they approved it.

EFFECT The policy does not include situations directly relating to the Cimarron Housing Authority.

RECOMMENDATION The Housing Authority Board should re-evaluate, modify and then approve a new personnel policy.

RESPONSE The Cimarron Housing Authority became a department of the Village of Cimarron as of 9-11-2013 and now follows the Village of Cimarron personnel policy.

Housing Authority Employee Requesting Their
Own "Bonus" - Other Matter
(12-03)

CONDITION	An employee of the Housing Authority requested incentive bonuses of all the employees of the Housing Authority including themselves.
CRITERIA	An employee should not be authorizing or requesting incentive bonuses for themselves.
CAUSE	The Housing Authority Board was unaware of the procedures concerning internal controls.
EFFECT	Internal controls are circumvented.
RECOMMENDATION	The Housing Authority Board should no longer allow any personnel to authorize or request incentive bonuses.
RESPONSE	Village of Cimarron Mayor informed Housing Authority not to pay incentive bonuses. Housing Authority took over their payroll processing as of 1-1-13 and paid out the bonuses. Village of Cimarron governing body being concerned about the situation requested financial information from the Housing Authority. The Housing Authority refused the documentation request. Per HUD recommendation the Village dissolved the Housing board and made the Housing Authority a department of the Village to ensure proper oversight. Re: 2011-2012 Audit finding responses continued.

Unallowed "Comp-Time" - Other Matter
(12-04)

CONDITION A Housing Authority employee was taking comp time while working for the Housing Authority. This employee was considered "exempt" since they were "salaried" and in a "supervisory position" per their job description.

CRITERIA All exempt employees are not subject to comp-time.

CAUSE The Housing Authority Board allowed this employee to take comp-time. They were made aware of the issue but continued to allow the employee to take the comp-time.

EFFECT The Housing Authority did not follow the job description or the "intent" of the position that was being filled by a "salaried" employee.

RECOMMENDATION The job description and personnel policy should be followed by the employees and the Board members immediately.

RESPONSE Village of Cimarron Mayor informed Housing Authority comp time for the employee was in conflict with the policy the Housing Authority personnel policy. Village of Cimarron governing body being concerned about the situation requested payroll information from the Housing Authority. The Housing Authority refused the documentation request. Per HUD recommendation the Village dissolved the housing board and made the Housing Authority a department of the Village to ensure proper oversight and compliance.

Unapproved "Comp-Time" - Other Matter
(12-05)

CONDITION	The Housing Authority Personnel Policy (c.6.b.&c.) states that comp-time should be approved before it can be taken. There was no evidence that this occurred before a particular employee took their comp-time.
CRITERIA	All comp-time is to be approved <u>before</u> it is taken.
CAUSE	The Housing Authority Board allowed this situation.
EFFECT	The Housing Authority is not following the personnel policy they approved.
RECOMMENDATION	The Board and employees should review the personnel policy and take steps to ensure it is being followed.
RESPONSE	Village of Cimarron Mayor informed Housing Authority the use of comp time for the employee was in conflict with the policy the Housing Authority personnel policy. Village of Cimarron governing body being concerned about the situation requested payroll information from the Housing Authority. The Housing Authority refused the documentation request. Per HUD recommendation the Village dissolved the Housing Board and made the Housing Authority a department of the Village to ensure proper oversight and compliance.

Personnel Policy Not Followed - Other Matter
(12-06)

CONDITION The Housing Authority personnel policy states that the Housing Authority Executive Director is to work 30 hours per week as a "salaried" employee. The employee is actually paid 28 hours as an hourly employee.

CRITERIA The personnel policy is the authority for how employees will be paid.

CAUSE The Housing Authority Board and employees are not following the personnel policy.

EFFECT The personnel policy is not being followed.

RECOMMENDATION The Housing Authority Board and employees need to follow the personnel policy immediately.

RESPONSE Village of Cimarron Mayor informed Housing Authority about the conflicting job description and actual daily running of the Housing Authority staff. Village of Cimarron governing body The Housing Authority refused the documentation request. Per HUD recommendation the Village dissolved the Housing board and made the Housing Authority a department of the Village to ensure proper oversight and compliance.

Bank Reconciliation for Municipal Escrow Account - Other Matter
(12-07)

CONDITION	Management is not reconciling the Municipal Escrow bank account based on the information provided by the Judges office.
CRITERIA	All bank accounts need to be reconciled to the books of record.
CAUSE	Management is not ensuring this account is reconciled correctly.
EFFECT	The bank account was charged for checks/deposit slips and management was not aware of it for several months. The account was not overdrawn, but could have been.
RECOMMENDATION	This bank account needs to be reconciled correctly immediately.
RESPONSE	The Municipal Escrow Bank Account will be reconciled monthly.

**COMPONENT UNIT
AUDIT FINDINGS**

Lack of Complete Capital Assets Schedule -
Significant Deficiency
(06-03)

CONDITION	The Village does not maintain a detailed listing of capital asset schedules for assets purchased prior to July 1, 2005.
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 account 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 prior to July 1, 2005. Noncompliance with New Mexico State Auditor Rule 2.2.210 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 detail of fixed assets purchased prior to July 1, 2005 cannot be located in client records. Management of Cimarron Housing Authority will continue to explore resources to reconstruct the details of these fixed assets.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2012 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 115. 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 December 18, 2013, to discuss the current audit report and auditors' comments. In attendance were Ms. Judy LeDoux, Mayor, Ms. Mindy Cahill, Village Clerk/Administrator and Ms. Pamela A. Rice, CPA, Contract Auditor.