

State of New Mexico

VILLAGE OF CIMARRON



FOR YEAR ENDED JUNE 30, 2014

AUDIT REPORT

RICE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO

VILLAGE OF CIMARRON

FINANCIAL STATEMENTS

For The Year Ended June 30, 2014

(with Auditor's Report Thereon)

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
TABLE OF CONTENTS
Year Ended June 30, 2014

	<u>Page</u>
Introduction Section	
Official Roster	i
Financial Section	
Independent Auditor's Report	1
<u>Exhibit</u>	
Statements - Overview:	
1 Statement of Net Position	4
2 Statement of Activities	5
3 Balance Sheet - Governmental Funds	6
4 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	7
5 Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balances	8
6 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	9
7 General Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	10
8 Fire Protection Fund - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	11
9 Correction Fees Funds - Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	12
10 Enterprise Funds - Statement of Net Position	13
11 Enterprise Funds - Statement of Revenues, Expenses and Changes in Fund Net Position	14

Table of Contents (continued)

	<u>Page</u>
12 Enterprise Funds - Statement of Cash Flows	15
13 Statement of Fiduciary Net Position and Liabilities - Agency Funds	16
Notes to Financial Statements	17
<u>Statement/Schedule</u>	
Financial Statements of Individual Funds:	
Non-Major Funds:	
Non-Major Special Revenue Funds:	
A-1 Combining Balance Sheet - By Fund Type	41
A-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - By Fund Type	42
A-3 Law Enforcement Protection Fund: Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	43
A-4 Recreation Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	44
A-5 Cemetery Fund: Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	45
A-6 Lodgers Tax Fund: Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	46
Enterprise Fund:	
B-1 Combining Statement of Net Position	47
B-2 Combining Statement of Revenues, Expenditures and Changes in Net Position	48
B-3 Combining Statement of Cash Flows	49
B-4 Water/Sewer Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	50

Table of Contents (continued)

	<u>Page</u>
E-5 Solid Waste Funds: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	51
E-6 Ambulance Fund: Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)	52
Supplementary Information:	
Schedule of Changes in Position and Liabilities - Agency Funds	53
Component Unit - Housing Authority Statement of Cash Flows	54
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55
Status of Comments	57
Financial Statement Preparation and Exit Conference	77

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Official Roster
Year Ended June 30, 2014

Village Council

<u>Name</u>	<u>Title</u>
Ms. Judy LeDoux	Mayor
Mr. Ron Hickman	Mayor Pro-Tem
Mr. Ray Gothard	Council Member
Mr. Phillip Salazar	Council Member
Mr. Lukas Snart	Council Member

Village Administration

Ms. Mindy Cahill	Clerk
------------------	-------

Public Housing Administration

Ms. Elizabeth Metoyer	Executive Director
-----------------------	--------------------

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Timothy Keller
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Cimarron
Cimarron, New Mexico

Report on Financial Statements

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 comparisons for the General, Fire Protection and Correction Fees Funds of the Village of Cimarron, as of and for the year ended June 30, 2014, which collectively comprise the Village of Cimarron's basic financial statements as listed in the table of contents. We also have audited the Village of Cimarron's financial statements of each of the Village of Cimarron's non-major governmental and enterprise funds and the budgetary comparisons for the non-major governmental and enterprise funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014 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 \$464,249 as of June 30, 2014, and net operating revenues of \$60,177 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and report of the 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, each major fund, and the aggregate remaining fund information of the Village of Cimarron, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Fire Protection and Correction Fees Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and enterprise funds of the Village of Cimarron, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental and enterprise funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 appropriate operation, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

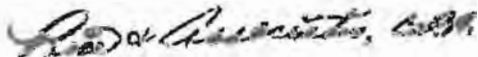
Other Information

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 presented for purposes of additional analysis and 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2016 on our consideration of the Village of Cimarron's internal control over financial reporting and on 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* in considering the Village of Cimarron's internal control over financial reporting and compliance.



Albuquerque, New Mexico
July 18, 2016

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Statement of Net Position
June 30, 2014

Statement 1

	Governmental Activities	Business-Type Activities	Housing Authority Component Unit
ASSETS			
Current Assets			
Cash	\$ 419,741	\$ 208,374	\$ 62,610
Accounts receivable (net)	204,881	37,391	978
Prepaid assets	-	-	2,594
Due from other funds	82,224	-	-
Inventory	-	-	2,604
Total current assets	<u>706,846</u>	<u>245,765</u>	<u>68,786</u>
Restricted Assets			
Cash	-	53,840	3,285
Total restricted assets	<u>-</u>	<u>53,840</u>	<u>3,285</u>
Capital Assets			
Land (non-depreciable)	117,880	58,000	18,600
Capital assets, net of depreciation	2,065,747	2,904,596	373,578
Total capital assets	<u>2,183,627</u>	<u>2,962,596</u>	<u>392,178</u>
Total assets	<u>\$ 2,890,473</u>	<u>\$ 3,262,201</u>	<u>\$ 464,249</u>
Current Liabilities			
Interest payable	\$ 665	\$ -	\$ -
Accounts payable	11,882	29,122	12,815
Deposits payable	-	38,741	3,285
Loan (current portion)	14,300	21,676	-
Revenue bonds payable (current portion)	-	5,000	-
RUS bonds payable	-	2,400	-
Due to other funds	-	82,224	-
Due to grantor	-	14,819	-
Total current liabilities	<u>26,847</u>	<u>193,982</u>	<u>16,100</u>
Non-Current Liabilities			
Compensated absences payable	17,570	2,187	-
Loan (non-current portion)	-	119,618	-
Revenue bonds payable	-	73,000	-
RUS bonds payable	-	168,225	-
Long-term payables	-	-	18,468
Total non-current liabilities	<u>17,570</u>	<u>363,030</u>	<u>18,468</u>
Total liabilities	<u>44,417</u>	<u>557,012</u>	<u>34,568</u>
Net Position			
Net investment in capital assets	2,168,662	2,604,255	392,178
Restricted for Debt Service	-	-	-
Restricted for Capital outlay	-	-	-
Restricted for Special Revenue Grants	299,688	-	-
Unrestricted	377,706	100,934	37,503
Total net position	<u>2,846,056</u>	<u>2,705,189</u>	<u>429,681</u>
Total liabilities and net position	<u>\$ 2,890,473</u>	<u>\$ 3,262,201</u>	<u>\$ 464,249</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, 2014

Statement 2

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			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	\$ 279,240	\$ 12,042	\$ 52,604	\$ -	\$ (214,594)	\$ -	\$ (214,594)	\$ -
Highways and streets	39,253	-	-	134,330	95,077	-	95,077	-
Public safety	361,569	48,845	107,283	-	(205,441)	-	(205,441)	-
Culture and recreation	32,317	-	5,268	-	(27,049)	-	(27,049)	-
Health and welfare	349	-	-	-	(349)	-	(349)	-
Depreciation - unallocated	135,629	-	-	-	(135,629)	-	(135,629)	-
Interest	665	-	-	-	(665)	-	(665)	-
Total governmental activities	849,022	60,887	165,155	134,330	(488,650)	-	(488,650)	-
Business-type activities:								
Water/sewer services	542,469	246,637	500	-	-	(295,332)	(295,332)	-
Solid waste services	222,883	148,704	-	-	-	(74,179)	(74,179)	-
Ambulance services	113,726	47,777	13,445	-	-	(52,504)	(52,504)	-
Total business-type activities	879,078	443,118	13,945	-	-	(422,015)	(422,015)	-
Total all activities	\$ 1,728,100	\$ 504,005	\$ 179,100	\$ 134,330	(488,650)	(422,015)	(910,665)	-
Component Unit:								
Housing Authority	\$ 114,112	\$ 28,080	\$ 32,097	\$ 1,810	-	-	-	(52,125)
General Revenues:								
Property taxes					70,067	-	70,067	-
Gross receipts taxes					281,390	6,016	287,406	-
Franchise taxes					24,459	-	24,459	-
Gas tax					49,520	-	49,520	-
MVD fees					1,543	-	1,543	-
Lodgers taxes					18,000	-	18,000	-
State aid not restricted to special purpose								
General					150,560	-	150,560	-
Transfers					(154,039)	154,039	-	-
Investment earnings					1,332	86	1,418	146
Total general revenues and transfers					442,832	160,141	602,973	146
Change in net position					(45,818)	(261,874)	(307,692)	(51,979)
Net position - beginning of year					2,891,873	2,981,802	5,873,755	481,660
Restatement					-	(14,819)	(14,819)	-
Net position - beginning of year - restated					2,891,873	2,967,063	5,858,936	481,660
Net position - end of year					\$ 2,846,055	\$ 2,705,189	\$ 5,551,244	\$ 429,681

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Balance Sheet
Governmental Funds
June 30, 2014

Statement 3

	General	Fire Protection Fund	Correction Fees Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash on deposit	\$ 123,531	\$ 157,311	\$ 122,870	\$ 16,029	\$ 419,741
Accounts receivable	201,403	-	770	2,708	204,881
Due from other funds	<u>82,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,224</u>
Total assets	<u>\$ 407,158</u>	<u>\$ 157,311</u>	<u>\$ 123,640</u>	<u>\$ 18,737</u>	<u>\$ 706,846</u>
LIABILITIES					
Accounts payable	\$ 11,882	\$ -	\$ -	\$ -	\$ 11,882
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>11,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,882</u>
FUND BALANCE					
Restricted	-	157,311	123,640	18,737	299,688
Unassigned	<u>395,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>395,276</u>
Total fund balance	<u>395,276</u>	<u>157,311</u>	<u>123,640</u>	<u>18,737</u>	<u>694,964</u>
Total liabilities and fund balance	<u>\$ 407,158</u>	<u>\$ 157,311</u>	<u>\$ 123,640</u>	<u>\$ 18,737</u>	<u>\$ 706,846</u>

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2014

Statement 4

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

Total fund balances - governmental funds		\$ 694,964
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	5,037,699	
Accumulated depreciation	<u>(2,854,072)</u>	
		2,183,627
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	(665)	
Wells Fargo loan payable	(14,300)	
Compensated absences	<u>(17,570)</u>	
		<u>(32,535)</u>
Net position of governmental activities		<u>\$ 2,846,056</u>

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2014

Statement 5

	General Fund	Fire Protection Fund	Correction Fees Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 70,067	\$ -	\$ -	\$ -	\$ 70,067
Lodgers taxes	-	-	-	18,000	18,000
Franchise taxes	24,459	-	-	-	24,459
Gross receipts taxes	143,830	-	-	-	143,830
Cigarette taxes	-	-	-	-	-
Gas tax	49,520	-	-	-	49,520
Rent	7,500	-	-	-	7,500
MVD fees	1,543	-	-	-	1,543
Charges for services	5	-	-	737	742
Licenses and permits	3,800	-	-	-	3,800
Fines and forfeitures	38,015	-	10,830	-	48,845
Local sources	20,664	8,000	-	-	28,664
State sources	322,098	75,471	-	21,800	419,369
Federal sources	2,012	-	-	-	2,012
State shared taxes	137,560	-	-	-	137,560
Earnings from investments	771	561	-	-	1,332
Total revenues	821,844	84,032	10,830	40,537	957,243
EXPENDITURES					
Current:					
General government	276,523	-	-	-	276,523
Highways and streets	39,253	-	-	-	39,253
Public safety	271,703	75,761	8,579	5,526	361,569
Culture and recreation	10,642	-	-	21,675	32,317
Health & welfare	-	-	-	349	349
Capital outlay	197,439	26,959	-	-	224,398
Debt service:					
Loan principal	-	-	-	13,665	13,665
Loan interest	-	-	-	1,300	1,300
Total expenditures	795,560	102,720	8,579	42,515	949,374
Excess (deficiency) revenues over expenditures	26,284	(18,688)	2,251	(1,978)	7,869
OTHER FINANCING SOURCES (USES)					
Operating transfers in	8,861	-	-	-	8,861
Operating transfers (out)	(162,900)	-	-	-	(162,900)
Loan proceeds	-	-	-	-	-
Total other financing sources (uses)	(154,039)	-	-	-	(154,039)
Net change in fund balances	(127,755)	(18,688)	2,251	(1,978)	(146,170)
Fund balance beginning of year	523,031	175,999	121,389	20,715	841,134
Fund balance end of year	\$ 395,276	\$ 157,311	\$ 123,640	\$ 18,737	\$ 694,964

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

VILLAGE OF CIMARRON

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ (146,169)

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

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

Capital outlays	224,048
Depreciation expense	<u>(135,629)</u>

Excess of capital outlay over depreciation expense 88,419

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	634
Compensated absences payable	<u>(2,367)</u>

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	<u>13,665</u>

13,665

Change in net position of governmental activities \$ (45,818)

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 65,000	\$ 65,000	\$ 69,779	\$ 4,779
Franchise taxes	24,000	24,000	24,294	294
Gross receipts taxes	167,000	167,000	149,731	(17,269)
Gas tax	36,000	36,000	46,335	10,335
Rent	-	-	7,500	7,500
MVD fees	1,600	1,600	1,543	(57)
Charges for services	200	200	5	(195)
Licenses and permits	4,550	4,550	3,800	(750)
Fines and forfeitures	70,000	70,000	37,873	(32,127)
Local sources	6,600	6,600	22,663	16,063
State sources	160,000	160,000	192,537	32,537
Federal sources	-	-	3,662	3,662
State shared taxes	132,000	132,000	137,560	5,560
Earnings from investments	800	800	771	(29)
	<u>\$ 667,750</u>	<u>\$ 667,750</u>	<u>\$ 698,053</u>	<u>\$ 30,303</u>
EXPENDITURES				
General government	\$ 202,917	\$ 202,917	\$ 276,522	\$ (73,605)
Highways and streets	44,835	44,835	39,253	5,582
Public safety	292,980	292,980	271,703	21,277
Culture and recreation	10,000	10,000	10,642	(642)
Capital outlay	-	-	197,439	(197,439)
	<u>\$ 550,732</u>	<u>\$ 550,732</u>	<u>\$ 795,559</u>	<u>\$ (244,827)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 8,861	\$ 8,861
Transfers out	(70,000)	(70,000)	(162,900)	(92,900)
	<u>\$ (70,000)</u>	<u>\$ (70,000)</u>	<u>\$ (154,039)</u>	<u>\$ (84,039)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Fire Protection Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ 8,000	\$ 8,000
State sources	167,635	167,635	75,471	(92,164)
Earnings from Investments	-	-	561	561
 Total revenues	 <u>\$ 167,635</u>	 <u>\$ 167,635</u>	 <u>\$ 84,032</u>	 <u>\$ (83,603)</u>
EXPENDITURES				
Public safety	\$ 203,659	\$ 203,659	\$ 102,720	\$ 100,939
 Total expenditures	 <u>\$ 203,659</u>	 <u>\$ 203,659</u>	 <u>\$ 102,720</u>	 <u>\$ 100,939</u>
 BUDGETED CASH BALANCE	 <u>\$ 36,024</u>	 <u>\$ 36,024</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines and forfeitures	\$ 32,288	\$ 32,288	\$ 10,865	\$ (21,423)
Total revenues	<u>\$ 32,288</u>	<u>\$ 32,288</u>	<u>\$ 10,865</u>	<u>\$ (21,423)</u>
EXPENDITURES				
Public safety	\$ 32,288	\$ 32,288	\$ 8,579	\$ 23,709
Total expenditures	<u>\$ 32,288</u>	<u>\$ 32,288</u>	<u>\$ 8,579</u>	<u>\$ 23,709</u>

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Enterprise Funds
 Statement of Net Position
 June 30, 2014

Statement 10

	<u>Enterprise Fund</u>
ASSETS	
Current Assets	
Cash on deposit	\$ 208,374
Accounts receivable (net)	<u>37,391</u>
Total Current Assets	<u>245,765</u>
Restricted Assets (Cash)	
Customer meter deposits	39,021
Reversion to grantor	<u>14,819</u>
Total Restricted Assets (Cash)	<u>53,840</u>
Property, Plant and Equipment	
Land	58,000
Equipment	510,768
Heavy equipment	59,800
Vehicles	293,523
Plant	6,621,537
Accumulated depreciation	<u>(4,581,032)</u>
Total Property, Plant and Equipment	<u>2,962,596</u>
Total Assets	<u>\$ 3,262,201</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 29,122
Due to other funds	82,224
Customer meter deposits payable from Restricted Assets	38,741
Revenue bonds payable	5,000
RUS Bonds payable	2,400
Loans payable	21,676
Due to grantor	<u>14,819</u>
Total Current Liabilities	<u>193,982</u>
Long-Term Liabilities	
Compensated absences	2,187
Revenue bonds payable	73,000
RUS Bonds payable	168,225
Loan payable	<u>119,618</u>
Total Long-Term Liabilities	<u>363,030</u>
NET POSITION	
Net investment in Capital assets	2,604,255
Restricted for debt service	-
Restricted for capital outlay	-
Unrestricted	<u>100,934</u>
Total Net Position	<u>2,705,189</u>
Total Liabilities and Net Position	<u>\$ 3,262,201</u>

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 Position
 For the Year Ended June 30, 2014

	Enterprise Fund
OPERATING REVENUES	
Sales and services	\$ 443,118
Environmental gross receipts taxes	6,016
Intergovernmental	7,200
Miscellaneous	6,745
Total operating revenue	463,079
OPERATING EXPENSES	
Personal services	164,130
Maintenance and operations	413,413
Depreciation	284,237
Total operating expenses	861,780
Operating income (loss)	(398,701)
NON-OPERATING REVENUE (EXPENSE)	
Investment income	86
Investment expense	(17,298)
Total Non-Operating Revenue (Expense)	(17,212)
Income (loss) before transfers	(415,913)
Operating transfers in	162,900
Operating transfers out	(8,861)
Net transfers	154,039
Change in Net Position	(261,874)
Total Net Position, beginning of year	2,981,882
Restatement	(14,819)
Total Net Position, beginning of year - restated	2,967,063
Total Net Position, end of year	\$ 2,705,189

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, 2014

Statement 12

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 449,675
Cash received from intergovernmental	20,307
Cash received from miscellaneous sources	6,245
Cash payments to employees and to suppliers for goods and services	(564,007)
Net cash provided by operating activities	(87,780)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(117,073)
Principal paid	(28,488)
Investment expense	(17,298)
Transferred from/to other funds	161,114
Net cash provided (used) by capital and related financing activities	(1,745)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Security deposits (returned)	1,620
Investment income	86
Net cash provided by investing activities	1,706
Net increase (decrease) in cash	(87,819)
Cash, beginning of year	350,033
Cash, end of year	\$ 262,214
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (398,699)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	284,236
Changes in assets and liabilities:	
(Increase) decrease in receivables	4,397
Increase (decrease) in accounts payable	27,109
Increase (decrease) in compensated absences	(4,697)
(Increase) decrease in due to/from other funds	(126)
Total	310,919
Net cash provided (used) by operating activities	\$ (87,780)

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, 2014

	Agency Funds
ASSETS	
Cash	\$ 177
Total Assets	<u>\$ 177</u>
LIABILITIES	
Due to general fund	\$ 100
Due to bond holders	300
Due to other agencies	<u>(223)</u>
Total Liabilities	<u>\$ 177</u>

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Notes to Financial Statements
Year Ended June 30, 2014

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. The primary goal of the Low Income Housing Program is the provision of a decent home in a suitable living environment for families that cannot afford standard private housing. Questions concerning any of the information regarding the Village of Cimarron Housing Authority audit report (portions included herein), requests for additional information or to review a copy of the financial statements should be addressed to the Executive Director, Village of Cimarron Housing Authority, PO Box 654, Cimarron, NM 87714.

B. Government-wide and fund financial statements

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

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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

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

Notes to Financial Statements (continued)

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

The Village reports the following as Proprietary Funds.

Proprietary Funds - Enterprise Funds

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

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

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

Additionally, the Village reports the following fund types:

Fiduciary Funds - Agency Funds

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

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

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

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

Notes to Financial Statements (continued)

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 Position

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

Unrestricted net position - 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.

NMFA	Savings-Water Trust Board	\$ 14,819
International State Bank	Checking-Municipal Bond Account	400
International State Bank	Checking-Municipal Court Account	3,572
International State Bank	Checking-Water Meter Account	26,327
International State Bank	Checking-General Account	504,734
International State Bank	Checking-Solid Waste Account	6,075
International State Bank	Checking-Sewer Operating Account	5,163
International State Bank	Checking-Water Income Account	4,118
International State Bank	Checking-Payroll Account	4,301
International State Bank	Checking-RUS	48
International State Bank	Certificate of Deposit- Bond Reserve	9,629
International State Bank	Certificate of Deposit- Water Meter	12,962
International State Bank	Certificate of Deposit- General Account	22,981
International State Bank	Certificate of Deposit- Fire Fund	<u>102,386</u>
	Total	<u>\$ 717,515</u>
Total amount on deposit		\$ 702,696
Outstanding checks		(50,383)
Deposits in transit		<u>15,000</u>
Total per financial statements		<u>\$ 667,313</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	\$ 702,696
Less F.D.I.C.	<u>(250,000)</u>
Uninsured funds	452,696
50% Collateral requirement	226,348
Pledged collateral at June 30, 2012	<u>400,000</u>
Excess of pledged collateral	<u>\$ 173,652</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, 2014, \$452,696 of the Village's bank balance of \$702,696 was exposed to custodial credit risk as follows:

A. Uninsured and Uncollateralized	\$ 52,696
B. Uninsured and collateralized with securities held by the pledging banks trust department, but not in the Villages name	<u>400,000</u>
Total	<u>\$ 452,696</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>
FHOR #313381DN2	12-13-2019	\$ 300,000
FNNT #3136G12K4	12-20-2018	<u>100,000</u>
		<u>\$ 400,000</u>

The amount held at the New Mexico Finance Authority totaling \$14,819 is collateralized within the NMFA guidelines. This information is not available by individual Agency but the financial statements for the NMFA are available by writing to the New Mexico Finance Authority, 207 Shelby Street, Santa Fe, New Mexico 87501.

Notes to Financial Statements (continued)

3. ACCOUNTS RECEIVABLE

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

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Receivables from customers	\$ -	\$ 39,009
Less allowance for uncollectible accounts	<u>-</u>	<u>(2,000)</u>
Subtotal	-	47,009
Franchise taxes	5,287	-
Property taxes	1,819	-
Gas taxes	4,025	-
Gross receipts tax	16,246	382
Lodgers tax	2,708	-
Housing Authority	21,468	-
Fines & forfeitures	3,462	-
Intergovernmental	<u>149,866</u>	<u>-</u>
Total	<u>\$ 204,881</u>	<u>\$ 37,391</u>

4. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

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

	<u>Balance 6-30-2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2014</u>	<u>Due Within One Year</u>
Compensated absences	\$ 15,203	\$ 2,367	\$ -	\$ 17,570	\$ -
NMFA Loan	<u>27,965</u>	<u>-</u>	<u>13,665</u>	<u>14,300</u>	<u>14,300</u>
Total	<u>\$ 43,168</u>	<u>\$ 2,367</u>	<u>\$ 13,665</u>	<u>\$ 31,870</u>	<u>\$ 14,300</u>

The General Fund normally pays for all compensated absences.

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

Notes to Financial Statements (continued)

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	<u>\$ 14,300</u>	<u>\$ 665</u>	<u>\$ 14,965</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 6-30-2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-2014</u>	<u>Due Within One Year</u>
Water/Sewer Bonds	\$ 83,000	\$ -	\$ 5,000	\$ 78,000	\$ 5,000
Water Loan	62,935	-	11,854	51,081	12,210
Compensated absences	6,884	1,227	5,924	2,187	-
RUS Bonds	172,925	-	2,300	170,625	2,400
Water Board	33,291	-	1,713	31,578	1,717
NMFA Loan	66,256	-	7,621	58,635	7,749
Total	<u>\$425,291</u>	<u>\$ 1,227</u>	<u>\$ 34,412</u>	<u>\$ 392,106</u>	<u>\$ 29,076</u>

1985 Water and Sewer Revenue Bonds

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 78,000</u>	<u>\$ 25,500</u>	<u>\$ 103,500</u>

Notes to Financial Statements (continued)

Water System Loan

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 12,210	\$ 1,532	\$ 13,742
2016	12,576	1,167	13,743
2017	12,953	789	13,742
2018	<u>13,342</u>	<u>401</u>	<u>13,743</u>
	<u>\$ 51,081</u>	<u>\$ 3,889</u>	<u>\$ 54,970</u>

2004 Water System Revenue Bonds (RUS)

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,400	\$ 7,360	\$ 9,760
2016	2,600	7,246	9,846
2017	2,700	7,128	9,828
2018	2,800	7,005	9,805
2019	2,900	6,879	9,779
2020-24	16,900	32,240	49,140
2025-29	21,500	27,962	49,462
2030-34	26,900	22,572	49,472
2035-39	34,000	15,777	49,777
2040-44	43,000	7,202	50,202
2045	<u>14,925</u>	<u>-</u>	<u>14,925</u>
	<u>\$ 170,625</u>	<u>\$ 141,371</u>	<u>\$ 311,996</u>

Water Board Loan (NMFA)

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 \$35,000 and interest for the purpose of defraying the cost of planning and designing a zero discharge water reuse system for the Villages water fund. The Village has pledged future water service charges to pay the loan. Total annual principal and interest payments for the repayment of the loan is expected to require 1% of the yearly water user charges. The interest rate is .25%. The maturity date is June 1, 2032.

Notes to Financial Statements (continued)

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,717	\$ 79	\$ 1,796
2016	1,722	75	1,797
2017	1,726	70	1,796
2018-2022	8,695	287	8,982
2023-2027	8,804	178	8,982
2028-2032	<u>8,914</u>	<u>67</u>	<u>8,981</u>
	<u>\$ 31,578</u>	<u>\$ 756</u>	<u>\$ 32,334</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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 58,635</u>	<u>\$ 4,604</u>	<u>\$ 63,239</u>

6. DEPOSITS HELD FOR OTHERS , ENTERPRISE FUND

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

Hydrant Meter deposits **\$38,741**

Notes to Financial Statements (continued)

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

Residential properties	\$	60
Commercial properties	\$	120

7. CAPITAL ASSETS

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

	<u>Balances</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2014</u>
Land	\$ 117,880	\$ -	\$ -	\$ 117,880
Buildings	1,720,371	-	-	1,720,371
Infrastructure	2,049,662	144,020	-	2,193,682
Vehicles	542,231	26,609	-	568,840
Equipment	<u>383,507</u>	<u>53,419</u>	<u>-</u>	<u>436,926</u>
Sub-total	<u>4,813,651</u>	<u>224,048</u>	<u>-</u>	<u>5,037,699</u>
Less: accumulated depreciation	<u>(2,718,443)</u>	<u>(135,628)</u>	<u>-</u>	<u>(2,854,071)</u>
Net capital assets	<u>\$ 2,095,208</u>	<u>\$ 88,420</u>	<u>\$ -</u>	<u>\$ 2,183,628</u>

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

	<u>Balances</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2014</u>
Land	\$ 58,000	\$ -	\$ -	\$ 58,000
Equipment	510,768	-	-	510,768
Heavy equipment	59,800	-	-	59,800
Vehicles	293,523	-	-	293,523
Plant	<u>6,504,463</u>	<u>117,074</u>	<u>-</u>	<u>6,621,537</u>
Sub-total	<u>7,426,554</u>	<u>117,074</u>	<u>-</u>	<u>7,543,628</u>
Less: accumulated depreciation	<u>(4,296,796)</u>	<u>(284,236)</u>	<u>-</u>	<u>(4,581,032)</u>
Net capital assets	<u>\$ 3,129,758</u>	<u>\$ (167,162)</u>	<u>\$ -</u>	<u>\$ 2,962,596</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	\$ 821,844	\$ 84,032	\$ 10,830	\$ 40,537
Budgetary basis	<u>698,053</u>	<u>84,032</u>	<u>10,865</u>	<u>41,487</u>
Increase (decrease) in receivables	130,834	-	(35)	(950)
(Increase) in reversion (AP)	(6,502)	-	-	-
(Increase) in due to other (AP)	<u>(541)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Difference	<u>\$ 123,791</u>	<u>\$ -</u>	<u>\$ (35)</u>	<u>\$ (950)</u>
<u>Expenditures</u>				
Modified accrual basis	\$ 795,560	\$ 102,720	\$ 8,579	\$ 42,515
Budgetary basis	<u>795,560</u>	<u>102,720</u>	<u>8,579</u>	<u>42,515</u>
Increase (decrease) in payables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

10. BUDGET VIOLATIONS

The General Fund had a budget overrun of \$244,827. The Non-Major Special Revenue Law Enforcement Protection Fund had a budget overrun of \$1,309. The Non-Major Special Revenue Recreation Fund had a budget overrun of \$17 and the Solid Waste Fund had a budget overrun of \$6,499. The Water/Sewer Fund had a budget overrun of \$116,166.

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, 2014, 2013 and 2012 were \$28,023, \$27,935 and \$23,497 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>\$ (154,039)</u>	<u>\$ 111,039</u>	<u>\$ 43,000</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, 2014 was \$21,468.

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	-	157,311	-	-	157,311
Law Enforcement	-	-	123,640	3,952	127,592
Culture and recreation	-	-	-	4,391	4,391
Cemetery improvements	-	-	-	10,394	10,394
Total restricted	-	157,311	123,640	18,737	299,688
Committed to:					
Other purposes	-	-	-	-	-
Total committed	-	-	-	-	-
Unassigned:	395,276	-	-	-	395,276
Total Fund Balances	<u>\$ 395,276</u>	<u>\$ 157,311</u>	<u>\$ 123,640</u>	<u>\$ 18,737</u>	<u>\$ 694,964</u>

Notes to Financial Statements (continued)

17. PENSION LIABILITY

Agencies that contribute to pensions subject to GASB 68 must include a pension liability in the financial statements beginning in the fiscal year ending June 30, 2015 audit report. At this time the Public Employees Retirement Association is a pension that will fall under the requirements of GASB 68. This liability and the total amount needed to be reported are unknown at this time.

18. RESTATEMENT OF NET POSITION

The Village had a prior period adjustment of \$14,819 in the Water/Sewer Fund for monies the Village reverted back to a grant for an amount received and considered revenue in the prior year.

19. 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, 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	\$ 42,402
International State Bank - Checking	3,953
International State Bank - Checking	261
International State Bank - Checking	-
International State Bank - Certificate of Deposit	<u>20,100</u>

\$ 66,716

Total amount on deposit	\$ 66,716
Outstanding checks	<u>(821)</u>

Total per financial statements **\$ 65,895**

International State Bank

Cash on deposit	\$ 66,716
Less FDIC	<u>(66,716)</u>

Amount uninsured **\$ -**

Notes to Financial Statements (continued)

B. Capital Assets

	Balances <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2014</u>
Land	\$ 18,600	\$ -	\$ -	\$ 18,600
Building	668,754	-	-	668,754
Non-dwelling structures	188,207	-	-	188,207
Machinery & equipment	<u>72,542</u>	<u>-</u>	<u>-</u>	<u>72,542</u>
Sub-total	<u>948,103</u>	<u>-</u>	<u>-</u>	<u>948,103</u>
Less: accumulated depreciation	<u>(526,192)</u>	<u>(29,733)</u>	<u>-</u>	<u>(555,925)</u>
Net capital assets	<u>\$ 421,911</u>	<u>\$ (29,733)</u>	<u>\$ -</u>	<u>\$ 392,178</u>

C. Retirement Plan

The Authority's contributions to PERA for the fiscal years ending June 30, 2014, 2013, and 2012 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 2014:

	Balance <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>	Due Written <u>One Year</u>
Compensated Absences	<u>\$ 789</u>	<u>\$ -</u>	<u>\$ 789</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, 2014 was \$21,468.

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, 2014

	Law Enforcement Protection Fund	Recreation Fund	Cemetery Fund	Lodgers Tax Fund	Total
ASSETS					
Cash on deposit	\$ 3,952	\$ 286	\$ 10,394	\$ 1,397	\$ 16,029
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,708</u>	<u>2,708</u>
Total assets	<u>\$ 3,952</u>	<u>\$ 286</u>	<u>\$ 10,394</u>	<u>\$ 4,105</u>	<u>\$ 18,737</u>
FUND BALANCE					
Restricted	\$ 3,952	\$ 286	\$ 10,394	\$ 4,105	\$ 18,737
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 3,952</u>	<u>\$ 286</u>	<u>\$ 10,394</u>	<u>\$ 4,105</u>	<u>\$ 18,737</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, 2014

Statement A-2

	Law Enforcement Protection Fund	Recreation Fund	Cemetery Fund	Lodgers Tax Fund	Total
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 18,000	\$ 18,000
Charges for services	-	-	737	-	737
Fines and forfeitures	-	-	-	-	-
Local sources	-	-	-	-	-
State sources	21,800	-	-	-	21,800
State shared taxes	-	-	-	-	-
Earnings from investments	-	-	-	-	-
Total revenues	<u>21,800</u>	<u>-</u>	<u>737</u>	<u>18,000</u>	<u>40,537</u>
EXPENDITURES					
Current:					
Public safety	5,526	-	-	-	5,526
Culture and recreation	-	17	-	21,658	21,675
Health and welfare	-	-	349	-	349
Capital outlay	-	-	-	-	-
Debt service:					
Loan principal	13,665	-	-	-	13,665
Loan interest	1,300	-	-	-	1,300
Total expenditures	<u>20,491</u>	<u>17</u>	<u>349</u>	<u>21,658</u>	<u>42,515</u>
Net change in fund balance	1,309	(17)	388	(3,658)	(1,978)
Fund balance, beginning of year	<u>2,643</u>	<u>303</u>	<u>10,006</u>	<u>7,763</u>	<u>20,715</u>
Fund balance, end of year	<u>\$ 3,952</u>	<u>\$ 286</u>	<u>\$ 10,394</u>	<u>\$ 4,105</u>	<u>\$ 18,737</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ 21,800	\$ 21,800	\$ 21,800	\$ -
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 21,800</u>	<u>\$ 21,800</u>	<u>\$ 21,800</u>	<u>\$ -</u>
EXPENDITURES				
Public safety	\$ 21,800	\$ 21,800	\$ 20,491	\$ 1,309
Total expenditures	<u>\$ 21,800</u>	<u>\$ 21,800</u>	<u>\$ 20,491</u>	<u>\$ (1,309)</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

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

STATE OF NEW MEXICO
 VILLAGE OF CIMARRON
 Non-Major Special Revenue - Recreation Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State shared taxes	-	-	-	-
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Culture & recreation	\$ -	\$ -	\$ 17	\$ (17)
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ (17)</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 1,292	\$ 1,292	\$ 737	\$ (555)
Total revenues	<u>\$ 1,292</u>	<u>\$ 1,292</u>	<u>\$ 737</u>	<u>\$ (555)</u>
EXPENDITURES				
Health and welfare	\$ 1,076	\$ 1,076	\$ 349	\$ 727
Total expenditures	<u>\$ 1,076</u>	<u>\$ 1,076</u>	<u>\$ 349</u>	<u>\$ 727</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 35,516	\$ 35,516	\$ 18,950	\$ (16,566)
Total revenues	<u>\$ 35,516</u>	<u>\$ 35,516</u>	<u>\$ 18,950</u>	<u>\$ (16,566)</u>
EXPENDITURES				
Culture & recreation	\$ 35,516	\$ 35,516	\$ 21,658	\$ 13,858
Total expenditures	<u>\$ 35,516</u>	<u>\$ 35,516</u>	<u>\$ 21,658</u>	<u>\$ 13,858</u>
REVENUES				
Budgetary basis			\$ 18,950	
(Decrease) in accounts receivable			<u>(950)</u>	
Modified accrual basis			<u>\$ 18,000</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 Position
June 30, 2014

Statement B-1

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Total
ASSETS				
Current Assets				
Cash on deposit	\$ 17,683	\$ 15,300	\$ 175,391	\$ 208,374
Accounts receivable (net)	22,045	15,346	-	37,391
Due from other funds	7,075	-	-	7,075
Total Current Assets	46,803	30,646	175,391	252,840
Restricted Assets (Cash)				
Customer meter deposits	39,021	-	-	39,021
Reversion to grantor	14,819	-	-	14,819
Total Restricted Assets (Cash)	53,840	-	-	53,840
Property, Plant and Equipment				
Land	58,000	-	-	58,000
Equipment	380,161	-	130,607	510,768
Heavy equipment	59,800	-	-	59,800
Vehicles	-	-	293,523	293,523
Plant	6,621,537	-	-	6,621,537
Accumulated depreciation	(4,239,282)	-	(341,750)	(4,581,032)
Total Property, Plant and Equipment	2,880,216	-	82,380	2,962,596
Total Assets	\$ 2,980,859	\$ 30,646	\$ 257,771	\$ 3,269,276
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ 29,122	\$ -	\$ 29,122
Due to grantor	14,819	-	7,075	21,894
Due to other funds	82,224	-	-	82,224
Customer meter deposits payable from Restricted Assets	38,741	-	-	38,741
Revenue bonds payable	5,000	-	-	5,000
RUS bonds payable	2,400	-	-	2,400
Loans payable	13,927	-	7,749	21,676
Total Current Liabilities	157,111	29,122	14,824	201,057
Long-Term Liabilities				
Compensated absences	2,187	-	-	2,187
Revenue bonds payable	73,000	-	-	73,000
RUS bonds payable	168,225	-	-	168,225
Loan payable	68,732	-	50,886	119,618
Total Long-Term Liabilities	312,144	-	50,886	363,030
NET POSITION				
Net investment in Capital assets	2,580,510	-	23,745	2,604,255
Restricted for debt service	-	-	-	-
Reserved for capital outlay	-	-	-	-
Unrestricted	(68,906)	1,524	168,316	100,934
Total Net Position	2,511,604	1,524	192,061	2,705,189
Total Liabilities and Net Position	\$ 2,980,859	\$ 30,646	\$ 257,771	\$ 3,269,276

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 Position
 For the Year Ended June 30, 2014

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Totals
OPERATING REVENUES				
Sales and services	\$ 246,637	\$ 148,704	\$ 47,777	\$ 443,118
Environmental gross receipts taxes	-	6,016	-	6,016
Intergovernmental	-	-	7,200	7,200
Miscellaneous	500	-	6,245	6,745
Total operating revenue	247,137	154,720	61,222	463,079
OPERATING EXPENSES				
Personal services	130,036	34,094	-	164,130
Maintenance and operations	150,993	188,789	73,631	413,413
Depreciation	245,155	-	39,082	284,237
Total operating expenses	526,184	222,883	112,713	861,780
Operating income (loss)	(279,047)	(68,163)	(51,491)	(398,701)
NON-OPERATING REVENUE (EXPENSE)				
Investment income	86	-	-	86
Investment expense	(16,285)	-	(1,013)	(17,298)
Federal grant	-	-	-	-
Total Non-Operating Revenue (Expense)	(16,199)	-	(1,013)	(17,212)
Income (loss) before transfers	(295,246)	(68,163)	(52,504)	(415,913)
Operating transfers in	119,900	43,000	-	162,900
Operating transfers out	(8,861)	-	-	(8,861)
Net transfers	111,039	43,000	-	154,039
Change in Net Position	(184,207)	(25,163)	(52,504)	(261,874)
Total Net Position beginning of year	2,710,630	26,687	244,565	2,981,882
Restatement	(14,819)	-	-	(14,819)
Total Net Position beginning of year - restated	2,695,811	26,687	244,565	2,967,063
Total Net Position end of year	\$ 2,511,604	\$ 1,524	\$ 192,061	\$ 2,705,189

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, 2013

Statement B-3

	Water/Sewer Fund	Solid Waste Fund	Ambulance Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 251,879	\$ 150,019	\$ 47,777	\$ 449,675
Cash received from intergovernmental	-	13,107	7,200	20,307
Cash received from miscellaneous sources	-	-	6,245	6,245
Cash payments to employees and to suppliers for goods and services	<u>(288,678)</u>	<u>(201,698)</u>	<u>(73,631)</u>	<u>(564,007)</u>
Net cash provided by operating activities	<u>(36,799)</u>	<u>(38,572)</u>	<u>(12,409)</u>	<u>(87,780)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(117,073)	-	-	(117,073)
Principal paid	(20,867)	-	(7,621)	(28,488)
Interest expense	(16,285)	-	(1,013)	(17,298)
Transferred from/to other funds	<u>111,039</u>	<u>43,000</u>	<u>7,075</u>	<u>161,114</u>
Net cash provided (used) by capital and related financing activities	<u>(43,186)</u>	<u>43,000</u>	<u>(1,559)</u>	<u>(1,745)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Security deposits. (returned)	1,620	-	-	1,620
Investment income	<u>86</u>	<u>-</u>	<u>-</u>	<u>86</u>
Net cash provided by investing activities	<u>1,706</u>	<u>-</u>	<u>-</u>	<u>1,706</u>
Net increase (decrease) in cash	(78,279)	4,428	(13,968)	(87,819)
Cash, beginning of year	<u>149,802</u>	<u>10,872</u>	<u>189,359</u>	<u>350,033</u>
Cash, end of year	<u>\$ 71,523</u>	<u>\$ 15,300</u>	<u>\$ 175,391</u>	<u>\$ 262,214</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (279,046)	\$ (68,163)	\$ (51,490)	\$ (398,699)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	245,155	-	39,081	284,236
Changes in assets and liabilities:				
(Increase) decrease in receivables	4,742	(345)	-	4,397
Increase (decrease) in accounts payable	-	27,109	-	27,109
Increase (decrease) in compensated absences	1,227	(5,924)	-	(4,697)
(Increase) decrease in due to/from other funds	<u>(8,877)</u>	<u>8,751</u>	<u>-</u>	<u>(126)</u>
Total	<u>242,247</u>	<u>29,591</u>	<u>39,081</u>	<u>310,919</u>
Net cash provided (used) by operating activities	<u>\$ (36,799)</u>	<u>\$ (38,572)</u>	<u>\$ (12,409)</u>	<u>\$ (87,780)</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 261,700	\$ 261,700	\$ 251,879	\$ (9,821)
Local sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest income	-	-	86	86
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 261,700</u>	<u>\$ 261,700</u>	<u>\$ 251,965</u>	<u>\$ (9,735)</u>
EXPENDITURES				
Personal services	\$ 37,500	\$ 37,500	\$ 128,809	\$ (91,309)
Maintenance and operations	102,639	102,639	150,993	(48,354)
Capital outlay	140,653	140,653	117,073	23,580
Revenue bonds principle	9,013	9,013	9,013	-
Loan principle	11,854	11,854	11,854	-
Interest expense	16,202	16,202	16,285	(83)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 317,861</u>	<u>\$ 317,861</u>	<u>\$ 434,027</u>	<u>\$ (116,166)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 40,000	\$ 40,000	\$ 119,900	\$ 79,900
Transfers out	-	-	(8,861)	(8,861)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 111,039</u>	<u>\$ 71,039</u>
BUDGETED CASH BALANCE				
	<u>\$ 33,753</u>	<u>\$ 33,753</u>		
REVENUES				
Budgetary basis			\$ 251,965	
(Decrease) in receivables			(4,742)	
			<u> </u>	
Modified accrual basis			<u>\$ 247,223</u>	
EXPENDITURES				
Budgetary Basis			\$ 434,027	
Depreciation			245,155	
Principal paid			(20,867)	
Capital assets reclassified			(117,073)	
Increase in compensated absences			1,227	
			<u> </u>	
Modified accrual basis			<u>\$ 542,469</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Sales and services	\$ 190,000	\$ 190,000	\$ 163,126	\$ (26,874)
Local sources	-	-	-	-
Environmental gross receipts tax	-	-	-	-
 Total revenues	 <u>\$ 190,000</u>	 <u>\$ 190,000</u>	 <u>\$ 163,126</u>	 <u>\$ (26,874)</u>
 EXPENDITURES				
Maintenance and operations	\$ 195,199	\$ 195,199	\$ 201,698	\$ (6,499)
 Total expenditures	 <u>\$ 195,199</u>	 <u>\$ 195,199</u>	 <u>\$ 201,698</u>	 <u>\$ (6,499)</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 43,000</u>	<u>\$ 13,000</u>
 BUDGETED CASH BALANCES	 <u>\$ -</u>	 <u>\$ -</u>		
 REVENUES				
Budgetary basis			\$ 163,126	
(Decrease) in due from other funds			(8,751)	
Increase in receivables			<u>345</u>	
 Modified accrual basis			 <u>\$ 154,720</u>	
 EXPENDITURES				
Budgetary basis			\$ 201,698	
(Decrease) in payables			27,109	
(Decrease) in Compensated Absences			<u>(5,924)</u>	
 Modified accrual basis			 <u>\$ 222,883</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and services	\$ 129,510	\$ 129,150	\$ 47,777	\$ (81,373)
Local sources	-	-	6,245	6,245
State sources	10,762	10,762	7,200	(3,562)
Total revenues	<u>\$ 140,272</u>	<u>\$ 139,912</u>	<u>\$ 61,222</u>	<u>\$ (78,690)</u>
EXPENDITURES				
Maintenance and operations	\$ 329,272	\$ 329,272	\$ 73,631	\$ 255,641
Capital outlay	-	-	-	-
Loan principal	-	-	7,621	(7,621)
Interest expense	-	-	1,013	(1,013)
Total expenditures	<u>\$ 329,272</u>	<u>\$ 329,272</u>	<u>\$ 82,265</u>	<u>\$ 247,007</u>
BUDGETED CASH BALANCE	<u>\$ 189,360</u>	<u>\$ 189,360</u>		
EXPENDITURES				
Budgetary basis			\$ 82,265	
Loan principle			(7,621)	
Capital acquisitions			-	
Interest expense			(1,013)	
Depreciation			39,082	
Modified accrual basis			<u>\$ 112,713</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, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
ASSETS				
Cash	\$ 905	\$ 53,508	\$ 54,236	\$ 177
Total assets	<u>\$ 905</u>	<u>\$ 53,508</u>	<u>\$ 54,236</u>	<u>\$ 177</u>
LIABILITIES				
Due to General Fund	\$ 100	\$ -	\$ -	\$ 100
Due to bond holders	500	-	200	300
Due to other agencies	305	53,508	54,036	(223)
Total liabilities	<u>\$ 905</u>	<u>\$ 53,508</u>	<u>\$ 54,236</u>	<u>\$ 177</u>

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

STATE OF NEW MEXICO
VILLAGE OF CIMARRON
Component Unit
Housing Authority
Statement of Cash Flows
For the Year Ended June 30, 2014

	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 29,828
Cash from HUD subsidy	31,203
Cash payments to employees	(30,619)
Cash payments to suppliers for goods and services	(57,561)
Net cash provided by operating activities	(27,149)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Subsidy from capital grant	1,810
Acquisition of capital assets	-
Net cash provided (used) by capital and related financing activities	1,810
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificate of deposit	(100)
Interest received	146
Net cash provided (used) by investing activities	46
Net increase (decrease) in cash	(25,293)
Cash, beginning of year	71,088
Cash, end of year	\$ 45,795
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ (53,935)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	29,733
Changes in assets and liabilities:	
Accounts receivable	117
Prepaid rent	737
Prepaid items	(82)
Accounts payable	2,146
Customer deposits	385
Inventory	(2,604)
Compensated Absences	(789)
Accrued payroll	(2,857)
Total	26,786
Net cash (used) by operating activities	\$ (27,149)

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

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

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

INDEPENDENT AUDITOR'S REPORT

Mr. Timothy Keller
New Mexico State Auditor
and
Honorable Mayor and Village Council
Village of Cimarron
Cimarron, New Mexico

We have audited, in accordance with the 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 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, 2014 and the related notes to the financial statements, which collectively comprise the Village of Cimarron's basic financial statements, and the related budgetary comparisons of the non-governmental and enterprise funds, presented as supplemental information, and have issued our report thereon dated July 18, 2016. Other auditors audited the financial statements of the Village of Cimarron Housing Authority, as described in our report on the Village's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

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.

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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that were considered to be a material weakness. We and the other auditors did identify deficiencies in internal control, described in the accompanying Status of Comments as Imprest Bank Account (2003-006), Lack of Complete Capital Assets Schedule (2006-003), Inadequate Internal Controls over Cash Receipts (2014-001), Incorrect Postings (2014-002), Amounts not Being Paid Back Between Funds (2014-003) that we consider to be significant deficiencies.

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 and the other auditors tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the Status of Comments as Late Audit Report (2002-002), Budget Overruns (2003-003), Enterprise Fund Debt (2008-003), Bank Reconciliation for Municipal Escrow Account (2012-007), Timely Filing and Payment of Payroll Taxes (2013-001), Timely Filing and Payment of PERA (2013-002), Mileage Reimbursement Incorrectly Calculated (2013-003), Late Independent Public Accountant Recommendation (2014-002), 1099 Forms Incorrect (2014-004), Fourth Quarter DFA Report Cash Balances Could Not be Reconciled to Books of Record (2014-005), Water Conservation Fee (2014-007), Chamber of Commerce Agreement (2014-008), Lack of Clarity in the Service Agreement with the Chamber of Commerce (2014-009), Lack of Service Agreement Accounting (2014-006), NSF Fee Amount Transferred Incorrectly (2014-001).

The Village of Cimarron's Response to Findings

The Village of Cimarron's responses to the findings identified in our audit are described in the accompanying Status of Comments. The Village of Cimarron's responses were not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Cimarron's internal control and compliance. Accordingly, this communication is not suitable for the any other purpose.



Albuquerque, New Mexico
July 18, 2016

STATUS OF COMMENTS

Prior Year Village Audit Findings

1. Late Audit Report (2002-002) - Repeated.
2. Budget Overruns (2003-003) - Repeated.
3. Imprest Bank Account (2003-006) - Repeated.
4. Enterprise Fund Debt (2008-003) - Repeated.
5. Bonuses Violating the Anti-Donation Clause (2012-01) - Resolved
6. Personnel Policy for Housing Authority (2012-02) - Resolved.
7. Housing Authority Employee Requesting Their Own "Bonus" (2012-03) - Resolved
8. Unallowed "Comp-Time" (2012-04) - Resolved
9. Unapproved "Comp-Time" (2012-05) - Resolved
10. Personnel Policy Not Followed (2012-06) - Resolved
11. Bank Reconciliation for Municipal Escrow Account (2012-007) - Repeated

Current Year

1. NSF Fee Amount Transferred Incorrectly (2014-001)
2. Incorrect Postings (2014-002)
3. Amounts Not Being Paid Back Between Funds (2014-003)
4. 1099 Forms Incorrect(2014-004)
5. Fourth Quarter DFA Report Cash Balances Could not be Reconciled to Books of Record (2014-005)
6. Lack of Service Agreement Accounting (2014-006)
7. Water Conservation Fee (2014-007)
8. Chamber of Commerce Agreement (2014-008)
9. Lack of Clarity in the Service Agreement with the Chamber of Commerce (2014-009)

Component Unit Audit Findings

Prior Year

1. Lack of Complete Capital Assets Schedule (2006-003) - Repeated
2. Timely Filing and Payment of Payroll Taxes (2013-001) - Repeated
3. Timely Filing and Payment of PERA (2013-002) - Repeated
4. Mileage Reimbursed Incorrectly Calculated (2013-003) - Repeated

Current Year

1. Inadequate Controls Over Cash Receipts (2014-001)
2. Late Independent Public Accountant Recommendation (2014-002)

Late Audit Report - Non-Compliance Matter
(2002-002)

CONDITION	The audit report was submitted to the State Auditor after the required deadline of December 1, 2014.
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	Management needs to ensure all cash is reconciled correctly at the end of the month. Cash had to be reconciled numerous times based on incorrect postings (2014-002) and problems with the Utility Program transactions not being posted correctly at the end of each month.
EFFECT	NMAC 2.2.2.9A(1)(d) was not followed.
RECOMMENDATION	Management needs to ensure cash balances are reconciled and postings of transactions are made to the correct fund.
RESPONSE	To ensure cash balances are reconciled and the posting of transactions are made to the correct fund the Village is utilizing Caselle Government Software consultants to review the detailed general ledger prior to the end of each quarter to ensure correct reporting of the New Mexico Department of Finance. This will also ensure all cash is reconciled correctly.

Budget Overruns - Non-Compliance Matter
(2003-003)

CONDITION The Village had a budget overrun in the Non-Major Special Recreation Fund in the amount of \$17. The Non-Major Special Revenue Law Enforcement Protection Fund in the amount of \$1,309. The Water/Sewer Fund was overspent by \$116,166 and the Solid Waste Fund by \$6,499. Also, the General Fund had a budget overrun in the amount of \$244,827.

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

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

CAUSE Budgetary adjustments did not occur to correct budget deficits.

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

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

RESPONSE In 2007, the Village of Cimarron was seven (7) years behind in financial audits. The 2003-003 audit comments that have been addressing financial information has always been after the fact. It is true that there were budget overruns but corrective action could not go into effect in a timely basis. Currently the budget is reviewed at a minimum of quarterly and resolutions are presented to the governing body for approval and then submitted to the New Mexico Department of Finance for approval. This comment should not appear in the upcoming 2014-2015 audit and beyond.

Imprest Bank Account - Significant Deficiency
(2003-006)

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	Village will look into resolving this as soon as possible.

Enterprise Fund Debt - Other Matter
(2008-003)

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	Village governing body has approved increases in the utility enterprise funds. Last increase was June 2016.

Bank Reconciliation for Municipal Escrow Account - Other Matter
(2012-007)

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	Bank is now being correctly reconciled on a monthly basis.

NSF Fee Amount Transferred Incorrectly - Other Matter
(2014-001)

CONDITION	The Village had a check bounce when a police issued ticket was paid. The \$50 NSF was charged and collected. The court clerk however transferred the full amount of the ticket plus the NSF to the General Fund (\$234). Only the \$50 should have been reported and posted in the General Fund.
CRITERIA	Only those amounts "earned" by the Fund can be posted and used by that fund.
CAUSE	The clerk was unaware of this issue.
EFFECT	The Corrections Fund could have been understated and the General Fund overstated by the \$184 if it had not been corrected.
RECOMMENDATION	The new clerk has been apprised of these types of issues and therefore, no new issues should arise.
RESPONSE	Clerk has had training to correct.

Incorrect Posting - Significant Deficiency
(2014-002)

CONDITION	Management had several issues during the year concerning the posting of transactions to the certain funds. Examples include: 1) A posting to transfer money from the Ambulance Fund to the Water Fund was made, however, the money was never transferred between banks. 2) A check for \$1,297 check cut 10-9-13 from General to Payroll from the Housing Authority to pay their portion of the payroll was deposited into the wrong bank account. 3) A receipt in the amount of \$3,000 was posted to the General Fund, it actually belonged to the Fire Fund. Because of these types of incorrect postings it took some time to reconcile cash to each fund. Since cash was not reconciled correctly the audit was delayed.
CRITERIA	All transactions need to be posted to the correct fund and all cash reconciled to the bank accounts correctly. These also need to be reviewed by upper management to ensure they have been posted correctly.
CAUSE	Cash is not being reconciled correctly each month.
EFFECT	Because of mispostings and cash not reconciled correctly it has taken an enormous amount of effort and time to reconcile cash each fund and provide adequate records for the audit to be performed.
RECOMMENDATION	Postings need to be correct when made. Cash reconciliations need to be done correctly each month.
RESPONSE	All postings are reviewed for correct funding positings

Amounts not Being Paid Back Between Funds -
Significant Deficiency
(2014-003)

CONDITION	Management has created \$92,897 worth of amounts due between funds. These have been created from debt payments being paid from other funds when the fund owing the debt cannot make the payment. Management has intended to pay back these amounts but has not been able to or done so. These amounts need to be paid back.
CRITERIA	GASB Cod. 2300.126 requires the disclosure of any interfund loans that are not expected to be repaid within one year. These disclosures however, are several years old. Management needs to also have a commitment or strategy to pay back these loans.
CAUSE	Management has not been ensuring these debt requirements are being paid from the correct fund. Also, management has not created some form of strategy to pay back these loans in a reasonable time period.
EFFECT	The General Fund is essentially paying these debt requirements instead of the Utility Funds.
RECOMMENDATION	Management should create a plan and time frame to pay back these amounts and also discontinue the practice of paying these debt requirements from the General Fund.
RESPONSE	Outstanding fund debts will be addressed and paid back over the next four years.

1099 Forms Incorrect - Non-Compliance Matter
(2014-004)

CONDITION	The 1099 Forms filed for the 2014 Calendar year had the amount included in "other income" when it belonged in "non-employee compensation".
CRITERIA	According to Instructions for 1099 Forms the correct box to report amounts paid is box 7 Non employee Compensation which includes services performed as a non-employee and other forms of compensation for services performed by an individual that is not an employee (of the Village).
CAUSE	Management was aware of the error and intended to correct the problem.
EFFECT	The tax forms have been inaccurately filed.
RECOMMENDATION	Management of the Village should correct these 1099's. Also, management should ensure that all future 1099's are filed correctly.
RESPONSE	1099 forms were corrected and re-submitted.

Fourth Quarter DFA Report Cash Balances
Could Not be Reconciled to Books of Record -
Non-Compliance Matter
(2014-005)

CONDITION	The fourth quarter DFA report submitted could not be reconciled to the books of record.
CRITERIA	The Quarterly Reports submitted to DFA should be prepared from the Villages books and records.
CAUSE	Because of the numerous changes/mistakes made to the books of record, the DFA report can no longer be matched.
EFFECT	The 2014-2015 fiscal year report will need to be adjusted to ensure the beginning cash balances agree to the corrected/adjusted books of record.
RECOMMENDATION	The Quarterly Reports submitted to DFA for the 2014-2015 fiscal year need to be adjusted and resubmitted.
RESPONSE	All cash beginning balances come from input to the Caselle software. A review with Caselle shall be implemented prior to 4 th quarter submittal.

Lack of Service Agreement Accounting - Non-Compliance Matter
(2014-006)

CONDITION The Chamber of Commerce has not provided a written, final accounting to the Village for fiscal year 2014.

CRITERIA Section B 2) of the Service Agreement requires a written final accounting be given to the Village by June 30, 2014.

CAUSE The lack of a written final accounting is due to a failure to comply with the service agreement.

EFFECT The lack of a written, final accounting could cause an under or overpayment of the amounts due from the Village to the Chamber.

RECOMMENDATION The Village should require the Chamber to comply with the service agreement.

RESPONSE The Village along with the Lodgers tax board will review all chamber expenditures and make recommendations to the governing body.

Water Conservation Fee - Other Matter
(2014-007)

CONDITION	The State of New Mexico Taxation and Revenue charges a conservation fee on all public water supply systems. This fee is to be on the amount of water "produced." The Village is calculating the fee on the amount of water billed "each month."
CRITERIA	The State of New Mexico Taxation and Revenue charges a conservation fee on all public water supply systems.
CAUSE	Management was not aware of this requirement.
EFFECT	The Village is not calculating the fee on the amount of water "produced."
RECOMMENDATION	Management should start calculating all conservation fees on the amount of water produced.
RESPONSE	This was corrected in 2015 with training from New Mexico Taxation and Revenue Department on proper calculations.

Chamber of Commerce Agreement - Non-Compliance Matter
(2014-008)

CONDITION The agreement with the Chamber of Commerce is to provide Lodgers Tax Revenues in the amount of 75% of what the Village collects. For the 2013-2014 fiscal year, the Village collected \$18,950. So 75% of \$18,950 would be \$14,213. The Village paid the Chamber \$19,840 for revenues received from July, 2013 to June, 2014. This means the Village overpaid the Chamber of Commerce by \$5,627.

CRITERIA All agreements entered into by the Village should be followed according to the terms in the agreement.

CAUSE It is unclear how management is determining the amount required to be paid/provided to the Chamber of Commerce.

EFFECT The Village has overpaid the agreement by \$5,627. Also, the overpayment reduces the amount usable by the Village for Village promotion.

RECOMMENDATION Management should determine a more efficient way to calculate the amount needed to be transferred to the Chamber of Commerce.

RESPONSE Annual service agreement is now turned in by May with the Chamber budget. Quarterly reviews by management will mandate only payments of current budget year will be paid.

Lack of Clarity in the Service Agreement
with the Chamber of Commerce - Non-Compliance Matter
(2014-009)

CONDITION	<p>The service agreement with the Chamber of Commerce is incomplete as to several issues. For example:</p> <ol style="list-style-type: none">1) It does not state how all of the Lodgers Tax receipts will be spent.2) The agreement appears to allow up to \$37,950 to be given to the Chamber of Commerce, however the budget approved by DFA only budgets \$24,000.
CRITERIA	<p>The service agreement should clearly state the responsibilities of each party.</p>
CAUSE	<p>Management did not ensure these items were addressed.</p>
EFFECT	<p>The Village has an ambiguous, incomplete document governing its agreement with the Chamber of Commerce. Also, the lack of clarity could cause future problems between the parties.</p>
RECOMMENDATION	<p>The Village needs to revise the agreement and include additional information to ensure there is no further misunderstandings of the requirements of this agreement.</p>
RESPONSE	<p>All future service agreements will be reviewed by the Lodgers tax board and presented to the governing body for approval.</p>

**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 accountant changes.
EFFECT	Although a summary depreciation schedule by asset type is maintained, there is no schedule to support capital asset balances recorded in the financial statements prior to July 1, 2005. Noncompliance with New Mexico State Auditor Rule 2.2.2.10 NMAC.
RECOMMENDATION	Detailed subsidiary ledgers should be kept to support general ledger entries.
RESPONSE	The Cimarron Housing Authority (CHA) has purchased computer software to keep a current listing of its capital assets. The 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.

Timely Filing and Payment of Payroll Taxes -
Significant Deficiency and Non-Compliance
(13-01)

CONDITION	The quarterly 941 (Employers Quarterly Federal Tax Return), CRS-1 (for New Mexico income tax withholdings), and ES903a (New Mexico Employers Quarterly Wage and Contribution Report) for the first quarter (March 31, 2013 quarter ending) were not submitted by the established deadlines in April, 2013. Additionally, payment for first quarter taxes were not submitted timely.
CRITERIA	Filings to the Internal Revenue Service and State of New Mexico Department of Workforce Solutions for employment taxes must be submitted by the last day of the month following the end of the quarter. Filing and payments to the New Mexico Taxation and Revenue Department are due by pre-established deadlines in the month following the end of the quarter.
CAUSE	Lack of knowledge of CHA management.
EFFECT	The Housing Authority is not in compliance with IRS and State of New Mexico tax filings and payments. CHA is subject to penalties and interest.
RECOMMENDATION	Management should ensure that all delinquent tax payments are brought current and that all future filings and payments are made in a timely manner.
RESPONSE	The Cimarron Housing Authority management acknowledges the untimely filing and payment of payroll taxes for the quarter ending March 31, 2013 and has remedied the problem for the quarter ending June 30, 2013. Additionally, the Village of Cimarron has taken over the payroll responsibility in fiscal year 2014.

Timely Filing and Payment of PERA -
Significant Deficiency and Non-Compliance
(13-02)

CONDITION	On January 1, 2013, the Housing Authority took over payroll processing on Housing Authority employees from the Village of Cimarron. At that time, the CHA Board adopted resolution 2013-01 affiliating themselves with the New Mexico Public Employees Retirement Association. The CHA has withheld 9.15% of each qualifying employee's covered wages. The required filings and submissions have not been made. Additionally, the CHA did not record the required 9.15% employer match on the general ledger.
CRITERIA	Affiliated public employers shall transmit to PERA both the member and employer contributions for every member in its employ for each pay period on or before the fifth working day following the payday applicable to the pay period. The contributions shall be accompanied by a transmittal report in a format designated by PERA.
CAUSE	Lack of knowledge of CHA management.
EFFECT	CHA is not in compliance with 2.80.500.8 NMAC. As such, CHA is subject to a penalty of \$50 per day for any employee and employer contribution transmittal report that is untimely. Additionally, CHA is subject to an interest assessment on the unpaid contributions.
RECOMMENDATION	Management should ensure that all delinquent filings and contributions are submitted and that all future filings and contributions are made in a timely manner.
RESPONSE	Cimarron Housing Authority management acknowledges the untimely filing and payment of PERA for the six months ending June 30, 2013. The Village of Cimarron has taken over the payroll responsibility in fiscal year 2014 and will ensure that timely filings and payments are made.

Mileage Reimbursement Incorrectly Calculated-
Significant Deficiency and Non-Compliance
(13-03)

CONDITION	Employee and Board Member were reimbursed mileage in excess of maximum amounts described in the New Mexico Mileage and Per Diem Act. Two disbursements were identified as related to mileage reimbursements. Of these two disbursements, both were identified with incorrect reimbursements rates resulting in a total overpayment of \$87.41.
CRITERIA	Reimbursement of travel expenses to employees and Board members of all state agencies and local public bodies must comply with the New Mexico Mileage and Per Diem Act (2.42.2 NMAC)
CAUSE	The client has developed a travel reimbursement form for employees and Board members to complete when traveling on behalf of the Housing Authority. The section for mileage reimbursement calculation includes a rate that is incorrect.
EFFECT	Employees and Board members have followed the form and were reimbursed for mileage in excess of the maximum amount per the Mileage and Per Diem Act.
RECOMMENDATION	Management should review the New Mexico Mileage and Per Diem Act and modify forms to ensure compliance.
RESPONSE	Cimarron Housing Authority management concurs with the recommendation and will modify forms to comply with State statute.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2014 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 July 18, 2016 to discuss the current audit report and auditor's comments. In attendance were Ms. Judy LeDoux, Mayor, Ms. Mindy Cahill, Village Clerk/Administrator, Mr. Michael Cabral, Executive Director, Northern Regional Housing Authority and Ms. Pamela A. Rice, CPA, Contract Auditor.