

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**ANNUAL FINANCIAL REPORT**  
**AND INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2018**



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## **INTRODUCTORY SECTION**

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**Village of Fort Sumner**  
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**Village of Fort Sumner**  
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**STATE OF NEW MEXICO  
Village of Fort Sumner  
Official Roster  
June 30, 2018**

**CITY COUNCIL**

Louie Gallegos ..... Mayor  
Albert Sena ..... Councilor  
Gerald Cline ..... Councilor  
Esther Segura ..... Councilor  
Manuel Lucero ..... Councilor

**ADMINISTRATIVE OFFICIALS**

Jamie Wall ..... Clerk/Treasurer  
Jean Moulton ..... Deputy Clerk  
Moriama Calderon ..... Utility Clerk

## **FINANCIAL SECTION**



Auditors~Consultants~CPA

## INDEPENDENT AUDITORS' REPORT

Honorable Wayne Johnson  
New Mexico State Auditor  
and  
To the Honorable Mayor and Village Councilors of  
Village of Fort Sumner  
Fort Sumner, New Mexico

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the Village of Fort Sumner (the Village) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility**

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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the 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 from 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as 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 opinion.



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of the Village, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof 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 Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require Schedules I, Schedule II, Schedule III, Schedule IV and the Notes to Required Supplementary Information on pages 66-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. Schedule of Expenditures of Federal Awards (Schedule VIII), as required by Title 2 U.S Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards and the combining and individual non-major fund financial statements and the Supporting Schedules V and VI required by Section 2.2.2 NMAC and the Financial Data Schedule (Schedule VII), which is required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the combining and individual non-major fund financial statements and the Supporting Schedules V and VI, and the Financial Data Schedule (Schedule VII), is the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the combining and individual non-major fund financial statements, and the Supporting Schedules V and VI, and the Financial Data Schedule (Schedule VII), are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Villages Corrective Action Plan on page 98 and the introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2018 on our consideration of the Village'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's internal control over financial reporting and compliance.

*Southwest Accounting Solutions, LLC*

Southwest Accounting Solutions, LLC  
Albuquerque, New Mexico  
November 14, 2018

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Statement of Net Position**  
**June 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing Authority
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 563,552	\$ 254,206	\$ 817,758	\$ 65,547
Restricted Cash	-	124,954	124,954	10,004
Inventory	-	-	-	16,990
Receivables:				
Taxes Receivable	93,741	-	93,741	-
Other taxes	8,457	-	8,457	-
Other receivables, net	20,056	9,496	29,552	405
Customer receivables, net	-	139,233	139,233	-
Prepaid Expenses	-	-	-	18,774
<b>Total current assets</b>	<b>685,806</b>	<b>527,889</b>	<b>1,213,695</b>	<b>111,720</b>
<b>Noncurrent assets</b>				
Capital assets	11,620,430	9,504,494	21,124,924	2,240,589
Less: Accumulated Depreciation	(5,887,684)	(4,574,436)	(10,462,120)	(1,540,042)
<b>Total noncurrent assets</b>	<b>5,732,746</b>	<b>4,930,058</b>	<b>10,662,804</b>	<b>700,547</b>
<b>Deferred outflows of resources</b>				
Deferred outflows from pension	146,598	105,240	251,838	40,829
Deferred outflows from OPEB	12,091	8,680	20,771	-
<b>Total deferred outflows</b>	<b>158,689</b>	<b>113,920</b>	<b>272,609</b>	<b>40,829</b>
<b>Total assets, and deferred outflows of resources</b>	<b>\$ 6,577,241</b>	<b>\$ 5,571,867</b>	<b>\$ 12,149,108</b>	<b>\$ 853,096</b>

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing Authority
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 40,985	\$ 57,326	\$ 98,311	\$ 1,058
Accrued salaries and benefits	24,132	13,413	37,545	4,666
Accrued interest	-	12,078	12,078	-
Loans payable	-	26,637	26,637	-
Compensated absences	5,507	7,544	13,051	2,655
<b>Total current liabilities</b>	<u>70,624</u>	<u>116,998</u>	<u>187,622</u>	<u>8,379</u>
<b>Noncurrent liabilities</b>				
Loans payable	-	428,884	428,884	-
Compensated absences	1,222	-	1,222	5,714
Customer deposits	-	53,259	53,259	7,929
Net Pension liability	491,920	353,142	845,062	159,394
Net OPEB liability	321,038	230,468	551,506	-
<b>Total noncurrent liabilities</b>	<u>814,180</u>	<u>1,065,753</u>	<u>1,879,933</u>	<u>173,037</u>
<b>Total Liabilities</b>	<u>884,804</u>	<u>1,182,751</u>	<u>2,067,555</u>	<u>181,416</u>
<b>Deferred inflows of resources</b>				
Deferred inflows from pension	35,057	25,167	60,224	17,242
Deferred inflows from OPEB	73,068	52,454	125,522	-
<b>Total deferred inflows of resources</b>	<u>108,125</u>	<u>77,621</u>	<u>185,746</u>	<u>17,242</u>
<b>Net Position</b>				
Net investment in capital assets	5,732,746	4,930,058	10,662,804	700,547
<b>Restricted for:</b>				
Debt Service	-	71,919	71,919	-
Capital projects	-	-	-	-
Special Revenue	319,637	-	319,637	-
Unrestricted	(468,071)	(690,482)	(1,158,553)	(46,109)
<b>Total net position</b>	<u>5,584,312</u>	<u>4,311,495</u>	<u>9,895,807</u>	<u>654,438</u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u>\$ 6,577,241</u>	<u>\$ 5,571,867</u>	<u>\$ 12,149,108</u>	<u>\$ 853,096</u>

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

<u>Functions and Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 492,107	\$ 1,654	\$ 13,622	\$ -
Public Safety	541,183	2,696	217,913	-
Public Works	257,287	-	-	1,035,027
Culture and Recreation	271,492	17,123	24,067	-
Health and welfare	270,955	47,875	64,618	-
Interest on Long-Term Debt	803	-	-	-
<b>Total Governmental Activities</b>	<u>1,833,827</u>	<u>69,348</u>	<u>320,220</u>	<u>1,035,027</u>
<b>Business-Type Activities</b>				
Sewer	200,911	106,487	-	-
Water	360,224	261,839	-	-
Airport	183,205	100,181	-	-
Ambulance	300,458	143,948	36,667	-
Solid Waste	232,361	221,807	-	-
<b>Total Business-Type Activities</b>	<u>1,277,159</u>	<u>834,262</u>	<u>36,667</u>	<u>\$ -</u>
<b>Total primary government</b>	<u>\$ 3,110,986</u>	<u>\$ 903,610</u>	<u>\$ 356,887</u>	<u>\$ 1,035,027</u>
<b>Component Unit:</b>				
Housing Authority	<u>\$ 313,949</u>	<u>\$ 97,131</u>	<u>\$ 142,203</u>	<u>-</u>
<b>General Revenues:</b>				
Taxes:				
Property taxes levied for general purposes				
Gross receipt taxes				
Gas taxes				
Franchise taxes				
Lodgers taxes				
Interest income				
Miscellaneous Income				
Transfers				
<b>Subtotal, General Revenues</b>				
<b>Change in Net Position</b>				
<b>Net Position - beginning</b>				
<b>Net Position - restatement (Note 17)</b>				
<b>Net Position - as restated</b>				
<b>Net Position - ending</b>				

See Independent Auditors' Report and Notes to Financial Statements

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Government Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Housing Authority</b>
\$ (476,831)	\$ -	\$ (476,831)	\$ -
(320,574)	-	(320,574)	-
777,740	-	777,740	-
(230,302)	-	(230,302)	-
(158,462)	-	(158,462)	-
(803)	-	(803)	-
<u>(409,232)</u>	<u>-</u>	<u>(409,232)</u>	<u>-</u>
-	(94,424)	(94,424)	-
-	(98,385)	(98,385)	-
-	(83,024)	(83,024)	-
-	(119,843)	(119,843)	-
-	(10,554)	(10,554)	-
<u>\$ -</u>	<u>(406,230)</u>	<u>(406,230)</u>	<u>-</u>
<u>(409,232)</u>	<u>(406,230)</u>	<u>(815,462)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,413)</u>
23,182	-	23,182	-
477,977	25,181	503,158	-
39,147	-	39,147	-
27,587	-	27,587	-
29,638	-	29,638	-
3,626	595	4,221	308
209,790	287,959	497,749	143
(56,000)	56,000	-	-
<u>754,947</u>	<u>369,735</u>	<u>1,124,682</u>	<u>451</u>
345,715	(36,495)	309,220	(99,962)
<u>5,619,941</u>	<u>4,621,750</u>	<u>10,241,691</u>	<u>754,400</u>
(381,344)	(273,760)	(655,104)	-
<u>5,238,597</u>	<u>4,347,990</u>	<u>9,586,587</u>	<u>754,400</u>
<u>\$ 5,584,312</u>	<u>\$ 4,311,495</u>	<u>\$ 9,895,807</u>	<u>\$ 654,438</u>

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<u>General Fund</u>	<u>Cemetery Special Revenue Fund</u>	<u>Gas Tax Special Revenue Fund</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 229,681	\$ 137,229	\$ 66,398
Gross receipt taxes receivable	87,845	-	3,931
Other receivables	5,310	-	5,593
<b>Total assets</b>	<u>\$ 322,836</u>	<u>\$ 137,229</u>	<u>\$ 75,922</u>
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 7,595	\$ -	31,299
Accrued salaries and benefits	14,189	-	-
<b>Total liabilities</b>	<u>21,784</u>	<u>-</u>	<u>31,299</u>
<b>Fund balance</b>			
Spendable			
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	44,623
Culture and recreation	-	-	-
Health and welfare	-	137,229	-
Minimum fund balance	76,037	-	-
Unassigned	225,015	-	-
<b>Total fund balances</b>	<u>301,052</u>	<u>137,229</u>	<u>44,623</u>
<b>Total liabilities and fund balances</b>	<u>\$ 322,836</u>	<u>\$ 137,229</u>	<u>\$ 75,922</u>

See Independent Auditors' Report and Notes to Financial Statements



<u>CDBG Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ 130,244	\$ 563,552
-	1,965	93,741
-	17,610	28,513
<u>\$ -</u>	<u>\$ 149,819</u>	<u>\$ 685,806</u>
\$ -	\$ 2,091	\$ 40,985
-	9,943	24,132
<u>-</u>	<u>12,034</u>	<u>65,117</u>
-	2,011	2,011
-	80,519	80,519
-	-	44,623
-	46,398	46,398
-	8,857	146,086
-	-	76,037
-	-	225,015
<u>-</u>	<u>137,785</u>	<u>620,689</u>
<u>\$ -</u>	<u>\$ 149,819</u>	<u>\$ 685,806</u>

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**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**Governmental Funds**  
**June 30, 2018**

**Total Fund Balance - Governmental Funds** \$ 620,689

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Capital assets	11,620,430
Less: Accumulated depreciation	(5,887,684)

Deferred outflows and inflows relating to pension and OPEB liabilities are not payable / collectible in the current period and therefore are not reported in the fund financial statements. Deferred outflows and inflows reported on the Statement of Net Position are as follows:

Deferred outflows related to pension	146,598
Deferred Inflows related to pension	(35,057)
Deferred outflow related to OPEB	12,091
Deferred inflows related to OPEB	(73,068)

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:

Accrued compensated absences	(6,729)
Pension liability	(491,920)
OPEB liability	(321,038)

<b>Total net position of governmental activities</b>	<b>\$ 5,584,312</b>
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**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Statement of Revenues, Expenses, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Cemetery Special Revenue Fund</u>	<u>Gas Tax Special Revenue Fund</u>
<b>Revenues</b>			
Property taxes	\$ 23,182	\$ -	\$ -
Gross receipt taxes	447,880	-	20,065
Gas tax	5,953	-	33,194
Franchise taxes	11,993	-	-
Lodger's taxes	-	-	-
State operating grants	13,622	-	-
Federal operating grants	-	-	-
Federal capital grants	-	-	626,364
Charges for services	1,654	6,240	-
Licenses and fees	1,980	-	-
Interest income	2,702	924	-
Miscellaneous income	187,666	4,919	-
<b>Total revenue</b>	<u>696,632</u>	<u>12,083</u>	<u>679,623</u>
<b>Expenditures</b>			
Current:			
General government	348,636	-	-
Public safety	214,768	-	-
Public works	137,916	-	54,408
Culture and recreation	113,668	-	-
Health and welfare	23,452	9,081	-
Capital outlay	74,006	-	697,083
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<u>912,446</u>	<u>9,081</u>	<u>751,491</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(215,814)</u>	<u>3,002</u>	<u>(71,868)</u>
<b>Other financing sources (uses)</b>			
Transfers in	4,000.0	-	-
Transfers out	(164,915)	-	-
<b>Total other financing sources (uses)</b>	<u>(160,915)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(376,729)	3,002	(71,868)
<b>Fund balance - beginning of year</b>	<u>677,781</u>	<u>134,227</u>	<u>116,491</u>
<b>Fund balance - end of year</b>	<u>\$ 301,052</u>	<u>\$ 137,229</u>	<u>\$ 44,623</u>

See Independent Auditors' Report and Notes to Financial Statements

<u>CDBG Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 23,182
-	10,032	477,977
-	-	39,147
-	15,594	27,587
-	29,638	29,638
-	282,531	296,153
-	24,067	24,067
408,663	-	1,035,027
-	61,454	69,348
-	-	1,980
-	-	3,626
-	15,225	207,810
408,663	438,541	2,235,542
-	19,218	367,854
-	189,770	404,538
-	-	192,324
-	89,274	202,942
-	170,008	202,541
500,226	16,750	1,288,065
-	27,548	27,548
-	803	803
500,226	513,371	2,686,615
(91,563)	(74,830)	(451,073)
17,815	91,100	112,915
-	(4,000)	(168,915)
17,815	87,100	(56,000)
(73,748)	12,270	(507,073)
73,748	125,515	1,127,762
\$ -	\$ 137,785	\$ 620,689

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**Reconciliation of the Statement of Revenues, Expenses and Changes in Fund  
Balances - Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2018**

Net Change in Fund Balance - Governmental Funds \$ (507,073)

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Expenditures recorded in capital outlay	1,288,065
Depreciation expense	(421,051)

Governmental funds report Village pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Change in net pension liability	(41,103)
Change in net OPEB liability	(671)

The issuance of long-term debt (e.g. bonds, notes, leases) 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. Neither transaction, however, has any effect on net position. Also, changes in accrued compensated absences does not consume current financial resources in governmental funds but does affect net position.

Decrease in accrued interest	351
Increase in accrued compensated absences	(351)
Principal payments on bonds and loans payable	27,548

Change in Net Position of Governmental Activities \$ 345,715

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**General Fund**

Exhibit C-1

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	19,800	19,800	23,182	\$ 3,382
Gross receipts	525,000	525,000	418,104	(106,896)
Gasoline and Motor vehicle	0	0	5,953	5,953
Franchise tax	6,500	6,500	11,993	5,493
<b>Intergovernmental income:</b>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	0	0	25,308	25,308
State capital grants	-	-	-	-
Charges for services	17,000	17,000	1,654	(15,346)
Licenses and fees	2,000	2,000	1,980	(20)
Interest income (loss)	4,000	4,000	2,702	(1,298)
Miscellaneous	175,908	175,908	183,916	8,008
<b>Total revenue</b>	<b>750,208</b>	<b>750,208</b>	<b>674,792</b>	<b>(75,416)</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	469,749	469,749	348,218	121,531
Public safety	220,000	220,000	214,768	5,232
Public works	134,971	154,971	137,916	17,055
Culture and recreation	150,376	150,736	112,774	37,962
Capital outlay	75,000	75,000	73,850	1,150
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>1,050,096</b>	<b>1,070,456</b>	<b>887,526</b>	<b>182,930</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(299,888)</b>	<b>(320,248)</b>	<b>(212,734)</b>	<b>107,514</b>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	299,888	320,248	212,734	
Transfers in	40,000	40,000	40,353	353
Transfers out	161,000	201,268	(201,268)	(402,536)
<b>Total other financing sources (uses)</b>	<b>201,000</b>	<b>241,268</b>	<b>(160,915)</b>	<b>(402,183)</b>
Net Change in fund balance	(98,888)	(78,980)	(373,649)	
Fund balance - beginning of year	677,781	677,781	677,781	
<b>Fund balance - end of year</b>	<b>\$ 578,893</b>	<b>\$ 598,801</b>	<b>\$ 304,132</b>	
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			<b>(373,649)</b>	
Adjustments to revenue for taxes and grants receivable			(24,864)	
Adjustment to expenditures for accounts payable			21,784	
<b>Net Change in fund balance (GAAP basis)</b>			<b>\$ (376,729)</b>	

See Independent Auditors' Report and Notes to Financial Statements



**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Cemetery**

Exhibit C-2

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>Favorable (Unfavorable) Final to actual</u>
<b>Revenues</b>				
<b>Taxes:</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	7,000	7,000	6,240	(760)
Licenses and fees	-	-	-	-
Interest income (loss)	1,000	1,000	924	(76)
Miscellaneous	5,000	5,000	4,919	(81)
<b>Total revenue</b>	<u>13,000</u>	<u>13,000</u>	<u>12,083</u>	<u>(917)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	10,000	10,000	9,081	919
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>10,000</u>	<u>10,000</u>	<u>9,081</u>	<u>919</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>3,000</u>	<u>3,000</u>	<u>3,002</u>	<u>2</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	(3,000)	(3,000)	-	3,000
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	3,000	3,000	3,002	
Fund balance - beginning of year	134,227	134,227	134,227	
<b>Fund balance - end of year</b>	<u>\$ 137,227</u>	<u>\$ 137,227</u>	<u>\$ 137,229</u>	
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			<u>3,002</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ 3,002</u>	

See Independent Auditors' Report and Notes to Financial Statements

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**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Gas Tax**

Exhibit C-3

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP</u>	<u>Favorable</u>
			<u>Basis</u>	<u>(Unfavorable)</u>
				<u>Final to actual</u>
<b>Revenues</b>				
<b>Taxes:</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	26,000	26,000	18,732	(7,268)
Gasoline and Motor vehicle	28,000	28,000	33,325	5,325
Other	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	554,105	629,105	629,105	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>608,105</u>	<u>683,105</u>	<u>681,162</u>	<u>(1,943)</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	55,000	55,000	54,101	899
Culture and recreation	-	-	-	-
Capital outlay	687,819	690,819	666,928	23,891
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>742,819</u>	<u>745,819</u>	<u>721,029</u>	<u>24,790</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(134,714)</u>	<u>(62,714)</u>	<u>(39,867)</u>	<u>22,847</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	134,714	62,714	-	(62,714)
Transfers in	43,000	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>43,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(91,714)	(62,714)	(39,867)	(39,867)
Fund balance - beginning of year	-	-	73,748	73,748
<b>Fund balance - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,881</u>	<u>\$ 33,881</u>
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			<u>(39,867)</u>	
Adjustments to revenue for taxes			1,333	
Adjustment to expenditures for accounts payable			(33,334)	
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ (71,868)</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2018**

	<u>Sewer</u>	<u>Water</u>	<u>Airport</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,341	\$ 183,877	\$ 5,130
Restricted cash and cash equivalents	6,634	118,320	-
Accounts receivable, net	15,938	35,305	46,319
<b>Total current assets</b>	<u>23,913</u>	<u>337,502</u>	<u>51,449</u>
<b>Noncurrent assets</b>			
Capital Assets	2,565,448	4,081,024	2,642,145
Less: Accumulated depreciation	(1,379,622)	(2,269,931)	(874,863)
<b>Total noncurrent assets</b>	<u>1,185,826</u>	<u>1,811,093</u>	<u>1,767,282</u>
<b>Deferred outflows of resources</b>			
Deferred outflows from pension	23,143	27,530	13,519
Deferred outflows from OPEB	1,909	2,271	1,115
<b>Total Deferred outflows</b>	<u>25,052</u>	<u>29,801</u>	<u>14,634</u>
<b>Total assets, and deferred outflows of resources</b>	<u>\$ 1,234,791</u>	<u>\$ 2,178,396</u>	<u>\$ 1,833,365</u>
<b>Liabilities, deferred inflows and net position</b>			
<b>Liabilities</b>			
Overdrawn cash			
Accounts payable	\$ 3,753	\$ 11,331	\$ 42,242
Accrued salaries and benefits	1,388	3,598	2,592
Accrued interest	2,481	9,597	-
Loans payable	22,575	4,062	-
Compensated absences	323	280	1,047
<b>Total current liabilities</b>	<u>30,520</u>	<u>28,868</u>	<u>45,881</u>
<b>Noncurrent liabilities</b>			
Loans payable	287,621	141,263	-
Customer deposits	-	53,259	-
Net pension liability	77,657	92,381	45,364
Net OPEB liability	50,680	60,290	29,606
<b>Total noncurrent liabilities</b>	<u>415,958</u>	<u>347,193</u>	<u>74,970</u>
<b>Total Liabilities</b>	<u>446,478</u>	<u>376,061</u>	<u>120,851</u>
<b>Deferred inflows of resources</b>			
Deferred inflows from pension	5,534	6,584	3,233
Deferred inflows from OPEB	11,535	13,722	6,738
<b>Total deferred inflows of resources</b>	<u>17,069</u>	<u>20,306</u>	<u>9,971</u>
<b>Net position</b>			
Net investment in capital asset	1,185,826	1,811,093	1,767,282
Restricted for:			
Debt service	6,634	65,285	-
Unrestricted	(421,216)	(94,349)	(64,739)
<b>Total net position</b>	<u>771,244</u>	<u>1,782,029</u>	<u>1,702,543</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 1,234,791</u>	<u>\$ 2,178,396</u>	<u>\$ 1,833,365</u>

See Independent Auditors' Report and Notes to Financial Statements

<u>Ambulance</u>	<u>Solid Waste</u>	<u>Total</u>
\$ 56,840	\$ 7,018	\$ 254,206
-	-	124,954
<u>30,355</u>	<u>20,812</u>	<u>148,729</u>
<u>87,195</u>	<u>27,830</u>	<u>527,889</u>
215,877	-	9,504,494
<u>(50,020)</u>	<u>-</u>	<u>(4,574,436)</u>
<u>165,857</u>	<u>-</u>	<u>4,930,058</u>
41,048	-	105,240
3,385	-	8,680
<u>44,433</u>	<u>-</u>	<u>113,920</u>
<u>\$ 297,485</u>	<u>\$ 27,830</u>	<u>\$ 5,571,867</u>
\$ -	\$ -	\$ 57,326
5,835	-	13,413
-	-	12,078
-	-	26,637
5,894	-	7,544
<u>11,729</u>	<u>-</u>	<u>116,998</u>
-	-	428,884
-	-	53,259
137,740	-	353,142
89,892	-	230,468
<u>227,632</u>	<u>-</u>	<u>1,065,753</u>
<u>239,361</u>	<u>-</u>	<u>1,182,751</u>
9,816	-	25,167
<u>20,459</u>	<u>-</u>	<u>52,454</u>
<u>30,275</u>	<u>-</u>	<u>77,621</u>
165,857	-	4,930,058
-	-	71,919
<u>(138,008)</u>	<u>27,830</u>	<u>(690,482)</u>
<u>27,849</u>	<u>27,830</u>	<u>4,311,495</u>
<u>\$ 297,485</u>	<u>\$ 27,830</u>	<u>\$ 5,571,867</u>

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<u>Sewer</u>	<u>Water</u>	<u>Airport</u>
<b>Operating revenues:</b>			
Charges for services	\$ 106,487	\$ 261,839	\$ 100,181
<b>Total operating revenues</b>	<u>106,487</u>	<u>261,839</u>	<u>100,181</u>
<b>Operating expenses:</b>			
Depreciation and amortization	47,099	112,096	73,089
Personnel services	41,748	83,385	80,139
Contractual services	-	765	-
Supplies	-	-	3,388
Maintenance and Materials	29,037	48,120	12,151
Utilities	31,717	27,853	2,398
Miscellaneous	35,891	77,335	12,040
<b>Total operating expense</b>	<u>185,492</u>	<u>349,554</u>	<u>183,205</u>
<b>Operating income (loss)</b>	<u>(79,005)</u>	<u>(87,715)</u>	<u>(83,024)</u>
<b>Non-operating revenues (expense):</b>			
Gross receipts taxes	5,527	7,833	-
Interest income	14	581	-
Miscellaneous income (expense)	18,329	464	269,166
Interest expense	(15,419)	(10,670)	-
<b>Total non-operating revenues (expense)</b>	<u>8,451</u>	<u>(1,792)</u>	<u>269,166</u>
<b>Income (loss) before contributions and transfers</b>	<u>(70,554)</u>	<u>(89,507)</u>	<u>186,142</u>
Transfers in	61,000	-	15,000
Transfers out	-	(20,000)	-
State and federal operating grants	-	-	-
<b>Total contributions and transfers</b>	<u>61,000</u>	<u>(20,000)</u>	<u>15,000</u>
<b>Change in Net Position</b>	<u>(9,554)</u>	<u>(109,507)</u>	<u>201,142</u>
<b>Net Position, beginning of year</b>	<u>840,998</u>	<u>1,963,151</u>	<u>1,536,568</u>
<b>Restatement (Note 17)</b>	<u>(60,200)</u>	<u>(71,615)</u>	<u>(35,167)</u>
<b>Net Position - beginning of the year, restated</b>	<u>780,798</u>	<u>1,891,536</u>	<u>1,501,401</u>
<b>Net Position - end of the year</b>	<u>\$ 771,244</u>	<u>\$ 1,782,029</u>	<u>\$ 1,702,543</u>

See Independent Auditors' Report and Notes to Financial Statements

<u>Ambulance</u>	<u>Solid Waste</u>	<u>Total</u>
\$ 143,948	\$ 221,807	\$ 834,262
143,948	221,807	834,262
17,577	-	249,861
201,501	-	406,773
20,003	232,361	253,129
12,219	-	15,607
-	-	89,308
3,932	-	65,900
45,226	-	170,492
300,458	232,361	1,251,070
(156,510)	(10,554)	(416,808)
-	11,821	25,181
-	-	595
-	-	287,959
-	-	(26,089)
-	11,821	287,646
(156,510)	1,267	(129,162)
-	-	76,000
-	-	(20,000)
36,667	-	36,667
36,667	-	92,667
(119,843)	1,267	(36,495)
254,470	26,563	4,621,750
(106,778)	-	(273,760)
147,692	26,563	4,347,990
\$ 27,849	\$ 27,830	\$ 4,311,495

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<u>Sewer</u>	<u>Water</u>	<u>Airport</u>
<b>Cash flow from operating activities</b>			
Cash received from customers	\$ 107,180	\$ 257,209	\$ 56,516
Cash payments to employees for services	(35,112)	(75,561)	(76,064)
Cash payments to suppliers for goods and services	(96,427)	(149,581)	12,037
<b>Net cash provided by operating activities</b>	<u>(24,359)</u>	<u>32,067</u>	<u>(7,511)</u>
<b>Cash flow from noncapital financing activities</b>			
Taxes received	5,527	7,834	-
Miscellaneous	18,329	464	269,166
Governmental contributions	-	-	-
Transfers	61,000	(20,000)	15,000
<b>Net cash flows provided by noncapital financing activities</b>	<u>84,856</u>	<u>(11,702)</u>	<u>284,166</u>
<b>Cash Flows from capital and related financing activities:</b>			
Interest paid	(15,602)	(7,450)	-
Principal payments	(22,000)	(4,000)	-
Acquisition of capital assets	(115,227)	-	(283,335)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(152,829)</u>	<u>(11,450)</u>	<u>(283,335)</u>
<b>Cash flows from investing activities</b>			
Interest income	14	581	-
<b>Net cash provided by investing activities</b>	<u>14</u>	<u>581</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(92,318)	9,496	(6,680)
Cash & cash equivalents - beginning of year	100,293	292,701	11,810
<b>Cash &amp; cash equivalents - end of year</b>	<u>\$ 7,975</u>	<u>\$ 302,197</u>	<u>\$ 5,130</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (79,005)	\$ (87,715)	\$ (83,024)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>			
Pension and OPEB Expense	6,596	7,845	3,853
Depreciation	47,099	112,096	73,089
<b>Changes in assets &amp; liabilities:</b>			
Receivables	693	(4,630)	(43,665)
Accounts payable	218	4,492	42,014
Accrued salaries and benefits	2	-	55
Compensated absences	38	(21)	167
<b>Net cash provided (used) by operating activities</b>	<u>\$ (24,359)</u>	<u>\$ 32,067</u>	<u>\$ (7,511)</u>

See Independent Auditors' Report and Notes to Financial Statements



<u>Ambulance</u>	<u>Solid Waste</u>	<u>Total</u>
\$ 148,180	\$ 222,513	\$ 791,598
(189,380)	-	(376,117)
(81,477)	(252,666)	(568,114)
<u>(122,677)</u>	<u>(30,153)</u>	<u>(152,633)</u>
-	11,821	25,182
-	-	287,959
36,667	-	36,667
-	-	56,000
<u>36,667</u>	<u>11,821</u>	<u>405,808</u>
-	-	(23,052)
-	-	(26,000)
-	-	(398,562)
<u>-</u>	<u>-</u>	<u>(447,614)</u>
-	-	595
-	-	595
(86,010)	(18,332)	(193,844)
142,850	25,350	573,004
<u>\$ 56,840</u>	<u>\$ 7,018</u>	<u>\$ 379,160</u>
\$ (156,510)	\$ (10,554)	\$ (416,808)
11,697	-	29,991
17,577	-	249,861
4,232	706	(42,664)
(97)	(20,305)	26,322
(3)	-	54
427	-	611
<u>\$ (122,677)</u>	<u>\$ (30,153)</u>	<u>\$ (152,633)</u>

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 1. Summary of Significant Accounting Policies**

The Village of Fort Sumner (Village) is a municipal corporation operating under the applicable laws and regulations of the State of New Mexico. The Village operates under an elected Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police, emergency medical and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water supply, and general government administrative services.

The Village is a body politic and corporate under the name and form of government selected by its qualified electors. The Village may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have a common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the Village is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management who are 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 governmental units.

***A. Financial Reporting Entity***

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, though legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

***A. Financial Reporting Entity (continued)***

The basic-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 benefits the government and/or 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 government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Village has one discretely presented component unit.

The Fort Sumner Housing Authority (the Authority) has been determined to be a component unit of the Village that should be discretely presented in the Village's financial statements pursuant to the criteria described above. The Authority has issued separately stated financial statements. Additional information regarding the Authority may be obtained from their administrative office as follows: Fort Sumner Housing Authority, 165 E. Main Ave, Fort Sumner, New Mexico, 88119.

***B. Government-wide and fund financial statements***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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 Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Village's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position.

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**Village of Fort Sumner**  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

***B. Government-wide and fund financial statements (continued)***

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 funds. 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 in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider are met.

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 judgments, 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. 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Notes to the Financial Statements**  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

***C. Measurement focus, basis of accounting, and financial statement presentation (continued)***

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Village facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Under the requirements of GASB Statement No. 34, the Village is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following, which includes funds that were not required to be presented as major but were at the discretion of management:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

Cemetery Special Revenue Fund accounts for the operations and maintenance of the Village Cemetery. Funding is primarily through the sale of burial plots. Fund created by Village ordinance.

Gas Tax is used to account for the receipts and expenditures of special gasoline tax and gross receipt tax which is restricted for use in repairing and maintaining roads and streets within the municipality. The fund was created by state statute NMSA 7-1-6.27.

CDBG Capital Projects Fund accounts for the Community Development Block Grant funds used for street and drainage improvements. Authorized by Village Ordinance and federal capital grant.

The Village reports the following major enterprise funds:

The Sewer Fund accounts for the provision of sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations, billing, and maintenance.

The Water Fund accounts for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations, billing, and maintenance.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

***C. Measurement focus, basis of accounting, and financial statement presentation (continued)***

The Airport Fund accounts for the operations of the Village airport. Financing is primarily provided through rental leases, fuel sales, and grant proceeds.

The Ambulance Fund accounts for the operations of the Village's ambulance service. Users of the service are billed for the services. Additional funding is through grants.

The Solid Waste Fund accounts for the provision of solid waste services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations, and billing.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**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.

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 fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)**

**Receivables and Payables:** Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds or internal balances” (i.e., the current portion of interfund loans) or “advances to/from other funds or internal balances” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

Advances between funds, as reported in the fund financial statements, 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 in the event they are not received within 60 days of year end.

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 recorded when levied. Property taxes are considered 100% collectible. The allowance for doubtful accounts for customer receivables is calculated based on the aging of the customer accounts receivable and the Village’s historical experience with these receivables.

Property taxes are levied on November 1st based on the assessed value of property as listed on the previous January 1st and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the Village may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

**Inventory:** 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 FIFO basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

**Restricted Assets:** Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

**STATE OF NEW MEXICO**  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)**

**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. State law sets a capitalization threshold of \$5,000 for acquisitions of property and equipment (12-10-10 NMSA 1978). Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. 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 1980) 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. Information technology equipment, including software, is being capitalized in accordance with NMAC 2.20.1.9 C (5).

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

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. No interest was included as part of the cost of capital assets under construction.

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

Asset	Years
Buildings	15-50
Equipment	5-20
Infrastructure	20

**Accrued Expenses:** Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2018, along with the applicable PERA and Retiree Health Care (RHCA).

**Deferred Outflows/Inflows of Resources:** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a recognized consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.



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**Village of Fort Sumner**  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)**

**Pensions:** The Government wide financial statements and proprietary type funds report deferred outflows and deferred inflows for purposes of measuring the net pension liability. Deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**OPEB:** The Government wide financial statements and proprietary type funds report deferred outflows and deferred inflows for purposes of measuring the net OPEB liability. Deferred outflows of resources and deferred inflows of resources related to retirement healthcare, and expense, information about the fiduciary net position of the New Mexico Retirement Healthcare Authority (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences:** Qualified employees are entitled to accumulate annual leave based on their employment classification and length of employment. The Village allows employees to accumulate unused sick leave up to a maximum of 240 hours. The Village does not allow for any sick leave to be converted to cash payouts. No employee receives a cash payout of their unused sick leave upon termination.

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Village. Accumulated unused vacation up to a maximum of 160 hours is payable upon termination from employment. The Village maintains vacation leave as of the employee's hire date anniversary.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)**

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**Net Position:** The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets - Net investment in capital assets consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position - Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that do not meet the definition of "restricted" or "investment in capital assets, net of related debt."

**Fund Balance:** During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. Fund balance is reported in these five classifications:

Non-spendable - the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, 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, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Committed - This fund balance amount has spending limitations that are constrained by the government's highest level of decision-making authority.

At June 30, 2018, the Village has presented restricted fund balance on the governmental funds balance sheet in the amount of \$395,674, including minimum fund balance in the General Fund, and for various Village operations as restricted by enabling legislation in the special revenue funds, debt service, and for capital projects. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 16 and 17.

**STATE OF NEW MEXICO**  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)**

Assigned – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds, and permanent funds.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in 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 had been restricted, committed or assigned.

Minimum Fund Balance Policy. The Village's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the Village holds cash reserves of 1/12th the General Fund expenditures for the upcoming budget year. The Village has presented restricted fund balance on the governmental funds balance sheet in the amount of \$76,037 to meet minimum fund balance requirements for the General Fund.

The Village applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, and expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Village's financial statements consist of depreciation, estimated useful lives of capital assets, the allowance for doubtful accounts of sewer, water, ambulance, solid waste receivables, and net pension liability.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Notes to the Financial Statements**  
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**NOTE 2. Stewardship, Compliance and Accountability**

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Councilors and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds. The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The Village Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018 is presented as part of the budgetary statements.

**NOTE 3. Deposits and Investments**

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralization as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States Treasury Bills of the same maturity on the day of deposit.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
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**NOTE 3. Deposits and Investments (continued)**

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

All of the Village's accounts at an insured depository institution, including 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.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978) that require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least one half the amount in excess of FDIC coverage on deposit with the institution.

At June 30, 2018, \$744,629 of the Village's bank balance of \$994,629 was exposed to custodial credit risk. \$744,629 of the Village's cash deposits were uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Village's name, and \$0 was uninsured and uncollateralized at June 30, 2018.

**Custodial Credit Risk – Deposits: Village**

	Citizens bank of Clovis
Deposits	\$ 994,629
Less: FDIC Coverage	(250,000)
Total uninsured public funds	744,629
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	1,998,274
Uninsured and uncollateralized	-
Collateral requirements (50% of uninsured funds)	\$ 372,315
Pledged Collateral	1,998,274
Over (under) collateralized	\$ 1,625,960

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
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**NOTE 3. Deposits and Investments (continued)**

The Carrying Amount of deposits and investments shown above are included in the Village's Statement of Net position as follows:

Cash and cash equivalents - Governmental Activities per Exhibit A-1	\$ 563,552
Cash and cash equivalents - Business-type Activities per Exhibit A-1	254,206
Restricted cash and cash equivalents - Business-type Activities per Exhibit A-1	<u>124,954</u>
Total cash and cash equivalents	<u>942,712</u>
Add: outstanding checks	54,431
Less: outstanding deposits	(2,514)
Less: cash held at the NMFA	<u>-</u>
 Bank balance of deposits	 <u><u>\$ 994,629</u></u>

**Custodial Credit Risk – Deposits: Housing Authority**

At June 30, 2018, none of the Authority's bank balance of \$91,748 was subject to custodial credit risk. An amount of \$0 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Authority's name. None of the Authority's deposits were uninsured and uncollateralized at June 30, 2018.

<b>For the Year ended June 30, 2018</b>	<b>Citizens Bank of Clovis</b>
Total Deposits	\$ 91,748
FDIC Coverage	<u>(91,748)</u>
Total Uninsured	<u>\$ -</u>
Collateralized Securities	-
Uninsured and uncollateralized	<u>\$ -</u>
Collateralized requirement (50%)	\$ -
Pledged Securities	-
Over (under) collateralization	<u><u>\$ -</u></u>

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
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**NOTE 4. Receivables**

Receivables as of June 30, 2018, are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Gross receipts taxes	\$ 93,741	\$ -
Other taxes	8,457	-
Other receivables:	20,056	-
<b>Other receivables:</b>		
Customer receivables, Net	-	139,233
State grants	-	6,842
Miscellaneous	-	2,654
<b>Total Receivables, Net</b>	<u>\$ 122,254</u>	<u>\$ 148,729</u>

The above governmental receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenues receivables not collected within the period of availability was determined to be immaterial to the financial statements and was not reclassified as deferred inflow of resources in the governmental fund financial statements. The Village did accrue an allowance for doubtful account in the ambulance fund in the amount of \$1,079. Sewer, Water and Solid Waste accrued allowances for doubtful accounts of \$789, \$1,337, and \$2,306 respectively. All other business type fund's account receivables older than 90 days were immaterial and accordingly the Village did not accrue an allowance for doubtful accounts for these funds.

**NOTE 5. Transfers**

Net operating transfers were made during the year for supplementing other funding in the normal course of operations, and also for the purposes to retire debt related to the advanced refunding of bonds. These transfers for the Village were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	CDBG	\$ 17,815
General Fund	Senior Citizens	31,000
General Fund	Recreation	58,000
General Fund	Sewer	41,000
General Fund	Airport	15,000
General Fund	Env.	2,100
Corrections	General	4,000
Sewer	Sewer	20,000
		<u>\$ 188,915</u>

The Housing Authority had no Transfers for the year ended June 30, 2018.

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**NOTE 6. Capital Assets**

A summary of capital assets and changes for the Village occurring during the year ended June 30, 2018 follows. Land is not subject to depreciation.

<b>Governmental Activities:</b>	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Balance June 30, 2018</b>
Capital assets not being depreciated:			
Land	\$ 50,807	\$ -	\$ 50,807
CIP	-	36,801	36,801
Total capital assets, not depreciated	<u>50,807</u>	<u>36,801</u>	<u>87,608</u>
Capital assets depreciated:			
Buildings	2,883,933	525,065	3,408,998
Equipment	1,709,379	14,116	1,723,495
Infrastructure	5,688,246	712,083	6,400,329
Total capital assets, depreciated	<u>10,281,558</u>	<u>1,251,264</u>	<u>11,532,822</u>
Less accumulated depreciation:			
Buildings	1,735,883	78,962	1,814,845
Equipment	854,720	90,992	945,712
Infrastructure	2,876,030	251,097	3,127,127
Total accumulated depreciation	<u>5,466,633</u>	<u>421,051</u>	<u>5,887,684</u>
Capital Assets, Net	<u>\$ 4,865,732</u>		<u>\$ 5,732,746</u>

There were no deletions of capital assets in the fiscal year 2018. Depreciation expense for the year ended June 30, 2018 was charged to governmental activities as follows:

General Government	\$ 113,039
Public Safety	124,311
Public Works	59,100
Culture and Recreation	62,362
Health and welfare	62,239
Total depreciation expense, governmental activities	<u>\$ 421,051</u>



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**NOTE 6. Capital Assets (continued)**

<b>Business-type activities:</b>	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Balance June 30, 2018</b>
Capital assets not depreciated:			
Land and Water Rights	\$ 46,100	\$ -	\$ 46,100
Total capital assets not depreciated	<u>46,100</u>	<u>-</u>	<u>46,100</u>
Capital asset depreciated:			
Buildings	8,338,405	398,562	8,736,967
Equipment	721,427	-	721,427
Total capital assets, depreciated	<u>9,059,832</u>	<u>398,562</u>	<u>9,458,394</u>
Less accumulated depreciation:			
Buildings	4,050,891	190,619	4,241,510
Equipment	273,684	59,242	332,926
Total accumulated depreciation	<u>4,324,575</u>	<u>249,861</u>	<u>4,574,436</u>
Capital Assets, Net	<u>\$ 4,781,357</u>		<u>\$ 4,930,058</u>

A summary of capital assets and changes for the Housing Authority occurring during the year ended June 30, 2018 follows. Land is not subject to depreciation.

<b>Component Unit:</b>	<b>Balance June 30, 2017</b>	<b>Additions</b>	<b>Balance June 30, 2018</b>
Capital assets not being depreciated:			
Land	\$ 33,736	\$ -	\$ 33,736
Total capital assets, not depreciated	<u>33,736</u>	<u>-</u>	<u>33,736</u>
Capital assets depreciated:			
Buildings and Improvements	2,181,271	-	2,181,271
Equipment -Machinery	25,582	-	25,582
Total capital assets, depreciated	<u>2,206,853</u>	<u>-</u>	<u>2,206,853</u>
Less accumulated depreciation:			
Buildings and Improvements	1,428,088	63,446	1,491,534
Equipment -Machinery	48,329	179	48,508
Total accumulated depreciation	<u>1,476,417</u>	<u>70,224</u>	<u>1,540,042</u>
Capital Assets, Net	<u>\$ 764,172</u>		<u>\$ 700,547</u>

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**NOTE 7. Long-term Debt**

During the year ended June 30, 2018 the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

**Governmental Activities**

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Governmental Funds					
Loan-Fire Pumper Truck	\$ 27,548	\$ -	\$ 27,548	\$ -	\$ -
Compensated Absences	6,378	5,422	5,071	6,729	5,507
<b>Total Long Term Debt</b>	<b>\$ 33,926</b>	<b>\$ 5,422</b>	<b>\$ 32,619</b>	<b>\$ 6,729</b>	<b>\$ 5,507</b>

On November 25, 2007 the Village entered into a loan agreement with the New Mexico Finance Authority for the purchase of a fire pumper truck. The original amount of the loan was \$238,721, with a term of ten years. Interest on the loan varies from 3.42% - 3.73%. The Village pledged revenues from the Fire Protection Fund distributions made annually to the Village by the State Fire Marshall to pay the annual principal payments and the semi-annual interest payments on this loan, until paid off at maturity in May 2018. The amount of the pledged revenues was for the total amount of the loan in the amount of \$238,721. This revenue is subject to an intercept agreement. For Fire Protection Fund revenues in fiscal year ending June 30, 2017 \$27,548 was used for the current year loan payment. This loan was paid off in full in fiscal year 2018.

**Business-Type Activities**

Bonds and notes payables for the Business-Type Activities as of June 30, 2018 are comprised of the following:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Water Improvement Bonds	\$ 149,325	-	\$ 3,768	\$ 145,557	\$ 4,062
Sewer Plant Bonds	81,000	-	15,000	66,000	15,000
Sewer Improvement Bonds	251,196	-	7,232	243,964	7,575
Compensated Absences	6,932	7,555	6,943	7,544	7,544
<b>Total Long Term Debt</b>	<b>\$ 488,453</b>	<b>\$ 7,555</b>	<b>\$ 32,943</b>	<b>\$ 463,065</b>	<b>\$ 34,181</b>

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**NOTE 7. Long-term Debt (continued)**

**Business-Type Activities (continued)**

The Water Improvement Bonds were issued in January of 1998 in the amount of \$200,000 to make improvements to the Villages water utility. The bonds have an average interest rate of 5% and will be fully matured in September of 2038. The bonds are secured by the revenues of the Water Fund.

The Sewer Plant Bonds were issued in 1982 for the purposes of upgrading the Villages sewer system. The bonds have an average interest rate of 5% and will be fully matured in November of 2021. These bonds are secured by operating revenues of the Sewer Fund.

The Sewer Improvement Bonds were issued in June of 1997 to make improvements to the Villages sewer system. The bonds have an average interest rate of 4.75% and will be fully matured in May of 2038. These bonds are secured by the operating revenues of the Sewer Fund.

The annual requirements to amortize the bonds and loans as of June 30, 2018 including interest payments are follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2019	26,637	58,950	85,587
2020	28,205	57,857	86,062
2021	29,801	20,625	50,426
2022	31,425	19,204	50,629
2023-2027	77,624	79,840	157,464
2028-2032	98,521	59,467	157,988
2033-2037	125,149	34,172	159,321
2038-2042	38,159	5,595	43,754
	<u>\$ 455,521</u>	<u>\$ 335,710</u>	<u>\$ 791,231</u>

**Compensated Absences** - Employees of the Village are able to accrue a limited amount of vacation. During fiscal year June 30, 2018, compensated absences for general government increased by \$351 and for business-like activities increased by \$612. Accrued compensated absences have historically been liquidated through the general fund.

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**NOTE 8. Risk Management**

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Village obtains coverage from commercial insurance companies for the risks of loss mentioned above, except for injuries to employees. For risks of loss related to injuries to employees the Village has not obtained coverage from a commercial insurance company but has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The Village participates in the New Mexico Self-Insurers' Fund (the Fund), which services the Village's worker's compensation claims. Through this arrangement, the Village retains some risk associated with worker's compensation claims up to \$250,000 per accident.

The Village currently reports all of its risk management activities in its General Fund. The General Fund pays the worker's compensation claims and premiums, which are then reimbursed by the Village's other Funds.

The Village continues to carry commercial insurance for all other risks.

**NOTE 9. Pension Plan- Public Employees Retirement Association**

**General Information about the Pension Plan**

Plan description:

The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund. PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/>.

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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

**Benefits provided**

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at: [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2017.pdf).

**Contributions**

The contribution requirements of defined benefit plan members are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables at: [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2017.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2017.pdf).

The PERA coverage options that apply to the Village are: Municipal General, Statutorily required contributions to the pension plan from the Village were \$47,142 and Village paid no employee contributions for Year end June 30, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2017 are included in the total contribution amounts.

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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

**Contributions:** PERA contribution rates and pension factors as of July 1, 2017 are as follows:

<b>PERA Contribution Rates and Pension Factors as of July 1, 2017</b>						
Coverage Plan	Employee Contribution		Employer Contribution Percentage	Pension Factor per		Pension Maximum as a Percentage of the Final
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
<b>STATE PLAN</b>						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
<b>MUNICIPAL PLANS 1 - 4</b>						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
<b>MUNICIPAL POLICE PLANS 1 - 5</b>						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
<b>MUNICIPAL FIRE PLANS 1 - 5</b>						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
<b>MUNICIPAL DETENTION OFFICER PLAN 1</b>						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
<b>STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.</b>						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

**STATE OF NEW MEXICO**  
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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

For PERA Fund Division Municipal General, at June 30, 2018, the Village reported a liability of \$845,062 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was .05722% percent, which was changed slightly from its proportion measured as of June 30, 2016, which was .0572%.

For the year ended June 30, 2018, the Village recognized PERA Fund Division Municipal General pension expense of \$70,612 (includes estimated allocated business funds amount) At June 30, 2018, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 33,205	\$ 43,281
Changes of assumptions	38,970	8,733
Net difference between projected and actual earnings on pension plan investments	69,332	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	63,189	8,210
Village's contributions subsequent to the measurement date	<u>47,142</u>	<u>-</u>
Total	<u>\$ 251,838</u>	<u>\$ 60,224</u>

\$47,142 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 41,198
2020	96,651
2021	26,885
2022	(20,262)
2023	-
Total	<u>\$ 144,472</u>

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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

**Actuarial Assumptions:** The total pension liability at June 30, 2018 was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Asset valuation method	4 year smoothed Market Value
Actuarial assumptions:	Fair value
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75-3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25%-2.75% annual rate
Mortality assumption	RP-2000 Mortality Tables
Experience study dates	July 1, 2010 through June 30, 2016

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.5%	7.39%
Risk Reduction	21.5%	1.79%
Credit Oriented	15.0%	5.77%
Real Assets	20.0%	4.15%
Total	100%	



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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

**Discount rate**

The discount rate used to measure the total pension liability was 7.51 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.51 percent assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate**

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption; as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease (6.51%)</u>	<u>Current Discount Rate (7.51%)</u>	<u>1% Increase (8.51%)</u>
Village's proportionate share of the net pension liability	\$ 1,324,492	\$ 845,062	\$ 446,350

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY17 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. There were no amounts owed to PERA at June 30, 2018. Contractually required contributions are remitted to PERA monthly for the previous month's withholdings. Accrued payroll includes the employer's portion of retirement contributions related to employee services rendered as of June 30, 2018 but paid in July 2018.

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**NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan**

**Plan Description**

Employees of the Village are provided with OPEB through the Retiree Health Care Fund (the Fund) - a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

**Benefits Provided**

The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Funding Policy**

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

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**NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**Contributions**

Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Village were \$10,327 for the year ending June 30, 2018.

At June 30, 2018, the Village reported a liability of \$551,505 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Village’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the Village’s proportion was 0.0122 percent.

For the year ended June 30, 2018, the Village recognized OPEB expense of \$1,153. At June 30, 2018 the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 21,164
Changes of assumptions	-	96,424
Net difference between projected and actual earnings on pension plan investments	-	7,934
Village's contributions subsequent to the measurement date	20,771	-
<b>Total</b>	<u>\$ 20,771</u>	<u>\$ 125,522</u>

Deferred outflows of resources totaling \$20,771 represent the Village’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2019	\$ (26,687)
2020	(26,687)
2021	(26,687)
2022	(26,687)
Thereafter	(18,774)
<b>Total</b>	<u>\$ (125,522)</u>

**STATE OF NEW MEXICO**  
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**NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.5% for ERB; 2.25% for PERA
Projected payroll increase	3.50%
Investment rate of return	7.25 net of OPEB plan expense and margin for adverse deviation including
Health care cost trend	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12
Mortality assumption	RP-2000 Combined mortality table with white collar adjustment (males) and GRS Southwest Regional Teacher Mortality Tables (females) PERA

**Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. core fixed income	20.0%	4.10%
US Equity-Large Cap	20.0%	9.10%
Non US Emerging	15.0%	12.20%
NON US Developed	12.0%	9.80%
Private Equity	10.0%	13.80%
Credit and Structured	21.5%	1.79%
Real Estate	5.0%	6.90%
Absolute Return	5.0%	6.10%
Real Assets	3.0%	9.10%
<b>Total</b>	<u>100%</u>	

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 10. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**Discount Rate**

The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, thus, 3.81% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.**

The following presents the net OPEB liability of the Village, as well as what the Village's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

<u>RHC Fund Division Municipal Government</u>	<u>1% Decrease (2.81%)</u>	<u>Current Discount Rate (3.81%)</u>	<u>1% Increase (4.81%)</u>
Village's proportionate share of the net OPEB liability	\$ 668,966	\$ 551,505	\$ 439,345

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2017.

**NOTE 11. Federal and State Grants**

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 12. Leases**

Future lease obligations at June 30, 2018 were:

<u>Year</u>	<u>Amount</u>
2019	\$ 474
2020	-
2021	-
2022	-
2023	-
Total	<u>\$ 474</u>

**NOTE 13. Concentrations**

The Village depends on financial resources flowing from, or associated with, property taxes, gross receipts taxes, the Federal Government and the State of New Mexico. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations; changes in gross receipts tax rates, collections, tourism, and property values.

**NOTE 14. Subsequent Events**

The date to which events occurring after June 30, 2018, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 14, 2018, which is the date on which the financial statements were available to be issued.

**NOTE 15. Restricted Net Position**

The Government Wide Statement of Net Position reports \$319,637 of restricted amounts in governmental activities, all of which is restricted by enabling legislation and restricted Net Position in business-type activities of \$71,919 which is restricted for debt service.

**NOTE 16. GASB 77 Disclosures (Tax Abatements)**

Management of the Village is not aware of any tax abatement agreements that existed as of June 30, 2018.

**NOTE 17. Restatements**

The Village recorded a restatement to net position to prior year's government wide financial statements related to the implementation of GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The total restatement on the government wide financial statements was \$655,104.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 18. Joint Power Agreements**

**E-911 Services**

Participants:	Village of Fort Sumner De Baca County
Responsible Party:	Village of Fort Sumner
Description:	De Baca County and the Village of Fort Sumner have agreed to the need for a consolidated E-911 Communications System and Law Enforcement Communications System.
Period:	August 3, 2006 with the option to renew on a year to year basis. (renewed for 2018)
Project Costs:	Undeterminable
Village Contribution:	\$6,250 per quarter (\$25,000 per fiscal year)
Audit Responsibility:	Village of Fort Sumner

**De Baca County Collection Center**

Participants:	Village of Fort Sumner De Baca County
Responsible Party:	De Baca County and Village of Fort Sumner
Description:	This agreement was entered into to exercise their common power to design, construct, operate, and maintain the De Baca County Collection Center.
Period:	Entered into on November 13, 2007 and shall run in perpetuity or until its termination.
Project Costs:	Undeterminable
Village Contribution:	Make available four acres of Village property to be used for County Collection Center. Provide funding as available from the City Environmental gross receipt taxes fund to support operations and maintenance of the collection center. Support De Baca County in implementing a county wide solid waste fee to generate revenues for operations and maintenance of the collection center.
Audit Responsibility:	Village of Fort Sumner and De Baca County

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 18. Joint Power Agreements (continued)**

**Law Enforcement Services**

Participants:	Village of Fort Sumner, De Baca County Sheriff's Department and De Baca County
Responsible Party:	Village of Fort Sumner
Description:	The agreement was entered into to establish a joint law enforcement services system to serve the citizens of De Baca County and the Village of Fort Sumner.
Period:	Entered into on May 25, 2011 and shall run in perpetuity or until its termination. Termination of this agreement may be made by either party by providing the other party formal notice of intent to terminate not less than ninety (90) days from the date of notice.
Project Costs:	Undeterminable
Village Contribution:	Undeterminable
Audit Responsibility:	Village of Fort Sumner

**NOTE 19. Commitments and Contingencies**

The State MVD had a contractual relationship with the Village that was in place from December 26, 2012 through December 25, 2016 and was not renewed as a result of the fraud in the Villages MVD department.

The Village of Fort Sumner is currently awaiting closure of an active investigation into fraud in the Villages Motor Vehicle Division Office (MVD). The Amount of fraud has been estimated to be between \$42,500 and \$68,000. The individuals who perpetrated the fraud in the Village will be liable to the Village for the amount stolen and the Village will be will be liable to State MVD for revenues lost as a result of the fraud that occurred in the Village. The total amount due to the Village from the two individuals who committed the fraud and the total amount due from the Village to the state MVD are not known as of the date the Villages financial statements are available to be released.

The fraud was discovered on December 6, 2016. The fraud was discovered by the Villages Independent Accounting Firm recommending that the Village perform an MVD transaction count and reconcile the count to the MVD revenue on a daily basis. When this was performed by the Villages Treasurer it was noted that the MVD revenues did not properly reconcile to the two dollar fee charged in every MVD transaction.

The MVD Clerk and Manager conspired to void cash transactions and re-entering the transaction as a no fee transaction into the system to validate paperwork in the Villages financial management system.

**NOTE 20. Related Party**

Management of the Village is not aware of any related party transactions that existed for fiscal year June 30, 2018.



**REQUIRED SUPPLEMENTARY INFORMATION**

## Village of Fort Sumner

**Schedule of the Village's Proportionate Share of the Net Pension Liability of  
PERA Fund – Municipal General Division  
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years\***

**MUNICIPAL GENERAL FUND**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0572%	0.0572%	0.0531%	0.0557%
Village's proportionate share of the net pension liability (asset)	\$ 845,062	\$ 889,898	\$ 541,401	\$ 434,520
Village's covered-employee payroll	\$ 470,122	\$ 491,855	\$ 429,188	\$ 416,644
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	179.75%	180.93%	126.15%	104.29%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69.18%	76.99%	81.29%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Schedules of Employer Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA - Municipal General Division**  
**Last 10 Years\***

Schedule II

**MUNICIPAL GENERAL FUND**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 47,142	\$ 47,464	\$ 40,987	\$ 49,766
Contributions in relation to the contractually required contribution	\$ 47,140	\$ 49,851	\$ 41,451	\$ 49,766
Contribution deficiency (excess)	\$ 2	\$ (2,387)	\$ (464)	\$ -
Village's covered-employee payroll	\$ 470,122	\$ 491,855	\$ 429,188	\$ 416,644
Contributions as a percentage of covered-employee payroll	10.03%	10.14%	9.66%	11.94%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available. Difference related to 2015 catch-up contributions.

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Village of Ft. Sumner**  
**Schedules of Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net OPEB Liability**  
**Retiree Health Care Last 10 Fiscal Years\***

**VILLAGE IN SUMMATION**

		<u><b>2018</b></u>
Village's proportion of the net OPEB liability (asset)		0.0122
Village's proportionate share of the net OPEB liability (asset)	\$	551,506
Village's covered-employee payroll	\$	516,350
Village's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll		106.81%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO  
Village of Ft. Sumner  
Schedules of Contributions  
Retirement Healthcare  
Last 10 Fiscal Years\***

**VILLAGE IN SUMMATION**

	<u>2018</u>
Contractually required contribution	\$ 10,327
Contributions in relation to the contractually required contribution	\$ 10,327

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2018**

**Changes of benefit terms**

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2017.pdf).

There were no major changes to the benefit terms which impact the measurements provided in the Retiree Health Care Fund. The 2017 report can be found at:

[http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/RHCA\\_Final\\_Employer\\_Allocation\\_Schedules\\_6.30.17.pdf](http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/RHCA_Final_Employer_Allocation_Schedules_6.30.17.pdf)

**Changes of assumptions**

The PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in the PERA June 30, 2016 pension valuation. Assumptions including the following were updated: Per capita costs, future trend for health costs and medical election assumptions. The actuarial assumptions are contained in section 3 of the RHCA GASB 74 Actuarial Report.

## **SUPPLEMENTAY INFORMATION**

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**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Nonmajor Fund Description**  
**June 30, 2018**

**SPECIAL REVENUE FUNDS**

**Corrections** – To account for 20% of all fees collected from citations which are used to fund the housing of inmates sentenced by the municipal judge in the county jail. Authority – NMSA 35-15-12.

**Environmental Tax Fund** – To account for the 1/16 of one cent gross receipts tax to be used for the closing of the landfill. Established under authority of the Village Council.

**Emergency Medical Services** – To account for state and county proceeds provided for operations of the Village's emergency medical services. Authority – NMSA 24-10A.

**Fire Protection** – To account for the operations and maintenance of fire equipment. Financing is provided by a state allotment. Authority - NMSA 59S-53-1.

**Law Enforcement** – To account for funds received from the state for law enforcement purposes. The fund was created by the authority of state grant provisions NMSA 29-13-3.

**Lodgers Tax** – To account for a lodger's tax which is to be used for cultural and recreational purposes. Authority – NMSA 3- 38-14.

**Recreation** – To account for operations and maintenance of recreation facilities. Financing is provided by a specific tax on cigarette sales. Authority – NMSA 7-12-10.

**Senior Citizen's** – to account for funds used for the Senior Citizen program. Federal funding authorized by Domestic Volunteer Service Act of 1973, as amended, Title II, Part B, Section 211, Public Law 93-113, 42 U.S.C. 5011, as amended: National and Community Service Trust Act of 1993, Public Law 103-82.

**DWI Grant** – To account for receipts and expenditures of DWI Grant funds. Authority – NMSA 11-6A-3.

**County Ambulance Tax** – To account for the special county tax for Village ambulance operations. Authority – Village Council.

**PIT Canteen Fund** – To account for receipts and expenditures of the youth recreation center. Created by Village ordinance.

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2018**

	<b>Special Revenue</b>				
	<b>Corrections</b>	<b>Environmental Tax</b>	<b>Emergency Medical Services</b>	<b>Fire Protection</b>	<b>Law Enforcement</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 1,680	\$ 46	\$ 37,455	\$ 15,952	\$ 350
Gross receipt taxes receivable	-	1,965	-	-	-
Other receivables	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,680</b>	<b>\$ 2,011</b>	<b>\$ 37,455</b>	<b>\$ 15,952</b>	<b>\$ 350</b>
<b>Liabilities and fund balance</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Spendable:					
Restricted for:					
General government	-	2,011	-	-	-
Public safety	1,680	-	37,455	15,952	350
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
<b>Total fund balance</b>	<b>1,680</b>	<b>2,011</b>	<b>37,455</b>	<b>15,952</b>	<b>350</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,680</b>	<b>\$ 2,011</b>	<b>\$ 37,455</b>	<b>\$ 15,952</b>	<b>\$ 350</b>

See Independent Auditors' Report and Notes to Financial Statements

<b>Special Revenue</b>							<b>Total Other</b>
<b>Lodgers</b>	<b>Recreation</b>	<b>Senior</b>	<b>DWI Grant</b>	<b>County</b>	<b>PIT</b>	<b>Governmental</b>	<b>Funds</b>
<b>Tax</b>		<b>Citizen's</b>		<b>Ambulance Tax</b>	<b>Canteen</b>		
\$ 33,826	\$ 8,731	(1,538)	\$ 21,792	\$ 3,290	\$ 8,660	\$	130,244
-	-		-	-	-		1,965
2,006	-	15,604	-	-	-		17,610
<u>\$ 35,832</u>	<u>\$ 8,731</u>	<u>\$ 14,066</u>	<u>\$ 21,792</u>	<u>\$ 3,290</u>	<u>\$ 8,660</u>	<u>\$</u>	<u>149,819</u>
\$ -	\$ -	\$ 2,091	\$ -	\$ -	\$ -	\$	2,091
-	6,825	3,118	-	-	-		9,943
-	6,825	5,209	-	-	-		12,034
-	-	-	-	-	-		2,011
-	-	-	21,792	3,290	-		80,519
-	-	-	-	-	-		-
35,832	1,906	-	-	-	8,660		46,398
-	-	8,857	-	-	-		8,857
<u>35,832</u>	<u>1,906</u>	<u>8,857</u>	<u>21,792</u>	<u>3,290</u>	<u>8,660</u>		<u>137,785</u>
<u>\$ 35,832</u>	<u>\$ 8,731</u>	<u>\$ 14,066</u>	<u>\$ 21,792</u>	<u>\$ 3,290</u>	<u>\$ 8,660</u>	<u>\$</u>	<u>149,819</u>

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	Special Revenue				
	Corrections	Environmental Tax	Emergency Medical Services	Fire Protection	Law Enforcement
<b>Revenues</b>					
Gross receipt taxes	\$ -	\$ 10,032	\$ -	\$ -	\$ -
Gas taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Lodger's taxes	-	-	-	-	-
State operating grants	-	-	13,337	83,430	21,550
State capital grants	-	-	-	-	-
Federal operating grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous income	5,680	-	-	78	-
<b>Total revenue</b>	<u>5,680</u>	<u>10,032</u>	<u>13,337</u>	<u>83,508</u>	<u>21,550</u>
<b>Expenditures</b>					
Current:					
General government	-	19,218	-	-	-
Public safety	-	-	13,314	47,900	27,461
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	27,548	-
Interest	-	-	-	803	-
<b>Total expenditures</b>	<u>-</u>	<u>19,218</u>	<u>13,314</u>	<u>76,251</u>	<u>27,461</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>5,680</u>	<u>(9,186)</u>	<u>23</u>	<u>7,257</u>	<u>(5,911)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	2,100	-	-	-
Transfers out	(4,000)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(4,000)</u>	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>1,680</u>	<u>(7,086)</u>	<u>23</u>	<u>7,257</u>	<u>(5,911)</u>
<b>Fund balance - beginning of year</b>	<u>-</u>	<u>9,097</u>	<u>37,432</u>	<u>8,695</u>	<u>6,261</u>
<b>Fund balance - end of year</b>	<u>\$ 1,680</u>	<u>\$ 2,011</u>	<u>\$ 37,455</u>	<u>\$ 15,952</u>	<u>\$ 350</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue						Total Other Governmental Funds
Lodger's Tax	Recreation	Senior Citizen's	DWI Grant	County Ambulance Tax	PIT Canteen	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,032
-	-	-	-	-	-	-
-	-	-	-	15,594	-	15,594
29,638	-	-	-	-	-	29,638
-	-	64,618	99,596	-	-	282,531
-	-	-	-	-	-	-
-	-	24,067	-	-	-	24,067
-	16,727	41,635	2,696	-	396	61,454
-	98	9,369	-	-	-	15,225
<u>29,638</u>	<u>16,825</u>	<u>139,689</u>	<u>102,292</u>	<u>15,594</u>	<u>396</u>	<u>438,541</u>
-	-	-	-	-	-	19,218
-	-	-	84,667	16,428	-	189,770
-	-	-	-	-	-	-
28,000	60,420	-	-	-	854	89,274
-	-	170,008	-	-	-	170,008
-	16,750	-	-	-	-	16,750
-	-	-	-	-	-	27,548
-	-	-	-	-	-	803
<u>28,000</u>	<u>77,170</u>	<u>170,008</u>	<u>84,667</u>	<u>16,428</u>	<u>854</u>	<u>513,371</u>
<u>1,638</u>	<u>(60,345)</u>	<u>(30,319)</u>	<u>17,625</u>	<u>(834)</u>	<u>(458)</u>	<u>(74,830)</u>
-	58,000	31,000	-	-	-	91,100
-	-	-	-	-	-	(4,000)
-	58,000	31,000	-	-	-	87,100
<u>1,638</u>	<u>(2,345)</u>	<u>681</u>	<u>17,625</u>	<u>(834)</u>	<u>(458)</u>	<u>12,270</u>
<u>34,194</u>	<u>4,251</u>	<u>8,176</u>	<u>4,167</u>	<u>4,124</u>	<u>9,118</u>	<u>125,515</u>
<u>\$ 35,832</u>	<u>\$ 1,906</u>	<u>\$ 8,857</u>	<u>\$ 21,792</u>	<u>\$ 3,290</u>	<u>\$ 8,660</u>	<u>\$ 137,785</u>

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## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Schedule of Deposits and Investments**  
**June 30, 2018**

Schedule V

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
<b>Citizens Bank of Clovis</b>					
CDBG	Savings	100	\$ -	\$ -	\$ 100
Operational	Checking	759,851	2,514	54,431	707,934
Pooled (Utility-partial Hold)	Checking	97,448	-	-	97,448
Certificate of Deposit	CD	40,000	-	-	40,000
Cemetery Savings	Savings	97,230	-	-	97,230
<b>Total Citizens Bank of Clovis</b>		<u>994,629</u>	<u>2,514</u>	<u>54,431</u>	<u>942,712</u>
<b>Total</b>		<u>\$ 994,629</u>	<u>\$ 2,514</u>	<u>\$ 54,431</u>	<u>\$ 942,712</u>

Cash and cash equivalents - Exhibit A-1	817,758
Restricted cash and cash equivalents - Exhibit A-1	<u>124,954</u>
Reconciled deposits and investments	<u>\$ 942,712</u>

See Independent Auditors' Report



**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**June 30, 2018**

Schedule VI

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP / Description</u>	<u>Fair Market Value</u>
Citizens Bank of Clovis	GNMA Pool	1/20/2041	36202FPC4	\$ 337,293
Citizens Bank of Clovis	SBAP 2013-20A	1/1/2033	83162CVG5	1,660,981
Total Citizens Bank of Clovis				<u>\$ 1,998,274</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Fort Sumner Housing Authority**  
**(A Component Unit of the Village of Fort Sumner)**  
**Financial Data Schedule**  
**June 30, 2018**

Schedule VII  
Page 1 of 5

Line Item #	Description	Low Income Housing Program	Public Housing Capital Fund	Total
111	Cash - unrestricted	\$ 65,547	\$ -	\$ 65,547
113	Cash - other restricted	-	-	-
114	Cash - tenant security deposits	10,004	-	10,004
	<b>Total Cash</b>	<u>75,551</u>	<u>\$ -</u>	<u>75,551</u>
	<b>Accounts Receivable - HUD Other</b>			
125	Accounts receivable -Net	405	-	405
	Total Receivables	<u>405</u>	<u>-</u>	<u>542</u>
142	Prepaid expenses and other assets	18,774	-	18,774
143	Inventories-Net	16,990	-	16,990
	Total Other Current Assets	<u>35,764</u>	<u>-</u>	<u>35,764</u>
	Total Current Assets	<u>111,720</u>	<u>-</u>	<u>111,857</u>
161	Land	33,736	-	33,736
162	Buildings	2,181,271	-	2,181,271
163	Furniture equipment and machinery - dwellings	7,851	-	7,851
164	Furniture equipment and machinery - administration	17,731	-	17,731
166	Accumulated depreciation	(1,540,042)	-	(1,540,042)
167	Construction in progress	-	-	-
	Total Fixed Assets	<u>700,547</u>	<u>-</u>	<u>700,547</u>
142.1	Deferred outflows	<u>40,829</u>	<u>-</u>	<u>40,829</u>
	<b>Total Assets and deferred outflows of resources</b>	<u>\$ 853,096</u>	<u>\$ -</u>	<u>\$ 853,233</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Fort Sumner Housing Authority**  
**(A Component Unit of the Village of Fort Sumner)**  
**Financial Data Schedule**  
**June 30, 2018**

Schedule VII  
Page 2 of 5

Line Item #	Description	Housing Program	Public Housing Capital Fund	Total
312	Accounts payable <=90 Days	\$ 1,058	\$ -	\$ 1,058
321	Accrued payroll	4,666	-	4,666
322	Compensated absences - current portion	2,655	-	2,655
310	<b>Total Current Liabilities</b>	<b>8,379</b>	<b>-</b>	<b>8,379</b>
341	Tenant security deposits	7,929	-	7,929
350	Pension (GASB 68)	159,394	-	159,394
354	Compensated absences - noncurrent portion	5,714	-	5,714
	<b>Total Noncurrent Liabilities</b>	<b>173,037</b>	<b>-</b>	<b>173,037</b>
	<b>Total Liabilities</b>	<b>181,416</b>	<b>-</b>	<b>181,416</b>
400	Deferred inflows	17,242	-	17,242
508.1	Net investment in capital assets	700,547	-	700,547
511	Restricted Net Position			
512.1	Unrestricted net position	(46,109)	-	(46,109)
513	<b>Total Equity/Net Position</b>	<b>654,438</b>	<b>-</b>	<b>654,438</b>
	<b>Total Liabilities and Equity/Net Position</b>	<b>\$ 853,096</b>	<b>\$ -</b>	<b>\$ 853,096</b>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Fort Sumner Housing Authority**  
**(A Component Unit of the Village of Fort Sumner)**  
**Financial Data Schedule**  
**June 30, 2018**

Schedule VII  
Page 3 of 5

Line Item #	Description	Low Rent Housing Program	Public Housing Capital Fund	Total
70300	Net tenant rental revenue	\$ 83,197	\$ -	\$ 83,197
70400	Tenant revenue - other	3,667	-	3,667
70500	<b>Total Tenant Revenue</b>	<u>86,864</u>	<u>-</u>	<u>86,864</u>
70600	HUD PHA operating grants	100,892	6,069	106,961
71100	Investment income - unrestricted	308	-	308
71500	Other Revenue	143	-	143
70000	<b>Total Other Revenue</b>	<u>188,207</u>	<u>6,069</u>	<u>194,276</u>
91100	Administrative salaries	51,059	-	51,059
91200	Auditing fees	10,885	6,069	16,954
91500	Advertising	198	-	198
91600	Employee benefits	11,972	-	11,972
91700	Office exepense	7,110	-	7,110
91800	Travel	1,457	-	1,457
91900	Other operating - administrative	5,665	-	5,665
	<b>Total Operating - Administrative</b>	<u>88,346</u>	<u>6,069</u>	<u>94,415</u>
93100	Water	4,375	-	4,375
93200	Electric	2,202	-	2,202
93300	Gas	698	-	698
93600	Sewer	9,814	-	9,814
93000	<b>Total Utilities</b>	<u>\$ 17,089</u>	<u>\$ -</u>	<u>\$ 17,089</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Fort Sumner Housing Authority**  
**(A Component Unit of the Village of Fort Sumner)**  
**Financial Data Schedule**  
**June 30, 2018**

Schedule VII  
Page 4 of 5

Line Item #	Description	Low Rent Housing Program	Public Housing Capital Fund	Total
94100	Ordinary maintenance and operation - labor	\$ 48,523	\$ -	\$ 48,523
94200	Ordinary maintenance and operation - materials	28,887	-	28,887
94300	Ordinary maintenance and operation - contracts	3,933	-	3,933
94500	Employee benefits - administrative	9,726	-	9,726
94000	<b>Total Maintenance</b>	<u>91,069</u>	<u>-</u>	<u>91,069</u>
96110	Property insurance	11,258	-	11,258
96120	Liability insurance	4,035	-	4,035
96130	Workman's compensation	2,440	-	2,440
96140	All other insurance	3,812	-	3,807
96100	<b>Total Insurance Premiums</b>	<u>21,545</u>	<u>-</u>	<u>21,540</u>
96210	Compensated absences	5,998	-	5,998
96400	Bad debt tenant rents	496	-	496
96000	<b>Total Other General</b>	<u>6,494</u>	<u>-</u>	<u>6,494</u>
	<b>Total Operating Expenses</b>	<u>224,543</u>	<u>6,069</u>	<u>230,612</u>
	<b>Excess of Operating Revenues over Operating Expenses</b>	<u>\$ (36,336)</u>	<u>\$ -</u>	<u>\$ (36,336)</u>
97400	Depreciation expense	63,626	-	63,626
	<b>Total Other Expenses</b>	<u>63,626</u>	<u>-</u>	<u>63,626</u>
10010	Operating transfers In	-	-	-
10020	Operating transfers out	-	-	-
10092	Equity transfer	-	-	-
10100	<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Excess of Revenue over Expenses</b>	<u>\$ (99,962)</u>	<u>\$ -</u>	<u>\$ (99,962)</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Fort Sumner Housing Authority**  
**(A Component Unit of the Village of Fort Sumner)**  
**Financial Data Schedule**  
**June 30, 2018**

<u>Line Item #</u>	<u>Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund</u>	<u>Total</u>
11030	Beginning Equity	\$ 754,400	\$ -	\$ 754,400
	<b>Ending Equity</b>	<u>\$ 654,438</u>	<u>\$ -</u>	<u>\$ 654,438</u>
11190	Unit months available	564	\$ -	\$ 564
11210	Number of unit months leased	556	-	556
11620	Building purchases	-	-	-
11621	Furniture	\$ -	\$ -	\$ -

See Independent Auditors' Report

## **COMPLIANCE SECTION**



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INDEPENDENT AUDITOR'S 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*

Honorable Wayne Johnson  
New Mexico State Auditor

and

To the Honorable Mayor and Village Councilors of  
Village of Fort Sumner  
Fort Sumner, 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, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Village of Fort Sumner (the Village), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 14, 2018.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express 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 a 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies FA 2018-001.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items FA-2018-001.



### **The Village's Response to Findings**

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Southwest Accounting Solutions, LLC*

*Southwest Accounting Solutions, LLC  
Albuquerque, New Mexico  
November 14, 2018*

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**FEDERAL FINANCIAL ASSISTANCE**



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Wayne Johnson  
New Mexico State Auditor  
The Village Council  
Village of Fort Sumner  
Fort Sumner, New Mexico

**Report on Compliance for Each Major Federal Program**

We have audited the Village of Fort Sumner's (the Village) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2018. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Village, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items FA 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The Village of Fort Sumner's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village of Fort Sumner's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items FA 2018-001 that we consider to be at significant deficiency.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Firm's signature

*Southwest Accounting Solutions, LLC*

Southwest Accounting Solutions, LLC

Albuquerque, New Mexico

November 14, 2018

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Schedule of Expenditures of Federal Awards**  
**June 30, 2018**

Schedule VIII

<u>Federal grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>	<u>Noncash Assistance</u>
<b>U.S. Department of Housing and Urban Development</b>				
<b>Passed through New Mexico Department of Finance and Administration:</b>				
Community Development Block Grants	14.228	* \$ 410,403	\$ -	\$ -
<b>Total U.S. Department of Housing and Urban Development</b>		<u>\$ 410,403</u>	<u>\$ -</u>	<u>\$ -</u>
<b>U.S. Department of Transportation</b>				
<b>Direct:</b>				
Airport Improvement Program	20.106	* \$ 255,001	\$ -	\$ -
<b>Total U.S. Department of Transportation</b>		<u>\$ 255,001</u>	<u>\$ -</u>	<u>\$ -</u>
<b>U.S. Department of Agriculture</b>				
<b>Direct:</b>				
Rural Business Development Grant Program	10.351	\$ 44,890	\$ -	\$ -
<b>Total U.S. Department of Agriculture</b>		<u>\$ 44,890</u>	<u>\$ -</u>	<u>\$ -</u>
<b>U.S. Department of Health and Human Services</b>				
<b>Passed through NCNMEDD Triple AAA Non-Metro</b>				
Meals Assistance Title III	93.045	\$ 16,009	\$ -	\$ -
Meals Assistance Transportation Title III	93.044	25,120	-	-
Nutrition Service Incentive Program	93.053	10,930	-	-
<b>Total U.S. Department of Health and Human Services</b>		<u>\$ 52,059</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Expenditures of Federal Awards:</b>		<u><u>\$ 762,353</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

\* Indicates major program

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**June 30, 2018**

**NOTE 1. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the financial statements.

The Village did not expend federal awards related to loans or loan guarantees during the year.

The Village did not elect to use the allowed 10% indirect cost rate.

The Village has no federally funded insurance.

**NOTE 2. General**

The following is a reconciliation of the total Federal Awards of the Village for the year ended June 30, 2018:

Village of Fort Sumner expenditures of federal awards on SEFA \$	762,353
Expenditures funded by other sources	<u>3,625,983</u>
Total expenditures	<u>\$ 4,388,336</u>

**STATE OF NEW MEXICO  
Village of Fort Sumner  
Schedule of Findings and Questioned Costs  
June 30, 2018**

**SECTION I – SUMMARY OF AUDIT RESULTS**

**Financial Statements:**

**Type of auditors' report issued** **Unmodified**

**Internal control over financial reporting:**

Material Weakness identified No  
 Significant deficiencies identified? No  
 Noncompliance material to the financial statements? No

**Federal Awards:**

Internal control over major federal programs:

Material weakness(es) identified? No  
 Significant Deficiency(ies) identified? Yes  
 Any Audit finding disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs and type of auditors report issued on compliance for major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program Cluster</u>	<u>Type of Auditors report Issued on Compliance for Major Federal Programs:</u>
20.106	Airport Improvement Program	Unmodified
14.228	Community Development Block Grants	Unmodified

Dollar threshold used to distinguish between a type A and type B programs. \$750,000

Auditee Qualified as a low-risk auditee? No



**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2018**

**SECTION II – PRIOR YEAR AUDIT FINDINGS**

FS 2014-006: Internal Controls — Significant Deficiency – Resolved

FS 2017-001: Failure to Notify the Office of the State Auditor of Fraud – Other Matter – Noncompliance-Resolved

**SECTION III - AUDIT FINDINGS- Financial Statements**

**None**

**SECTION IV - AUDIT FINDINGS- Major Federal programs**

**FA 2018-001: Cash Management-Significant Deficiency and instance of Noncompliance**

**Federal Agency:** U.S Department of Transportation

**Federal Program Name:** Airport Improvement Project

**Federal Award Number:** 3.35.0018

**Federal Award Year:** 2018

**Questioned Cost:** None

**Condition:** During our audit we identified 2 of 4 reimbursement requests were reported in periods after the expense was made.

**Criteria:** Per §200.303 Internal Controls, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

**Effect:** Potential for noncompliance with the applicable requirements. In addition, there is a potential for missed expenses and revenues for a fiscal year in relation to Federal Awards.

**Cause:** Lack of established internal controls and processes over cash management to ensure compliance with applicable compliance requirements.

**Auditor's Recommendation:** We recommend implementing adequate controls to ensure an independent review of all reimbursement requests including evidence of that review.

**Management's response:** Management has implemented policies as of June 30, 2018.

**Timeline:** June 30, 2019.



# VILLAGE OF FORT SUMNER

Mayor: Louie Gallegos

Councilors: Esther Segura - Pro Tem  
Albert Sena  
Elizabeth Ausborn  
Gerald Cline

P.O. BOX 180  
FORT SUMNER, NEW MEXICO  
88119  
Phone: 575-355-2401  
Fax: 575-355-7941  
fscityhalljw@plateautel.net

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## **Auditee Corrective Action Plan**

### **FA 2018-001: Cash Management-Significant Deficiency and instance of Noncompliance**

**Corrective Action Plan:** Management will file all reports in the proper time frame and is now aware of the time requirements to file said reports.

**Responsible Person:** Village Clerk

**Anticipated Completion Date:** June 30, 2019

**STATE OF NEW MEXICO**  
**Village of Fort Sumner**  
**Exit Conference**  
**June 30, 2018**

**Exit Conference**

An exit conference was held on November 14, 2018. In attendance were the following:

Louis Gallegos  
Jamie Wall

Mayor  
Village Clerk/Treasurer

Representing Southwest Accounting Solutions, LLC:

Geoff Mamerow, CFE

Audit Manager

**Auditor Prepared Financial Statements**

Southwest Accounting Solutions, LLC assisted the Village in the preparation of the GAAP-based financial statements and notes to the financial statements. The financial statements were prepared using the original books and records provided by the Management of the Village. The responsibility for the financial statements remains with the Village.