

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2008**

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## INTRODUCTORY SECTION

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STATE OF NEW MEXICO  
VILLAGE OF FORT SUMNER

OFFICIAL ROSTER  
June 30, 2008

Name

List of Officials

Title

Village of Fort Sumner

Juan A. Chavez  
Bobby Williamson  
Selestino Lovato  
Windell Bridges  
Esther Segura

Mayor  
Mayor Pro-Tem  
Member  
Member  
Member

Administrative Officials:  
Ron Seña

Village Clerk/Treasurer

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**ANNUAL FINANCIAL REPORT**  
Year Ended June 30, 2008

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**

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## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas  
New Mexico State Auditor  
To the Honorable Mayor and Village Councilors  
Village of Fort Sumner  
Fort Sumner, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparison statements of the major governmental funds' activities of the Village of Fort Sumner (Village) as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements and budgetary comparison statements of each of the Village's nonmajor governmental funds and enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of the Village of Fort Sumner's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

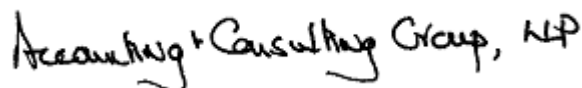
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Fort Sumner as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison statements for the General Fund and Gas Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village of Fort Sumner as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital projects fund and all nonmajor funds and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008 on our consideration of the Village of Fort Sumner'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* and should be considered in assessing the results of our audit.

The Village of Fort Sumner, New Mexico, has not presented the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Fort Sumner's basic financial statements, the combining and individual fund financial statements, and the budgetary comparison statements. The accompanying financial information listed as supporting Schedules I, II, III, IV and V in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic and each of the nonmajor governmental fund financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Accounting & Consulting Group, LLP". The signature is written in a cursive, slightly slanted style.

**Accounting & Consulting Group, LLP**  
**Certified Public Accountants**

Carlsbad, New Mexico  
November 25, 2008

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**STATEMENT OF NET ASSETS**  
June 30, 2008

	<u>Primary Government</u>			<u>Component</u>
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Unit</u>
	<u>Activities</u>	<u>Activities</u>		<u>Housing</u>
				<u>Authority</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 749,143	\$ 315,019	\$ 1,064,162	\$ 13,551
Investments	112,147	94,917	207,064	83,899
Restricted cash - Current				
Tenant deposits	-	-	-	5,211
Receivables (net of allowance for uncollectibles)	196,947	79,294	276,241	726
Inventories	-	-	-	296
Prepaid expenses	-	-	-	16,596
Interfund receivable	-	-	-	7,865
Capital assets (net of accumulated depreciation):				
Land	36,701	46,100	82,801	15,000
Construction in process	569,060	-	569,060	-
Infrastructure	1,240,152	-	1,240,152	-
Buildings and improvements	1,146,376	4,946,913	6,093,289	793,248
Machinery and equipment	569,624	90,897	660,521	6,965
	<u>4,620,150</u>	<u>5,573,140</u>	<u>10,193,290</u>	<u>943,357</u>
Total assets	<u>\$ 4,620,150</u>	<u>\$ 5,573,140</u>	<u>\$ 10,193,290</u>	<u>\$ 943,357</u>

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
<b>LIABILITIES AND NET ASSETS</b>				
Accounts payable and other current liabilities	\$ 19,973	\$ 22,868	\$ 42,841	\$ 25,921
Deferred revenue	-	-	-	118
Deposits held in trust for others	-	35,044	35,044	5,178
Noncurrent liabilities:				
Compensated absences				
Due within one year	-	-	-	-
Due in more than one year	35,410	18,081	53,491	1,291
Long-term debt				
Due within one year	15,848	52,156	68,004	-
Due in more than one year	222,873	971,635	1,194,508	-
Total liabilities	<u>294,104</u>	<u>1,099,784</u>	<u>1,393,888</u>	<u>32,508</u>
Invested in capital assets, net of related debt	3,323,192	4,060,119	7,383,311	815,213
Unrestricted	<u>1,002,854</u>	<u>413,237</u>	<u>1,416,091</u>	<u>95,636</u>
Total net assets	<u>4,326,046</u>	<u>4,473,356</u>	<u>8,799,402</u>	<u>910,849</u>
Total liabilities and net assets	<u>\$ 4,620,150</u>	<u>\$ 5,573,140</u>	<u>\$ 10,193,290</u>	<u>\$ 943,357</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 211,036	\$ 83,820	\$ 193,417	\$ -
Public safety	350,291	-	183,127	-
Public works	259,904	-	-	412,436
Health and welfare	135,824	42,328	73,976	-
Culture and recreation	197,195	20,745	3,108	231,067
Conservation and development	28,035	-	-	-
Total governmental activities	1,182,285	146,893	453,628	643,503
Business-type activities				
Sewer	179,493	123,390	-	-
Water	368,176	277,602	168,902	-
Airport	95,233	32,576	-	4,472
Ambulance	161,227	136,121	37,196	-
Total business-type activities	804,129	569,689	206,098	4,472
Total primary government	\$ 1,986,414	\$ 716,582	\$ 659,726	\$ 647,975
<b>Component unit:</b>				
Housing Authority	\$ 265,569	\$ 73,159	\$ 126,488	\$ -

**General Revenues:**

- Property taxes
- Gross receipts taxes
- Franchise taxes
- Motor vehicle and fuel taxes
- Cigarette taxes
- Lodger's taxes
- Grants and contributions not restricted
- Miscellaneous
- Unrestricted investment earnings
- Total general revenues
- Change in net assets
- Net assets - beginning of year
- Net assets - ending

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

**Net (Expenses) Revenue and  
Changes in Net Assets**

<u>Primary Government</u>		<u>Component Unit</u>	
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Housing Authority</u>
\$ 66,201	\$ -	\$ 66,201	\$ -
(167,164)	-	(167,164)	-
152,532	-	152,532	-
(19,520)	-	(19,520)	-
57,725	-	57,725	-
(28,035)	-	(28,035)	-
<u>61,739</u>	<u>-</u>	<u>61,739</u>	<u>-</u>
-	(56,103)	(56,103)	-
-	78,328	78,328	-
-	(58,185)	(58,185)	-
-	12,090	12,090	-
<u>-</u>	<u>(23,870)</u>	<u>(23,870)</u>	<u>-</u>
<u>-</u>	<u>(23,870)</u>	<u>37,869</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,922)</u>
16,386	-	16,386	-
315,051	-	315,051	-
52,790	-	52,790	-
29,569	-	29,569	-
4,498	-	4,498	-
27,840	-	27,840	-
6,453	-	6,453	-
102,105	-	102,105	(31,299)
13,133	3,799	16,932	2,299
<u>567,825</u>	<u>3,799</u>	<u>571,624</u>	<u>(29,000)</u>
<u>629,564</u>	<u>(20,071)</u>	<u>609,493</u>	<u>(94,922)</u>
<u>3,696,482</u>	<u>4,493,427</u>	<u>8,189,909</u>	<u>1,005,771</u>
<u>\$ 4,326,046</u>	<u>\$ 4,473,356</u>	<u>\$ 8,799,402</u>	<u>\$ 910,849</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2008

Exhibit B-1  
(Page 1 of 2)

	<u>General Fund</u>	<u>Gas Tax Special Revenue Fund</u>	<u>CDBG Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 467,059	\$ 96,311	\$ 1,415	\$ 184,358	\$ 749,143
Investments	-	-	-	112,147	112,147
Receivables (net of allowance for uncollectible amounts):					
Taxes	55,385	100,377	-	41,185	196,947
Interfund receivable	<u>8,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,662</u>
<i>Total current assets</i>	<u>531,106</u>	<u>196,688</u>	<u>1,415</u>	<u>337,690</u>	<u>1,066,899</u>
 <i>Total assets</i>	 <u>\$ 531,106</u>	 <u>196,688</u>	 <u>\$ 1,415</u>	 <u>\$ 337,690</u>	 <u>\$ 1,066,899</u>
 <i>Liabilities and Fund Balance</i>					
<i>Current liabilities</i>					
Accounts payable	\$ 1,676	1,582	\$ -	\$ 12,567	\$ 15,825
Interfund payable	-	-	-	8,662	8,662
Deferred revenue	<u>-</u>	<u>95,187</u>	<u>-</u>	<u>-</u>	<u>95,187</u>
<i>Total current liabilities</i>	<u>1,676</u>	<u>96,769</u>	<u>-</u>	<u>21,229</u>	<u>119,674</u>
 <i>Fund balance</i>					
Unreserved:					
Undesignated - reported in:					
General fund	529,430	-	-	-	529,430
Special revenue funds	<u>-</u>	<u>99,919</u>	<u>1,415</u>	<u>316,461</u>	<u>417,795</u>
<i>Total fund balance</i>	<u>529,430</u>	<u>99,919</u>	<u>1,415</u>	<u>316,461</u>	<u>947,225</u>
 <i>Total liabilities and fund balance</i>	 <u>\$ 531,106</u>	 <u>\$ 196,688</u>	 <u>\$ 1,415</u>	 <u>\$ 337,690</u>	 <u>\$ 1,066,899</u>

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

STATE OF NEW MEXICO  
VILLAGE OF FORT SUMNER  
GOVERNMENTAL FUNDS

Exhibit B-1  
(Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
June 30, 2008

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

Fund balances - total governmental funds	\$ 947,225
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,561,913
Deferred revenue represents amounts receivable on the funds which are not considered available financial resources. These items are recognized as revenue in the government wide statements.	95,187
Accrued liabilities	(4,148)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	
Accrued compensated absences	(35,410)
Loans and notes payable	<u>(238,721)</u>
Net assets of governmental activities	\$ <u><u>4,326,046</u></u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2008

Exhibit B-2  
(Page 1 of 2)

	General Fund	Gas Tax Special Revenue Fund	CDBG Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<i>Revenues:</i>					
Taxes					
Property taxes	\$ 16,386	\$ -	\$ -	\$ -	\$ 16,386
Gross receipts taxes	294,725	17,907	-	10,423	323,055
Gasoline and motor vehicle taxes	6,496	23,073	-	-	29,569
Other taxes	-	-	-	77,124	77,124
Intergovernmental income					
State operating grants	135,288	-	-	338,062	473,350
State capital grants	288,003	317,249	-	-	605,252
Charges for services	20,154	-	-	37,397	57,551
Licenses and permits	66,069	-	-	700	66,769
Interest	8,860	-	-	4,273	13,133
Miscellaneous	24,797	-	-	25,270	50,067
<i>Total revenues</i>	860,778	358,229	-	493,249	1,712,256
<i>Expenditures:</i>					
Current:					
General government	193,694	-	-	45,519	239,213
Public safety	144,407	-	-	141,740	286,147
Public works	83,978	39,662	-	-	123,640
Culture and recreation	108,048	-	-	52,039	160,087
Public health and welfare	6,298	-	-	84,195	90,493
Economic development	8,683	-	-	19,409	28,092
Capital outlay	281,363	313,252	-	60,236	654,851
<i>Total expenditures</i>	826,471	352,914	-	403,138	1,582,523
<i>Excess (deficiency) of revenues over expenditures</i>	34,307	5,315	-	90,111	129,733
<i>Other financing sources (uses):</i>					
Transfers in	-	-	-	5,000	5,000
Transfers (out)	(5,000)	-	-	-	(5,000)
<i>Total other financing sources (uses)</i>	(5,000)	-	-	5,000	-
<i>Net change in fund balances</i>	29,307	5,315	-	95,111	129,733
<i>Fund balance - beginning of year</i>	500,123	94,604	1,415	221,350	817,492
<i>Fund balance - end of year</i>	\$ 529,430	\$ 99,919	\$ 1,415	\$ 316,461	\$ 947,225

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



STATE OF NEW MEXICO  
VILLAGE OF FORT SUMNER

Exhibit B-2  
(Page 2 of 2)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

June 30, 2008

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

Net change in fund balances - total governmental funds	\$ 129,733
--	------------

Governmental funds report capital outlays 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	654,851
Depreciation expense	(222,358)

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenue in the funds:

Change in deferred revenue related to property taxes receivable	95,187
---	--------

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 assets:

Accrued liabilities change for the year	(4,148)
Compensated absences change for the year.	<u>(23,701)</u>

Change in net assets of governmental activities.	<u>\$ 629,564</u>
--	-------------------

**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, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ 381,450	\$ 381,450	\$ 395,270	\$ 13,820
Licenses and permits	67,000	67,000	66,069	(931)
Charges for services	15,400	15,400	20,154	4,754
Fines and forfeitures	-	-	-	-
State and county grants	392,673	392,673	438,504	45,831
Federal grants	-	-	-	-
Miscellaneous	9,562	9,562	24,797	15,235
Interest	7,000	7,000	8,860	1,860
<i>Total revenues</i>	873,085	873,085	953,654	80,569
<i>Expenditures:</i>				
Current:				
General government	215,902	215,902	199,813	16,089
Public safety	176,332	176,332	143,808	32,524
Public works	93,766	93,766	83,978	9,788
Culture and recreation	107,162	107,162	108,048	(886)
Health and welfare	7,000	7,000	6,298	702
Economic development	7,923	7,923	8,683	(760)
Capital outlay	255,000	255,000	293,280	(38,280)
<i>Total expenditures</i>	863,085	863,085	843,908	19,177
<i>Excess (deficiency) of revenues over expenditures</i>	10,000	10,000	109,746	99,746
<i>Other financing sources (uses):</i>				
Designated cash	(10,000)	(10,000)	-	10,000
Transfers in	-	-	-	-
Transfers (out)	-	-	(5,000)	(5,000)
<i>Total other financing sources (uses)</i>	(10,000)	(10,000)	(5,000)	5,000
<i>Net change in fund balances</i>	-	-	104,746	104,746
<i>Fund balance - beginning of year</i>	-	-	370,975	370,975
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 475,721	\$ 475,721
Net change in fund balance (non-GAAP budgetary basis)			\$ 104,746	
Adjustments to revenue for other receivables			(92,876)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			17,437	
Net change in fund balance (GAAP)			\$ 29,307	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**GAS TAX SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2008**

Exhibit C-2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ 40,918	\$ 40,918	\$ 41,066	\$ 148
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
State and county grants	817,500	817,500	314,804	(502,696)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	858,418	858,418	355,870	(502,548)
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	40,918	40,918	39,084	1,834
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	817,500	817,500	313,252	504,248
<i>Total expenditures</i>	858,418	858,418	352,336	506,082
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	3,534	3,534
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	3,534	3,534
<i>Fund balance - beginning of year</i>	-	-	92,777	92,777
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 96,311	\$ 96,311
Net change in fund balance (non-GAAP budgetary basis)			\$ 3,534	
Adjustments to revenue for other receivables			2,359	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(578)	
Net change in fund balance (GAAP)			\$ 5,315	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
June 30, 2008

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Airport Fund</u>	<u>Ambulance Fund</u>
<i>Assets</i>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 16,137	\$ 232,237	\$ 16,635	\$ 50,010
Investments	2,161	92,756	-	-
Accounts receivable	<u>11,704</u>	<u>32,065</u>	<u>1,370</u>	<u>34,155</u>
<i>Total current assets</i>	<u>30,002</u>	<u>357,058</u>	<u>18,005</u>	<u>84,165</u>
<i>Noncurrent assets:</i>				
<i>Capital assets</i>				
Land	15,600	28,700	1,800	-
Buildings and improvements	2,049,188	3,684,886	1,662,645	-
Machinery and equipment	81,779	116,703	44,489	108,176
Less: accumulated depreciation	<u>(976,422)</u>	<u>(1,388,042)</u>	<u>(239,237)</u>	<u>(106,355)</u>
<i>Total capital assets (net of accumulated depreciation)</i>	<u>1,170,145</u>	<u>2,442,247</u>	<u>1,469,697</u>	<u>1,821</u>
<i>Total assets</i>	<u>\$ 1,200,147</u>	<u>\$ 2,799,305</u>	<u>\$ 1,487,702</u>	<u>\$ 85,986</u>
<i>Liabilities and Net Assets</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 9,493	\$ 924	\$ 147	\$ -
Accrued expenses	1,705	9,365	241	993
Meter deposits payable	-	35,044	-	-
Current portion of long term debt	<u>5,000</u>	<u>47,156</u>	<u>-</u>	<u>-</u>
<i>Total current liabilities</i>	<u>16,198</u>	<u>92,489</u>	<u>388</u>	<u>993</u>
<i>Noncurrent liabilities</i>				
Long term debt - net of current portion	298,100	673,535	-	-
Compensated absences	<u>6,960</u>	<u>3,794</u>	<u>2,224</u>	<u>5,103</u>
<i>Total noncurrent liabilities</i>	<u>305,060</u>	<u>677,329</u>	<u>2,224</u>	<u>5,103</u>
<i>Net Assets</i>				
Invested in capital assets, net of related debt	867,045	1,721,556	1,469,697	1,821
Unrestricted	<u>11,844</u>	<u>307,931</u>	<u>15,393</u>	<u>78,069</u>
<i>Total net assets</i>	<u>878,889</u>	<u>2,029,487</u>	<u>1,485,090</u>	<u>79,890</u>
<i>Total liabilities and net assets</i>	<u>\$ 1,200,147</u>	<u>\$ 2,799,305</u>	<u>\$ 1,487,702</u>	<u>\$ 85,986</u>

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

<u>Total Enterprise Funds</u>	
\$	315,019
	94,917
	<u>79,294</u>
	<u>489,230</u>
	46,100
	7,396,719
	351,147
	<u>(2,710,056)</u>
	<u>5,083,910</u>
\$	<u><u>5,573,140</u></u>
\$	10,564
	12,304
	35,044
	<u>52,156</u>
	<u>110,068</u>
	971,635
	<u>18,081</u>
	<u>989,716</u>
	4,060,119
	<u>413,237</u>
	<u>4,473,356</u>
\$	<u><u>5,573,140</u></u>

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
For the Year Ended June 30, 2008

BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS

	Sewer Fund	Water Fund	Airport Fund	Ambulance Fund
<i>Operating revenues:</i>				
Charges for services	\$ 123,390	\$ 269,752	\$ 14,673	\$ 125,459
Miscellaneous	-	7,850	17,903	10,662
<i>Total operating revenues</i>	123,390	277,602	32,576	136,121
<i>Operating expenses:</i>				
Current:				
Personnel services	48,918	95,604	30,673	145,468
Power and fuel	21,013	23,705	2,913	1,386
General insurance	-	8,345	2,487	-
Purchased Services	33,756	10,712	45	10,560
Other operating expenses	15,899	91,940	4,212	2,848
Depreciation	43,901	86,093	54,903	965
<i>Total operating expenses</i>	163,487	316,399	95,233	161,227
<i>Operating income (loss)</i>	(40,097)	(38,797)	(62,657)	(25,106)
<i>Nonoperating revenues (expenses):</i>				
State and county grants	-	168,902	4,472	37,196
Interest income	91	3,708	-	-
Interest expense	(16,006)	(51,777)	-	-
<i>Total nonoperating revenues (expenses)</i>	(15,915)	120,833	4,472	37,196
<i>Income before transfers</i>	(56,012)	82,036	(58,185)	12,090
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total transfers</i>	-	-	-	-
<i>Change in net assets</i>	(56,012)	82,036	(58,185)	12,090
<i>Net assets - beginning of year</i>	934,901	1,947,451	1,543,275	67,800
<i>Net assets - end of year</i>	\$ 878,889	\$ 2,029,487	\$ 1,485,090	\$ 79,890

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

<u>Total Enterprise Funds</u>	
\$	533,274
	<u>36,415</u>
	<u>569,689</u>
	320,663
	49,017
	10,832
	55,073
	114,899
	<u>185,862</u>
	<u>736,346</u>
	<u>(166,657)</u>
	210,570
	3,799
	<u>(67,783)</u>
	<u>146,586</u>
	<u>(20,071)</u>
	-
	<u>-</u>
	<u>-</u>
	<u>(20,071)</u>
	<u>4,493,427</u>
\$	<u><u>4,473,356</u></u>

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2008

Exhibit D-3  
(Page 1 of 2)

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Airport Fund</u>	<u>Ambulance Fund</u>	<u>Total</u>
Cash flows from operating activities:					
Receipts from customers and users	\$ 127,349	\$ 283,041	\$ 31,206	\$ 129,926	\$ 571,522
Payments to suppliers	(61,518)	(272,212)	(9,712)	(14,794)	(358,236)
Payments to employees	(47,745)	(94,926)	(29,170)	(144,059)	(315,900)
Net cash provided (used) by operating activities	<u>18,086</u>	<u>(84,097)</u>	<u>(7,676)</u>	<u>(28,927)</u>	<u>(102,614)</u>
Cash flows from capital and related financing activities:					
Acquisitions and construction of capital assets	-	(21,944)	-	-	(21,944)
Principal paid on capital debt	(5,000)	(46,011)	-	-	(51,011)
Interest paid on capital debt	(14,635)	(39,392)	-	-	(54,027)
Intergovernmental	-	168,902	4,472	37,196	210,570
Net cash provided (used) by capital and related financing activities	<u>(19,635)</u>	<u>61,555</u>	<u>4,472</u>	<u>37,196</u>	<u>83,588</u>
Cash flows from investing activities:					
Interest income	91	3,708	-	-	3,799
Net cash provided (used) by investing activities	<u>91</u>	<u>3,708</u>	<u>-</u>	<u>-</u>	<u>3,799</u>
Net increase (decrease) in cash and temporary investments	<u>\$ (1,458)</u>	<u>\$ (18,834)</u>	<u>\$ (3,204)</u>	<u>\$ 8,269</u>	<u>\$ (15,227)</u>

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



**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2008

Exhibit D-3  
(Page 2 of 2)

**BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Airport Fund</u>	<u>Ambulance Fund</u>	<u>Total</u>
Net increase (decrease) in cash and temporary investments- from previous page	\$ (1,458)	\$ (18,834)	\$ (3,204)	\$ 8,269	\$ (15,227)
Cash and temporary investments- beginning of year	<u>19,756</u>	<u>343,827</u>	<u>19,839</u>	<u>41,741</u>	<u>425,163</u>
Cash and temporary investments- end of year	<u>\$ 18,298</u>	<u>\$ 324,993</u>	<u>\$ 16,635</u>	<u>\$ 50,010</u>	<u>\$ 409,936</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (40,097)	\$ (38,797)	\$ (62,657)	\$ (25,106)	\$ (166,657)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	43,901	86,093	54,903	965	185,862
(Increase) decrease in:					
Accounts receivable	3,959	5,439	(1,370)	(6,195)	1,833
(Decrease) increase in:					
Accounts payable	9,150	(137,382)	(52)	-	(128,284)
Deferred revenue	-	(129)	-	-	(129)
Accrued expenses	334	889	241	993	2,457
Compensated absences	839	(210)	1,259	416	2,304
Refundable customer deposits	-	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 18,086</u>	<u>\$ (84,097)</u>	<u>\$ (7,676)</u>	<u>\$ (28,927)</u>	<u>\$ (102,614)</u>
Cash and temporary investments:					
Cash and cash equivalents	\$ 16,137	\$ 232,237	\$ 16,635	\$ 50,010	\$ 315,019
Investments	<u>2,161</u>	<u>92,756</u>	<u>-</u>	<u>-</u>	<u>94,917</u>
Total cash and temporary investments	<u>\$ 18,298</u>	<u>\$ 324,993</u>	<u>\$ 16,635</u>	<u>\$ 50,010</u>	<u>\$ 409,936</u>

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

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2008

Exhibit E

	<u>Balance</u> <u>June 30, 2008</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and cash equivalents	\$ <u>3,458</u>
<i>Total Assets</i>	\$ <u><u>3,458</u></u>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held and due to others	\$ <u>3,458</u>
<i>Total liabilities</i>	\$ <u><u>3,458</u></u>

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

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

**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 and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water supply, and general government administrative services.

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

**A. *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-14 and No. 39. 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.

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 following is a brief review of each potential component unit addressed in defining the government's reporting entity. The Village has one discretely presented component unit.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

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

A. *Financial Reporting Entity (continued)*

Village of Fort Sumner Housing Authority: This component unit has separate elected and/or appointed boards and provides services to residents, generally within the geographic boundaries of the government. The New Mexico State Auditor, through Rule 2 NMAC 2.2, requires the inclusion of this unit in the reporting entity. The Agency will be reported as a proprietary fund type.

Separately issued financial statements may be obtained directly from their administrative office as follows: Village of Fort Sumner Housing Authority, 521 Main Street, RR 1 Box 8-16, Fort Sumner, NM 88119-9602.

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the nonfiduciary activities of the 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 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, proprietary funds, and fiduciary funds, if applicable, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund, if applicable, financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements of time, reimbursement and contingencies imposed by the provider have been met.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

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

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

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

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.

The *Gas Tax Special Revenue Fund* accounts for the receipts and expenditures of special gasoline 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.

The *CDBG Capital Projects Fund* accounts for the Community Development Block Grant to provide water improvements.

The government 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.

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

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

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

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.

Additionally, the Village reports the following fund type(s):

The *Special Revenue Funds* account for resources restricted to, or designated for, specific purposes by the Village or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

The *Enterprise Funds* account for the Village's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities.

The *Fiduciary Fund* is purely custodial (assets equal liabilities) and does not involve the measurement of results of operations. The Village's fiduciary fund is used to account for the receipt and disbursement of the Motor Vehicle Department fees on behalf of the State of New Mexico.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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



**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

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

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

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

D. *Assets, Liabilities and Net Assets or Equity*

**Deposits and Investments:** The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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 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.

**Receivables and Payables:** Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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 as revenue when levied.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after May 10<sup>th</sup> are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st.

**Inventories and Prepaid Items:** 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.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

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

D. *Assets, Liabilities and Net Assets or Equity (continued)*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund 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.

**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). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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. The total interest expense incurred by the Village during the current fiscal year was \$54,027. 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:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	40-50
Infrastructure	20-30
Vehicles	5-7
Office equipment	5
Computer equipment	5
Library books	5
Machinery and equipment	5-10

Water rights owned by the Village are reviewed for impairment on an annual basis and the carrying value is adjusted accordingly.

**STATE OF NEW MEXICO**  
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Notes to Financial Statements  
June 30, 2008

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

D. *Assets, Liabilities and Net Assets or Equity (continued)*

**Accrued Expenses:** Accrued expenses consist of interest expense accrued but not paid on the long-term debt of the proprietary funds.

**Deferred Revenues:** Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Utility service prepayments in the Enterprise Funds are reported as deferred revenue until the earnings process is complete.

**Compensated Absences:** Village employees are entitled to certain compensated absences 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 on a calendar basis. All vacation pay leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-term Obligations:** In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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.

**Fund Equity:** In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Components of Net Assets:** Components of net assets include the following:

1. Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balance of debt issued to finance the acquisition, improvement or construction of those assets.
2. Restricted net assets include net assets that are subject to constraints on their use by creditors, grantors, and the bond indentures. These are the replacement reserves and the bond escrow accounts.
3. Unrestricted net assets are available for general use by the Village for any obligation or expense.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

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

D. *Assets, Liabilities and Net Assets or Equity (continued)*

**Reclassifications:** Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

**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.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

The Village Charter establishes the Village's fiscal year as the twelve-month period beginning July 1 and ending June 30. Prior to June 30 the Village submits to management a proposed operating budget of estimated revenues, expenditures, and transfers for the ensuing fiscal year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Enterprise Funds. Management subsequently submits the budget (1) to the New Mexico Department of Finance and Administration for review and approval; and (2) to the Village Council for review and enactment of a resolution legally adopting the budget. Once approved, the Village Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Additionally, the New Mexico Department of Finance and Administration must approve any amendments to the budget.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by department and general ledger account. Expenditures are budgeted by department and general ledger account. The legal level of control for the budget is at the total fund level. Expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by the Village Council. Revisions to the budget were made throughout the year.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
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June 30, 2008

**NOTE 2. Stewardship, Compliance and Accountability** (continued)

*Budgetary Information* (continued)

The appropriated budget for the year ended June 30, 2008 was properly amended by the Village Commission through the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures / Operating income	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ <u>10,000</u>	\$ <u>10,000</u>
Gas Tax Special Revenue Fund	\$ <u>-0-</u>	\$ <u>-0-</u>
CDBG Capital Projects Fund	\$ <u>-0-</u>	\$ <u>-0-</u>
Nonmajor Governmental Funds	\$ <u>(103,859)</u>	\$ <u>(144,227)</u>
Sewer Enterprise Fund	\$ <u>15,452</u>	\$ <u>9,518</u>
Water Enterprise Fund	\$ <u>27,649</u>	\$ <u>(89,274)</u>
Airport Enterprise Fund	\$ <u>(151,540)</u>	\$ <u>(151,540)</u>
Ambulance Enterprise Fund	\$ <u>(70,000)</u>	\$ <u>(92,004)</u>

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 accounting principles generally accepted in the United States of America (GAAP) 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, 2008 is presented. Reconciliations between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

**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, 2008.

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 collateral deposited as security or by bond given by the financial institution.

**STATE OF NEW MEXICO**  
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**NOTE 3. Deposits and Investments** (continued)

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.

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.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

Custodial Credit Risk – Deposits

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’s policy regarding types of deposits allowed and collateral requirements is to deposit monies in compliance with state statute. New Mexico State Statutes 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 of the amount on deposit with the institution. As of June 30, 2008 \$1,071,226 of the Village’s bank balances were exposed to custodial credit risk as follows:

	Primary Government	Component Unit
	Citizens Bank of Clovis	Citizens Bank of Clovis
Total amount of deposits	\$ 1,271,226	\$ 102,661
FDIC coverage	200,000	102,661
Total uninsured public funds	1,071,226	-
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Village's name	907,225	-
Uninsured and uncollateralized	\$ 164,001	\$ -
Collateral requirement (50% of uninsured public funds)	535,613	-
Pledged securities	907,225	-
Over (under) collateralization	\$ 371,612	\$ -

**STATE OF NEW MEXICO**  
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June 30, 2008

**NOTE 3. Deposits and Investments (continued)**

Custodial Credit Risk – Deposits (continued)

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

Reconciliation to the Statement of Net Assets

The carrying amounts of deposits and investments shown above are included in the Village's statement of net assets and statement of fiduciary assets and liabilities as follows:

	Primary Government	Component Unit
Cash and cash equivalents per Exhibit A-1	\$ 1,064,162	\$ 13,551
Investments per Exhibit A-1	207,064	83,899
Restricted cash per Exhibit A-1	-	5,211
Agency funds cash per Exhibit E-1	3,458	-
Total carrying amount	1,274,684	102,661
Add: outstanding checks and other reconciling items	98,391	3,182
Less: deposits in transit and other reconciling items	15,031	48
Less: petty cash	350	200
Bank balance of deposits	\$ 1,357,694	\$ 105,595

**NOTE 4. Receivables and Payables**

Receivables as of June 30, 2008, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Gas Tax Revenue Fund	CDBG Capital Projects Fund	Nonmajor Funds	Total
Governmental activities:					
State of New Mexico:					
Gross receipts tax state	\$ 55,385	\$ 100,377	\$ -	\$ 14,715	\$ 170,477
DWI	-	-	-	21,368	21,368
Legislative (Fire)	-	-	-	5,102	5,102
Total governmental	\$ 55,385	\$ 100,377		\$ 41,185	\$ 196,947
Business-type activities:					
From customers:	\$ 11,704	\$ 32,065	\$ 178,259	\$ 1,370	\$ 223,398
Allowance for uncollectible amounts	-	-	(144,104)	-	(144,104)
Total business-type	\$ 11,704	\$ 32,065	\$ 34,155	\$ 1,370	\$ 79,294

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

**NOTE 4. Receivables and Payables** (continued)

Receivables for the Component Unit – Housing Authority are as follows:

From grantors	\$	-
From customers and others		726
From interfund		<u>7,865</u>
	<u>\$</u>	<u>8,591</u>

Accounts payable as of June 30, 2008, are as follows:

	<u>General</u>	<u>Component Unit</u>
Payable to suppliers	\$ 26,389	\$ 25,921
Payable to and on behalf of employees	6,605	-
Payable for interest	<u>9,847</u>	<u>-</u>
Total accounts payable and accrued expenses	<u>\$ 42,841</u>	<u>\$ 25,921</u>

**NOTE 5. Interfund Receivables, Payables, and Transfers**

The general purposes of the transfers are to fund expenditures until other financing is arranged or to provide matching funds. Net operating transfers as of June 30, 2008, are as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Recreation Fund	<u>\$ 5,000</u>

“Interfund receivables” and “Interfund payables” have primarily been recorded to reflect a temporary loan between funds. Those funds are expected to be paid back within a year. The composition of interfund balances as of June 30, 2008 is as follows:

<u>Interfund payable</u>	<u>Interfund receivable</u>	<u>Amount</u>
DWI Grant Fund	General Fund	<u>\$ 8,662</u>



**STATE OF NEW MEXICO**  
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Notes to Financial Statements  
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**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2008, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in process are not subject to depreciation.

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions &amp;</u> <u>Transfers in</u>	<u>Deletions &amp;</u> <u>Transfers Out</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital Assets used in:				
Government Activities				
Capital assets not being depreciated:				
Land	\$ 36,701	\$ -	\$ -	\$ 36,701
Construction in process	<u>258,721</u>	<u>310,339</u>	<u>-</u>	<u>569,060</u>
Total capital assets not being depreciated	<u>295,422</u>	<u>310,339</u>	<u>-</u>	<u>605,761</u>
Capital assets being depreciated:				
Infrastructure	2,111,453	113,343	-	2,224,796
Buildings and Improvements	2,246,015	-	-	2,246,015
Machinery and Equipment	<u>864,258</u>	<u>231,169</u>	<u>-</u>	<u>1,095,427</u>
Total capital assets being depreciated	<u>5,221,726</u>	<u>344,512</u>	<u>-</u>	<u>5,566,238</u>
Total capital assets	<u>5,517,148</u>	<u>654,851</u>	<u>-</u>	<u>6,171,999</u>
Less accumulated depreciation:				
Infrastructure	894,849	89,795	-	984,644
Buildings and Improvements	1,035,494	64,145	-	1,099,639
Machinery and Equipment	<u>457,385</u>	<u>68,418</u>	<u>-</u>	<u>525,803</u>
Total accumulated depreciation	<u>2,387,728</u>	<u>222,358</u>	<u>-</u>	<u>2,610,086</u>
Total capital assets net of depreciation	<u>\$ 3,129,420</u>	<u>\$ 432,493</u>	<u>\$ -</u>	<u>\$ 3,561,913</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

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

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions &amp;</u> <u>Transfers in</u>	<u>Deletions &amp;</u> <u>Transfers Out</u>	<u>Balance</u> <u>June 30, 2008</u>
Capital Assets used in:				
Business Type Activities				
Capital assets not being depreciated:				
Land	\$ 46,100	\$ -	\$ -	\$ 46,100
Total capital assets not being depreciated	<u>46,100</u>	<u>-</u>	<u>-</u>	<u>46,100</u>
Capital assets being depreciated:				
Buildings and Improvements	7,391,375	5,344	-	7,396,719
Machinery and Equipment	<u>334,547</u>	<u>16,600</u>	<u>-</u>	<u>351,147</u>
Total capital assets being depreciated	<u>7,725,922</u>	<u>21,944</u>	<u>-</u>	<u>7,747,866</u>
Total capital assets	<u>7,772,022</u>	<u>21,944</u>	<u>-</u>	<u>7,793,966</u>
Less accumulated depreciation:				
Buildings and Improvements	2,277,251	172,555	-	2,449,806
Machinery and Equipment	<u>246,942</u>	<u>13,308</u>	<u>-</u>	<u>260,250</u>
Total accumulated depreciation	<u>2,524,193</u>	<u>185,863</u>	<u>-</u>	<u>2,710,056</u>
Total capital assets net of depreciation	<u>\$ 5,247,829</u>	<u>\$ (163,919)</u>	<u>\$ -</u>	<u>\$ 5,083,910</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

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

The capital assets for the Component Unit – Housing Authority are detailed below:

	<u>Balance June 30, 2007</u>	<u>Additions &amp; Transfers in</u>	<u>Deletions &amp; Transfers Out</u>	<u>Balance June 30, 2008</u>
Capital Assets used in:				
Business Type Activities				
Capital assets not being depreciated:				
Land	\$ <u>15,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>15,000</u>
Capital assets being depreciated:				
Buildings and Improvements	1,699,570	-	15,041	1,684,529
Machinery and Equipment	<u>62,619</u>	<u>-</u>	<u>6,809</u>	<u>55,810</u>
Total capital assets being depreciated	<u>1,762,189</u>	<u>-</u>	<u>21,850</u>	<u>1,740,339</u>
Total capital assets	<u>1,777,189</u>	<u>-</u>	<u>21,850</u>	<u>1,755,339</u>
Less accumulated depreciation:				
Buildings and Improvements	844,711	50,307	3,737	891,281
Machinery and Equipment	<u>46,429</u>	<u>2,416</u>	<u>-</u>	<u>48,845</u>
Total accumulated depreciation	<u>891,140</u>	<u>52,723</u>	<u>3,737</u>	<u>940,126</u>
Total capital assets net of depreciation	<u>\$ 886,049</u>	<u>\$ (52,723)</u>	<u>\$ 18,113</u>	<u>\$ 815,213</u>

Capital assets, net of accumulated depreciation, at June 30, 2008 appear in the Statement of Net Assets as follows:

Governmental Activities	\$3,561,913
Business type activities:	
Sewer Fund	\$1,170,145
Water Fund	2,442,247
Ambulance Fund	1,821
Airport Fund	1,469,697
Component Unit:	
Housing Authority	\$ 815,213

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
Notes to Financial Statements  
June 30, 2008

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

Depreciation expense for the year ended June 30, 2008 was charged to the following functions and funds:

Governmental activities:		
General government	\$	16,997
Public safety		40,863
Public works		130,446
Public health and welfare		7,388
Culture and recreation		26,664
Business type activities:		
Sewer Fund	\$	86,093
Water Fund		43,901
Ambulance Fund		965
Airport Fund		54,903
Component Unit:		
Housing Authority	\$	52,723

**NOTE 7. Long-term Debt**

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental activities					
Loan-Pumper Fire Truck	\$ 238,721	\$ -	\$ -	\$ 238,721	\$ 15,848
Compensated absences	11,709	28,278	4,578	35,410	-
	<u>\$ 250,430</u>	<u>\$ 28,278</u>	<u>\$ 4,578</u>	<u>\$ 274,131</u>	<u>\$ 15,848</u>
Business-type activities					
Bonds and notes - Water	\$ 766,702	\$ -	\$ 46,011	\$ 720,691	\$ 47,156
Bonds - Sewer	308,100	-	5,000	303,100	5,000
Compensated absences	15,777	4,841	2,537	18,081	-
	<u>\$1,090,579</u>	<u>\$ 4,841</u>	<u>\$ 53,548</u>	<u>\$1,041,872</u>	<u>\$ 52,156</u>
Component unit					
Compensated absences	\$ 3,616	\$ 1,947	\$ 4,272	\$ 1,291	\$ -

In prior years, the general fund has typically been used to liquidate long-term liabilities other than debt including capital leases and compensated absences.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
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June 30, 2008

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

NMFA Fire Pumper Truck Loan – 3.42% - 3.73% loan payable with fire funds intercept, due in annual payments increasing in amount (currently \$15,848) for principal and semi-annual payments for interest, through May 2018. Payments are scheduled to begin July 1, 2008.	\$ 238,721
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The bonds payable as of June 30, 2008 are comprised of the following:

Water Supply Construction Loan – 3% loan payable in annual payments of \$3,583 for principal and interest, through June 2012.	13,319
Village of Fort Sumner Series 1975 Refunding Bonds – 5% bonds payable from the Water Fund, due in annual payments of \$3,000 and semi-annual payments of interest, through November 2014.	23,000
NMFA Water Loan – 4.2%-5.5% loan payable in monthly installments of approximately \$3,900 for principal and interest, through April 2017.	320,372
Village of Fort Sumner Series 1982 Bonds – 5% bonds payable from the Water Fund, due in annual payments increasing in amount (currently \$9,000) for principal and semi-annual payments for interest, through November	185,000
Village of Fort Sumner Series 1997 Bonds – 5.125% bonds payable from the Sewer Fund, due in annual payments varying in amount (currently \$4,000) for principal plus interest, through May 2037.	303,100
Village of Fort Sumner Series 1998 Bonds – 5.125% bonds payable from the Water Fund, due in annual payments varying in amount (currently \$2,000) for principal plus interest, through September 2038.	<u>179,000</u>
	1,262,512
Less current portion	<u>(68,004)</u>
	<u>\$ 1,194,508</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the Village is in compliance with all significant limitations and restrictions at June 30, 2008. Review of debt instruments and confirmations for ending balances reflected no non-compliance issues.

**STATE OF NEW MEXICO**  
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Notes to Financial Statements  
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**NOTE 7. Long-term Debt (continued)**

The annual requirements to amortize the bonds and loans outstanding as of June 30, 2008, including interest payments are as follows:

Fiscal Year			
Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 68,004	\$ 61,833	\$ 129,837
2010	77,595	55,303	132,898
2011	80,094	51,937	132,031
2012	83,739	48,395	132,134
2013	83,932	44,668	128,600
2014-2018	414,789	162,954	577,743
2019-2023	133,341	96,561	229,902
2024-2028	87,315	70,987	158,302
2029-2033	110,598	46,954	157,552
2034-2038	<u>123,105</u>	<u>16,400</u>	<u>139,505</u>
Total	<u>\$ 1,262,512</u>	<u>\$ 655,992</u>	<u>\$ 1,918,504</u>

**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 to employees; 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 New Mexico Self-Insurers' Fund charges a "premium" to the Village to cover expenses of the Fund (including, but not limited to, reinsurance expenses, claims adjusting, rating, and underwriting, safety and loss control, reporting, and administration). This "premium" is equal to 20% of the earned normal premium, which is based on a percentage of the Village's current payroll. Additionally, the "premium" charge includes a factor for recent actual claims experience.

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

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

Plan Description

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

Funding Policy

Plan members (other than police and fire) are required to contribute 13.15% of their gross salary. Law enforcement and fire plan members are required to contribute 7% of their gross salary, respectively. The Village of Fort Sumner is required to contribute 10% for law enforcement and 9.15% for all other plan members. The contribution requirements of plan members and the Village of Fort Sumner are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by act of the legislature. The Village of Fort Sumner's contributions to PERA for the years ending June 30, 2008, 2007 and 2006 were approximately \$103,523, \$86,708, and \$79,523, respectively, which equal the amount of the required contributions for all years.

**NOTE 10. Retiree Health Care Act Contributions**

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments of out-of-pocket payments of eligible retirees. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village has elected not to participate in the program by adoption of an ordinance.

**NOTE 11. Contingencies**

The Village of Fort Sumner participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Village of Fort Sumner may be required to reimburse the grantor government. As of June 30, 2008, significant amounts of grant expenditures have not been audited by the grantor agencies. Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the Village of Fort Sumner.

The Village of Fort Sumner is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Village's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Village.

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**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**NONMAJOR FUNDS**  
**JUNE 30, 2008**

**Special Revenue Funds**

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

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

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

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

**County Ambulance Tax Fund** – 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.

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

**Senior Citizen's Fund** – 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.

**Cemetery Fund** – To account for the operations and maintenance of the Village cemetery. Funding is primarily through the sale of burial plots. Created by Village ordinance.

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STATE OF NEW MEXICO  
VILLAGE OF FORT SUMNER  
FIDUCIARY FUNDS  
JUNE 30, 2008

**Agency Funds**

**Motor Vehicle Department Fund** – To account for the collection and disbursement of the Motor Vehicle Department fees to the State of New Mexico.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2008

	SPECIAL REVENUE FUNDS			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
	<i>Assets</i>			
Cash and cash equivalents	\$ 33,642	\$ -	\$ 21,539	\$ 13,956
Investments	-	-	-	-
Receivables (net of allowance for uncollectible amounts):				
Taxes	1,372	-	-	-
<i>Total current assets</i>	35,014	-	21,539	13,956
 <i>Total assets</i>	\$ 35,014	\$ -	\$ 21,539	\$ 13,956
 <i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 1,793	\$ -
Accrued expenses	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total current liabilities</i>	-	-	1,793	-
 <i>Fund balance</i>				
Unreserved:				
Undesignated				
Special revenue funds	35,014	-	19,746	13,956
<i>Total fund balance</i>	35,014	-	19,746	13,956
 <i>Total liabilities and fund balance</i>	\$ 35,014	\$ -	\$ 21,539	\$ 13,956

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



SPECIAL REVENUE FUNDS

County				
Recreation Fund	DWI Grant Fund	Ambulance Tax Fund	PIT Canteen Fund	Fire Fund
\$ 4,445	\$ -	\$ 2,102	\$ 1,622	\$ 51,443
-	-	-	-	-
<u>-</u>	<u>21,368</u>	<u>13,343</u>	<u>-</u>	<u>5,102</u>
<u>4,445</u>	<u>21,368</u>	<u>15,445</u>	<u>1,622</u>	<u>56,545</u>
<u>\$ 4,445</u>	<u>\$ 21,368</u>	<u>\$ 15,445</u>	<u>\$ 1,622</u>	<u>\$ 56,545</u>
\$ -	\$ -	\$ 2,367	\$ -	\$ 6,150
-	-	-	-	-
-	8,662	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>8,662</u>	<u>2,367</u>	<u>-</u>	<u>6,150</u>
<u>4,445</u>	<u>12,706</u>	<u>13,078</u>	<u>1,622</u>	<u>50,395</u>
<u>4,445</u>	<u>12,706</u>	<u>13,078</u>	<u>1,622</u>	<u>50,395</u>
<u>\$ 4,445</u>	<u>\$ 21,368</u>	<u>\$ 15,445</u>	<u>\$ 1,622</u>	<u>\$ 56,545</u>

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
 June 30, 2008

Statement A-1  
 (Page 2 of 2)

	SPECIAL REVENUE FUNDS		
	Senior Citizen's Fund	Cemetery Fund	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 37,716	\$ 17,893	\$ 184,358
Investments	-	112,147	112,147
Receivables (net of allowance for uncollectible amounts):			
Taxes	-	-	41,185
<i>Total current assets</i>	37,716	130,040	337,690
 <i>Total assets</i>	\$ 37,716	\$ 130,040	\$ 337,690
 <i>Liabilities and Fund Balance</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 2,257	\$ -	\$ 12,567
Accrued expenses	-	-	-
Interfund payable	-	-	8,662
Deferred revenue	-	-	-
<i>Total current liabilities</i>	2,257	-	21,229
 <i>Fund balance</i>			
Unreserved:			
Undesignated			
Special revenue funds	35,459	130,040	316,461
<i>Total fund balance</i>	35,459	130,040	316,461
 <i>Total liabilities and fund balance</i>	\$ 37,716	\$ 130,040	\$ 337,690

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2008**

	SPECIAL REVENUE FUNDS			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
<i>Revenues:</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	8,952	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Other taxes	-	-	-	27,840
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	24,816	21,200	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>8,952</u>	<u>24,816</u>	<u>21,200</u>	<u>27,840</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	9,163	-
Public works	-	-	-	-
Culture and recreation	-	-	-	22,667
Public health and welfare	-	24,816	-	-
Economic development	19,409	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>19,409</u>	<u>24,816</u>	<u>9,163</u>	<u>22,667</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,457)</u>	<u>-</u>	<u>12,037</u>	<u>5,173</u>
<i>Other financing sources (uses):</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(10,457)</u>	<u>-</u>	<u>12,037</u>	<u>5,173</u>
<i>Fund balance - beginning of year</i>	<u>45,471</u>	<u>-</u>	<u>7,709</u>	<u>8,783</u>
<i>Fund balance - end of year</i>	<u>\$ 35,014</u>	<u>\$ -</u>	<u>\$ 19,746</u>	<u>\$ 13,956</u>

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

SPECIAL REVENUE FUNDS

Recreation Fund	DWI Grant Fund	County Ambulance Tax Fund	PIT Canteen Fund	Fire Fund
\$ -	\$ -	\$ -	\$ -	\$ -
1,471	-	-	-	-
-	-	-	-	-
-	-	49,284	-	-
-	-	-	-	-
-	-	-	-	-
-	96,636	-	-	129,377
-	-	-	-	-
10,270	-	-	1,358	-
-	-	-	700	-
-	-	-	-	-
7,350	-	-	-	5,167
<u>19,091</u>	<u>96,636</u>	<u>49,284</u>	<u>2,058</u>	<u>134,544</u>
-	-	-	-	-
-	80,201	-	-	52,376
-	-	-	-	-
25,505	-	-	3,867	-
-	-	39,610	-	-
-	-	-	-	-
-	-	-	-	60,236
<u>25,505</u>	<u>80,201</u>	<u>39,610</u>	<u>3,867</u>	<u>112,612</u>
(6,414)	16,435	9,674	(1,809)	21,932
5,000	-	-	-	-
-	-	-	-	-
<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,414)	16,435	9,674	(1,809)	21,932
5,859	(3,729)	3,404	3,431	28,463
<u>\$ 4,445</u>	<u>\$ 12,706</u>	<u>\$ 13,078</u>	<u>\$ 1,622</u>	<u>\$ 50,395</u>

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Year Ended June 30, 2008**

Statement A-2  
(Page 2 of 2)

	SPECIAL REVENUE FUNDS		
	Senior Citizen's Fund	Cemetery Fund	Total
<i>Revenues:</i>			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	10,423
Gasoline and motor vehicle taxes	-	-	-
Other taxes	-	-	77,124
Intergovernmental income			
Federal operating grants	-	-	-
Federal capital grants	-	-	-
State operating grants	66,033	-	338,062
State capital grants	-	-	-
Charges for services	25,769	-	37,397
Licenses and permits	-	-	700
Interest	-	4,273	4,273
Miscellaneous	-	12,753	25,270
<i>Total revenues</i>	91,802	17,026	493,249
<i>Expenditures:</i>			
Current:			
General government	45,519	-	45,519
Public safety	-	-	141,740
Public works	-	-	-
Culture and recreation	-	-	52,039
Public health and welfare	10,824	8,945	84,195
Economic development	-	-	19,409
Capital outlay	-	-	60,236
<i>Total expenditures</i>	56,343	8,945	403,138
<i>Excess (deficiency) of revenues over expenditures</i>	35,459	8,081	90,111
<i>Other financing sources (uses):</i>			
Transfers in	-	-	5,000
Transfers (out)	-	-	-
<i>Total other financing sources (uses)</i>	-	-	5,000
<i>Net change in fund balances</i>	35,459	8,081	95,111
<i>Fund balance - beginning of year</i>	-	121,959	221,350
<i>Fund balance - end of year</i>	\$ 35,459	\$ 130,040	\$ 316,461

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**ENVIRONMENTAL TAX SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2008**

Statement A-3

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ 8,000	\$ 8,000	\$ 8,996	\$ 996
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
State and county grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	8,000	8,000	8,996	996
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	8,000	19,410	19,409	1
Capital outlay	-	-	-	-
<i>Total expenditures</i>	8,000	19,410	19,409	1
<i>Excess (deficiency) of revenues over expenditures</i>	-	(11,410)	(10,413)	997
<i>Other financing sources (uses):</i>				
Designated cash	-	11,410	-	(11,410)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	11,410	-	(11,410)
<i>Net change in fund balances</i>	-	-	(10,413)	(10,413)
<i>Fund balance - beginning of year</i>	-	-	44,056	44,056
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 33,643	\$ 33,643
Net change in fund balance (non-GAAP budgetary basis)			\$ (10,413)	
Adjustments to revenue for other receivables			(44)	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ (10,457)	

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



**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2008**

Statement A-4

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
State and county grants	24,961	24,961	24,816	(145)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	24,961	24,961	24,816	(145)
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	24,961	24,961	24,816	145
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	24,961	24,961	24,816	145
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ -	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**

Statement A-5

LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
State and county grants	21,200	21,200	21,200	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	21,200	21,200	21,200	-
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	28,700	28,700	7,371	21,329
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	28,700	28,700	7,371	21,329
<i>Excess (deficiency) of revenues over expenditures</i>	(7,500)	(7,500)	13,829	21,329
<i>Other financing sources (uses):</i>				
Designated cash	7,500	7,500	-	(7,500)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	7,500	7,500	-	(7,500)
<i>Net change in fund balances</i>	-	-	13,829	13,829
<i>Fund balance - beginning of year</i>	-	-	7,709	7,709
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 21,538	\$ 21,538
Net change in fund balance (non-GAAP budgetary basis)			\$ 13,829	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(1,792)	
Net change in fund balance (GAAP)			\$ 12,037	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**LODGERS TAX SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2008**

Statement A-6

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	19,000	19,000	27,840	8,840
Fines and forfeitures	-	-	-	-
State and county grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	19,000	19,000	27,840	8,840
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	19,000	22,667	22,667	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	19,000	22,667	22,667	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	(3,667)	5,173	8,840
<i>Other financing sources (uses):</i>				
Designated cash	-	3,667	-	(3,667)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	3,667	-	(3,667)
<i>Net change in fund balances</i>	-	-	5,173	5,173
<i>Fund balance - beginning of year</i>	-	-	8,783	8,783
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 13,956	\$ 13,956
Net change in fund balance (non-GAAP budgetary basis)			\$ 5,173	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ 5,173	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**RECREATION SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2008**

Statement A-7

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ 1,000	\$ 1,000	\$ 1,471	\$ 471
Licenses and permits	-	-	-	-
Charges for services	2,000	2,000	10,270	8,270
Fines and forfeitures	-	-	-	-
State and county grants	-	-	-	-
Miscellaneous	7,300	7,300	7,350	50
<i>Total revenues</i>	10,300	10,300	19,091	8,791
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	20,300	25,508	25,505	3
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	20,300	25,508	25,505	3
<i>Excess (deficiency) of revenues over expenditures</i>	(10,000)	(15,208)	(6,414)	8,794
<i>Other financing sources (uses):</i>				
Designated cash	-	5,208	-	(5,208)
Transfers in	10,000	10,000	5,000	(5,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	10,000	15,208	5,000	(10,208)
<i>Net change in fund balances</i>	-	-	(1,414)	(1,414)
<i>Fund balance - beginning of year</i>	-	-	5,859	5,859
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 4,445	\$ 4,445
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,414)	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ (1,414)	

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

STATE OF NEW MEXICO

Statement A-8

VILLAGE OF FORT SUMNER

DWI GRANT SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
State and county grants	91,803	91,803	75,268	(16,535)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>91,803</u>	<u>91,803</u>	<u>75,268</u>	<u>(16,535)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	91,803	91,803	80,201	11,602
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>91,803</u>	<u>91,803</u>	<u>80,201</u>	<u>11,602</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,933)</u>	<u>(4,933)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(4,933)	(4,933)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(3,729)</u>	<u>(3,729)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,662)</u>	<u>\$ (8,662)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (4,933)	
Adjustments to revenue for other receivables			21,368	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 16,435</u>	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**COUNTY AMBULANCE TAX SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2008**

Statement A-9

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ 22,000	\$ 22,000	\$ 40,811	\$ 18,811
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
State and county grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	22,000	22,000	40,811	18,811
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	22,000	39,069	39,067	2
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	22,000	39,069	39,067	2
<i>Excess (deficiency) of revenues over expenditures</i>	-	(17,069)	1,744	18,813
<i>Other financing sources (uses):</i>				
Designated cash	-	17,069	-	(17,069)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	17,069	-	(17,069)
<i>Net change in fund balances</i>	-	-	1,744	1,744
<i>Fund balance - beginning of year</i>	-	-	359	359
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 2,103	\$ 2,103
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,744	
Adjustments to revenue for other receivables			8,473	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(543)	
Net change in fund balance (GAAP)			\$ 9,674	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**PIT CANTEEN SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2008**

Statement A-10

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	1,800	1,800	2,058	258
Fines and forfeitures	-	-	-	-
State and county grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	1,800	1,800	2,058	258
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	1,800	3,868	3,867	1
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	1,800	3,868	3,867	1
<i>Excess (deficiency) of revenues over expenditures</i>	-	(2,068)	(1,809)	259
<i>Other financing sources (uses):</i>				
Designated cash	-	2,068	-	(2,068)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	2,068	-	(2,068)
<i>Net change in fund balances</i>	-	-	(1,809)	(1,809)
<i>Fund balance - beginning of year</i>	-	-	3,431	3,431
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 1,622	\$ 1,622
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,809)	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ (1,809)	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**FIRE SPECIAL REVENUE FUND**

Statement A-11

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Federal grants	-	-	-	-
State and county grants	158,584	158,584	129,377	(29,207)
Miscellaneous	-	-	65	65
<i>Total revenues</i>	158,584	158,584	129,442	(29,142)
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	29,163	29,163	34,885	(5,722)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	129,421	129,421	71,612	57,809
<i>Total expenditures</i>	158,584	158,584	106,497	52,087
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	22,945	22,945
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	22,945	22,945
<i>Fund balance - beginning of year</i>	-	-	28,497	28,497
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 51,442	\$ 51,442
Net change in fund balance (non-GAAP budgetary basis)				\$ 22,945
Adjustments to revenue for other receivables				5,102
Adjustments to expenditures for accounts payable and accrued payroll expenses				(6,115)
Net change in fund balance (GAAP)				\$ 21,932

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



**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SENIOR CITIZEN'S SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2008**

Statement A-12

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	7,800	7,800	25,769	17,969
Fines and forfeitures	-	-	-	-
State and county grants	82,584	82,584	66,033	(16,551)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	90,384	90,384	91,802	1,418
<i>Expenditures:</i>				
Current:				
General government	86,359	86,359	43,262	43,097
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	14,025	14,025	10,824	3,201
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	100,384	100,384	54,086	46,298
<i>Excess (deficiency) of revenues over expenditures</i>	(10,000)	(10,000)	37,716	47,716
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Transfers in	10,000	10,000	-	(10,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	10,000	10,000	-	(10,000)
<i>Net change in fund balances</i>	-	-	37,716	37,716
<i>Fund balance - beginning of year</i>	-	-	-	-
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 37,716	\$ 37,716
Net change in fund balance (non-GAAP budgetary basis)			\$ 37,716	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(2,257)	
Net change in fund balance (GAAP)			\$ 35,459	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**

Statement A-13

**CEMETERY SPECIAL REVENUE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	4,273	4,273
Miscellaneous	8,000	8,000	12,753	4,753
<i>Total revenues</i>	8,000	8,000	17,026	9,026
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	8,000	8,946	8,945	1
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	8,000	8,946	8,945	1
<i>Excess (deficiency) of revenues over expenditures</i>	-	(946)	8,081	9,027
<i>Other financing sources (uses):</i>				
Designated cash	-	946	-	(946)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	946	-	(946)
<i>Net change in fund balances</i>	-	-	8,081	8,081
<i>Fund balance - beginning of year</i>	-	-	121,959	121,959
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 130,040	\$ 130,040
Net change in fund balance (non-GAAP budgetary basis)			\$ 8,081	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ 8,081	

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

STATE OF NEW MEXICO

Exhibit A-14

VILLAGE OF FORT SUMNER

CDBG CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL

For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
State and county grants	360,000	360,000	-	(360,000)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>360,000</u>	<u>360,000</u>	<u>-</u>	<u>(360,000)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	360,000	360,000	-	360,000
<i>Total expenditures</i>	<u>360,000</u>	<u>360,000</u>	<u>-</u>	<u>360,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,415</u>	<u>1,415</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,415</u>	<u>\$ 1,415</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SEWER FUND**

Statement A-15

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
NET ASSETS - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating Revenues:</i>				
Charges for services	\$ 123,050	\$ 123,050	\$ 127,349	\$ 4,299
Fines and forfeitures	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	100	100	-	(100)
<i>Total operating revenues</i>	123,150	123,150	127,349	4,199
<i>Operating expenses:</i>				
Personnel services	45,594	45,594	47,745	(2,151)
Operating expenses	62,104	68,038	66,518	1,520
<i>Total operating expenditures</i>	107,698	113,632	114,263	(631)
<i>Operating income:</i>	15,452	9,518	13,086	3,568
<i>Nonoperating revenues (expenses):</i>				
Taxes				
Property	-	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	-	-	91	91
Interest on debt	(15,452)	(15,452)	(16,006)	(554)
<i>Total nonoperating revenues (expenses)</i>	(15,452)	(15,452)	(15,915)	(463)
<i>Income before transfers</i>	-	(5,934)	(2,829)	3,105
Designated cash	-	5,934	-	(5,934)
Transfers in (out)	-	-	-	-
<i>Change in net assets</i>	\$ -	\$ -	(2,829)	\$ (2,829)
Revenues (expenses) not budgeted:				
Change in accounts receivable			(3,959)	
Change in accounts payable			(5,323)	
Depreciation			(43,901)	
<i>Change in net assets per Exhibit D-2</i>			(56,012)	
<i>Net assets - beginning of year</i>			934,901	
<i>Net assets - end of year</i>			\$ 878,889	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**WATER FUND**

Statement A-16

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2008**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 287,470	\$ 287,470	\$ 275,320	\$ (12,150)
Miscellaneous	8,000	8,000	7,850	(150)
<i>Total revenues</i>	295,470	295,470	283,170	(12,300)
<i>Operating expenses:</i>				
Personnel services	94,541	94,541	94,926	(385)
Operating expenses	173,280	290,203	290,248	(45)
<i>Total expenditures</i>	267,821	384,744	385,174	(430)
<i>Operating income</i>	27,649	(89,274)	(102,004)	(12,730)
<i>Nonoperating revenues (expenses):</i>				
Taxes				
Property	-	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	55,000	55,000	168,902	113,902
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	2,500	2,500	3,708	1,208
Principal	(51,258)	(53,829)	(46,011)	7,818
Interest on debt	(33,891)	(35,484)	(39,392)	(3,908)
<i>Total nonoperating revenues (expenses)</i>	(27,649)	(31,813)	87,207	119,020
<i>Income before transfers</i>	-	(121,087)	(14,797)	106,290
Designated cash	-	121,087	-	(121,087)
Transfers in (out)	-	-	-	-
<i>Change in net assets</i>	\$ -	\$ -	(14,797)	\$ (14,797)
Revenues (expenses) not budgeted:				
Change in accounts receivable			(5,439)	
Change in accounts payable			188,365	
Depreciation			(86,093)	
<i>Change in net assets per Exhibit D-2</i>			82,036	
<i>Net assets - beginning of year</i>			1,947,451	
<i>Net assets - end of year</i>			\$ 2,029,487	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**AIRPORT FUND**

Statement A-17

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 12,000	\$ 12,000	\$ 14,673	\$ 2,673
Miscellaneous	18,277	18,277	16,533	(1,744)
<i>Total revenues</i>	30,277	30,277	31,206	929
<i>Operating expenses:</i>				
Personnel services	27,597	27,597	29,170	(1,573)
Operating expenses	154,220	154,220	9,712	144,508
<i>Total expenditures</i>	181,817	181,817	38,882	142,935
<i>Operating income</i>	(151,540)	(151,540)	(7,676)	143,864
<i>Nonoperating revenues (expenses):</i>				
Taxes				
Property	-	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	151,540	-	(151,540)
State operating grants	-	-	-	-
State capital grants	151,540	-	4,472	4,472
Interest income				
Principal	-	-	-	-
Interest on debt	-	-	-	-
<i>Total nonoperating revenues (expenses)</i>	151,540	151,540	4,472	(147,068)
<i>Income before transfers</i>	-	-	(3,204)	(3,204)
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Change in net assets</i>	\$ -	\$ -	(3,204)	\$ (3,204)
<i>Revenues (expenses) not budgeted:</i>				
Change in accounts receivable			1,370	
Change in accounts payable			(1,448)	
Depreciation			(54,903)	
<i>Change in net assets per Exhibit D-2</i>			(58,185)	
<i>Net assets - beginning of year</i>			1,543,275	
<i>Net assets - end of year</i>			\$ 1,485,090	

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**AMBULANCE FUND**

Statement A-18

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 64,000	\$ 64,000	\$ 119,264	\$ 55,264
Miscellaneous	-	-	10,662	10,662
<i>Total operating revenues</i>	64,000	64,000	129,926	65,926
<i>Operating expenses:</i>				
Personnel services	133,488	144,057	144,059	(2)
Operating expenses	512	11,947	14,794	(2,847)
<i>Total operating expenditures</i>	134,000	156,004	158,853	(2,849)
<i>Operating income</i>	(70,000)	(92,004)	(28,927)	63,077
<i>Nonoperating revenues (expenses):</i>				
Taxes				
Property	-	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	70,000	70,000	37,196	(32,804)
Interest income	-	-	-	-
Principal	-	-	-	-
Interest on debt	-	-	-	-
<i>Total nonoperating revenues (expenses)</i>	70,000	70,000	37,196	(32,804)
<i>Income before transfers</i>	-	(22,004)	8,269	30,273
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Change in net assets</i>	\$ -	\$ (22,004)	8,269	\$ 30,273
Revenues (expenses) not budgeted:				
Change in accounts receivable			6,195	
Change in accounts payable			(1,409)	
Depreciation			(965)	
<i>Change in net assets per Exhibit D-2</i>			12,090	
<i>Net assets - beginning of year</i>			67,800	
<i>Net assets - end of year</i>			\$ 79,890	

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

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**COMPONENT UNIT - HOUSING AUTHORITY**  
**STATEMENT OF NET ASSETS**  
June 30, 2008

Statement B-1

<b>ASSETS</b>	<u>Low Income Housing Fund</u>	<u>Special Programs for the Aging Title III</u>	<u>Total</u>
<i>Current Assets</i>			
Cash	\$ 13,551	\$ -	\$ 13,551
Investments	83,899	-	83,899
Restricted cash - Current			
Tenant Deposits	5,211	-	5,211
Accounts receivable	726	-	726
Inventories	296	-	296
Prepaid assets	16,596	-	16,596
Interfund receivable	7,865	-	7,865
Total Current Assets	<u>128,144</u>	<u>-</u>	<u>128,144</u>
<i>Other Assets</i>			
Land	15,000	-	15,000
Building and improvements	1,684,529	-	1,684,529
Machinery and equipment	55,810	-	55,810
Accumulated depreciation	<u>(940,126)</u>	<u>-</u>	<u>(940,126)</u>
Total Other Assets	<u>815,213</u>	<u>-</u>	<u>815,213</u>
Total Assets	<u>\$ 943,357</u>	<u>\$ -</u>	<u>\$ 943,357</u>
<b>LIABILITIES AND NET ASSETS</b>			
<i>Current Liabilities</i>			
Accounts payable	\$ 8,610	\$ -	\$ 8,610
Accrued expenses	17,311	-	17,311
Liability for compensated absences-current	1,291	-	1,291
Interfund payable	-	-	-
Deferred revenue	118	-	118
Payable from restricted assets - Current:			
Tenant deposits payable	5,178	-	5,178
Total Current Liabilities	<u>32,508</u>	<u>-</u>	<u>32,508</u>
<i>Long-Term Liabilities</i>			
Liability for compensated absences-long term	<u>-</u>	<u>-</u>	<u>-</u>
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>32,508</u>	<u>-</u>	<u>32,508</u>
<i>Net Assets</i>			
Invested in capital assets	815,213	-	815,213
Unrestricted	95,636	-	95,636
Total Net Assets	<u>910,849</u>	<u>-</u>	<u>910,849</u>
Total Liabilities and Net Assets	<u>\$ 943,357</u>	<u>\$ -</u>	<u>\$ 943,357</u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**COMPONENT UNIT - HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
For the Year Ended June 30, 2008

Statement B-2

	Low Income Housing Fund	Special Programs for the Aging Title III	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<i>Operating revenues</i>			
Charges for services	\$ -	\$ 8,481	\$ 8,481
Rental income	61,341	-	61,341
Other revenue	2,336	1,001	3,337
<i>Total operating revenues</i>	<u>63,677</u>	<u>9,482</u>	<u>73,159</u>
<i>Operating expenses</i>			
Personnel services	71,643	22,596	94,239
Purchased professional and technical services	19,134	16,843	35,977
Purchased property services	39,795	-	39,795
Other operating expenses	21,495	2,991	24,486
Utilities	15,460	2,889	18,349
Depreciation	52,723	-	52,723
<i>Total operating expenses</i>	<u>220,250</u>	<u>45,319</u>	<u>265,569</u>
<i>Operating income (loss)</i>	<u>(156,573)</u>	<u>(35,837)</u>	<u>(192,410)</u>
<i>Nonoperating revenues (expenses)</i>			
Noncapital grants and subsidies	76,248	50,240	126,488
Capital grants	-	-	-
Investment earnings	2,299	-	2,299
Loss on transfer of operation	-	(31,299)	(31,299)
<i>Total nonoperating revenues (expenses)</i>	<u>78,547</u>	<u>18,941</u>	<u>97,488</u>
<i>Income (loss) before transfers</i>	<u>(78,026)</u>	<u>(16,896)</u>	<u>(94,922)</u>
Transfers in	66,100	-	66,100
Transfers (out)	(66,100)	-	(66,100)
<i>Total transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in net assets</i>	<u>(78,026)</u>	<u>(16,896)</u>	<u>(94,922)</u>
Net assets, beginning of year	<u>988,875</u>	<u>16,896</u>	<u>1,005,771</u>
Net assets, end of year	<u>\$ 910,849</u>	<u>\$ -</u>	<u>\$ 910,849</u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**COMPONENT UNIT - HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2008

Statement B-3  
(Page 1 of 2)

	<u>Low Income Housing Fund</u>	<u>Special Programs for the Aging Title III</u>	<u>Total</u>
<i>Cash flows from operating activities:</i>			
Receipts from customers and users	\$ 64,251	\$ 19,394	\$ 83,645
Payments to vendors	(94,294)	(24,525)	(118,819)
Payment to and on behalf of employees	(73,093)	(23,471)	(96,564)
	<u>(103,136)</u>	<u>(28,602)</u>	<u>(131,738)</u>
<i>Net cash (used) by operating activities</i>			
<i>Cash flows from noncapital financing activities:</i>			
Noncapital grants and subsidies received	76,248	50,240	126,488
Transfers (to) from other funds	-	(8,998)	(8,998)
Interfund loans	6,548	(14,412)	(7,864)
	<u>82,796</u>	<u>26,830</u>	<u>109,626</u>
<i>Net cash provided by noncapital financing activities</i>			
<i>Cash flows from capital and related financing activities:</i>			
Acquisition and construction of capital assets	-	18,111	18,111
	<u>-</u>	<u>18,111</u>	<u>18,111</u>
<i>Net cash provided (used) by capital and related financing activities</i>			
<i>Cash flows from investing activities:</i>			
Interest income	2,299	-	2,299
Loss on discontinued operations	-	(22,301)	(22,301)
	<u>2,299</u>	<u>(22,301)</u>	<u>(20,002)</u>
<i>Net cash provided (used) by investing activities</i>			
<i>Net (decrease) in cash and temporary investments</i>			
	(18,041)	(5,962)	(24,003)
<i>Cash and temporary investments - beginning of year</i>			
	<u>120,702</u>	<u>5,962</u>	<u>126,664</u>
<i>Cash and temporary investments - end of year</i>			
	<u>\$ 102,661</u>	<u>\$ -</u>	<u>\$ 102,661</u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**COMPONENT UNIT - HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2008

Statement B-3  
(Page 2 of 2)

*Reconciliation of operating income (loss) to net cash provided (used) by operating activities:*

Operating income (loss)	\$ (156,573)	\$ (35,837)	\$ (192,410)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation and amortization	52,723	-	52,723
(Increase) decrease in:			
Accounts receivable	456	9,912	10,368
Prepaid assets	(85)	-	(85)
Increase (decrease) in:			
Accounts payable	417	(1,802)	(1,385)
Tenant deposits	1,258	-	1,258
Compensated absences	(1,450)	(875)	(2,325)
Deferred revenue	118	-	118
	<u>118</u>	<u>-</u>	<u>118</u>
<i>Net cash (used) by operating activities</i>	<u>\$ (103,136)</u>	<u>\$ (28,602)</u>	<u>\$ (131,738)</u>
Cash and temporary investments:			
Cash	\$ 13,551	\$ -	\$ 13,551
Investments	83,899	-	83,899
Restricted cash	5,211	-	5,211
	<u>5,211</u>	<u>-</u>	<u>5,211</u>
Total cash and temporary investments	<u>\$ 102,661</u>	<u>\$ -</u>	<u>\$ 102,661</u>

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

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**COMPONENT UNIT - HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET ASSETS - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**Year Ended June 30, 2008**

Statement B-4

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ -	\$ -	\$ 8,481	\$ 8,481
Rental income	57,360	57,360	61,341	3,981
Other revenues	1,800	1,800	3,337	1,537
<i>Total operating revenues</i>	59,160	59,160	73,159	13,999
<i>Operating expenses:</i>				
Current:				
Personal Services	120,169	120,169	94,239	25,930
Purchased professional services	40,924	42,924	35,977	6,947
Purchased property services	3,890	7,890	39,795	(31,905)
Other operating expenses	5,575	20,575	24,486	(3,911)
Utilities	15,224	15,224	18,349	(3,125)
Depreciation	-	-	52,723	(52,723)
<i>Total operating expenses</i>	185,782	206,782	265,569	(58,787)
<i>Operating income (loss)</i>	(126,622)	(147,622)	(192,410)	(44,788)
<i>Nonoperating revenues (expenses):</i>				
Designated cash	15,194	36,194	-	(36,194)
Noncapital grants and subsidies	109,510	109,510	126,488	16,978
Capital grants	-	-	-	-
Investment earnings	1,918	1,918	2,299	381
Loss on discontinued operation	-	-	(31,299)	(31,299)
<i>Total nonoperating revenues (expenses)</i>	126,622	147,622	97,488	(50,134)
<i>Net change in net assets</i>	-	-	(94,922)	(94,922)
<i>Total net assets - beginning of year</i>	-	-	1,005,771	1,005,771
<i>Total net assets - end of year</i>	\$ -	\$ -	\$ 910,849	\$ 910,849
Net change in fund balance (non-GAAP budgetary basis)			\$ (94,922)	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ (94,922)	

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

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## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY**  
**FOR PUBLIC FUNDS**  
June 30, 2008

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2008
<b>Citizens Bank of Clovis</b>	GNMA Pool # 579167	6/15/2019	36201CMQ4	\$ 860,208
	GNMA Pool # 831112	8/20/2033	36208ARK9	<u>47,017</u>
Total collateral pledged for Ft. Sumner				<u><u>\$ 907,225</u></u>

Location of Safekeeper  
Federal Home Loan Bank: Dallas TX



**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
For the Year Ended June 30, 2008

Schedule II

<b>Primary Government</b> Bank Account Type/Name	Citizens Bank of Clovis
Operational - Checking	\$ 1,129,080
Certificate of Deposit	2,161
Certificate of Deposit	11,856
Certificate of Deposit	32,000
Certificate of Deposit	18,900
Certificate of Deposit	30,000
Cemetery - Checking	18,312
Savings Account	18,379
Certificate of Deposit	5,700
Certificate of Deposit	47,000
CDBG - Checking	100
Savings Account	748
Certificate of Deposit	40,000
Checking Account (Agency funds)	3,458
Total on deposit	1,357,694
Reconciling items	(83,360)
Reconciled balance	1,274,334
Plus: Petty cash	350
Total cash	\$ 1,274,684
Cash per financial statements:	
Governmental Activities Cash and cash equivalents - Exhibit A-1	\$ 861,290
Governmental Activities Restricted cash - Exhibit A-1	-
Business-type Activities - Exhibit A-1	409,936
Agency funds - Exhibit E-1	3,458
Total cash	\$ 1,274,684
<b>Component Units</b>	
Bank Account Type/Name	Citizens Bank of Clovis
Operational - Checking	\$ 16,486
Money Market	83,899
Savings	5,211
Total on deposit	105,596
Reconciling items	(3,135)
Reconciled balance	102,461
Plus: Petty cash	200
Total cash	\$ 102,661
Cash per financial statements:	
Component Unit Cash and cash equivalents	\$ 102,661

See independent auditor's report

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**June 30, 2008**

Schedule III

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
<i>Motor Vehicle Department Fund</i>				
<i>Assets</i>				
Cash and cash equivalents	\$ <u>2,769</u>	\$ <u>186,922</u>	\$ <u>186,233</u>	\$ <u>3,458</u>
<i>Total Assets</i>	\$ <u><u>2,769</u></u>	\$ <u><u>186,922</u></u>	\$ <u><u>186,233</u></u>	\$ <u><u>3,458</u></u>
<i>Liabilities</i>				
Deposits held and due to others	\$ <u>2,769</u>	\$ <u>186,922</u>	\$ <u>186,233</u>	\$ <u>3,458</u>
<i>Total liabilities</i>	\$ <u><u>2,769</u></u>	\$ <u><u>186,922</u></u>	\$ <u><u>186,233</u></u>	\$ <u><u>3,458</u></u>

See independent auditor's report.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SCHEDULE OF LEGISLATIVE GRANTS**  
June 30, 2008

<u>Project</u>	<u>Agency</u>	<u>Grant #</u>	<u>Effective Date</u>	<u>Reversion Date</u>
Animal Control Shelter	DFA	07-L-G-3387	05/08/07	06/30/11
Fire Station Improvements	DFA	07-L-G-5148	05/08/07	06/30/11
Police department vehicles/equipment	DFA	07-L-G-5149	05/08/07	06/30/09
Street Maintenance Equipment	DFA	07-L-G-5150	05/08/07	06/30/09
Public Library Construction	DFA	06-L-G-1574	04/27/06	06/30/10
Street Maintenance/Repair	DOT	C5S56	09/01/05	06/30/10
Wastewater System Improvements	Environment Dept.	SAP-06-1099-GF	08/10/06	06/30/10
Seventeenth Street Improvements	DOT	G2G7510	09/11/07	06/30/12
Senior Center Equip.	NM Aging & Long	2008-3812	07/26/07	06/30/09
Senior Center Improve	NM Aging & Long	2007-0715	08/11/06	06/30/10
Library GO Bond	State Library		10/17/07	05/01/10
Street Maintenance/Repair	NMDOT	SP-GA-7511-207-208	11/05/08	06/30/11
NMFA LTIF STREETS	BNFA	LTIF	12/13/07	12/13/10

**Grand Totals**

These capital outlay projects are on a reimbursement basis. Therefore, there is no fund balance related to these projects at June 30, 2008.

<u>Original Amount</u>	<u>Arts in Public Places</u>	<u>Net Amount</u>	<u>Expenditures to Date</u>	<u>Remaining</u>
\$ 30,000	\$	\$ 30,000	\$ 27,942	\$ 2,058
100,000		100,000	65,667	34,333
25,000		25,000	25,000	0
200,000		200,000	199,909	91
250,000	2,500	247,500	245,924	1,576
100,000		100,000	67,753	32,247
250,000		250,000	233,581	16,419
496,000		496,000		496,000
7,350		7,350	6,811	539
25,000		25,000	4,469	20,531
6,090		6,090	4,953	1,137
200,000		200,000	10,507	189,493
124,000		124,000		124,000
<u>\$ 1,813,440</u>	<u>\$ 2,500</u>	<u>\$ 1,810,940</u>	<u>\$ 892,516</u>	<u>\$ 918,423</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**COMPONENT UNIT - HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
June 30, 2008

Schedule V

PHA: NM025

Line Item No.	Low Rent Public Housing	Public Housing Capital Fund	Transit System Fund	Special Programs for the Aging Title III	Total June 30, 2008
111 Cash - Unrestricted	\$ 13,551	\$ -	\$ -	\$ -	\$ 13,551
114 Cash - Tenant security deposits	5,211	-	-	-	5,211
100 <i>Total cash</i>	<u>18,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,762</u>
124 Accounts Receivable - Other Government	7,865	-	-	-	7,865
126 Accounts Receivable - Tenants - Dwelling Rents	726	-	-	-	726
129 Accrued Interest Receivable	-	-	-	-	-
120 <i>Total receivables, net of allowance for doubtful accounts</i>	<u>8,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,591</u>
131 Investments - Unrestricted	83,899	-	-	-	83,899
142 Prepaid expenses and other assets	16,596	-	-	-	16,596
143 Inventories	296	-	-	-	296
150 <i>Total current assets</i>	<u>128,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>128,144</u>
161 Land	15,000	-	-	-	15,000
162 Buildings	1,500,450	70,588	-	-	1,571,038
163 Furniture, equipment and machinery - dwelling	44,388	1,329	-	-	45,717
164 Furniture, equipment and machinery - administration	10,093	-	-	-	10,093
165 Leasehold improvements	113,491	-	-	-	113,491
166 Accumulated depreciation	(933,963)	(6,163)	-	-	(940,126)
160 <i>Total fixed assets, net of accumulated depreciation</i>	<u>749,459</u>	<u>65,754</u>	<u>-</u>	<u>-</u>	<u>815,213</u>
180 <i>Total Non-Current Assets</i>	<u>749,459</u>	<u>65,754</u>	<u>-</u>	<u>-</u>	<u>-</u>
190 <i>Total assets</i>	<u>\$ 877,603</u>	<u>65,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 943,357</u>
312 Accounts payable <=90 days	\$ 8,610	\$ -	\$ -	\$ -	\$ 8,610
322 Accrued compensated absences - current maturities	17,311	-	-	-	17,311
333 Accounts payable-other governments	1,291	-	-	-	1,291
341 Tenant security deposits	5,178	-	-	-	5,178
342 Deferred revenue	118	-	-	-	118
310 <i>Total current liabilities</i>	<u>32,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,508</u>
300 <i>Total liabilities</i>	<u>32,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,508</u>
508.1 Invested in capital assets, net of related debt	749,459	65,754	-	-	815,213
512.1 Unrestricted net assets	95,636	-	-	-	95,636
513 <i>Total net assets</i>	<u>845,095</u>	<u>65,754</u>	<u>-</u>	<u>-</u>	<u>910,849</u>
600 <i>Total liabilities and net assets</i>	<u>\$ 877,603</u>	<u>\$ 65,754</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 943,357</u>

See independent auditor's report.

STATE OF NEW MEXICO  
VILLAGE OF FORT SUMNER  
COMPONENT UNIT - HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
June 30, 2008

Schedule V

Line Item No.	Low Rent Public Housing	Public Housing Capital Fund	Transit System Fund	Special Programs for the Aging Title III	Total June 30, 2008
702	\$	\$	\$	\$	\$
703	61,341	-	-	8,481	8,481
704	2,336	-	-	1,001	3,337
705	<u>63,677</u>	<u>-</u>	<u>-</u>	<u>9,482</u>	<u>73,159</u>
706	76,248	-	-	-	76,248
708	-	-	-	50,240	50,240
711	2,299	-	-	-	2,299
715	-	-	-	-	-
716	-	-	-	(31,299)	(31,299)
700	<u>142,224</u>	<u>-</u>	<u>-</u>	<u>28,423</u>	<u>170,647</u>
911	36,816	-	-	22,596	59,412
912	-	13,262	-	-	13,262
914	1,291	-	-	-	1,291
915	8,471	-	-	-	8,471
916	-	20,455	-	18,586	39,041
931	4,283	-	-	-	4,283
932	1,788	-	-	-	1,788
933	1,160	-	-	-	1,160
934	8,229	-	-	2,889	11,118
941	22,287	-	-	-	22,287
942	14,829	-	-	-	14,829
943	5,872	-	-	-	5,872
945	2,778	-	-	-	2,778
961	18,579	-	-	-	18,579
969	<u>126,383</u>	<u>33,717</u>	<u>-</u>	<u>44,071</u>	<u>204,171</u>
970	<u>15,841</u>	<u>(33,717)</u>	<u>-</u>	<u>(15,648)</u>	<u>(33,524)</u>
971	7,427	-	-	-	7,427
974	49,793	2,930	-	1,248	53,971
900	<u>183,603</u>	<u>36,647</u>	<u>-</u>	<u>45,319</u>	<u>265,569</u>
1001	66,100	-	-	-	66,100
1002	-	(66,100)	-	-	(66,100)
1010	<u>66,100</u>	<u>(66,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
1000	<u>(107,479)</u>	<u>(102,747)</u>	<u>-</u>	<u>(16,896)</u>	<u>(94,922)</u>

See independent auditor's report.

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**COMPONENT UNIT - HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
 June 30, 2008  
 UNAUDITED

Schedule V

<b>Line Item No.</b>	<b>Low Rent Public Housing</b>	<b>Public Housing Capital Fund</b>	<b>Transit System Fund</b>	<b>Special Programs for the Aging, Title III</b>	<b>Total June 30, 2008</b>
1103 Beginning equity	\$ 924,841	\$ 64,034	\$ -	\$ 16,896	\$ 1,005,771
1120 Unit months available	552	-	-	-	552
1121 Number of unit months leased	442	-	-	-	442

See independent auditor's report.

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**COMPLIANCE SECTION**

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

Hector H. Balderas  
New Mexico State Auditor  
To the Honorable Mayor and Village Councilors  
Village of Fort Sumner  
Fort Sumner, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison statements of the major funds' activities of the Village of Fort Sumner, as of and for the year ended June 30, 2008, which collectively comprise the Village of Fort Sumner's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 25, 2008. We have also audited the financial statements and budgetary comparison schedules of each of the Village's major capital projects fund, nonmajor governmental funds and for the enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as

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2007-1, 2007-3, 2007-5, 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

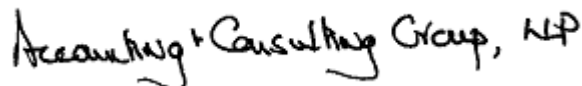
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Fort Sumner's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Village Council, the Office of the State Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Accounting & Consulting Group, LLP  
Certified Public Accountants

Carlsbad, New Mexico  
November 25, 2008

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**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year Ended June 30, 2008

Schedule VI

**Section I – Summary of Audit Results**

Financial Statements:

- |  |             |
|--|-------------|
| 1. Type of auditor's report issued   | Unqualified |
| 2. Internal control over financial reporting:                                    |             |
| a. Material weakness identified?   | No          |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes         |
| c. Noncompliance material to the financial statements notes?                     | No          |

**Section II – Prior Year Audit Findings**

Prior Year Audit Findings

2007-1 Preparation of Financial Statements – Finding was repeated.

2007-2 PERA (Authority) – Finding was resolved.

2007-3 Housing Tenant Files – Finding was repeated and modified.

2007-4 Payroll and Personnel Files (Village and Authority) – Finding was resolved.

2007-5 Failure to file Form 941 Reports (Authority) – Finding was repeated and modified.

2007-6 Overspending Budgeted Amounts – Finding was resolved.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year Ended June 30, 2008

Schedule VI

**Section III – Financial Statement Findings and Responses**

**FS 2007-1: Preparation of Financial Statements (Village and Authority)**

***Criteria***

According to the American Institute of Certified Public Accountant's Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures.

***Condition***

The financial statements and related disclosures are not being prepared by the Village of Fort Sumner and Housing Authority.

***Cause***

The Village of Fort Sumner's and Housing Authority's personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting including the preparation of financial statements and related footnote disclosures.

***Effect***

When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

***Recommendation***

We recommend Village of Fort Sumner and Housing Authority management and personnel receive training on understanding the requirements of external financial reporting.

The training should include, but not be limited to:

- Selection of appropriate accounting policies:
  - Governmental Accounting Standards Board (GASB)
  - Generally Accepted Accounting Principles (specifically as applied to governmental units)
  - Financial Accounting Standards Board (FASB)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information
  - Management's discussion and analysis
- Supplementary information required by the Office of the State Auditor

In addition, we recommend that the Village of Fort Sumner and Housing Authority develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

***Client Response***

The Village of Fort Sumner and Housing Authority intend to begin training of management and personnel as suggested by auditor. The Village of Fort Sumner and Housing Authority will look for and send management to training seminars on external financial reporting.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year Ended June 30, 2008

Schedule VI

2007-3: Housing Tenant Files (Authority)

***Criteria***

Village of Fort Sumner Housing Authority's policies and procedures require tenants to fill out applications and provide certain information to determine eligibility for housing.

***Condition***

During our audit of the Village of Fort Sumner Housing Authority's tenant files we noted one out of ten files did not contain proof of verification of income for re-certification, one out of ten files did not contain a copy of the signed rental agreement, and one out of ten files did not contain proof of a background check being performed.

***Cause***

The Village of Fort Sumner Housing Authority's personnel failed to follow up with tenants to get required missing information for files.

***Effect***

The Village of Fort Sumner Housing Authority is not maintaining complete tenant information records.

***Recommendation***

We recommend the Village of Fort Sumner Housing Authority put into place a checklist and follow up system to confirm all information requested from tenants is provided and, if not immediately available from tenant, then follow up with the tenant until information is supplied

***Client Response***

Subsequent to field work and prior to the issuance of the report, the Village of Fort Sumner Housing Authority requested the missing information and brought the personnel files up to date. The Village of Fort Sumner Housing Authority will continue to monitor tenant files to confirm required information is complete.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year Ended June 30, 2008

Schedule VI

2007-5: Failure to timely file Form 941 Reports (Authority)

***Criteria***

Per 2.2.2. NMAC Audit Rule 2004: Section 12-6-5, NMSA 1978, requires the annual financial and compliance audit agencies to "set out in detail, in a separate section, any violation of law or good accounting practices found by the audit or examination." Therefore, any instance of weakness in internal control as defined by GAGAS 5.13 and SAS AU 325.21 must be reported.

***Condition***

The Village of Fort Sumner Housing Authority failed to timely file Form 941 report for the second quarter of 2008.

***Cause***

The Village of Fort Sumner Housing Authority changed executive directors in July 2008 and the new executive director was unfamiliar with the filing deadlines of these reports and failed to timely file the 2008 second quarter Form 941 report.

***Effect***

The Village of Fort Sumner Housing Authority failure to timely file Form 941 report for the second quarter of 2008 may result in penalties and interest being assessed against them.

***Recommendation***

We recommend the Village of Fort Sumner Housing Authority put into place a checklist and follow up system to confirm that all required payroll reports are filed in a timely manner. The Executive Director should consider the assistance of the fee accountant in confirming reports are being timely filed.

***Client Response***

Subsequent to field work and prior to the issuance of the report, the Village of Fort Sumner Housing Authority prepared and submitted the Form 941 report for the second quarter of 2008.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2008**

Schedule VI

FS 2008-1: Stale Dated Checks (Village)

***Criteria***

New Mexico Statutes, Section 7-8A, NMSA 1978, requires local public bodies to remit outstanding checks older than one year to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

***Condition***

The Village of Fort Sumner is in violation of New Mexico Statute, Section 6-10-57, NMSA, 1978 regarding stale-dated checks. The Village's general fund account has 10 checks that were over one year old, totaling \$202.11.

***Cause***

The general fund account of the Village of Fort Sumner has 10 checks at June 30, 2008 that are over one year old because the Village of Fort Sumner did not properly remit the checks to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

***Effect***

The Village of Fort Sumner is in violation of New Mexico Statute, Section 7-8A, NMSA, 1978. Also, the Village of Fort Sumner's cash balances are not accurately reflected as a result of stale-dated checks appearing on the outstanding check listings.

***Recommendation***

We recommend the Village of Fort Sumner implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend the related funds be remitted to the Unclaimed Property Bureau per Section 7-8A, NMSA 1978.

***Client Response***

The Village of Fort Sumner will work more diligently in reviewing its outstanding check listings for all bank accounts and to remit any items over one year old as set forth in state statutes.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
Year Ended June 30, 2008

Schedule VI

FS 2008-2: Travel and Per Diem (Authority)

***Criteria***

Per Section 10-8-4 NMSA 1978, every public officer or employee shall receive thirty-two cents a mile for each mile traveled in a privately owned vehicle.

***Condition***

During our audit of the Village of Fort Sumner Housing Authority we noted one of one disbursement tested showing a reimbursement of thirty-five cents per mile traveled in a privately owned vehicle, rather than thirty-two cents resulting in an over-payment of \$9.96.

***Cause***

The Village of Fort Sumner Housing Authority does not have policies and procedures in place for the monitoring and approval of travel and per diem reimbursement requests, as the Housing Authority has not historically had many of these reimbursements.

***Effect***

The Village of Fort Sumner Housing Authority is not getting travel and per diem reimbursement requests reviewed and approved to confirm that reimbursements are within state guidelines and that an over payment is not taking place.

***Recommendation***

We recommend the Village of Fort Sumner Housing Authority implement policies and procedures regarding travel and per diem reimbursements that require an approval and confirmation that reimbursement are within state guidelines.

***Client Response***

The Village of Fort Sumner Housing Authority intends to put into its policies and procedures an approval process for reimbursements for travel and per diem to include appropriate approval and confirmation of reimbursements within state guidelines.

**STATE OF NEW MEXICO**  
**VILLAGE OF FORT SUMNER**  
**OTHER DISCLOSURES**  
Year Ended June 30, 2008

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

Although it would be preferred and desirable for the Village to prepare its own GAAP-basis financial statements, it is felt that the Village's personnel did not have the available time to prepare them. Therefore, the outside auditor assisted with the preparation of the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

**B. EXIT CONFERENCE**

The contents of the report for the Village of Fort Sumner were discussed on November 25, 2008. The following individuals were in attendance.

Village of Fort Sumner Officials

Ron Seña, Village Clerk/Treasurer

Juan Chavez, Mayor

Selestino Lovato, Village Council Member

Yolanda Cline, Housing Authority Council Member

Sharon Lopez, Housing Authority Executive Director

Auditors

Mike Lyons