

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

**FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION
WITH ACCOMPANYING AUDITOR'S REPORTS**

YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO

Village of Fort Sumner

Official Roster

June 30, 2009

<u>Name</u>	<u>List of Officials and Council</u>	<u>Title</u>
Juan A. Chavez		Mayor
Bobby Williamson		Mayor Pro-Tem
Selestino Lovato		Councilman
Windell Bridges		Councilman
Esther Segura		Councilwoman
	<u>Administrative Officials</u>	
Ron Seña		Village Clerk/Treasurer

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STATE OF NEW MEXICO
 Village of Fort Sumner
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 June 30, 2009

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 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 budgetary comparisons for the general fund and gas tax special revenue fund and the aggregate remaining fund information of the Village of Fort Sumner (Village), as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's nonmajor governmental funds and component unit and the budgetary comparison statements for the CDBG capital projects fund, proprietary funds, component unit, and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 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.

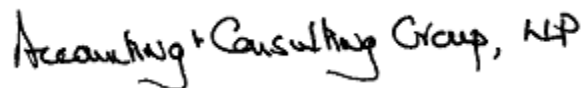
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2009, 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, 2009, 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 the remaining nonmajor governmental funds and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009 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 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 through VI in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Village of Fort Sumner. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and other opinion units listed above and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements and those additional opinion units, 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.

Handwritten signature in black ink that reads "Accounting & Consulting Group, LLP". The signature is written in a cursive, flowing style.

Accounting & Consulting Group, LLP
Certified Public Accountants

Clovis, New Mexico
November 20, 2009

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO

Village of Fort Sumner

Statement of Net Assets

June 30, 2009

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Unit Housing Authority
ASSETS				
Cash and cash equivalents	\$ 847,139	\$ 399,555	\$ 1,246,694	\$ 1,469
Investments	115,820	94,917	210,737	68,417
Restricted cash - Current				
Tenant deposits	-	-	-	5,663
Receivables (net of allowance for uncollectibles)	109,265	215,092	324,357	745
Grant receivable	-	-	-	59,445
Inventories	-	-	-	296
Prepaid expenses	-	-	-	15,557
Other current assets	-	-	-	329
Capital assets (net of accumulated depreciation):				
Land	36,701	46,100	82,801	15,000
Construction in process	26,424	154,729	181,153	-
Infrastructure	2,625,703	-	2,625,703	-
Buildings and improvements	1,407,389	4,774,359	6,181,748	858,090
Machinery and equipment	792,990	77,830	870,820	15,816
Total assets	\$ 5,961,431	\$ 5,762,582	\$ 11,724,013	\$ 1,040,827

The accompanying notes are an integral part of these financial statements

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
LIABILITIES AND NET ASSETS				
Accounts payable and other current liabilities	\$ 24,977	\$ 113,534	\$ 138,511	\$ 22,623
Deferred revenue	-	1,130	1,130	450
Deposits held in trust for others	-	35,044	35,044	5,223
Noncurrent liabilities:				
Compensated absences				
Due within one year	-	-	-	1,035
Due in more than one year	15,440	11,873	27,313	-
Long-term debt				
Due within one year	22,246	55,274	77,520	-
Due in more than one year	200,627	920,476	1,121,103	-
Total liabilities	263,290	1,137,331	1,400,621	29,331
Invested in capital assets, net of related debt	4,666,334	4,077,268	8,743,602	888,906
Unrestricted net assets	1,031,807	547,983	1,579,790	122,590
Total net assets	5,698,141	4,625,251	10,323,392	1,011,496
Total liabilities and net assets	\$ 5,961,431	\$ 5,762,582	\$ 11,724,013	\$ 1,040,827

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Activities
For the year ended June 30, 2009

<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>
Primary government:				
Governmental activities:				
General government	\$ 248,215	\$ 52,518	\$ 171,269	\$ 52,058
Public safety	389,401	-	147,424	-
Public works	352,638	-	-	1,464,340
Health and welfare	155,649	15,295	73,970	-
Culture and recreation	177,926	10,797	7,387	40,516
Conservation and development	39,383	-	-	-
Total governmental activities	<u>1,363,212</u>	<u>78,610</u>	<u>400,050</u>	<u>1,556,914</u>
Business-type activities				
Sewer	147,162	143,581	-	154,730
Water	355,874	263,927	16,419	-
Airport	93,256	37,256	-	-
Ambulance	135,222	216,219	41,506	-
Total business-type activities	<u>731,514</u>	<u>660,983</u>	<u>57,925</u>	<u>154,730</u>
Total primary government	<u>\$ 2,094,726</u>	<u>\$ 739,593</u>	<u>\$ 457,975</u>	<u>\$ 1,711,644</u>
Component unit:				
Housing Authority	<u>\$ 235,172</u>	<u>\$ 80,567</u>	<u>\$ 136,405</u>	<u>\$ 117,374</u>

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 - end of year

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

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing Authority
\$ 27,630	\$ -	\$ 27,630	\$ -
(241,977)	-	(241,977)	-
1,111,702	-	1,111,702	-
(66,384)	-	(66,384)	-
(119,226)	-	(119,226)	-
(39,383)	-	(39,383)	-
<u>672,362</u>	<u>-</u>	<u>672,362</u>	<u>-</u>
-	151,149	151,149	-
-	(75,528)	(75,528)	-
-	(56,000)	(56,000)	-
<u>-</u>	<u>122,503</u>	<u>122,503</u>	<u>-</u>
<u>-</u>	<u>142,124</u>	<u>142,124</u>	<u>-</u>
<u>-</u>	<u>142,124</u>	<u>814,486</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>99,174</u>
17,012	-	17,012	-
480,018	-	480,018	-
33,677	-	33,677	-
28,536	-	28,536	-
5,294	-	5,294	-
28,132	-	28,132	-
3,600	-	3,600	-
90,667	7,483	98,150	-
12,797	2,288	15,085	1,473
<u>699,733</u>	<u>9,771</u>	<u>709,504</u>	<u>1,473</u>
<u>1,372,095</u>	<u>151,895</u>	<u>1,523,990</u>	<u>100,647</u>
<u>4,326,046</u>	<u>4,473,356</u>	<u>8,799,402</u>	<u>910,849</u>
<u>\$ 5,698,141</u>	<u>\$ 4,625,251</u>	<u>\$ 10,323,392</u>	<u>\$ 1,011,496</u>

STATE OF NEW MEXICO

Village of Fort Sumner

Balance Sheet

Governmental Funds

June 30, 2009

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	\$ 617,999	\$ 88,587	\$ 100	\$ 140,453	\$ 847,139
Investments	-	-	-	115,820	115,820
Receivables (net of allowance for uncollectible amounts):					
Taxes	85,275	4,677	-	19,313	109,265
Interfund receivable	<u>2,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,006</u>
<i>Total current assets</i>	<u>705,280</u>	<u>93,264</u>	<u>100</u>	<u>275,586</u>	<u>1,074,230</u>
 <i>Total assets</i>	 <u>\$ 705,280</u>	 <u>\$ 93,264</u>	 <u>\$ 100</u>	 <u>\$ 275,586</u>	 <u>\$ 1,074,230</u>
 <i>Liabilities and Fund Balance</i>					
<i>Current liabilities</i>					
Accounts payable	\$ 16,320	\$ 596	\$ -	\$ 3,708	\$ 20,624
Accrued expenses	3,849	-	-	504	4,353
Interfund payable	-	-	-	2,006	2,006
Deferred revenue	<u>2,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,088</u>
<i>Total current liabilities</i>	<u>22,257</u>	<u>596</u>	<u>-</u>	<u>6,218</u>	<u>29,071</u>
 <i>Fund balance</i>					
Unreserved:					
Undesignated - reported in:					
General fund	683,023	-	-	-	683,023
Special revenue funds	<u>-</u>	<u>92,668</u>	<u>100</u>	<u>269,368</u>	<u>362,136</u>
<i>Total fund balance</i>	<u>683,023</u>	<u>92,668</u>	<u>100</u>	<u>269,368</u>	<u>1,045,159</u>
 <i>Total liabilities and fund balance</i>	 <u>\$ 705,280</u>	 <u>\$ 93,264</u>	 <u>\$ 100</u>	 <u>\$ 275,586</u>	 <u>\$ 1,074,230</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Village of Fort Sumner

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2009

Exhibit B-1

(Page 2 of 2)

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

Fund balances - total governmental funds	\$ 1,045,159
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,889,207
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.	2,088
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	(15,440)
Loans and notes payable	<u>(222,873)</u>
Net assets of governmental activities	<u><u>\$ 5,698,141</u></u>

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, 2009

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	\$ 17,012	\$ -	\$ -	\$ -	\$ 17,012
Gross receipts taxes	446,889	22,086	-	11,043	480,018
Franchise taxes	8,080	-	-	25,597	33,677
Motor vehicle and fuel taxes	6,203	22,333	-	-	28,536
Cigarette taxes	3,731	-	-	1,563	5,294
Lodger's taxes	-	-	-	28,132	28,132
Intergovernmental income					
Federal operating grants	-	-	-	15,434	15,434
State operating grants	178,656	-	-	205,646	384,302
State capital grants	90,486	1,199,527	360,000	-	1,650,013
Charges for services	18,129	-	-	29,165	47,294
Licenses and permits	30,916	-	-	400	31,316
Interest	9,123	-	-	3,673	12,796
Miscellaneous	42,346	537	-	51,384	94,267
<i>Total revenues</i>	<u>851,571</u>	<u>1,244,483</u>	<u>360,000</u>	<u>372,037</u>	<u>2,828,091</u>
<i>Expenditures:</i>					
Current:					
General government	224,422	-	-	55,841	280,263
Public safety	150,728	-	-	159,923	310,651
Public works	91,968	60,053	-	-	152,021
Culture and recreation	109,230	-	-	47,620	156,850
Public health and welfare	6,276	-	-	103,754	110,030
Economic development	10,774	-	-	28,607	39,381
Capital outlay	99,580	1,191,681	361,315	-	1,652,576
Debt service:					
Principal	-	-	-	15,848	15,848
Interest	-	-	-	12,537	12,537
<i>Total expenditures</i>	<u>692,978</u>	<u>1,251,734</u>	<u>361,315</u>	<u>424,130</u>	<u>2,730,157</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>158,593</u>	<u>(7,251)</u>	<u>(1,315)</u>	<u>(52,093)</u>	<u>97,934</u>
<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>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>153,593</u>	<u>(7,251)</u>	<u>(1,315)</u>	<u>(47,093)</u>	<u>97,934</u>
<i>Fund balance - beginning of year</i>	<u>529,430</u>	<u>99,919</u>	<u>1,415</u>	<u>316,461</u>	<u>947,225</u>
<i>Fund balance - end of year</i>	<u>\$ 683,023</u>	<u>\$ 92,668</u>	<u>\$ 100</u>	<u>\$ 269,368</u>	<u>\$ 1,045,159</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Village of Fort Sumner

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2009

Exhibit B-2
(Page 2 of 2)

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

Net change in fund balances - total governmental funds \$ 97,934

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 1,652,576
Depreciation expense (325,282)

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

Changes in deferred revenue related to grant receivables (93,099)
Accrued liabilities 4,148

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:

Compensated absences change for the year 19,970
Principal payments on notes payable 15,848

Change in net assets of governmental activities \$ 1,372,095

STATE OF NEW MEXICO

Exhibit C-1

Village of Fort Sumner

General Fund

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ 382,808	\$ 455,583	\$ 457,193	\$ 1,610
Licenses and permits	67,000	67,000	30,916	(36,084)
Charges for services	17,600	17,600	18,129	529
Fines and forfeitures	-	-	-	-
State and county grants	252,063	253,514	266,062	12,548
Federal grants	-	-	-	-
Miscellaneous	16,588	22,572	42,346	19,774
Interest	7,500	7,500	9,123	1,623
<i>Total revenues</i>	<u>743,559</u>	<u>823,769</u>	<u>823,769</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	225,736	225,736	209,080	16,656
Public safety	204,950	204,950	149,193	55,757
Public works	81,535	81,535	89,488	(7,953)
Culture and recreation	104,435	104,435	108,024	(3,589)
Health and welfare	8,500	8,500	6,259	2,241
Economic development	8,403	8,403	10,631	(2,228)
Capital outlay	100,000	100,000	101,810	(1,810)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>733,559</u>	<u>733,559</u>	<u>674,485</u>	<u>59,074</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,000</u>	<u>90,210</u>	<u>149,284</u>	<u>59,074</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(10,000)	(90,210)	-	90,210
Transfers in	-	-	-	-
Transfers (out)	-	-	(5,000)	(5,000)
<i>Total other financing sources (uses)</i>	<u>(10,000)</u>	<u>(90,210)</u>	<u>(5,000)</u>	<u>85,210</u>
<i>Net change in fund balances</i>	-	-	144,284	144,284
<i>Fund balance - beginning of year</i>	-	-	475,721	475,721
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 620,005</u>	<u>\$ 620,005</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 144,284	
Adjustments to revenue for other receivables			27,802	
Adjustments to expenditures for accounts payable and accrued payroll expenses			<u>(18,493)</u>	
Net change in fund balance (GAAP)			<u>\$ 153,593</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Sales and miscellaneous taxes	\$ 34,000	\$ 43,350	\$ 43,349	\$ (1)
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
State and county grants	1,129,900	1,201,646	1,201,110	(536)
Federal grants	-	-	-	-
Miscellaneous	-	-	537	537
<i>Total revenues</i>	<u>1,163,900</u>	<u>1,244,996</u>	<u>1,244,996</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	34,000	34,000	32,961	1,039
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	1,129,900	1,218,720	1,219,759	(1,039)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,163,900</u>	<u>1,252,720</u>	<u>1,252,720</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(7,724)</u>	<u>(7,724)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	7,724	-	(7,724)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>7,724</u>	<u>-</u>	<u>(7,724)</u>
<i>Net change in fund balances</i>	-	-	(7,724)	(7,724)
<i>Fund balance - beginning of year</i>	-	-	96,311	96,311
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,587</u>	<u>\$ 88,587</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (7,724)	
Adjustments to revenue for other receivables			(513)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			986	
Net change in fund balance (GAAP)			<u>\$ (7,251)</u>	

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, 2009

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	\$ 35,251	\$ 207,270	\$ 10,541	\$ 146,493
Investments	2,161	92,756	-	-
Accounts receivable (net of allowance for uncollectible amounts)	<u>113,418</u>	<u>35,981</u>	<u>5,778</u>	<u>59,915</u>
<i>Total current assets</i>	<u>150,830</u>	<u>336,007</u>	<u>16,319</u>	<u>206,408</u>
<i>Noncurrent assets:</i>				
<i>Capital assets</i>				
Land	15,600	28,700	1,800	-
Construction in process	154,729	-	-	-
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>(1,020,323)</u>	<u>(1,474,040)</u>	<u>(294,140)</u>	<u>(107,174)</u>
<i>Total capital assets (net of accumulated depreciation)</i>	<u>1,280,973</u>	<u>2,356,249</u>	<u>1,414,794</u>	<u>1,002</u>
<i>Total assets</i>	<u>\$ 1,431,803</u>	<u>\$ 2,692,256</u>	<u>\$ 1,431,113</u>	<u>\$ 207,410</u>
<i>Liabilities and Net Assets</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 97,371	\$ 1,849	\$ 129	\$ 1,399
Accrued expenses	1,526	9,624	347	1,289
Meter deposits payable	-	35,044	-	-
Current portion of long term debt	<u>5,056</u>	<u>50,218</u>	<u>-</u>	<u>-</u>
<i>Total current liabilities</i>	<u>103,953</u>	<u>97,865</u>	<u>476</u>	<u>2,688</u>
<i>Noncurrent liabilities</i>				
Long term debt - net of current portion	293,044	627,432	-	-
Compensated absences	<u>4,703</u>	<u>3,294</u>	<u>1,547</u>	<u>2,329</u>
<i>Total noncurrent liabilities</i>	<u>297,747</u>	<u>630,726</u>	<u>1,547</u>	<u>2,329</u>
<i>Net Assets</i>				
Invested in capital assets, net of related debt	982,873	1,678,599	1,414,794	1,002
Unrestricted	<u>47,230</u>	<u>285,066</u>	<u>14,296</u>	<u>201,391</u>
<i>Total net assets</i>	<u>1,030,103</u>	<u>1,963,665</u>	<u>1,429,090</u>	<u>202,393</u>
<i>Total liabilities and net assets</i>	<u>\$ 1,431,803</u>	<u>\$ 2,692,256</u>	<u>\$ 1,431,113</u>	<u>\$ 207,410</u>

The accompanying notes are an integral part of these financial statements

Total Enterprise
Funds

\$ 399,555
94,917

215,092

709,564

46,100
154,729
7,396,719
351,147

(2,895,677)

5,053,018

\$ 5,762,582

\$ 100,748
12,786
35,044

55,274

204,982

920,476
11,873

932,349

4,077,268
547,983

4,625,251

\$ 5,762,582

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, 2009

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Airport Fund	Ambulance Fund
<i>Operating revenues:</i>				
Charges for services	\$ 143,581	\$ 263,927	\$ 37,256	\$ 216,219
Miscellaneous	-	7,483	-	-
<i>Total operating revenues</i>	<u>143,581</u>	<u>271,410</u>	<u>37,256</u>	<u>216,219</u>
<i>Operating expenses:</i>				
Current:				
Personnel services	26,529	97,677	30,925	114,317
Power and fuel	7,828	25,169	2,230	1,946
General insurance	-	8,000	2,175	-
Purchased Services	37,707	7,431	36	13,243
Other operating expenses	16,941	94,892	2,987	4,897
Depreciation	43,901	85,998	54,903	819
<i>Total operating expenses</i>	<u>132,906</u>	<u>319,167</u>	<u>93,256</u>	<u>135,222</u>
<i>Operating income (loss)</i>	<u>10,675</u>	<u>(47,757)</u>	<u>(56,000)</u>	<u>80,997</u>
<i>Nonoperating revenues (expenses):</i>				
State and county grants	154,730	16,419	-	41,506
Interest income	65	2,223	-	-
Interest expense	(14,256)	(36,707)	-	-
<i>Total nonoperating revenues (expenses)</i>	<u>140,539</u>	<u>(18,065)</u>	<u>-</u>	<u>41,506</u>
<i>Income (loss) before transfers</i>	<u>151,214</u>	<u>(65,822)</u>	<u>(56,000)</u>	<u>122,503</u>
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in net assets</i>	<u>151,214</u>	<u>(65,822)</u>	<u>(56,000)</u>	<u>122,503</u>
<i>Net assets - beginning of year</i>	<u>878,889</u>	<u>2,029,487</u>	<u>1,485,090</u>	<u>79,890</u>
<i>Net assets - end of year</i>	<u>\$ 1,030,103</u>	<u>\$ 1,963,665</u>	<u>\$ 1,429,090</u>	<u>\$ 202,393</u>

The accompanying notes are an integral part of these financial statements

Total Enterprise
Funds

\$	660,983
	<u>7,483</u>
	<u>668,466</u>

	269,448
	37,173
	10,175
	58,417
	119,717
	<u>185,621</u>
	<u>680,551</u>

	<u>(12,085)</u>
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	212,655
	2,288
	<u>(50,963)</u>

	<u>163,980</u>
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	<u>151,895</u>
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	<u>151,895</u>
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	<u>4,473,356</u>
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\$	<u>4,625,251</u>
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STATE OF NEW MEXICO
Village of Fort Sumner
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2009

Exhibit D-3
(Page 1 of 2)

Business-Type Activities - Enterprise Funds

	Sewer Fund	Water Fund	Airport Fund	Ambulance Fund	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 41,867	\$ 267,494	\$ 32,848	\$ 190,459	\$ 532,668
Payments to suppliers	25,402	(134,566)	(7,446)	(18,687)	(135,297)
Payments to employees	(28,965)	(97,918)	(31,496)	(116,795)	(275,174)
Net cash provided (used) by operating activities	<u>38,304</u>	<u>35,010</u>	<u>(6,094)</u>	<u>54,977</u>	<u>122,197</u>
Cash flows from capital and related financing activities:					
Acquisitions and construction of capital assets	(154,729)	-	-	-	(154,729)
Principal paid on capital debt	(5,000)	(41,912)	-	-	(46,912)
Interest paid on capital debt	(14,256)	(36,707)	-	-	(50,963)
Intergovernmental	154,730	16,419	-	41,506	212,655
Net cash provided (used) by capital and related financing activities	<u>(19,255)</u>	<u>(62,200)</u>	<u>-</u>	<u>41,506</u>	<u>(39,949)</u>
Cash flows from investing activities:					
Interest income	65	2,223	-	-	2,288
Net cash provided (used) by investing activities	<u>65</u>	<u>2,223</u>	<u>-</u>	<u>-</u>	<u>2,288</u>
Net increase (decrease) in cash and temporary investments	<u>\$ 19,114</u>	<u>\$ (24,967)</u>	<u>\$ (6,094)</u>	<u>\$ 96,483</u>	<u>\$ 84,536</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2009

Exhibit D-3
(Page 2 of 2)

Business-Type Activities - Enterprise Funds					
	Sewer Fund	Water Fund	Airport Fund	Ambulance Fund	Total
Net increase (decrease) in cash and temporary investments- from previous page	\$ 19,114	\$ (24,967)	\$ (6,094)	\$ 96,483	\$ 84,536
Cash and temporary investments- beginning of year	18,298	324,993	16,635	50,010	409,936
Cash and temporary investments- end of year	\$ 37,412	\$ 300,026	\$ 10,541	\$ 146,493	\$ 494,472
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 10,675	\$ (47,757)	\$ (56,000)	\$ 80,997	\$ (12,085)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	43,901	85,998	54,903	819	185,621
(Increase) decrease in:					
Accounts receivable	(101,714)	(3,916)	(4,408)	(25,760)	(135,798)
(Decrease) increase in:					
Accounts payable	87,878	925	(18)	1,399	90,184
Accrued expenses	(179)	260	106	296	483
Compensated absences	(2,257)	(500)	(677)	(2,774)	(6,208)
Net cash provided (used) by operating activities	\$ 38,304	\$ 35,010	\$ (6,094)	\$ 54,977	\$ 122,197
Cash and temporary investments:					
Cash and cash equivalents	\$ 35,251	\$ 207,270	\$ 10,541	\$ 146,493	\$ 399,555
Investments	2,161	92,756	-	-	94,917
Total cash and temporary investments	\$ 37,412	\$ 300,026	\$ 10,541	\$ 146,493	\$ 494,472

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2009

Exhibit E

	Balance <u>June 30, 2009</u>
ASSETS	
<i>Current Assets</i>	
Cash and cash equivalents	<u>\$ 1,065</u>
<i>Total Assets</i>	<u><u>\$ 1,065</u></u>
LIABILITIES	
<i>Current Liabilities</i>	
Deposits held and due to others	<u>\$ 1,065</u>
<i>Total Liabilities</i>	<u><u>\$ 1,065</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies

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

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

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

This summary of significant accounting policies of the Village 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 accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as 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. Governments also have the option of following subsequent private-sector guidance, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance in the government wide financial statements. 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 Statements No. 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, 2009

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.

B. *Government-wide and fund financial statements*

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

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

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

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

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

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.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

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.

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues are categorized as 1) charges to customers or applicants for goods, services, or privileges provided, 2) program-specific operating grants and contributions, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and 3) program-specific capital grants and contributions, including special assessments, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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.

Proprietary funds distinguish *operating* revenues and expenses from non-operating 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 non-operating revenues and expenses.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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: Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund 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 inter-fund 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.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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 10th are considered delinquent. The taxes attach as an enforceable lien on property as of January 1st.

Inventories: Inventories in governmental funds consist of expendable supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are reported at cost, and expenditures are recorded at the time individual inventory items are purchased. Proprietary fund inventories are recorded at the lower of cost or market on a FIFO basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

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

STATE OF NEW MEXICO
 Village of Fort Sumner
 Notes to Financial Statements
 June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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). Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 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 \$63,500. 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.

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

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Deferred Revenues: There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be off-set by a corresponding liability for deferred revenue. 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.

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

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. For bonds issued after GASB 34 was implemented, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Assets or Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriations 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.

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt:
Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

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

2. Restricted Net Assets:

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

3. Unrestricted Net Assets:

All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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. Significant estimates in the Village’s financial statements consist of depreciation, estimated useful lives of capital assets and the allowance of doubtful accounts for ambulance receivables.

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 on the Non-GAAP cash budgetary basis. Revenues are budgeted by department and general ledger account. Expenditures are budgeted by department and general ledger account. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The legal level of control for the budget is at the total fund level. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund 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
Notes to Financial Statements
June 30, 2009

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

The appropriated budget for the year ended June 30, 2009 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	\$ 10,000	\$ 90,210
Gas Tax Special Revenue Fund	\$ -	\$ (7,724)
CDBG Capital Projects Fund	\$ -	\$ (1,315)
Nonmajor Governmental Funds	\$ 8,662	\$ (23,169)
Sewer Enterprise Fund	\$ -	\$ -
Water Enterprise Fund	\$ -	\$ (8,516)
Airport Enterprise Fund	\$ -	\$ -
Ambulance Enterprise Fund	\$ 358	\$ 56,773

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, 2009 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, 2009.

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.

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

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 3. Deposits and Investments (continued)

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

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 a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the coverage for public unit demand deposits at the same institution. On October 14, 2008, the FDIC announced a temporary Transaction Account Guarantee Program that provides depositors with unlimited coverage for noninterest-bearing transaction accounts if the bank elects to participate in the Temporary Liquidity Guarantee Program. Citizens Bank of Clovis participates in the program, so all noninterest bearing accounts are insured by FDIC at 100% through December 31, 2013.

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, 2009, \$1,207,431 of the Village's deposits of \$1,532,980 was exposed to custodial credit risk. \$804,269 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Village's name and \$403,162 was uninsured and uncollateralized.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation requires that all depositories provide collateral equal to at least one-half of the amount of public monies on deposit. 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. All depositories had collateral exceeding the amount required by law.

	<u>Village of Fort Sumner</u>	<u>Component Unit</u>	<u>Total</u>
	<u>Citizens Bank of Clovis</u>		
Amount of deposits	\$ 1,457,431	\$ 75,549	\$ 1,532,980
FDIC Coverage	(250,000)	(75,549)	(325,549)
Total uninsured public funds	<u>1,207,431</u>	<u>-</u>	<u>1,207,431</u>
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Village's name.	<u>804,269</u>	<u>-</u>	<u>804,269</u>
Uninsured and uncollateralized	<u>\$ 403,162</u>	<u>\$ -</u>	<u>\$ 403,162</u>
Collateral requirement (50% of uninsured funds)	\$ 603,716	\$ -	\$ 603,716
Pledged Collateral	<u>804,269</u>	<u>-</u>	<u>804,269</u>
Over (Under) collateralized	<u>\$ 200,553</u>	<u>\$ -</u>	<u>\$ 200,553</u>

The collateral pledged is listed on Schedule I of this report.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 3. Deposits and Investments (continued)

Reconciliation to the Statement of Net Assets

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

	Primary Government	Component Unit
Cash and cash equivalents per Exhibit A-1	\$ 1,246,694	\$ 1,469
Investments per Exhibit A-1	210,737	68,417
Restricted cash per Exhibit A-1	-	5,663
Total cash and cash equivalents per Exhibit A-1	1,457,431	75,549
Add: outstanding checks and other reconciling items	36,501	9,037
Add: Agency fund cash per Exhibit E-1	1,065	-
Less: deposits in transit and other reconciling items	(7,162)	-
Less: petty cash	(350)	-
Bank balance of deposits	\$ 1,487,485	\$ 84,586

NOTE 4. Receivables and Payables

Receivables as of June 30, 2009, 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	\$ 85,275	\$ 4,677	\$ -	\$ 19,313	\$ 109,265
Total governmental	\$ 85,275	\$ 4,677	\$ -	\$ 19,313	\$ 109,265
Business-type activities:					
From customers:	\$ 113,418	\$ 35,981	\$ 79,887	\$ 5,778	\$ 235,064
Allowance for uncollectible amounts	-	-	(19,972)	-	(19,972)
Total business-type	\$ 113,418	\$ 35,981	\$ 59,915	\$ 5,778	\$ 215,092

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 4. Receivables and Payables (continued)

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

From grantors	\$	59,445
From customers and others		745
From interfund		-
		-
		\$ 60,190

Accounts payable as of June 30, 2009, are as follows:

	General	Component Unit
Payable to suppliers	\$ 120,689	\$ 22,623
Payable to and on behalf of employees	8,316	-
Payable for interest	9,506	-
Total accounts payable and accrued expenses	\$ 138,511	\$ 22,623

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, 2009, are as follows:

Transfers Out	Transfers In	Amount
General Fund	Recreation Fund	\$ 5,000

Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the Governmental Funds Balance Sheet as of June 30, 2009. Some funds were borrowed while waiting on grant reimbursements. The following individual fund had a negative cash balance as of June 30, 2009:

Interfund payable	Interfund receivable	Amount
DWI Grant Fund	General Fund	\$ 2,006

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2009 follows. Land and construction in process are not subject to depreciation.

	<u>Balance June 30, 2008</u>	<u>Additions & Transfers in</u>	<u>Deletions & Transfers Out</u>	<u>Balance June 30, 2009</u>
Capital Assets used in:				
Government Activities				
Capital assets not being depreciated:				
Land	\$ 36,701	\$ -	\$ -	\$ 36,701
Construction in process	569,060	26,424	(569,060)	26,424
Total capital assets not being depreciated	<u>605,761</u>	<u>26,424</u>	<u>(569,060)</u>	<u>63,125</u>
Capital assets being depreciated:				
Infrastructure	2,224,796	1,552,996	-	3,777,792
Buildings and Improvements	2,246,015	333,495	-	2,579,510
Machinery and Equipment	1,095,427	308,721	-	1,404,148
Total capital assets being depreciated	<u>5,566,238</u>	<u>2,195,212</u>	<u>-</u>	<u>7,761,450</u>
Total capital assets	<u>6,171,999</u>	<u>2,221,636</u>	<u>-</u>	<u>7,824,575</u>
Less accumulated depreciation:				
Infrastructure	984,644	167,445	-	1,152,089
Buildings and Improvements	1,099,639	72,482	-	1,172,121
Machinery and Equipment	525,803	85,355	-	611,158
Total accumulated depreciation	<u>2,610,086</u>	<u>325,282</u>	<u>-</u>	<u>2,935,368</u>
Total capital assets net of depreciation	<u>\$ 3,561,913</u>	<u>\$ 1,896,354</u>	<u>\$ -</u>	<u>\$ 4,889,207</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 6. Capital Assets (continued)

	<u>Balance June 30, 2008</u>	<u>Additions & Transfers in</u>	<u>Deletions & Transfers Out</u>	<u>Balance June 30, 2009</u>
Capital Assets used in:				
Business Type Activities				
Capital assets not being depreciated:				
Land	\$ 46,100	\$ -	\$ -	\$ 46,100
Construction in process	-	154,729	-	154,729
Total capital assets not being depreciated	<u>46,100</u>	<u>154,729</u>	<u>-</u>	<u>200,829</u>
Capital assets being depreciated:				
Buildings and Improvements	7,396,719	-	-	7,396,719
Machinery and Equipment	<u>351,147</u>	<u>-</u>	<u>-</u>	<u>351,147</u>
Total capital assets being depreciated	<u>7,747,866</u>	<u>-</u>	<u>-</u>	<u>7,747,866</u>
Total capital assets	<u>7,793,966</u>	<u>154,729</u>	<u>-</u>	<u>7,948,695</u>
Less accumulated depreciation:				
Buildings and Improvements	2,449,806	172,554	-	2,622,360
Machinery and Equipment	<u>260,250</u>	<u>13,067</u>	<u>-</u>	<u>273,317</u>
Total accumulated depreciation	<u>2,710,056</u>	<u>185,621</u>	<u>-</u>	<u>2,895,677</u>
Total capital assets net of depreciation	<u>\$ 5,083,910</u>	<u>\$ (30,892)</u>	<u>\$ -</u>	<u>\$ 5,053,018</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 6. Capital Assets (continued)

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

	<u>Balance June 30, 2008</u>	<u>Additions & Transfers in</u>	<u>Deletions & Transfers Out</u>	<u>Balance June 30, 2009</u>
Capital Assets used in:				
Business Type Activities				
Capital assets not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Capital assets being depreciated:				
Buildings and Improvements	1,684,529	117,374	-	1,801,903
Machinery and Equipment	55,810	11,479	-	67,289
Total capital assets being depreciated	<u>1,740,339</u>	<u>128,853</u>	<u>-</u>	<u>1,869,192</u>
Total capital assets	<u>1,755,339</u>	<u>128,853</u>	<u>-</u>	<u>1,884,192</u>
Less accumulated depreciation:				
Buildings and Improvements	891,281	52,532	-	943,813
Machinery and Equipment	48,845	2,628	-	51,473
Total accumulated depreciation	<u>940,126</u>	<u>55,160</u>	<u>-</u>	<u>995,286</u>
Total capital assets net of depreciation	<u>\$ 815,213</u>	<u>\$ 73,693</u>	<u>\$ -</u>	<u>\$ 888,906</u>

Capital assets, net of accumulated depreciation, at June 30, 2009 appear in the Statement of Net Assets as follows:

Governmental Activities	\$ 4,889,207
Business type activities:	
Sewer Fund	\$ 1,280,973
Water Fund	2,356,249
Ambulance Fund	1,002
Airport Fund	1,414,794
Component Unit:	
Housing Authority	\$ 888,906

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2009 was charged to the following functions and funds:

General government	\$ 25,173
Public safety	60,428
Public works	206,567
Public health and welfare	6,706
Culture and recreation	26,408
Business type activities:	
Sewer Fund	\$ 43,901
Water Fund	85,998
Ambulance Fund	819
Airport Fund	54,903
Component Unit:	
Housing Authority	\$ 55,160

NOTE 7. Long-term Debt

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Governmental activities					
Loan-Pumper Fire Truck	\$ 238,721	\$ -	\$ 15,848	\$ 222,873	\$ 22,246
Compensated absences	35,410	3,080	23,050	15,440	-
	\$ 274,131	\$ 3,080	\$ 38,898	\$ 238,313	\$ 22,246
Business-type activities					
Bonds and notes - Water	\$ 720,691	\$ -	\$ 43,041	\$ 677,650	\$ 50,218
Bonds - Sewer	303,100	-	5,000	298,100	5,056
Compensated absences	18,081	3,670	9,878	11,873	-
	\$ 1,041,872	\$ 3,670	\$ 57,919	\$ 987,623	\$ 55,274
Component unit					
Compensated absences	\$ 3,069	\$ 1,035	\$ 3,069	\$ 1,035	\$ 1,035

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
Notes to Financial Statements
June 30, 2009

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.	\$ 222,873
The bonds payable as of June 30, 2009 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.	10,135
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.	20,000
NMFA Water Loan – 4.2%-5.5% loan payable in monthly installments of approximately \$3,900 for principal and interest, through April 2017.	295,515
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 2021.	176,000
Village of Fort Sumner Series 1997 Bonds – 4.75% bonds payable from the Sewer Fund, due in annual payments varying in amount (currently \$5,000) for principal plus interest, through May 2037.	298,100
Village of Fort Sumner Series 1998 Bonds – 5.0% bonds payable from the Water Fund, due in annual payments varying in amount (currently \$3,000) for principal plus interest, through September 2038.	<u>176,000</u>
	1,198,623
Less current portion	<u>(77,520)</u>
	<u><u>\$ 1,121,103</u></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, 2009. Review of debt instruments and confirmations for ending balances denoted no compliance issues.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the bonds and loans outstanding as of June 30, 2009, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 77,520	\$ 55,433	\$ 132,953
2011	80,169	52,068	132,237
2012	83,972	48,518	132,490
2013	84,330	44,776	129,106
2014	88,321	40,928	129,249
2015-2019	359,814	144,486	504,300
2020-2024	123,219	89,487	212,706
2025-2029	92,375	66,006	158,381
2030-2034	118,158	40,223	158,381
2035-2039	<u>90,745</u>	<u>8,842</u>	<u>99,587</u>
Total	<u>\$ 1,198,623</u>	<u>\$ 590,767</u>	<u>\$ 1,789,390</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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

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 for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

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, 2009, 2008 and 2007 were approximately \$100,281, \$103,523, and \$86,708, respectively, which equal the amount of the required contributions for all years.

NOTE 10. Retiree Health Care Act Contributions (RHCA)

Plan Description

The Village of Fort Sumner contributes to the New Mexico Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

Funding Policy

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

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 10. Retiree Health Care Act Contributions (RHCA) (continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Village of Fort Sumner's contributions to the RHCA for the years ended June 30, 2009, 2008, and 2007 were \$9,147, \$9,060 and \$7,880, respectively, which equaled the required contributions each year.

NOTE 11. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the overview of certain information concerning individual funds including:

Deficit fund balances of individual funds. The following fund reflected a deficit fund balance as of June 30, 2009:

Special Revenue Fund	
DWI Grant fund	\$ 267

This fund balance had a deficit because expenditures were in excess of revenues and available cash and there were not sufficient transfers to cover the deficit.

NOTE 12. Contingent Liabilities

The Village of Fort Sumner is party to various lawsuits arising in the normal course of business. 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.

NOTE 13. Federal and State Grants

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, 2009, 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Financial Statements
June 30, 2009

NOTE 14. Commitments

The Village of Fort Sumner had commitments at June 30, 2009 for renovation projects at the Fire Station, La Casa Health Center, La Casa Senior Center, the Courthouse, and multiple road projects. As of June 30, 2009 commitments were as follows:

<u>Fund Project</u>	<u>Year Ending</u>	<u>Amount</u>
Fire Station Improvements	2011	\$ 30,959
Senior Center Improvement	2010	9,875
Public Library Construction	2012	22,748
Street Maintenance/Repair	2011	<u>22,309</u>
Total Commitments		<u>\$ 85,891</u>

NOTE 15. Subsequent Pronouncements

In July 2007, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for periods beginning after June 15, 2009. For governments that were classified as phase 1 or phase 2 governments, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. Retroactive reporting of these intangible assets by phase 3 governments is encouraged but not required. Retroactive reporting is not required but is permitted for intangible assets considered to have indefinite useful lives as of the effective date of this Statement and those considered to be internally generated. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The Village is analyzing the effect that this standard will have on the financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statements for periods beginning after June 15, 2010 with earlier implementation encouraged. GASB Statement No. 54 distinguishes fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purpose for which specific amounts can be spent. This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and by clarifying the definitions of existing governmental fund types. The Village is analyzing the effect that this standard will have on the financial statements.

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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 Governmental Fund Descriptions
June 30, 2009

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.

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, 2009

	SPECIAL REVENUE FUNDS			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 15,542	\$ -	\$ 12,522	\$ 11,971
Investments	-	-	-	-
Receivables (net of allowance for uncollectible amounts):				
Taxes	1,908	-	-	2,261
<i>Total current assets</i>	<u>17,450</u>	<u>-</u>	<u>12,522</u>	<u>14,232</u>
 <i>Total assets</i>	 <u>\$ 17,450</u>	 <u>\$ -</u>	 <u>\$ 12,522</u>	 <u>\$ 14,232</u>
 <i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balance</i>				
Unreserved:				
Undesignated				
Special revenue funds	17,450	-	12,522	14,232
<i>Total fund balance</i>	<u>17,450</u>	<u>-</u>	<u>12,522</u>	<u>14,232</u>
 <i>Total liabilities and fund balance</i>	 <u>\$ 17,450</u>	 <u>\$ -</u>	 <u>\$ 12,522</u>	 <u>\$ 14,232</u>

The accompanying notes are an integral part of these financial statements

SPECIAL REVENUE FUNDS

<u>Recreation Fund</u>	<u>DWI Grant Fund</u>	<u>County Ambulance Tax Fund</u>	<u>PIT Canteen Fund</u>	<u>Fire Fund</u>
\$ 3,063	\$ -	\$ 951	\$ 1,911	\$ 33,685
-	-	-	-	-
-	1,993	5,428	-	-
3,063	1,993	6,379	1,911	33,685
<u>\$ 3,063</u>	<u>\$ 1,993</u>	<u>\$ 6,379</u>	<u>\$ 1,911</u>	<u>\$ 33,685</u>
\$ 163	\$ 254	\$ 1,472	\$ -	\$ 40
-	-	-	-	-
-	2,006	-	-	-
-	-	-	-	-
163	2,260	1,472	-	40
2,900	(267)	4,907	1,911	33,645
2,900	(267)	4,907	1,911	33,645
<u>\$ 3,063</u>	<u>\$ 1,993</u>	<u>\$ 6,379</u>	<u>\$ 1,911</u>	<u>\$ 33,685</u>

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STATE OF NEW MEXICO
Village of Fort Sumner
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2009

Statement A-1
(Page 2 of 2)

	SPECIAL REVENUE FUNDS		
	Senior Citizen's Fund	Cemetery Fund	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 45,268	\$ 15,540	\$ 140,453
Investments	-	115,820	115,820
Receivables (net of allowance for uncollectible amounts):			
Taxes	7,723	-	19,313
<i>Total current assets</i>	52,991	131,360	275,586
 <i>Total assets</i>	 \$ 52,991	 \$ 131,360	 \$ 275,586
 <i>Liabilities and Fund Balance</i>			
<i>Current liabilities</i>			
Accounts payable	\$ 1,779	\$ -	\$ 3,708
Accrued expenses	504	-	504
Interfund payable	-	-	2,006
Deferred revenue	-	-	-
<i>Total current liabilities</i>	2,283	-	6,218
 <i>Fund balance</i>			
Unreserved:			
Undesignated			
Special revenue funds	50,708	131,360	269,368
<i>Total fund balance</i>	50,708	131,360	269,368
 <i>Total liabilities and fund balance</i>	 \$ 52,991	 \$ 131,360	 \$ 275,586

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, 2009

	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	11,043	-	-	-
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	28,132
Other taxes	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
State operating grants	-	17,824	21,800	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	500	168	-
<i>Total revenues</i>	<u>11,043</u>	<u>18,324</u>	<u>21,968</u>	<u>28,132</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	29,192	-
Public works	-	-	-	-
Culture and recreation	-	-	-	27,856
Public health and welfare	-	18,324	-	-
Economic development	28,607	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>28,607</u>	<u>18,324</u>	<u>29,192</u>	<u>27,856</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(17,564)</u>	<u>-</u>	<u>(7,224)</u>	<u>276</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>(17,564)</u>	<u>-</u>	<u>(7,224)</u>	<u>276</u>
<i>Fund balance - beginning of year</i>	<u>35,014</u>	<u>-</u>	<u>19,746</u>	<u>13,956</u>
<i>Fund balance - end of year</i>	<u>\$ 17,450</u>	<u>\$ -</u>	<u>\$ 12,522</u>	<u>\$ 14,232</u>

The accompanying notes are an integral part of these financial statements

SPECIAL REVENUE FUNDS

<u>Recreation Fund</u>	<u>DWI Grant Fund</u>	<u>County Ambulance Tax Fund</u>	<u>PIT Canteen Fund</u>	<u>Fire Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	25,597	-	-
-	-	-	-	-
1,563	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	61,679	-	-	63,945
-	-	-	-	-
6,957	-	-	2,013	-
-	-	-	400	-
-	-	-	-	-
2,575	-	-	-	3,769
<u>11,095</u>	<u>61,679</u>	<u>25,597</u>	<u>2,413</u>	<u>67,714</u>
-	-	-	-	-
-	74,652	-	-	56,079
-	-	-	-	-
17,640	-	-	2,124	-
-	-	33,768	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	15,848
-	-	-	-	12,537
<u>17,640</u>	<u>74,652</u>	<u>33,768</u>	<u>2,124</u>	<u>84,464</u>
<u>(6,545)</u>	<u>(12,973)</u>	<u>(8,171)</u>	<u>289</u>	<u>(16,750)</u>
5,000	-	-	-	-
-	-	-	-	-
<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(1,545)</u>	<u>(12,973)</u>	<u>(8,171)</u>	<u>289</u>	<u>(16,750)</u>
<u>4,445</u>	<u>12,706</u>	<u>13,078</u>	<u>1,622</u>	<u>50,395</u>
<u>\$ 2,900</u>	<u>\$ (267)</u>	<u>\$ 4,907</u>	<u>\$ 1,911</u>	<u>\$ 33,645</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, 2009

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	-	-	11,043
Franchise taxes	-	-	25,597
Motor vehicle and fuel taxes	-	-	-
Cigarette taxes	-	-	1,563
Lodger's taxes	-	-	28,132
Other taxes	-	-	-
Intergovernmental income			
Federal operating grants	15,434	-	15,434
State operating grants	40,398	-	205,646
State capital grants	-	-	-
Charges for services	15,295	4,900	29,165
Licenses and permits	-	-	400
Interest	-	3,673	3,673
Miscellaneous	40,772	3,600	51,384
<i>Total revenues</i>	111,899	12,173	372,037
<i>Expenditures:</i>			
Current:			
General government	55,841	-	55,841
Public safety	-	-	159,923
Public works	-	-	-
Culture and recreation	-	-	47,620
Public health and welfare	40,809	10,853	103,754
Economic development	-	-	28,607
Capital outlay	-	-	-
Debt service:			
Principal	-	-	15,848
Interest	-	-	12,537
<i>Total expenditures</i>	96,650	10,853	424,130
<i>Excess (deficiency) of revenues over expenditures</i>	15,249	1,320	(52,093)
<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>	15,249	1,320	(47,093)
<i>Fund balance - beginning of year</i>	35,459	130,040	316,461
<i>Fund balance - end of year</i>	\$ 50,708	\$ 131,360	\$ 269,368

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, 2009

Statement B-1

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ 7,500	\$ 10,507	\$ 10,507	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,500</u>	<u>10,507</u>	<u>10,507</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	7,500	28,608	28,608	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>7,500</u>	<u>28,608</u>	<u>28,608</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(18,101)</u>	<u>(18,101)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	18,101	-	(18,101)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>18,101</u>	<u>-</u>	<u>(18,101)</u>
<i>Net change in fund balances</i>	-	-	(18,101)	(18,101)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>33,643</u>	<u>33,643</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,542</u>	<u>\$ 15,542</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (18,101)	
Adjustments to revenue for other receivables			536	
Adjustments to expenditures for rounding			<u>1</u>	
Net change in fund balance (GAAP)			<u>\$ (17,564)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	18,816	18,816	17,824	(992)
Miscellaneous	-	-	500	500
<i>Total revenues</i>	<u>18,816</u>	<u>18,816</u>	<u>18,324</u>	<u>(492)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	18,816	18,816	18,324	492
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>18,816</u>	<u>18,816</u>	<u>18,324</u>	<u>492</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>-</u>	<u>-</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue			-	
No adjustments to expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

Village of Fort Sumner
 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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	21,800	21,800	21,800	-
Miscellaneous	-	168	168	-
<i>Total revenues</i>	<u>21,800</u>	<u>21,968</u>	<u>21,968</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	21,800	30,986	30,984	2
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>21,800</u>	<u>30,986</u>	<u>30,984</u>	<u>2</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(9,018)</u>	<u>(9,016)</u>	<u>2</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	9,018	-	(9,018)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>9,018</u>	<u>-</u>	<u>(9,018)</u>
<i>Net change in fund balances</i>	-	-	(9,016)	(9,016)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>21,538</u>	<u>21,538</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,522</u>	<u>\$ 12,522</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (9,016)	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued liabilities			<u>1,792</u>	
Net change in fund balance (GAAP)			<u>\$ (7,224)</u>	

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, 2009

Statement B-4

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ 23,000	\$ 25,871	\$ 25,871	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>23,000</u>	<u>25,871</u>	<u>25,871</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	23,000	27,856	27,856	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>23,000</u>	<u>27,856</u>	<u>27,856</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,985)</u>	<u>(1,985)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	1,985	-	(1,985)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,985</u>	<u>-</u>	<u>(1,985)</u>
<i>Net change in fund balances</i>	-	-	(1,985)	(1,985)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>13,956</u>	<u>13,956</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,971</u>	<u>\$ 11,971</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,985)	
Adjustments to revenue for accounts receivable			2,261	
No adjustments to expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ 276</u>	

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, 2009

Statement B-5

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ 1,500	\$ 1,500	\$ 1,563	\$ 63
Licenses and permits	-	-	-	-
Charges for services	4,200	4,200	6,957	2,757
State and county grants	-	-	-	-
Miscellaneous	14,800	15,395	2,575	(12,820)
<i>Total revenues</i>	20,500	21,095	11,095	(10,000)
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	20,500	20,500	17,477	3,023
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	20,500	20,500	17,477	3,023
<i>Excess (deficiency) of revenues over expenditures</i>	-	595	(6,382)	(6,977)
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(595)	-	595
Transfers in	-	-	5,000	5,000
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	(595)	5,000	5,595
<i>Net change in fund balances</i>	-	-	(1,382)	(1,382)
<i>Fund balance - beginning of year</i>	-	-	4,445	4,445
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 3,063	\$ 3,063
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,382)	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued liabilities			(163)	
Net change in fund balance (GAAP)			\$ (1,545)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2009

Statement B-6

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	87,902	87,931	81,054	(6,877)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	87,902	87,931	81,054	(6,877)
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	79,240	79,375	74,398	4,977
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	79,240	79,375	74,398	4,977
<i>Excess (deficiency) of revenues over expenditures</i>	8,662	8,556	6,656	(1,900)
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(8,662)	(8,556)	-	8,556
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(8,662)	(8,556)	-	8,556
<i>Net change in fund balances</i>	-	-	6,656	6,656
<i>Fund balance - beginning of year</i>	-	-	(8,662)	(8,662)
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ (2,006)	\$ (2,006)
Net change in fund balance (non-GAAP budgetary basis)			\$ 6,656	
Adjustments to revenue for other receivables			(19,375)	
Adjustments to expenditures for accrued liabilities			(254)	
Net change in fund balance (GAAP)			\$ (12,973)	

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, 2009

Statement B-7

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Franchise taxes	\$ 25,000	\$ 33,513	\$ 33,512	\$ (1)
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	25,000	33,513	33,512	(1)
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	25,000	34,665	34,664	1
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	25,000	34,665	34,664	1
<i>Excess (deficiency) of revenues over expenditures</i>	-	(1,152)	(1,152)	-
<i>Other financing sources (uses):</i>				
Designated cash	-	1,152	-	(1,152)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	1,152	-	(1,152)
<i>Net change in fund balances</i>	-	-	(1,152)	(1,152)
<i>Fund balance - beginning of year</i>	-	-	2,103	2,103
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 951	\$ 951
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,152)	
Adjustments to revenue for other receivables			(7,915)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			896	
Net change in fund balance (GAAP)			\$ (8,171)	

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, 2009

Statement B-8

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	800	1,413	400	(1,013)
Charges for services	1,000	1,000	2,013	1,013
State and county grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,800</u>	<u>2,413</u>	<u>2,413</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	1,800	2,124	2,124	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,800</u>	<u>2,124</u>	<u>2,124</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>289</u>	<u>289</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(289)	-	289
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(289)</u>	<u>-</u>	<u>289</u>
<i>Net change in fund balances</i>	-	-	289	289
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,622</u>	<u>1,622</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,911</u>	<u>\$ 1,911</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 289	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 289</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
Fire 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, 2009

Statement B-9

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
Federal grants	-	-	-	-
State and county grants	105,438	105,438	69,047	(36,391)
Miscellaneous	-	-	3,769	3,769
<i>Total revenues</i>	105,438	105,438	72,816	-
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	105,438	105,438	62,189	43,249
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	15,848	(15,848)
Interest	-	-	12,537	(12,537)
<i>Total expenditures</i>	105,438	105,438	90,574	14,864
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(17,758)	14,864
<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>	-	-	(17,758)	14,864
<i>Fund balance - beginning of year</i>	-	-	51,443	51,443
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 33,685	\$ 66,307
Net change in fund balance (non-GAAP budgetary basis)			\$ (17,758)	
Adjustments to revenue for other receivables			(5,102)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			6,110	
Net change in fund balance (GAAP)			\$ (16,750)	

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, 2009

Statement B-10

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	13,000	13,000	15,295	2,295
Federal grants	20,127	20,127	15,434	(4,693)
State and county grants	43,415	43,415	32,675	(10,740)
Miscellaneous	50,750	50,750	40,772	(9,978)
<i>Total revenues</i>	<u>127,292</u>	<u>127,292</u>	<u>104,176</u>	<u>(23,116)</u>
<i>Expenditures:</i>				
Current:				
General government	68,092	68,092	55,338	12,754
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	59,200	59,200	41,286	17,914
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>127,292</u>	<u>127,292</u>	<u>96,624</u>	<u>30,668</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>7,552</u>	<u>7,552</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>	-	-	7,552	7,552
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>37,716</u>	<u>37,716</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,268</u>	<u>\$ 45,268</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 7,552	
No adjustments to revenue			7,723	
Adjustments to expenditures for accounts payable and accrued payroll expenses			<u>(26)</u>	
Net change in fund balance (GAAP)			<u>\$ 15,249</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
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, 2009

Statement B-11

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	2,000	2,000	4,900	2,900
State and county grants	-	-	-	-
Investment earnings	-	-	3,673	3,673
Miscellaneous	6,000	6,500	3,600	(2,900)
<i>Total revenues</i>	<u>8,000</u>	<u>8,500</u>	<u>12,173</u>	<u>3,673</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	8,000	10,853	10,853	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>8,000</u>	<u>10,853</u>	<u>10,853</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,353)</u>	<u>1,320</u>	<u>3,673</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>	-	(2,353)	1,320	3,673
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>130,040</u>	<u>130,040</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ (2,353)</u>	<u>\$ 131,360</u>	<u>\$ 133,713</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,320	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 1,320</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
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>360,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	360,000	361,315	361,315	-
<i>Total expenditures</i>	<u>360,000</u>	<u>361,315</u>	<u>361,315</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,315)</u>	<u>(1,315)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	1,315	-	(1,315)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,315</u>	<u>-</u>	<u>(1,315)</u>
<i>Net change in fund balances</i>	-	-	(1,315)	(1,315)
<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>\$ 100</u>	<u>\$ 100</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,315)	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (1,315)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

Village of Fort Sumner

Sewer Enterprise Fund

Statement of Revenues, Expenses and Changes in
Net Assets - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating Revenues:</i>				
Charges for services	\$ 126,912	\$ 126,912	\$ 139,139	\$ 12,227
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	<u>126,912</u>	<u>126,912</u>	<u>139,139</u>	<u>12,227</u>
<i>Operating expenses:</i>				
Personnel services	42,884	42,884	28,824	14,060
Operating expenses	369,023	369,023	134,327	234,696
<i>Total operating expenditures</i>	<u>411,907</u>	<u>411,907</u>	<u>163,151</u>	<u>248,756</u>
<i>Operating income (loss)</i>	<u>(284,995)</u>	<u>(284,995)</u>	<u>(24,012)</u>	<u>260,983</u>
<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	300,000	300,000	57,458	(242,542)
Interest income	-	-	65	65
Interest on debt	(15,005)	(15,005)	(14,397)	608
<i>Total nonoperating revenues (expenses)</i>	<u>284,995</u>	<u>284,995</u>	<u>43,126</u>	<u>(241,869)</u>
<i>Income before transfers</i>	<u>-</u>	<u>-</u>	<u>19,114</u>	<u>19,114</u>
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Change in net assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>19,114</u>	<u>\$ 19,114</u>
Revenues (expenses) not budgeted:				
Change in accounts receivable			101,714	
Change in accounts payable			74,287	
Depreciation			(43,901)	
<i>Change in net assets per Exhibit D-2</i>			<u>151,214</u>	
<i>Net assets - beginning of year</i>			<u>878,889</u>	
<i>Net assets - end of year</i>			<u>\$ 1,030,103</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

Village of Fort Sumner

Water Enterprise Fund

Statement of Revenues, Expenses and Changes in
Net Assets - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 272,370	\$ 272,370	\$ 260,011	\$ (12,359)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>272,370</u>	<u>272,370</u>	<u>260,011</u>	<u>(12,359)</u>
<i>Operating expenses:</i>				
Personnel services	99,352	99,352	97,975	1,377
Operating expenses	118,732	127,309	128,310	(1,001)
<i>Total expenditures</i>	<u>218,084</u>	<u>226,661</u>	<u>226,285</u>	<u>376</u>
<i>Operating income</i>	<u>54,286</u>	<u>45,709</u>	<u>33,726</u>	<u>(11,983)</u>
<i>Nonoperating revenues (expenses):</i>				
Taxes				
Property	-	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	20,000	20,000	16,419	(3,581)
State capital grants	7,200	7,355	7,483	128
Interest income	3,000	3,000	2,223	(777)
Principal	(58,995)	(59,089)	(47,817)	11,272
Interest on debt	(25,491)	(25,491)	(36,762)	(11,271)
<i>Total nonoperating revenues (expenses)</i>	<u>(54,286)</u>	<u>(54,225)</u>	<u>(58,454)</u>	<u>(4,229)</u>
<i>Income (loss) before transfers</i>	-	(8,516)	(24,728)	(16,212)
Designated cash	-	8,516	-	(8,516)
Transfers in (out)	-	-	-	-
<i>Change in net assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>(24,728)</u>	<u>\$ (24,728)</u>
Revenues (expenses) not budgeted:				
Change in accounts receivable			3,916	
Change in accounts payable			40,988	
Depreciation			(85,998)	
<i>Change in net assets per Exhibit D-2</i>			<u>(65,822)</u>	
<i>Net assets - beginning of year</i>			<u>2,029,487</u>	
<i>Net assets - end of year</i>			<u>\$ 1,963,665</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

Village of Fort Sumner

Airport Enterprise Fund

Statement of Revenues, Expenses and Changes in
 Net Assets - Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 36,500	\$ 36,500	\$ 32,848	\$ (3,652)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>36,500</u>	<u>36,500</u>	<u>32,848</u>	<u>(3,652)</u>
<i>Operating expenses:</i>				
Personnel services	29,304	29,304	31,496	(2,192)
Operating expenses	393,736	393,736	7,446	386,290
<i>Total expenditures</i>	<u>423,040</u>	<u>423,040</u>	<u>38,942</u>	<u>384,098</u>
<i>Operating income (loss)</i>	<u>(386,540)</u>	<u>(386,540)</u>	<u>(6,094)</u>	<u>380,446</u>
<i>Nonoperating revenues (expenses):</i>				
Taxes				
Property	-	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	371,540	371,540	-	(371,540)
State operating grants	-	-	-	-
State capital grants	15,000	15,000	-	(15,000)
Interest income	-	-	-	-
Principal	-	-	-	-
Interest on debt	-	-	-	-
<i>Total nonoperating revenues (expenses)</i>	<u>386,540</u>	<u>386,540</u>	<u>-</u>	<u>(386,540)</u>
<i>Income (loss) before transfers</i>	-	-	(6,094)	(6,094)
Designated cash	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Change in net assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>(6,094)</u>	<u>\$ (6,094)</u>
Revenues (expenses) not budgeted:				
Change in accounts receivable			4,408	
Change in accounts payable			589	
Depreciation			(54,903)	
<i>Change in net assets per Exhibit D-2</i>			<u>(56,000)</u>	
<i>Net assets - beginning of year</i>			<u>1,485,090</u>	
<i>Net assets - end of year</i>			<u>\$ 1,429,090</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

Village of Fort Sumner
Ambulance Enterprise Fund
Statement of Revenues, Expenses and Changes in
Net Assets - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 105,550	\$ 161,965	\$ 190,459	\$ 28,494
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	<u>105,550</u>	<u>161,965</u>	<u>190,459</u>	<u>28,494</u>
<i>Operating expenses:</i>				
Personnel services	147,896	147,896	115,396	32,500
Operating expenses	27,296	27,296	20,086	7,210
<i>Total operating expenditures</i>	<u>175,192</u>	<u>175,192</u>	<u>135,482</u>	<u>39,710</u>
<i>Operating income (loss)</i>	<u>(69,642)</u>	<u>(13,227)</u>	<u>54,977</u>	<u>68,204</u>
<i>Nonoperating revenues (expenses):</i>				
Taxes				
Property	-	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	70,000	70,000	41,506	(28,494)
State capital grants	-	-	-	-
Interest income	-	-	-	-
Principal	-	-	-	-
Interest on debt	-	-	-	-
<i>Total nonoperating revenues (expenses)</i>	<u>70,000</u>	<u>70,000</u>	<u>41,506</u>	<u>(28,494)</u>
<i>Income before transfers</i>	358	56,773	96,483	39,710
Designated cash (budgeted increase in cash)	(358)	(56,773)	-	56,773
Transfers in (out)	-	-	-	-
<i>Change in net assets</i>	<u>\$ -</u>	<u>\$ -</u>	96,483	<u>\$ 96,483</u>
Revenues (expenses) not budgeted:				
Change in accounts receivable			25,760	
Change in accounts payable			1,079	
Depreciation			(819)	
<i>Change in net assets per Exhibit D-2</i>			<u>122,503</u>	
<i>Net assets - beginning of year</i>			<u>79,890</u>	
<i>Net assets - end of year</i>			<u>\$ 202,393</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 Net Assets
June 30, 2009

Statement C-1

ASSETS	Low Income Housing Fund	Public Housing Capital Fund	Total
<i>Current Assets</i>			
Cash	\$ 1,469	\$ -	\$ 1,469
Investments	68,417	-	68,417
Restricted cash - Current			
Tenant Deposits	5,663	-	5,663
Accounts receivable	745	-	745
Inventories	296	-	296
Prepaid assets	15,557	-	15,557
Other current assets	329	-	329
Grant receivable	59,445	-	59,445
Total Current Assets	<u>151,921</u>	<u>-</u>	<u>151,921</u>
<i>Other Assets</i>			
Land	15,000	-	15,000
Building and improvements	1,801,903	-	1,801,903
Machinery and equipment	67,289	-	67,289
Accumulated depreciation	(995,286)	-	(995,286)
Total Other Assets	<u>888,906</u>	<u>-</u>	<u>888,906</u>
Total Assets	<u>\$ 1,040,827</u>	<u>\$ -</u>	<u>\$ 1,040,827</u>
LIABILITIES AND NET ASSETS			
<i>Current Liabilities</i>			
Accounts payable	\$ 5,312	\$ -	\$ 5,312
Accrued expenses	17,311	-	17,311
Liability for compensated absences-current	1,035	-	1,035
Interfund payable	-	-	-
Deferred revenue	450	-	450
Payable from restricted assets - Current:			
Tenant deposits payable	5,223	-	5,223
Total Current Liabilities	<u>29,331</u>	<u>-</u>	<u>29,331</u>
<i>Long-Term Liabilities</i>			
Liability for compensated absences-long term	-	-	-
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>29,331</u>	<u>-</u>	<u>29,331</u>
<i>Net Assets</i>			
Invested in capital assets	888,906	-	888,906
Unrestricted net assets	122,590	-	122,590
Total Net Assets	<u>1,011,496</u>	<u>-</u>	<u>1,011,496</u>
Total Liabilities and Net Assets	<u>\$ 1,040,827</u>	<u>\$ -</u>	<u>\$ 1,040,827</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-2

Village of Fort Sumner
 Component Unit - Housing Authority
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 For the Year Ended June 30, 2009

	Low Income Housing Fund	Public Housing Capital Fund	Total
<i>Operating revenues</i>			
Charges for services	\$ -	\$ -	\$ -
Rental income	74,874	-	74,874
Other revenue	5,693	-	5,693
<i>Total operating revenues</i>	<u>80,567</u>	<u>-</u>	<u>80,567</u>
<i>Operating expenses</i>			
Personnel services	74,014	-	74,014
Purchased professional and technical services	15,214	-	15,214
Purchased property services	53,380	-	53,380
Other operating expenses	21,277	-	21,277
Utilities	16,127	-	16,127
Depreciation	55,160	-	55,160
<i>Total operating expenses</i>	<u>235,172</u>	<u>-</u>	<u>235,172</u>
<i>Operating income (loss)</i>	<u>(154,605)</u>	<u>-</u>	<u>(154,605)</u>
<i>Nonoperating revenues (expenses)</i>			
Noncapital grants and subsidies	61,094	75,311	136,405
Capital grants	-	117,374	117,374
Investment earnings	1,473	-	1,473
<i>Total nonoperating revenues (expenses)</i>	<u>62,567</u>	<u>192,685</u>	<u>255,252</u>
<i>Income (loss) before transfers</i>	<u>(92,038)</u>	<u>192,685</u>	<u>100,647</u>
Transfers in	75,311	-	75,311
Transfers (out)	-	(75,311)	(75,311)
<i>Total transfers</i>	<u>75,311</u>	<u>(75,311)</u>	<u>-</u>
<i>Change in net assets</i>	<u>(16,727)</u>	<u>117,374</u>	<u>100,647</u>
Net assets, beginning of year	<u>910,849</u>	<u>-</u>	<u>910,849</u>
Residual equity transfers in	117,374	-	117,374
Residual equity transfers out	-	(117,374)	(117,374)
Net assets, end of year	<u>\$ 1,011,496</u>	<u>\$ -</u>	<u>\$ 1,011,496</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, 2009

Statement C-3
(Page 1 of 2)

	<u>Low Income Housing Fund</u>	<u>Public Housing Capital Fund</u>	<u>Total</u>
<i>Cash flows from operating activities:</i>			
Receipts from customers and users	\$ 80,548	\$ -	\$ 80,548
Payments to vendors	(108,209)	-	(108,209)
Payment to and on behalf of employees	(74,270)	-	(74,270)
	<u>(101,931)</u>	<u>-</u>	<u>(101,931)</u>
<i>Net cash (used) by operating activities</i>			
<i>Cash flows from noncapital financing activities:</i>			
Noncapital grants and subsidies received	61,094	75,311	136,405
Transfers (to) from other funds	75,311	(75,311)	-
Interfund loans	(51,580)	-	(51,580)
	<u>84,825</u>	<u>-</u>	<u>84,825</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	(11,479)	(117,374)	(128,853)
Proceeds from capital grants	-	117,374	117,374
	<u>(11,479)</u>	<u>-</u>	<u>(11,479)</u>
<i>Net cash provided (used) by capital and related financing activities</i>			
<i>Cash flows from investing activities:</i>			
Interest income	1,473	-	1,473
	<u>1,473</u>	<u>-</u>	<u>1,473</u>
<i>Net cash provided (used) by investing activities</i>			
<i>Net (decrease) in cash and temporary investments</i>	(27,112)	-	(27,112)
<i>Cash and temporary investments - beginning of year</i>	102,661	-	102,661
<i>Cash and temporary investments - end of year</i>	<u>\$ 75,549</u>	<u>\$ -</u>	<u>\$ 75,549</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, 2009

Statement C-3
(Page 2 of 2)

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

Operating income (loss)	\$ (154,605)	\$ -	\$ (154,605)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation and amortization	55,160	-	55,160
(Increase) decrease in:			
Accounts receivable	(19)	-	(19)
Prepaid assets	710	-	710
Increase (decrease) in:			
Accounts payable	(3,298)	-	(3,298)
Tenant deposits	45	-	45
Compensated absences	(256)	-	(256)
Deferred revenue	332	-	332
	<u>\$ (101,931)</u>	<u>\$ -</u>	<u>\$ (101,931)</u>
<i>Net cash (used) by operating activities</i>			
Cash and temporary investments:			
Cash	\$ 1,469	\$ -	\$ 1,469
Investments	68,417	-	68,417
Restricted cash	5,663	-	5,663
	<u>\$ 75,549</u>	<u>\$ -</u>	<u>\$ 75,549</u>
Total cash and temporary investments			

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, 2009

Statement C-4

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Rental income	68,400	74,000	74,874	874
Other revenues	900	7,400	5,693	(1,707)
<i>Total operating revenues</i>	69,300	81,400	80,567	(833)
<i>Operating expenses:</i>				
Current:				
Personal Services	97,311	76,360	74,014	2,346
Purchased professional services	14,960	15,000	15,214	(214)
Purchased property services	70,165	58,690	53,380	5,310
Other operating expenses	31,200	27,000	21,277	5,723
Utilities	20,365	27,080	16,127	10,953
<i>Total operating expenses</i>	234,001	204,130	180,012	24,118
<i>Operating income (loss)</i>	(164,701)	(122,730)	(99,445)	23,285
<i>Nonoperating revenues (expenses):</i>				
Designated cash	162,245	121,630	-	(121,630)
Noncapital grants and subsidies	-	-	136,405	136,405
Capital grants	-	-	117,374	117,374
Investment earnings	2,456	1,100	1,473	373
Depreciation	-	-	(55,160)	(55,160)
<i>Total nonoperating revenues (expenses)</i>	164,701	122,730	200,092	77,362
<i>Net change in net assets</i>	-	-	100,647	100,647
<i>Total net assets - beginning of year</i>	-	-	910,849	910,849
<i>Total net assets - end of year</i>	\$ -	\$ -	\$ 1,011,496	\$ 1,011,496
Net change in fund balance (non-GAAP budgetary basis)			\$ 100,647	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			\$ 100,647	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
 Village of Fort Sumner
 Schedule of Collateral Pledged by Depository
 for Public Funds
 June 30, 2009

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2009
Citizens Bank of Clovis	GNMA Pool # 579167	6/15/2019	36201CMQ4	\$ 774,967
	GNMA Pool # 831112	8/20/2033	36208ARK9	29,302
	Total collateral pledged			<u>\$ 804,269</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, 2009

Schedule II

Primary Government

Bank Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Citizens Bank of Clovis					
Treasurer general account	Checking	\$ 1,259,668	\$ 7,137	\$ 36,101	\$ 1,230,704
Certificate of deposit	CD	2,161	-	-	2,161
Certificate of deposit	CD	11,856	-	-	11,856
Certificate of deposit	CD	32,000	-	-	32,000
Certificate of deposit	CD	18,900	-	-	18,900
Certificate of deposit	CD	30,000	-	-	30,000
Cemetery Association DDA	Checking	15,915	25	400	15,540
Savings account	Savings	22,368	-	-	22,368
Certificate of deposit	CD	5,700	-	-	5,700
Certificate of deposit	CD	47,000	-	-	47,000
Cemetery Endowment Savings	Savings	752	-	-	752
Certificate of deposit	CD	40,000	-	-	40,000
CDBG fund account	Checking	100	-	-	100
Motor Vehicle Department (Agency)	Investment	1,065	-	-	1,065
Total cash in bank		<u>\$ 1,487,485</u>	<u>\$ 7,162</u>	<u>\$ 36,501</u>	<u>\$ 1,458,146</u>

Exhibit A-1:	Cash and Cash Equivalents	\$ 1,246,694
Exhibit A-1:	Investments	210,737
Exhibit E-1:	Agency funds	1,065
	Less: Cash on hand	(350)
	Reconciled Deposits and Investments	<u>\$ 1,458,146</u>

Component Unit

Citizens Bank of Clovis					
Operating account	Checking	\$ 10,506	\$ -	\$ 9,037	\$ 1,469
MMDA Business account	Money Market	68,417	-	-	68,417
Savings account - tenant deposits	Savings	5,663	-	-	5,663
Total cash in bank		<u>\$ 84,586</u>	<u>\$ -</u>	<u>\$ 9,037</u>	<u>\$ 75,549</u>

Exhibit A-1:	Cash and Cash Equivalents	\$ 1,469
Exhibit A-1:	Investments	68,417
Exhibit A-1:	Restricted Cash	5,663
	Reconciled Deposits and Investments	<u>\$ 75,549</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Changes in Assets and Liabilities
Agency Fund
June 30, 2009

Schedule III

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<i>Motor Vehicle Department Fund</i>				
Assets				
Cash and cash equivalents	\$ 3,458	\$ 55,846	\$ 58,239	\$ 1,065
<i>Total Assets</i>	<u>\$ 3,458</u>	<u>\$ 55,846</u>	<u>\$ 58,239</u>	<u>\$ 1,065</u>
Liabilities				
Deposits held and due to others	\$ 3,458	\$ 55,846	\$ 58,239	\$ 1,065
<i>Total Liabilities</i>	<u>\$ 3,458</u>	<u>\$ 55,846</u>	<u>\$ 58,239</u>	<u>\$ 1,065</u>

STATE OF NEW MEXICO
 Village of Fort Sumner
 Schedule of Legislative Grants
 June 30, 2009

<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 Equipment	NM Aging & Long	2008-3812	07/26/07	06/30/09
Senior Center Improvement	NM Aging & Long	2007-0715	08/11/06	06/30/10
Police Department Vehicles/Equipment	DFA	08-L-G-4253	07/03/08	06/30/10
Public Library Construction	DFA	08-L-G-4252	07/03/08	06/30/12
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, 2009.

<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	\$ 30,000	\$ -
100,000	-	100,000	69,041	30,959
25,000	-	25,000	25,000	-
200,000	-	200,000	200,000	-
250,000	2,500	247,500	247,500	-
100,000	-	100,000	100,000	-
250,000	-	250,000	250,000	-
496,000	-	496,000	496,000	-
7,350	-	7,350	7,350	-
25,000	-	25,000	15,125	9,875
50,000	-	50,000	50,000	-
50,000	-	50,000	27,252	22,748
6,090	-	6,090	6,090	-
200,000	-	200,000	177,691	22,309
124,000	-	124,000	124,000	-
<u>\$ 1,913,440</u>	<u>\$ 2,500</u>	<u>\$ 1,910,940</u>	<u>\$ 1,825,049</u>	<u>\$ 85,891</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Joint Powers Agreements
June 30, 2009

Schedule V

E-911 Services

Participants: Village of Fort Sumner and De Baca County

Responsible Party: Village of Fort Sumner

Description: De Baca County and the Village of Fort Sumner have agreed to the need for a consolidated E-911 Communications System and Law Enforcement Communications System.

Period: August 3, 2006 to June 30, 2009 with the option to renew on a year to year basis.

Project Costs: Undeterminable

Village Contribution: \$5,000 per quarter (\$20,000 per fiscal year)

Audit Responsibility: Village of Fort Sumner

De Baca County Collection Center

Participants: Village of Fort Sumner and De Baca County

Responsible Party: De Baca County and Village of Fort Sumner

Description: This agreement was entered into to exercise their common power to design, construct, operate, and maintain the De Baca County Collection Center.

Period: Entered into on November 13, 2007 and shall run in perpetuity or until its termination.

Project Costs: Undeterminable

Village Contribution: Make available four acres of city property to be used for County Collection Center. Provide funding as available from the City Environmental GRT fund to support operations and maintenance of the collection center. Support De Baca County in implementing a county wide solid waste fee to generate revenues for operations and maintenance of the collection center.

Audit Responsibility: Village of Fort Sumner and De Baca County

STATE OF NEW MEXICO
Village of Fort Sumner
Component Unit - Housing Authority
Schedule of Financial Data
June 30, 2009

Schedule VI

PHA: NM025

<u>Line Item No.</u>		<u>Low Rent Public Housing</u>	<u>Public Housing Capital Fund</u>	<u>Total June 30, 2009</u>
111	Cash - Unrestricted	\$ 1,469	\$ -	\$ 1,469
114	Cash - Tenant security deposits	5,663	-	5,663
100	<i>Total cash</i>	<u>7,132</u>	<u>-</u>	<u>7,132</u>
122-020	Accounts Receivable - HUD other projects - Capital fund	59,445	-	59,445
126.1	Accounts Receivable - Tenants - Dwelling Rents	3,117	-	3,117
126.1	Allowance for doubtful accounts - tenants	(2,591)	-	(2,591)
129	Accrued Interest Receivable	219	-	219
120	<i>Total receivables, net of allowance for doubtful accounts</i>	<u>60,190</u>	<u>-</u>	<u>60,190</u>
131	Investments - Unrestricted	68,417	-	68,417
142	Prepaid expenses and other assets	15,886	-	15,886
143	Inventories	296	-	296
	<i>Total investments, prepaids and inventories</i>	<u>84,599</u>	<u>-</u>	<u>84,599</u>
150	<i>Total current assets</i>	<u>151,921</u>	<u>-</u>	<u>151,921</u>
161	Land	15,000	-	15,000
162	Buildings	1,688,412	-	1,688,412
163	Furniture, equipment and machinery - dwelling	45,717	-	45,717
164	Furniture, equipment and machinery - administration	21,572	-	21,572
165	Leasehold improvements	113,491	-	113,491
166	Accumulated depreciation	(995,286)	-	(995,286)
160	<i>Total fixed assets, net of accumulated depreciation</i>	<u>888,906</u>	<u>-</u>	<u>888,906</u>
180	<i>Total Non-Current Assets</i>	<u>888,906</u>	<u>-</u>	<u>888,906</u>
190	<i>Total assets</i>	<u>\$ 1,040,827</u>	<u>\$ -</u>	<u>\$ 1,040,827</u>
312	Accounts payable <=90 days	\$ 5,312	\$ -	\$ 5,312
322	Accrued compensated absences - current maturities	1,035	-	1,035
333	Accounts payable-other governments	17,311	-	17,311
341	Tenant security deposits	5,223	-	5,223
342-030	Deferred revenue	450	-	450
310	<i>Total current liabilities</i>	<u>29,331</u>	<u>-</u>	<u>29,331</u>
300	<i>Total liabilities</i>	<u>29,331</u>	<u>-</u>	<u>29,331</u>
508.1	Invested in capital assets, net of related debt	888,906	-	888,906
512.1	Unrestricted net assets	122,590	-	122,590
513	<i>Total net assets</i>	<u>1,011,496</u>	<u>-</u>	<u>1,011,496</u>
600	<i>Total liabilities and net assets</i>	<u>\$ 1,040,827</u>	<u>\$ -</u>	<u>\$ 1,040,827</u>

See independent auditor's report

STATE OF NEW MEXICO
Village of Fort Sumner
Component Unit - Housing Authority
Schedule of Financial Data
June 30, 2009

Schedule VI

Line Item No.	Low Rent Public Housing	Public Housing Capital Fund	Total June 30, 2009
70200	\$ -	\$ -	\$ -
70300	74,874	-	74,874
70400	5,693	-	5,693
70500	<u>80,567</u>	<u>-</u>	<u>80,567</u>
706	59,094	77,311	136,405
708	-	117,374	117,374
71100	1,473	-	1,473
	<u>60,567</u>	<u>194,685</u>	<u>255,252</u>
70000	<u>141,134</u>	<u>194,685</u>	<u>335,819</u>
91100	42,015	-	42,015
91200	8,000	2,000	10,000
91310	4,778	-	4,778
91500	4,417	-	4,417
91800	589	-	589
91900	14,852	-	14,852
93100	3,810	-	3,810
93200	1,973	-	1,973
93300	1,077	-	1,077
93600	9,079	-	9,079
94100	24,782	-	24,782
94200	17,670	-	17,670
94300-010	188	-	188
94300-120	5,214	-	5,214
94500	3,057	-	3,057
96110	13,246	-	13,246
96120	2,827	-	2,827
96130	1,568	-	1,568
96140	1,831	-	1,831
96210	(257)	-	(257)
96400	2,616	-	2,616
96900	<u>163,332</u>	<u>2,000</u>	<u>165,332</u>
97000	<u>(22,198)</u>	<u>192,685</u>	<u>170,487</u>
97100	14,680	-	14,680
97400	55,160	-	55,160
90000	<u>233,172</u>	<u>2,000</u>	<u>235,172</u>
10010	75,311	-	75,311
10020	-	(75,311)	(75,311)
1010	<u>75,311</u>	<u>(75,311)</u>	<u>-</u>
1000	<u>\$ (16,727)</u>	<u>\$ 117,374</u>	<u>\$ 100,647</u>

See independent auditor's report

STATE OF NEW MEXICO
 Village of Fort Sumner
 Component Unit - Housing Authority
 Schedule of Financial Data
 June 30, 2009
 UNAUDITED

Schedule VI

<u>Line Item No.</u>		<u>Low Rent Public Housing</u>	<u>Public Housing Capital Fund</u>	<u>Total June 30, 2009</u>
1103	Beginning equity	\$ 845,095	\$ 65,754	\$ 910,849
1120	Unit months available	552	-	552
1121	Number of unit months leased	535	-	535

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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 budgetary comparisons for the general fund and the gas tax special revenue fund and the aggregate remaining fund information of the Village of Fort Sumner (Village), as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 20, 2009. We have also audited the financial statements of each of the Village's nonmajor governmental funds and component unit and the budgetary comparison statements for the CDBG capital projects fund, proprietary funds, component unit, and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009 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 the Village'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 2007-1, 2009-1, 2009-2, 2009-3, 2009-4 and 2009-5 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'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 Village Council, management, others within the organization, the Office of the State Auditor, the New Mexico State Legislature and its committees, the New Mexico Department of Finance and Administration, 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

Accounting & Consulting Group, LLP
Certified Public Accountants

Clovis, New Mexico
November 20, 2009

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Findings and Responses
Year Ended June 30, 2009

Schedule VII

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 noted? | No |

Section II – Prior Year Audit Findings

Prior Year Audit Findings

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

2007-3 Housing Tenant Files – Finding was resolved.

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

FS 2008-1 Stale Dated Checks (Village) – Finding was resolved.

FS 2008-2 Travel and Per Diem (Authority) – Finding was resolved.

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Findings and Responses
Year Ended June 30, 2009

Schedule VII

Section III – Financial Statement Findings and Responses

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

Condition

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

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.

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.

Auditor's 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.

Agency's 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, 2009

Schedule VII

FS 2009-1: Internal Purchase Requests (Authority)

Condition

During our audit of the Village of Fort Sumner Housing Authority we noted two out of ten disbursements tested, in the amounts of \$490.08 and \$65.00, had not followed the Internal Purchase Request process that includes completing an internal purchase request form that requires the Executive Director's signature.

Criteria

Village of Fort Sumner Housing Authority's policies and procedures require all disbursements to have an Internal Purchase Request form completed, signed and attached to the supporting receipts providing information about purchases, who is requesting the purchases, the suggested supplier and the budget line item the purchase is to be charged to.

Effect

The Village of Fort Sumner Housing Authority may be allowing unauthorized purchases to occur by not following the established policies and procedures in place regarding the Internal Purchase Request forms.

Cause

The Village of Fort Sumner Housing Authority failed to follow the policy and procedures established by completing the Internal Purchase Request form and obtaining the proper authorizing signature and then attaching form to receipts.

Auditor's Recommendation

We recommend the Village of Fort Sumner Housing Authority implement procedures designed to follow up on the Internal Purchase Request forms to determine that they are being prepared, signed and attached to receipts. This process could be set up to correspond with the monthly bank reconciliation process to ensure that all disbursements have proper supporting documentation.

Agency's Response

Subsequent to field work and prior to the issuance of the report, the Village of Fort Sumner Housing Authority has developed and implemented a more diligent review process to determine that the Internal Purchase Request forms are completed and signed.

FS 2009-2: Physical Security of IT Assets (Village)

Condition

During our audit, we noted that:

- Adequate controls for access to IT resources have not been established by management to restrict access to properly authorized individuals. Lack of such controls exist in the following area:

Physical Access

Criteria

State of New Mexico Statewide Guideline S-GUIDE-002.003 (per NMSA 1978 Section 15-1C-1 et. Seq. and NMAC 1.12.6 and NMAC 1.12.2) establishes an Enterprise Security Policy for the protection of IT assets and resources including data and information. The policy establishes that protection must be provided for IT assets, resources, and data/information from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide integrity, confidentiality, availability, accountability, and assurance, and establishes that controls must be maintained over information systems, resources, and data/information sufficient to contain risk of loss or misuse of information.

Effect

Lack of physical security leaves the Village of Fort Sumner at risk for loss or misuse of data and information. Adequate protection has not been established to safeguard IT assets and resources.

Cause

The Village of Fort Sumner did not understand that it needed to restrict access to the servers to properly safeguard the IT assets and resources.

Section III – Financial Statement Findings and Responses (continued)

FS 2009-2: Physical Security of IT Assets (Village) (continued)

Auditor's Recommendation

The Village should consider implementing the following recommendations:

Relocate servers to a locked room or area and restrict physical access to the server to authorized personnel only (those with a need to access the servers).

Agency's Response

Subsequent to field work and prior to the issuance of the report, the Village of Fort Sumner has taken the necessary steps to properly isolate the servers and to restrict physical access to the servers to only authorized individuals.

FS 2009-3: Timeliness of Deposits (Village)

Condition

During testwork of receipts, we noted one receipt in the amount of \$40.13, out of ten receipts tested was not deposited in a timely manner after receipt. This receipt was received on a Friday, but was not deposited until the following Wednesday.

Criteria

According to NMSA 1978, 6-10, receipts should be deposited as soon as administratively possible. For a municipality having suitable banking facilities within its boundaries, receipts should be deposited within one business day of collection.

Effect

Non-adherence to state statutes places the Village in noncompliance and lack of timeliness of deposits could subject the Village to a possible occurrence of fraud.

Cause

The Village of Fort Sumner is not properly monitoring that all receipts are being deposited in a timely manner.

Auditor's Recommendation

The Village should emphasize the importance of timely deposits of receipts and assign a responsible person the responsibility of determining that receipts are deposited in a timely manner as set forth in state statutes.

Agency's Response

The Village of Fort Sumner has discussed the importance and necessity of depositing deposits in a timely manner with employees and will work more diligently to determine that all deposits are deposited in a timely manner.

FS 2009-4: Daily Receipts Reconciliation (Village)

Condition

During testwork of receipts, we noted in tracing one out of ten receipts tested to the daily reconciliations, that the reconciliation did not have the date and initials of the person who completed the reconciliation.

Criteria

The Village of Fort Sumner policies and procedures requires that receipts are reconciled on a daily basis and that the individual who performs the reconciliation signs off and dates the documentation to show the reconciliation had been done and reconciled.

Effect

Due to the lack of initials on the reconciliation documentation, it could not be determined who had performed the reconciliation, or that it had been reviewed to confirm that it did reconcile.

Section III – Financial Statement Findings and Responses (continued)

FS 2009-4: Daily Receipts Reconciliation (Village) (continued)

Cause

The Village of Fort Sumner is not properly monitoring that all reconciliations are being signed off on, once they have been completed.

Auditor's Recommendation

The Village should emphasize the importance of performing these reconciliations on a daily basis and to initial the reconciliation as evidence that the process had been completed as required by policies and procedures.

Agency's Response

The Village of Fort Sumner has discussed with employees the importance and necessity of the daily receipt reconciliations and the need for initials or signature to document that the reconciliations have been completed and balanced. The Village will be more diligent in reviewing the daily reconciliations to determine that they are being completed and initialed daily.

FS 2009-5: Travel and Per Diem Reimbursement Requests (Village)

Condition

During testwork of disbursements, we reviewed supporting documentation for the disbursement and noted in one out of ten disbursements tested that the documentation for this travel and per diem reimbursement was missing the required signature of the Mayor authorizing the disbursement. Also, during testwork of travel and per diem reimbursement requests, we noted that the Mayor's requests have only his signature.

Criteria

The Mileage and Per Diem Act, DFA Rule 95-1 and proper internal controls require that mileage and travel reimbursement requests be properly filled out with all of the required information. The Village's policies and procedures require the reimbursement to be signed by the employee requesting the reimbursement and by both the City Clerk and the Mayor before reimbursing the expense.

Effect

Due to the reimbursement request not containing both of the signatures required for reimbursement, the Village may be reimbursing expenses that are not properly authorized.

Cause

The Village of Fort Sumner is not properly monitoring that all travel and per diem reimbursement requests are being signed off as required by the Village's policies and procedures prior to the reimbursement. The Village of Fort Sumner does not have a policy in place regarding having the Mayor Pro-Tem or a council member signoff on the Mayor's reimbursement requests.

Auditor's Recommendation

The Village should monitor that travel and per diem reimbursement requests are not paid until the request has been reviewed and signed off by all required individuals.

Agency's Response

The Village of Fort Sumner intends to put into place a policy for an approval process for reimbursement for the Mayor's reimbursement requests. The Village of Fort Sumner will work more diligently in reviewing and obtaining the necessary signatures on all reimbursement requests.

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STATE OF NEW MEXICO

Village of Fort Sumner

Other Disclosures

Year Ended June 30, 2009

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 20, 2009. The following individuals were in attendance.

Village of Fort Sumner Officials

Ron Seña, Village Clerk/Treasurer

Juan Chavez, Mayor

Kacilyn Joiner, Housing Authority Assistant Director

Auditors

Mike Lyons

Carol Snider