

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

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

YEAR ENDED JUNE 30, 2011

(This page intentionally left blank)

INTRODUCTORY SECTION

(This page intentionally left blank)

STATE OF NEW MEXICO

Village of Fort Sumner

Official Roster

June 30, 2011

<u>Name</u>	<u>List of Officials and Council</u>	<u>Title</u>
Windell Bridges		Mayor
Albert Seña		Mayor Pro-Tem
Selestino Lovato		Councilor
Esther Segura		Councilor
George Seña		Councilor
	<u>Administrative Officials</u>	
Ron Seña		Village Clerk/Treasurer

(This page intentionally left blank)

STATE OF NEW MEXICO
 Village of Fort Sumner
 Table of Contents
 June 30, 2011

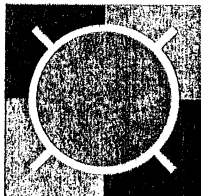
	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Official Roster		5
Table of Contents		7-8
FINANCIAL SECTION		
Independent Auditor’s Report		11-12
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	14-15
Statement of Activities	A-2	16-17
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	18
Reconciliation of the Balance Sheet to the Statement of Net Assets		19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	B-2	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non - GAAP Budgetary Basis) and Actual:		
General Fund	C-1	23
Statement of Net Assets – Proprietary Funds	D-1	24-25
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	D-2	26-27
Statement of Cash Flows – Proprietary Funds	D-3	28-29
Statement of Fiduciary Assets and Liabilities – Agency Fund	E-1	30
Notes to Financial Statements		31-50
SUPPLEMENTARY INFORMATION		
Nonmajor Governmental Fund Descriptions	<u>Statement</u>	55
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	56-59
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	A-2	60-62
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Environmental Tax Special Revenue Fund	B-1	63
Emergency Medical Services Special Revenue Fund	B-2	64
Law Enforcement Protection Special Revenue Fund	B-3	65
Lodgers Tax Special Revenue Fund	B-4	66
Recreation Special Revenue Fund	B-5	67
DWI Grant Special Revenue Fund	B-6	68
County Ambulance Tax Special Revenue Fund	B-7	69
PIT Canteen Special Revenue Fund	B-8	70
Fire Special Revenue Fund	B-9	71
Senior Citizen’s Special Revenue Fund	B-10	72
Cemetery Special Revenue Fund	B-11	73
Gas Tax Special Revenue Fund	B-12	74
CDBG Capital Projects Fund	B-13	75

STATE OF NEW MEXICO
 Village of Fort Sumner
 Table of Contents
 June 30, 2011

	<u>Statement/ Schedule</u>	<u>Page</u>
Statement of Revenues, Expenses and Changes in Net Assets – Budget (Non-GAAP Budgetary Basis) and Actual:		
Sewer Enterprise Fund	B-14	76
Water Enterprise Fund	B-15	77
Airport Enterprise Fund	B-16	78
Ambulance Enterprise Fund	B-17	79
Statement of Changes in Fiduciary Assets and Liabilities – Agency Fund	C-1	80
 SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository for Public Funds	I	82
Schedule of Deposit and Investment Accounts	II	83
Schedule of Legislative Grants	III	84-85
Schedule of Joint Powers Agreements	IV	86-87
 COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		91-92
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133		93-94
Schedule of Expenditures of Federal Awards	V	96-97
Schedule of Findings and Questioned Costs	VI	98-100
 OTHER DISCLOSURES		 101

FINANCIAL SECTION

(This page intentionally left blank)



Accounting & Consulting Group, LLP

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
To the Honorable Mayor and Village Councilors of
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 comparison for the general fund and, the aggregate remaining fund information of the Village of Fort Sumner (the Village), as of and for the year ended June 30, 2011, 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 the budgetary comparison statements for the CDBG capital projects fund, the enterprise funds 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, 2011, 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with the cash basis of accounting and more fully described in Note 2 to the financial statements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Certified Public Accountants

910 Colonial Parkway (88101-3006) • P.O. Drawer 1448, Clovis, New Mexico 88102-1448
800.700.2841 • 505.769.2841 • Fax 505.762.2530 • clovis.office@acgnm.com • www.acgnm.com

Alamogordo • Albuquerque • Carlsbad • Clovis

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011 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 comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as supporting Schedules I through IV 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, are 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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Certified Public Accountants

Clovis, New Mexico
November 28, 2011



BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO

Village of Fort Sumner

Statement of Net Assets

June 30, 2011

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Housing
				Authority
ASSETS				
Cash and cash equivalents	\$ 1,007,489	\$ 569,678	\$ 1,577,167	\$ 4,735
Investments	123,786	94,917	218,703	143,531
Restricted cash - current tenant deposits	-	-	-	7,631
Receivables (net of allowance for uncollectibles)	84,437	106,509	190,946	5,495
Inventories	-	-	-	4,235
Prepaid expenses	-	-	-	17,258
Other current assets	-	-	-	668
Capital assets	8,249,835	8,336,871	16,586,706	1,997,628
Less: accumulated depreciation	<u>(3,300,525)</u>	<u>(3,169,013)</u>	<u>(6,469,538)</u>	<u>(1,093,665)</u>
Total assets	<u>\$ 6,165,022</u>	<u>\$ 5,938,962</u>	<u>\$ 12,103,984</u>	<u>\$ 1,087,516</u>

The accompanying notes are an integral part of these financial statements

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
LIABILITIES				
Current liabilities				
Accounts payable	\$ 42,368	\$ 58,862	\$ 101,230	\$ 6,724
Deferred revenue	-	838	838	-
Deposits held in trust for others	-	37,820	37,820	7,630
Accrued liabilities	5,926	4,742	10,668	-
Accrued interest	822	9,692	10,514	-
Accrued compensated absences	14,822	6,388	21,210	-
Current portion of long-term debt	23,409	59,755	83,164	-
Total current liabilities	87,347	178,097	265,444	14,354
Noncurrent liabilities:				
Bonds payable	-	606,100	606,100	-
Loans payable	154,403	198,170	352,573	-
Total noncurrent liabilities	154,403	804,270	958,673	-
Total liabilities	241,750	982,367	1,224,117	14,354
NET ASSETS				
Invested in capital assets, net of related debt	4,771,498	4,303,833	9,075,331	903,963
Restricted for:				
Special revenue	349,074	-	-	-
Unrestricted net assets	802,700	652,762	1,455,462	169,199
Total net assets	5,923,272	4,956,595	10,879,867	1,073,162
Total liabilities and net assets	\$ 6,165,022	\$ 5,938,962	\$ 12,103,984	\$ 1,087,516

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Activities
For the year ended June 30, 2011

<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	\$ 343,568	\$ 80,508	\$ 35,000	\$ 25
Public safety	328,558	-	183,798	-
Public works	332,723	-	-	504,722
Health and welfare	148,734	12,765	69,528	-
Culture and recreation	194,157	18,089	8,332	5,400
Conservation and development	34,614	-	-	-
Total governmental activities	<u>1,382,354</u>	<u>111,362</u>	<u>296,658</u>	<u>510,147</u>
Business-type activities				
Sewer	189,528	127,832	-	-
Water	284,124	275,463	-	-
Airport	96,445	36,695	-	371,472
Ambulance	179,624	172,326	40,250	-
Total business-type activities	<u>749,721</u>	<u>612,316</u>	<u>40,250</u>	<u>371,472</u>
Total primary government	<u>\$ 2,132,075</u>	<u>\$ 723,678</u>	<u>\$ 336,908</u>	<u>\$ 881,619</u>
Component unit:				
Housing Authority	<u>\$ 310,094</u>	<u>\$ 83,938</u>	<u>\$ 84,961</u>	<u>\$ 62,955</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
Restatement
Net assets - beginning of year, as restated
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
\$ (228,035)	\$ -	\$ (228,035)	\$ -
(144,760)	-	(144,760)	-
171,999	-	171,999	-
(66,441)	-	(66,441)	-
(162,336)	-	(162,336)	-
(34,614)	-	(34,614)	-
<u>(464,187)</u>	<u>-</u>	<u>(464,187)</u>	<u>-</u>
-	(61,696)	(61,696)	-
-	(8,661)	(8,661)	-
-	311,722	311,722	-
-	32,952	32,952	-
<u>-</u>	<u>274,317</u>	<u>274,317</u>	<u>-</u>
<u>-</u>	<u>274,317</u>	<u>(189,870)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,240)</u>
17,834	-	17,834	-
479,923	-	479,923	-
20,193	-	20,193	-
35,580	-	35,580	-
656	-	656	-
18,841	-	18,841	-
2,420	-	2,420	-
118,620	8,683	127,303	60,430
7,850	804	8,654	1,411
<u>701,917</u>	<u>9,487</u>	<u>711,404</u>	<u>61,841</u>
<u>237,730</u>	<u>283,804</u>	<u>521,534</u>	<u>(16,399)</u>
5,685,542	4,672,791	10,358,333	1,072,250
-	-	-	17,311
<u>5,685,542</u>	<u>4,672,791</u>	<u>10,358,333</u>	<u>1,089,561</u>
<u>\$ 5,923,272</u>	<u>\$ 4,956,595</u>	<u>\$ 10,879,867</u>	<u>\$ 1,073,162</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Balance Sheet
Governmental Funds
June 30, 2011

Exhibit B-1
(Page 1 of 2)

	General Fund	CDBG Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<i>Assets</i>				
Cash and cash equivalents	\$ 765,714	\$ 100	\$ 241,675	\$ 1,007,489
Investments	-	-	123,786	123,786
Receivables (net of allowance for uncollectible amounts):				
Taxes	76,391	-	8,046	84,437
Interfund receivable	2,314	-	-	2,314
<i>Total current assets</i>	844,419	100	373,507	1,218,026
<i>Total assets</i>	\$ 844,419	\$ 100	\$ 373,507	\$ 1,218,026
 <i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 22,509	\$ -	\$ 19,859	\$ 42,368
Accrued expenses	3,566	-	2,360	5,926
Interfund payable	-	-	2,314	2,314
<i>Total current liabilities</i>	26,075	-	24,533	50,608
 <i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Maintenance of roads	-	100	97,686	97,786
Fire departments	-	-	20,439	20,439
Public safety	-	-	19,995	19,995
Cultural	-	-	207,995	207,995
Healthcare	-	-	5,210	5,210
<i>Committed to:</i>				
Minimum fund balance	52,973	-	-	52,973
Unassigned	765,371	-	(2,351)	763,020
<i>Total fund balances</i>	818,344	100	348,974	1,167,418
<i>Total liabilities and fund balances</i>	\$ 844,419	\$ 100	\$ 373,507	\$ 1,218,026

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, 2011

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	\$ 1,167,418
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,949,310
Accrued interest	(822)
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	(14,822)
Loans and notes payable	<u>(177,812)</u>
Net assets of governmental activities	<u><u>\$ 5,923,272</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, 2011

Exhibit B-2
(Page 1 of 2)

	General Fund	CDBG Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<i>Revenues</i>				
Taxes				
Property taxes	\$ 17,834	\$ -	\$ -	\$ 17,834
Gross receipts taxes	446,905	-	33,018	479,923
Franchise taxes	5,645	-	14,548	20,193
Motor vehicle and fuel taxes	6,481	-	29,099	35,580
Cigarette taxes	437	-	219	656
Lodger's taxes	-	-	18,841	18,841
Intergovernmental income				
Federal operating grants	-	-	20,283	20,283
State operating grants	42,765	-	233,043	275,808
State capital grants	5,425	440,000	64,722	510,147
Charges for services	17,579	-	30,103	47,682
Licenses and permits	60,435	-	3,245	63,680
Interest	3,814	-	4,037	7,851
Miscellaneous	19,611	-	101,996	121,607
<i>Total revenues</i>	<u>626,931</u>	<u>440,000</u>	<u>553,154</u>	<u>1,620,085</u>
<i>Expenditures</i>				
Current:				
General government	281,541	-	52,495	334,036
Public safety	137,865	-	152,767	290,632
Public works	85,937	-	41,418	127,355
Culture and recreation	104,499	-	64,600	169,099
Public health and welfare	6,102	-	89,321	95,423
Economic development	19,732	-	14,993	34,725
Capital outlay	-	440,000	78,998	518,998
Debt service:				
Principal	-	-	22,815	22,815
Interest	-	-	5,527	5,527
<i>Total expenditures</i>	<u>635,676</u>	<u>440,000</u>	<u>522,934</u>	<u>1,598,610</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,745)</u>	<u>-</u>	<u>30,220</u>	<u>21,475</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>	(8,745)	-	30,220	21,475
<i>Fund balance - beginning of year</i>	<u>827,089</u>	<u>100</u>	<u>318,754</u>	<u>1,145,943</u>
<i>Fund balance - end of year</i>	<u>\$ 818,344</u>	<u>\$ 100</u>	<u>\$ 348,974</u>	<u>\$ 1,167,418</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, 2011

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 \$ 21,474

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 518,998
Depreciation expense (327,993)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current
financial resources to governmental funds, while the repayment of the
principal of long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect on
net assets:

Accrued liabilities change for the year 98
Compensated absences change for the year 2,338
Principal payments on notes payable 22,815
Change in net assets of governmental activities \$ 237,730

(This page intentionally left blank)

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Property taxes	\$ 17,371	\$ 17,371	\$ 17,834	\$ 463
Gross receipts taxes	335,000	425,720	449,162	23,442
Franchise taxes	6,100	6,100	5,896	(204)
Motor vehicle and fuel taxes	5,200	5,200	6,481	1,281
Cigarette taxes	-	-	437	437
Licenses and permits	56,000	56,000	60,435	4,435
Charges for services	16,700	16,700	17,579	879
State and county grants	97,581	97,581	48,190	(49,391)
Miscellaneous	17,516	17,516	41,858	24,342
Interest	9,500	9,500	3,814	(5,686)
<i>Total revenues</i>	<u>560,968</u>	<u>651,688</u>	<u>651,686</u>	<u>(2)</u>
<i>Expenditures:</i>				
Current:				
General government	165,166	252,633	268,761	(16,128)
Public safety	133,360	133,360	131,284	2,076
Public works	83,711	83,711	83,710	1
Culture and recreation	112,670	112,670	105,528	7,142
Public health and welfare	7,000	7,000	6,018	982
Economic development	19,576	19,576	19,577	(1)
Capital outlay	24,486	24,486	18,555	5,931
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>545,969</u>	<u>633,436</u>	<u>633,433</u>	<u>3</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>14,999</u>	<u>18,252</u>	<u>18,253</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(14,999)	(18,252)	-	(18,252)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(14,999)</u>	<u>(18,252)</u>	<u>-</u>	<u>(18,252)</u>
<i>Net change in fund balances</i>	-	-	18,253	18,253
<i>Fund balance - beginning of year</i>	-	-	749,775	749,775
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 768,028</u>	<u>\$ 768,028</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 18,253	
Adjustments to revenue for other receivables			(24,755)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(2,243)	
Net change in fund balance (GAAP)			<u>\$ (8,745)</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, 2011

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	\$ 34,753	\$ 255,258	\$ 46,054	\$ 233,613
Investments	2,161	92,756	-	-
Accounts receivable (net of allowance for uncollectible amounts)	<u>15,949</u>	<u>37,935</u>	<u>-</u>	<u>52,625</u>
<i>Total current assets</i>	<u>52,863</u>	<u>385,949</u>	<u>46,054</u>	<u>286,238</u>
<i>Noncurrent assets</i>				
<i>Capital assets</i>				
Land	15,600	28,700	1,800	-
Buildings and improvements	2,203,917	3,684,886	2,035,985	-
Machinery and equipment	170,943	92,212	43,659	59,169
Less: accumulated depreciation	<u>(1,110,071)</u>	<u>(1,594,996)</u>	<u>(406,409)</u>	<u>(57,537)</u>
<i>Total capital assets (net of accumulated depreciation)</i>	<u>1,280,389</u>	<u>2,210,802</u>	<u>1,675,035</u>	<u>1,632</u>
<i>Total assets</i>	<u>\$ 1,333,252</u>	<u>\$ 2,596,751</u>	<u>\$ 1,721,089</u>	<u>\$ 287,870</u>
<i>Liabilities and Net Assets</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 5,382	\$ 8,033	\$ 44,313	\$ 1,134
Deferred revenue	-	838	-	-
Meter deposits payable	-	37,820	-	-
Accrued liabilities	1,075	1,806	-	1,861
Accrued interest	1,187	8,505	-	-
Accrued compensated absences	4,160	-	-	2,228
Current portion of long term debt	<u>5,000</u>	<u>54,755</u>	<u>-</u>	<u>-</u>
<i>Total current liabilities</i>	<u>16,804</u>	<u>111,757</u>	<u>44,313</u>	<u>5,223</u>
<i>Noncurrent liabilities</i>				
Long term debt - net of current portion	<u>283,100</u>	<u>521,170</u>	<u>-</u>	<u>-</u>
<i>Total noncurrent liabilities</i>	<u>283,100</u>	<u>521,170</u>	<u>-</u>	<u>-</u>
<i>Net Assets</i>				
Invested in capital assets, net of related debt	992,289	1,634,877	1,675,035	1,632
Unrestricted	<u>41,059</u>	<u>328,947</u>	<u>1,741</u>	<u>281,015</u>
<i>Total net assets</i>	<u>1,033,348</u>	<u>1,963,824</u>	<u>1,676,776</u>	<u>282,647</u>
<i>Total liabilities and net assets</i>	<u>\$ 1,333,252</u>	<u>\$ 2,596,751</u>	<u>\$ 1,721,089</u>	<u>\$ 287,870</u>

The accompanying notes are an integral part of these financial statements

Total Enterprise
Funds

\$ 569,678
94,917

106,509

771,104

46,100
7,924,788
365,983

(3,169,013)

5,167,858

\$ 5,938,962

\$ 58,862
838
37,820
4,742
9,692
6,388

59,755

178,097

804,270

804,270

4,303,833
652,762

4,956,595

\$ 5,938,962

STATE OF NEW MEXICO
Village of Fort Sumner
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Airport Fund	Ambulance Fund
<i>Operating revenues</i>				
Charges for services	\$ 127,832	\$ 275,463	\$ 36,695	\$ 172,326
Miscellaneous	-	8,683	-	-
<i>Total operating revenues</i>	<u>127,832</u>	<u>284,146</u>	<u>36,695</u>	<u>172,326</u>
<i>Operating expenses</i>				
Current:				
Personnel services	58,952	74,840	26,133	120,541
Power and fuel	9,552	19,327	3,457	18,302
General insurance	-	7,000	3,185	-
Purchased services	27,075	-	-	12,326
Other operating expenses	22,616	64,405	5,474	28,164
Depreciation	57,433	86,603	58,196	291
<i>Total operating expenses</i>	<u>175,628</u>	<u>252,175</u>	<u>96,445</u>	<u>179,624</u>
<i>Operating income (loss)</i>	<u>(47,796)</u>	<u>31,971</u>	<u>(59,750)</u>	<u>(7,298)</u>
<i>Non-operating revenues (expenses)</i>				
Federal grants	-	-	354,672	-
State and county grants	-	-	16,800	40,250
Interest income	16	788	-	-
Interest expense	(13,900)	(31,949)	-	-
<i>Total non-operating revenues (expenses)</i>	<u>(13,884)</u>	<u>(31,161)</u>	<u>371,472</u>	<u>40,250</u>
<i>Income (loss) before transfers</i>	<u>(61,680)</u>	<u>810</u>	<u>311,722</u>	<u>32,952</u>
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in net assets</i>	(61,680)	810	311,722	32,952
<i>Net assets - beginning of year</i>	<u>1,095,028</u>	<u>1,963,014</u>	<u>1,365,054</u>	<u>249,695</u>
<i>Net assets - end of year</i>	<u>\$ 1,033,348</u>	<u>\$ 1,963,824</u>	<u>\$ 1,676,776</u>	<u>\$ 282,647</u>

The accompanying notes are an integral part of these financial statements

Total Enterprise
Funds

\$	612,316
	<u>8,683</u>
	<u>620,999</u>
	280,466
	50,638
	10,185
	39,401
	120,659
	<u>202,523</u>
	<u>703,872</u>
	<u>(82,873)</u>
	354,672
	57,050
	804
	<u>(45,849)</u>
	<u>366,677</u>
	<u>283,804</u>
	-
	<u>-</u>
	<u>-</u>
	283,804
	<u>4,672,791</u>
\$	<u><u>4,956,595</u></u>

STATE OF NEW MEXICO
Village of Fort Sumner
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2011

Exhibit D-3
(Page 1 of 2)

Business-Type Activities - Enterprise Funds

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Airport Fund</u>	<u>Ambulance Fund</u>	<u>Total</u>
<i>Cash flows from operating activities:</i>					
Receipts from customers and users	\$ 129,462	\$ 291,009	\$ 36,695	\$ 171,225	\$ 628,391
Payments to suppliers	(58,303)	(85,812)	32,033	(58,654)	(170,736)
Payments to employees	(60,400)	(78,384)	(28,622)	(120,587)	(287,993)
<i>Net cash provided (used) by operating activities</i>	<u>10,759</u>	<u>126,813</u>	<u>40,106</u>	<u>(8,016)</u>	<u>169,662</u>
<i>Cash flows from capital and related financing activities:</i>					
Acquisitions and construction of capital assets	-	-	(373,340)	(1,471)	(374,811)
Principal paid on capital debt	(5,000)	(51,692)	-	-	(56,692)
Interest paid on capital debt	(13,900)	(32,188)	-	-	(46,088)
Intergovernmental	-	-	371,472	40,250	411,722
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(18,900)</u>	<u>(83,880)</u>	<u>(1,868)</u>	<u>38,779</u>	<u>(65,869)</u>
<i>Cash flows from investing activities:</i>					
Interest income	16	745	-	-	761
<i>Net cash provided (used) by investing activities</i>	<u>16</u>	<u>745</u>	<u>-</u>	<u>-</u>	<u>761</u>
<i>Net increase (decrease) in cash and temporary investments</i>	<u>\$ (8,125)</u>	<u>\$ 43,678</u>	<u>\$ 38,238</u>	<u>\$ 30,763</u>	<u>\$ 104,554</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2011

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	\$ (8,125)	\$ 43,678	\$ 38,238	\$ 30,763	\$ 104,554
Cash and temporary investments- beginning of year	45,039	304,336	7,816	202,850	560,041
Cash and temporary investments- end of year	\$ 36,914	\$ 348,014	\$ 46,054	\$ 233,613	\$ 664,595
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>					
Operating income (loss)	\$ (47,796)	\$ 31,971	\$ (59,750)	\$ (7,298)	\$ (82,873)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	57,433	86,603	58,196	291	202,523
(Increase) decrease in:					
Accounts receivable	1,630	6,863	-	(1,101)	7,392
Increase (decrease) in:					
Accounts payable	940	4,920	44,149	138	50,147
Accrued expenses	301	(78)	(443)	129	(91)
Compensated absences	(1,749)	(3,466)	(2,046)	(175)	(7,436)
<i>Net cash provided (used) by operating activities</i>	\$ 10,759	\$ 126,813	\$ 40,106	\$ (8,016)	\$ 169,662
Cash and temporary investments:					
Cash and cash equivalents	\$ 34,753	\$ 255,258	\$ 46,054	\$ 233,613	\$ 569,678
Investments	2,161	92,756	-	-	94,917
Total cash and temporary investments	\$ 36,914	\$ 348,014	\$ 46,054	\$ 233,613	\$ 664,595

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2011

Exhibit E-1

ASSETS

Current Assets

Cash and cash equivalents

\$ 1,065

Total Assets

\$ 1,065

LIABILITIES

Current Liabilities

Deposits held and due to others

\$ 1,065

Total Liabilities

\$ 1,065

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant of Significant Accounting Policies

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

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

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have 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 operations of similar facilities.

This summary of significant accounting policies of the Village is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management who 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 Village'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. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

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

A. *Financial Reporting Entity (continued)*

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has one discretely presented component unit.

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

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net 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*.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, 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.

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.

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

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *CDBG Capital Projects Fund* accounts for the Community Development Block Grant funds used to provide for street and drainage improvements.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

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

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

The Village reports the following major enterprise funds:

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

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

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.

Additionally, the Village reports the following fund type:

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 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of 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.

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 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, property taxes are recorded when levied net of estimated refunds and uncollectible amounts.

Property taxes are levied on November 1st based on the assessed value of property as listed on the previous January 1st and are due in two payments by November 10th and April 10th. Property taxes uncollected after 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

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

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

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

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

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. Donated capital assets are recorded at estimated fair market value at the date of donation. 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).

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 \$46,702. 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 and improvements	15-50
Machinery and equipment	5-20
Infrastructure	20

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2011, along with the applicable PERA and Retiree Health Care.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 1. Summary of Significant 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: Qualified 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.

Fund Balance Classification Policies and Procedures: For committed fund balance, the Village's highest level of decision-making authority is the Village Council. The formal action that is required to be taken to establish a fund balance commitment is the Village Council.

For assigned fund balance, the Village Council or an official or body to which the Village Council delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

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

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

For the classification of fund balances, the Village considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the Village considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2011, the Village has presented \$-0- in nonspendable fund balance.

Restricted and Committed Fund Balance: At June 30, 2011, the Village has presented restricted fund balance on the governmental funds balance sheet in the amount of \$351,425 for various Village operations as restricted by enabling legislation. The Village has also presented committed fund balances on the governmental funds balance sheet in the amount of \$52,973 in order to provide services throughout the Village. The details of these fund balance items are located on the governmental funds balance sheet as detailed on page 18.

Minimum Fund Balance Policy: The Village's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the Village holds cash reserves of 1/12th of the General Fund expenditures.

Equity Classifications

Government-wide Statements

Net Assets: 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 any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
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. Descriptions for the related restrictions for net assets for "special revenue" and "capital projects" are described on pages 33 and 55.
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."

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 for doubtful accounts of ambulance receivables.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

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 and 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, Proprietary Funds, Capital Projects Funds and Debt Service Funds.

The appropriated budget for the year ended June 30, 2011 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	\$ 14,999	\$ 18,252
CDBG Capital Projects Fund	\$ -	\$ -
Nonmajor Governmental Funds	\$ 8,480	\$ 45,039
Sewer Enterprise Fund	\$ 19,586	\$ 10,819
Water Enterprise Fund	\$ 88,374	\$ 111,101
Airport Enterprise Fund	\$ -	\$ (1,215)
Ambulance Enterprise Fund	\$ (43,880)	\$ (39,238)

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

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

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 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, 2011 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, 2011.

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.

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 (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts in all FDIC-insured depository institutions. The separate coverage on noninterest-bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2011 accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transaction (demand deposit) accounts

Through July 20, 2011, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 3. Deposits and Investments (continued)

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, 2011, \$1,606,349 of the Village’s deposits of \$1,856,349 was exposed to custodial credit risk. \$1,199,192 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the Village’s name and \$407,157 was uninsured and uncollateralized.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation states 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>Citizens Bank of Clovis</u>
Year ended June 30, 2011	
Total amount of deposits	\$ 1,856,349
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	1,606,349
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Village's name.	<u>1,199,192</u>
Uninsured and uncollateralized	<u><u>\$ 407,157</u></u>
Collateral requirement (50% of uninsured public funds)	\$ 803,175
Pledged securities	<u>1,199,192</u>
Over (under) collateralization	<u><u>\$ 396,018</u></u>

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

Reconciliation to the Statement of Net Assets

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

Cash and cash equivalents per Exhibit A-1	\$ 1,577,167
Investments per Exhibit A-1 (savings accounts and time deposits)	218,703
Cash and cash equivalents per Exhibit E-1	1,065
Add: outstanding checks and other reconciling items	70,157
Less: deposits in transit and reconciling items	(550)
Less: NMFA reserve accounts	(9,843)
Less: cash on hand	<u>(350)</u>
Bank balance of deposits	<u><u>\$ 1,856,349</u></u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 4. Receivables and Payables

Receivables as of June 30, 2011, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Nonmajor Funds	Total		
Governmental activities:					
State of New Mexico:					
Gross receipts tax	\$ 76,391	\$ 8,046	\$	84,437	
Total governmental	\$ 76,391	\$ 8,046	\$	84,437	
	Sewer Fund	Water Fund	Ambulance Fund	Airport Fund	Total
Business-type activities:					
From customers:	\$ 15,949	\$ 37,935	\$ 70,167	\$ -	\$ 124,051
Allowance for uncollectible amounts	-	-	(17,542)	-	(17,542)
Total business-type	\$ 15,949	\$ 37,935	\$ 52,625	\$ -	\$ 106,509

Payables as of June 30, 2011, are as follows:

Governmental activities:	<u>General</u>
Payable to suppliers	\$ 42,368
Payable to and on behalf of employees	5,926
Payable for interest	822
Total accounts payable and accrued expenses for governmental activities	\$ 49,116
Business-type activities:	<u>Business-type</u>
Payable to suppliers	\$ 58,862
Payable to and on behalf of employees	4,742
Payable for interest	9,692
Total accounts payable and accrued expenses for business-type activities	\$ 73,296

NOTE 5. Interfund Receivables, Payables, and Transfers

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, 2011. Some funds were borrowed while waiting on grant reimbursements. The following individual fund had a negative cash balance as of June 30, 2011:

Interfund payable	Interfund receivable	Amount
DWI Grant Fund	General Fund	\$ 2,314
		\$ 2,314

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2011 follows. Land and construction in process are not subject to depreciation.

	Balance June 30, 2010	Additions and Transfers in	Deletions and Transfers Out	Balance June 30, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 36,701	\$ -	\$ -	\$ 36,701
Total capital assets not being depreciated	36,701	-	-	36,701
Capital assets being depreciated:				
Buildings and improvements	2,726,438	-	-	2,726,438
Machinery and equipment	1,144,015	6,000	-	1,150,015
Infrastructure	3,823,683	512,998	-	4,336,681
Total capital assets being depreciated	7,694,136	518,998	-	8,213,134
Total capital assets	7,730,837	518,998	-	8,249,835
Less accumulated depreciation:				
Buildings and improvements	1,246,397	76,152	-	1,322,549
Machinery and equipment	404,306	63,161	-	467,467
Infrastructure	1,321,829	188,680	-	1,510,509
Total accumulated depreciation	2,972,532	327,993	-	3,300,525
Total capital assets, net of depreciation	\$ 4,758,305	\$ 191,005	\$ -	\$ 4,949,310

Depreciation expense for the year ended June 30, 2011 was charged to the governmental activities as follows:

General government	\$ 41,287
Public safety	43,591
Public works	203,866
Public health and welfare	10,865
Culture and recreation	28,384
Total	<u>\$ 327,993</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 6. Capital Assets (continued)

	Balance June 30, 2010	Additions and Transfers in	Deletions and Transfers Out	Balance June 30, 2011
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 46,100	\$ -	\$ -	\$ 46,100
Total capital assets not being depreciated	46,100	-	-	46,100
Capital assets being depreciated:				
Buildings and improvements	7,551,448	373,340	-	7,924,788
Machinery and equipment	364,512	1,471	-	365,983
Total capital assets being depreciated	7,915,960	374,811	-	8,290,771
Total capital assets	7,962,060	374,811	-	8,336,871
Less accumulated depreciation:				
Buildings and improvements	2,770,781	182,296	-	2,953,077
Machinery and equipment	195,709	20,227	-	215,936
Total accumulated depreciation	2,966,490	202,523	-	3,169,013
Total capital assets, net of depreciation	\$ 4,995,570	\$ 172,288	\$ -	\$ 5,167,858

The Reverse Osmosis Plant is considered an idle asset. The historical cost of this asset is \$976,102 and depreciation has been suspended until further notice.

Business-type capital assets, net of accumulated depreciation, at June 30, 2011, for each fund are as follows:

Sewer Fund	\$ 1,280,389
Water Fund	2,210,802
Airport Fund	1,675,035
Ambulance Fund	1,632
Total	<u>\$ 5,167,858</u>

Depreciation expense for the year ended June 30, 2011 was charged to business-type activities as follows:

Sewer Fund	\$ 57,433
Water Fund	86,603
Airport Fund	58,196
Ambulance Fund	291
Total	<u>\$ 202,523</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 7. Long-term Debt

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Due Within One Year
Governmental activities					
Loan - Fire Pumper Truck	\$ 200,627	\$ -	\$ 22,815	\$ 177,812	\$ 23,409
Compensated absences	17,160	14,245	16,583	14,822	14,822
	<u>\$ 217,787</u>	<u>\$ 14,245</u>	<u>\$ 39,398</u>	<u>\$ 192,634</u>	<u>\$ 38,231</u>
Business-type activities					
Bonds - Water	\$ 356,000	\$ -	\$ 16,000	\$ 340,000	\$ 17,000
Loans - Water	271,617	-	35,692	235,925	37,755
Bonds - Sewer	293,100	-	5,000	288,100	5,000
Compensated absences	13,824	8,026	15,462	6,388	6,388
	<u>\$ 934,541</u>	<u>\$ 8,026</u>	<u>\$ 72,154</u>	<u>\$ 870,413</u>	<u>\$ 66,143</u>

In prior years, the general fund has typically been used to liquidate long-term liabilities for both governmental and business-type activities, other than debt that includes capital leases and compensated absences.

On November 25, 2007 the Village entered into a loan agreement with the New Mexico Finance Authority for the purchase of a fire pumper truck. The original amount of the loan was \$238,721, with a term of ten years. Interest on the loan varies from 3.42% to 3.73%. The Village pledged revenues from the Fire Protection Fund distributions made annually to the Village by the State Fire Marshall to pay the annual payments on this loan, until paid off. The amount of the pledged revenues was for the total amount of the loan in the amount of \$238,721. This revenue is subject to an intercept agreement. Fire Protection Fund revenues in fiscal year ending June 30, 2011 were \$75,495 and of that amount, \$28,303 was used for the current year loan payment.

NMFA Fire Pumper Truck Loan – 3.42% - 3.73% loan payable with fire funds intercept, due in annual payments increasing in amount (currently \$28,303) for principal and semi-annual payments for interest, through May 2018. \$ 177,812

The bonds and notes payable for the business-type activities as of June 30, 2011 are comprised of the following:

Water Supply Construction Loan – 3.0% loan payable in annual payments of \$3,583 for principal and interest, through June 2012. 3,478

Village of Fort Sumner Series 1975 Refunding Bonds – 5.0% bonds payable from the Water Fund, due in annual payments of \$3,000 and semi-annual payments of interest, through November 2014. 14,000

NMFA Water Loan – 4.2% - 5.5% loan payable in monthly installments of approximately \$3,900 for principal and interest, through April 2017. 232,447

Village of Fort Sumner Series 1982 Bonds – 5.0% bonds payable from the Water Fund, due in annual payments increasing in amount (currently \$10,000) for principal and semi-annual payments for interest, through November 2021. 156,000

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 7. Long-term Debt (continued)

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.	288,100
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 2037.	<u>170,000</u>
	<u>1,041,837</u>
Less current portion	<u>(83,164)</u>
	<u><u>\$ 958,673</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, 2011. Review of debt instruments and confirmations for ending balances denoted no compliance issues.

The annual requirements to amortize the bonds and loans outstanding as of June 30, 2011, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	\$ 83,164	\$ 48,395	\$ 131,559
2013	84,079	44,668	128,747
2014	87,603	40,845	128,448
2015	92,262	36,819	129,081
2016	91,074	32,646	123,720
2017-2021	229,555	114,880	344,435
2022-2026	85,000	79,479	164,479
2027-2031	81,000	57,267	138,267
2032-2036	95,000	29,527	124,527
2037-2038	<u>113,100</u>	<u>2,394</u>	<u>115,494</u>
Total	<u><u>\$ 1,041,837</u></u>	<u><u>\$ 486,920</u></u>	<u><u>\$ 1,528,757</u></u>

Compensated Absences - Employees of the Village are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2011, compensated absences for general government decreased by \$2,338 and for business-like activities decreased by \$7,436. Compensated accrued absences have historically been liquidated through general funds. See Note 1 for more details.

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 8. Risk Management (continued)

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.

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

Plan Description

Substantially all of the Village of Fort Sumner's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, 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 are required to contribute the following percentages of their gross salary: 7% for law enforcement and fire plan members; and 13.15% for Village employees. The Village is required to contribute the following percentages of the gross covered salary: 10% for law enforcement and fire plan members; and 9.15% for Village plan members. The contribution requirements of plan members and the Village of Fort Sumner are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the years ending June 30, 2011, 2010 and 2009 were \$36,534, \$38,893, and \$43,518, respectively, which equal the amount of the required contributions for each fiscal year.

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

Plan Description

The Village of Fort Sumner contributes to the New Mexico Retiree 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

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

Plan Description (continued)

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, 4308 Carlisle NE, Suite 104, Albuquerque, New Mexico 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.

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. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	0.917%
FY13	2.000%	1.000%

Also, employers joining the program after January 1, 1998 are 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, 2011, 2010 and 2009 were \$6,469, \$5,289, and \$6,098, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

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:

- A. Deficit fund balance of individual fund. This fund reflected a deficit fund balance as of June 30, 2011:

Special Revenue Fund

DWI Grant Fund	\$	2,351
----------------	----	-------

This fund is part of pooled cash, so the General Fund is deemed to have loaned them money until reimbursements are received.

- B. Excess of expenditures over appropriations.

None

- C. Designated cash appropriations in excess of available balances.

None

NOTE 12. Contingent Liabilities

The Village is party to various claims and lawsuits arising in the normal course of business. The Village is insured through the New Mexico County Insurance Authority. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the Village.

NOTE 13. Federal and State Grants

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

NOTE 14. Restatement

For the fiscal year ended June 30, 2010, the ending budgetary balance of the Fire Special Revenue Fund did not reflect the funds held by New Mexico Finance Authority and was understated by the amount of \$9,034. The restatement results from the adjustment to the beginning fund balance for fiscal year ended June 30, 2011 and had no effect on net income for fiscal year ended June 30, 2010.

NOTE 15. Subsequent Events

The date to which events occurring after June 30, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 28, 2011 which is the date on which the financial statement were available to be issued.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2011

NOTE 16. Subsequent Pronouncements

In November 2010, GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*, Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The Village is still evaluating the possible effects of this standard.

In November 2010, GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the Village in upcoming years.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The Village will implement this standard during fiscal year June 30, 2013.

In June 2011, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, Effective Date: The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the Village in upcoming years.

In June 2011, GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, Effective Date: The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the Village in upcoming years.

SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

NONMAJOR GOVERNMENTAL FUNDS

(This page intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Nonmajor Governmental Fund Descriptions
June 30, 2011

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.

Gas Tax Fund – To account 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

	Special Revenue Funds			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 7,713	\$ -	\$ 11,265	\$ 10,563
Investments	-	-	-	-
Receivables (net of allowance for uncollectible amounts):				
Taxes	1,824	-	-	-
<i>Total current assets</i>	<u>9,537</u>	<u>-</u>	<u>11,265</u>	<u>10,563</u>
<i>Total assets</i>	<u>\$ 9,537</u>	<u>\$ -</u>	<u>\$ 11,265</u>	<u>\$ 10,563</u>
<i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 807	\$ -
Accrued expenses	-	-	-	-
Interfund payable	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>807</u>	<u>-</u>
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Maintenance of roads	-	-	-	-
Fire departments	-	-	-	-
Public safety	9,537	-	10,458	-
Cultural	-	-	-	10,563
Healthcare	-	-	-	-
<i>Committed to:</i>				
Minimum fund balance	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>9,537</u>	<u>-</u>	<u>10,458</u>	<u>10,563</u>
<i>Total liabilities and fund balances</i>	<u>\$ 9,537</u>	<u>\$ -</u>	<u>\$ 11,265</u>	<u>\$ 10,563</u>

The accompanying notes are an integral part of these financial statements

Special Revenue Funds

Recreation Fund	DWI Grant Fund	County Ambulance Tax Fund	PIT Canteen Fund	Fire Fund	Senior Citizen's Fund
\$ 31,348	\$ -	\$ 5,319	\$ 3,856	\$ 21,979	\$ 43,417
-	-	-	-	-	-
-	-	2,574	-	-	-
31,348	-	7,893	3,856	21,979	43,417
<u>\$ 31,348</u>	<u>\$ -</u>	<u>\$ 7,893</u>	<u>\$ 3,856</u>	<u>\$ 21,979</u>	<u>\$ 43,417</u>
\$ 1,757	\$ 37	\$ 2,683	\$ 685	\$ 1,540	\$ 5,026
1,517	-	-	-	-	843
-	2,314	-	-	-	-
3,274	2,351	2,683	685	1,540	5,869
-	-	-	-	-	-
-	-	-	-	20,439	-
-	-	-	-	-	-
28,074	-	-	3,171	-	37,548
-	-	5,210	-	-	-
-	-	-	-	-	-
-	(2,351)	-	-	-	-
28,074	(2,351)	5,210	3,171	20,439	37,548
<u>\$ 31,348</u>	<u>\$ -</u>	<u>\$ 7,893</u>	<u>\$ 3,856</u>	<u>\$ 21,979</u>	<u>\$ 43,417</u>

(This page intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

Statement A-1
(Page 2 of 2)

	Special Revenue Funds		
	Cemetery Fund	Gas Tax Fund	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 4,853	\$ 101,362	\$ 241,675
Investments	123,786	-	123,786
Receivables (net of allowance for uncollectible amounts):			
Taxes	-	3,648	8,046
<i>Total current assets</i>	128,639	105,010	373,507
<i>Total assets</i>	\$ 128,639	\$ 105,010	\$ 373,507
 <i>Liabilities and Fund Balance</i>			
<i>Current liabilities</i>			
Accounts payable	\$ -	\$ 7,324	\$ 19,859
Accrued expenses	-	-	2,360
Interfund payable	-	-	2,314
<i>Total current liabilities</i>	-	7,324	24,533
 <i>Fund balances</i>			
<i>Spendable</i>			
<i>Restricted for:</i>			
Maintenance of roads	-	97,686	97,686
Fire departments	-	-	20,439
Public safety	-	-	19,995
Cultural	128,639	-	207,995
Healthcare	-	-	5,210
<i>Committed to:</i>			
Minimum fund balance	-	-	-
Unassigned	-	-	(2,351)
<i>Total fund balances</i>	128,639	97,686	348,974
<i>Total liabilities and fund balances</i>	\$ 128,639	\$ 105,010	\$ 373,507

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, 2011

	Special Revenue Funds			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
<i>Revenues</i>				
Taxes				
Gross receipts taxes	\$ 11,005	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	18,841
Intergovernmental income				
Federal operating grants	-	-	-	-
State operating grants	-	15,329	20,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	12,800	-	-
<i>Total revenues</i>	<u>11,005</u>	<u>28,129</u>	<u>20,000</u>	<u>18,841</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	12,883	-
Public works	-	-	-	-
Culture and recreation	-	-	-	22,264
Public health and welfare	-	22,129	-	-
Economic development	14,993	-	-	-
Capital outlay	-	6,000	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,993</u>	<u>28,129</u>	<u>12,883</u>	<u>22,264</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,988)</u>	<u>-</u>	<u>7,117</u>	<u>(3,423)</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>	(3,988)	-	7,117	(3,423)
<i>Fund balance - beginning of year</i>	<u>13,525</u>	<u>-</u>	<u>3,341</u>	<u>13,986</u>
<i>Fund balance - end of year</i>	<u>\$ 9,537</u>	<u>\$ -</u>	<u>\$ 10,458</u>	<u>\$ 10,563</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>	<u>Senior Citizen's Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	14,548	-	-	-
-	-	-	-	-	-
219	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	27,349
-	85,156	-	-	78,642	26,850
-	-	-	-	-	-
13,186	-	-	1,152	-	12,765
-	-	-	3,245	-	-
-	-	-	-	43	-
47,077	-	-	-	100	29,599
<u>60,482</u>	<u>85,156</u>	<u>14,548</u>	<u>4,397</u>	<u>78,785</u>	<u>96,563</u>
-	-	-	-	-	52,495
-	86,876	-	-	53,008	-
-	-	-	-	-	-
38,760	-	-	3,576	-	-
-	-	10,760	-	-	46,535
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	22,815	-
-	-	-	-	5,527	-
<u>38,760</u>	<u>86,876</u>	<u>10,760</u>	<u>3,576</u>	<u>81,350</u>	<u>99,030</u>
<u>21,722</u>	<u>(1,720)</u>	<u>3,788</u>	<u>821</u>	<u>(2,565)</u>	<u>(2,467)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21,722	(1,720)	3,788	821	(2,565)	(2,467)
6,352	(631)	1,422	2,350	23,004	40,015
<u>\$ 28,074</u>	<u>\$ (2,351)</u>	<u>\$ 5,210</u>	<u>\$ 3,171</u>	<u>\$ 20,439</u>	<u>\$ 37,548</u>

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, 2011

Statement A-2

(Page 2 of 2)

	<u>Special Revenue Funds</u>		
	<u>Cemetery Fund</u>	<u>Gas Tax Fund</u>	<u>Total</u>
<i>Revenues</i>			
Taxes			
Gross receipts taxes	\$ -	\$ 22,013	\$ 33,018
Franchise taxes	-	-	14,548
Motor vehicle and fuel taxes	-	29,099	29,099
Cigarette taxes	-	-	219
Lodger's taxes	-	-	18,841
Intergovernmental income			
Federal operating grants	-	-	27,349
State operating grants	-	-	225,977
State capital grants	-	64,722	64,722
Charges for services	3,000	-	30,103
Licenses and permits	-	-	3,245
Interest	3,993	-	4,036
Miscellaneous	2,420	10,000	101,996
<i>Total revenues</i>	<u>9,413</u>	<u>125,834</u>	<u>553,153</u>
<i>Expenditures</i>			
Current:			
General government	-	-	52,495
Public safety	-	-	152,767
Public works	-	41,418	41,418
Culture and recreation	-	-	64,600
Public health and welfare	9,897	-	89,321
Economic development	-	-	14,993
Capital outlay	-	72,998	78,998
Debt service:			
Principal	-	-	22,815
Interest	-	-	5,527
<i>Total expenditures</i>	<u>9,897</u>	<u>114,416</u>	<u>522,934</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(484)</u>	<u>11,418</u>	<u>30,219</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	-	-
Transfers (out)	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(484)	11,418	30,219
<i>Fund balance - beginning of year</i>	<u>129,123</u>	<u>86,268</u>	<u>318,755</u>
<i>Fund balance - end of year</i>	<u>\$ 128,639</u>	<u>\$ 97,686</u>	<u>\$ 348,974</u>

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, 2011

Statement B-1

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ 8,000	\$ 11,064	\$ 11,063	\$ (1)
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	8,000	11,064	11,063	(1)
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	8,000	16,316	16,315	1
Capital outlay	-	-	-	-
<i>Total expenditures</i>	8,000	16,316	16,315	1
<i>Excess (deficiency) of revenues over expenditures</i>	-	(5,252)	(5,252)	-
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	5,252	-	(5,252)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	5,252	-	(5,252)
<i>Net change in fund balances</i>	-	-	(5,252)	(5,252)
<i>Fund balance - beginning of year</i>	-	-	12,965	12,965
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 7,713	\$ 7,713
Net change in fund balance (non-GAAP budgetary basis)			\$ (5,252)	
Adjustments to revenue for other receivables			(58)	
Adjustments to expenditures for accounts payable			1,322	
Net change in fund balance (GAAP)			\$ (3,988)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
Emergency Medical Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

Statement B-2

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	28,129	28,129	15,329	(12,800)
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	12,800	12,800
<i>Total revenues</i>	<u>28,129</u>	<u>28,129</u>	<u>28,129</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	17,806	17,806	13,090	4,716
Economic development	-	-	-	-
Capital outlay	-	10,323	15,039	(4,716)
<i>Total expenditures</i>	<u>17,806</u>	<u>28,129</u>	<u>28,129</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,323</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(10,323)	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>10,323</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	20,000	20,000	20,000	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	23,341	23,341	12,076	11,265
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>23,341</u>	<u>23,341</u>	<u>12,076</u>	<u>11,265</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,341)</u>	<u>(3,341)</u>	<u>7,924</u>	<u>11,265</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	3,341	3,341	-	(3,341)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,341</u>	<u>3,341</u>	<u>-</u>	<u>(3,341)</u>
<i>Net change in fund balances</i>	-	-	7,924	7,924
<i>Fund balance - beginning of year</i>	-	-	3,341	3,341
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,265</u>	<u>\$ 11,265</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 7,924	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable			(807)	
Net change in fund balance (GAAP)			<u>\$ 7,117</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, 2011

Statement B-4

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	23,000	23,000	21,194	(1,806)
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>23,000</u>	<u>23,000</u>	<u>21,194</u>	<u>(1,806)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	23,000	23,000	22,264	736
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>23,000</u>	<u>23,000</u>	<u>22,264</u>	<u>736</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,070)</u>	<u>(1,070)</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in 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>	-	-	(1,070)	(1,070)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>11,633</u>	<u>11,633</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,563</u>	<u>\$ 10,563</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,070)	
Adjustments to revenue for accounts receivable			(2,353)	
No adjustments to expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (3,423)</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, 2011

Statement B-5

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	219	219
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	3,200	3,200	13,186	9,986
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	19,800	72,282	47,077	(25,205)
<i>Total revenues</i>	<u>23,000</u>	<u>75,482</u>	<u>60,482</u>	<u>(15,000)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	23,000	39,386	37,422	1,964
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>23,000</u>	<u>39,386</u>	<u>37,422</u>	<u>1,964</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>36,096</u>	<u>23,060</u>	<u>(13,036)</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(36,096)	-	36,096
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(36,096)</u>	<u>-</u>	<u>36,096</u>
<i>Net change in fund balances</i>	-	-	23,060	23,060
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,288</u>	<u>8,288</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,348</u>	<u>\$ 31,348</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 23,060	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued liabilities			(1,338)	
Net change in fund balance (GAAP)			<u>\$ 21,722</u>	

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, 2011

Statement B-6

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	93,500	107,871	89,947	(17,924)
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>93,500</u>	<u>107,871</u>	<u>89,947</u>	<u>(17,924)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	93,501	108,526	102,086	6,440
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>93,501</u>	<u>108,526</u>	<u>102,086</u>	<u>6,440</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1)</u>	<u>(655)</u>	<u>(12,139)</u>	<u>(11,484)</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	1	655	-	(655)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1</u>	<u>655</u>	<u>-</u>	<u>(655)</u>
<i>Net change in fund balances</i>	-	-	(12,139)	(12,139)
<i>Fund balance - beginning of year</i>	-	-	9,825	9,825
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,314)</u>	<u>\$ (2,314)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (12,139)	
Adjustments to revenue for other receivables			(4,791)	
Adjustments to expenditures for accrued liabilities			<u>15,210</u>	
Net change in fund balance (GAAP)			<u>\$ (1,720)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
County Ambulance Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

Statement B-7

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	20,000	20,000	15,047	(4,953)
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	20,000	20,000	15,047	(4,953)
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	20,000	20,000	9,965	10,035
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	20,000	20,000	9,965	10,035
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	5,082	5,082
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	5,082	5,082
<i>Fund balance - beginning of year</i>	-	-	237	237
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 5,319	\$ 5,319
Net change in fund balance (non-GAAP budgetary basis)			\$ 5,082	
Adjustments to revenue for other receivables			(499)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(795)	
Net change in fund balance (GAAP)			\$ 3,788	

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, 2011

Statement B-8

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	2,801	2,801	3,245	444
Charges for services	1,184	2,000	1,152	(848)
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	3,985	4,801	4,397	(404)
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,518	3,074	3,074	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	2,518	3,074	3,074	-
<i>Excess (deficiency) of revenues over expenditures</i>	1,467	1,727	1,323	(404)
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(1,467)	(1,727)	-	1,727
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	(1,467)	(1,727)	-	1,727
<i>Net change in fund balances</i>	-	-	1,323	1,323
<i>Fund balance - beginning of year</i>	-	-	2,533	2,533
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 3,856	\$ 3,856
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,323	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable			(502)	
Net change in fund balance (GAAP)			\$ 821	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	77,451	78,742	78,642	(100)
Federal grants	-	-	-	-
Investment earnings	-	-	43	43
Miscellaneous	-	-	100	100
<i>Total revenues</i>	<u>77,451</u>	<u>78,742</u>	<u>78,785</u>	<u>43</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	42,967	45,560	40,934	4,626
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	6,099	6,099	10,806	(4,707)
Debt service:				
Principal	28,385	28,385	22,776	5,609
Interest	-	-	5,527	(5,527)
<i>Total expenditures</i>	<u>77,451</u>	<u>80,044</u>	<u>80,043</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,302)</u>	<u>(1,258)</u>	<u>44</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	1,302	-	(1,302)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,302</u>	<u>-</u>	<u>(1,302)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(1,258)</u>	<u>(1,258)</u>
<i>Fund balance - beginning of year</i>	-	-	23,276	23,276
Prior period adjustment	-	-	9,034	9,034
<i>Fund balance - beginning of year as restated</i>	<u>-</u>	<u>-</u>	<u>32,310</u>	<u>32,310</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,052</u>	<u>\$ 31,052</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,258)	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(1,307)	
Net change in fund balance (GAAP)			<u>\$ (2,565)</u>	

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, 2011

Statement B-10

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	6,808	13,031	12,765	(266)
State and county grants	35,780	35,780	33,780	(2,000)
Federal grants	27,809	27,809	29,680	1,871
Investment earnings	-	-	-	-
Miscellaneous	29,203	29,203	29,599	396
<i>Total revenues</i>	<u>99,600</u>	<u>105,823</u>	<u>105,824</u>	<u>1</u>
<i>Expenditures:</i>				
Current:				
General government	55,318	55,318	52,244	3,074
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	44,250	44,250	44,718	(468)
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>99,568</u>	<u>99,568</u>	<u>96,962</u>	<u>2,606</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>32</u>	<u>6,255</u>	<u>8,862</u>	<u>2,607</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(32)	(6,255)	-	6,255
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(32)</u>	<u>(6,255)</u>	<u>-</u>	<u>6,255</u>
<i>Net change in fund balances</i>	-	-	8,862	8,862
<i>Fund balance - beginning of year</i>	-	-	34,555	34,555
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,417</u>	<u>\$ 43,417</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 8,862	
Adjustments to revenue for other receivables			(9,261)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(2,068)	
Net change in fund balance (GAAP)			<u>\$ (2,467)</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, 2011

Statement B-11

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	4,000	4,000	3,000	(1,000)
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	3,993	3,993
Miscellaneous	3,700	3,700	2,420	(1,280)
<i>Total revenues</i>	<u>7,700</u>	<u>7,700</u>	<u>9,413</u>	<u>1,713</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	7,700	9,898	9,897	1
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>7,700</u>	<u>9,898</u>	<u>9,897</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,198)</u>	<u>(484)</u>	<u>1,714</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	2,198	-	(2,198)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,198</u>	<u>-</u>	<u>(2,198)</u>
<i>Net change in fund balances</i>	-	-	(484)	(484)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>129,123</u>	<u>129,123</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,639</u>	<u>\$ 128,639</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (484)	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (484)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
Gas Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2011

Statement B-12

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ 22,128	\$ 22,128	\$ 22,129	\$ 1
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	29,100	29,100	29,099	(1)
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	20,722	68,173	68,173	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	10,000	10,000	10,000	-
<i>Total revenues</i>	81,950	129,401	129,401	-
<i>Expenditures:</i>				
<i>Current:</i>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	41,550	41,550	44,599	(3,049)
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	40,400	74,142	71,093	3,049
<i>Total expenditures</i>	81,950	115,692	115,692	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	13,709	13,709	-
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(13,709)	-	13,709
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	(13,709)	-	13,709
<i>Net change in fund balances</i>	-	-	13,709	13,709
<i>Fund balance - beginning of year</i>	-	-	87,653	87,653
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 101,362	\$ 101,362
Net change in fund balance (non-GAAP budgetary basis)			\$ 13,709	
Adjustments to revenue for other receivables			(3,567)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			1,276	
Net change in fund balance (GAAP)			\$ 11,418	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	440,000	440,000	440,000	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>440,000</u>	<u>440,000</u>	<u>440,000</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	440,000	440,000	440,000	-
<i>Total expenditures</i>	<u>440,000</u>	<u>440,000</u>	<u>440,000</u>	<u>-</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 (budgeted increase in 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>	-	-	100	100
<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)			\$ -	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating Revenues:</i>				
Charges for services	\$ 129,500	\$ 129,500	\$ 129,462	\$ (38)
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	<u>129,500</u>	<u>129,500</u>	<u>129,462</u>	<u>(38)</u>
<i>Operating expenses:</i>				
Personnel services	62,002	62,002	60,378	1,624
Power and fuel	6,000	7,537	9,325	(1,788)
General insurance	-	-	-	-
Purchased services	28,500	28,500	26,833	1,667
Other operating expenses	13,412	20,642	22,145	(1,503)
<i>Total operating expenditures</i>	<u>109,914</u>	<u>118,681</u>	<u>118,681</u>	<u>-</u>
<i>Operating income (loss)</i>	<u>19,586</u>	<u>10,819</u>	<u>10,781</u>	<u>(38)</u>
<i>Non-operating revenues (expenses):</i>				
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	235	235	16	(219)
Principal	5,057	5,057	5,000	(57)
Interest expense	(14,764)	(14,764)	(13,922)	842
<i>Total non-operating revenues (expenses)</i>	<u>(9,472)</u>	<u>(9,472)</u>	<u>(8,906)</u>	<u>566</u>
<i>Income before transfers</i>	<u>10,114</u>	<u>1,347</u>	<u>1,875</u>	<u>528</u>
Designated cash (budgeted increase in cash)	(10,114)	(1,347)	-	1,347
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Change in net assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>1,875</u>	<u>\$ 1,875</u>
Revenues (expenses) not budgeted:				
Change in accounts receivable			(1,630)	
Change in accounts payable			(4,492)	
Depreciation			(57,433)	
<i>Change in net assets per Exhibit D-2</i>			<u>(61,680)</u>	
<i>Net assets - beginning of year</i>			<u>1,095,028</u>	
<i>Net assets - end of year</i>			<u>\$ 1,033,348</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 260,900	\$ 283,627	\$ 282,326	\$ (1,301)
Miscellaneous	6,000	6,000	8,683	2,683
<i>Total revenues</i>	<u>266,900</u>	<u>289,627</u>	<u>291,009</u>	<u>1,382</u>
<i>Operating expenses:</i>				
Personnel services	104,926	104,926	78,145	26,781
Power and fuel	12,500	12,500	18,198	(5,698)
General insurance	9,000	9,000	7,000	2,000
Purchased services	3,000	3,000	-	3,000
Other operating expenses	49,100	49,100	61,992	(12,892)
<i>Total expenditures</i>	<u>178,526</u>	<u>178,526</u>	<u>165,335</u>	<u>13,191</u>
<i>Operating income (loss)</i>	<u>88,374</u>	<u>111,101</u>	<u>125,674</u>	<u>14,573</u>
<i>Non-operating revenues (expenses):</i>				
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	2,000	2,000	745	(1,255)
Principal	(62,378)	(62,379)	(51,692)	10,687
Interest expense	(21,948)	(21,948)	(32,177)	(10,229)
<i>Total non-operating revenues (expenses)</i>	<u>(82,326)</u>	<u>(82,327)</u>	<u>(83,124)</u>	<u>(797)</u>
<i>Income (loss) before transfers</i>	<u>6,048</u>	<u>28,774</u>	<u>42,550</u>	<u>13,776</u>
Designated cash (budgeted increase in cash)	(6,048)	(28,774)	-	28,774
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Change in net assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>42,550</u>	<u>\$ 42,550</u>
Revenues (expenses) not budgeted:				
Change in accounts receivable			(6,863)	
Change in accounts payable			51,726	
Depreciation			(86,603)	
<i>Change in net assets per Exhibit D-2</i>			810	
<i>Net assets - beginning of year</i>			<u>1,963,014</u>	
<i>Net assets - end of year</i>			<u>\$ 1,963,824</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 38,100	\$ 38,100	\$ 36,695	\$ (1,405)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>38,100</u>	<u>38,100</u>	<u>36,695</u>	<u>(1,405)</u>
<i>Operating expenses:</i>				
Personnel services	32,393	32,393	28,622	3,771
Power and fuel	3,022	3,022	3,559	(537)
General insurance	1,000	1,000	3,185	(2,185)
Purchased services	-	-	-	-
Other operating expenses	1,685	2,900	2,439	461
<i>Total expenditures</i>	<u>38,100</u>	<u>39,315</u>	<u>37,805</u>	<u>1,510</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>(1,215)</u>	<u>(1,110)</u>	<u>105</u>
<i>Non-operating revenues (expenses):</i>				
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	353,537	354,672	1,135
State operating grants	-	16,530	16,800	270
State capital grants	-	-	-	-
Interest income	-	-	-	-
Principal	-	-	-	-
Interest expense	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>370,067</u>	<u>371,472</u>	<u>1,405</u>
<i>Income (loss) before transfers</i>	<u>-</u>	<u>368,852</u>	<u>370,362</u>	<u>1,510</u>
Designated cash (budgeted increase in cash)	-	(368,852)	-	368,852
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Change in net assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>370,362</u>	<u>\$ 370,362</u>
Revenues (expenses) not budgeted:				
Change in accounts receivable			-	
Change in accounts payable			(444)	
Depreciation			(58,196)	
<i>Change in net assets per Exhibit D-2</i>			<u>311,722</u>	
<i>Net assets - beginning of year</i>			<u>1,365,054</u>	
<i>Net assets - end of year</i>			<u>\$ 1,676,776</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2011

Statement B-17

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Operating revenues:</i>				
Charges for services	\$ 120,000	\$ 141,474	\$ 171,225	\$ 29,751
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	120,000	141,474	171,225	29,751
<i>Operating expenses:</i>				
Personnel services	110,578	119,929	120,587	(658)
Power and fuel	18,302	18,302	18,302	-
General insurance	-	-	-	-
Purchased services	12,000	12,000	12,188	(188)
Other operating expenses	23,000	30,481	28,164	2,317
<i>Total operating expenditures</i>	163,880	180,712	179,241	1,471
<i>Operating income (loss)</i>	(43,880)	(39,238)	(8,016)	31,222
<i>Non-operating revenues (expenses):</i>				
<i>Intergovernmental</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	70,000	70,000	40,250	(29,750)
State capital grants	-	-	-	-
Interest income	-	-	-	-
Principal	-	-	-	-
Interest expense	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	70,000	70,000	40,250	(29,750)
<i>Income before transfers</i>	26,120	30,762	32,234	1,472
Designated cash (budgeted increase in cash)	(26,120)	(30,762)	-	30,762
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Change in net assets</i>	\$ -	\$ -	32,234	\$ 32,234
<i>Revenues (expenses) not budgeted:</i>				
Change in accounts receivable			1,101	
Change in accounts payable			(92)	
Depreciation			(291)	
<i>Change in net assets per Exhibit D-2</i>			32,952	
<i>Net assets - beginning of year</i>			249,695	
<i>Net assets - end of year</i>			\$ 282,647	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
June 30, 2011

Statement C-1

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
<i>Motor Vehicle Department Fund</i>				
<i>Assets</i>				
Cash and cash equivalents	\$ 1,065	\$ -	\$ -	\$ 1,065
<i>Total Assets</i>	<u>\$ 1,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065</u>
<i>Liabilities</i>				
Deposits held and due to others	\$ 1,065	\$ -	\$ -	\$ 1,065
<i>Total Liabilities</i>	<u>\$ 1,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065</u>

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
 Village of Fort Sumner
 Schedule of Collateral Pledged by Depository
 for Public Funds
 June 30, 2011

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2011
Citizens Bank of Clovis				
	GNMA II Pool #831112	8/20/2033	36208ARK9	\$ 23,293
	GNR 2008-7 PB	2/20/2038	38375PJ85	<u>1,175,899</u>
			Total collateral pledged	<u>\$ 1,199,192</u>

Location of Safe keeper
 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, 2011

Schedule II

Primary Government

<u>Bank Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Book Balance</u>
Citizens Bank of Clovis					
Treasurer general account	Checking	\$ 1,631,173	\$ 900	\$ 69,702	\$ 1,562,371
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	5,308	-	455	4,853
Savings account	Savings	30,326	-	-	30,326
Certificate of deposit	CD	5,700	-	-	5,700
Certificate of deposit	CD	47,000	-	-	47,000
Cemetery Endowment Savings	Savings	760	-	-	760
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>1,856,349</u>	<u>900</u>	<u>70,157</u>	<u>1,787,092</u>
NMFA Reserve Accounts	Money Market	<u>9,843</u>	<u>-</u>	<u>-</u>	<u>9,843</u>
Total cash		<u>\$ 1,866,192</u>	<u>\$ 900</u>	<u>\$ 70,157</u>	<u>\$ 1,796,935</u>

Exhibit A-1:	Cash and Cash Equivalents	\$ 1,577,167
Exhibit A-1:	Investments	218,703
Exhibit E-1:	Agency funds	1,065
	Reconciled Deposits and Investments	<u>\$ 1,796,935</u>

See accompanying independent auditor's report

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Legislative Grants
June 30, 2011

<u>Project</u>	<u>Agency</u>	<u>Grant #</u>	<u>Effective Date</u>	<u>Reversion Date</u>
Library GO Bond	State Library		09/23/10	06/30/11

These capital outlay projects are on a reimbursement basis. Therefore, there is no fund balance related to these projects at June 30, 2011.

<u>Original Amount</u>	<u>Net Amount</u>	<u>Expenditures to Date</u>	<u>Remaining</u>
<u>\$ 6,680</u>	<u>\$ 6,680</u>	<u>\$ -</u>	<u>\$ 6,680</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Joint Powers Agreements
June 30, 2011

Schedule IV

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, 2011 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
Schedule of Joint Powers Agreements
June 30, 2011

Schedule IV

Law Enforcement Services

Participants: Village of Fort Sumner, De Baca County Sheriff's Department and De Baca County

Responsible Party: Village of Fort Sumner

Description: The agreement was entered into to maintain a law enforcement agency under the direction of the De Baca County Sherriff's Department for the Village of Fort Sumner.

Period: Entered into on December 3, 2009 and shall run in perpetuity or until its termination.

Project Costs: \$50,635 per fiscal year for Joint Law Enforcement Protection. Provide 50% of the fines generated through the Fort Sumner Municipal Court System quarterly.

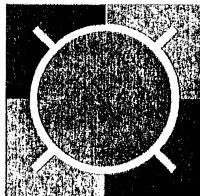
Village Contribution: Provide three (3) police vehicles. Provide vehicle insurance. Relinquish the supervision and control of all Law Enforcement duties.

Audit Responsibility: Village of Fort Sumner

(This page intentionally left blank)

COMPLIANCE SECTION

(This page intentionally left blank)



Accounting & Consulting Group, LLP

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
The Office of Management and Budget and
To the Honorable Mayor and Village Councilors of
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 comparison for the general fund and the aggregate remaining fund information of the Village of Fort Sumner (the Village), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 28, 2011. We have also audited the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparison statements for the CDBG capital projects fund, the enterprise funds 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, 2011, 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, listed as 2007-1 and 2010-3. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Certified Public Accountants

910 Colonial Parkway (88101-3006) • P.O. Drawer 1448, Clovis, New Mexico 88102-1448
800.700.2841 • 505.769.2841 • Fax 505.762.2530 • clovis.office@acgnm.com • www.acgnm.com

Alamogordo • Albuquerque • Carlsbad • Clovis

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2011-1.

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

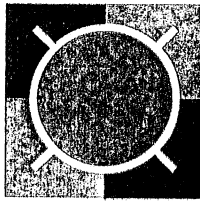
This report is intended solely for the information and use of the Village Council, management, others within the organization, the Office of the State Auditor, the New Mexico State Legislature and its committees, the New Mexico Department of Finance and Administration, federal awarding agencies and pass-through 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 28, 2011





Accounting & Consulting Group, LLP

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the Village of Fort Sumner's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village of Fort Sumner's major federal programs for the year ended June 30, 2011. The Village of Fort Sumner's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village of Fort Sumner's management. Our responsibility is to express an opinion on the Village of Fort Sumner's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Fort Sumner's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Village of Fort Sumner's compliance with those requirements.

In our opinion, the Village of Fort Sumner complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Certified Public Accountants

910 Colonial Parkway (88101-3006) ■ P.O. Drawer 1448, Clovis, New Mexico 88102-1448
800.700.2841 ■ 505.769.2841 ■ Fax 505.762.2530 ■ clovis.office@acgnm.com ■ www.acgnm.com

Alamogordo ■ Albuquerque ■ Carlsbad ■ Clovis

Internal Control over Compliance

Management of the Village of Fort Sumner is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Fort Sumner's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Fort Sumner's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 28, 2011



(This page intentionally left blank)

STATE OF NEW MEXICO
 Village of Fort Sumner
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2011

	Federal CDEA Number	Flow Thru Number	Federal Expenditures
U.S. Department of Transportation			
Community Development Block Grant (Passed through State of New Mexico Department of Finance and Administration)	14.228	09-C-RS-I-01-G-06	\$ 440,000 (1)
Federal Aviation Administration Grant (Passed through State of New Mexico Department of Transportation)	20.106	3-35-0018-008-2010	354,672 (1)
Total U.S. Department of Transportation			794,672
U.S. Department of Health and Human Services			
Senior Citizens Title IIIB	93.044	2010-11 68023	5,199
Senior Citizens Title IIIC1	93.045	2010-11 68023	11,916
Senior Citizens Title IIIC2	93.045	2010-11 68023	5,499
Senior Citizens Nutritional Services Incentive Program (NSIP)	93.053	2010-11 68023	7,066
Total U.S. Department of Health and Human Services			29,680
Total Federal Financial Assistance			\$ 824,352

(1) Denotes major Federal financial assistance program

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Notes to Schedule of Expenditures of Federal Awards

1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Village of Fort Sumner (Village) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2 Subrecipients

The Village of Fort Sumner did not provide any federal awards to subrecipients during the year.

3 Non-Cash Federal Assistance

The Village did not receive any non-cash federal assistance awards during the year.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 824,352
Total expenditures funded by other sources	<u>2,690,077</u>
Total expenditures	<u><u>\$ 3,514,429</u></u>

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Findings and Questioned Costs
Year Ended 2011

Section I – Summary of Audit Results

Financial Statements:

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

Federal Awards:

- | | | | | | | | |
|--|---------------------------------------|------------------|--------|-----------------------------------|--------|---------------------------------------|--|
| 1. Internal control over major programs: | | | | | | | |
| a. Material weaknesses identified? | No | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | No | | | | | | |
| 2. Type of auditor’s report issued on compliance for major programs | Unqualified | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No | | | | | | |
| 4. Identification of major programs: | | | | | | | |
| <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</td> <td style="text-align: center; border-bottom: 1px solid black;">Federal Programs</td> </tr> <tr> <td style="text-align: center;">14.228</td> <td style="text-align: center;">Community Development Block Grant</td> </tr> <tr> <td style="text-align: center;">20.106</td> <td style="text-align: center;">Federal Aviation Administration Grant</td> </tr> </table> | CFDA
Number | Federal Programs | 14.228 | Community Development Block Grant | 20.106 | Federal Aviation Administration Grant | |
| CFDA
Number | Federal Programs | | | | | | |
| 14.228 | Community Development Block Grant | | | | | | |
| 20.106 | Federal Aviation Administration Grant | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 | | | | | | |
| 6. Auditee qualified as a low-risk auditee under the requirements set forth by OMB Circular A-133 section 530? | No | | | | | | |

Section II – Prior Year Audit Findings

Prior Year Audit Finding

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

FS 2010-3 Timeliness of Deposits (Authority) – Finding was repeated but modified.

Section III – Financial Statement Findings

FS 2007-1: Preparation of Financial Statements (Village and Authority) (Repeated/Modified) – Significant Deficiency

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. 115, 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.

Views of Responsible Officials and Planned Corrective Actions

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 a nd send management to training seminars on external financial reporting.

Section III – Financial Statement Findings (continued)

FS 2010-3: Timeliness of Deposits (Authority) (Repeated/Modified) – Significant Deficiency

Condition

During test work of receipts, we noted two instances in the amount of \$400, out of five receipts tested were not deposited in a timely manner after receipt. These receipts were not deposited until several business days after the funds were received.

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 Fort Sumner Housing Authority in noncompliance and lack of timeliness of deposits could subject the Housing Authority to a possible occurrence of fraud.

Cause

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

Auditor's Recommendation

The Fort Sumner Housing Authority should emphasize the importance of timely deposits of receipts and assign a designated individual the responsibility of determining that receipts are deposited in a timely manner as set forth in state statutes.

Views of Responsible Officials and Planned Corrective Actions

The Fort Sumner Housing Authority 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 2011-1: Retiree Health Care Reconciliation (Village) – Significant Deficiency

Condition

During test work performed to reconcile total wages paid to wages subject to Retiree Health Care (RHC), it was noted that the Village had not reported all wages subject to RHC, resulting in contributions due to RHC not being accurately reported or remitted. Test work noted that wages in the amount of \$10,960 paid to one employee from October 2010 through May 2011, that were subject to RHC, were not reported as RHC wages, nor was the contribution amount in the approximate amount of \$274 remitted.

Criteria

Section 10-7C-1 to 10-7C-19 NMSA 1978 (Retiree Health Care Authority Act) requires that total wages paid by a public entity must be reported to the Retiree Health Care Authority.

Effect

Total contributions due to Retiree Health Care Authority may not have been accurately reported or remitted.

Cause

The Village does not have a reconciliation process in place to determine that all wages subject to RHC withholding and matching by the Village are being correctly reported and the appropriate contributions to RHC are being remitted in a timely manner.

Auditor's Recommendation

We recommend the Village perform a reconciliation of total wages paid per reporting period to the total wages subject to RHC withholding per reporting period to determine that all wages subject to RHC have been properly reported and the proper amount due will be remitted.

Views of Responsible Officials and Planned Corrective Actions

The Village of Fort Sumner acknowledges and agrees with the finding and the recommended procedures have been implemented. The Village of Fort Sumner prior to the issuance of this report has contacted RHC and remitted the underpaid amount calculated above.

STATE OF NEW MEXICO

Village of Fort Sumner

Other Disclosures

Year Ended 2011

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. The responsibility for the financial statements remains with the Village.

B. EXIT CONFERENCE

The contents of the report for the Village of Fort Sumner were discussed on November 29, 2011. The following individuals were in attendance.

Village of Fort Sumner Officials

Ron Seña, Village Clerk/Treasurer

Windell Bridges, Mayor

Albert Seña, Mayor Pro-Tem

Auditors

Carol Snider, CPA

Ozzy Tello