

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

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

**YEAR ENDED JUNE 30, 2012**

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**

Village of Fort Sumner

Official Roster

June 30, 2012

<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

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**STATE OF NEW MEXICO**  
 Village of Fort Sumner  
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 June 30, 2012

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**STATE OF NEW MEXICO**  
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**FINANCIAL SECTION**

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**Accounting & Consulting Group, LLP**

Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

Hector H. Balderas  
New Mexico State Auditor  
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, New Mexico (the Village), as of and for the year ended June 30, 2012, 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, 2012, as listed in the table of contents. These financial statements are the responsibility of the Village'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, New Mexico, as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2012, on our consideration of the Village of Fort Sumner, New Mexico'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.

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. 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, New Mexico. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Certified Public Accountants  
Clovis, New Mexico  
November 19, 2012

**BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

Village of Fort Sumner

Statement of Net Assets

June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,072,153	\$ 557,525	\$ 1,629,678	\$ 2,825
Investments	87,035	94,917	181,952	87,537
Restricted investments	40,765	-	40,765	-
Restricted cash - current tenant deposits	-	-	-	5,744
Receivables (net of allowance for uncollectibles)	90,841	118,592	209,433	9,339
Inventories	-	-	-	4,022
Prepaid expenses	-	-	-	16,727
Other current assets	-	-	-	-
Capital assets	8,304,493	8,598,050	16,902,543	2,138,198
Less: accumulated depreciation	(3,631,017)	(3,381,049)	(7,012,066)	(1,151,842)
Total assets	<u>\$ 5,964,270</u>	<u>\$ 5,988,035</u>	<u>\$ 11,952,305</u>	<u>\$ 1,112,550</u>

The accompanying notes are an integral part of these financial statements

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 49,640	\$ 11,611	\$ 61,251	\$ 9,478
Deferred revenue	-	610	610	-
Deposits held in trust for others	-	38,916	38,916	5,726
Accrued liabilities	8,496	7,424	15,920	-
Accrued interest	655	9,379	10,034	-
Accrued compensated absences	13,656	11,790	25,446	-
Current portion of long-term debt	24,026	60,053	84,079	-
Total current liabilities	96,473	139,783	236,256	15,204
Noncurrent liabilities:				
Bonds payable	-	582,100	582,100	-
Loans payable	130,377	162,410	292,787	-
Total noncurrent liabilities	130,377	744,510	874,887	-
Total liabilities	226,850	884,293	1,111,143	15,204
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	4,519,073	4,412,438	8,931,511	986,356
Restricted for:				
Special revenue	334,455	-	334,455	-
Low income housing fund program	-	-	-	87,537
Public housing capital fund program	-	-	-	8,911
Unrestricted net assets	883,892	691,304	1,575,196	14,542
Total net assets	5,737,420	5,103,742	10,841,162	1,097,346
Total liabilities and net assets	\$ 5,964,270	\$ 5,988,035	\$ 11,952,305	\$ 1,112,550

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Activities  
For the year ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 225,122	\$ 107,614	\$ 96,061	\$ 125
Public safety	364,187	-	196,479	-
Public works	390,079	-	-	57,335
Health and welfare	167,050	28,260	60,174	-
Culture and recreation	212,343	18,777	10,253	17,588
Conservation and development	27,054	-	-	-
Total governmental activities	<u>1,385,835</u>	<u>154,651</u>	<u>362,967</u>	<u>75,048</u>
Business-type activities				
Sewer	198,364	129,406	-	-
Water	338,881	279,407	-	-
Airport	123,604	42,905	-	364,313
Ambulance	197,981	137,182	40,476	-
Total business-type activities	<u>858,830</u>	<u>588,900</u>	<u>40,476</u>	<u>364,313</u>
Total primary government	<u>\$ 2,244,665</u>	<u>\$ 743,551</u>	<u>\$ 403,443</u>	<u>\$ 439,361</u>
<b>Component unit:</b>				
Housing Authority	<u>\$ 282,249</u>	<u>\$ 86,348</u>	<u>\$ 81,304</u>	<u>\$ 136,076</u>

**General Revenues:**

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



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

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Housing Authority</b>
\$ (21,322)	\$ -	\$ (21,322)	\$ -
(167,708)	-	(167,708)	-
(332,744)	-	(332,744)	-
(78,616)	-	(78,616)	-
(165,725)	-	(165,725)	-
(27,054)	-	(27,054)	-
<u>(793,169)</u>	<u>-</u>	<u>(793,169)</u>	<u>-</u>
-	(68,958)	(68,958)	-
-	(59,474)	(59,474)	-
-	283,614	283,614	-
-	(20,323)	(20,323)	-
<u>-</u>	<u>134,859</u>	<u>134,859</u>	<u>-</u>
<u>-</u>	<u>134,859</u>	<u>(658,310)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>21,479</u>
19,209	-	19,209	-
400,142	-	400,142	-
17,790	-	17,790	-
35,394	-	35,394	-
2	-	2	-
28,372	-	28,372	-
10,385	-	10,385	-
87,918	11,798	99,716	1,513
8,105	490	8,595	1,192
<u>607,317</u>	<u>12,288</u>	<u>619,605</u>	<u>2,705</u>
<u>(185,852)</u>	<u>147,147</u>	<u>(38,705)</u>	<u>24,184</u>
<u>5,923,272</u>	<u>4,956,595</u>	<u>10,879,867</u>	<u>1,073,162</u>
<u>\$ 5,737,420</u>	<u>\$ 5,103,742</u>	<u>\$ 10,841,162</u>	<u>\$ 1,097,346</u>

STATE OF NEW MEXICO

Village of Fort Sumner

Balance Sheet

Governmental Funds

June 30, 2012

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	\$ 841,731	\$ 100	\$ 230,322	\$ 1,072,153
Investments	-	-	127,800	127,800
Receivables (net of allowance for uncollectible amounts):				
Taxes	67,558	-	15,145	82,703
Intergovernmental	-	8,138	-	8,138
Interfund receivable	4,436	-	-	4,436
<i>Total current assets</i>	<u>913,725</u>	<u>8,238</u>	<u>373,267</u>	<u>1,295,230</u>
<i>Total assets</i>	<u>\$ 913,725</u>	<u>\$ 8,238</u>	<u>\$ 373,267</u>	<u>\$ 1,295,230</u>
<i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 18,388	\$ 8,138	\$ 23,114	\$ 49,640
Accrued expenses	5,272	-	3,224	8,496
Interfund payable	-	-	4,436	4,436
Deferred revenue	-	8,138	-	8,138
<i>Total current liabilities</i>	<u>23,660</u>	<u>16,276</u>	<u>30,774</u>	<u>70,710</u>
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Maintenance of roads	-	-	61,631	61,631
Fire departments	-	-	83,840	83,840
Public safety	-	-	21,926	21,926
Cultural	-	-	174,105	174,105
Healthcare	-	-	2,452	2,452
<i>Committed to:</i>				
Minimum fund balance	48,597	-	-	48,597
Unassigned	841,468	(8,038)	(1,461)	831,969
<i>Total fund balances</i>	<u>890,065</u>	<u>(8,038)</u>	<u>342,493</u>	<u>1,224,520</u>
<i>Total liabilities and fund balances</i>	<u>\$ 913,725</u>	<u>\$ 8,238</u>	<u>\$ 373,267</u>	<u>\$ 1,295,230</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Reconciliation of the Balance Sheet to the Statement of Net Assets  
Governmental Funds  
For the year ended June 30, 2012

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	\$ 1,224,520
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,673,476
Deferred revenue represents amounts receivable on the funds which are not considered available financial resources. These items are recognized as revenue in the government wide statements.	8,138
Certain liabilities, including loans and notes payable, accrued interest, both current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued interest	(655)
Current portion of accrued compensated absences	(13,656)
Loans and notes payable	<u>(154,403)</u>
Net assets of governmental activities	<u><u>\$ 5,737,420</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, 2012

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	\$ 19,209	\$ -	\$ -	\$ 19,209
Gross receipts taxes	372,598	-	27,544	400,142
Franchise taxes	2,653	-	15,137	17,790
Motor vehicle and fuel taxes	6,705	-	28,689	35,394
Cigarette taxes	2	-	-	2
Lodger's taxes	-	-	28,372	28,372
Intergovernmental income				
Federal operating grants	-	-	27,915	27,915
Federal capital grants	-	7,334	-	7,334
State operating grants	104,038	41,863	242,483	388,384
State capital grants	17,713	-	-	17,713
Charges for services	18,784	-	33,677	52,461
Licenses and permits	87,154	-	1,291	88,445
Interest	4,087	-	4,018	8,105
Miscellaneous	21,940	-	78,639	100,579
<i>Total revenues</i>	<u>654,883</u>	<u>49,197</u>	<u>487,765</u>	<u>1,191,845</u>
<i>Expenditures</i>				
Current:				
General government	187,458	-	-	187,458
Public safety	168,636	-	147,356	315,992
Public works	72,852	50,001	59,370	182,223
Culture and recreation	115,230	-	68,318	183,548
Public health and welfare	7,051	-	148,416	155,467
Economic development	14,347	-	12,707	27,054
Capital outlay	17,588	7,334	29,736	54,658
Debt service:				
Principal	-	-	23,409	23,409
Interest	-	-	4,934	4,934
<i>Total expenditures</i>	<u>583,162</u>	<u>57,335</u>	<u>494,246</u>	<u>1,134,743</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>71,721</u>	<u>(8,138)</u>	<u>(6,481)</u>	<u>57,102</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>	71,721	(8,138)	(6,481)	57,102
<i>Fund balance - beginning of year</i>	<u>818,344</u>	<u>100</u>	<u>348,974</u>	<u>1,167,418</u>
<i>Fund balance - end of year</i>	<u>\$ 890,065</u>	<u>\$ (8,038)</u>	<u>\$ 342,493</u>	<u>\$ 1,224,520</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

Village of Fort Sumner

Exhibit B-2

(Page 2 of 2)

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$ 57,102
--	-----------

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	54,658
Depreciation expense	(330,492)

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

Changes in deferred revenue related to grant receivables	8,138
--	-------

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	167
Compensated absences change for the year	1,166
Principal payments on notes payable	<u>23,409</u>

Change in net assets of governmental activities	<u><u>\$ (185,852)</u></u>
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## STATE OF NEW MEXICO

Exhibit C-1

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 17,212	\$ 19,168	\$ 19,209	\$ 41
Gross receipts taxes	338,500	379,165	379,165	-
Franchise taxes	7,000	7,000	4,919	(2,081)
Motor vehicle and fuel taxes	5,500	5,500	6,705	1,205
Cigarette taxes	-	-	2	2
Licenses and permits	57,000	83,323	87,154	3,831
Charges for services	18,500	21,236	18,784	(2,452)
State and county grants	43,496	121,443	121,751	308
Miscellaneous	12,526	20,879	21,940	1,061
Interest	6,000	6,000	4,087	(1,913)
<i>Total revenues</i>	<u>505,734</u>	<u>663,714</u>	<u>663,716</u>	<u>2</u>
<i>Expenditures:</i>				
Current:				
General government	168,428	188,363	186,460	1,903
Public safety	130,612	166,582	169,234	(2,652)
Public works	75,249	75,249	74,934	315
Culture and recreation	102,734	115,959	115,241	718
Public health and welfare	7,000	7,000	7,047	(47)
Economic development	11,711	13,953	14,192	(239)
Capital outlay	-	18,471	18,469	2
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>495,734</u>	<u>585,577</u>	<u>585,577</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>10,000</u>	<u>78,137</u>	<u>78,139</u>	<u>2</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(10,000)	(78,137)	-	(78,137)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(10,000)</u>	<u>(78,137)</u>	<u>-</u>	<u>(78,137)</u>
<i>Net change in fund balances</i>	-	-	78,139	78,139
<i>Fund balance - beginning of year</i>	-	-	768,028	768,028
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 846,167</u>	<u>\$ 846,167</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 78,139	
Adjustments to revenue for other receivables			(8,833)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			2,415	
Net change in fund balance (GAAP)			<u>\$ 71,721</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

Village of Fort Sumner

Statement of Net Assets

Proprietary Funds

June 30, 2012

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	\$ 15,757	\$ 237,389	\$ 95,964	\$ 208,415
Investments	2,161	92,756	-	-
Accounts receivable (net of allowance for uncollectible amounts)	<u>15,357</u>	<u>40,140</u>	<u>-</u>	<u>63,095</u>
<i>Total current assets</i>	<u>33,275</u>	<u>370,285</u>	<u>95,964</u>	<u>271,510</u>
<i>Noncurrent assets</i>				
<i>Capital assets</i>				
Land	15,600	28,700	1,800	-
Construction in process	-	-	58,194	-
Buildings and improvements	2,203,917	3,684,886	2,170,311	-
Machinery and equipment	170,943	94,688	109,842	59,169
Less: accumulated depreciation	<u>(1,167,421)</u>	<u>(1,681,399)</u>	<u>(474,385)</u>	<u>(57,844)</u>
<i>Total capital assets (net of accumulated depreciation)</i>	<u>1,223,039</u>	<u>2,126,875</u>	<u>1,865,762</u>	<u>1,325</u>
<i>Total assets</i>	<u>\$ 1,256,314</u>	<u>\$ 2,497,160</u>	<u>\$ 1,961,726</u>	<u>\$ 272,835</u>
<i>Liabilities and Net Assets</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 4,658	\$ 2,908	\$ 45	\$ 4,000
Deferred revenue	-	610	-	-
Meter deposits payable	-	38,916	-	-
Accrued liabilities	1,510	2,434	801	2,679
Accrued interest	1,121	8,258	-	-
Accrued compensated absences	1,517	6,631	490	3,152
Current portion of long term debt	<u>6,000</u>	<u>54,053</u>	<u>-</u>	<u>-</u>
<i>Total current liabilities</i>	<u>14,806</u>	<u>113,810</u>	<u>1,336</u>	<u>9,831</u>
<i>Noncurrent liabilities</i>				
Long term debt - net of current portion	<u>277,100</u>	<u>467,410</u>	<u>-</u>	<u>-</u>
<i>Total noncurrent liabilities</i>	<u>277,100</u>	<u>467,410</u>	<u>-</u>	<u>-</u>
<i>Net Assets</i>				
Invested in capital assets, net of related debt	939,939	1,605,412	1,865,762	1,325
Unrestricted	<u>24,469</u>	<u>310,528</u>	<u>94,628</u>	<u>261,679</u>
<i>Total net assets</i>	<u>964,408</u>	<u>1,915,940</u>	<u>1,960,390</u>	<u>263,004</u>
<i>Total liabilities and net assets</i>	<u>\$ 1,256,314</u>	<u>\$ 2,497,160</u>	<u>\$ 1,961,726</u>	<u>\$ 272,835</u>

The accompanying notes are an integral part of these financial statements



Total Enterprise  
Funds

\$ 557,525  
94,917

118,592

771,034

46,100  
58,194  
8,059,114  
434,642  
(3,381,049)

5,217,001

\$ 5,988,035

\$ 11,611  
610  
38,916  
7,424  
9,379  
11,790  
60,053

139,783

744,510

744,510

4,412,438  
691,304

5,103,742

\$ 5,988,035

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2012

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Airport Fund	Ambulance Fund
<i>Operating revenues</i>				
Charges for services	\$ 129,406	\$ 279,407	\$ 42,905	\$ 137,182
Miscellaneous	-	11,118	-	680
<i>Total operating revenues</i>	<u>129,406</u>	<u>290,525</u>	<u>42,905</u>	<u>137,862</u>
<i>Operating expenses</i>				
Current:				
Personnel services	65,530	108,076	35,992	129,880
Power and fuel	11,330	26,604	15,243	12,656
General insurance	-	6,000	2,196	-
Purchased services	30,156	11,038	-	9,738
Other operating expenses	20,379	71,487	2,197	45,400
Depreciation	57,350	86,403	67,976	307
<i>Total operating expenses</i>	<u>184,745</u>	<u>309,608</u>	<u>123,604</u>	<u>197,981</u>
<i>Operating income (loss)</i>	<u>(55,339)</u>	<u>(19,083)</u>	<u>(80,699)</u>	<u>(60,119)</u>
<i>Non-operating revenues (expenses)</i>				
Federal grants	-	-	277,889	-
State and county grants	-	-	86,424	40,476
Interest income	18	472	-	-
Interest expense	(13,619)	(29,273)	-	-
<i>Total non-operating revenues (expenses)</i>	<u>(13,601)</u>	<u>(28,801)</u>	<u>364,313</u>	<u>40,476</u>
<i>Income (loss) before transfers</i>	<u>(68,940)</u>	<u>(47,884)</u>	<u>283,614</u>	<u>(19,643)</u>
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total transfers</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Change in net assets</i>	(68,940)	(47,884)	283,614	(19,643)
<i>Net assets - beginning of year</i>	<u>1,033,348</u>	<u>1,963,824</u>	<u>1,676,776</u>	<u>282,647</u>
<i>Net assets - end of year</i>	<u>\$ 964,408</u>	<u>\$ 1,915,940</u>	<u>\$ 1,960,390</u>	<u>\$ 263,004</u>

The accompanying notes are an integral part of these financial statements

Total Enterprise  
Funds

\$ 588,900  
11,798  
600,698

339,478  
65,833  
8,196  
50,932  
139,463  
212,036  
815,938

(215,240)

277,889  
126,900  
490  
(42,892)

362,387

147,147

-  
-  
-

147,147

4,956,595

\$ 5,103,742

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2012

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	\$ 129,998	\$ 288,320	\$ 42,905	\$ 127,392	\$ 588,615
Payments to suppliers	(62,589)	(119,158)	(63,904)	(64,928)	(310,579)
Payments to employees	(67,804)	(101,064)	(34,701)	(128,138)	(331,707)
<i>Net cash provided (used) by operating activities</i>	<u>(395)</u>	<u>68,098</u>	<u>(55,700)</u>	<u>(65,674)</u>	<u>(53,671)</u>
<i>Cash flows from capital and related financing activities:</i>					
Acquisitions and construction of capital assets	-	(2,476)	(263,621)	-	(266,097)
Principal paid on capital debt	(5,000)	(54,463)	-	-	(59,463)
Interest paid on capital debt	(13,619)	(29,500)	-	-	(43,119)
Intergovernmental	-	-	364,313	40,476	404,789
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(18,619)</u>	<u>(86,439)</u>	<u>100,692</u>	<u>40,476</u>	<u>36,110</u>
<i>Cash flows from investing activities:</i>					
Interest income	18	472	-	-	490
<i>Net cash provided (used) by investing activities</i>	<u>18</u>	<u>472</u>	<u>-</u>	<u>-</u>	<u>490</u>
<i>Net increase (decrease) in cash and temporary investments</i>	<u>\$ (18,996)</u>	<u>\$ (17,869)</u>	<u>\$ 49,910</u>	<u>\$ (25,198)</u>	<u>\$ (12,153)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2012

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	\$ (18,996)	\$ (17,869)	\$ 49,910	\$ (25,198)	\$ (12,153)
Cash and temporary investments- beginning of year	36,914	348,014	46,054	233,613	664,595
Cash and temporary investments- end of year	\$ 17,918	\$ 330,145	\$ 95,964	\$ 208,415	\$ 652,442
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>					
Operating income (loss)	\$ (55,339)	\$ (19,083)	\$ (80,699)	\$ (60,119)	\$ (215,240)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	57,350	86,403	67,976	307	212,036
(Increase) decrease in:					
Accounts receivable	592	(2,205)	-	(10,470)	(12,083)
Increase (decrease) in:					
Accounts payable	(724)	(4,029)	(44,268)	2,866	(46,155)
Accrued expenses	369	381	801	818	2,369
Compensated absences	(2,643)	6,631	490	924	5,402
<i>Net cash provided (used) by operating activities</i>	\$ (395)	\$ 68,098	\$ (55,700)	\$ (65,674)	\$ (53,671)
Cash and temporary investments:					
Cash and cash equivalents	\$ 15,757	\$ 237,389	\$ 95,964	\$ 208,415	\$ 557,525
Investments	2,161	92,756	-	-	94,917
Total cash and temporary investments	\$ 17,918	\$ 330,145	\$ 95,964	\$ 208,415	\$ 652,442

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2012

Exhibit E-1

**ASSETS**

*Current Assets*

Cash and cash equivalents

\$ -

*Total Assets*

\$ -

**LIABILITIES**

*Current Liabilities*

Deposits held and due to others

\$ -

*Total Liabilities*

\$ -

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, 2012

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

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

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

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order 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 governmental 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, 2012

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

A. *Financial Reporting Entity (continued)*

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. 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, 2012

**NOTE 1. Summary 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 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. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

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, 2012

**NOTE 1. Summary 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 government reports the following agency fund:

*Fiduciary Funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village's fiduciary funds are used to account for the receipt and disbursement of the Motor Vehicle Department fees on behalf of the State of New Mexico. At June 30, 2012, the Village reflects a zero bank balance as shown on the Statement of Changes in Fiduciary Assets and Liabilities.

The Village has established a cemetery endowment fund. The Village maintains the majority of these funds in a certificate of deposit, with a small amount in a savings account. Interest earned on both of these accounts can be used for general purposes, but the corpus is restricted and kept intact.

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 (a) charges for services, which include revenues collected for fees and use of Village facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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, 2012

**NOTE 1. Summary 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 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 Fund 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 November 10th and April 10th are considered delinquent and the Village may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

**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, 2012

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

*D. Assets, Liabilities and Net Assets or Fund 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 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 \$47,826. 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, 2012, along with the applicable PERA and Retiree Health Care.

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2012

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

*D. Assets, Liabilities and Net Assets or Fund 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 fund 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**  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Assets or Fund 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, 2012, the Village has presented \$-0- in nonspendable fund balance.

**Restricted and Committed Fund Balance:** At June 30, 2012, the Village has presented restricted fund balance on the governmental funds balance sheet in the amount of \$61,631 for maintenance of roads; \$83,840 for fire departments; \$21,926 for public safety; \$174,105 for cultural, and \$2,452 for healthcare. The Village has also presented committed fund balances on the governmental funds balance sheet in the amount of \$48,597 in order to provide services throughout the Village. If there were any restricted fund balances with negative balances, they have been reported as unassigned. 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 restricted for "special revenue, debt service, and capital projects" are described on pages 33-34 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 and estimated useful lives of capital assets and the allowance for doubtful accounts of ambulance receivables.

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**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, 2012 was properly amended by the Village Commission through the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures/expenses	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ 10,000	\$ 78,137
CDBG Capital Projects Fund	\$ -	\$ -
Nonmajor Governmental Funds	\$ 67,729	\$ 108,533
Sewer Enterprise Fund	\$ 19,521	\$ 1,464
Water Enterprise Fund	\$ 82,826	\$ 64,836
Airport Enterprise Fund	\$ (3,000)	\$ (3,000)
Ambulance Enterprise Fund	\$ -	\$ -

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.

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

*Budgetary Information (continued)*

The Village does not include in its budgetary figures amounts representing loans for the purchase of assets, or the initial payment out of the loan funds for the assets made through New Mexico Finance Authority (NMFA). These funds remain within restricted cash accounts held by NMFA. The Village includes only the required loan repayments that will be paid within the fiscal year to NMFA in its budgetary figures.

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, 2012 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, 2012.

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, 2012 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, 2012, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.



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**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 does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2012, \$1,653,301 of the Village’s bank balance of \$1,908,858 was exposed to custodial credit risk. \$1,210,673 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the Village’s name and \$442,628 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, 2012	
Total amount of deposits	\$ 1,908,858
FDIC Coverage/Dodd-Frank	<u>(255,557)</u>
Total uninsured public funds	1,653,301
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Village's name.	<u>1,210,673</u>
Uninsured and uncollateralized	<u><u>\$ 442,628</u></u>
Collateral requirement (50% of uninsured public funds)	\$ 826,651
Pledged securities	<u>1,210,673</u>
Over (under) collateralization	<u><u>\$ 384,022</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 as follows:

Cash and cash equivalents per Exhibit A-1	\$ 1,629,678
Investments per Exhibit A-1 (savings accounts and time deposits)	222,717
Add: outstanding checks and other reconciling items	66,609
Less: NMFA reserve accounts	(9,796)
Less: cash on hand	<u>(350)</u>
Bank balance of deposits	<u><u>\$ 1,908,858</u></u>

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**NOTE 4. Receivables and Payables**

Receivables as of June 30, 2012, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	CDBG Capital Projects Funds	Nonmajor Funds	Total	
Governmental activities:					
State of New Mexico:					
Gross receipts tax	\$ 67,558	\$ -	\$ 15,145	\$	82,703
Other receivables:					
Intergovernmental-grants:					
State	-	8,138	-	-	8,138
Total governmental	<u>\$ 67,558</u>	<u>\$ -</u>	<u>\$ 15,145</u>	<u>\$</u>	<u>90,841</u>
	Sewer Fund	Water Fund	Ambulance Fund	Airport Fund	Total
Business-type activities:					
From customers:	\$ 15,357	\$ 40,140	\$ 84,127	\$ -	\$ 139,624
Allowance for uncollectible amounts	-	-	(21,032)	-	(21,032)
Total business-type	<u>\$ 15,357</u>	<u>\$ 40,140</u>	<u>\$ 63,095</u>	<u>\$ -</u>	<u>\$ 118,592</u>

Payables as of June 30, 2012, are as follows:

	General
Governmental activities:	
Payable to suppliers	\$ 49,640
Payable to and on behalf of employees	8,496
Payable for interest	655
Total accounts payable and accrued expenses for governmental activities	<u>\$ 58,791</u>
	Business-type
Business-type activities:	
Payable to suppliers	\$ 11,611
Payable to and on behalf of employees	7,424
Payable for interest	9,379
Total accounts payable and accrued expenses for business-type activities	<u>\$ 28,414</u>

**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, 2012. Some funds were borrowed while waiting on grant reimbursements. The following individual fund had a negative cash balance as of June 30, 2012:

Interfund payable	Interfund receivable	Amount
DWI Grant Fund	General Fund	<u>\$ 4,436</u>

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**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2012 follows. Land and construction in process are not subject to depreciation.

	Balance June 30, 2011	Additions and Transfers in	Deletions and Transfers Out	Balance June 30, 2012
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 36,701	\$ -	\$ -	\$ 36,701
Construction in process	-	27,570	-	27,570
Total capital assets not being depreciated	36,701	27,570	-	64,271
Capital assets being depreciated:				
Buildings and improvements	2,726,438	-	-	2,726,438
Machinery and equipment	1,150,015	27,088	-	1,177,103
Infrastructure	4,336,681	-	-	4,336,681
Total capital assets being depreciated	8,213,134	27,088	-	8,240,222
Total capital assets	8,249,835	54,658	-	8,304,493
Less accumulated depreciation:				
Buildings and improvements	1,322,549	75,928	-	1,398,477
Machinery and equipment	467,467	59,173	-	526,640
Infrastructure	1,510,509	195,391	-	1,705,900
Total accumulated depreciation	3,300,525	330,492	-	3,631,017
Total capital assets, net of depreciation	\$ 4,949,310	\$ (275,834)	\$ -	\$ 4,673,476

Depreciation expense for the year ended June 30, 2012 was charged to the governmental activities as follows:

General government	\$ 40,850
Public safety	43,428
Public works	206,974
Public health and welfare	11,218
Culture and recreation	28,022
Total	<u>\$ 330,492</u>

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

	Balance June 30, 2011	Additions and Transfers in	Deletions and Transfers Out	Balance June 30, 2012
<b>Business-type activities:</b>				
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	7,924,788	192,520	-	8,117,308
Machinery and equipment	365,983	68,659	-	434,642
Total capital assets being depreciated	8,290,771	261,179	-	8,551,950
Total capital assets	8,336,871	261,179	-	8,598,050
Less accumulated depreciation:				
Buildings and improvements	2,953,077	189,579	-	3,142,656
Machinery and equipment	215,936	22,457	-	238,393
Total accumulated depreciation	3,169,013	212,036	-	3,381,049
Total capital assets, net of depreciation	\$ 5,167,858	\$ 49,143	\$ -	\$ 5,217,001

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, 2012, for each fund are as follows:

Sewer Fund	\$ 1,223,039
Water Fund	2,126,875
Airport Fund	1,865,762
Ambulance Fund	1,325
Total	<u>\$ 5,217,001</u>

Depreciation expense for the year ended June 30, 2012 was charged to business-type activities as follows:

Sewer Fund	\$ 57,350
Water Fund	86,403
Airport Fund	67,976
Ambulance Fund	307
Total	<u>\$ 212,036</u>

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**NOTE 7. Long-term Debt**

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
<b>Governmental activities</b>					
Loan - Fire Pumper Truck	\$ 177,812	\$ -	\$ 23,409	\$ 154,403	\$ 24,026
Compensated absences	14,822	11,894	13,060	13,656	13,656
	<u>\$ 192,634</u>	<u>\$ 11,894</u>	<u>\$ 36,469</u>	<u>\$ 168,059</u>	<u>\$ 37,682</u>
<b>Business-type activities</b>					
Bonds - Water	\$ 340,000	\$ -	\$ 17,000	\$ 323,000	\$ 18,000
Loans - Water	235,925	-	37,462	198,463	36,053
Bonds - Sewer	288,100	-	5,000	283,100	6,000
Compensated absences	6,388	12,725	7,323	11,790	11,790
	<u>\$ 870,413</u>	<u>\$ 12,725</u>	<u>\$ 66,785</u>	<u>\$ 816,353</u>	<u>\$ 71,843</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.

**Governmental activities:**

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, 2012 were \$73,985 and of that amount, \$28,343 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.

\$	154,403
Less current portion	<u>(24,026)</u>
<u>\$</u>	<u>130,377</u>

The annual requirements to amortize the outstanding loan as of June 30, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 24,026	\$ 4,319	\$ 28,345
2014	24,668	3,678	28,346
2015	25,341	3,007	28,348
2016	26,043	2,307	28,350
2017	26,777	1,574	28,351
2018	27,548	806	28,354
Total	<u>\$ 154,403</u>	<u>\$ 15,691</u>	<u>\$ 170,094</u>

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

Business-type activities:

The bonds and notes payable for the business-type activities as of June 30, 2012 are comprised of the following:

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.	\$	11,000
NMFA Water Loan – 4.2% - 5.5% loan payable in monthly installments of approximately \$3,900 for principal and interest, through April 2017.		198,463
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.		145,000
Village of Fort Sumner Series 1997 Bonds – 4.75% bonds payable from the Sewer Fund, due in annual payments varying in amount (currently \$5,000) for principal plus interest, through May 2037.		283,100
Village of Fort Sumner Series 1998 Bonds – 5.0% bonds payable from the Water Fund, due in annual payments varying in amount (currently \$3,000) for principal plus interest, through September 2038.		167,000
		<u>804,563</u>
	Less current portion	<u>(60,053)</u>
		<u>\$ 744,510</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, 2012. 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, 2012, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 60,053	\$ 39,829	\$ 99,882
2014	62,935	36,654	99,589
2015	66,921	33,812	100,733
2016	65,031	30,661	95,692
2017	66,523	27,129	93,652
2018-2022	139,000	105,416	244,416
2023-2027	70,000	77,629	147,629
2028-2032	83,000	55,417	138,417
2033-2037	99,000	27,227	126,227
2038	92,100	4,397	96,497
Total	<u>\$ 804,563</u>	<u>\$ 438,171</u>	<u>\$ 1,242,734</u>

**Compensated Absences** - Employees of the Village are able to accrue a limited amount of vacation. During fiscal year June 30, 2012, compensated absences for general government decreased by \$1,166 and for business-like activities increased by \$5,402. Compensated accrued absences have historically been liquidated through general funds. See Note 1 for more details.

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**NOTE 8. Risk Management**

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

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

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

The 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. Pension Plan – Public Employees Retirement Association (PERA)**

**Plan Description.** Substantially all of the Village'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, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding Policy.** Plan members are required to contribute 13.15% for Village employees of their gross salary. The Village is required to contribute 9.15% for Village plan members of the gross covered salary. 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, 2012, 2011 and 2010 were \$38,468, \$36,534, and \$38,893, respectively, which equal the amount of the required contributions for each fiscal year.

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**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.

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

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

**Funding Policy.** The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending 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>
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, 2012, 2011 and 2010 were \$7,710, \$6,469, and \$5,289, respectively, which equal the required contributions for each year.



**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2012

**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 balances of individual funds. These funds reflected a deficit fund balance as of June 30,

CDBG Capital Projects Fund	\$ 8,038
DWI Grant Special Revenue Fund	\$ 1,461

These funds are 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 exceeded prior year available balances. This fund had a budget deficit that exceeded beginning cash for the year ended June 30, 2012:

DWI Grant Special Revenue Fund	\$ 4,437
--------------------------------	----------

**NOTE 12. Contingent Liabilities**

The Village is party to various claims and lawsuits arising in the normal course of business. The Village continues to carry commercial insurance to help mitigate these risks. 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, 2011, the ending budgetary balance of the Fire Special Revenue Fund did not reflect the funds held by the New Mexico Finance Authority and was overstated by the amount of \$9,073. The restatement results from the adjustment to the beginning balance for fiscal year ended June 30, 2012 and had no effect on net income for fiscal year ended June 30, 2011. The fund balance reflected on the fund balance sheet for the fiscal year ended June 30, 2011 was correct.

**NOTE 15. Commitments**

The Village has various street construction projects they are committed to complete totaling approximately \$442,666 as of June 30, 2012. The funding to cover these commitments is through CDBG funding. In addition, the Village has commitments for legislative grant expenditures totaling \$13,514. The funding to cover these commitments is through legislative grants.

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2012

**NOTE 16. Subsequent Events**

The date to which events occurring after June 30, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 19, 2012 which is the date on which the financial statement were available to be issued.

**NOTE 17. Subsequent Pronouncements**

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 March 2012, GASB Statement No. 66 *Technical Corrections -2012-an amendment of the GASB Statements No. 10 and No. 62*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application 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, 2014.

**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

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**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Nonmajor Governmental Fund Descriptions  
June 30, 2012

**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  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2012

	Special Revenue Funds			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 4,345	\$ -	\$ 15,914	\$ 14,994
Investments	-	-	-	-
Receivables (net of allowance for uncollectible amounts):				
Taxes	1,667	-	-	2,431
Intergovernmental	-	-	-	-
<i>Total current assets</i>	<u>6,012</u>	<u>-</u>	<u>15,914</u>	<u>17,425</u>
<i>Total assets</i>	<u>\$ 6,012</u>	<u>\$ -</u>	<u>\$ 15,914</u>	<u>\$ 17,425</u>
<i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,003
Accrued expenses	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,003</u>
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Maintenance of roads	-	-	-	-
Fire departments	-	-	-	-
Public safety	6,012	-	15,914	-
Cultural	-	-	-	15,422
Healthcare	-	-	-	-
<i>Committed to:</i>				
Minimum fund balance	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>6,012</u>	<u>-</u>	<u>15,914</u>	<u>15,422</u>
<i>Total liabilities and fund balances</i>	<u>\$ 6,012</u>	<u>\$ -</u>	<u>\$ 15,914</u>	<u>\$ 17,425</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	
\$ 13,450	\$ -	\$ 542	\$ 3,865	\$ 84,111	\$ 18,083	
-	-	-	-	-	-	
-	3,091	3,509	-	-	1,114	
-	-	-	-	-	-	
<u>13,450</u>	<u>3,091</u>	<u>4,051</u>	<u>3,865</u>	<u>84,111</u>	<u>19,197</u>	
<u>\$ 13,450</u>	<u>\$ 3,091</u>	<u>\$ 4,051</u>	<u>\$ 3,865</u>	<u>\$ 84,111</u>	<u>\$ 19,197</u>	
\$ 3,093	\$ 116	\$ 1,599	\$ 202	\$ 271	\$ 4,802	
1,760	-	-	-	-	1,464	
-	4,436	-	-	-	-	
-	-	-	-	-	-	
<u>4,853</u>	<u>4,552</u>	<u>1,599</u>	<u>202</u>	<u>271</u>	<u>6,266</u>	
-	-	-	-	-	-	
-	-	-	-	83,840	-	
-	-	-	-	-	-	
8,597	-	-	3,663	-	12,931	
-	-	2,452	-	-	-	
-	-	-	-	-	-	
-	(1,461)	-	-	-	-	
<u>8,597</u>	<u>(1,461)</u>	<u>2,452</u>	<u>3,663</u>	<u>83,840</u>	<u>12,931</u>	
<u>\$ 13,450</u>	<u>\$ 3,091</u>	<u>\$ 4,051</u>	<u>\$ 3,865</u>	<u>\$ 84,111</u>	<u>\$ 19,197</u>	

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**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2012

Statement A-1  
(Page 2 of 2)

	Special Revenue Funds		
	Cemetery Fund	Gas Tax Fund	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 5,692	\$ 69,326	\$ 230,322
Investments	127,800	-	127,800
Receivables (net of allowance for uncollectible amounts):			
Taxes	-	3,333	15,145
Intergovernmental	-	-	-
	133,492	72,659	373,267
<i>Total current assets</i>			
	133,492	72,659	373,267
<i>Total assets</i>	\$ 133,492	\$ 72,659	\$ 373,267
 <i>Liabilities and Fund Balance</i>			
<i>Current liabilities</i>			
Accounts payable	\$ -	\$ 11,028	\$ 23,114
Accrued expenses	-	-	3,224
Interfund payable	-	-	4,436
Deferred revenue	-	-	-
	-	11,028	30,774
<i>Total current liabilities</i>			
	-	11,028	30,774
 <i>Fund balances</i>			
<i>Spendable</i>			
<i>Restricted for:</i>			
Maintenance of roads	-	61,631	61,631
Fire departments	-	-	83,840
Public safety	-	-	21,926
Cultural	133,492	-	174,105
Healthcare	-	-	2,452
<i>Committed to:</i>			
Minimum fund balance	-	-	-
Unassigned	-	-	(1,461)
	133,492	61,631	342,493
<i>Total fund balances</i>			
	133,492	61,631	342,493
<i>Total liabilities and fund balances</i>	\$ 133,492	\$ 72,659	\$ 373,267

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012

	Special Revenue Funds			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
<i>Revenues</i>				
Taxes				
Gross receipts taxes	\$ 9,182	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	28,372
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	13,907	20,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,182</u>	<u>13,907</u>	<u>20,000</u>	<u>28,372</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	14,544	-
Public works	-	-	-	-
Culture and recreation	-	-	-	23,513
Public health and welfare	-	13,907	-	-
Economic development	12,707	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,707</u>	<u>13,907</u>	<u>14,544</u>	<u>23,513</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,525)</u>	<u>-</u>	<u>5,456</u>	<u>4,859</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>	(3,525)	-	5,456	4,859
<i>Fund balance - beginning of year</i>	<u>9,537</u>	<u>-</u>	<u>10,458</u>	<u>10,563</u>
<i>Fund balance - end of year</i>	<u>\$ 6,012</u>	<u>\$ -</u>	<u>\$ 15,914</u>	<u>\$ 15,422</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	15,137	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	27,915
-	-	-	-	-	-
-	96,247	-	-	80,232	32,097
-	-	-	-	-	-
13,614	-	-	3,048	-	14,515
-	-	-	1,291	-	-
-	-	-	-	4	-
13,867	-	-	-	48,963	5,467
<u>27,481</u>	<u>96,247</u>	<u>15,137</u>	<u>4,339</u>	<u>129,199</u>	<u>79,994</u>
-	-	-	-	-	-
-	95,357	-	-	37,455	-
-	-	-	-	-	-
40,958	-	-	3,847	-	-
-	-	17,895	-	-	104,611
-	-	-	-	-	-
6,000	-	-	-	-	-
-	-	-	-	23,409	-
-	-	-	-	4,934	-
<u>46,958</u>	<u>95,357</u>	<u>17,895</u>	<u>3,847</u>	<u>65,798</u>	<u>104,611</u>
<u>(19,477)</u>	<u>890</u>	<u>(2,758)</u>	<u>492</u>	<u>63,401</u>	<u>(24,617)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(19,477)	890	(2,758)	492	63,401	(24,617)
<u>28,074</u>	<u>(2,351)</u>	<u>5,210</u>	<u>3,171</u>	<u>20,439</u>	<u>37,548</u>
<u>\$ 8,597</u>	<u>\$ (1,461)</u>	<u>\$ 2,452</u>	<u>\$ 3,663</u>	<u>\$ 83,840</u>	<u>\$ 12,931</u>

## STATE OF NEW MEXICO

## Village of Fort Sumner

Statement A-2

(Page 2 of 2)

Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2012

	<u>Special Revenue Funds</u>		
	<u>Cemetery Fund</u>	<u>Gas Tax Fund</u>	<u>Total</u>
<i>Revenues</i>			
Taxes			
Gross receipts taxes	\$ -	\$ 18,362	\$ 27,544
Franchise taxes	-	-	15,137
Motor vehicle and fuel taxes	-	28,689	28,689
Cigarette taxes	-	-	-
Lodger's taxes	-	-	28,372
Intergovernmental income			
Federal operating grants	-	-	27,915
Federal capital grants	-	-	-
State operating grants	-	-	242,483
State capital grants	-	-	-
Charges for services	2,500	-	33,677
Licenses and permits	-	-	1,291
Interest	4,014	-	4,018
Miscellaneous	10,342	-	78,639
<i>Total revenues</i>	<u>16,856</u>	<u>47,051</u>	<u>487,765</u>
<i>Expenditures</i>			
Current:			
General government	-	-	-
Public safety	-	-	147,356
Public works	-	59,370	59,370
Culture and recreation	-	-	68,318
Public health and welfare	12,003	-	148,416
Economic development	-	-	12,707
Capital outlay	-	23,736	29,736
Debt service:			
Principal	-	-	23,409
Interest	-	-	4,934
<i>Total expenditures</i>	<u>12,003</u>	<u>83,106</u>	<u>494,246</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,853</u>	<u>(36,055)</u>	<u>(6,481)</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>	4,853	(36,055)	(6,481)
<i>Fund balance - beginning of year</i>	<u>128,639</u>	<u>97,686</u>	<u>348,974</u>
<i>Fund balance - end of year</i>	<u>\$ 133,492</u>	<u>\$ 61,631</u>	<u>\$ 342,493</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-1

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
Environmental Tax Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ 6,500	\$ 9,339	\$ 9,339	\$ -
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>	<u>6,500</u>	<u>9,339</u>	<u>9,339</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	6,500	12,707	12,707	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>6,500</u>	<u>12,707</u>	<u>12,707</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(3,368)</u>	<u>(3,368)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	3,368	-	(3,368)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>3,368</u>	<u>-</u>	<u>(3,368)</u>
<i>Net change in fund balances</i>	-	-	(3,368)	(3,368)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>7,713</u>	<u>7,713</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,345</u>	<u>\$ 4,345</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (3,368)	
Adjustments to revenue for other receivables			(157)	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (3,525)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-2

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
Emergency Medical Services Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<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	15,329	15,329	13,907	(1,422)
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>15,329</u>	<u>15,329</u>	<u>13,907</u>	<u>(1,422)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	15,329	15,329	12,849	2,480
Economic development	-	-	-	-
Capital outlay	-	-	1,058	(1,058)
<i>Total expenditures</i>	<u>15,329</u>	<u>15,329</u>	<u>13,907</u>	<u>1,422</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>	<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			-	
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

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
Law Enforcement Protection Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<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	20,000	20,000	15,351	4,649
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>20,000</u>	<u>20,000</u>	<u>15,351</u>	<u>4,649</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>4,649</u>	<u>4,649</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>	-	-	4,649	4,649
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>11,265</u>	<u>11,265</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,914</u>	<u>\$ 15,914</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 4,649	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable			807	
Net change in fund balance (GAAP)			<u>\$ 5,456</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-4

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
Lodgers Tax Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	20,000	25,941	25,941	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>25,941</u>	<u>25,941</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	20,000	21,510	21,510	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>20,000</u>	<u>21,510</u>	<u>21,510</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>4,431</u>	<u>4,431</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(4,431)	-	4,431
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(4,431)</u>	<u>-</u>	<u>4,431</u>
<i>Net change in fund balances</i>	-	-	4,431	4,431
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>10,563</u>	<u>10,563</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,994</u>	<u>\$ 14,994</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 4,431	
Adjustments to revenue for accounts receivable			2,431	
Adjustments to expenditures for accounts payable			(2,003)	
Net change in fund balance (GAAP)			<u>\$ 4,859</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-5

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
Recreation Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	3,700	8,813	13,614	4,801
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	4,800	18,668	13,867	(4,801)
<i>Total revenues</i>	<u>8,500</u>	<u>27,481</u>	<u>27,481</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	18,500	34,335	35,805	(1,470)
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	11,044	9,574	1,470
<i>Total expenditures</i>	<u>18,500</u>	<u>45,379</u>	<u>45,379</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,000)</u>	<u>(17,898)</u>	<u>(17,898)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	10,000	17,898	-	(17,898)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>10,000</u>	<u>17,898</u>	<u>-</u>	<u>(17,898)</u>
<i>Net change in fund balances</i>	-	-	(17,898)	(17,898)
<i>Fund balance - beginning of year</i>	-	-	31,348	31,348
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,450</u>	<u>\$ 13,450</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (17,898)	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued liabilities			(1,579)	
Net change in fund balance (GAAP)			<u>\$ (19,477)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-6

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
DWI Grant Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<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	89,315	93,156	93,156	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>89,315</u>	<u>93,156</u>	<u>93,156</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	87,000	95,279	95,278	1
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>87,000</u>	<u>95,279</u>	<u>95,278</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,315</u>	<u>(2,123)</u>	<u>(2,122)</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(2,315)	2,123	-	(2,123)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(2,315)</u>	<u>2,123</u>	<u>-</u>	<u>(2,123)</u>
<i>Net change in fund balances</i>	-	-	(2,122)	(2,122)
<i>Fund balance - beginning of year</i>	-	-	(2,314)	(2,314)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,436)</u>	<u>\$ (4,436)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (2,122)	
Adjustments to revenue for other receivables			3,091	
Adjustments to expenditures for accrued liabilities			(79)	
Net change in fund balance (GAAP)			<u>\$ 890</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-7

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
County Ambulance Tax Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	15,000	15,000	14,202	(798)
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>	<u>15,000</u>	<u>15,000</u>	<u>14,202</u>	<u>(798)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	15,000	18,980	18,979	1
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>15,000</u>	<u>18,980</u>	<u>18,979</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(3,980)</u>	<u>(4,777)</u>	<u>(797)</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	3,980	-	(3,980)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>3,980</u>	<u>-</u>	<u>(3,980)</u>
<i>Net change in fund balances</i>	-	-	(4,777)	(4,777)
<i>Fund balance - beginning of year</i>	-	-	5,319	5,319
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 542</u>	<u>\$ 542</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (4,777)	
Adjustments to revenue for other receivables			935	
Adjustments to expenditures for accounts payable and accrued payroll expenses			1,084	
Net change in fund balance (GAAP)			<u>\$ (2,758)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-8

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
PIT Canteen Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	500	1,291	1,291	-
Charges for services	2,000	3,048	3,048	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>2,500</u>	<u>4,339</u>	<u>4,339</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,500	4,331	4,330	1
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>2,500</u>	<u>4,331</u>	<u>4,330</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>8</u>	<u>9</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(8)	-	8
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>8</u>
<i>Net change in fund balances</i>	-	-	9	9
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,856</u>	<u>3,856</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,865</u>	<u>\$ 3,865</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 9	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable			483	
Net change in fund balance (GAAP)			<u>\$ 492</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-9

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
Fire Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<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	80,232	80,232	-
Federal grants	-	-	-	-
Investment earnings	-	-	4	4
Miscellaneous	-	48,963	48,963	-
<i>Total revenues</i>	<u>77,451</u>	<u>129,195</u>	<u>129,199</u>	<u>4</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	45,560	45,560	38,724	6,836
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	3,506	3,506	-	3,506
Debt service:				
Principal	28,385	28,385	23,409	4,976
Interest	-	-	4,934	(4,934)
<i>Total expenditures</i>	<u>77,451</u>	<u>77,451</u>	<u>67,067</u>	<u>10,384</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>51,744</u>	<u>62,132</u>	<u>10,388</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(51,744)	-	51,744
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(51,744)</u>	<u>-</u>	<u>51,744</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>62,132</u>	<u>62,132</u>
<i>Fund balance - beginning of year</i>	-	-	31,052	31,052
Prior period adjustment	-	-	(9,073)	(9,073)
<i>Fund balance - beginning of year as restated</i>	<u>-</u>	<u>-</u>	<u>21,979</u>	<u>21,979</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,111</u>	<u>\$ 84,111</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 62,132	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued payroll expenses			1,269	
Net change in fund balance (GAAP)			<u>\$ 63,401</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-10

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
Senior Citizen's Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	12,000	14,094	14,515	421
State and county grants	33,025	33,025	30,983	(2,042)
Federal grants	27,809	29,182	27,915	(1,267)
Investment earnings	-	-	-	-
Miscellaneous	2,580	2,580	5,467	2,887
<i>Total revenues</i>	<u>75,414</u>	<u>78,881</u>	<u>78,880</u>	<u>(1)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	75,414	104,215	104,214	1
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>75,414</u>	<u>104,215</u>	<u>104,214</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(25,334)</u>	<u>(25,334)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	25,334	-	(25,334)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>25,334</u>	<u>-</u>	<u>(25,334)</u>
<i>Net change in fund balances</i>	-	-	(25,334)	(25,334)
<i>Fund balance - beginning of year</i>	-	-	43,417	43,417
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,083</u>	<u>\$ 18,083</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (25,334)	
Adjustments to revenue for other receivables			1,114	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(397)	
Net change in fund balance (GAAP)			<u>\$ (24,617)</u>	

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-11

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
Cemetery Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	3,500	3,500	2,500	(1,000)
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	4,014	4,014
Miscellaneous	3,000	9,342	10,342	1,000
<i>Total revenues</i>	<u>6,500</u>	<u>12,842</u>	<u>16,856</u>	<u>4,014</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	6,500	12,004	12,003	1
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>6,500</u>	<u>12,004</u>	<u>12,003</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>838</u>	<u>4,853</u>	<u>4,015</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(838)	-	838
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(838)</u>	<u>-</u>	<u>838</u>
<i>Net change in fund balances</i>	-	-	4,853	4,853
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>128,639</u>	<u>128,639</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,492</u>	<u>\$ 133,492</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 4,853	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 4,853</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-12

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
Gas Tax Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ 15,000	\$ 15,000	\$ 18,677	\$ 3,677
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	24,500	24,500	28,689	4,189
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	60,000	60,000	-	(60,000)
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>99,500</u>	<u>99,500</u>	<u>47,366</u>	<u>(52,134)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	33,000	33,000	55,073	(22,073)
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	66,500	66,500	24,329	42,171
<i>Total expenditures</i>	<u>99,500</u>	<u>99,500</u>	<u>79,402</u>	<u>20,098</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(32,036)</u>	<u>(32,036)</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>	-	-	(32,036)	(32,036)
<i>Fund balance - beginning of year</i>	-	-	101,362	101,362
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,326</u>	<u>\$ 69,326</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (32,036)	
Adjustments to revenue for other receivables			(315)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(3,704)	
Net change in fund balance (GAAP)			<u>\$ (36,055)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-13

## Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual  
CDBG Capital Projects Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<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	50,000	50,000	41,863	(8,137)
Federal grants	450,000	450,000	7,334	(442,666)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>500,000</u>	<u>500,000</u>	<u>49,197</u>	<u>(450,803)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	50,000	50,000	41,863	8,137
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	450,000	450,000	7,334	442,666
<i>Total expenditures</i>	<u>500,000</u>	<u>500,000</u>	<u>49,197</u>	<u>450,803</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>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable			(8,138)	
Net change in fund balance (GAAP)			<u>\$ (8,138)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Revenues, Expenses and Changes in Net Assets  
Budget (Non-GAAP Budgetary Basis) and Actual  
Sewer Enterprise Fund  
For the Year Ended June 30, 2012

Statement B-14

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating Revenues:</i>				
Charges for services	\$ 133,700	\$ 133,700	\$ 129,998	\$ (3,702)
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	133,700	133,700	129,998	(3,702)
<i>Operating expenses:</i>				
Personnel services	64,326	64,326	67,738	(3,412)
Power and fuel	5,000	11,516	11,515	1
General insurance	-	-	-	-
Purchased services	29,853	33,699	30,692	3,007
Other operating expenses	15,000	22,695	20,382	2,313
<i>Total operating expenses</i>	114,179	132,236	130,327	1,909
<i>Operating income (loss)</i>	19,521	1,464	(329)	(1,793)
<i>Non-operating revenues (expenses):</i>				
Capital outlay	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	300	300	18	(282)
Principal	(5,057)	(5,057)	(5,000)	57
Interest expense	(14,764)	(14,764)	(13,685)	1,079
<i>Total non-operating revenues (expenses)</i>	(19,521)	(19,521)	(18,667)	854
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Change in net assets</i>	\$ -	\$ (18,057)	(18,996)	\$ (939)
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(57,350)	
Adjustments to revenues for accounts receivable accruals			(592)	
Adjustments to expenditures for accounts payable and payroll accruals			2,932	
Adjustment to interest expense for accrued interest			66	
Debt service principal payments			5,000	
Capital asset additions			-	
<i>Change in net assets per Exhibit D-2</i>			(68,940)	
<i>Net assets - beginning of year</i>			1,033,348	
<i>Net assets - end of year</i>			\$ 964,408	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-15

## Village of Fort Sumner

## Statement of Revenues, Expenses and Changes in Net Assets

## Budget (Non-GAAP Budgetary Basis) and Actual

## Water Enterprise Fund

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 270,000	\$ 276,168	\$ 277,202	\$ 1,034
Miscellaneous	7,500	10,990	11,118	128
<i>Total operating revenues</i>	<u>277,500</u>	<u>287,158</u>	<u>288,320</u>	<u>1,162</u>
<i>Operating expenses:</i>				
Personnel services	111,618	111,618	100,817	10,801
Power and fuel	10,000	23,572	22,350	1,222
General insurance	9,000	9,000	6,000	3,000
Purchased services	10,000	10,000	11,038	(1,038)
Other operating expenses	54,056	68,132	75,468	(7,336)
<i>Total operating expenses</i>	<u>194,674</u>	<u>222,322</u>	<u>215,673</u>	<u>6,649</u>
<i>Operating income (loss)</i>	<u>82,826</u>	<u>64,836</u>	<u>72,647</u>	<u>7,811</u>
<i>Non-operating revenues (expenses):</i>				
Capital outlay	-	-	(7,874)	7,874
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	1,500	1,500	472	(1,028)
Principal	(56,372)	(56,372)	(54,463)	1,909
Interest expense	(27,954)	(28,179)	(29,507)	(1,328)
<i>Total non-operating revenues (expenses)</i>	<u>(82,826)</u>	<u>(83,051)</u>	<u>(91,372)</u>	<u>7,427</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Change in net assets</i>	<u>\$ -</u>	<u>\$ (18,215)</u>	<u>(18,725)</u>	<u>\$ 15,238</u>
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(86,403)	
Adjustments to revenues for accounts receivable accruals			2,205	
Adjustments to expenditures for accounts payable and payroll accruals			(7,532)	
Adjustment to interest expense for accrued interest			234	
Debt service principal payments			54,463	
Capital asset additions			7,874	
<i>Change in net assets per Exhibit D-2</i>			<u>(47,884)</u>	
<i>Net assets - beginning of year</i>			<u>1,963,824</u>	
<i>Net assets - end of year</i>			<u>\$ 1,915,940</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Revenues, Expenses and Changes in Net Assets  
Budget (Non-GAAP Budgetary Basis) and Actual  
Airport Enterprise Fund  
For the Year Ended June 30, 2012

Statement B-16

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 40,600	\$ 40,600	\$ 42,905	\$ 2,305
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	40,600	40,600	42,905	2,305
<i>Operating expenses:</i>				
Personnel services	35,572	35,572	34,701	871
Power and fuel	1,028	1,028	4,341	(3,313)
General insurance	500	500	2,196	(1,696)
Purchased services	-	-	-	-
Other operating expenses	6,500	6,500	2,249	4,251
<i>Total operating expenses</i>	43,600	43,600	43,487	113
<i>Operating income (loss)</i>	(3,000)	(3,000)	(582)	2,418
<i>Non-operating revenues (expenses):</i>				
Capital outlay	(327,636)	(327,636)	(313,821)	13,815
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	315,682	351,663	277,889	(73,774)
State operating grants	-	-	-	-
State capital grants	14,954	14,954	86,424	71,470
Interest income	-	-	-	-
Principal	-	-	-	-
Interest expense	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	3,000	38,981	50,492	11,511
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Change in net assets</i>	\$ -	\$ 35,981	49,910	\$ 13,703
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(67,976)	
Adjustments to revenues for accounts receivable accruals			-	
Adjustments to expenditures for accounts payable and payroll accruals			(12,141)	
Adjustment to interest expense for accrued interest			-	
Debt service principal payments			-	
Capital asset additions			313,821	
<i>Change in net assets per Exhibit D-2</i>			283,614	
<i>Net assets - beginning of year</i>			1,676,776	
<i>Net assets - end of year</i>			\$ 1,960,390	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Revenues, Expenses and Changes in Net Assets  
Budget (Non-GAAP Budgetary Basis) and Actual  
Ambulance Enterprise Fund  
For the Year Ended June 30, 2012

Statement B-17

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 145,000	\$ 145,000	\$ 126,712	\$ (18,288)
Miscellaneous	-	-	680	680
<i>Total operating revenues</i>	145,000	145,000	127,392	(17,608)
<i>Operating expenses:</i>				
Personnel services	138,966	138,966	128,138	10,828
Power and fuel	10,000	10,000	12,656	(2,656)
General insurance	-	-	-	-
Purchased services	12,000	12,000	10,872	1,128
Other operating expenses	34,034	34,034	41,400	(7,366)
<i>Total operating expenses</i>	195,000	195,000	193,066	1,934
<i>Operating income (loss)</i>	(50,000)	(50,000)	(65,674)	(15,674)
<i>Non-operating revenues (expenses):</i>				
<i>Intergovernmental</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	50,000	50,000	40,476	(9,524)
State capital grants	-	-	-	-
Interest income	-	-	-	-
Principal	-	-	-	-
Interest expense	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	50,000	50,000	40,476	(9,524)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Change in net assets</i>	\$ -	\$ -	(25,198)	\$ (25,198)
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(307)	
Adjustments to revenues for accounts receivable accruals			10,470	
Adjustments to expenditures for accounts payable and payroll accruals			(4,608)	
Adjustment to interest expense for accrued interest			-	
Debt service principal payments			-	
Capital asset additions			-	
<i>Change in net assets per Exhibit D-2</i>			(19,643)	
<i>Net assets - beginning of year</i>			282,647	
<i>Net assets - end of year</i>			\$ 263,004	

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, 2012

Statement C-1

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<i>Motor Vehicle Department Fund</i>				
Assets				
Cash and cash equivalents	\$ 1,065	\$ 66	\$ 1,131	\$ -
<i>Total Assets</i>	<u>\$ 1,065</u>	<u>\$ 66</u>	<u>\$ 1,131</u>	<u>\$ -</u>
Liabilities				
Deposits held and due to others	\$ 1,065	\$ 66	\$ 1,131	\$ -
<i>Total Liabilities</i>	<u>\$ 1,065</u>	<u>\$ 66</u>	<u>\$ 1,131</u>	<u>\$ -</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, 2012

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2012
<b><u>Citizens Bank of Clovis</u></b>	GNMA II Pool #831112	8/20/2033	36208ARK9	\$ 22,764
	GNR 2008-7 PB	2/20/2038	38375PJ85	<u>1,187,909</u> *
			Total collateral pledged	<u>\$ 1,210,673</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, 2012

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>
<b>Citizens Bank of Clovis</b>					
Treasurer general account	Checking	\$ 1,671,089	\$ 350	\$ 57,349	\$ 1,614,090
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	6,164	-	472	5,692
Savings account	Savings	34,335	-	-	34,335
Certificate of deposit	CD	5,700	-	-	5,700
Certificate of deposit	CD	47,000	-	-	47,000
Cemetery Endowment Savings	Savings	765	-	-	765
Certificate of deposit	CD	40,000	-	-	40,000
CDBG fund account	Checking	7,923	-	7,823	100
Motor Vehicle Department (Agency)	Investment	965	-	965	-
Total cash in bank		<u>1,908,858</u>	<u>350</u>	<u>66,609</u>	<u>1,842,599</u>
NMFA Reserve Accounts	Money Market	<u>9,796</u>	<u>-</u>	<u>-</u>	<u>9,796</u>
Total cash		<u>\$ 1,918,654</u>	<u>\$ 350</u>	<u>\$ 66,609</u>	<u>\$ 1,852,395</u>

Exhibit A-1:	Cash and Cash Equivalents	\$ 1,629,678
Exhibit A-1:	Investments	222,717
Exhibit E-1:	Agency funds	-
	Reconciled Deposits and Investments	<u>\$ 1,852,395</u>

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Schedule of Legislative Grants  
June 30, 2012

<u>Project</u>	<u>Agency</u>	<u>Grant #</u>	<u>Effective Date</u>	<u>Reversion Date</u>
Senior Center Equipment Purchase	Aging and Long-Term Services		08/02/11	06/30/14
Library GO Bond	State Library		06/21/12	06/30/14
<b>Grand Totals</b>				

These capital outlay projects are on a reimbursement basis. Therefore, there is no fund balance related to these projects at June 30, 2012.

Original Amount	Net Amount	Expenditures to Date	Remaining
\$ 9,200	\$ 9,200	\$ -	\$ 9,200
<u>4,314</u>	<u>4,314</u>	<u>-</u>	<u>4,314</u>
<u><u>\$ 13,514</u></u>	<u><u>\$ 13,514</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,514</u></u>

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Schedule of Joint Powers Agreements  
June 30, 2012

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, 2012 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, 2012

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 establish a joint law enforcement services system to serve the citizens of De Baca County and the Village of Fort Sumner.

Period: Entered into on May 25, 2011 and shall run in perpetuity or until its termination. Termination of this agreement may be made by either party by providing the other party formal notice of intent to terminate not less than ninety (90) days from the date of notice.

Village Contribution: \$104,800 per fiscal year for Joint Law Enforcement Protection, which is to be paid in quarterly payments. Agrees to also provide 50% of the fines generated through the Fort Sumner Municipal Court System quarterly.

Audit Responsibility: Village of Fort Sumner

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**COMPLIANCE SECTION**

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Accounting & Consulting Group, LLP  
Certified Public Accountants

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

Hector H. Balderas  
New Mexico State Auditor  
To the Honorable Mayor and Village Councilors 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 aggregate remaining fund information and the budgetary comparison for the general fund of the Village of Fort Sumner, New Mexico (the Village), as of and for the year ended June 30, 2012, which collectively comprise the Village of Fort Sumner's basic financial statements and have issued our report thereon dated November 19, 2012. 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, 2012, 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**

Management of the Village of Fort Sumner, New Mexico, is responsible for establishing and maintaining effective 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 responses that we consider to be significant deficiencies in internal control over financial reporting, listed as 2007-1, 2012-1 and 2012-2. 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of management, the Village Council, others within the entity, the Office of the State Auditor, the New Mexico State Legislature and its committees, the New Mexico Department of Finance and Administration, and 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 19, 2012

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**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Schedule of Findings and Responses  
Year Ended 2012

**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          |

3. Summary of audit findings:

a. Current Year Audit Findings:

	<u>Type of Finding*</u>
FS 2007-1 Preparation of Financial Statements	B
FS 2012-1 Deficiencies in Accounting for Capital Assets (Authority)	B
FS 2012-2 Designated Cash Appropriations Exceeded Prior Year Available Balances	B

b. Follow-up on Prior-Year Audit Findings:

	<u>Type of Finding*</u>	<u>Status of Prior Year Findings**</u>
FS 2007-1 Preparation of Financial Statements (Village and Authority)	B	RM
FS 2010-3 Timeliness of Deposits (Authority)	D	R
FS 2011-1 Retiree Health Care Reconciliation (Village)	B	R

\* Legend for Type of Finding:

- A. Material Weakness in the Internal Control Structure Over Financial Reporting
- B. Significant Deficiency Related to the Internal Control Structure Over Financial Reporting
- C. Direct and Material Instance of Noncompliance
- D. Significant Instance of Noncompliance
- E. Immaterial Instance of Noncompliance
- F. Other Matters Involving the Internal Control Structure

\*\* Legend for Status of Prior Year Findings:

- R. Resolved
- RM. Repeated and modified

**Section II – 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 Auditing Standards Board 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 and send management to training seminars on external financial reporting.

**Section II – Financial Statement Findings (continued)**

**FS 2012-1: Deficiencies in Accounting for Capital Assets (Authority) — Significant Deficiency**

***Condition***

Based on test work, it was noted that the capital assets schedule was not reviewed or reconciled by management. Based on test work, the ending capital asset balances at prior year end did not agree with current year beginning balances. Not all additions for past years have been added to the capital asset listing. The Housing Authority’s management reviewed the capital assets schedule subsequent to the fiscal year end and determined that 5 assets have been disposed of in prior years.

***Criteria***

Section 2.20.1 of NMAC requires governmental agencies to properly account for capital assets. The required capital asset accounting system is described in Section 2.20.1.8 of NMAC. Proper controls over the capital assets are described in Section 2.20.1.15 of NMAC. The statutory annual inventory requirement is described in Section 2.20.1.16 of NMAC. The requirement to follow the applicable statutes when disposing of capital assets is described in Section 2.20.1.18 of NMAC.

***Effect***

The lack of review and reconciliation of capital assets results in improper safeguarding of capital assets to prevent theft or other losses. Without proper accounting for additions and deletions, and an annual inventory of capital assets, the financial statements of the Housing Authority may be misstated.

***Cause***

The Housing Authority did not follow their own procedures regarding the review and reconciliation of capital assets schedule, prepared by an outside fee accountant.

***Auditor’s Recommendation***

The Housing Authority should conduct an annual physical inventory of its capital assets as required by statute. The Housing Authority should follow their own internal control procedures to verify that all capital assets are reconciled for additions and disposals on the capital assets schedule correctly.

***Views of Responsible Officials and Planned Corrective Actions***

The Fort Sumner Housing Authority will ensure that the capital assets schedule, prepared by the outside fee accountants, will be reviewed and reconciled prior to year end and will undergo a formal review process to ensure its accuracy and reasonableness.

**FS 2012-2: Designated Cash Appropriations Exceeded Prior Year Available Balances (Village) — Significant Deficiency**

***Condition***

The Village’s budgeted expenditures exceeded the total of budgeted revenues and beginning cash and available receivable balances for the year ended June 30, 2012 in the following fund:

	<b>Designated Cash</b>	<b>Beginning Year Cash and A/R Available</b>	<b>Cash Appropriation in Excess of Available</b>
DWI Grant Fund	\$ 2,123	\$ (2,314)	\$ 4,437

***Criteria***

According to the State Audit Rule 2.2.2.10 (P)(1)(b) if budgeted expenditures exceed budgeted revenues and the entity budgets cash then that amount must not exceed the beginning fiscal year cash and receivables.



**FS 2012-2: Designated Cash Appropriations Exceeded Prior Year Available Balances (Village) — Significant Deficiency (continued)**

***Effect***

The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the Village incurring debt to pay for current year budgeted expenditures, which would be noncompliant with the Bateman Act. Per Section 6-6-11, NMSA 1978, “An officer of any county, municipality, school district or local school board, who shall issue any certificate or other form of approval of indebtedness separate from the account filed in the first place or who shall at any time use the fund belonging to any current year for any other purpose than paying the current expenses of that year, or who shall violate any of the provisions of this section, is guilty of a misdemeanor.”

***Cause***

Inadequate monitoring of the budget process is the reason for this instance of noncompliance with budget requirements.

***Auditor’s Recommendation***

Budgets for future years should be revised to ensure all funds have adequate budget authority for appropriations. Greater attention should be given to the budget preparation and monitoring process.

***Views of Responsible Officials and Planned Corrective Actions***

The DWI Grant Fund is considered a reimbursable grant and as expenditures are incurred, the Village will request reimbursement. Due to the timing of reimbursement receipts, the Village will pay close attention at fiscal year end and ensure that a transfer from the general fund is scheduled in the event the budget deficit is not covered. Expenditures will not exceed approved budgets and no increased expenditures will be made until a budget adjustment is approved by the Village Council. The Village will provide additional training for all supervisory personnel regarding budget compliance and expenditures.

**STATE OF NEW MEXICO**

Village of Fort Sumner

Other Disclosures

Year Ended 2012

**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 26, 2012. The following individuals were in attendance.

Village of Fort Sumner Officials

Ron Seña, Village Clerk/Treasurer

Windell Bridges, Mayor

George Seña, Councilor

Auditors

Carol Snider, CPA

Ozzy Tello