

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

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

**YEAR ENDED JUNE 30, 2013**

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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Table of Contents  
June 30, 2013

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		4-5
Official Roster		7
<b>FINANCIAL SECTION</b>		
Independent Auditor’s Report		10-11
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	14-15
Statement of Activities	A-2	16-17
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	18
Reconciliation of the Balance Sheet to the Statement of Net Position		19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	B-2	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund	C-1	23
Gas Tax Special Revenue Fund	C-2	25
Statement of Net Position – Proprietary Funds	D-1	26-27
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	D-2	28-29
Statement of Cash Flows – Proprietary Funds	D-3	30-31
Notes to the Financial Statements		32-51
<b>SUPPLEMENTARY INFORMATION</b>		
Nonmajor Governmental Fund Descriptions	<u>Statement/ Schedule</u>	57
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	58-61
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	A-2	62-65
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Environmental Tax Special Revenue Fund	B-1	66
Emergency Medical Services Special Revenue Fund	B-2	67
Law Enforcement Protection Special Revenue Fund	B-3	68
Lodgers Tax Special Revenue Fund	B-4	69
Recreation Special Revenue Fund	B-5	70
DWI Grant Special Revenue Fund	B-6	71
County Ambulance Tax Special Revenue Fund	B-7	72
PIT Canteen Special Revenue Fund	B-8	73
Fire Special Revenue Fund	B-9	74
Senior Citizen’s Special Revenue Fund	B-10	75
Cemetery Special Revenue Fund	B-11	76
CDBG Capital Projects Fund	B-12	77

**STATE OF NEW MEXICO**

Village of Fort Sumner

Table of Contents

June 30, 2013

	<u>Statement/ Schedule</u>	<u>Page</u>
Statement of Revenues, Expenses and Changes in Net Position – Budget (Non-GAAP Budgetary Basis) and Actual:		
Sewer Enterprise Fund	B-13	78
Water Enterprise Fund	B-14	79
Airport Enterprise Fund	B-15	80
Ambulance Enterprise Fund	B-16	81
<b>SUPPORTING SCHEDULES</b>		
Schedule of Collateral Pledged by Depository for Public Funds	I	84
Schedule of Deposit and Investment Accounts	II	85
Schedule of Legislative Grants	III	86-87
Schedule of Joint Powers Agreements	IV	88-89
<b>COMPLIANCE SECTION</b>		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		92-93
Schedule of Findings and Responses	V	94-96
<b>OTHER DISCLOSURES</b>		97

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**STATE OF NEW MEXICO**

Village of Fort Sumner

Official Roster

June 30, 2013

<u>Name</u>	<u>List of Officials and Council</u>	<u>Title</u>
Windell Bridges		Mayor
Albert Seña		Councilor
Selestino Lovato		Councilor
Esther Segura		Councilor
George Seña		Councilor
	<u>Administrative Officials</u>	
Bonnie Lilly		Village Clerk/Treasurer (As of 04/20/2013)
Ron Seña		Village Clerk/Treasurer (Resigned 04/19/2013)

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**FINANCIAL SECTION**



**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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue fund of the Village of Fort Sumner, New Mexico (the Village), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for all nonmajor governmental funds, the major capital projects fund and the major enterprise funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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 Village of Fort Sumner, New Mexico, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles

generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance 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 budgetary basis of accounting as prescribed in the New Mexico Administrative Code, as 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.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Village's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The supporting Schedules I through IV required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting Schedules I through IV required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the supporting Schedules I through IV required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Certified Public Accountants  
Clovis, New Mexico  
November 22, 2013

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**BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

Village of Fort Sumner  
Statement of Net Position  
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 1,152,719	\$ 521,305	\$ 1,674,024	\$ 95,558
Investments	88,880	94,917	183,797	-
Restricted investments	40,767	-	40,767	-
Restricted cash - current tenant deposits	-	-	-	6,498
Receivables (net of allowance for uncollectibles)	97,617	90,951	188,568	1,618
Inventories	-	-	-	3,703
Prepaid expenses	-	-	-	16,701
Total Current Assets	<u>1,379,983</u>	<u>707,173</u>	<u>2,087,156</u>	<u>124,078</u>
Noncurrent Assets				
Capital assets	9,287,179	8,661,632	17,948,811	2,157,842
Less: accumulated depreciation	<u>(3,991,402)</u>	<u>(3,585,858)</u>	<u>(7,577,260)</u>	<u>(1,219,310)</u>
Total Noncurrent Assets	<u>5,295,777</u>	<u>5,075,774</u>	<u>10,371,551</u>	<u>938,532</u>
Total assets	<u>\$ 6,675,760</u>	<u>\$ 5,782,947</u>	<u>\$ 12,458,707</u>	<u>\$ 1,062,610</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	\$ 21,574	\$ 13,746	\$ 35,320	\$ 2,988
Deposits held in trust for others	-	39,784	39,784	6,394
Accrued liabilities	10,319	7,683	18,002	6,771
Accrued interest	559	9,106	9,665	-
Accrued compensated absences	10,337	10,466	20,803	2,334
Current portion of long-term debt	24,668	62,935	87,603	-
Total current liabilities	67,457	143,720	211,177	18,487
Noncurrent liabilities				
Bonds payable	-	557,100	557,100	-
Loans payable	105,709	124,786	230,495	-
Total noncurrent liabilities	105,709	681,886	787,595	-
Total liabilities	173,166	825,606	998,772	18,487
<b>NET POSITION</b>				
Net investment in capital assets	5,165,400	4,330,953	9,496,353	938,532
Restricted for:				
Special revenue	301,093	-	301,093	-
Unrestricted net position	1,036,101	626,388	1,662,489	105,591
Total net position	6,502,594	4,957,341	11,459,935	1,044,123
Total liabilities and net position	\$ 6,675,760	\$ 5,782,947	\$ 12,458,707	\$ 1,062,610

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Activities  
For the year ended June 30, 2013

<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	\$ 252,782	\$ 108,444	\$ 131,994	\$ 40,000
Public safety	333,401	-	181,829	-
Public works	340,110	-	-	784,258
Health and welfare	175,467	20,645	121,671	-
Culture and recreation	196,579	18,729	8,172	881
Conservation and development	27,342	-	-	-
Total governmental activities	<u>1,325,681</u>	<u>147,818</u>	<u>443,666</u>	<u>825,139</u>
Business-type activities				
Sewer	184,335	130,057	-	-
Water	303,910	290,514	-	-
Airport	124,436	41,695	-	2,259
Ambulance	206,154	160,170	40,000	-
Total business-type activities	<u>818,835</u>	<u>622,436</u>	<u>40,000</u>	<u>2,259</u>
Total primary government	<u>\$ 2,144,516</u>	<u>\$ 770,254</u>	<u>\$ 483,666</u>	<u>\$ 827,398</u>
<b>Component unit:</b>				
Housing Authority	<u>\$ 282,470</u>	<u>\$ 85,957</u>	<u>\$ 79,150</u>	<u>\$ 62,233</u>

**General Revenues:**

Property taxes  
Gross receipts taxes  
Franchise taxes  
Motor vehicle and fuel taxes  
Lodger's taxes  
Miscellaneous  
Unrestricted investment earnings

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year



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

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Housing Authority</b>
\$ 27,656	\$ -	\$ 27,656	\$ -
(151,572)	-	(151,572)	-
444,148	-	444,148	-
(33,151)	-	(33,151)	-
(168,797)	-	(168,797)	-
(27,342)	-	(27,342)	-
<u>90,942</u>	<u>-</u>	<u>90,942</u>	<u>-</u>
-	(54,278)	(54,278)	-
-	(13,396)	(13,396)	-
-	(80,482)	(80,482)	-
-	(5,984)	(5,984)	-
<u>-</u>	<u>(154,140)</u>	<u>(154,140)</u>	<u>-</u>
<u>-</u>	<u>(154,140)</u>	<u>(63,198)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,130)</u>
20,395	-	20,395	-
524,363	-	524,363	-
21,398	-	21,398	-
35,251	-	35,251	-
29,948	-	29,948	-
36,833	7,696	44,529	1,204
6,044	43	6,087	703
<u>674,232</u>	<u>7,739</u>	<u>681,971</u>	<u>1,907</u>
<u>765,174</u>	<u>(146,401)</u>	<u>618,773</u>	<u>(53,223)</u>
<u>5,737,420</u>	<u>5,103,742</u>	<u>10,841,162</u>	<u>1,097,346</u>
<u>\$ 6,502,594</u>	<u>\$ 4,957,341</u>	<u>\$ 11,459,935</u>	<u>\$ 1,044,123</u>

**STATE OF NEW MEXICO**

Village of Fort Sumner

Balance Sheet

Governmental Funds

June 30, 2013

Exhibit B-1  
(Page 1 of 2)

	<u>General Fund</u>	<u>Gas Tax Special Revenue Fund</u>	<u>CDBG Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Assets</i>					
Cash and cash equivalents	\$ 984,984	\$ 75,556	\$ 100	\$ 92,079	\$ 1,152,719
Investments	-	-	-	129,647	129,647
Receivables (net of allowance for uncollectible amounts):					
Taxes	77,605	3,490	-	16,522	97,617
Intergovernmental	-	-	-	-	-
Interfund receivable	4,966	-	-	-	4,966
<i>Total current assets</i>	<u>1,067,555</u>	<u>79,046</u>	<u>100</u>	<u>238,248</u>	<u>1,384,949</u>
<i>Total assets</i>	<u><u>\$ 1,067,555</u></u>	<u><u>\$ 79,046</u></u>	<u><u>\$ 100</u></u>	<u><u>\$ 238,248</u></u>	<u><u>\$ 1,384,949</u></u>
 <i>Liabilities and Fund Balance</i>					
<i>Current liabilities</i>					
Accounts payable	\$ 11,105	\$ 885	\$ -	\$ 9,584	\$ 21,574
Accrued expenses	5,651	-	-	4,668	10,319
Interfund payable	-	-	-	4,966	4,966
<i>Total current liabilities</i>	<u>16,756</u>	<u>885</u>	<u>-</u>	<u>19,218</u>	<u>36,859</u>
 <i>Fund balances</i>					
<i>Spendable</i>					
<i>Restricted for:</i>					
Maintenance of roads	-	78,161	-	-	78,161
Fire departments	-	-	-	19,532	19,532
Public safety	-	-	-	36,656	36,656
Cultural	-	-	-	162,374	162,374
Healthcare	-	-	-	4,370	4,370
<i>Committed to:</i>					
Minimum fund balance	56,184	-	-	-	56,184
Unassigned	994,615	-	100	(3,902)	990,813
<i>Total fund balances</i>	<u>1,050,799</u>	<u>78,161</u>	<u>100</u>	<u>219,030</u>	<u>1,348,090</u>
<i>Total liabilities and fund balances</i>	<u><u>\$ 1,067,555</u></u>	<u><u>\$ 79,046</u></u>	<u><u>\$ 100</u></u>	<u><u>\$ 238,248</u></u>	<u><u>\$ 1,384,949</u></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 Position  
Governmental Funds  
For the year ended June 30, 2013

Exhibit B-1  
(Page 2 of 2)

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

Fund balances - total governmental funds	\$ 1,348,090
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,295,777
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	(559)
Current portion of accrued compensated absences	(10,337)
Loans and notes payable	<u>(130,377)</u>
Net position of governmental activities	<u>\$ 6,502,594</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, 2013

Exhibit B-2  
(Page 1 of 2)

	General Fund	Gas Tax Special Revenue Fund	CDBG Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<i>Revenues</i>					
Taxes					
Property taxes	\$ 20,395	\$ -	\$ -	\$ -	\$ 20,395
Gross receipts taxes	489,782	23,055	-	11,526	524,363
Franchise taxes	4,471	-	-	16,927	21,398
Motor vehicle and fuel taxes	6,274	28,977	-	-	35,251
Lodger's taxes	-	-	-	29,948	29,948
Intergovernmental income					
Federal operating grants	-	-	-	36,338	36,338
Federal capital grants	-	-	450,804	-	450,804
State operating grants	140,166	-	-	267,162	407,328
State capital grants	40,881	341,592	-	-	382,473
Charges for services	20,897	-	-	38,569	59,466
Licenses and permits	87,663	-	-	689	88,352
Interest	4,193	-	-	1,851	6,044
Miscellaneous	20,220	-	-	16,613	36,833
<i>Total revenues</i>	<u>834,942</u>	<u>393,624</u>	<u>450,804</u>	<u>419,623</u>	<u>2,098,993</u>
<i>Expenditures</i>					
Current:					
General government	200,596	-	-	-	200,596
Public safety	154,816	-	-	124,753	279,569
Public works	86,626	34,674	-	-	121,300
Culture and recreation	112,874	-	-	59,240	172,114
Public health and welfare	7,562	-	-	156,039	163,601
Economic development	19,884	-	-	7,328	27,212
Capital outlay	87,850	342,420	442,666	109,750	982,686
Debt service:					
Principal	-	-	-	24,026	24,026
Interest	-	-	-	4,319	4,319
<i>Total expenditures</i>	<u>670,208</u>	<u>377,094</u>	<u>442,666</u>	<u>485,455</u>	<u>1,975,423</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>164,734</u>	<u>16,530</u>	<u>8,138</u>	<u>(65,832)</u>	<u>123,570</u>
<i>Other financing sources (uses)</i>					
Transfers in	-	-	-	5,630	5,630
Transfers (out)	(4,000)	-	-	(1,630)	(5,630)
<i>Total other financing sources (uses)</i>	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>
<i>Net change in fund balances</i>	160,734	16,530	8,138	(61,832)	123,570
<i>Fund balance - beginning of year</i>	<u>890,065</u>	<u>61,631</u>	<u>(8,038)</u>	<u>280,862</u>	<u>1,224,520</u>
<i>Fund balance - end of year</i>	<u>\$ 1,050,799</u>	<u>\$ 78,161</u>	<u>\$ 100</u>	<u>\$ 219,030</u>	<u>\$ 1,348,090</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Village of Fort Sumner

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the year ended June 30, 2013

Exhibit B-2  
(Page 2 of 2)

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

Net change in fund balances - total governmental funds \$ 123,570

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	982,686
Depreciation expense	(360,385)

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	96
Compensated absences change for the year	3,319
Principal payments on notes payable	24,026

Change in net position of governmental activities	<u>\$ 765,174</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 19,851	\$ 19,851	\$ 20,395	\$ 544
Gross receipts taxes	373,500	544,300	479,735	(64,565)
Franchise taxes	6,000	6,000	4,471	(1,529)
Motor vehicle and fuel taxes	6,500	6,500	6,274	(226)
Licenses and permits	65,200	87,004	87,663	659
Charges for services	19,000	19,000	20,897	1,897
State and county grants	76,014	108,698	181,047	72,349
Miscellaneous	20,191	27,291	20,220	(7,071)
Interest	5,500	5,500	4,193	(1,307)
<i>Total revenues</i>	<u>591,756</u>	<u>824,144</u>	<u>824,895</u>	<u>751</u>
<i>Expenditures:</i>				
Current:				
General government	204,213	230,120	215,163	14,957
Public safety	138,235	153,179	162,668	(9,489)
Public works	81,725	83,756	83,475	281
Culture and recreation	113,508	120,945	112,215	8,730
Public health and welfare	8,000	9,000	7,642	1,358
Economic development	24,625	24,625	19,904	4,721
Capital outlay	9,200	55,529	76,045	(20,516)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>579,506</u>	<u>677,154</u>	<u>677,112</u>	<u>42</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>12,250</u>	<u>146,990</u>	<u>147,783</u>	<u>793</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(12,250)	(142,990)	-	(142,990)
Transfers in	-	-	-	-
Transfers (out)	-	(4,000)	(4,000)	-
<i>Total other financing sources (uses)</i>	<u>(12,250)</u>	<u>(146,990)</u>	<u>(4,000)</u>	<u>(142,990)</u>
<i>Net change in fund balances</i>	-	-	143,783	143,783
<i>Fund balance - beginning of year</i>	-	-	846,167	846,167
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 989,950</u>	<u>\$ 989,950</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 143,783	
Adjustments to revenue for other receivables			10,047	
Adjustments to expenditures for accounts payable and accrued payroll expenses			6,904	
Net change in fund balance (GAAP)			<u>\$ 160,734</u>	

The accompanying notes are an integral part of these financial statements

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## STATE OF NEW MEXICO

Exhibit C-2

## 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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	17,000	17,000	22,898	5,898
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	28,000	28,000	28,977	977
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	356,166	356,166	341,592	(14,574)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>401,166</u>	<u>401,166</u>	<u>393,467</u>	<u>(7,699)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	35,000	35,000	34,610	390
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	366,166	366,166	352,627	13,539
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>401,166</u>	<u>401,166</u>	<u>387,237</u>	<u>13,929</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	6,230	6,230
<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>	-	-	6,230	6,230
<i>Fund balance - beginning of year</i>	-	-	69,326	69,326
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,556</u>	<u>\$ 75,556</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 6,230	
Adjustments to revenue for other receivables			157	
Adjustments to expenditures for accounts payable and accrued payroll expenses			10,143	
Net change in fund balance (GAAP)			<u>\$ 16,530</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**

Village of Fort Sumner

Statement of Net Position

Proprietary Funds

June 30, 2013

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	\$ 1,401	\$ 218,131	\$ 39,490	\$ 222,499
Investments	2,161	92,756	-	-
Accounts receivable (net of allowance for uncollectible amounts)	<u>14,402</u>	<u>31,547</u>	<u>-</u>	<u>45,002</u>
<i>Total current assets</i>	<u>17,964</u>	<u>342,434</u>	<u>39,490</u>	<u>267,501</u>
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	-	39,784	-	-
<i>Capital assets</i>				
Land	15,600	28,700	1,800	-
Buildings and improvements	2,203,917	3,696,039	2,275,885	-
Machinery and equipment	175,992	94,688	109,842	59,169
Less: accumulated depreciation	<u>(1,215,191)</u>	<u>(1,767,248)</u>	<u>(545,366)</u>	<u>(58,053)</u>
<i>Total capital assets (net of accumulated depreciation)</i>	<u>1,180,318</u>	<u>2,052,179</u>	<u>1,842,161</u>	<u>1,116</u>
<i>Total noncurrent assets</i>	<u>1,180,318</u>	<u>2,091,963</u>	<u>1,842,161</u>	<u>1,116</u>
<i>Total assets</i>	<u>\$ 1,198,282</u>	<u>\$ 2,434,397</u>	<u>\$ 1,881,651</u>	<u>\$ 268,617</u>
<i>Liabilities and Net Position</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 5,346	\$ 4,507	\$ 92	\$ 3,801
Meter deposits payable	-	39,784	-	-
Accrued liabilities	2,361	1,408	796	3,118
Accrued interest	1,098	8,008	-	-
Accrued compensated absences	2,242	2,691	855	4,678
Current portion of long term debt	<u>6,000</u>	<u>56,935</u>	<u>-</u>	<u>-</u>
<i>Total current liabilities</i>	<u>17,047</u>	<u>113,333</u>	<u>1,743</u>	<u>11,597</u>
<i>Noncurrent liabilities</i>				
Long term debt - net of current portion	<u>271,100</u>	<u>410,786</u>	<u>-</u>	<u>-</u>
<i>Total noncurrent liabilities</i>	<u>271,100</u>	<u>410,786</u>	<u>-</u>	<u>-</u>
<i>Net Position</i>				
Net investment in capital assets	903,218	1,584,458	1,842,161	1,116
Unrestricted	<u>6,917</u>	<u>325,820</u>	<u>37,747</u>	<u>255,904</u>
<i>Total net position</i>	<u>910,135</u>	<u>1,910,278</u>	<u>1,879,908</u>	<u>257,020</u>
<i>Total liabilities and net position</i>	<u>\$ 1,198,282</u>	<u>\$ 2,434,397</u>	<u>\$ 1,881,651</u>	<u>\$ 268,617</u>

The accompanying notes are an integral part of these financial statements

Total Enterprise  
Funds

\$ 481,521  
94,917

90,951

667,389

39,784

46,100

8,175,841

439,691

(3,585,858)

5,075,774

5,115,558

\$ 5,782,947

\$ 13,746

39,784

7,683

9,106

10,466

62,935

143,720

681,886

681,886

4,330,953

626,388

4,957,341

\$ 5,782,947

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2013

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Airport Fund	Ambulance Fund
<i>Operating revenues</i>				
Charges for services	\$ 130,057	\$ 290,514	\$ 41,695	\$ 160,170
Miscellaneous	-	7,696	-	-
<i>Total operating revenues</i>	<u>130,057</u>	<u>298,210</u>	<u>41,695</u>	<u>160,170</u>
<i>Operating expenses</i>				
Current:				
Personnel services	70,735	82,868	39,820	126,646
Power and fuel	9,535	20,979	539	16,084
General insurance	-	6,000	2,194	-
Purchased services	29,741	5,500	-	15,762
Other operating expenses	13,130	76,255	10,902	47,453
Depreciation	47,770	85,849	70,981	209
<i>Total operating expenses</i>	<u>170,911</u>	<u>277,451</u>	<u>124,436</u>	<u>206,154</u>
<i>Operating income (loss)</i>	<u>(40,854)</u>	<u>20,759</u>	<u>(82,741)</u>	<u>(45,984)</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	5	38	-	-
Interest expense	(13,424)	(26,459)	-	-
<i>Total non-operating revenues (expenses)</i>	<u>(13,419)</u>	<u>(26,421)</u>	<u>-</u>	<u>-</u>
<i>Income (loss) before contributions and transfers</i>	<u>(54,273)</u>	<u>(5,662)</u>	<u>(82,741)</u>	<u>(45,984)</u>
Government contributions	-	-	2,259	40,000
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	<u>(54,273)</u>	<u>(5,662)</u>	<u>(80,482)</u>	<u>(5,984)</u>
<i>Net position - beginning of year</i>	<u>964,408</u>	<u>1,915,940</u>	<u>1,960,390</u>	<u>263,004</u>
<i>Net position - end of year</i>	<u>\$ 910,135</u>	<u>\$ 1,910,278</u>	<u>\$ 1,879,908</u>	<u>\$ 257,020</u>

The accompanying notes are an integral part of these financial statements

Total Enterprise  
Funds

\$ 622,436  
7,696  
630,132

320,069  
47,137  
8,194  
51,003  
147,740  
204,809  
778,952

(148,820)

43  
(39,883)

(39,840)

(188,660)

42,259  
-

(146,401)

5,103,742

\$ 4,957,341

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2013

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	\$ 131,012	\$ 306,803	\$ 41,695	\$ 178,263	\$ 657,773
Payments to suppliers	(51,718)	(106,267)	(13,588)	(79,498)	(251,071)
Payments to employees	(69,182)	(89,214)	(39,460)	(124,681)	(322,537)
<i>Net cash provided (used) by operating activities</i>	<u>10,112</u>	<u>111,322</u>	<u>(11,353)</u>	<u>(25,916)</u>	<u>84,165</u>
<i>Cash flows from capital and related financing activities:</i>					
Acquisitions and construction of capital assets	(5,050)	(11,152)	(47,380)	-	(63,582)
Principal paid on capital debt	(6,000)	(53,742)	-	-	(59,742)
Interest paid on capital debt	(13,423)	(25,940)	-	-	(39,363)
Intergovernmental	-	-	2,259	40,000	42,259
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(24,473)</u>	<u>(90,834)</u>	<u>(45,121)</u>	<u>40,000</u>	<u>(120,428)</u>
<i>Cash flows from investing activities:</i>					
Interest income	5	38	-	-	43
<i>Net cash provided (used) by investing activities</i>	<u>5</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>43</u>
<i>Net increase (decrease) in cash and temporary investments</i>	<u>\$ (14,356)</u>	<u>\$ 20,526</u>	<u>\$ (56,474)</u>	<u>\$ 14,084</u>	<u>\$ (36,220)</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, 2013

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	\$ (14,356)	\$ 20,526	\$ (56,474)	\$ 14,084	\$ (36,220)
Cash and temporary investments- beginning of year	17,918	330,145	95,964	208,415	652,442
Cash and temporary investments- end of year	\$ 3,562	\$ 350,671	\$ 39,490	\$ 222,499	\$ 616,222
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>					
Operating income (loss)	\$ (40,854)	\$ 20,759	\$ (82,741)	\$ (45,984)	\$ (148,820)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	47,770	85,849	70,981	209	204,809
(Increase) decrease in:					
Accounts receivable	955	8,593	-	18,093	27,641
Increase (decrease) in:					
Accounts payable	688	2,467	47	(199)	3,003
Accrued expenses	828	(2,406)	(5)	439	(1,144)
Compensated absences	725	(3,940)	365	1,526	(1,324)
<i>Net cash provided (used) by operating activities</i>	\$ 10,112	\$ 111,322	\$ (11,353)	\$ (25,916)	\$ 84,165
Cash and temporary investments:					
Cash and cash equivalents	\$ 1,401	\$ 257,915	\$ 39,490	\$ 222,499	\$ 521,305
Investments	2,161	92,756	-	-	94,917
Total cash and temporary investments	\$ 3,562	\$ 350,671	\$ 39,490	\$ 222,499	\$ 616,222

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, 2013

**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.

During the year ended June 30, 2013, the Village adopted Governmental Accounting Standards Board (GASB) Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The Village does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

**A. Financial Reporting Entity**

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, 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, 2013

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

*A. Financial Reporting Entity (continued)*

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

The Fort Sumner Housing Authority (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 position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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, 2013

**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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

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

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

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 *Gas Tax Special Revenue Fund* accounts for receipts and expenditures of gasoline taxes which are restricted for use in repairing and maintaining roads and streets within the municipality.

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

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.

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.

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 Village'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, 2013

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

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, 2013

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

*D. Assets, Liabilities and Net Position 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 asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Village during the current fiscal year was \$44,202. 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, 2013, along with the applicable PERA and Retiree Health Care.

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

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

*D. Assets, Liabilities and Net Position 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 accumulate annual leave based on their employment classification and length of employment. The Village allows employees to accumulate unused sick leave up to a maximum of 240 hours. The Village does not allow for any sick leave to be converted to cash payouts. No employee receives a cash payout of their unused sick leave upon termination.

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

**Long-term Obligations:** In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. For bonds issued after GASB Statement No. 34 was implemented, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

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

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

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

*D. Assets, Liabilities and Net Position 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, 2013, the Village has presented \$-0- in nonspendable fund balance.

**Restricted and Committed Fund Balance:** At June 30, 2013, the Village has presented restricted fund balance on the governmental funds balance sheet in the amount of \$78,161 for maintenance of roads; \$19,532 for fire departments; \$36,656 for public safety; \$162,374 for cultural, and \$4,370 for healthcare. The Village has also presented committed fund balances on the governmental funds balance sheet in the amount of \$56,184 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.

**Net Position:** Equity is classified as net position and displayed in three components:

1. Net investment in capital assets:

This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted net position:

Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 35 and 57.

3. Unrestricted net position:

Net position that does not meet the definition of "restricted" or "net investment in capital assets."

**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 water, sewer and ambulance receivables.

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

**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/expenses 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, 2013 was properly amended by the Village Commission through the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures/expenses or Change in Net Position - Proprietary Funds	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ 12,250	\$ 146,990
Gas Tax Special Revenue Fund	\$ -	\$ -
CDBG Capital Projects Fund	\$ -	\$ (1)
Nonmajor Governmental Funds	\$ (26,478)	\$ (73,300)
Sewer Enterprise Fund	\$ -	\$ (13,297)
Water Enterprise Fund	\$ -	\$ 20,055
Airport Enterprise Fund	\$ -	\$ (56,474)
Ambulance Enterprise Fund	\$ -	\$ 14,084

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 Position – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.



**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

**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, 2013 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, 2013.

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 collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

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.

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of the Village's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

**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, 2013, \$1,700,358 of the Village’s bank balance of \$1,950,358 was exposed to custodial credit risk. \$1,700,358 was uninsured and collateralized by collateral held by the pledging bank’s trust department, not in the Village’s name and \$-0- was uninsured and uncollateralized.

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, 2013	
Total amount of deposits	\$ 1,950,358
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	<u>1,700,358</u>
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Village's name.	<u>1,700,358</u>
Uninsured and uncollateralized	<u><u>\$ -</u></u>
Collateral requirement (50% of uninsured public funds)	\$ 850,179
Pledged securities	<u>2,425,550</u>
Over (under) collateralization	<u><u>\$ 1,575,371</u></u>

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

**Reconciliation to the Statement of Net Position**

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

Cash and cash equivalents per Exhibit A-1	\$ 1,674,024
Investments per Exhibit A-1 (savings accounts and time deposits)	224,564
Add: outstanding checks and other reconciling items	61,907
Less: NMFA reserve accounts	(9,787)
Less: cash on hand	<u>(350)</u>
Bank balance of deposits	<u><u>\$ 1,950,358</u></u>

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

**NOTE 4. Receivables and Payables**

Receivables as of June 30, 2013, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Gas Tax Special Revenue Fund	Nonmajor Funds	Total	
Governmental activities:					
State of New Mexico:					
Gross receipts tax	\$ 77,605	\$ 3,490	\$ 7,303	\$ 88,398	
DWI grant fund	-	-	6,676	6,676	
Lodger's tax	-	-	2,543	2,543	
Total governmental	<u>\$ 77,605</u>	<u>\$ 3,490</u>	<u>\$ 16,522</u>	<u>\$ 97,617</u>	
	Sewer Fund	Water Fund	Ambulance Fund	Airport Fund	Total
Business-type activities:					
From customers:	\$ 16,309	\$ 35,726	\$ 86,214	\$ -	\$ 138,249
Allowance for uncollectible amounts	(1,907)	(4,179)	(41,212)	-	(47,298)
Total business-type	<u>\$ 14,402</u>	<u>\$ 31,547</u>	<u>\$ 45,002</u>	<u>\$ -</u>	<u>\$ 90,951</u>

Payables as of June 30, 2013, are as follows:

Governmental activities:		<u>General</u>
Payable to suppliers		\$ 21,574
Payable to and on behalf of employees		10,319
Payable for interest		559
Total accounts payable and accrued expenses for governmental activities		<u>\$ 32,452</u>
Business-type activities:		<u>Business-type</u>
Payable to suppliers		\$ 13,746
Payable to and on behalf of employees		7,683
Payable for interest		9,106
Total accounts payable and accrued expenses for business-type activities		<u>\$ 30,535</u>

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

Net operating transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Recreation Special Revenue Fund	General Fund	\$ 4,000
DWI Special Revenue Grant Fund	PIT Canteen Special Revenue Fund	1,630
		<u>\$ 5,630</u>

The general purposes of the transfers are to fund expenditures until other financing is arranged or to provide matching funds.

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, 2013. Some funds were borrowed while waiting on grant reimbursements. The following individual fund had a negative cash balance as of June 30, 2013:

<u>Interfund payable</u>	<u>Interfund receivable</u>	<u>Amount</u>
DWI Grant Fund	General Fund	\$ 4,966

These interfund balances are expected to be repaid within one year.

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2013 follows. Land and construction in process are not subject to depreciation.

	Balance June 30, 2012	Additions and Transfers in	Deletions and Transfers Out	Balance June 30, 2013
<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	<u>64,271</u>	-	<u>(27,570)</u>	<u>36,701</u>
Capital assets being depreciated:				
Buildings and improvements	4,336,681	842,348	-	5,179,029
Machinery and equipment	2,726,438	2,120	-	2,728,558
Infrastructure	1,177,103	165,788	-	1,342,891
Total capital assets being depreciated	<u>8,240,222</u>	<u>1,010,256</u>	-	<u>9,250,478</u>
Total capital assets	<u>8,304,493</u>	<u>1,010,256</u>	<u>(27,570)</u>	<u>9,287,179</u>
Less accumulated depreciation:				
Buildings and improvements	1,705,900	222,662	-	1,928,562
Machinery and equipment	1,398,477	70,287	-	1,468,764
Infrastructure	526,640	67,436	-	594,076
Total accumulated depreciation	<u>3,631,017</u>	<u>360,385</u>	-	<u>3,991,402</u>
Total capital assets, net of depreciation	<u>\$ 4,673,476</u>	<u>\$ 649,871</u>	<u>\$ (27,570)</u>	<u>\$ 5,295,777</u>

Depreciation expense for the year ended June 30, 2013 was charged to the governmental activities as follows:

General government	\$ 55,599
Public safety	49,609
Public works	219,694
Public health and welfare	11,216
Culture and recreation	24,267
Total	<u>\$ 360,385</u>

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

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

	Balance June 30, 2012	Additions and Transfers in	Deletions and Transfers Out	Balance June 30, 2013
<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	8,117,308	58,533	-	8,175,841
Machinery and equipment	434,642	5,049	-	439,691
Total capital assets being depreciated	8,551,950	63,582	-	8,615,532
Total capital assets	8,598,050	63,582	-	8,661,632
Less accumulated depreciation:				
Buildings and improvements	3,142,656	182,300	-	3,324,956
Machinery and equipment	238,393	22,509	-	260,902
Total accumulated depreciation	3,381,049	204,809	-	3,585,858
Total capital assets, net of depreciation	\$ 5,217,001	\$ (141,227)	\$ -	\$ 5,075,774

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, 2013, for each fund are as follows:

Sewer Fund	\$ 1,180,318
Water Fund	2,052,179
Airport Fund	1,842,161
Ambulance Fund	1,116
Total	<u>\$ 5,075,774</u>

Depreciation expense for the year ended June 30, 2013 was charged to business-type activities as follows:

Sewer Fund	\$ 47,770
Water Fund	85,849
Airport Fund	70,981
Ambulance Fund	209
Total	<u>\$ 204,809</u>

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

**NOTE 7. Long-term Debt**

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013	Due Within One Year
<b>Governmental activities</b>					
Loan - Fire Pumper Truck	\$ 154,403	\$ -	\$ 24,026	\$ 130,377	\$ 24,668
Compensated absences	13,656	8,581	11,900	10,337	10,337
	<u>\$ 168,059</u>	<u>\$ 8,581</u>	<u>\$ 35,926</u>	<u>\$ 140,714</u>	<u>\$ 35,005</u>
<b>Business-type activities</b>					
Bonds - Water	\$ 323,000	\$ -	\$ 18,000	\$ 305,000	\$ 19,000
Loans - Water	198,463	-	35,742	162,721	37,935
Bonds - Sewer	283,100	-	6,000	277,100	6,000
Compensated absences	11,790	11,174	12,498	10,466	10,466
	<u>\$ 816,353</u>	<u>\$ 11,174</u>	<u>\$ 72,240</u>	<u>\$ 755,287</u>	<u>\$ 73,401</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% - 3.73%. The Village pledged revenues from the Fire Protection Fund distributions made annually to the Village by the State Fire Marshall to pay the annual principal payments and the semi-annual interest payments on this loan, until paid off at maturity in May 2018. The amount of the pledged revenues was for the total amount of the loan in the amount of \$238,721. This revenue is subject to an intercept agreement. Fire Protection Fund revenues in fiscal year ending June 30, 2013 were \$72,711 and of that amount, \$28,345 was used for the current year loan payment.

The annual requirements to amortize the outstanding loan as of June 30, 2013, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 130,377</u>	<u>\$ 11,372</u>	<u>\$ 141,749</u>

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

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

Business-type activities:

The bonds and notes payable for the business-type activities as of June 30, 2013 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.	\$ 8,000
NMFA Water Loan – 4.2% - 5.5% loan payable in monthly installments of approximately \$3,900 for principal and interest, through April 2017.	162,721
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.	133,000
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 2038.	277,100
Village of Fort Sumner Series 1998 Bonds – 5.0% bonds payable from the Water Fund, due in annual payments varying in amount (currently \$3,000) for principal plus interest, through September 2037.	<u>164,000</u>
	744,821
Less current portion	<u>(62,935)</u>
	<u>\$ 681,886</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, 2013. 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, 2013, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 62,935	\$ 36,662	\$ 99,597
2015	66,921	33,325	100,246
2016	66,031	29,894	95,925
2017	67,834	26,344	94,178
2018	26,000	23,055	49,055
2019-2023	132,000	94,950	226,950
2024-2028	84,000	70,420	154,420
2029-2033	106,000	48,080	154,080
2034-2038	<u>133,100</u>	<u>19,850</u>	<u>152,950</u>
Total	<u>\$ 744,821</u>	<u>\$ 382,580</u>	<u>\$ 1,127,401</u>

**Compensated Absences** - Employees of the Village are able to accrue a limited amount of vacation. During fiscal year June 30, 2013, compensated absences for general government decreased by \$3,319 and for business-like activities decreased by \$1,324. Compensated accrued absences have historically been liquidated through the general fund. See Note 1 for more details.

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

**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 <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, 2013, 2012 and 2011 were \$39,571, \$38,468, and \$36,534, respectively, which equal the amount of the required contributions for each fiscal year.



**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

**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 <https://www.nmrhca.state.nm.us>.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Village of Fort Sumner's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$8,649, \$7,710, and \$6,469, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

**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, 2013:

Recreation Fund	\$ (3,902)
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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.

None

**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. Concentrations**

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

**NOTE 15. Subsequent Events**

The date to which events occurring after June 30, 2013, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 22, 2013, which is the date on which the financial statements were available to be issued.

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Notes to the Financial Statements  
June 30, 2013

**NOTE 16. Subsequent Pronouncements**

In March 2012, GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In March 2012, GASB Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In June 2012, GASB Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the Village in upcoming years.

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The Village will implement this standard during the fiscal year June 30, 2016.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, Effective Date: The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively. The Village is still evaluating how this reporting standard will affect the Village.

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, Effective Date: The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged. Except for disclosures related to cumulative amounts paid or received in relation to a financial guarantee, the provisions of this Statement are required to be applied retroactively. Disclosures related to cumulative amounts paid or received in relation to a financial guarantee may be applied prospectively. The Village is still evaluating how this reporting standard will affect the Village.

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**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

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**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Nonmajor Governmental Fund Descriptions  
June 30, 2013

**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.

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013

	Special Revenue Funds			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 8,465	\$ 24,950	\$ 1,155	\$ 19,948
Investments	-	-	-	-
Receivables (net of allowance for uncollectible amounts):				
Taxes	1,745	-	-	2,543
Intergovernmental	-	-	-	-
<i>Total current assets</i>	<u>10,210</u>	<u>24,950</u>	<u>1,155</u>	<u>22,491</u>
<i>Total assets</i>	<u>\$ 10,210</u>	<u>\$ 24,950</u>	<u>\$ 1,155</u>	<u>\$ 22,491</u>
<i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
<i>Nonspendable</i>				
Prepaid expenses	-	-	-	-
<i>Spendable</i>				
<i>Restricted for:</i>				
General village operations	-	-	-	-
Maintenance of roads	-	-	-	-
Fire departments	-	-	-	-
Public safety	10,210	24,950	1,155	-
Cultural	-	-	-	22,491
Healthcare	-	-	-	-
Debt service expenditures	-	-	-	-
Capital projects	-	-	-	-
<i>Committed to:</i>				
Minimum fund balance	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>10,210</u>	<u>24,950</u>	<u>1,155</u>	<u>22,491</u>
<i>Total liabilities and fund balances</i>	<u>\$ 10,210</u>	<u>\$ 24,950</u>	<u>\$ 1,155</u>	<u>\$ 22,491</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
\$ 634	\$ -	\$ 98	\$ 2,326	\$ 19,974	\$ 11,131
-	-	-	-	-	-
-	6,676	5,558	-	-	-
-	-	-	-	-	-
<u>634</u>	<u>6,676</u>	<u>5,656</u>	<u>2,326</u>	<u>19,974</u>	<u>11,131</u>
<u>\$ 634</u>	<u>\$ 6,676</u>	<u>\$ 5,656</u>	<u>\$ 2,326</u>	<u>\$ 19,974</u>	<u>\$ 11,131</u>
\$ 1,849	\$ 1,369	\$ 1,286	\$ 142	\$ 442	\$ 4,496
2,687	-	-	-	-	1,981
-	4,966	-	-	-	-
-	-	-	-	-	-
<u>4,536</u>	<u>6,335</u>	<u>1,286</u>	<u>142</u>	<u>442</u>	<u>6,477</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	341	-	-	19,532	-
-	-	-	2,184	-	4,654
-	-	4,370	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(3,902)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(3,902)</u>	<u>341</u>	<u>4,370</u>	<u>2,184</u>	<u>19,532</u>	<u>4,654</u>
<u>\$ 634</u>	<u>\$ 6,676</u>	<u>\$ 5,656</u>	<u>\$ 2,326</u>	<u>\$ 19,974</u>	<u>\$ 11,131</u>

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**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2013

Statement A-1  
(Page 2 of 2)

	Special Revenue Funds		Total
	Cemetery Fund		Total
<i>Assets</i>			
Cash and cash equivalents	\$ 3,398	\$	92,079
Investments	129,647		129,647
Receivables (net of allowance for uncollectible amounts):			
Taxes	-		16,522
Intergovernmental	-		-
	133,045		238,248
<i>Total current assets</i>			
	\$ 133,045	\$	238,248
 <i>Liabilities and Fund Balance</i>			
<i>Current liabilities</i>			
Accounts payable	\$ -	\$	9,584
Accrued expenses	-		4,668
Interfund payable	-		4,966
Deferred revenue	-		-
	-		19,218
<i>Total current liabilities</i>			
 <i>Fund balances</i>			
<i>Nonspendable</i>			
Prepaid expenses	-		-
<i>Spendable</i>			
<i>Restricted for:</i>			
General village operations	-		-
Maintenance of roads	-		-
Fire departments	-		19,532
Public safety	-		36,656
Cultural	133,045		162,374
Healthcare	-		4,370
Debt service expenditures	-		-
Capital projects	-		-
<i>Committed to:</i>			
Minimum fund balance	-		-
Unassigned	-		(3,902)
	133,045		219,030
<i>Total fund balances</i>			
	\$ 133,045	\$	238,248
<i>Total liabilities and fund balances</i>			

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, 2013

	Special Revenue Funds			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
<i>Revenues</i>				
Taxes				
Gross receipts taxes	\$ 11,526	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	29,948
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	34,337	20,000	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>11,526</u>	<u>34,337</u>	<u>20,000</u>	<u>29,948</u>
<i>Expenditures</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	826	-
Public works	-	-	-	-
Culture and recreation	-	-	-	22,879
Public health and welfare	-	9,387	-	-
Economic development	7,328	-	-	-
Capital outlay	-	-	33,933	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,328</u>	<u>9,387</u>	<u>34,759</u>	<u>22,879</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,198</u>	<u>24,950</u>	<u>(14,759)</u>	<u>7,069</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>	4,198	24,950	(14,759)	7,069
<i>Fund balance - beginning of year</i>	<u>6,012</u>	<u>-</u>	<u>15,914</u>	<u>15,422</u>
<i>Fund balance - end of year</i>	<u>\$ 10,210</u>	<u>\$ 24,950</u>	<u>\$ 1,155</u>	<u>\$ 22,491</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	16,927	-	-	-
-	-	-	-	-	-
-	-	-	-	-	36,338
-	89,118	-	-	72,711	50,996
-	-	-	-	-	-
14,793	-	-	2,231	-	20,645
-	-	-	689	-	-
-	-	-	-	4	-
4,420	-	-	-	-	5,743
<u>19,213</u>	<u>89,118</u>	<u>16,927</u>	<u>2,920</u>	<u>72,715</u>	<u>113,722</u>
-	-	-	-	-	-
-	88,946	-	-	34,981	-
-	-	-	-	-	-
33,592	-	-	2,769	-	-
-	-	15,009	-	-	121,999
-	-	-	-	-	-
2,120	-	-	-	73,697	-
-	-	-	-	24,026	-
-	-	-	-	4,319	-
<u>35,712</u>	<u>88,946</u>	<u>15,009</u>	<u>2,769</u>	<u>137,023</u>	<u>121,999</u>
<u>(16,499)</u>	<u>172</u>	<u>1,918</u>	<u>151</u>	<u>(64,308)</u>	<u>(8,277)</u>
4,000	1,630	-	-	-	-
-	-	-	(1,630)	-	-
<u>4,000</u>	<u>1,630</u>	<u>-</u>	<u>(1,630)</u>	<u>-</u>	<u>-</u>
(12,499)	1,802	1,918	(1,479)	(64,308)	(8,277)
<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>\$ (3,902)</u>	<u>\$ 341</u>	<u>\$ 4,370</u>	<u>\$ 2,184</u>	<u>\$ 19,532</u>	<u>\$ 4,654</u>

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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, 2013

	Special Revenue Funds	
	Cemetery Fund	Total
<i>Revenues</i>		
Taxes		
Gross receipts taxes	\$ -	\$ 11,526
Franchise taxes	-	16,927
Motor vehicle and fuel taxes	-	-
Lodger's taxes	-	29,948
Intergovernmental income		
Federal operating grants	-	36,338
Federal capital grants	-	-
State operating grants	-	267,162
State capital grants	-	-
Charges for services	900	38,569
Licenses and permits	-	689
Interest	1,847	1,851
Miscellaneous	6,450	16,613
<i>Total revenues</i>	<u>9,197</u>	<u>419,623</u>
<i>Expenditures</i>		
Current:		
General government	-	-
Public safety	-	124,753
Public works	-	-
Culture and recreation	-	59,240
Public health and welfare	9,644	156,039
Economic development	-	7,328
Capital outlay	-	109,750
Debt service:		
Principal	-	24,026
Interest	-	4,319
<i>Total expenditures</i>	<u>9,644</u>	<u>485,455</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(447)</u>	<u>(65,832)</u>
<i>Other financing sources (uses)</i>		
Transfers in	-	5,630
Transfers (out)	-	(1,630)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>4,000</u>
<i>Net change in fund balances</i>	(447)	(61,832)
<i>Fund balance - beginning of year</i>	<u>133,492</u>	<u>280,862</u>
<i>Fund balance - end of year</i>	<u>\$ 133,045</u>	<u>\$ 219,030</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ 7,500	\$ 11,448	\$ 11,448	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,500</u>	<u>11,448</u>	<u>11,448</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	7,500	7,500	7,328	172
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>7,500</u>	<u>7,500</u>	<u>7,328</u>	<u>172</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>3,948</u>	<u>4,120</u>	<u>172</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(3,948)	-	3,948
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(3,948)</u>	<u>-</u>	<u>3,948</u>
<i>Net change in fund balances</i>	-	-	4,120	4,120
<i>Fund balance - beginning of year</i>	-	-	4,345	4,345
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,465</u>	<u>\$ 8,465</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 4,120	
Adjustments to revenue for other receivables			78	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 4,198</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	13,037	34,337	34,337	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,037</u>	<u>34,337</u>	<u>34,337</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	13,037	13,037	9,387	3,650
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>13,037</u>	<u>13,037</u>	<u>9,387</u>	<u>3,650</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>21,300</u>	<u>24,950</u>	<u>3,650</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(21,300)	-	21,300
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(21,300)</u>	<u>-</u>	<u>21,300</u>
<i>Net change in fund balances</i>	-	-	24,950	24,950
<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>\$ 24,950</u>	<u>\$ 24,950</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 24,950	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 24,950</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel 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	35,914	35,914	34,759	1,155
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>35,914</u>	<u>35,914</u>	<u>34,759</u>	<u>1,155</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(15,914)</u>	<u>(15,914)</u>	<u>(14,759)</u>	<u>1,155</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	15,914	15,914	-	(15,914)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>15,914</u>	<u>15,914</u>	<u>-</u>	<u>(15,914)</u>
<i>Net change in fund balances</i>	-	-	(14,759)	(14,759)
<i>Fund balance - beginning of year</i>	-	-	15,914	15,914
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,155</u>	<u>\$ 1,155</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (14,759)	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (14,759)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	20,000	29,836	29,836	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>29,836</u>	<u>29,836</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	20,000	24,883	24,882	1
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>20,000</u>	<u>24,883</u>	<u>24,882</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>4,953</u>	<u>4,954</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(4,953)	-	4,953
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(4,953)</u>	<u>-</u>	<u>4,953</u>
<i>Net change in fund balances</i>	-	-	4,954	4,954
<i>Fund balance - beginning of year</i>	-	-	14,994	14,994
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,948</u>	<u>\$ 19,948</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 4,954	
Adjustments to revenue for accounts receivable			112	
Adjustments to expenditures for accounts payable			<u>2,003</u>	
Net change in fund balance (GAAP)			<u>\$ 7,069</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	8,000	14,413	14,793	380
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	4,800	4,800	4,420	(380)
<i>Total revenues</i>	<u>12,800</u>	<u>19,213</u>	<u>19,213</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	27,800	33,910	33,909	1
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	2,120	2,120	-
<i>Total expenditures</i>	<u>27,800</u>	<u>36,030</u>	<u>36,029</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(15,000)</u>	<u>(16,817)</u>	<u>(16,816)</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	2,000	3,817	-	(3,817)
Transfers in	13,000	13,000	4,000	(9,000)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>15,000</u>	<u>16,817</u>	<u>4,000</u>	<u>(12,817)</u>
<i>Net change in fund balances</i>	-	-	(12,816)	(12,816)
<i>Fund balance - beginning of year</i>	-	-	13,450	13,450
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 634</u>	<u>\$ 634</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (12,816)	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued liabilities			317	
Net change in fund balance (GAAP)			<u>\$ (12,499)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	92,136	93,554	85,533	(8,021)
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>92,136</u>	<u>93,554</u>	<u>85,533</u>	<u>(8,021)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	87,700	91,888	87,693	4,195
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>87,700</u>	<u>91,888</u>	<u>87,693</u>	<u>4,195</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,436</u>	<u>1,666</u>	<u>(2,160)</u>	<u>(3,826)</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(4,436)	(3,296)	-	3,296
Transfers in	-	1,630	1,630	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(4,436)</u>	<u>(1,666)</u>	<u>1,630</u>	<u>3,296</u>
<i>Net change in fund balances</i>	-	-	(530)	(530)
<i>Fund balance - beginning of year</i>	-	-	(4,436)	(4,436)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,966)</u>	<u>\$ (4,966)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (530)	
Adjustments to revenue for other receivables			3,585	
Adjustments to expenditures for accrued liabilities			(1,253)	
Net change in fund balance (GAAP)			<u>\$ 1,802</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	15,000	15,000	14,878	(122)
Motor vehicle and fuel 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>14,878</u>	<u>(122)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	15,000	15,322	15,322	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>15,000</u>	<u>15,322</u>	<u>15,322</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(322)</u>	<u>(444)</u>	<u>(122)</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	322	-	(322)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>322</u>	<u>-</u>	<u>(322)</u>
<i>Net change in fund balances</i>	-	-	(444)	(444)
<i>Fund balance - beginning of year</i>	-	-	542	542
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ 98</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (444)	
Adjustments to revenue for other receivables			2,049	
Adjustments to expenditures for accounts payable and accrued payroll expenses			313	
Net change in fund balance (GAAP)			<u>\$ 1,918</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	3,000	3,000	689	(2,311)
Charges for services	1,000	1,000	2,231	1,231
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>4,000</u>	<u>4,000</u>	<u>2,920</u>	<u>(1,080)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	4,000	4,000	2,829	1,171
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>4,000</u>	<u>4,000</u>	<u>2,829</u>	<u>1,171</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>91</u>	<u>91</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	1,630	-	(1,630)
Transfers in	-	-	-	-
Transfers (out)	-	(1,630)	(1,630)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(1,630)</u>	<u>(1,630)</u>
<i>Net change in fund balances</i>	-	-	(1,539)	(1,539)
<i>Fund balance - beginning of year</i>	-	-	3,865	3,865
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,326</u>	<u>\$ 2,326</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,539)	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable			60	
Net change in fund balance (GAAP)			<u>\$ (1,479)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	73,985	73,985	72,711	(1,274)
Federal grants	-	-	-	-
Investment earnings	-	-	4	4
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>73,985</u>	<u>73,985</u>	<u>72,715</u>	<u>(1,270)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	45,600	45,600	40,955	4,645
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	62,863	67,552	(4,689)
Debt service:				
Principal	28,385	28,389	24,026	4,363
Interest	-	-	4,319	(4,319)
<i>Total expenditures</i>	<u>73,985</u>	<u>136,852</u>	<u>136,852</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(62,867)</u>	<u>(64,137)</u>	<u>(1,270)</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	62,867	-	(62,867)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>62,867</u>	<u>-</u>	<u>(62,867)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(64,137)</u>	<u>(64,137)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>84,111</u>	<u>84,111</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,974</u>	<u>\$ 19,974</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (64,137)	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(171)	
Net change in fund balance (GAAP)			<u>\$ (64,308)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	12,500	20,376	20,645	269
State and county grants	33,525	54,610	52,110	(2,500)
Federal grants	27,844	31,880	36,338	4,458
Investment earnings	-	-	-	-
Miscellaneous	5,500	7,970	5,743	(2,227)
<i>Total revenues</i>	<u>79,369</u>	<u>114,836</u>	<u>114,836</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	79,369	121,789	121,788	1
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>79,369</u>	<u>121,789</u>	<u>121,788</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(6,953)</u>	<u>(6,952)</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	6,953	-	(6,953)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>6,953</u>	<u>-</u>	<u>(6,953)</u>
<i>Net change in fund balances</i>	-	-	(6,952)	(6,952)
<i>Fund balance - beginning of year</i>	-	-	18,083	18,083
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,131</u>	<u>\$ 11,131</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (6,952)	
Adjustments to revenue for other receivables			(1,114)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(211)	
Net change in fund balance (GAAP)			<u>\$ (8,277)</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	2,500	2,500	900	(1,600)
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	1,847	1,847
Miscellaneous	3,000	4,850	6,450	1,600
<i>Total revenues</i>	<u>5,500</u>	<u>7,350</u>	<u>9,197</u>	<u>1,847</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	5,500	9,644	9,644	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>5,500</u>	<u>9,644</u>	<u>9,644</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,294)</u>	<u>(447)</u>	<u>1,847</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	2,294	-	(2,294)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,294</u>	<u>-</u>	<u>(2,294)</u>
<i>Net change in fund balances</i>	-	-	(447)	(447)
<i>Fund balance - beginning of year</i>	-	-	133,492	133,492
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,045</u>	<u>\$ 133,045</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (447)	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ (447)</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  
CDBG Capital Projects Fund  
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	400,000	450,803	450,804	1
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>400,000</u>	<u>450,803</u>	<u>450,804</u>	<u>1</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	400,000	450,804	450,804	-
<i>Total expenditures</i>	<u>400,000</u>	<u>450,804</u>	<u>450,804</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	1	-	1
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</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			<u>8,138</u>	
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

Statement B-13

## Village of Fort Sumner

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

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

## Sewer Enterprise Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating Revenues:</i>				
Charges for services	\$ 132,200	\$ 132,200	\$ 131,012	\$ (1,188)
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	<u>132,200</u>	<u>132,200</u>	<u>131,012</u>	<u>(1,188)</u>
<i>Operating expenses:</i>				
Personnel services	67,538	69,460	69,159	301
Power and fuel	5,000	9,693	9,716	(23)
General insurance	-	-	-	-
Purchased services	28,091	28,091	28,888	(797)
Other operating expenses	12,000	18,682	18,163	519
<i>Total operating expenses</i>	<u>112,629</u>	<u>125,926</u>	<u>125,926</u>	<u>-</u>
<i>Operating income (loss)</i>	<u>19,571</u>	<u>6,274</u>	<u>5,086</u>	<u>(1,188)</u>
<i>Non-operating revenues (expenses):</i>				
Capital outlay	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	250	250	5	(245)
Principal	(5,853)	(5,853)	(6,000)	(147)
Interest expense	(13,968)	(13,968)	(13,447)	521
<i>Total non-operating revenues (expenses)</i>	<u>(19,571)</u>	<u>(19,571)</u>	<u>(19,442)</u>	<u>129</u>
<i>Income (loss) before contributions and transfers</i>	-	(13,297)	(14,356)	(1,059)
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	<u>\$ -</u>	<u>\$ (13,297)</u>	<u>(14,356)</u>	<u>\$ (1,059)</u>
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(47,770)	
Adjustments to revenues for accounts receivable accruals			(955)	
Adjustments to expenditures for accounts payable and payroll accruals			2,785	
Adjustment to interest expense for accrued interest			23	
Debt service principal payments			6,000	
Capital asset additions			-	
<i>Change in net position per Exhibit D-2</i>			<u>(54,273)</u>	
<i>Net position - beginning of year</i>			<u>964,408</u>	
<i>Net position - end of year</i>			<u>\$ 910,135</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-14

## Village of Fort Sumner

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

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

## Water Enterprise Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 268,650	\$ 298,633	\$ 299,107	\$ 474
Miscellaneous	8,500	8,500	7,696	(804)
<i>Total operating revenues</i>	<u>277,150</u>	<u>307,133</u>	<u>306,803</u>	<u>(330)</u>
<i>Operating expenses:</i>				
Personnel services	97,128	97,128	87,576	9,552
Power and fuel	15,781	25,053	21,202	3,851
General insurance	9,000	9,000	6,000	3,000
Purchased services	6,500	6,500	5,500	1,000
Other operating expenses	69,000	69,000	85,586	(16,586)
<i>Total operating expenses</i>	<u>197,409</u>	<u>206,681</u>	<u>205,864</u>	<u>817</u>
<i>Operating income (loss)</i>	<u>79,741</u>	<u>100,452</u>	<u>100,939</u>	<u>487</u>
<i>Non-operating revenues (expenses):</i>				
Capital outlay	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	1,000	1,000	38	(962)
Principal	(59,098)	(59,098)	(52,588)	6,510
Interest expense	(21,643)	(22,299)	(27,847)	(5,548)
<i>Total non-operating revenues (expenses)</i>	<u>(79,741)</u>	<u>(80,397)</u>	<u>(80,397)</u>	<u>-</u>
<i>Income (loss) before contributions and transfers</i>	-	20,055	20,542	487
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	<u>\$ -</u>	<u>\$ 20,055</u>	<u>\$ 20,542</u>	<u>\$ 487</u>
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(85,849)	
Adjustments to revenues for accounts receivable accruals			(8,593)	
Adjustments to expenditures for accounts payable and payroll accruals			14,262	
Adjustment to interest expense for accrued interest			1,388	
Debt service principal payments			52,588	
Capital asset additions			-	
<i>Change in net position per Exhibit D-2</i>			<u>(5,662)</u>	
<i>Net position - beginning of year</i>			<u>1,915,940</u>	
<i>Net position - end of year</i>			<u>\$ 1,910,278</u>	

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 Position

Budget (Non-GAAP Budgetary Basis) and Actual

Airport Enterprise Fund

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 40,150	\$ 43,954	\$ 41,695	\$ (2,259)
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	<u>40,150</u>	<u>43,954</u>	<u>41,695</u>	<u>(2,259)</u>
<i>Operating expenses:</i>				
Personnel services	36,592	37,515	39,460	(1,945)
Power and fuel	1,558	1,558	539	1,019
General insurance	500	2,197	2,194	3
Purchased services	-	-	-	-
Other operating expenses	1,500	11,778	10,855	923
<i>Total operating expenses</i>	<u>40,150</u>	<u>53,048</u>	<u>53,048</u>	<u>-</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>(9,094)</u>	<u>(11,353)</u>	<u>(2,259)</u>
<i>Non-operating revenues (expenses):</i>				
Capital outlay	-	(47,380)	(47,380)	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	2,259	2,259
Interest income	-	-	-	-
Principal	-	-	-	-
Interest expense	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>(47,380)</u>	<u>(45,121)</u>	<u>2,259</u>
<i>Income (loss) before contributions and transfers</i>	<u>-</u>	<u>(56,474)</u>	<u>(56,474)</u>	<u>-</u>
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	<u>\$ -</u>	<u>\$ (56,474)</u>	<u>\$ (56,474)</u>	<u>\$ -</u>
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(70,981)	
Adjustments to revenues for accounts receivable accruals			-	
Adjustments to expenditures for accounts payable and payroll accruals			(407)	
Adjustment to interest expense for accrued interest			-	
Debt service principal payments			-	
Capital asset additions			47,380	
<i>Change in net position per Exhibit D-2</i>			<u>(80,482)</u>	
<i>Net position - beginning of year</i>			<u>1,960,390</u>	
<i>Net position - end of year</i>			<u>\$ 1,879,908</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 Position  
Budget (Non-GAAP Budgetary Basis) and Actual  
Ambulance Enterprise Fund  
For the Year Ended June 30, 2013

Statement B-16

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 128,500	\$ 178,263	\$ 178,263	\$ -
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	128,500	178,263	178,263	-
<i>Operating expenses:</i>				
Personnel services	124,330	124,977	124,681	296
Power and fuel	6,170	16,084	16,084	-
General insurance	-	-	-	-
Purchased services	12,000	15,762	15,762	-
Other operating expenses	26,000	47,356	47,652	(296)
<i>Total operating expenses</i>	168,500	204,179	204,179	-
<i>Operating income (loss)</i>	(40,000)	(25,916)	(25,916)	-
<i>Non-operating revenues (expenses):</i>				
<i>Intergovernmental</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	40,000	40,000	40,000	-
State capital grants	-	-	-	-
Interest income	-	-	-	-
Principal	-	-	-	-
Interest expense	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	40,000	40,000	40,000	-
<i>Income (loss) before contributions and transfers</i>	-	14,084	14,084	-
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	\$ -	\$ 14,084	14,084	\$ -
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(209)	
Adjustments to revenues for accounts receivable accruals			(18,093)	
Adjustments to expenditures for accounts payable and payroll accruals			(1,766)	
Adjustment to interest expense for accrued interest			-	
Debt service principal payments			-	
Capital asset additions			-	
<i>Change in net position per Exhibit D-2</i>			(5,984)	
<i>Net position - beginning of year</i>			263,004	
<i>Net position - end of year</i>			\$ 257,020	

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
 Village of Fort Sumner  
 Schedule of Collateral Pledged by Depository  
 for Public Funds  
 June 30, 2013

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2013
<b><u>Citizens Bank of Clovis</u></b>	GNMA II Pool #831112	8/20/2033	36208ARK9	\$ 21,993
	GNMA II Pool #MA0619	12/20/2042	36179MVL1	<u>2,403,557</u> *
			Total collateral pledged	<u>\$ 2,425,550</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, 2013

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	\$ 1,721,837	\$ 1,266	\$ 62,363	\$ 1,660,740
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	3,857	-	460	3,397
Savings account	Savings	36,180	669	669	36,180
Certificate of deposit	CD	5,700	-	-	5,700
Certificate of deposit	CD	47,000	-	-	47,000
Cemetery Endowment Savings	Savings	767	-	-	767
Certificate of deposit	CD	40,000	138	138	40,000
CDBG fund account	Checking	100	-	-	100
Total cash in bank		<u>1,950,358</u>	<u>2,073</u>	<u>63,630</u>	<u>1,888,801</u>
NMFA Reserve Accounts	Money Market	<u>9,787</u>	<u>-</u>	<u>-</u>	<u>9,787</u>
Total cash		<u>\$ 1,960,145</u>	<u>\$ 2,073</u>	<u>\$ 63,630</u>	<u>\$ 1,898,588</u>

Exhibit A-1:	Cash and Cash Equivalents	\$ 1,674,024
Exhibit A-1:	Investments	<u>224,564</u>
	Reconciled Deposits and Investments	<u>\$ 1,898,588</u>

See accompanying independent auditor's report

**STATE OF NEW MEXICO**  
 Village of Fort Sumner  
 Schedule of Legislative Grants  
 June 30, 2013

<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, 2013.

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

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Schedule of Joint Powers Agreements  
June 30, 2013

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, 2013 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, 2013

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**



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***

**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, 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, 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 comparisons for the general fund and the major special revenue fund of the Village of Fort Sumner, New Mexico (the Village), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds, and the related budgetary comparisons of the Village, presented as supplementary information, and have issued our report thereon dated November 22, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as FS 2007-1 and FS 2013-1 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

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

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

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Certified Public Accountants  
Clovis, New Mexico  
November 22, 2013

**STATE OF NEW MEXICO**  
Village of Fort Sumner  
Schedule of Findings and Responses  
June 30, 2013

**Section I – Summary of Audit Results**

Financial Statements:

1.	Type of auditor’s report issued			Unmodified
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 2013-1 Stale Dated Transactions Not Cancelled		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 2012-1 Deficiencies in Accounting for Capital Assets (Authority)		B	R
	FS 2012-2 Designated Cash Appropriations Exceeded Prior Year Available Balances (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 Recommendations***

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 the Housing Authority both intend to continue 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 2013-1: Stale Dated Transactions Not Cancelled — Significant Deficiency**

***Condition***

Based on test work, it was noted that the Village is in violation of state statutes regarding stale-dated checks. The Village maintained eighteen (18) checks in the general fund that have dates of issue over one year old as of June 30, 2013. The total amount of these checks is \$901.30.

***Criteria***

Chapter 7 Article 8A, NMSA 1978, and related regulations require that the Village provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

***Effect***

Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

***Cause***

The Village did not implement an internal control policy to account for stale dated outstanding checks and did not investigate and clear these checks on a timely basis.

***Auditor's Recommendations***

We recommend that the Village implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend these checks be voided and that the Village provides the information to the Property Division of the New Mexico Taxation and Revenue Department as required.

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

The Village will put together the information necessary to provide to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department. The Village will also implement an internal control process to review for stale dated items during bank reconciliation performed every month.



**STATE OF NEW MEXICO**

Village of Fort Sumner

Other Disclosures

June 30, 2013

**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 22, 2013. The following individuals were in attendance.

Village of Fort Sumner Officials

Bonnie Lilly, Village Clerk/Treasurer

Windell Bridges, Mayor

George Seña, Councilor

Auditors

Carol Snider, CPA

Robert Cordova, CPA (telephonically)