



State of New Mexico

Village of Fort Sumner

*Financial Statement and Required
Supplementary Information
With Accompanying Auditors' Reports*

Year Ended June 30, 2014



(This page intentionally left blank)

INTRODUCTORY SECTION

STATE OF NEW MEXICO
 Village of Fort Sumner
 Table of Contents
 June 30, 2014

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		4-5
Official Roster		7
FINANCIAL SECTION		
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	18-19
Reconciliation of the Balance Sheet to the Statement of Net Position		21
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	B-2	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		25
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund	C-1	26
Gas Tax Special Revenue Fund	C-2	27
Fire Special Revenue Fund	C-3	28
Senior Citizen’s Special Revenue Fund	C-4	29
Statement of Net Position – Proprietary Funds	D-1	30-31
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	D-2	32-33
Statement of Cash Flows – Proprietary Funds	D-3	34-37
Notes to the Financial Statements		38-59
SUPPLEMENTARY INFORMATION		
Nonmajor Governmental Fund Descriptions	<u>Statement/ Schedule</u>	65
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	66-69
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	A-2	70-73
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Environmental Tax Special Revenue Fund	B-1	74
Emergency Medical Services Special Revenue Fund	B-2	75
Law Enforcement Protection Special Revenue Fund	B-3	76
Lodgers Tax Special Revenue Fund	B-4	77
Recreation Special Revenue Fund	B-5	78
DWI Grant Special Revenue Fund	B-6	79
County Ambulance Tax Special Revenue Fund	B-7	80
PIT Canteen Special Revenue Fund	B-8	81
Cemetery Special Revenue Fund	B-9	82
CDBG Capital Projects Fund	B-10	83

STATE OF NEW MEXICO
 Village of Fort Sumner
 Table of Contents
 June 30, 2014

	<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-11	84
Water Enterprise Fund	B-12	85
Airport Enterprise Fund	B-13	86
Ambulance Enterprise Fund	B-14	87
Solid Waste Enterprise Fund	B-15	89
 SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository for Public Funds	I	92
Schedule of Deposit and Investment Accounts	II	93
Schedule of Legislative Grants	III	94-95
Schedule of Joint Powers Agreements	IV	96-97
 COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		100-101
Schedule of Findings and Responses	V	102-111
 OTHER DISCLOSURES		
		113

(This page intentionally left blank)

STATE OF NEW MEXICO

Village of Fort Sumner

Official Roster

June 30, 2014

<u>Name</u>	<u>List of Officials and Council</u>	<u>Title</u>
Justin Ingram		<u>Mayor</u> (As of 03/10/2014)
Windell Bridges		Mayor (Resigned 03/10/2014)
Albert Seña		Councilor
Selestino Lovato		Councilor
Esther Segura		Councilor
Manuel Lucero		Councilor (As of 03/10/2014)
George Seña		Councilor (Resigned 03/10/2014)
	<u>Administrative Officials</u>	
Jamie Wall		Village Clerk/Treasurer (As of 04/07/2014)
Bonnie Lilly		Village Clerk/Treasurer (Resigned 04/04/2014)

(This page intentionally left blank)

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 funds of the Village of Fort Sumner, New Mexico (the Village), as of and for the year ended June 30, 2014, 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, 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, 2014, 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, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds 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, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the major proprietary funds and all nonmajor funds for the year then ended in accordance with 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 introductory section and supporting Schedules I through IV required by Section 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 Section 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 Section 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 24, 2014 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 24, 2014

(This page intentionally left blank)

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO

Village of Fort Sumner

Statement of Net Position

June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,155,482	\$ 483,796	\$ 1,639,278	\$ 104,452
Investments	89,061	95,018	184,079	-
Receivables (net of allowance for uncollectibles)	300,591	119,875	420,466	135
HUD receivable	-	-	-	377
Inventories	-	-	-	4,289
Prepaid expenses	-	-	-	15,960
Total current assets	<u>1,545,134</u>	<u>698,689</u>	<u>2,243,823</u>	<u>125,213</u>
Noncurrent assets				
Restricted cash and cash equivalents	-	39,783	39,783	7,230
Restricted investments	50,553	-	50,553	-
Capital assets	9,722,460	8,614,322	18,336,782	2,178,193
Less: accumulated depreciation	<u>(4,324,175)</u>	<u>(3,727,942)</u>	<u>(8,052,117)</u>	<u>(1,266,054)</u>
Total noncurrent assets	<u>5,448,838</u>	<u>4,926,163</u>	<u>10,375,001</u>	<u>919,369</u>
Total assets	<u>\$ 6,993,972</u>	<u>\$ 5,624,852</u>	<u>\$ 12,618,824</u>	<u>\$ 1,044,582</u>

The accompanying notes are an integral part of these financial statements

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
LIABILITIES				
Current liabilities				
Accounts payable	\$ 346,684	\$ 30,342	\$ 377,026	\$ 1,901
Tenant prepaid rent	-	-	-	176
Deposits held in trust for others	-	39,783	39,783	7,139
Accrued payroll liabilities	17,233	9,945	27,178	7,404
Accrued interest	457	8,823	9,280	-
Accrued compensated absences	12,144	11,096	23,240	3,631
Current portion of long-term debt	25,341	66,921	92,262	-
Total current liabilities	401,859	166,910	568,769	20,251
Noncurrent liabilities				
Bonds payable	-	530,100	530,100	-
Loans payable	80,368	85,193	165,561	-
Total noncurrent liabilities	80,368	615,293	695,661	-
Total liabilities	482,227	782,203	1,264,430	20,251
NET POSITION				
Net investment in capital assets	5,292,576	4,204,166	9,496,742	912,139
Restricted for:				
Special revenue	264,474	-	264,474	-
Public housing capital fund program	-	-	-	377
Unrestricted net position	954,695	638,483	1,593,178	111,815
Total net position	6,511,745	4,842,649	11,354,394	1,024,331
Total liabilities and net position	\$ 6,993,972	\$ 5,624,852	\$ 12,618,824	\$ 1,044,582

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Activities
For the year ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 298,047	\$ 130,174	\$ 96,671	\$ -
Public safety	355,901	-	276,627	-
Public works	331,148	-	-	212,763
Health and welfare	210,442	20,179	107,278	-
Culture and recreation	232,873	16,709	10,603	-
Conservation and development	33,562	-	-	-
Total governmental activities	<u>1,461,973</u>	<u>167,062</u>	<u>491,179</u>	<u>212,763</u>
Business-type activities				
Sewer	206,178	146,899	-	-
Water	275,335	285,039	-	-
Airport	115,082	34,877	-	-
Ambulance	210,186	159,731	43,333	-
Solid Waste	96,087	115,203	-	-
Total business-type activities	<u>902,868</u>	<u>741,749</u>	<u>43,333</u>	<u>-</u>
Total primary government	<u>\$ 2,364,841</u>	<u>\$ 908,811</u>	<u>\$ 534,512</u>	<u>\$ 212,763</u>
Component unit:				
Housing Authority	<u>\$ 281,166</u>	<u>\$ 90,118</u>	<u>\$ 86,547</u>	<u>\$ 83,299</u>

General Revenues:

Property taxes
Gross receipts taxes
Franchise taxes
Motor vehicle and fuel taxes
Lodger's taxes
Miscellaneous
Gain (loss) on sale of assets
Unrestricted investment earnings
Transfers

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

The accompanying notes are an integral part of these financial statements

Net (Expenses) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing Authority
\$ (71,202)	\$ -	\$ (71,202)	\$ -
(79,274)	-	(79,274)	-
(118,385)	-	(118,385)	-
(82,985)	-	(82,985)	-
(205,561)	-	(205,561)	-
(33,562)	-	(33,562)	-
<u>(590,969)</u>	<u>-</u>	<u>(590,969)</u>	<u>-</u>
-	(59,279)	(59,279)	-
-	9,704	9,704	-
-	(80,205)	(80,205)	-
-	(7,122)	(7,122)	-
-	19,116	19,116	-
<u>-</u>	<u>(117,786)</u>	<u>(117,786)</u>	<u>-</u>
<u>-</u>	<u>(117,786)</u>	<u>(708,755)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,202)</u>
21,047	-	21,047	-
445,930	-	445,930	-
24,959	-	24,959	-
34,605	-	34,605	-
29,908	-	29,908	-
44,205	7,274	51,479	931
(8,072)	(1,378)	(9,450)	-
4,631	105	4,736	479
2,907	(2,907)	-	-
<u>600,120</u>	<u>3,094</u>	<u>603,214</u>	<u>1,410</u>
<u>9,151</u>	<u>(114,692)</u>	<u>(105,541)</u>	<u>(19,792)</u>
<u>6,502,594</u>	<u>4,957,341</u>	<u>11,459,935</u>	<u>1,044,123</u>
<u>\$ 6,511,745</u>	<u>\$ 4,842,649</u>	<u>\$ 11,354,394</u>	<u>\$ 1,024,331</u>

STATE OF NEW MEXICO

Village of Fort Sumner

Balance Sheet

Governmental Funds

June 30, 2014

	<u>General Fund</u>	<u>Gas Tax Special Revenue Fund</u>	<u>Fire Special Revenue Fund</u>	<u>Senior Citizen's Special Revenue Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 932,183	\$ 81,056	\$ 16,454	\$ -
Investments	-	-	-	-
Receivables				
Taxes	72,575	215,774	-	-
Grants	-	-	-	-
Interfund receivable	43,845	-	-	-
	<u>1,048,603</u>	<u>296,830</u>	<u>16,454</u>	<u>-</u>
<i>Total current assets</i>				
	<u>\$ 1,048,603</u>	<u>\$ 296,830</u>	<u>\$ 16,454</u>	<u>\$ -</u>
 <i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 57,524	\$ 267,421	\$ 32	\$ 12,112
Accrued expenses	10,396	-	-	3,361
Interfund payable	-	-	-	43,845
	<u>67,920</u>	<u>267,421</u>	<u>32</u>	<u>59,318</u>
<i>Total current liabilities</i>				
 <i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Maintenance of roads	-	29,409	-	-
Fire departments	-	-	16,422	-
Public safety	-	-	-	-
Cultural	-	-	-	-
Healthcare	-	-	-	-
Economic development	-	-	-	-
Capital projects	-	-	-	-
<i>Committed to:</i>				
Minimum fund balance	58,235	-	-	-
Unassigned	922,448	-	-	(59,318)
	<u>980,683</u>	<u>29,409</u>	<u>16,422</u>	<u>(59,318)</u>
<i>Total fund balances</i>				
	<u>\$ 1,048,603</u>	<u>\$ 296,830</u>	<u>\$ 16,454</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total Governmental Funds
\$ 135,570	\$ 1,165,263
129,833	129,833
8,557	296,906
3,685	3,685
-	43,845
277,645	1,639,532
\$ 277,645	\$ 1,639,532

\$ 9,595	\$ 346,684
3,476	17,233
-	43,845
13,071	407,762

-	29,409
-	16,422
20,520	20,520
189,981	189,981
45,056	45,056
8,917	8,917
100	100
-	58,235
-	863,130
264,574	1,231,770
\$ 277,645	\$ 1,639,532

(This page intentionally left blank)

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, 2014

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	\$ 1,231,770
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,398,285
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	(457)
Current portion of accrued compensated absences	(12,144)
Loans and notes payable	<u>(105,709)</u>
Net position of governmental activities	<u><u>\$ 6,511,745</u></u>

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Gas Tax Special Revenue Fund	Fire Fund	Senior Citizen's Special Revenue Fund
<i>Revenues</i>				
Taxes				
Property taxes	\$ 21,047	\$ -	\$ -	\$ -
Gross receipts taxes	417,766	18,777	-	-
Franchise taxes	8,105	-	-	-
Motor vehicle and fuel taxes	6,391	28,214	-	-
Lodger's taxes	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	37,789
State operating grants	107,274	-	170,858	49,438
State capital grants	-	212,763	-	-
Charges for services	26,184	-	-	20,179
Licenses and permits	103,841	-	-	-
Interest	4,213	-	4	-
Miscellaneous	18,992	-	41	12,332
<i>Total revenues</i>	<u>713,813</u>	<u>259,754</u>	<u>170,903</u>	<u>119,738</u>
<i>Expenditures</i>				
Current:				
General government	234,810	-	-	-
Public safety	175,831	-	37,137	-
Public works	86,802	24,823	-	-
Culture and recreation	132,086	-	-	-
Public health and welfare	8,874	-	-	159,335
Economic development	22,624	-	-	-
Capital outlay	37,798	283,683	130,758	24,375
Debt service:				
Principal	-	-	24,668	-
Interest	-	-	3,678	-
<i>Total expenditures</i>	<u>698,825</u>	<u>308,506</u>	<u>196,241</u>	<u>183,710</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>14,988</u>	<u>(48,752)</u>	<u>(25,338)</u>	<u>(63,972)</u>
<i>Other financing sources (uses)</i>				
Transfers in	6,193	-	22,228	-
Transfers (out)	(91,297)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(85,104)</u>	<u>-</u>	<u>22,228</u>	<u>-</u>
<i>Net change in fund balances</i>	(70,116)	(48,752)	(3,110)	(63,972)
<i>Fund balance - beginning of year</i>	<u>1,050,799</u>	<u>78,161</u>	<u>19,532</u>	<u>4,654</u>
<i>Fund balance - end of year</i>	<u>\$ 980,683</u>	<u>\$ 29,409</u>	<u>\$ 16,422</u>	<u>\$ (59,318)</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 21,047
9,387	445,930
16,854	24,959
-	34,605
29,908	29,908
-	37,789
125,820	453,390
-	212,763
16,653	63,016
205	104,046
414	4,631
12,840	44,205
<u>212,081</u>	<u>1,476,289</u>
-	234,810
86,745	299,713
-	111,625
80,035	212,121
30,774	198,983
10,680	33,304
-	476,614
-	24,668
-	3,678
<u>208,234</u>	<u>1,595,516</u>
<u>3,847</u>	<u>(119,227)</u>
65,783	94,204
-	(91,297)
<u>65,783</u>	<u>2,907</u>
69,630	(116,320)
<u>194,944</u>	<u>1,348,090</u>
<u>\$ 264,574</u>	<u>\$ 1,231,770</u>

(This page intentionally left blank)

STATE OF NEW MEXICO

Village of Fort Sumner

Exhibit B-2

(Page 2 of 2)

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$ (116,320)
--	--------------

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	476,614
Depreciation expense	(366,034)

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

Loss on sale of capital assets	(8,072)
--------------------------------	---------

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 position. Also, governmental funds report the effect of premiums,
discounts, and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of activities:

Accrued liabilities change for the year	102
Compensated absences change for the year	(1,807)
Principal payments on notes payable	24,668

Change in net position of governmental activities	\$ 9,151
---	----------

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 20,995	\$ 21,047	\$ 21,047	\$ -
Gross receipts taxes	410,000	428,360	428,360	-
Franchise taxes	6,000	5,712	5,712	-
Motor vehicle and fuel taxes	-	16,417	6,391	(10,026)
Licenses and permits	79,950	103,841	103,841	-
Charges for services	22,210	25,576	25,076	(500)
State and county grants	75,950	104,917	107,274	2,357
Miscellaneous	11,563	17,992	16,929	(1,063)
Interest	3,200	4,213	4,213	-
<i>Total revenues</i>	<u>629,868</u>	<u>728,075</u>	<u>718,843</u>	<u>(9,232)</u>
<i>Expenditures:</i>				
Current:				
General government	240,243	261,695	267,679	(5,984)
Public safety	157,250	134,293	130,897	3,396
Public works	86,203	89,489	88,904	585
Culture and recreation	115,070	133,617	132,601	1,016
Public health and welfare	7,950	7,950	8,884	(934)
Economic development	22,280	22,280	22,583	(303)
Capital outlay	9,200	9,200	-	9,200
<i>Total expenditures</i>	<u>638,196</u>	<u>658,524</u>	<u>651,548</u>	<u>6,976</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,328)</u>	<u>69,551</u>	<u>67,295</u>	<u>(2,256)</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	8,328	(54,551)	-	54,551
Transfers in	-	-	6,193	6,193
Transfers (out)	-	(15,000)	(91,297)	(76,297)
<i>Total other financing sources (uses)</i>	<u>8,328</u>	<u>(69,551)</u>	<u>(85,104)</u>	<u>(15,553)</u>
<i>Net change in fund balances</i>	-	-	(17,809)	(17,809)
<i>Fund balance - beginning of year</i>	-	-	989,950	989,950
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 972,141</u>	<u>\$ 972,141</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (17,809)	
Adjustments to revenue for other receivables			(5,030)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(47,277)	
Net change in fund balance (GAAP)			<u>\$ (70,116)</u>	

The accompanying notes are an integral part of these financial statements

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	20,000	20,000	19,256	(744)
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	23,000	17,445	28,214	10,769
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	60,000	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>103,000</u>	<u>37,445</u>	<u>47,470</u>	<u>10,025</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	33,000	32,217	24,981	7,236
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	70,000	15,663	16,989	(1,326)
<i>Total expenditures</i>	<u>103,000</u>	<u>47,880</u>	<u>41,970</u>	<u>5,910</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(10,435)</u>	<u>5,500</u>	<u>15,935</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	10,435	-	10,435
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>10,435</u>	<u>-</u>	<u>10,435</u>
<i>Net change in fund balances</i>	-	-	5,500	5,500
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>75,556</u>	<u>75,556</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,056</u>	<u>\$ 81,056</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 5,500	
Adjustments to revenue for other receivables			212,284	
Adjustments to expenditures for accounts payable and accrued payroll expenses			(266,536)	
Net change in fund balance (GAAP)			<u>\$ (48,752)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-3

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
State and county grants	72,711	142,512	170,858	28,346
Federal grants	-	-	-	-
Miscellaneous	-	-	4	4
Interest	-	-	41	41
<i>Total revenues</i>	<u>72,711</u>	<u>142,512</u>	<u>170,903</u>	<u>28,391</u>
<i>Expenditures:</i>				
Current:				
Public safety	43,226	139,231	168,305	(29,074)
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Capital outlay	1,100	1,100	-	1,100
Debt service:				
Principal	28,385	28,389	24,668	3,721
Interest	-	-	3,678	(3,678)
<i>Total expenditures</i>	<u>72,711</u>	<u>168,720</u>	<u>196,651</u>	<u>(27,931)</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(26,208)</u>	<u>(25,748)</u>	<u>460</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	26,208	-	(26,208)
Transfers in	-	-	22,228	22,228
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>26,208</u>	<u>22,228</u>	<u>(3,980)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(3,520)</u>	<u>(3,520)</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>19,974</u>	<u>19,974</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,454</u>	<u>\$ 16,454</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (3,520)	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued payroll expenses			<u>410</u>	
Net change in fund balance (GAAP)			<u>\$ (3,110)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-4

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Charges for services	\$ 19,500	\$ 19,500	\$ 20,179	\$ 679
State and county grants	50,267	53,188	49,438	(3,750)
Federal grants	33,015	34,656	37,789	3,133
Miscellaneous	4,000	12,394	12,332	(62)
Interest	-	-	-	-
<i>Total revenues</i>	<u>106,782</u>	<u>119,738</u>	<u>119,738</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	106,782	181,652	174,714	6,938
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>106,782</u>	<u>181,652</u>	<u>174,714</u>	<u>6,938</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(61,914)</u>	<u>(54,976)</u>	<u>6,938</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	61,914	-	61,914
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>61,914</u>	<u>-</u>	<u>61,914</u>
<i>Net change in fund balances</i>	-	-	(54,976)	(54,976)
<i>Fund balance - beginning of year</i>	-	-	11,131	11,131
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,845)</u>	<u>\$ (43,845)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (54,976)	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued payroll expenses			<u>(8,996)</u>	
Net change in fund balance (GAAP)			<u>\$ (63,972)</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, 2014

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	\$ 1,597	\$ 205,114	\$ 32,672	\$ 226,587
Investments	2,163	92,855	-	-
Accounts receivable (net of allowance for uncollectible amounts)	<u>34,737</u>	<u>34,360</u>	<u>-</u>	<u>34,424</u>
<i>Total current assets</i>	<u>38,497</u>	<u>332,329</u>	<u>32,672</u>	<u>261,011</u>
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	<u>-</u>	<u>39,783</u>	<u>-</u>	<u>-</u>
<i>Capital assets</i>				
Land	15,600	28,700	1,800	-
Buildings and improvements	2,203,917	3,696,038	2,274,656	-
Machinery and equipment	168,992	107,688	109,842	7,089
Less: accumulated depreciation	<u>(1,252,958)</u>	<u>(1,852,959)</u>	<u>(615,905)</u>	<u>(6,120)</u>
<i>Total capital assets (net of accumulated depreciation)</i>	<u>1,135,551</u>	<u>1,979,467</u>	<u>1,770,393</u>	<u>969</u>
<i>Total noncurrent assets</i>	<u>1,135,551</u>	<u>2,019,250</u>	<u>1,770,393</u>	<u>969</u>
<i>Total assets</i>	<u>\$ 1,174,048</u>	<u>\$ 2,351,579</u>	<u>\$ 1,803,065</u>	<u>\$ 261,980</u>
<i>Liabilities and Net Position</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 3,947	\$ 6,125	\$ 1,468	\$ 3,738
Meter deposits payable	-	39,783	-	-
Accrued liabilities	2,617	1,526	1,358	4,444
Accrued interest	1,073	7,750	-	-
Accrued compensated absences	2,254	3,903	1,039	3,900
Current portion of long term debt	<u>6,000</u>	<u>60,921</u>	<u>-</u>	<u>-</u>
<i>Total current liabilities</i>	<u>15,891</u>	<u>120,008</u>	<u>3,865</u>	<u>12,082</u>
<i>Noncurrent liabilities</i>				
Long term debt - net of current portion	<u>265,100</u>	<u>350,193</u>	<u>-</u>	<u>-</u>
<i>Total noncurrent liabilities</i>	<u>265,100</u>	<u>350,193</u>	<u>-</u>	<u>-</u>
<i>Net Position</i>				
Net investment in capital assets	864,451	1,568,353	1,770,393	969
Unrestricted	<u>28,606</u>	<u>313,025</u>	<u>28,807</u>	<u>248,929</u>
<i>Total net position</i>	<u>893,057</u>	<u>1,881,378</u>	<u>1,799,200</u>	<u>249,898</u>
<i>Total liabilities and net position</i>	<u>\$ 1,174,048</u>	<u>\$ 2,351,579</u>	<u>\$ 1,803,065</u>	<u>\$ 261,980</u>

The accompanying notes are an integral part of these financial statements

<u>Enterprise Fund</u>			
<u>Solid Waste Fund</u>		<u>Total Enterprise Funds</u>	
\$ 17,826		\$ 483,796	
-		95,018	
<u>16,354</u>		<u>119,875</u>	
<u>34,180</u>		<u>698,689</u>	
-		<u>39,783</u>	
-		46,100	
-		8,174,611	
-		393,611	
-		<u>(3,727,942)</u>	
-		<u>4,886,380</u>	
-		<u>4,926,163</u>	
<u>\$ 34,180</u>		<u>\$ 5,624,852</u>	
\$ 15,064		\$ 30,342	
-		39,783	
-		9,945	
-		8,823	
-		11,096	
-		<u>66,921</u>	
<u>15,064</u>		<u>166,910</u>	
-		<u>615,293</u>	
-		<u>615,293</u>	
-		4,204,166	
<u>19,116</u>		<u>638,483</u>	
<u>19,116</u>		<u>4,842,649</u>	
<u>\$ 34,180</u>		<u>\$ 5,624,852</u>	

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, 2014

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Airport Fund	Ambulance Fund
<i>Operating revenues</i>				
Charges for services	\$ 146,899	\$ 285,039	\$ 34,877	\$ 159,731
Miscellaneous	-	7,274	-	-
<i>Total operating revenues</i>	<u>146,899</u>	<u>292,313</u>	<u>34,877</u>	<u>159,731</u>
<i>Operating expenses</i>				
Current:				
Personnel services	82,522	57,859	33,933	128,153
Power and fuel	10,308	18,960	4,149	10,809
General insurance	-	10,139	2,696	-
Purchased services	36,454	7,916	-	23,240
Other operating expenses	19,502	71,529	3,038	47,837
Depreciation	43,892	85,711	71,266	147
<i>Total operating expenses</i>	<u>192,678</u>	<u>252,114</u>	<u>115,082</u>	<u>210,186</u>
<i>Operating income (loss)</i>	<u>(45,779)</u>	<u>40,199</u>	<u>(80,205)</u>	<u>(50,455)</u>
<i>Non-operating revenues (expenses)</i>				
Gain (loss) on sale of assets	(875)	-	(503)	-
Interest income	2	103	-	-
Interest expense	(13,500)	(23,221)	-	-
<i>Total non-operating revenues (expenses)</i>	<u>(14,373)</u>	<u>(23,118)</u>	<u>(503)</u>	<u>-</u>
<i>Income (loss) before contributions and transfers</i>	<u>(60,152)</u>	<u>17,081</u>	<u>(80,708)</u>	<u>(50,455)</u>
Government contributions	-	-	-	43,333
Transfers in (out)	43,074	(45,981)	-	-
<i>Change in net position</i>	<u>(17,078)</u>	<u>(28,900)</u>	<u>(80,708)</u>	<u>(7,122)</u>
<i>Net position - beginning of year</i>	<u>910,135</u>	<u>1,910,278</u>	<u>1,879,908</u>	<u>257,020</u>
<i>Net position - end of year</i>	<u>\$ 893,057</u>	<u>\$ 1,881,378</u>	<u>\$ 1,799,200</u>	<u>\$ 249,898</u>

The accompanying notes are an integral part of these financial statements

Enterprise Fund

<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>
\$ 115,203	\$ 741,749
-	7,274
<u>115,203</u>	<u>749,023</u>
-	302,467
-	44,226
-	12,835
-	67,610
96,087	237,993
-	201,016
<u>96,087</u>	<u>866,147</u>
<u>19,116</u>	<u>(117,124)</u>
-	(1,378)
-	105
<u>-</u>	<u>(36,721)</u>
<u>-</u>	<u>(37,994)</u>
19,116	(155,118)
-	43,333
<u>-</u>	<u>(2,907)</u>
19,116	(114,692)
<u>-</u>	<u>4,957,341</u>
<u>\$ 19,116</u>	<u>\$ 4,842,649</u>

STATE OF NEW MEXICO

Village of Fort Sumner

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2014

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Airport Fund</u>	<u>Ambulance Fund</u>
<i>Cash flows from operating activities:</i>				
Receipts from customers and users	\$ 126,564	\$ 289,500	\$ 34,877	\$ 170,309
Payments to suppliers	(67,663)	(105,846)	(8,507)	(81,949)
Payments to employees	(82,279)	(57,254)	(33,188)	(127,605)
<i>Net cash provided (used) by operating activities</i>	<u>(23,378)</u>	<u>126,400</u>	<u>(6,818)</u>	<u>(39,245)</u>
<i>Cash flows from noncapital financing activities:</i>				
Interfund activity	43,074	(45,981)	-	-
<i>Net cash provided (used) by noncapital financing activities</i>	<u>43,074</u>	<u>(45,981)</u>	<u>-</u>	<u>-</u>
<i>Cash flows from capital and related financing activities:</i>				
Acquisitions and construction of capital assets	-	(13,000)	-	-
Principal paid on capital debt	(6,000)	(56,607)	-	-
Interest paid on capital debt	(13,500)	(23,834)	-	-
Intergovernmental	-	-	-	43,333
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(19,500)</u>	<u>(93,441)</u>	<u>-</u>	<u>43,333</u>
<i>Cash flows from investing activities:</i>				
Interest income	2	103	-	-
<i>Net cash provided (used) by investing activities</i>	<u>2</u>	<u>103</u>	<u>-</u>	<u>-</u>
<i>Net increase (decrease) in cash and cash equivalents, restricted cash and cash equivalents, and investments</i>	<u>\$ 198</u>	<u>\$ (12,919)</u>	<u>\$ (6,818)</u>	<u>\$ 4,088</u>

The accompanying notes are an integral part of these financial statements

<u>Enterprise Fund</u>	
<u>Solid Waste Fund</u>	<u>Total</u>
\$ 98,849	\$ 720,099
(81,023)	(344,988)
<u>-</u>	<u>(300,326)</u>
17,826	74,785
<u>-</u>	<u>(2,907)</u>
<u>-</u>	<u>(2,907)</u>
-	(13,000)
-	(62,607)
-	(37,334)
<u>-</u>	<u>43,333</u>
<u>-</u>	<u>(69,608)</u>
<u>-</u>	<u>105</u>
<u>-</u>	<u>105</u>
<u>\$ 17,826</u>	<u>\$ 2,375</u>

STATE OF NEW MEXICO

Village of Fort Sumner

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2014

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Airport Fund</u>	<u>Ambulance Fund</u>
Net increase (decrease) in cash and cash equivalents, restricted cash and cash equivalents, and investments from previous page	\$ 198	\$ (12,919)	\$ (6,818)	\$ 4,088
Cash and cash equivalents, restricted cash and cash equivalents, and investments- beginning of year	<u>3,562</u>	<u>350,671</u>	<u>39,490</u>	<u>222,499</u>
Cash and cash equivalents, restricted cash and cash equivalents, and investments- end of year	<u>\$ 3,760</u>	<u>\$ 337,752</u>	<u>\$ 32,672</u>	<u>\$ 226,587</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>				
Operating income (loss)	\$ (45,779)	\$ 40,199	\$ (80,205)	\$ (50,455)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	43,892	85,711	71,266	147
(Increase) decrease in:				
Accounts receivable	(20,335)	(2,813)	-	10,578
Increase (decrease) in:				
Accounts payable	(1,399)	2,486	1,376	(63)
Accrued expenses	231	(607)	561	1,326
Compensated absences	12	1,212	184	(778)
<i>Net cash provided (used) by operating activities</i>	<u>\$ (23,378)</u>	<u>\$ 126,188</u>	<u>\$ (6,818)</u>	<u>\$ (39,245)</u>
Cash and cash equivalents, restricted cash and cash equivalents, and investments:				
Cash and cash equivalents	\$ 1,597	\$ 205,114	\$ 32,672	\$ 226,587
Restricted cash and cash equivalents	-	39,783	-	-
Investments	2,163	92,855	-	-
Total cash and temporary investments	<u>\$ 3,760</u>	<u>\$ 337,752</u>	<u>\$ 32,672</u>	<u>\$ 226,587</u>

The accompanying notes are an integral part of these financial statements

<u>Enterprise Fund</u>	
<u>Solid Waste Fund</u>	<u>Total</u>
\$ 17,826	\$ 2,375
-	616,222
<u>\$ 17,826</u>	<u>\$ 618,597</u>
\$ 19,116	\$ (117,124)
-	201,016
(16,354)	(28,924)
15,064	17,464
-	1,511
-	630
<u>\$ 17,826</u>	<u>\$ 74,573</u>
\$ 17,826	\$ 483,796
-	39,783
-	95,018
<u>\$ 17,826</u>	<u>\$ 618,597</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

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, 2014, the Village adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 ("GASB 65") established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The adoption of GASB Statement No. 65 had no effect on the Village financial statements.

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, 2014

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, 2014

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, 2014

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.

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

Senior Citizen's Special Revenue Fund accounts 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.

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 *Solid Waste Fund* accounts for the provision of solid waste services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations, and billing.

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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, Deferred Inflows of Resources, 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

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.

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 1980) 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. No interest was included as part of the cost of capital assets under construction.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

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, 2014, along with the applicable PERA and Retiree Health Care.

Deferred Inflow of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. 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 offset by a corresponding liability for deferred inflows of resources. The Village has no items, which arises under the modified accrual basis of accounting, that qualifies for reporting in this category.

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, 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

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.

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, 2014, the Village has presented \$-0- in nonspendable fund balance.

Restricted and Committed Fund Balance: At June 30, 2014, the Village has presented restricted fund balance on the governmental funds balance sheet in the amount of \$29,409 for maintenance of roads; \$16,422 for fire departments; \$20,520 for public safety; \$189,981 for cultural, \$45,056 for healthcare, \$8,917 for economic development and \$100 for capital projects. 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 pages 18-19.

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. Minimum fund balance on the governmental funds balance sheet is \$58,235.

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 41 and 65.

3. Unrestricted net position:

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

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

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.

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 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

The appropriated budget for the year ended June 30, 2014 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	\$ (8,328)	\$ 69,551
Gas Tax Special Revenue Fund	\$ -	\$ (10,435)
Fire Special Revenue Fund	\$ -	\$ (26,208)
Senior Citizen's Special Revenue Fund	\$ -	\$ (61,914)
Nonmajor Governmental Funds	\$ (8,435)	\$ (912)
Sewer Enterprise Fund	\$ -	\$ -
Water Enterprise Fund	\$ 95,074	\$ 95,068
Airport Enterprise Fund	\$ -	\$ -
Ambulance Enterprise Fund	\$ -	\$ -
Solid Waste Enterprise Fund	\$ -	\$ -

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

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, 2014 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

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, 2014.

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.

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, 2014, \$1,661,905 of the Village's bank balance of \$1,911,905 was exposed to custodial credit risk. \$1,661,905 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits (continued)

	Citizens Bank of Clovis
Year ended June 30, 2014	
Total amount of deposits	\$ 1,911,905
FDIC Coverage	(250,000)
Total uninsured public funds	1,661,905
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Village's name.	1,661,905
Uninsured and uncollateralized	\$ -
Collateral requirement (50% of uninsured public funds)	\$ 830,953
Pledged securities	2,755,410
Over (under) collateralization	\$ 1,924,457

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	\$ 1,639,278
Restricted cash and cash equivalents per Exhibit A-1	39,783
Investments per Exhibit A-1 (savings accounts and time deposits)	184,079
Restricted investments per Exhibit A-1 (savings accounts and time deposits)	50,553
Add: outstanding checks and other reconciling items	12,223
Less: deposits in transit and reconciling items	(4,080)
Less: NMFA reserve accounts	(9,781)
Less: cash on hand	(150)
Bank balance of deposits	\$ 1,911,905

As of June 30, 2014, the Village had the following investments and maturities:

Investment Type	Rating ¹	Fair Value	Maturity
Certificate of Deposit	Unrated	\$ 5,700	Less than 180 days
Certificate of Deposit	Unrated	40,000	Less than 180 days
Certificate of Deposit	Unrated	47,000	Less than 180 days
Citizens Bank of Clovis Savings Account	Unrated	37,133	
Citizens Bank of Clovis Money Market	Unrated	2,163	
Citizens Bank of Clovis Money Market	Unrated	62,823	
Citizens Bank of Clovis Money Market	Unrated	30,032	
U.S. Treasury Money Market Mutual Fund	AAA	9,781	< 365 days
Total		\$ 234,632	

¹ Unless otherwise stated, rating is from Moody's.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 4. Receivables and Payables

Receivables as of June 30, 2014, 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	\$ 72,575	\$ 215,774	\$ 6,172	\$ 294,521
DWI grant	-	-	3,685	3,685
Lodger's tax	-	-	2,385	2,385
Total governmental	<u>\$ 72,575</u>	<u>\$ 215,774</u>	<u>\$ 12,242</u>	<u>\$ 300,591</u>

NOTE 4. Receivables and Payables (continued)

	Sewer Fund	Water Fund	Ambulance Fund	Solid Waste Fund	Total
Business-type activities: From customers:	\$ 39,179	\$ 38,754	\$ 54,186	\$ 16,354	\$ 148,473
Allowance for uncollectible amounts	(4,442)	(4,394)	(19,762)	-	(28,598)
Total business-type	<u>\$ 34,737</u>	<u>\$ 34,360</u>	<u>\$ 34,424</u>	<u>\$ 16,354</u>	<u>\$ 119,875</u>

Payables as of June 30, 2014, are as follows:

Governmental activities:	<u>Governmental activities</u>
Payable to suppliers	\$ 346,684
Payable to and on behalf of employees	29,377
Payable for interest	457
Total accounts payable and accrued expenses for governmental activities	<u>\$ 376,518</u>
Business-type activities:	<u>Business-type</u>
Payable to suppliers	\$ 30,342
Payable to and on behalf of employees	21,041
Payable for interest	8,823
Total accounts payable and accrued expenses for business-type activities	<u>\$ 60,206</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 5. Interfund Receivables, Payables, and Transfers

Net operating transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water Fund	\$ 6,193
Sewer Fund	Water Fund	40,000
Fire Special Revenue Fund	General Fund	22,228
Recreation Special Revenue Fund	General Fund	65,783
Water Fund	General Fund	212
Sewer Fund	General Fund	3,074
		<u>\$ 137,490</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, 2014. Some funds were borrowed while waiting on grant reimbursements. The following individual fund had a negative cash balance as of June 30, 2014:

<u>Interfund payable</u>	<u>Interfund receivable</u>	<u>Amount</u>
Senior Citizen's Special Revenue Fund	General Fund	<u>\$ 43,845</u>

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

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2014 follows. Land and construction in process are not subject to depreciation.

	<u>Balance June 30, 2013</u>	<u>Additions and Transfers in</u>	<u>Deletions and Transfers Out</u>	<u>Balance June 30, 2014</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 36,701	\$ -	\$ -	\$ 36,701
Total capital assets not being depreciated	<u>36,701</u>	<u>-</u>	<u>-</u>	<u>36,701</u>
Capital assets being depreciated:				
Buildings and improvements	2,728,558	-	(1,500)	2,727,058
Machinery and equipment	1,342,891	192,931	(39,833)	1,495,989
Infrastructure	5,179,029	283,683	-	5,462,712
Total capital assets being depreciated	<u>9,250,478</u>	<u>476,614</u>	<u>(41,333)</u>	<u>9,685,759</u>
Total capital assets	<u>9,287,179</u>	<u>476,614</u>	<u>(41,333)</u>	<u>9,722,460</u>
Less accumulated depreciation:				
Buildings and improvements	1,468,764	64,812	(1,500)	1,532,076
Machinery and equipment	594,076	71,150	(31,761)	633,465
Infrastructure	1,928,562	230,072	-	2,158,634
Total accumulated depreciation	<u>3,991,402</u>	<u>366,034</u>	<u>(33,261)</u>	<u>4,324,175</u>
Total capital assets, net of depreciation	<u>\$ 5,295,777</u>	<u>\$ 110,580</u>	<u>\$ (8,072)</u>	<u>\$ 5,398,285</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2014 was charged to the governmental activities as follows:

General government	\$ 63,961
Public safety	52,612
Public works	218,861
Public health and welfare	10,532
Culture and recreation	20,068
Total	\$ 366,034

	Balance June 30, 2013	Additions and Transfers in	Deletions and Transfers Out	Balance June 30, 2014
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 46,100	\$ -	\$ -	\$ 46,100
Total capital assets not being depreciated	46,100	-	-	46,100
Capital assets being depreciated:				
Buildings and improvements	8,175,841	-	(1,230)	8,174,611
Machinery and equipment	439,691	13,000	(59,080)	393,611
Total capital assets being depreciated	8,615,532	13,000	(60,310)	8,568,222
Total capital assets	8,661,632	13,000	(60,310)	8,614,322
Less accumulated depreciation:				
Buildings and improvements	3,324,956	179,399	(727)	3,503,628
Machinery and equipment	260,902	21,617	(58,205)	224,314
Total accumulated depreciation	3,585,858	201,016	(58,932)	3,727,942
Total capital assets, net of depreciation	\$ 5,075,774	\$ (188,016)	\$ (1,378)	\$ 4,886,380

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, 2014, for each fund are as follows:

Sewer Fund	\$ 1,135,551
Water Fund	1,979,467
Airport Fund	1,770,393
Ambulance Fund	969
Total	\$ 4,886,380

Depreciation expense for the year ended June 30, 2014 was charged to business-type activities as follows:

Sewer Fund	\$ 43,892
Water Fund	85,711
Airport Fund	71,266
Ambulance Fund	147
Total	\$ 201,016

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 7. Long-term Debt

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Balance			Balance		
	June 30, 2013	Additions	Retirements	June 30, 2014	Due Within One Year	
Governmental activities						
Loan - Fire Pumper Truck	\$ 130,377	\$ -	\$ 24,668	\$ 105,709	\$ 25,341	
Compensated absences	10,337	9,688	7,881	12,144	12,144	
	<u>\$ 140,714</u>	<u>\$ 9,688</u>	<u>\$ 32,549</u>	<u>\$ 117,853</u>	<u>\$ 37,485</u>	
Business-type activities						
Bonds - Water	\$ 305,000	\$ -	\$ 19,000	\$ 286,000	\$ 21,000	
Loans - Water	162,721	-	37,607	125,114	39,921	
Bonds - Sewer	277,100	-	6,000	271,100	6,000	
Compensated absences	10,466	9,035	8,405	11,096	11,096	
	<u>\$ 755,287</u>	<u>\$ 9,035</u>	<u>\$ 71,012</u>	<u>\$ 693,310</u>	<u>\$ 78,017</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, 2014 were \$170,858 and of that amount, \$28,346 was used for the current year loan payment.

The annual requirements to amortize the outstanding loan as of June 30, 2014, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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>\$ 105,709</u>	<u>\$ 7,694</u>	<u>\$ 113,403</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 7. Long-term Debt (continued)

Business-type activities:

The bonds and notes payable for the business-type activities as of June 30, 2014 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 \$4,000 and semi-annual payments of interest, through November 2014.	\$	4,000
NMFA Water Loan – 4.2% - 5.5% loan payable in monthly installments of approximately \$3,900 for principal and interest, through April 2017.		125,114
Village of Fort Sumner Series 1982 Bonds – 5.0% bonds payable from the Water Fund, due in annual payments increasing in amount (currently \$12,000) for principal and semi-annual payments for interest, through November 2021.		121,000
Village of Fort Sumner Series 1997 Bonds – 4.75% bonds payable from the Sewer Fund, due in annual payments varying in amount (currently \$6,000) for principal plus interest, through May 2038.		271,100
Village of Fort Sumner Series 1998 Bonds – 5.0% bonds payable from the Water Fund, due in annual payments varying in amount (currently \$3,000) for principal plus interest, through September 2038.		161,000
		<u>682,214</u>
Less current portion		<u>(66,921)</u>
	\$	<u><u>615,293</u></u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the Village is in compliance with all significant limitations and restrictions at June 30, 2014. 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, 2014, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 66,921	\$ 33,325	\$ 100,246
2016	66,031	29,894	95,925
2017	68,162	26,344	94,506
2018	26,000	23,861	49,861
2019	27,000	20,969	47,969
2020-2024	121,000	88,825	209,825
2025-2029	87,000	66,350	153,350
2030-2034	111,000	42,950	153,950
2035-2039	109,100	13,400	122,500
Total	<u>\$ 682,214</u>	<u>\$ 345,918</u>	<u>\$ 1,028,132</u>

Compensated Absences - Employees of the Village are able to accrue a limited amount of vacation. During fiscal year June 30, 2014, compensated absences for general government increased by \$1,807 and for business-like activities increased by \$630. 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, 2014

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 14.65% 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 fiscal years ending June 30, 2014, 2013 and 2012 were \$38,123, \$39,571, and \$38,468 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, 2014

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, 2014, 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, 2014, 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, 2014, 2013 and 2012 were \$8,368, \$8,649, and \$7,710, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

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, 2014:

Senior Citizen's Special Revenue Fund	\$ (59,318)
---------------------------------------	-------------

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.

Fire Special Revenue Fund	\$ 27,931
---------------------------	-----------

- C. Designated cash appropriations exceeded prior year available balances.

Fire Special Revenue Fund	\$ 6,234
Recreation Special Revenue Fund	22,213
Senior Citizen's Special Revenue Fund	50,783

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.

(This page intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2014

NOTE 15. Subsequent Events

The date to which events occurring after June 30, 2014, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 24, 2014, which is the date on which the financial statements were available to be issued.

NOTE 16. Subsequent Pronouncements

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, 2015, and it will significantly impact the Village.

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 November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The standard will be implemented during fiscal year June 30, 2015.

(This page intentionally left blank)

SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

NONMAJOR GOVERNMENTAL FUNDS

(This page intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Nonmajor Governmental Fund Descriptions
June 30, 2014

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.

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.

CAPITAL PROJECTS FUND

CDBG Fund – To account for the Community Development Block Grant funds used to provide for street and drainage improvements.

STATE OF NEW MEXICO
Village of Fort Sumner
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 7,412	\$ 37,364	\$ 12,324	\$ 30,286
Investments	-	-	-	-
Receivables				
Taxes	1,505	-	-	2,385
Grants	-	-	-	-
<i>Total current assets</i>	<u>8,917</u>	<u>37,364</u>	<u>12,324</u>	<u>32,671</u>
<i>Total assets</i>	<u>\$ 8,917</u>	<u>\$ 37,364</u>	<u>\$ 12,324</u>	<u>\$ 32,671</u>
<i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ 138	\$ -	\$ 1,417
Accrued expenses	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>138</u>	<u>-</u>	<u>1,417</u>
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Public safety	-	-	12,324	-
Cultural	-	-	-	31,254
Healthcare	-	37,226	-	-
Economic development	8,917	-	-	-
Capital projects	-	-	-	-
<i>Total fund balances</i>	<u>8,917</u>	<u>37,226</u>	<u>12,324</u>	<u>31,254</u>
<i>Total liabilities and fund balances</i>	<u>\$ 8,917</u>	<u>\$ 37,364</u>	<u>\$ 12,324</u>	<u>\$ 32,671</u>

The accompanying notes are an integral part of these financial statements

Special Revenue Funds

County				
Recreation Fund	DWI Grant Fund	Ambulance Tax Fund	PIT Canteen Fund	Cemetery Fund
\$ 30,608	\$ 7,212	\$ 4,215	\$ 2,370	\$ 3,679
-	-	-	-	129,833
-	-	4,667	-	-
-	3,685	-	-	-
<u>30,608</u>	<u>10,897</u>	<u>8,882</u>	<u>2,370</u>	<u>133,512</u>
<u>\$ 30,608</u>	<u>\$ 10,897</u>	<u>\$ 8,882</u>	<u>\$ 2,370</u>	<u>\$ 133,512</u>
\$ 4,287	\$ 2,701	\$ 1,052	\$ -	\$ -
3,476	-	-	-	-
<u>7,763</u>	<u>2,701</u>	<u>1,052</u>	<u>-</u>	<u>-</u>
-	8,196	-	-	-
22,845	-	-	2,370	133,512
-	-	7,830	-	-
-	-	-	-	-
-	-	-	-	-
<u>22,845</u>	<u>8,196</u>	<u>7,830</u>	<u>2,370</u>	<u>133,512</u>
<u>\$ 30,608</u>	<u>\$ 10,897</u>	<u>\$ 8,882</u>	<u>\$ 2,370</u>	<u>\$ 133,512</u>

(This page intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Statement A-1
(Page 2 of 2)

	Capital Projects Fund		CDBG Capital Projects Fund	Total
<i>Assets</i>				
Cash and cash equivalents	\$ 100		\$ 135,570	
Investments	-		129,833	
Receivables				
Taxes	-		8,557	
Grants	-		3,685	
	100		277,645	
<i>Total current assets</i>				
	\$ 100		\$ 277,645	
	\$ 100		\$ 277,645	
 <i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -		\$ 9,595	
Accrued expenses	-		3,476	
	-		13,071	
<i>Total current liabilities</i>				
 <i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Public safety	-		20,520	
Cultural	-		189,981	
Healthcare	-		45,056	
Economic development	-		8,917	
Capital projects	100		100	
	100		264,574	
<i>Total fund balances</i>				
	\$ 100		\$ 277,645	
<i>Total liabilities and fund balances</i>	\$ 100		\$ 277,645	

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, 2014

	Special Revenue Funds			
	Environmental Tax Fund	Emergency Medical Services Fund	Law Enforcement Protection	Lodgers Tax Fund
<i>Revenues</i>				
Taxes				
Gross receipts taxes	\$ 9,387	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Lodger's taxes	-	-	-	29,908
Intergovernmental income				
State operating grants	-	20,051	20,000	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,387</u>	<u>20,051</u>	<u>20,000</u>	<u>29,908</u>
<i>Expenditures</i>				
Current:				
Public safety	-	-	8,831	-
Culture and recreation	-	-	-	21,145
Public health and welfare	-	7,775	-	-
Economic development	10,680	-	-	-
<i>Total expenditures</i>	<u>10,680</u>	<u>7,775</u>	<u>8,831</u>	<u>21,145</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,293)</u>	<u>12,276</u>	<u>11,169</u>	<u>8,763</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(1,293)	12,276	11,169	8,763
<i>Fund balance - beginning of year</i>	<u>10,210</u>	<u>24,950</u>	<u>1,155</u>	<u>22,491</u>
<i>Fund balance - end of year</i>	<u>\$ 8,917</u>	<u>\$ 37,226</u>	<u>\$ 12,324</u>	<u>\$ 31,254</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	Cemetery Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	16,854	-	-
-	-	-	-	-
-	85,769	-	-	-
13,614	-	-	1,239	1,800
-	-	-	205	-
-	-	-	-	414
4,982	-	-	-	7,858
<u>18,596</u>	<u>85,769</u>	<u>16,854</u>	<u>1,444</u>	<u>10,072</u>
-	77,914	-	-	-
57,632	-	-	1,258	-
-	-	13,394	-	9,605
-	-	-	-	-
<u>57,632</u>	<u>77,914</u>	<u>13,394</u>	<u>1,258</u>	<u>9,605</u>
<u>(39,036)</u>	<u>7,855</u>	<u>3,460</u>	<u>186</u>	<u>467</u>
65,783	-	-	-	-
<u>65,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
26,747	7,855	3,460	186	467
<u>(3,902)</u>	<u>341</u>	<u>4,370</u>	<u>2,184</u>	<u>133,045</u>
<u>\$ 22,845</u>	<u>\$ 8,196</u>	<u>\$ 7,830</u>	<u>\$ 2,370</u>	<u>\$ 133,512</u>

(This page intentionally left blank)

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, 2014

	<u>Capital Projects Fund</u>	
	<u>CDBG Capital Projects Fund</u>	<u>Total</u>
<i>Revenues</i>		
Taxes		
Gross receipts taxes	\$ -	\$ 9,387
Franchise taxes	-	16,854
Lodger's taxes	-	29,908
Intergovernmental income		
State operating grants	-	125,820
Charges for services	-	16,653
Licenses and permits	-	205
Interest	-	414
Miscellaneous	-	12,840
<i>Total revenues</i>	<u>-</u>	<u>212,081</u>
<i>Expenditures</i>		
Current:		
Public safety	-	86,745
Culture and recreation	-	80,035
Public health and welfare	-	30,774
Economic development	-	10,680
<i>Total expenditures</i>	<u>-</u>	<u>208,234</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>3,847</u>
<i>Other financing sources (uses)</i>		
Transfers in	-	65,783
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>65,783</u>
<i>Net change in fund balances</i>	-	69,630
 <i>Fund balance - beginning of year</i>	 <u>100</u>	 <u>194,944</u>
 <i>Fund balance - end of year</i>	 <u>\$ 100</u>	 <u>\$ 264,574</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ 9,500	\$ 9,627	\$ 9,627	\$ -
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>9,500</u>	<u>9,627</u>	<u>9,627</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	9,500	10,681	10,680	1
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>9,500</u>	<u>10,681</u>	<u>10,680</u>	<u>1</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,054)</u>	<u>(1,053)</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	1,054	-	(1,054)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,054</u>	<u>-</u>	<u>(1,054)</u>
<i>Net change in fund balances</i>	-	-	(1,053)	(1,053)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,465</u>	<u>8,465</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,412</u>	<u>\$ 7,412</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,053)	
Adjustments to revenue for other receivables			(240)	
No adjustments to expenditures			<u>-</u>	
Net change in fund balance (GAAP)			<u>\$ (1,293)</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, 2014

	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	20,051	20,051	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,037</u>	<u>20,051</u>	<u>20,051</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	13,037	7,637	7,637	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>13,037</u>	<u>7,637</u>	<u>7,637</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>12,414</u>	<u>12,414</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(12,414)	-	12,414
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(12,414)</u>	<u>-</u>	<u>12,414</u>
<i>Net change in fund balances</i>	-	-	12,414	12,414
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>24,950</u>	<u>24,950</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,364</u>	<u>\$ 37,364</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 12,414	
No adjustments to revenue			-	
Adjustments to expenditures for accrued expenses			<u>(138)</u>	
Net change in fund balance (GAAP)			<u>\$ 12,276</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, 2014

	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	20,000	20,000	8,831	11,169
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>20,000</u>	<u>20,000</u>	<u>8,831</u>	<u>11,169</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>11,169</u>	<u>11,169</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	11,169	11,169
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,155</u>	<u>1,155</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,324</u>	<u>\$ 12,324</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 11,169	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 11,169</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, 2014

	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	22,500	30,066	30,066	-
Licenses and permits	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>22,500</u>	<u>30,066</u>	<u>30,066</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	22,500	19,728	19,728	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>22,500</u>	<u>19,728</u>	<u>19,728</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>10,338</u>	<u>10,338</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(10,338)	-	10,338
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(10,338)</u>	<u>-</u>	<u>10,338</u>
<i>Net change in fund balances</i>	-	-	10,338	10,338
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>19,948</u>	<u>19,948</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,286</u>	<u>\$ 30,286</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 10,338	
Adjustments to revenue for accounts receivable			(158)	
Adjustments to expenditures for accounts payable			<u>(1,417)</u>	
Net change in fund balance (GAAP)			<u>\$ 8,763</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, 2014

	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	9,000	13,689	13,614	(75)
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	4,800	4,906	4,982	76
<i>Total revenues</i>	<u>13,800</u>	<u>18,595</u>	<u>18,596</u>	<u>1</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	28,800	52,161	50,124	2,037
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	4,281	4,281	-
<i>Total expenditures</i>	<u>28,800</u>	<u>56,442</u>	<u>54,405</u>	<u>2,037</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(15,000)</u>	<u>(37,847)</u>	<u>(35,809)</u>	<u>2,038</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	22,847	-	(22,847)
Transfers in	15,000	15,000	65,783	50,783
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>15,000</u>	<u>37,847</u>	<u>65,783</u>	<u>27,936</u>
<i>Net change in fund balances</i>	-	-	29,974	29,974
<i>Fund balance - beginning of year</i>	-	-	634	634
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,608</u>	<u>\$ 30,608</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 29,974	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued liabilities			<u>(3,227)</u>	
Net change in fund balance (GAAP)			<u>\$ 26,747</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, 2014

	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	93,099	88,760	88,760	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>93,099</u>	<u>88,760</u>	<u>88,760</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	86,534	77,842	76,582	1,260
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>86,534</u>	<u>77,842</u>	<u>76,582</u>	<u>1,260</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>6,565</u>	<u>10,918</u>	<u>12,178</u>	<u>1,260</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(6,565)	(10,918)	-	10,918
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(6,565)</u>	<u>(10,918)</u>	<u>-</u>	<u>10,918</u>
<i>Net change in fund balances</i>	-	-	12,178	12,178
<i>Fund balance - beginning of year</i>	-	-	(4,966)	(4,966)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,212</u>	<u>\$ 7,212</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 12,178	
Adjustments to revenue for other receivables			(2,991)	
Adjustments to expenditures for accrued liabilities			<u>(1,332)</u>	
Net change in fund balance (GAAP)			<u>\$ 7,855</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	18,500	17,745	17,745	-
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>18,500</u>	<u>17,745</u>	<u>17,745</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	18,500	13,714	13,628	86
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>18,500</u>	<u>13,714</u>	<u>13,628</u>	<u>86</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>4,031</u>	<u>4,117</u>	<u>86</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(4,031)	-	4,031
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(4,031)</u>	<u>-</u>	<u>4,031</u>
<i>Net change in fund balances</i>	-	-	4,117	4,117
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>98</u>	<u>98</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,215</u>	<u>\$ 4,215</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 4,117	
Adjustments to revenue for other receivables			(891)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			<u>234</u>	
Net change in fund balance (GAAP)			<u>\$ 3,460</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, 2014

	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	1,000	1,000	205	(795)
Charges for services	2,000	2,000	1,239	(761)
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>3,000</u>	<u>3,000</u>	<u>1,444</u>	<u>(1,556)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	3,000	3,000	1,400	1,600
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>3,000</u>	<u>3,000</u>	<u>1,400</u>	<u>1,600</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>44</u>	<u>44</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	44	44
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,326</u>	<u>2,326</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,370</u>	<u>\$ 2,370</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 44	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable			<u>142</u>	
Net change in fund balance (GAAP)			<u>\$ 186</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
Cemetery Special Revenue Fund
For the Year Ended June 30, 2014

	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	1,500	1,800	1,800	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	235	414	179
Miscellaneous	3,500	7,858	7,858	-
<i>Total revenues</i>	<u>5,000</u>	<u>9,893</u>	<u>10,072</u>	<u>179</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	5,000	9,605	9,605	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>5,000</u>	<u>9,605</u>	<u>9,605</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>288</u>	<u>467</u>	<u>179</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(288)	-	288
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(288)</u>	<u>-</u>	<u>288</u>
<i>Net change in fund balances</i>	-	-	467	467
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>133,045</u>	<u>133,045</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,512</u>	<u>\$ 133,512</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 467	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 467</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
CDBG Capital Projects Fund
For the Year Ended June 30, 2014

	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	450,000	450,000	-	(450,000)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>450,000</u>	<u>450,000</u>	<u>-</u>	<u>(450,000)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	450,000	450,000	-	450,000
<i>Total expenditures</i>	<u>450,000</u>	<u>450,000</u>	<u>-</u>	<u>450,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ -	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
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, 2014

Statement B-11

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating Revenues:</i>				
Charges for services	\$ 132,200	\$ 126,316	\$ 126,564	\$ 248
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	132,200	126,316	126,564	248
 <i>Operating expenses:</i>				
Personnel services	66,423	82,178	83,233	(1,055)
Power and fuel	5,000	10,425	10,425	-
General insurance	-	-	-	-
Purchased services	27,962	36,916	37,192	(276)
Other operating expenses	13,244	21,997	19,986	2,011
<i>Total operating expenses</i>	112,629	151,516	150,836	680
<i>Operating income (loss)</i>	19,571	(25,200)	(24,272)	928
 <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	2	(248)
Principal	(5,853)	(6,000)	(6,000)	-
Interest expense	(13,968)	(13,162)	(13,162)	-
<i>Total non-operating revenues (expenses)</i>	(19,571)	(18,912)	(19,160)	(248)
<i>Income (loss) before contributions and transfers</i>	-	(44,112)	(43,432)	680
Transfers in (out)	-	-	43,074	(43,074)
<i>Change in net position</i>	\$ -	\$ (44,112)	(358)	\$ (42,394)
 <i>Reconciliation to GAAP basis:</i>				
Depreciation			(43,892)	
Adjustments to revenues for accounts receivable accruals			19,460	
Adjustments to expenditures for accounts payable and payroll accruals			2,050	
Adjustment to interest expense for accrued interest			(338)	
Debt service principal payments			6,000	
<i>Change in net position per Exhibit D-2</i>			(17,078)	
<i>Net position - beginning of year</i>			910,135	
<i>Net position - end of year</i>			\$ 893,057	

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
Water Enterprise Fund
For the Year Ended June 30, 2014

Statement B-12

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 318,078	\$ 282,044	\$ 282,258	\$ 214
Miscellaneous	6,500	6,500	7,274	774
<i>Total operating revenues</i>	324,578	288,544	289,532	988
<i>Operating expenses:</i>				
Personnel services	83,257	63,547	56,529	7,018
Power and fuel	14,000	14,000	31,836	(17,836)
General insurance	9,000	9,000	10,139	(1,139)
Purchased services	11,000	11,000	7,916	3,084
Other operating expenses	67,629	67,581	70,043	(2,462)
<i>Total operating expenses</i>	184,886	165,128	176,463	(11,335)
<i>Operating income (loss)</i>	139,692	123,416	113,069	(10,347)
<i>Non-operating revenues (expenses):</i>				
Capital outlay	35,873	13,697	-	13,697
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	250	250	71	(179)
Principal	(59,098)	(51,592)	(56,935)	(5,343)
Interest expense	(21,643)	(28,841)	(23,492)	5,349
<i>Total non-operating revenues (expenses)</i>	(44,618)	(66,486)	(80,356)	13,524
<i>Income (loss) before contributions and transfers</i>	95,074	56,930	32,713	3,177
Transfers in (out)	-	-	(46,193)	46,193
<i>Change in net position</i>	\$ 95,074	\$ 56,930	\$ (13,480)	\$ 49,370
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(85,711)	
Adjustments to revenues for accounts receivable accruals			2,813	
Adjustments to expenditures for accounts payable and payroll accruals			10,272	
Adjustment to interest expense for accrued interest			271	
Debt service principal payments			56,935	
<i>Change in net position per Exhibit D-2</i>			(28,900)	
<i>Net position - beginning of year</i>			1,910,278	
<i>Net position - end of year</i>			\$ 1,881,378	

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
Airport Enterprise Fund
For the Year Ended June 30, 2014

Statement B-13

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 42,550	\$ 34,877	\$ 34,877	\$ -
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	42,550	34,877	34,877	-
<i>Operating expenses:</i>				
Personnel services	38,660	37,982	33,459	4,523
Power and fuel	1,890	1,890	3,781	(1,891)
General insurance	500	500	2,696	(2,196)
Purchased services	-	-	-	-
Other operating expenses	1,500	1,500	1,855	(355)
<i>Total operating expenses</i>	42,550	41,872	41,791	81
<i>Operating income (loss)</i>	-	(6,995)	(6,914)	81
<i>Non-operating revenues (expenses):</i>				
Capital outlay	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	-	-	-	-
Principal	-	-	-	-
Interest expense	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	-	-	-	-
<i>Income (loss) before contributions and transfers</i>	-	(6,995)	(6,914)	81
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	\$ -	\$ (6,995)	\$ (6,914)	\$ 81
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(71,266)	
Adjustments to revenues for accounts receivable accruals			(503)	
Adjustments to expenditures for accounts payable and payroll accruals			(2,025)	
<i>Change in net position per Exhibit D-2</i>			(80,708)	
<i>Net position - beginning of year</i>			1,879,908	
<i>Net position - end of year</i>			\$ 1,799,200	

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
Ambulance Enterprise Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 150,000	\$ 153,642	\$ 170,309	\$ 16,667
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	<u>150,000</u>	<u>153,642</u>	<u>170,309</u>	<u>16,667</u>
<i>Operating expenses:</i>				
Personnel services	138,182	138,182	128,719	9,463
Power and fuel	5,818	7,664	10,809	(3,145)
General insurance	-	-	-	-
Purchased services	12,000	12,000	22,055	(10,055)
Other operating expenses	34,000	53,607	49,096	4,511
<i>Total operating expenses</i>	<u>190,000</u>	<u>211,453</u>	<u>210,679</u>	<u>774</u>
<i>Operating income (loss)</i>	<u>(40,000)</u>	<u>(57,811)</u>	<u>(40,370)</u>	<u>17,441</u>
<i>Non-operating revenues (expenses):</i>				
<i>Intergovernmental</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	-	-	-	-
Principal	-	-	-	-
Interest expense	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Income (loss) before contributions and transfers</i>	(40,000)	(57,811)	(40,370)	17,441
Government contributions	40,000	60,000	43,333	(16,667)
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	<u>\$ (40,000)</u>	<u>\$ (57,811)</u>	2,963	<u>\$ 17,441</u>
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(147)	
Adjustments to revenues for accounts receivable accruals			(10,578)	
Adjustments to expenditures for accounts payable and payroll accruals			640	
<i>Change in net position per Exhibit D-2</i>			(7,122)	
<i>Net position - beginning of year</i>			257,020	
<i>Net position - end of year</i>			<u>\$ 249,898</u>	

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

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
Solid Waste Enterprise Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ -	\$ 191,176	\$ 98,849	\$ (92,327)
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	<u>-</u>	<u>191,176</u>	<u>98,849</u>	<u>(92,327)</u>
<i>Operating expenses:</i>				
Personnel services	-	-	-	-
Power and fuel	-	-	-	-
General insurance	-	-	-	-
Purchased services	-	-	-	-
Other operating expenses	-	176,023	81,023	95,000
<i>Total operating expenses</i>	<u>-</u>	<u>176,023</u>	<u>81,023</u>	<u>95,000</u>
<i>Operating income (loss)</i>	<u>-</u>	<u>15,153</u>	<u>17,826</u>	<u>2,673</u>
<i>Non-operating revenues (expenses):</i>				
Taxes				
Property	-	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Interest income	-	-	-	-
Principal	-	-	-	-
Interest expense	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Income (loss) before contributions and transfers</i>	-	15,153	17,826	2,673
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	<u>\$ -</u>	<u>\$ 15,153</u>	<u>17,826</u>	<u>\$ 2,673</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues for accounts receivable accruals			16,354	
Adjustments to expenditures for accounts payable and payroll accruals			<u>(15,064)</u>	
<i>Change in net position per Exhibit D-2</i>			19,116	
<i>Net position - beginning of year</i>			<u>-</u>	
<i>Net position - end of year</i>			<u>\$ 19,116</u>	

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank)

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
 Village of Fort Sumner
 Schedule of Collateral Pledged by Depository
 for Public Funds
 June 30, 2014

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2014
Citizens Bank of Clovis	GNMA II Pool #831112	8/20/2033	36208ARK9	\$ 20,722
	SBAP 2013-20A 1	1/1/2033	83162CVG5	<u>2,734,688</u> *
			Total collateral pledged	<u>\$ 2,755,410</u>

* Location of Safe keeper
 The Independent Bankers
 Irving, TX

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2014

Schedule II

Primary Government

<u>Bank Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Book Balance</u>
Citizens Bank of Clovis					
Treasurer general account	Checking	\$ 1,682,928	\$ 3,980	\$ 11,783	\$ 1,675,125
Money Market	Money Market	2,163	-	-	2,163
Money Market	Money Market	62,823	-	-	62,823
Money Market	Money Market	30,032	-	-	30,032
Cemetery Association DDA	Checking	4,026	100	440	3,686
Savings account	Savings	36,361	-	-	36,361
Certificate of deposit	CD	5,700	-	-	5,700
Certificate of deposit	CD	40,000	-	-	40,000
Cemetery Endowment Savings	Savings	772	-	-	772
Certificate of deposit	CD	47,000	-	-	47,000
CDBG fund account	Checking	100	-	-	100
Total cash in bank		<u>1,911,905</u>	<u>4,080</u>	<u>12,223</u>	<u>1,903,762</u>
NMFA Reserve Accounts	Money Market	<u>9,781</u>	<u>-</u>	<u>-</u>	<u>9,781</u>
Total cash		<u>\$ 1,921,686</u>	<u>\$ 4,080</u>	<u>\$ 12,223</u>	<u>\$ 1,913,543</u>

Exhibit A-1:	Cash and Cash Equivalents	\$ 1,679,061
Exhibit A-1:	Investments	234,632
Less:	Cash on Hand	(150)
	Reconciled Deposits and Investments	<u>\$ 1,913,543</u>

STATE OF NEW MEXICO
 Village of Fort Sumner
 Schedule of Legislative Grants
 June 30, 2014

<u>Project</u>	<u>Agency</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
Grand Totals			

These capital outlay projects are on a reimbursement basis. Therefore, there is no fund balance related to these projects at June 30, 2014.

<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>\$ 13,514</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Joint Powers Agreements
June 30, 2014

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, 2014 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, 2014

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

(This page intentionally left blank)

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 the 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 funds of the Village of Fort Sumner, New Mexico (the Village), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds, and related budgetary comparisons of the Village, presented as supplementary information, and have issued our report thereon dated November 24, 2014.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as item FS 2014-006 in the accompanying schedule of findings and responses to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items FS 2007-001 (FS 2007-1), FS 2014-001, FS 2014-003, FS 2014-004, and FS 2014-008 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items FS 2014-002, FS 2014-005 and FS 2014-007.

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 24, 2014

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Findings and Responses
June 30, 2014

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? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | Yes |

SECTION II – PRIOR YEAR AUDIT FINDINGS

Prior Year Audit Findings:

- | | |
|---|-----------------------|
| FS 2007-001 (FS 2007-1) Preparation of Financial Statements (Village and Authority) | Repeated and modified |
| FS 2013-001 (FS 2013-1) Stale Dated Transactions Not Cancelled (Village) | Resolved |

Section III – Financial Statement Findings

FS 2007-001 (FS 2007-1): Cash to Modified and Full Accrual Conversions (Village and Authority) (Repeated/Modified) – Significant Deficiency

Condition

The Village of Fort Sumner and the Fort Sumner Housing Authority were unable to provide accurate and complete supporting documentation and related journal entries to convert the budgetary basis of accounting to the modified and full accrual basis of accounting in order to prepare the account balances for inclusion into the financial statements.

Criteria

Governmental Accounting Standards Board (GASB) Statement No. 34 requires not only the budgetary basis (cash basis) of accounting, but also modified and full accrual accounting is required for financial statement presentation that would be in accordance with generally accepted accounting principles (GAAP).

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 deficient or nonexistent.

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 required schedules and listings to prepare accurate modified and full accrual accounting adjustments for fairly presented account balance.

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 III – Financial Statement Findings (continued)

FS 2014-001: Deficiencies in Accounting for Capital Assets (Village and Housing Authority) — Significant Deficiency

Condition

Village: The Village's capital asset inventory system was not being reconciled or updated. The Village personnel are not reconciling the inventory system with the capital outlay expenditures as recorded in the budget reports for additions and/or deletions when occurring. The Village did not perform and certify an annual physical inventory prior to yearend.

Housing Authority: The Housing Authority added asset purchases whose cost per each item was below the capitalization threshold set by the Housing Authority to the capital asset inventory and began depreciating them. The total amount of those purchases was \$9,590. The Housing Authority did not perform and certify an annual physical inventory prior to yearend.

Criteria

Village: Section 2.20.1.15 of NMAC requires government agencies to properly safeguard assets. All assets within an established materiality limit should be tagged with unique numbers and accounted for on a capital asset inventory listing. Current year expenditures in capital outlay accounts should be accounted for on the inventory listing. Capital assets that have been sold or scrapped should be removed from the inventory in accordance with Section 2.20.1.18 of NMAC. Section 12-6-10, NMSA 1978, requires all agencies to conduct a physical inventory of their capital assets inventory at the end of each fiscal year and certify that inventory.

Housing Authority: Per section 2.20.1.10 of NMAC, capital assets acquired through purchase shall be recorded at cost. All assets within an established materiality limit should be tagged with unique numbers and accounted for on a capital asset inventory listing. Assets whose cost is below the capitalization threshold on a per item basis should be expensed in the period in which they are purchased. Section 12-6-10, NMSA 1978, requires all agencies to conduct a physical inventory of their capital assets inventory at the end of each fiscal year and certify that inventory.

Effect

Village: The Village could materially misstate the value of their capital assets which could materially misstate the financial statements. Without an annual physical inventory, capital assets are not being properly safeguarded and may be impaired or have been removed improperly.

Housing Authority: The Housing Authority could materially misstate the value of their capital assets which could materially misstate the financial statements. Without an annual physical inventory, capital assets are not being properly safeguarded and may be impaired or have been removed improperly.

Cause

Village: The Village did not implement an internal control policy to perform a reconciliation of the capital outlay expenditures with the capital assets inventory due to the turnover of personnel during the year and lack of training to new personnel prior to yearend. The Village did not perform a certified physical inventory prior to yearend due to the turnover of personnel during the year and lack of training to the new personnel.

Housing Authority: The Housing Authority and their fee accountant (Urlaub & Co.) did not look at the cost of the purchases of assets on a per item basis and recorded additions at the total price paid for multiple items of the same type. Housing Authority was not aware a certified physical inventory was required every year.

Auditor's Recommendations

We recommend that the Village implement procedures to reconcile the capital outlay expenditures and the capital asset inventory on a regular basis. We recommend that the Village implement procedures for an annual inventory and certification of its capital assets as required by Section 12-6-10, NMSA 1978.

We recommend that the Housing Authority implement procedures to discuss asset additions with their fee accountant and determine that the item is over the capitalization threshold prior to being added to inventory listing. We recommend that the Village implement procedures for an annual inventory and certification of its capital assets as required by Section 12-6-10, NMSA 1978.

Section III – Financial Statement Findings (continued)

FS 2014-001: Deficiencies in Accounting for Capital Assets (Village and Housing Authority) — Significant Deficiency (continued)

Views of Responsible Officials and Planned Corrective Actions

The Village and Housing Authority intend to implement procedures to perform reconciliations of capital outlay amounts to capital assets inventory and to review the additions to determine that they meet the capitalization threshold amount. The Village and Housing Authority will also implement a policy and procedure to perform an annual physical inventory count and certify that this has been performed and that the assets are accounted for.

FS 2014-002: Travel and Per Diem (Village and Housing Authority) — Other Matters

Condition

Village: In 3 out of 5 samples tested in the amount of \$872.58, voucher only had employee's signature, not authorizing signature of mayor or department head. In 1 out of 5 samples tested in the amount of \$112.66, no supporting documentation for attended conference was attached to reimbursement request. In 1 out of 5 samples tested in the amount of \$112.66, partial day per diem was paid to recipient when no partial day per diem was allowed. In 3 of 5 samples tested in the amount of \$914.92, the return travel day partial per diem amount was incorrectly calculated or not calculated at all.

Housing Authority: During testwork of travel and per diem we tested 5 items totaling \$1,199.37. In 5 out of 5 samples tested, the Housing Authority incorrectly calculated the return from overnight travel reimbursement incorrectly. In 1 out of 5 samples tested, the Housing Authority used the incorrect mileage amount for reimbursement calculation. In 5 out of 5 samples tested, the Housing Authority incorrectly calculated the meal reimbursement.

Criteria

Village and Housing Authority: NMAC 6.20.2.10 requires government agencies to comply with the Per Diem and Mileage Act, Section 10-8-1 through 10-8-8, for all per diem and reimbursement rates.

Effect

Village and Housing Authority: The Village and Housing Authority have reimbursed employees in excess of the allowable state statute reimbursement requirements.

Cause

Village and Housing Authority: The Village and the Housing Authority did not maintain and implement policies and procedures to ensure that travel and per diem reimbursements are being reviewed for compliance with the Per Diem and Mileage Act and policies and procedures of the Village and Housing Authority.

Auditor's Recommendations

We recommend that the Village and Housing Authority review all supporting documentation and retain all documents to ensure compliance with the Per Diem and Mileage Act, specifically Sections 10-8-1 through 10-8-8, for all per diem and reimbursement rates. The policy should be clear, written and communicated to all to whom it applies and enforced uniformly.

Views of Responsible Officials and Planned Corrective Actions

The Village and Housing Authority intend to implement procedures to review all documentation and calculations for travel and per diem reimbursements to make sure documentation is complete and that reimbursements are following the Per Diem and Mileage Act.

Section III – Financial Statement Findings (continued)

FS 2014-003: Public Employee Retirement Act Reporting (PERA) (Village) — Significant Deficiency

Condition

During testwork performed over PERA calculations, reconciliations and remittances, it was noted that the Village was not using the approved employee contribution rate that went into effect on July 1, 2013, for wages in excess of \$20,000, to calculate the employee's contribution amount. During testwork it was also noted that 4 out of the 26 remittances were for significant amounts less than the calculated amounts, leaving a balance due on just those 4 remittances of \$14,901.

Criteria

Per NMAC 2.80.500.8 each state agency or affiliated public employer shall be responsible for deducting the applicable contribution from the salary or wages paid to each member for each payroll period. Section 2.2.2.10G (7) NMAC (Audit Rule) requires that total wages paid by a public entity must be reported for the Public Employees Retirement Act.

Effect

The amount of employee contributions has been calculated incorrectly and the proper amount has not been correctly withheld from employee's wages. Total contributions due to the PERA Fund have not been accurately or timely remitted.

Cause

The Village does not appear to have adequate internal controls in place for review and reconciliation of PERA remittance calculations and timely remittance of the amount due each pay period.

Auditor's Recommendation

The Village should implement internal control procedures to require review of PERA withholding calculations to determine that the proper employee/employer contribution rates are being used and procedures for reconciliation, review and approval of remittances each pay period to determine that proper amount is being reported and remitted for each pay period during year.

Views of Responsible Officials and Planned Corrective Actions

The Village intends to implement procedures to require review that the appropriate employee/employer contribution rate is being used to calculate withholding amounts from employees and matching contributions by Village. In addition, the Village will implement procedures to require reconciliation, review and approval of PERA remittances for each pay period.

Section III – Financial Statement Findings (continued)

FS 2014-004: Retiree Health Care Reporting (RHC) (Village) — Significant Deficiency

Condition

During testwork performed over RHC calculations, reconciliations and remittances, it was noted that the Village was reporting all wages on their RHC submissions, instead of subject wages, causing remittances to appear to be underpaid by \$77.53. During testwork it was also noted that one employee is calculating and submitting the reports and remittances without a supervisor reviewing and approving.

Criteria

Per NMAC 2.80.500.8 each state agency or affiliated public employer shall be responsible for deducting the applicable contribution from the salary or wages paid to each member for each payroll period. Section 2.2.2.10G (18) NMAC (Audit Rule) requires that total wages paid by a public entity must be reported to the Retiree Health Care Authority.

Effect

The total contributions due to the Retiree Health Care Authority were not accurately reported or remitted.

Cause

The Village does not appear to have adequate internal controls in place for review and reconciliation of RHC remittance calculations to the wages subject to RHC withholdings.

Auditor's Recommendation

The Village should implement internal control procedures to require review of RHC withholding calculations to determine that the proper subject wages are being used for the contribution calculation and procedures for reconciliation, review and approval of remittances each pay period to determine that proper amount is being reported and remitted for each pay period during year.

Views of Responsible Officials and Planned Corrective Actions

The Village intends to implement procedures to require review that the proper subject wages are being used to calculate withholding amounts from employees and matching contributions by Village. In addition, the Village will implement procedures to require reconciliation, review and approval of RHC remittances for each pay period.

Section III – Financial Statement Findings (continued)

FS 2014-005: Expenditures in Excess of Budget and Budgeted Cash in Excess of Available Balance (Village) – (Material Noncompliance)

Condition

The Village exceeded budgeted expenditures in the following funds:

Governmental Funds

Fire Special Revenue Fund	\$ 27,931
---------------------------	-----------

When the Village’s budgeted expenditures exceed its budgeted revenue, the County budgets “designated cash” left over from the previous year to make up the short fall. However, “designated cash” in the current year budget cannot exceed prior year cash and receivables in the same fund.

Designated cash appropriations exceeded available balances in the following funds:

Governmental Funds

Fire Special Revenue Fund	\$ 6,234
Senior Citizen’s Special Revenue Fund	50,783
Recreation Special Revenue Fund	22,213

Criteria

All Village funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Department of Finance and Administration – Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation. Per Section 6-6-11, NMSA 1978 (the Batemen Act), it is unlawful for any board of county commissioners, municipal governing body or any local school board, for any purpose whatever to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot then be paid out of the money actually collected and belonging to that current year, and any indebtedness for any current year which is not paid and cannot be paid, as above provided for, is void. In addition, Section 2.2.2.10. (P) (1), NMAC, states that the Village’s cash balances re-budgeted to absorb budget deficits cannot exceed the actual cash balance available at the end of the prior year.

Effect

Any expenditure in excess of the approved budget(s) shall be a liability against the officials so allowing or paying such claims or warrants, and recovery of such excess amounts so allowed or paid may be had against the bondsmen of such official. The effect of a budget with inadequate designated cash available to cover the excess of budgeted expenditures over budgeted revenue could result in the Village incurring debt to pay for current year budgeted expenditures, which would be noncompliance with the Batemen Act.

Cause

The Village has inadequate monitoring of budgeting procedures at year end.

Auditor’s Recommendation

We recommend all Village funds, with the exception of agency funds, be budgeted and approved by the Village Council. Once adopted, budgets must be monitored for compliance with state statute. In addition, we recommend the Village’s cash balances re-budgeted to absorb budget deficits do not exceed the actual cash balances available at the end of the prior year.

Views of Responsible Officials and Planned Corrective Actions

The Village Clerk will monitor all budgets and prepare a DFA Resolution at year end to account for any excess revenues and expenditures using a reasonable estimate for the final month of the fiscal year to be reviewed and approved by the Village Council.

Section III – Financial Statement Findings (continued)

FS 2014-006: Internal Controls (Village) — Material Weakness

Condition

The Village has deficiencies in its internal control structure, operation and oversight. We noted the following areas in which the Village did not have sufficient key internal controls in place:

- Lack of bank reconciliation review subsequent to initial preparation
- Lack of segregation of duties in the receipting process
- Lack of proper asset maintenance/protection over cash held at Village, blank check stock and portable hard drives
- Compliance with requirement of having two signatures on checks
- Lack of physical records to verify employee starting pay rates, raises or accuracy of current pay in conjunction with accounting system
- Lack of oversight of duties performed by the Clerk, who can authorize and record transactions, perform bank reconciliations, transfer cash and handle any and all cash transactions
- Lack of proper management review over accounts payable check registers
- Lack of control to timely disable remote access capabilities and login passwords for terminated employees
- Lack of oversight and review of revenue receipts posting to determine recording to correct account and fund

Criteria

The (COSO) internal control integrated framework consists of five critical elements that must be present in an organization in order for it to achieve its objectives. These elements consist of the entity's control environment, risk assessment, control activities, information and communication and monitoring. Auditing standard AU 325.29 provides examples of circumstances in which internal control deficiencies or significant deficiencies may exist within an organization. The following circumstances are included in this list: Absent or inadequate segregation of duties within a significant account or process, failure of controls designed to safeguard assets from loss, damage, or misappropriation, and insufficient control consciousness within the organization (AU 325.29). AU 325.15 indicates that a material weakness may exist if there is "ineffective oversight of the entity's financial reporting and internal control by those charged with governance." The cumulative effect of numerous deficiencies that exist in internal control may also lead to the determination that a material weakness exists within an entity (AU 325.13).

Effect

The Village has a material weakness in internal controls over financial reporting. The material weakness is the result of the cumulative effect of control deficiencies that exist within the entity. The Village is exposing itself to the possibility that a material misstatement could occur that may not be detected and corrected in a timely manner by current internal control practices.

Cause

During the 2014 fiscal year, the Village experienced a complete turnover in both key personnel and support personnel who perform the day to day operations of the Village. There was very little, to no, transition from the old personnel to new personnel. The Village has not been monitoring internal controls, and in some cases was unaware of internal controls that were in place and implemented in past years due to the turnover and transition.

Auditor's Recommendation

We recommend that the Village incorporate the five elements of the COSO internal control integrated framework in their organization. We recommend that internal controls be addressed at both the entity level and activity level. We recommend that management take a more active approach in monitoring the design and operational effectiveness of their internal controls over the course of the year. We also recommend that key management personnel attend a training class on internal control.

Views of Responsible Officials and Planned Corrective Actions

The Village intends to implement and monitor that proper internal controls are in place and are being implemented and followed. The Village will continue to seek appropriate training classes and send the appropriate personnel to those training classes.

Section III – Financial Statement Findings (continued)

FS 2014-007: Computer Inventory Monitoring (Village) — Other Matter

Condition

During our testwork over computer compliance, we noted that one of the Village's portable hard drives could not be accounted for.

Criteria

Section 2.2.2.10.T(3), NMAC, of the State Audit Rule states agencies and local governments disposing of any digital equipment with storage capabilities should take care to properly erase stored data prior to intended disposition

Effect

The Village is in violation of Section 2.2.2.10.T(3), NMAC, of the State Audit Rule. In addition, the Village is in violation of Section 2.20.1.15 of NMAC that requires government agencies to properly safeguard assets.

Cause

The Village was unaware that it had to monitor assets that were data storage devices that were under the \$5,000 capitalization threshold.

Auditor's Recommendation

The Village should update its procedures for monitoring data storage devices to include those items that fall under the \$5,000 capitalization threshold.

Views of Responsible Officials and Planned Corrective Actions

The Village intends to implement procedures to update its procedures to include monitoring data storage devices which would also include those items that fall under the \$5,000 capitalization threshold. The Village will also notify the Office of State Auditor of any planned sanitization of data storage devices, to include any of those items that would fall under the \$5,000 capitalization threshold and make sure that all of these type of items are accounted for.

Section III – Financial Statement Findings (continued)

FS 2014-008: Government Gross Receipts Tax Rate (Village) — Significant Deficiency

Condition

During revenue testwork over the Village's proprietary funds we noted that the Village is charging an incorrect gross receipts tax amount for the utilities provided. The Village has been charging the regular gross receipts tax rate of 7.6250% rather than the governmental gross receipts tax rate of 5.000%. The Village has been reporting the revenues and remitting all of the tax collected to NM Tax and Revenue Department.

Criteria

The NM Taxation and Revenue Department imposes a special governmental gross receipts tax of 5.000% on the receipts of NM state and local governments. Qualified governmental receipts include sewage services, water sales (if the utility is owned or operated by a municipality), and refuse collection. This special gross receipts rate is lower than the conventional gross receipts tax rate applicable to the Village of Fort Sumner (which is 7.6250%).

Effect

The Village has been charging an incorrect gross receipts tax rate on the utility services provided. This has resulted in over-charging customers by the difference between the conventional gross receipts tax rate of 7.6250% and the governmental gross receipts tax rate of 5.000%.

Cause

The Village uses specific utility software for billing and collection of utility services. These rates had been input into this system previously and have not been reviewed to determine that they were accurate. Any changes to these rates require assistance from the software company, as Village personnel cannot make changes.

Auditor's Recommendation

The Village should contact their software company and change the gross receipts tax rates charged on utility services to the proper governmental gross receipts tax rate of 5.000%.

Views of Responsible Officials and Planned Corrective Actions

The Village has already contacted their software company and is getting the rates changed inside the software. The Council is also exploring their options to determine how best to calculate and then credit back the overpayment amounts for its utility customers.

(This page intentionally left blank)

STATE OF NEW MEXICO

Village of Fort Sumner

Other Disclosures

June 30, 2014

OTHER DISCLOSURES

Exit Conference

The exit conference was held on November 24, 2014. The following individuals were in attendance.

Village of Fort Sumner Officials

Justin Ingram, Mayor

Jamie Wall, Village Clerk/Treasurer

Albert Seña, Councilor

Auditors

Carol Snider, CPA

Lauren Vail (telephonically)

Auditor Prepared Financial Statements

Accounting and Consulting Group, LLP, prepared the GAAP-basis financial statements and footnotes of the Village of Fort Sumner from the original books and records provided to them by management of the Village. The responsibility for the financial statements remains with the Village.