

State of New Mexico

*Village of Fort Sumner
Financial Statements and Required
Supplementary Information
With Accompanying Auditor's Reports*

Year Ended June 30, 2015



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STATE OF NEW MEXICO
 Village of Fort Sumner
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 June 30, 2015

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STATE OF NEW MEXICO

Village of Fort Sumner

Official Roster

June 30, 2015

<u>Name</u>	<u>List of Officials and Council</u>	<u>Title</u>
Justin Ingram		Mayor
Albert Seña		Councilor
Selestino Lovato		Councilor
Esther Segura		Councilor
Manuel Lucero		Councilor
	<u>Administrative Officials</u>	
Jamie Wall		Village Clerk/Treasurer



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
To the Honorable Mayor and Village Councilors of
Village of Fort Sumner
Fort Sumner, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue fund of the Village of Fort Sumner, New Mexico (the Village), as of and for the year ended June 30, 2015, 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, 2015, 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 the Village of Fort Sumner, New Mexico, as of June 30, 2015, 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 fund 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, 2015, 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 required 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.

Accounting principles generally accepted in the United States of America require Schedules I and II and Notes to Required Supplementary Information on pages 64-67 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 III through VII 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 III through VI 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 III through VI 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 and supporting schedule VII have 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 December 7, 2015 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
Albuquerque, New Mexico
December 7, 2015

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FINANCIAL SECTION

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO

Village of Fort Sumner
Statement of Net Position
June 30, 2015

	Primary Government			Unit
	Governmental Activities	Business-type Activities	Total	Housing Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,113,977	\$ 508,427	\$ 1,622,404	\$ 94,250
Investments	90,099	65,448	155,547	-
Receivables (net of allowance for uncollectibles)	77,331	93,011	170,342	-
HUD receivable	-	-	-	2,457
Inventories	-	-	-	4,290
Prepaid expenses	-	-	-	15,814
Total current assets	<u>1,281,407</u>	<u>666,886</u>	<u>1,948,293</u>	<u>116,811</u>
Noncurrent assets				
Restricted cash and cash equivalents	9,770	43,662	53,432	8,294
Restricted investments	40,000	-	40,000	-
Capital assets	9,744,595	8,636,074	18,380,669	2,178,193
Less: accumulated depreciation	<u>(4,702,649)</u>	<u>(3,930,236)</u>	<u>(8,632,885)</u>	<u>(1,336,651)</u>
Total noncurrent assets	<u>5,091,716</u>	<u>4,749,500</u>	<u>9,841,216</u>	<u>849,836</u>
Total assets	<u>6,373,123</u>	<u>5,416,386</u>	<u>11,789,509</u>	<u>966,647</u>
DEFERRED OUTFLOWS OF RESOURCES				
Employer contributions subsequent to the measurement date				
	<u>28,848</u>	<u>20,918</u>	<u>49,766</u>	<u>9,224</u>
Total deferred outflows of resources	<u>28,848</u>	<u>20,918</u>	<u>49,766</u>	<u>9,224</u>
Total assets and deferred outflows of resources	<u>\$ 6,401,971</u>	<u>\$ 5,437,304</u>	<u>\$ 11,839,275</u>	<u>\$ 975,871</u>

The accompanying notes are an integral part of the financial statements

	Primary Government			Housing Authority
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 44,922	\$ 44,131	\$ 89,053	\$ 3,533
Tenant prepaid rent	-	-	-	339
Deposits held in trust for others	-	43,662	43,662	7,256
Accrued payroll liabilities	20,869	12,392	33,261	6,185
Accrued liabilities	-	-	-	1,405
Accrued interest	351	8,492	8,843	-
Compensated absences, short term	7,846	9,873	17,719	3,699
Current portion of long-term debt	25,341	66,921	92,262	-
Total current liabilities	99,329	185,471	284,800	22,417
Noncurrent liabilities				
Compensated absences, long term	-	-	-	1,479
Long term debt - net of current portion	-	548,720	548,720	-
Loans payable	55,027	-	55,027	-
Net pension liability	251,879	182,641	434,520	92,053
Total noncurrent liabilities	306,906	731,361	1,038,267	93,532
Total liabilities	406,235	916,832	1,323,067	115,949
DEFERRED INFLOWS OF RESOURCES				
Change in assumptions	170	124	294	62
Net difference between expected and actual earnings	98,542	71,454	169,996	36,013
Total deferred inflows of resources	98,712	71,578	170,290	36,075
NET POSITION				
Net investment in capital assets	4,961,578	4,090,197	9,051,775	841,542
Restricted for:				
Special revenue	286,905	-	286,905	-
Unrestricted net position	648,541	358,697	1,007,238	(17,695)
Total net position	5,897,024	4,448,894	10,345,918	823,847
Total liabilities and net position	\$ 6,401,971	\$ 5,437,304	\$ 11,839,275	\$ 975,871

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Activities
For the year ended June 30, 2015

<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	\$ 413,300	\$ 105,134	\$ 129,062	\$ -
Public safety	369,645	-	192,725	-
Public works	337,981	-	-	9,644
Health and welfare	55,134	23,573	146,264	-
Culture and recreation	384,243	18,680	11,530	9,200
Economic development	24,531	-	-	-
Total governmental activities	<u>1,584,834</u>	<u>147,387</u>	<u>479,581</u>	<u>18,844</u>
Business-type activities				
Sewer	177,087	97,539	-	-
Water	281,678	267,634	-	-
Airport	138,886	47,187	-	-
Ambulance	289,071	201,670	46,667	-
Solid Waste	185,835	194,084	-	-
Total business-type activities	<u>1,072,557</u>	<u>808,114</u>	<u>46,667</u>	<u>-</u>
Total primary government	<u>\$ 2,657,391</u>	<u>\$ 955,501</u>	<u>\$ 526,248</u>	<u>\$ 18,844</u>
Component unit:				
Housing Authority	<u>\$ 269,286</u>	<u>\$ 90,216</u>	<u>\$ 92,009</u>	<u>\$ 9,898</u>

General Revenues:

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

Total general revenues

Change in net position

Net position - beginning of year
Prior period restatement (Note 16)
Net assets - beginning of year, as restated

Net position - end of year

The accompanying notes are an integral part of the financial statements

Net (Expenses) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing Authority
\$ (179,104)	\$ -	\$ (179,104)	\$ -
(176,920)	-	(176,920)	-
(328,337)	-	(328,337)	-
114,703	-	114,703	-
(344,833)	-	(344,833)	-
(24,531)	-	(24,531)	-
<u>(939,022)</u>	<u>-</u>	<u>(939,022)</u>	<u>-</u>
-	(79,548)	(79,548)	-
-	(14,044)	(14,044)	-
-	(91,699)	(91,699)	-
-	(40,734)	(40,734)	-
-	8,249	8,249	-
<u>-</u>	<u>(217,776)</u>	<u>(217,776)</u>	<u>-</u>
<u>-</u>	<u>(217,776)</u>	<u>(1,156,798)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(77,163)</u>
21,828	-	21,828	-
431,712	-	431,712	-
20,410	-	20,410	-
37,091	-	37,091	-
18,950	-	18,950	-
29,501	-	29,501	-
165,891	3,963	169,854	505
5,194	464	5,658	462
<u>(66,193)</u>	<u>66,193</u>	<u>-</u>	<u>-</u>
<u>664,384</u>	<u>70,620</u>	<u>735,004</u>	<u>967</u>
<u>(274,638)</u>	<u>(147,156)</u>	<u>(421,794)</u>	<u>(76,196)</u>
6,511,745	4,842,649	11,354,394	1,024,331
<u>(340,083)</u>	<u>(246,599)</u>	<u>(586,682)</u>	<u>(124,288)</u>
<u>6,171,662</u>	<u>4,596,050</u>	<u>10,767,712</u>	<u>900,043</u>
<u>\$ 5,897,024</u>	<u>\$ 4,448,894</u>	<u>\$ 10,345,918</u>	<u>\$ 823,847</u>

STATE OF NEW MEXICO

Village of Fort Sumner

Balance Sheet

Governmental Funds

June 30, 2015

Exhibit B-1

(Page 1 of 2)

	General Fund	Senior Citizen's Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<i>Assets</i>				
Cash and cash equivalents	\$ 928,290	\$ 21,267	\$ 164,420	\$ 1,113,977
Restricted cash and cash equivalents	9,770	-	-	9,770
Investments	-	-	90,099	90,099
Restricted investments	-	-	40,000	40,000
Receivables				
Taxes	67,123	-	10,208	77,331
<i>Total current assets</i>	<u>1,005,183</u>	<u>21,267</u>	<u>304,727</u>	<u>1,331,177</u>
<i>Total assets</i>	<u>\$ 1,005,183</u>	<u>\$ 21,267</u>	<u>\$ 304,727</u>	<u>\$ 1,331,177</u>
<i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ 30,300	\$ 1,682	\$ 12,940	\$ 44,922
Accrued expenses	13,168	2,819	4,882	20,869
<i>Total current liabilities</i>	<u>43,468</u>	<u>4,501</u>	<u>17,822</u>	<u>65,791</u>
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Fire departments	-	-	8,856	8,856
Public safety	-	-	25,312	25,312
Cultural	-	-	198,768	198,768
Healthcare	-	16,766	48,108	64,874
Economic development	-	-	11,625	11,625
Capital projects	-	-	100	100
<i>Committed to:</i>				
Minimum fund balance	61,536	-	-	61,536
Unassigned	900,179	-	(5,864)	894,315
<i>Total fund balances</i>	<u>961,715</u>	<u>16,766</u>	<u>286,905</u>	<u>1,265,386</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,005,183</u>	<u>\$ 21,267</u>	<u>\$ 304,727</u>	<u>\$ 1,331,177</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Fort Sumner
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
For the year ended June 30, 2015

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	\$ 1,265,386
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,041,946
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:

Deferred outflows related to employer contribution subsequent to the measurement date	28,848
Deferred inflows net difference between projected versus actual	(98,542)
Deferred inflows change in assumption	(170)

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	(351)
Current portion of accrued compensated absences	(7,846)
Loans and notes payable	(80,368)
Net pension liability	<u>(251,879)</u>

Net position of governmental activities	<u>\$ 5,897,024</u>
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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, 2015

Exhibit B-2
(Page 1 of 2)

	General Fund	Senior Citizen's Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<i>Revenues</i>				
Taxes				
Property taxes	\$ 21,828	\$ -	\$ -	\$ 21,828
Gross receipts taxes	422,238	-	9,474	431,712
Franchise taxes	5,116	-	15,294	20,410
Motor vehicle and fuel taxes	16,387	-	20,704	37,091
Cigarette taxes	-	-	18,950	18,950
Lodger's taxes	-	-	29,501	29,501
Intergovernmental income				
Federal operating grants	-	46,268	-	46,268
Federal capital grants	-	-	9,644	9,644
State operating grants	164,967	59,367	208,979	433,313
State capital grants	9,200	-	-	9,200
Charges for services	86,178	23,573	20,498	130,249
Licenses and permits	17,138	-	-	17,138
Interest	4,011	-	1,183	5,194
Miscellaneous	125,103	16,115	10,567	151,785
<i>Total revenues</i>	<u>872,166</u>	<u>145,323</u>	<u>344,794</u>	<u>1,362,283</u>
<i>Expenditures</i>				
Current:				
General government	340,696	-	-	340,696
Public safety	150,666	-	159,004	309,670
Public works	81,911	-	47,664	129,575
Culture and recreation	132,112	155,022	84,183	371,317
Public health and welfare	5,694	-	43,060	48,754
Economic development	19,319	-	6,766	26,085
Capital outlay	8,029	-	-	8,029
Debt service:				
Principal	-	-	25,341	25,341
Interest	-	-	3,007	3,007
<i>Total expenditures</i>	<u>738,427</u>	<u>155,022</u>	<u>369,025</u>	<u>1,262,474</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>133,739</u>	<u>(9,699)</u>	<u>(24,231)</u>	<u>99,809</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	85,783	16,766	102,549
Transfers (out)	(152,707)	-	(16,035)	(168,742)
<i>Total other financing sources (uses)</i>	<u>(152,707)</u>	<u>85,783</u>	<u>731</u>	<u>(66,193)</u>
<i>Net change in fund balances</i>	(18,968)	76,084	(23,500)	33,616
<i>Fund balance - beginning of year</i>	980,683	(59,318)	310,405	1,231,770
<i>Prior period restatement (Note 16)</i>	-	-	-	(340,083)
<i>Fund balance - beginning of year, as restated</i>	<u>980,683</u>	<u>(59,318)</u>	<u>310,405</u>	<u>891,687</u>
<i>Fund balance - end of year</i>	<u>\$ 961,715</u>	<u>\$ 16,766</u>	<u>\$ 286,905</u>	<u>\$ 1,265,386</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Village of Fort Sumner

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2015

Exhibit B-2
(Page 2 of 2)

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

Net change in fund balances - total governmental funds	\$	33,616
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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		8,029
Depreciation expense		(378,474)

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

Donated assets		14,106
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Governmental funds report Village pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Village pension contribution		28,848
Pension expense		(10,508)

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		106
Compensated absences change for the year		4,298
Principal payments on notes payable		25,341

Change in net position of governmental activities	\$	<u><u>(274,638)</u></u>
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STATE OF NEW MEXICO

Exhibit C-1

Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ 20,000	\$ 20,000	\$ 21,828	\$ 1,828
Gross receipts taxes	395,000	395,000	424,662	29,662
Franchise taxes	5,500	5,500	4,977	(523)
Motor vehicle and fuel taxes	20,000	20,000	16,387	(3,613)
Licenses and permits	3,000	3,000	17,138	14,138
Charges for services	109,500	109,500	87,282	(22,218)
State and county grants	109,200	178,262	174,167	(4,095)
Miscellaneous	23,000	84,738	127,166	42,428
Interest	4,000	4,000	4,011	11
<i>Total revenues</i>	<u>689,200</u>	<u>820,000</u>	<u>877,618</u>	<u>57,618</u>
<i>Expenditures:</i>				
Current:				
General government	339,023	333,281	343,175	(9,894)
Public safety	149,806	217,000	177,753	39,247
Public works	100,001	100,000	81,611	18,389
Culture and recreation	140,001	140,000	130,621	9,379
Public health and welfare	6,194	5,694	5,694	-
Economic development	23,161	19,879	19,879	-
Capital outlay	-	4,146	4,146	-
<i>Total expenditures</i>	<u>758,186</u>	<u>820,000</u>	<u>762,879</u>	<u>57,121</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(68,986)</u>	<u>-</u>	<u>114,739</u>	<u>114,739</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	126,986	140,321	-	(140,321)
Transfers in	-	-	-	-
Transfers (out)	(58,000)	(140,321)	(152,707)	(12,386)
<i>Total other financing sources (uses)</i>	<u>68,986</u>	<u>-</u>	<u>(152,707)</u>	<u>(152,707)</u>
<i>Net change in fund balances</i>	-	-	(37,968)	(37,968)
<i>Fund balance - beginning of year</i>	-	-	976,028	976,028
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 938,060</u>	<u>\$ 938,060</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (37,968)	
Adjustments to revenue for other receivables			(5,452)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			24,452	
Net change in fund balance (GAAP)			<u>\$ (18,968)</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
Senior Citizen's Special Revenue Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-
Franchise taxes	-	-	-	-
Charges for services	22,200	34,939	23,573	(11,366)
Fines and forfeitures	-	-	-	-
State and county grants	50,000	55,561	59,367	3,806
Federal grants	33,000	33,000	46,268	13,268
Miscellaneous	7,800	8,500	16,115	7,615
Interest	-	-	-	-
<i>Total revenues</i>	<u>113,000</u>	<u>132,000</u>	<u>145,323</u>	<u>13,323</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	113,000	165,994	165,994	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>113,000</u>	<u>165,994</u>	<u>165,994</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(33,994)</u>	<u>(20,671)</u>	<u>13,323</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(1,006)	-	1,006
Transfers in	-	35,000	85,783	50,783
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>33,994</u>	<u>85,783</u>	<u>51,789</u>
<i>Net change in fund balances</i>	-	-	65,112	65,112
<i>Fund balance - beginning of year</i>	-	-	(43,845)	(43,845)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,267</u>	<u>\$ 21,267</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 65,112	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued payroll expenses			<u>10,972</u>	
Net change in fund balance (GAAP)			<u>\$ 76,084</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, 2015

Business-Type Activities-Enterprise Funds

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Airport Fund</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 16,490	\$ 223,517	\$ 27,720
Investments	2,179	63,269	-
Accounts receivable (net of allowance for uncollectible amounts)	<u>10,733</u>	<u>41,633</u>	<u>1,668</u>
Total current assets	<u>29,402</u>	<u>328,419</u>	<u>29,388</u>
Noncurrent assets			
Restricted cash and cash equivalents	-	43,662	-
Capital assets			
Land	15,600	28,700	1,800
Buildings and improvements	2,203,917	3,696,038	2,274,656
Machinery and equipment	168,992	129,440	109,842
Less: accumulated depreciation	<u>(1,296,850)</u>	<u>(1,940,029)</u>	<u>(687,090)</u>
Total noncurrent assets	<u>1,091,659</u>	<u>1,957,811</u>	<u>1,699,208</u>
Total assets	<u>1,121,061</u>	<u>2,286,230</u>	<u>1,728,596</u>
DEFERRED OUTFLOWS OF RESOURCES			
Employer contributions subsequent to the measurement date			
	<u>4,640</u>	<u>5,391</u>	<u>2,776</u>
Total deferred outflows of resources	<u>4,640</u>	<u>5,391</u>	<u>2,776</u>
Total assets and deferred outflows of resources	<u>\$ 1,125,701</u>	<u>\$ 2,291,621</u>	<u>\$ 1,731,372</u>

The accompanying notes are an integral part of these financial statements

<u>Business-Type Activities-Enterprise Funds</u>		<u>Total Enterprise Funds</u>
<u>Ambulance Fund</u>	<u>Solid Waste Fund</u>	
\$ 216,287	\$ 24,413	\$ 508,427
-	-	65,448
20,887	18,090	93,011
237,174	42,503	666,886
-	-	43,662
-	-	46,100
-	-	8,174,611
7,089	-	415,363
(6,267)	-	(3,930,236)
822	-	4,749,500
237,996	42,503	5,416,386
8,111	-	20,918
8,111	-	20,918
<u>\$ 246,107</u>	<u>\$ 42,503</u>	<u>\$ 5,437,304</u>

STATE OF NEW MEXICO

Village of Fort Sumner

Statement of Net Position

Proprietary Funds

June 30, 2015

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Airport Fund
LIABILITIES			
Current liabilities			
Accounts payable	\$ 523	\$ 3,936	\$ 255
Meter deposits payable	-	43,662	-
Accrued liabilities	2,064	3,014	1,322
Accrued interest	1,050	7,442	-
Compensated absences, short term	1,764	3,106	1,303
Current portion of long term debt	6,000	60,921	-
Total current liabilities	<u>11,401</u>	<u>122,081</u>	<u>2,880</u>
Noncurrent liabilities			
Long term debt - net of current portion	259,100	289,620	-
Net pension liability	40,181	47,487	23,743
Total noncurrent liabilities	<u>299,281</u>	<u>337,107</u>	<u>23,743</u>
Total liabilities	<u>310,682</u>	<u>459,188</u>	<u>26,623</u>
DEFERRED INFLOWS OF RESOURCES			
Change in assumptions	27	32	17
Net difference between expected and actual earnings	15,720	18,578	9,289
Total defeffed inflows of resources	<u>15,747</u>	<u>18,610</u>	<u>9,306</u>
NET POSITION			
Net investment in capital assets	826,559	1,563,608	1,699,208
Unrestricted	(27,287)	250,215	(3,765)
Total net position	<u>799,272</u>	<u>1,813,823</u>	<u>1,695,443</u>
Total liabilities and net position	<u>\$ 1,125,701</u>	<u>\$ 2,291,621</u>	<u>\$ 1,731,372</u>

The accompanying notes are an integral part of these financial statements

<u>Business-Type Activities-Enterprise Funds</u>		
<u>Ambulance Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>
\$ 24,279	\$ 15,138	\$ 44,131
-	-	43,662
5,992	-	12,392
-	-	8,492
3,700	-	9,873
-	-	66,921
<u>33,971</u>	<u>15,138</u>	<u>185,471</u>
-	-	548,720
<u>71,230</u>	<u>-</u>	<u>182,641</u>
<u>71,230</u>	<u>-</u>	<u>731,361</u>
<u>105,201</u>	<u>15,138</u>	<u>916,832</u>
48	-	124
<u>27,867</u>	<u>-</u>	<u>71,454</u>
<u>27,915</u>	<u>-</u>	<u>71,578</u>
822	-	4,090,197
<u>112,169</u>	<u>27,365</u>	<u>358,697</u>
<u>112,991</u>	<u>27,365</u>	<u>4,448,894</u>
<u>\$ 246,107</u>	<u>\$ 42,503</u>	<u>\$ 5,437,304</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, 2015

	Business-Type Activities-Enterprise Funds		
	Sewer Fund	Water Fund	Airport Fund
<i>Operating revenues</i>			
Charges for services	\$ 97,539	\$ 267,634	\$ 47,187
Miscellaneous	-	3,963	-
<i>Total operating revenues</i>	<u>97,539</u>	<u>271,597</u>	<u>47,187</u>
<i>Operating expenses</i>			
Current:			
Personnel services	57,333	74,636	42,496
Power and fuel	11,405	18,299	4,560
General insurance	-	9,657	6,460
Purchased services	31,143	-	-
Other operating expenses	19,516	69,616	14,185
Depreciation	43,892	87,070	71,185
<i>Total operating expenses</i>	<u>163,289</u>	<u>259,278</u>	<u>138,886</u>
<i>Operating income (loss)</i>	<u>(65,750)</u>	<u>12,319</u>	<u>(91,699)</u>
<i>Non-operating revenues (expenses)</i>			
Interest income	15	449	-
Interest expense	(13,798)	(22,400)	-
<i>Total non-operating revenues (expenses)</i>	<u>(13,783)</u>	<u>(21,951)</u>	<u>-</u>
<i>Income (loss) before contributions and transfers</i>	(79,533)	(9,632)	(91,699)
Government contributions	-	-	-
Transfers in (out)	40,000	6,193	20,000
<i>Change in net position</i>	(39,533)	(3,439)	(71,699)
<i>Net position - beginning of year</i>	893,057	1,881,378	1,799,200
<i>Prior period restatement (Note 16)</i>	(54,252)	(64,116)	(32,058)
<i>Net assets - beginning of year as restated</i>	<u>838,805</u>	<u>1,817,262</u>	<u>1,767,142</u>
<i>Net position - end of year</i>	<u>\$ 799,272</u>	<u>\$ 1,813,823</u>	<u>\$ 1,695,443</u>

The accompanying notes are an integral part of these financial statements

<u>Business-Type Activities-Enterprise Funds</u>		
<u>Ambulance Fund</u>	<u>Solid Waste Fund</u>	<u>Total Enterprise Funds</u>
\$ 201,670	\$ 194,084	\$ 808,114
-	-	3,963
<u>201,670</u>	<u>194,084</u>	<u>812,077</u>
135,331	-	309,796
18,389	-	52,653
-	-	16,117
15,457	-	46,600
119,747	185,835	408,899
147	-	202,294
<u>289,071</u>	<u>185,835</u>	<u>1,036,359</u>
<u>(87,401)</u>	<u>8,249</u>	<u>(224,282)</u>
-	-	464
<u>-</u>	<u>-</u>	<u>(36,198)</u>
<u>-</u>	<u>-</u>	<u>(35,734)</u>
<u>(87,401)</u>	<u>8,249</u>	<u>(260,016)</u>
46,667	-	46,667
<u>-</u>	<u>-</u>	<u>66,193</u>
<u>(40,734)</u>	<u>8,249</u>	<u>(147,156)</u>
249,898	19,116	4,842,649
<u>(96,173)</u>	<u>-</u>	<u>(246,599)</u>
<u>153,725</u>	<u>19,116</u>	<u>4,596,050</u>
<u>\$ 112,991</u>	<u>\$ 27,365</u>	<u>\$ 4,448,894</u>

STATE OF NEW MEXICO

Village of Fort Sumner

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Airport Fund</u>
<i>Cash flows from operating activities:</i>			
Receipts from customers and users	\$ 121,543	\$ 264,324	\$ 45,519
Payments to suppliers	(65,488)	(95,882)	(26,418)
Payments to employees	(61,363)	(77,663)	(44,053)
<i>Net cash provided (used)</i>			
<i>by operating activities</i>	<u>(5,308)</u>	<u>90,779</u>	<u>(24,952)</u>
Cash flows from noncapital financing activities:			
Interfund activity	<u>40,000</u>	<u>6,193</u>	<u>20,000</u>
<i>Net cash provided (used) by noncapital financing activities</i>	<u>40,000</u>	<u>6,193</u>	<u>20,000</u>
<i>Cash flows from capital and related financing activities:</i>			
Acquisitions and construction of capital assets	-	(21,752)	-
Principal paid on capital debt	(6,000)	(60,573)	-
Interest paid on capital debt	(13,798)	(22,400)	-
Intergovernmental	-	-	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(19,798)</u>	<u>(104,725)</u>	<u>-</u>
<i>Cash flows from investing activities:</i>			
Interest income	<u>15</u>	<u>449</u>	<u>-</u>
<i>Net cash provided (used) by investing activities</i>	<u>15</u>	<u>449</u>	<u>-</u>
<i>Net increase (decrease) in cash and cash equivalents, restricted cash and cash equivalents, and investments</i>	<u>\$ 14,909</u>	<u>\$ (7,304)</u>	<u>\$ (4,952)</u>

The accompanying notes are an integral part of the financial statements

<u>Business-Type Activities-Enterprise Funds</u>		
<u>Ambulance Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
\$ 215,207	\$ 192,348	\$ 838,941
(133,052)	(185,761)	(506,601)
(139,122)	-	(322,201)
<u>(56,967)</u>	<u>6,587</u>	<u>10,139</u>
-	-	66,193
-	-	66,193
-	-	(21,752)
-	-	(66,573)
-	-	(36,198)
<u>46,667</u>	<u>-</u>	<u>46,667</u>
<u>46,667</u>	<u>-</u>	<u>(77,856)</u>
-	-	464
-	-	464
<u>\$ (10,300)</u>	<u>\$ 6,587</u>	<u>\$ (1,060)</u>

STATE OF NEW MEXICO

Village of Fort Sumner
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2015

Business-Type Activities - Enterprise Funds

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Airport Fund</u>
Net increase (decrease) in cash and cash equivalents, restricted cash and cash equivalents, and investments from previous page	\$ 14,909	\$ (7,304)	\$ (4,952)
Cash and cash equivalents, restricted cash and cash equivalents, and investments-beginning of year	<u>3,760</u>	<u>337,752</u>	<u>32,672</u>
Cash and cash equivalents, restricted cash and cash equivalents, and investments-end of year	<u>\$ 18,669</u>	<u>\$ 330,448</u>	<u>\$ 27,720</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ (65,750)	\$ 12,319	\$ (91,699)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	43,892	87,070	71,185
Net Pension Expense	(2,964)	(3,410)	(1,785)
(Increase) decrease in:			
Accounts receivable	24,004	(7,273)	(1,668)
Increase (decrease) in:			
Accounts payable	(3,424)	1,690	(1,213)
Accrued expenses	(576)	1,180	(36)
Compensated absences	(490)	(797)	264
<i>Net cash provided (used) by operating activities</i>	<u>\$ (5,308)</u>	<u>\$ 90,779</u>	<u>\$ (24,952)</u>
Cash and cash equivalents, restricted cash and cash equivalents, and investments:			
Cash and cash equivalents	\$ 16,490	\$ 223,517	\$ 27,720
Restricted cash and cash equivalents	-	43,662	-
Investments	<u>2,179</u>	<u>63,269</u>	<u>-</u>
Total cash and temporary investments	<u>\$ 18,669</u>	<u>\$ 330,448</u>	<u>\$ 27,720</u>

The accompanying notes are an integral part of the financial statements

<u>Business-Type Activities-Enterprise Funds</u>		
<u>Ambulance Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
\$ (10,300)	\$ 6,587	\$ (1,060)
<u>226,587</u>	<u>17,826</u>	<u>618,597</u>
<u>\$ 216,287</u>	<u>\$ 24,413</u>	<u>\$ 617,537</u>
\$ (87,401)	\$ 8,249	\$ (224,282)
147	-	202,294
(5,139)	-	(13,298)
13,537	(1,736)	26,864
20,541	74	17,668
1,548	-	2,116
<u>(200)</u>	<u>-</u>	<u>(1,223)</u>
<u>\$ (56,967)</u>	<u>\$ 6,587</u>	<u>\$ 10,139</u>
\$ 216,287	\$ 24,413	\$ 508,427
-	-	43,662
<u>-</u>	<u>-</u>	<u>65,448</u>
<u>\$ 216,287</u>	<u>\$ 24,413</u>	<u>\$ 617,537</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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, 2015, the Village adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* (“GASB 68”), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity

At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

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, though 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.

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*.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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*.

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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.

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, 2015

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.

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.

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.

STATE OF NEW MEXICO
 Village of Fort Sumner
 Notes to the Financial Statements
 June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Receivables and Payables: (Continued)

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.

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

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2015, along with the applicable PERA and Retiree Health Care.

Deferred Outflows of Resources: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Village has one type of item that qualifies for reporting in this category in both the governmental and business-type activities. Accordingly, the item – employer contributions subsequent to measurement date has been reported as a deferred outflow of resources in the amount of \$28,848 and \$20,918, respectively. This amount is reported in the Statement of Net Position, and will directly reduce the net pension liability in the next fiscal year.

Deferred Inflow of Resources: In addition to liabilities, the Statement of Net Position 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 two types of deferred inflows present on the Statement of Net Position for both the governmental and business-type activities, which arise due to the implementation of GASB 68 and the related net pension liability. Accordingly, the items, net difference between projected and actual investment earnings on pension plan investments of \$169,996 and change in assumptions of \$294, are reported on the Statement of Net Position. These amounts are reported as a deferred inflow and amortized into pension expense over the average remaining service life of employees.

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 as of the employee's hire date anniversary.

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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, 2015, the Village has presented \$-0- in nonspendable fund balance.

Restricted and Committed Fund Balance: At June 30, 2015, the Village has presented restricted fund balance on the governmental funds balance sheet in the amount of \$8,856 for fire departments; \$25,312 for public safety; \$198,768 for cultural, \$64,874 for healthcare, \$11,625 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 page 20.

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 \$61,536.

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 39 and 71.
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, 2015

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 sewer, water, ambulance, solid waste receivables and net pension liability.

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, 2015

NOTE 2. Stewardship, Compliance and Accountability (continued)

Budgetary Information (continued)

The appropriated budget for the year ended June 30, 2015 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 -	
	<u>Original Budget</u>	<u>Final Budget</u>
Budgeted Funds:		
General Fund	<u>\$ (68,986)</u>	<u>\$ -</u>
Senior Citizen's Special Revenue Fund	<u>\$ -</u>	<u>\$ (33,994)</u>
Nonmajor Governmental Funds	<u>\$ (71,967)</u>	<u>\$ (144,469)</u>
Sewer Enterprise Fund	<u>\$ (9,173)</u>	<u>\$ (10,777)</u>
Water Enterprise Fund	<u>\$ 736</u>	<u>\$ 2,136</u>
Airport Enterprise Fund	<u>\$ (4,941)</u>	<u>\$ (15,472)</u>
Ambulance Enterprise Fund	<u>\$ -</u>	<u>\$ (34,049)</u>
Solid Waste Enterprise Fund	<u>\$ 20,000</u>	<u>\$ 5,836</u>

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, 2015 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, 2015

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, 2015.

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 collateralization 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.

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 Federal Deposit Insurance Corporation (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, 2015, \$1,637,743 of the Village's bank balance of \$1,887,743 was exposed to custodial credit risk. \$1,637,743 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, 2015

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits (continued)

	<u>Citizens Bank of Clovis</u>
Year ended June 30, 2015	
Total amount of deposits	\$ 1,887,743
FDIC Coverage	<u>(250,000)</u>
Total uninsured public funds	1,637,743
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Village's name.	<u>\$ 1,637,743</u>
Uninsured and uncollateralized	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ 818,872
Pledged securities	<u>2,591,773</u>
Over (under) collateralization	<u>\$ 1,772,902</u>

The collateral pledged is listed on Schedule III 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

Cash and cash equivalents per Exhibit A-1	\$ 1,622,404
Restricted cash and cash equivalents per Exhibit A-1	53,432
Investments per Exhibit A-1 (savings accounts and time deposits)	155,547
Restricted investments per Exhibit A-1 (savings accounts and time deposits)	40,000
Add: outstanding checks and other reconciling items	27,541
Less: deposits in transit and reconciling items	(1,261)
Less: NMFA reserve accounts	(9,770)
Less: cash on hand	(150)
Bank balance of deposits	<u>\$ 1,887,743</u>

As of June 30, 2015, the Village had the following investments and maturities:

Investment Type	Rating ¹	Fair Value	Maturity
Certificate of Deposit	Unrated	40,000	Less than 180 days
Citizens Bank of Clovis Savings Account	Unrated	37,304	
Citizens Bank of Clovis Savings Account	Unrated	52,795	
Citizens Bank of Clovis Money Market	Unrated	2,179	
Citizens Bank of Clovis Money Market	Unrated	<u>63,269</u>	
Total		<u>\$ 195,547</u>	

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

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 4. Receivables and Payables

Receivables as of June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Senior Citizen's Special Revent Fund	Nonmajor Funds	Total
Governmental activities:				
State of New Mexico:				
Gross receipts tax	\$ 64,587	\$ -	-	\$ 64,587
Other tax	2,536	-	7,390	9,926
Lodger's tax	-	-	2,818	2,818
Total governmental	<u>\$ 67,123</u>	<u>\$ -</u>	<u>\$ 10,208</u>	<u>\$ 77,331</u>

	Sewer Fund	Water Fund	Airport Fund	Ambulance Fund	Solid Waste Fund	Total
Business-type activities:						
From customers:	\$ 11,008	\$ 42,512	\$ 1,668	\$ 30,818	\$ 18,824	\$ 104,830
Allowance for uncollectible amounts	(275)	(879)	-	(9,931)	(734)	(11,819)
Total business-type	<u>\$ 10,733</u>	<u>\$ 41,633</u>	<u>\$ 1,668</u>	<u>\$ 20,887</u>	<u>\$ 18,090</u>	<u>\$ 93,011</u>

Payables as of June 30, 2015, are as follows:

Governmental activities:	<u>Governmental activities</u>
Payable to suppliers	\$ 44,914
Payable to and on behalf of employees	28,715
Payable for interest	351
	<u>\$ 73,980</u>
Business-type activities:	<u>Business-type</u>
Payable to suppliers	\$ 44,131
Payable to and on behalf of employees	22,265
Payable for interest	8,492
	<u>\$ 74,888</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 5. Interfund Receivables, Payables, and Transfers

Net operating transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Senior Fund	General Fund	\$ 85,783
Recreation Special Revenue Fund	Fire Fund	9,445
DWI Grant Fund	General Fund	6,924
DWI Grant Fund	Fire Fund	397
Water Fund	Fire Fund	6,193
Airport Fund	General Fund	20,000
Sewer Fund	General Fund	40,000
		<u>\$ 168,742</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, 2015. Some funds were borrowed while waiting on grant reimbursements. There were no individual funds that had a negative cash balance as of June 30, 2015.

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015 follows. Land and construction in process are not subject to depreciation.

	Balance June 30, 2014	Additions and Transfers in	Deletions and Transfers Out	Balance June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 36,701	\$ 14,106	\$ -	\$ 50,807
Total capital assets not being depreciated	36,701	14,106	-	50,807
Capital assets being depreciated:				
Buildings and improvements	2,727,058	-	-	2,727,058
Machinery and equipment	1,495,989	-	-	1,495,989
Infrastructure	5,462,712	8,029	-	5,470,741
Total capital assets being depreciated	9,685,759	8,029	-	9,693,788
Total capital assets	9,722,460	22,135	-	9,744,595
Less accumulated depreciation:				
Buildings and improvements	1,532,076	64,812	-	1,596,888
Machinery and equipment	633,465	78,607	-	712,072
Infrastructure	2,158,634	235,055	-	2,393,689
Total accumulated depreciation	4,324,175	378,474	-	4,702,649
Total capital assets, net of depreciation	\$ 5,398,285	\$ (356,339)	\$ -	\$ 5,041,946

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2015 was charged to the governmental activities as follows:

General government	\$ 76,914
Public safety	57,074
Public works	212,058
Public health and welfare	10,532
Culture and recreation	21,896
Total	\$ 378,474

	Balance June 30, 2014	Additions and Transfers in	Deletions and Transfers Out	Balance June 30, 2015
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	8,174,611	-	-	8,174,611
Machinery and equipment	393,611	21,752	-	415,363
Total capital assets being depreciated	8,568,222	21,752	-	8,589,974
Total capital assets	8,614,322	21,752	-	8,636,074
Less accumulated depreciation:				
Buildings and improvements	3,503,628	179,399	-	3,683,027
Machinery and equipment	224,314	22,895	-	247,209
Total accumulated depreciation	3,727,942	202,294	-	3,930,236
Total capital assets, net of depreciation	\$ 4,886,380	\$ (180,542)	\$ -	\$ 4,705,838

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, 2015, for each fund are as follows:

Sewer Fund	\$ 1,091,659
Water Fund	1,914,149
Airport Fund	1,699,208
Ambulance Fund	822
Total	\$ 4,705,838

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 6. Capital Assets (continued)

Depreciation expense for the year ended June 30, 2015 was charged to business-type activities as follows:

Sewer Fund	\$ 43,892
Water Fund	87,070
Airport Fund	71,185
Ambulance Fund	147
Total	\$ 202,294

NOTE 7. Long-Term Debt

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Governmental activities					
Loan - Fire Pumper Truck	\$ 105,709	\$ -	\$ 25,341	\$ 80,368	\$ 25,341
Compensated absences	12,144	2,527	6,825	7,846	7,846
	\$ 117,853	\$ 2,527	\$ 32,166	\$ 88,214	\$ 33,187
Business-type activities					
Bonds - Water	\$ 286,000	\$ -	\$ 21,000	\$ 265,000	\$ 21,000
Loans - Water	125,114	-	39,573	85,541	39,921
Bonds - Sewer	271,100	-	6,000	265,100	6,000
Compensated absences	11,096	3,911	5,134	9,873	9,873
	\$ 693,310	\$ 3,911	\$ 71,707	\$ 625,514	\$ 76,794

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, 2015 were \$73,982 and of that amount, \$28,348 was used for the current year loan payment.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-Term Debt (continued)

The annual requirements to amortize the outstanding loan as of June 30, 2015, including interest payments are as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 25,341	\$ 1,574	28,351
2017	\$ 26,777	\$ 806	28,354
2018	\$ 28,250	\$ 4,687	85,055
Total	<u>\$ 80,368</u>	<u>\$ 7,067</u>	<u>\$ 141,760</u>

Business-type activities:

The bonds and notes payable for the business-type activities as of June 30, 2015 are comprised of the following:

NMFA Water Loan – 4.2% - 5.5% loan payable in monthly installments of approximately \$3,900 for principal and interest, through April 2017.	\$ 85,541
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.	108,000
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.	265,100
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.	157,000
	<u>615,641</u>
Less current portion	<u>(66,921)</u>
	<u>\$ 548,720</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, 2015. Review of debt instruments and confirmations for ending balances denoted no compliance issues.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 7. Long-Term Debt (continued)

The annual requirements to amortize the bonds and loans outstanding as of June 30, 2015, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
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	29,000	19,545	48,545
2021-2025	108,000	84,160	192,160
2026-2030	92,000	62,130	154,130
2031-2036	116,000	37,580	153,580
2037-2039	83,448	8,110	91,558
Total	<u>\$ 615,641</u>	<u>\$ 312,593</u>	<u>\$ 928,234</u>

Compensated Absences - Employees of the Village are able to accrue a limited amount of vacation. During fiscal year June 30, 2015, compensated absences for general government decreased by \$4,298 and for business-like activities decreased by \$1,223. Compensated accrued absences have historically been liquidated through the general fund. See Note 1 for more details.

NOTE 8. Risk Management

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

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

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

The New Mexico Self-Insurers' Fund charges a "premium" to the Village to cover expenses of the Fund (including, but not limited to, reinsurance expenses, claims adjusting, rating, and underwriting, safety and loss control, reporting, and administration). This "premium" is equal to 20% of the earned normal premium, which is based on a percentage of the Village's current payroll. Additionally, the "premium" charge includes a factor for recent actual claims experience.

The Village continues to carry commercial insurance for all other risks.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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

General Information about the Pension Plan

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Village of Fort Sumner are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage option that applies to the Village of Fort Sumner is the Municipal General Division. Statutorily required contributions to the pension plan from the Village of Fort Sumner were \$49,766 and there were no employee paid member benefits that were “picked up” by the employer for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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

General Information about the Pension Plan (continued)

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village of Fort Sumner's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Municipal General Division, at June 30, 2015, the Village of Fort Sumner reported a liability of \$434,520 for its proportionate share of the net pension liability. At June 30, 2014, the Village of Fort Sumner's proportion was .0557% percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village of Fort Sumner recognized PERA Fund Municipal General Division pension expense of \$18,128. At June 30, 2015, the Village of Fort Sumner reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

Municipal General Division

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ 294
Net difference between expected and actual earnings on pension plan investments	-	169,996
Employer contributions subsequent to the measurement date	49,766	-
	\$ 49,766	\$ 170,290

\$49,766 reported as deferred outflows of resources related to pensions resulting from the Village of Fort Sumner's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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

General Information about the Pension Plan (continued)

Municipal General Division

Year ended June 30:	
2016	\$ (42,572)
2017	(42,572)
2018	(42,572)
2019	(42,572)
2020	(1)
Thereafter	(1)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	100.00%	

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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

General Information about the Pension Plan (continued)

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the Village of Fort Sumner's net pension liability in the PERA Fund Division that the Village of Fort Sumner participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Village of Fort Sumner's proportionate share of the net pension liability	\$ 819,167	\$ 434,520	\$ 137,361

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. There were no amounts owed to PERA at June 30, 2015. Contractually required contributions are remitted to PERA monthly for the previous month's withholdings. Accrued payroll includes the employer's portion of retirement contributions related to employee services rendered as of June 30, 2015 but paid in July 2015.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and 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, 2015, 2014 and 2013 were \$9,193, \$8,368, and \$8,649, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

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, 2015:

Recreation Fund	\$ (349)
DWI Grant Fund	(5,515)

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.

Sewer Enterprise Fund	\$ (5,406)
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C. Designated cash appropriations exceeded prior year available balances.

None

NOTE 12. Contingent Liabilities

The Village is party to various claims and lawsuits arising in the normal course of business. The Village continues to carry commercial insurance to help mitigate these risks. In the opinion of management, the outcome of these matters will not have a material effect on the financial position of the Village.

NOTE 13. Federal and State Grants

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

NOTE 14. Concentrations

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

NOTE 15. Subsequent Events

The date to which events occurring after June 30, 2015, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is December 7, 2015, which is the date on which the financial statements were available to be issued.

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STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2015

NOTE 16. Net Position Restatement

The Village has a prior period adjustment of (\$340,083) and (\$246,599) for governmental activities and business-type, respectively which was required for implementation of GASB Statement No. 68. The adjustment reflects a beginning net pension liability of (\$628,054) and a beginning of deferred outflow of resources- employer contributions subsequent to the measurement date of \$49,766.

NOTE 17. Subsequent Pronouncements

In February 2015, GASB Statement No. 72 *Fair Value Measurement and Application*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Village will implement this standard during the fiscal year ended June 30, 2016. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Village is still evaluating how this pronouncement will affect the Village.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the Village's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Village expects this pronouncement to have a material effect on the financial statements.

In June 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The Village will implement this standard during the fiscal year ended June 30, 2016. The Village is still evaluating how this pronouncement will affect the Village.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Village will implement this standard during the fiscal year ended June 30, 2017. The Village is still evaluating how this pronouncement will effect the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Schedule I

Village of Fort Sumner

Schedule of the Village's Proportionate Share of the Net Pension Liability of PERA Fund Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years*

	2015 Measurement Date (As of and for the year ended June 30, 2014)
Village of Fort Sumner's proportion of the net pension liability	0.0557%
Village of Fort Sumner's proportionate share of the net pension liability	\$ 434,520
Village of Fort Sumner's covered-employee payroll	\$ 416,644
Village of Fort Sumner's proportionate share of the net pension liability as a percentage of its covered-employee payroll	104.29%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Village of Fort Sumner will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Employer Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

Schedule II

	2015
Contractually required contribution	\$ 49,766
Contributions in relation to the contractually required contribution	(49,766)
Contribution deficiency (excess)	\$ -
Village of Fort Sumner's covered-employee payroll	\$ 458,281
Contributions as a percentage of covered-employee payroll	11%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Village of Fort Sumner will present information for those years for which information is available.

See independent auditors' report
See notes to required supplementary information

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STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Required Supplementary Information
June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at

http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at

http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf.

The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

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SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Village of Fort Sumner
Nonmajor Governmental Fund Descriptions
June 30, 2015

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.

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

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.

Gas Tax Fund – To account for the receipts and expenditures of special gasoline tax which is restricted for use in repairing and maintaining roads and streets within the municipality. The fund was created by state statute NMSA 7-1-6.27.

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, 2015

	Special Revenue Funds			
	Environmental Tax Fund	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 10,175	\$ 37,364	\$ 8,856	\$ 25,312
Restricted cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Restricted investments	-	-	-	-
Receivables				
Taxes	1,450	-	-	-
<i>Total current assets</i>	<u>11,625</u>	<u>37,364</u>	<u>8,856</u>	<u>25,312</u>
<i>Total assets</i>	<u>\$ 11,625</u>	<u>\$ 37,364</u>	<u>\$ 8,856</u>	<u>\$ 25,312</u>
<i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-
<i>Total current liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Spendable				
Restricted for:				
Fire departments	-	-	8,856	-
Public safety	-	-	-	25,312
Cultural	-	-	-	-
Healthcare	-	37,364	-	-
Economic development	11,625	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>11,625</u>	<u>37,364</u>	<u>8,856</u>	<u>25,312</u>
<i>Total liabilities and fund balances</i>	<u>\$ 11,625</u>	<u>\$ 37,364</u>	<u>\$ 8,856</u>	<u>\$ 25,312</u>

The accompanying notes are an integral part of these financial statements

Special Revenue Funds

<u>Lodgers Tax Fund</u>	<u>Gas Tax Fund</u>	<u>Recreation Fund</u>	<u>DWI Grant Fund</u>	<u>County Ambulance Tax Fund</u>
\$ 28,938	\$ 29,397	\$ 5,461	\$ 572	\$ 9,051
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,818</u>	<u>2,901</u>	<u>-</u>	<u>-</u>	<u>3,039</u>
<u>31,756</u>	<u>32,298</u>	<u>5,461</u>	<u>572</u>	<u>12,090</u>
<u><u>\$ 31,756</u></u>	<u><u>\$ 32,298</u></u>	<u><u>\$ 5,461</u></u>	<u><u>\$ 572</u></u>	<u><u>\$ 12,090</u></u>
\$ 3,504	\$ 1,075	\$ 928	\$ 6,087	\$ 1,346
-	-	4,882	-	-
<u>3,504</u>	<u>1,075</u>	<u>5,810</u>	<u>6,087</u>	<u>1,346</u>
-	-	-	-	-
-	-	-	-	-
28,252	31,223	-	-	-
-	-	-	-	10,744
-	-	-	-	-
-	-	-	-	-
-	-	(349)	(5,515)	-
<u>28,252</u>	<u>31,223</u>	<u>(349)</u>	<u>(5,515)</u>	<u>10,744</u>
<u><u>\$ 31,756</u></u>	<u><u>\$ 32,298</u></u>	<u><u>\$ 5,461</u></u>	<u><u>\$ 572</u></u>	<u><u>\$ 12,090</u></u>

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STATE OF NEW MEXICO
Village of Fort Sumner
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

Statement A-1
(Page 2 of 2)

	Special Revenue Funds		Capital Projects Fund	Total
	PIT Canteen Fund	Cemetery Fund	CDBG Capital Projects Fund	
<i>Assets</i>				
Cash and cash equivalents	\$ 4,084	\$ 5,110	\$ 100	\$ 164,420
Restricted cash and cash equivalents	-	-	-	-
Investments	-	90,099	-	90,099
Restricted investments	-	40,000	-	40,000
Receivables				
Taxes	-	-	-	10,208
<i>Total current assets</i>	4,084	135,209	100	304,727
<i>Total assets</i>	\$ 4,084	\$ 135,209	\$ 100	\$ 304,727
<i>Liabilities and Fund Balance</i>				
<i>Current liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 12,940
Accrued expenses	-	-	-	4,882
<i>Total current liabilities</i>	-	-	-	17,822
<i>Fund balances</i>				
<i>Spendable</i>				
<i>Restricted for:</i>				
Fire departments	-	-	-	8,856
Public safety	-	-	-	25,312
Cultural	4,084	135,209	-	198,768
Healthcare	-	-	-	48,108
Economic development	-	-	-	11,625
Capital projects	-	-	100	100
Unassigned	-	-	-	(5,864)
<i>Total fund balances</i>	4,084	135,209	100	286,905
<i>Total liabilities and fund balances</i>	\$ 4,084	\$ 135,209	\$ 100	\$ 304,727

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, 2015

	Special Revenue Funds			
	Environmental Tax Fund	Emergency Medical Services Fund	Fire Fund	Law Enforcement Protection Fund
<i>Revenues</i>				
Taxes				
Gross receipts taxes	\$ 9,474	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Cigarette taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Intergovernmental income				
Federal capital grants	-	-	-	-
State operating grants	-	16,254	73,982	20,000
Charges for services	-	-	-	-
Interest	-	-	2	-
Miscellaneous	-	-	50	-
<i>Total revenues</i>	<u>9,474</u>	<u>16,254</u>	<u>74,034</u>	<u>20,000</u>
<i>Expenditures</i>				
Current:				
Public safety	-	-	37,217	7,012
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	16,116	-	-
Economic development	6,766	-	-	-
Debt service:				
Principal	-	-	25,341	-
Interest	-	-	3,007	-
<i>Total expenditures</i>	<u>6,766</u>	<u>16,116</u>	<u>65,565</u>	<u>7,012</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,708</u>	<u>138</u>	<u>8,469</u>	<u>12,988</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	-
Transfers (out)	-	-	(16,035)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(16,035)</u>	<u>-</u>
<i>Net change in fund balances</i>	2,708	138	(7,566)	12,988
<i>Fund balance - beginning of year</i>	<u>8,917</u>	<u>37,226</u>	<u>16,422</u>	<u>12,324</u>
<i>Fund balance - end of year</i>	<u>\$ 11,625</u>	<u>\$ 37,364</u>	<u>\$ 8,856</u>	<u>\$ 25,312</u>

The accompanying notes are an integral part of these financial statements

Special Revenue Funds

Lodgers Tax Fund	Gas Tax Fund	Recreation Fund	DWI Grant Fund	County Ambulance Tax Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	15,294
-	20,704	-	-	-
-	18,950	-	-	-
29,501	-	-	-	-
-	-	-	-	-
-	-	-	93,743	5,000
-	-	13,063	-	-
-	-	-	-	-
-	180	3,005	-	-
<u>29,501</u>	<u>39,834</u>	<u>16,068</u>	<u>93,743</u>	<u>20,294</u>
-	-	-	114,775	-
-	38,020	-	-	-
32,503	-	48,707	-	-
-	-	-	-	17,380
-	-	-	-	-
-	-	-	-	-
<u>32,503</u>	<u>38,020</u>	<u>48,707</u>	<u>114,775</u>	<u>17,380</u>
<u>(3,002)</u>	<u>1,814</u>	<u>(32,639)</u>	<u>(21,032)</u>	<u>2,914</u>
-	-	9,445	7,321	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>9,445</u>	<u>7,321</u>	<u>-</u>
(3,002)	1,814	(23,194)	(13,711)	2,914
<u>31,254</u>	<u>29,409</u>	<u>22,845</u>	<u>8,196</u>	<u>7,830</u>
<u>\$ 28,252</u>	<u>\$ 31,223</u>	<u>\$ (349)</u>	<u>\$ (5,515)</u>	<u>\$ 10,744</u>

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STATE OF NEW MEXICO

Village of Fort Sumner

Statement A-2

(Page 2 of 2)

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2015

	Special Revenue Funds		Capital Projects Fund	Total
	PIT Canteen Fund	Cemetery Fund	CDBG Capital Projects Fund	
<i>Revenues</i>				
Taxes				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ 9,474
Franchise taxes	-	-	-	15,294
Motor vehicle and fuel taxes	-	-	-	20,704
Cigarette taxes	-	-	-	18,950
Lodger's taxes	-	-	-	29,501
Intergovernmental income				
Federal capital grants	-	-	9,644	9,644
State operating grants	-	-	-	208,979
Charges for services	4,687	2,748	-	20,498
Interest	-	1,181	-	1,183
Miscellaneous	-	7,332	-	10,567
<i>Total revenues</i>	<u>4,687</u>	<u>11,261</u>	<u>9,644</u>	<u>344,794</u>
<i>Expenditures</i>				
Current:				
Public safety	-	-	-	159,004
Public works	-	-	9,644	47,664
Culture and recreation	2,973	-	-	84,183
Public health and welfare	-	9,564	-	43,060
Economic development	-	-	-	6,766
Debt service:				
Principal	-	-	-	25,341
Interest	-	-	-	3,007
<i>Total expenditures</i>	<u>2,973</u>	<u>9,564</u>	<u>9,644</u>	<u>369,025</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,714</u>	<u>1,697</u>	<u>-</u>	<u>(24,231)</u>
<i>Other financing sources (uses)</i>				
Transfers in	-	-	-	16,766
Transfers (out)	-	-	-	(16,035)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>731</u>
<i>Net change in fund balances</i>	<u>1,714</u>	<u>1,697</u>	<u>-</u>	<u>(23,500)</u>
<i>Fund balance - beginning of year</i>	<u>2,370</u>	<u>133,512</u>	<u>100</u>	<u>310,405</u>
<i>Fund balance - end of year</i>	<u>\$ 4,084</u>	<u>\$ 135,209</u>	<u>\$ 100</u>	<u>\$ 286,905</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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ 9,500	\$ 9,500	\$ 9,529	\$ 29
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>9,500</u>	<u>9,500</u>	<u>9,529</u>	<u>29</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	9,500	9,500	6,766	2,734
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>9,500</u>	<u>9,500</u>	<u>6,766</u>	<u>2,734</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,763</u>	<u>2,763</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>	-	-	2,763	2,763
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>7,412</u>	<u>7,412</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,175</u>	<u>\$ 10,175</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 2,763	
Adjustments to revenue for other receivables			(55)	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 2,708</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, 2015

	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	-	-	-	-
Charges for services	-	-	-	-
State and county grants	15,000	16,254	16,254	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>15,000</u>	<u>16,254</u>	<u>16,254</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	15,000	16,222	16,222	-
Economic development	-	-	-	-
Capital outlay	-	32	32	-
<i>Total expenditures</i>	<u>15,000</u>	<u>16,254</u>	<u>16,254</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>37,364</u>	<u>37,364</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)			\$ -	
No adjustments to revenue			-	
Adjustments to expenditures for accrued expenses			<u>138</u>	
Net change in fund balance (GAAP)			<u>\$ 138</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
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, 2015

Statement B-3

	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	-	-	-	-
Charges for services	-	-	-	-
State and county grants	45,634	45,634	73,982	28,348
Federal grants	-	-	-	-
Investment earnings	-	-	2	2
Miscellaneous	-	-	50	50
<i>Total revenues</i>	45,634	45,634	74,034	28,400
<i>Expenditures:</i>				
Current:				
Public safety	45,634	45,634	37,102	8,532
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	147	(147)
Debt service:				
Principal	25,341	25,341	25,341	-
Interest	3,007	3,007	3,007	-
<i>Total expenditures</i>	73,982	73,982	65,597	8,385
<i>Excess (deficiency) of revenues over expenditures</i>	(28,348)	(28,348)	8,437	36,785
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(28,348)	28,348	-	(28,348)
Transfers in	-	-	-	-
Transfers (out)	-	-	(16,035)	(16,035)
<i>Total other financing sources (uses)</i>	(28,348)	28,348	(16,035)	(44,383)
<i>Net change in fund balances</i>	-	-	(7,598)	(7,598)
<i>Fund balance - beginning of year</i>	-	-	16,454	16,454
<i>Fund balance - end of year</i>	\$ -	\$ -	\$ 8,856	\$ 8,856
Net change in fund balance (non-GAAP budgetary basis)			\$ (7,598)	
No adjustments to revenue			-	
Adjustments to expenditures for accounts payable and accrued payroll expenses			32	
Net change in fund balance (GAAP)			\$ (7,566)	

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
Law Enforcement Protection Special Revenue Fund
For the Year Ended June 30, 2015

	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	-	-	-	-
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:				
Public safety	32,323	32,323	7,012	25,311
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>32,323</u>	<u>32,323</u>	<u>7,012</u>	<u>25,311</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,323)</u>	<u>(12,323)</u>	<u>12,988</u>	<u>25,311</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	12,323	12,323	-	(12,323)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>12,323</u>	<u>12,323</u>	<u>-</u>	<u>(12,323)</u>
<i>Net change in fund balances</i>	-	-	12,988	12,988
<i>Fund balance - beginning of year</i>	-	-	12,324	12,324
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,312</u>	<u>\$ 25,312</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 12,988	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 12,988</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
Lodgers Tax Special Revenue Fund
For the Year Ended June 30, 2015

	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	28,000	28,000	29,068	1,068
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>28,000</u>	<u>28,000</u>	<u>29,068</u>	<u>1,068</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	26,000	30,500	30,416	84
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>26,000</u>	<u>30,500</u>	<u>30,416</u>	<u>84</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,000</u>	<u>(2,500)</u>	<u>(1,348)</u>	<u>1,152</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	2,000	2,500	-	(2,500)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>2,000</u>	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>
<i>Net change in fund balances</i>	-	-	(1,348)	(1,348)
<i>Fund balance - beginning of year</i>	-	-	30,286	30,286
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,938</u>	<u>\$ 28,938</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (1,348)	
Adjustments to revenue for accounts receivable			433	
Adjustments to expenditures for accounts payable			<u>(2,087)</u>	
Net change in fund balance (GAAP)			<u>\$ (3,002)</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
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ 19,000	\$ 19,000	\$ 19,060	\$ 60
Franchise taxes	-	-	-	-
Motor vehicle and fuel taxes	18,000	18,000	20,704	2,704
Lodger's taxes	-	-	-	-
Charges for services	-	-	-	-
State and county grants	62,809	62,809	62,809	-
Federal grants	150,000	150,000	149,954	(46)
Investment earnings	-	-	-	-
Miscellaneous	-	-	180	180
<i>Total revenues</i>	<u>249,809</u>	<u>249,809</u>	<u>252,707</u>	<u>2,898</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	25,300	37,672	37,672	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	224,509	266,694	266,694	-
<i>Total expenditures</i>	<u>249,809</u>	<u>304,366</u>	<u>304,366</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(54,557)</u>	<u>(51,659)</u>	<u>2,898</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	54,557	-	(54,557)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>54,557</u>	<u>-</u>	<u>(54,557)</u>
<i>Net change in fund balances</i>	-	-	(51,659)	(51,659)
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>81,056</u>	<u>81,056</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,397</u>	<u>\$ 29,397</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (51,659)	
Adjustments to revenue for other receivables			(212,873)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			<u>266,346</u>	
Net change in fund balance (GAAP)			<u>\$ 1,814</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
Recreation Special Revenue Fund
For the Year Ended June 30, 2015

	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	-	-	-	-
Charges for services	18,000	18,000	13,121	(4,879)
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	3,005	3,005
<i>Total revenues</i>	<u>18,000</u>	<u>18,000</u>	<u>16,126</u>	<u>(1,874)</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	56,000	56,009	50,718	5,291
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>56,000</u>	<u>56,009</u>	<u>50,718</u>	<u>5,291</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(38,000)</u>	<u>(38,009)</u>	<u>(34,592)</u>	<u>3,417</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	9	-	(9)
Transfers in	38,000	38,000	9,445	(28,555)
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>38,000</u>	<u>38,009</u>	<u>9,445</u>	<u>(28,564)</u>
<i>Net change in fund balances</i>	-	-	(25,147)	(25,147)
<i>Fund balance - beginning of year</i>	-	-	30,608	30,608
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,461</u>	<u>\$ 5,461</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (25,147)	
Adjustments to revenue for other receivables			(58)	
Adjustments to expenditures for accounts payable and accrued liabilities			<u>2,011</u>	
Net change in fund balance (GAAP)			<u>\$ (23,194)</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
DWI Grant Special Revenue Fund
For the Year Ended June 30, 2015

	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	-	-	-	-
Charges for services	-	-	-	-
State and county grants	97,695	97,698	95,183	(2,515)
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	800	2,245	2,245	-
<i>Total revenues</i>	<u>98,495</u>	<u>99,943</u>	<u>97,428</u>	<u>(2,515)</u>
<i>Expenditures:</i>				
Current:				
Public safety	97,291	111,389	111,389	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>97,291</u>	<u>111,389</u>	<u>111,389</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,204</u>	<u>(11,446)</u>	<u>(13,961)</u>	<u>(2,515)</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(1,204)	4,125	-	(4,125)
Transfers in	-	7,321	7,321	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,204)</u>	<u>11,446</u>	<u>7,321</u>	<u>(4,125)</u>
<i>Net change in fund balances</i>	-	-	(6,640)	(6,640)
<i>Fund balance - beginning of year</i>	-	-	7,212	7,212
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 572</u>	<u>\$ 572</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ (6,640)	
Adjustments to revenue for other receivables			(3,685)	
Adjustments to expenditures for accrued liabilities			<u>(3,386)</u>	
Net change in fund balance (GAAP)			<u>\$ (13,711)</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
County Ambulance Tax Special Revenue Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	17,500	17,500	16,922	(578)
Motor vehicle and fuel taxes	-	-	-	-
Lodger's taxes	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	5,000	5,000
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>17,500</u>	<u>17,500</u>	<u>21,922</u>	<u>4,422</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	14,000	17,086	17,086	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>14,000</u>	<u>17,086</u>	<u>17,086</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,500</u>	<u>414</u>	<u>4,836</u>	<u>4,422</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	(3,500)	(414)	-	414
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3,500)</u>	<u>(414)</u>	<u>-</u>	<u>414</u>
<i>Net change in fund balances</i>	7,000	-	4,836	4,836
<i>Fund balance - beginning of year</i>	-	-	4,215	4,215
<i>Fund balance - end of year</i>	<u>\$ 7,000</u>	<u>\$ -</u>	<u>\$ 9,051</u>	<u>\$ 9,051</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 4,836	
Adjustments to revenue for other receivables			(1,628)	
Adjustments to expenditures for accounts payable and accrued payroll expenses			<u>(294)</u>	
Net change in fund balance (GAAP)			<u>\$ 2,914</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
PIT Canteen Special Revenue Fund
For the Year Ended June 30, 2015

	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	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	2,000	3,000	4,687	1,687
<i>Total revenues</i>	<u>2,000</u>	<u>3,000</u>	<u>4,687</u>	<u>1,687</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,000	3,000	2,973	27
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>2,000</u>	<u>3,000</u>	<u>2,973</u>	<u>27</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	1,714	1,714
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	1,714	1,714
<i>Fund balance - beginning of year</i>	-	-	2,370	2,370
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,084</u>	<u>\$ 4,084</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,714	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 1,714</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual
Cemetery Special Revenue Fund
For the Year Ended June 30, 2015

	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	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	-	-	-	-
Investment earnings	-	-	1,181	1,181
Miscellaneous	6,000	12,000	10,080	(1,920)
<i>Total revenues</i>	<u>6,000</u>	<u>12,000</u>	<u>11,261</u>	<u>(739)</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	6,000	9,700	9,564	136
Economic development	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>6,000</u>	<u>9,700</u>	<u>9,564</u>	<u>136</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>2,300</u>	<u>1,697</u>	<u>(603)</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	(2,300)	-	2,300
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(2,300)</u>	<u>-</u>	<u>2,300</u>
<i>Net change in fund balances</i>	-	-	1,697	1,697
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>133,512</u>	<u>133,512</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,209</u>	<u>\$ 135,209</u>
Net change in fund balance (non-GAAP budgetary basis)			\$ 1,697	
No adjustments to revenue			-	
No adjustments to expenditures			-	
Net change in fund balance (GAAP)			<u>\$ 1,697</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

Village of Fort Sumner

Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non - GAAP Budgetary Basis) and Actual
CDBG Capital Projects Fund
For the Year Ended June 30, 2015

	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	-	-	-	-
Charges for services	-	-	-	-
State and county grants	-	-	-	-
Federal grants	447,643	9,644	9,644	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>447,643</u>	<u>9,644</u>	<u>9,644</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Public health and welfare	-	-	-	-
Economic development	-	-	-	-
Capital outlay	447,643	9,644	9,644	-
<i>Total expenditures</i>	<u>447,643</u>	<u>9,644</u>	<u>9,644</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<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

Statement B-13

Village of Fort Sumner

Statement of Revenues, Expenses and Changes in Net Position
 Budget (Non-GAAP Budgetary Basis) and Actual
 Sewer Enterprise Fund
 For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating Revenues:</i>				
Charges for services	\$ 126,500	\$ 126,500	\$ 121,543	\$ (4,957)
<i>Total operating revenues</i>	<u>126,500</u>	<u>126,500</u>	<u>121,543</u>	<u>(4,957)</u>
<i>Operating expenses:</i>				
Personnel services	66,249	61,155	61,280	(125)
Power and fuel	6,652	6,035	11,316	(5,281)
Purchased services	35,238	34,716	34,716	-
Other operating expenses	12,365	19,516	19,516	-
<i>Total operating expenses</i>	<u>120,504</u>	<u>121,422</u>	<u>126,828</u>	<u>(5,406)</u>
<i>Operating income (loss)</i>	<u>5,996</u>	<u>5,078</u>	<u>(5,285)</u>	<u>(10,363)</u>
<i>Non-operating revenues (expenses):</i>				
Interest income	-	-	15	15
Principal	(6,453)	(6,000)	(6,000)	-
Interest expense	(13,368)	(12,877)	(12,877)	-
<i>Total non-operating revenues (expenses)</i>	<u>(19,821)</u>	<u>(18,877)</u>	<u>(18,862)</u>	<u>15</u>
<i>Income (loss) before contributions and transfers</i>	<u>(13,825)</u>	<u>(13,799)</u>	<u>(24,147)</u>	<u>(10,348)</u>
Transfers in (out)	<u>20,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<i>Change in net position</i>	<u>\$ 6,175</u>	<u>\$ 26,201</u>	<u>15,853</u>	<u>\$ (10,348)</u>
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(43,892)	
Adjustments to revenues for accounts receivable accruals			(24,004)	
Adjustments to expenditures for accounts payable and payroll accruals			7,431	
Adjustment to interest expense for accrued interest			(921)	
Debt service principal payments			<u>6,000</u>	
<i>Change in net position per Exhibit D-2</i>			<u>(39,533)</u>	
<i>Net position - beginning of year</i>			893,057	
<i>Prior period restatement (Note 16)</i>			<u>(54,252)</u>	
<i>Net assets - beginning of year as restated</i>			<u>838,805</u>	
<i>Net position - end of year</i>			<u>\$ 799,272</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

Village of Fort Sumner

Statement of Revenues, Expenses and Changes in Net Position
 Budget (Non-GAAP Budgetary Basis) and Actual
 Water Enterprise Fund
 For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 280,000	\$ 280,000	\$ 260,361	\$ (19,639)
Miscellaneous	-	-	7,651	7,651
<i>Total operating revenues</i>	<u>280,000</u>	<u>280,000</u>	<u>268,012</u>	<u>(11,988)</u>
<i>Operating expenses:</i>				
Personnel services	79,238	77,354	77,355	(1)
Power and fuel	13,750	18,454	18,451	3
General insurance	9,657	9,657	9,657	-
Purchased services	5,000	-	-	-
Other operating expenses	58,194	72,487	71,653	834
<i>Total operating expenses</i>	<u>165,839</u>	<u>177,952</u>	<u>177,116</u>	<u>836</u>
<i>Operating income (loss)</i>	<u>114,161</u>	<u>102,048</u>	<u>90,896</u>	<u>(11,152)</u>
<i>Non-operating revenues (expenses):</i>				
Capital outlay	(30,161)	(21,752)	(21,752)	-
Interest income	-	-	640	640
Principal	(63,013)	(60,921)	(60,921)	-
Interest expense	(20,251)	(20,451)	(20,445)	6
<i>Total non-operating revenues (expenses)</i>	<u>(113,425)</u>	<u>(103,124)</u>	<u>(102,478)</u>	<u>646</u>
<i>Income (loss) before contributions and transfers</i>	736	(1,076)	(11,582)	(10,506)
Transfers in (out)	-	-	6,193	(6,193)
<i>Change in net position</i>	<u>\$ 736</u>	<u>\$ (1,076)</u>	<u>\$ (5,389)</u>	<u>\$ (16,699)</u>
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(87,070)	
Adjustments to revenues for accounts receivable accruals			3,394	
Adjustments to expenditures for accounts payable and payroll accruals			4,908	
Adjustment to interest expense for accrued interest			(1,955)	
Debt service principal payments			60,921	
Capital asset additions			21,752	
<i>Change in net position per Exhibit D-2</i>			(3,439)	
<i>Net position - beginning of year</i>			1,881,378	
<i>Prior period restatement (Note 16)</i>			(64,116)	
<i>Net assets - beginning of year as restated</i>			<u>1,817,262</u>	
<i>Net position - end of year</i>			<u>\$ 1,813,823</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

Village of Fort Sumner

Statement of Revenues, Expenses and Changes in Net Position
 Budget (Non-GAAP Budgetary Basis) and Actual
 Airport Enterprise Fund
 For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 35,000	\$ 35,000	\$ 45,519	\$ 10,519
<i>Total operating revenues</i>	<u>35,000</u>	<u>35,000</u>	<u>45,519</u>	<u>10,519</u>
<i>Operating expenses:</i>				
Personnel services	32,296	43,877	43,877	-
Power and fuel	650	4,721	4,720	1
General insurance	500	6,460	6,460	-
Purchased services	-	-	-	-
Other operating expenses	6,495	15,414	15,414	-
<i>Total operating expenses</i>	<u>39,941</u>	<u>70,472</u>	<u>70,471</u>	<u>1</u>
<i>Operating income (loss)</i>	<u>(4,941)</u>	<u>(35,472)</u>	<u>(24,952)</u>	<u>10,520</u>
<i>Non-operating revenues (expenses):</i>				
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>	<u>(4,941)</u>	<u>(35,472)</u>	<u>(24,952)</u>	<u>10,520</u>
Transfers in (out)	-	20,000	20,000	-
<i>Change in net position</i>	<u>\$ (4,941)</u>	<u>\$ (15,472)</u>	<u>\$ (4,952)</u>	<u>\$ 10,520</u>
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(71,185)	
Adjustments to revenues for accounts receivable accruals			1,668	
Adjustments to expenditures for accounts payable and payroll accruals			2,770	
<i>Change in net position per Exhibit D-2</i>			<u>(71,699)</u>	
<i>Net position - beginning of year</i>			1,799,200	
<i>Prior period restatement (Note 16)</i>			<u>(32,058)</u>	
<i>Net assets - beginning of year as restated</i>			<u>1,767,142</u>	
<i>Net position - end of year</i>			<u>\$ 1,695,443</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 170,000	\$ 200,000	\$ 215,207	\$ 15,207
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	<u>170,000</u>	<u>200,000</u>	<u>215,207</u>	<u>15,207</u>
<i>Operating expenses:</i>				
Personnel services	129,159	138,008	139,133	(1,125)
Power and fuel	6,400	21,389	18,389	3,000
Purchased services	24,000	15,751	15,751	-
Other operating expenses	50,441	98,901	98,901	-
<i>Total operating expenses</i>	<u>210,000</u>	<u>274,049</u>	<u>272,174</u>	<u>1,875</u>
<i>Operating income (loss)</i>	<u>(40,000)</u>	<u>(74,049)</u>	<u>(56,967)</u>	<u>17,082</u>
<i>Non-operating revenues (expenses):</i>				
Intergovernmental				
State operating grants	40,000	40,000	46,667	6,667
<i>Total non-operating revenues (expenses)</i>	<u>40,000</u>	<u>40,000</u>	<u>46,667</u>	<u>6,667</u>
<i>Income (loss) before contributions and transfers</i>	-	(34,049)	(10,300)	23,749
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	<u>\$ -</u>	<u>\$ (34,049)</u>	<u>(10,300)</u>	<u>\$ 23,749</u>
<i>Reconciliation to GAAP basis:</i>				
Depreciation			(147)	
Adjustments to revenues for accounts receivable accruals			(13,537)	
Adjustments to expenditures for accounts payable and payroll accruals			(16,750)	
<i>Change in net position per Exhibit D-2</i>			<u>(40,734)</u>	
<i>Net position - beginning of year</i>			249,898	
<i>Prior period restatement (Note 16)</i>			<u>(96,173)</u>	
<i>Net assets - beginning of year as restated</i>			<u>153,725</u>	
<i>Net position - end of year</i>			<u>\$ 112,991</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Statement B-17

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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable) Final to Actual</u>
<i>Operating revenues:</i>				
Charges for services	\$ 100,000	\$ 199,736	\$ 192,348	\$ (7,388)
Miscellaneous	-	-	-	-
<i>Total operating revenues</i>	<u>100,000</u>	<u>199,736</u>	<u>192,348</u>	<u>(7,388)</u>
<i>Operating expenses:</i>				
Personnel services	-	-	-	-
Power and fuel	-	-	-	-
General insurance	-	-	-	-
Purchased services	-	-	-	-
Other operating expenses	80,000	193,900	185,761	8,139
<i>Total operating expenses</i>	<u>80,000</u>	<u>193,900</u>	<u>185,761</u>	<u>8,139</u>
<i>Operating income (loss)</i>	<u>20,000</u>	<u>5,836</u>	<u>6,587</u>	<u>751</u>
<i>Non-operating revenues (expenses):</i>				
Capital outlay	-	-	-	-
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>	20,000	5,836	6,587	751
Transfers in (out)	-	-	-	-
<i>Change in net position</i>	<u>\$ 20,000</u>	<u>\$ 5,836</u>	6,587	<u>\$ 751</u>
<i>Reconciliation to GAAP basis:</i>				
Depreciation			-	
Adjustments to revenues for accounts receivable accruals			1,736	
Adjustments to expenditures for accounts payable and payroll accruals			<u>(74)</u>	
<i>Change in net position per Exhibit D-2</i>			8,249	
<i>Net position - beginning of year</i>			<u>19,116</u>	
<i>Net position - end of year</i>			<u>\$ 27,365</u>	

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
 Village of Fort Sumner
 Schedule of Collateral Pledged by Depository
 for Public Funds
 June 30, 2015

Schedule III

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2015
Citizens Bank of Clovis				
	GNMA II Pool #831112	8/20/2033	36208ARK9	\$ 8,999
	SBAP 2013-20A 1	1/1/2033	83162CVG5	<u>2,582,774</u> *
			Total collateral pledged	<u>\$ 2,591,773</u>

* Location of Safe keeper
 Federal Home Loan Bank: Dallas TX
 The Independent Bankers

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Deposit and Investment Accounts
June 30, 2015

Schedule IV

Primary Government

Bank Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Citizens Bank of Clovis					
Treasurer general account	Checking	\$ 1,656,260	\$ 1,153	\$ 26,952	\$ 1,630,461
Money Market	Money Market	2,179	-	-	2,179
Money Market	Money Market	63,269	-	-	63,269
Money Market	Money Market	30,245	-	-	30,245
Cemetery Association DDA	Checking	5,591	-	481	5,110
Savings account	Savings	37,304	-	-	37,304
Consolidated Savings	Savings	52,795	-	-	52,795
Certificate of deposit	CD	40,000	108	108	40,000
CDBG fund account	Checking	100	-	-	100
Total cash in bank		<u>1,887,743</u>	<u>1,261</u>	<u>27,541</u>	<u>1,861,463</u>
NMFA Reserve Accounts	Money Market	<u>9,770</u>	<u>-</u>	<u>-</u>	<u>9,770</u>
Total cash		<u>\$ 1,897,513</u>	<u>\$ 1,261</u>	<u>\$ 27,541</u>	<u>\$ 1,871,233</u>

Exhibit A-1:	Cash and Cash Equivalents	\$ 1,622,404
Exhibit A-1:	Restricted Cash	\$ 53,432
Exhibit A-1:	Investments	155,547
Exhibit A-1:	Restricted Investments	40,000
Less:	Cash on Hand	(150)
	Reconciled Deposits and Investments	<u>\$ 1,871,233</u>

See independent auditors' report

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Legislative Grants
June 30, 2015

<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	06/30/15
Library GO Bond	State Library	06/21/12	06/30/15
Grand Totals			

These capital outlay projects are on a reimbursement basis. Therefore, there is no fund balance related to these projects at June 30, 2015.

Original Amount	Net Amount	Expenditures to Date	Remaining
9,200	\$ 9,200	\$ 9,200	\$ -
3,750	3,750	3,750	-
<u>\$ 12,950</u>	<u>\$ 12,950</u>	<u>\$ 12,950</u>	<u>\$ -</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Joint Powers Agreements
June 30, 2015

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, 2015 with the option to renew on a year to year basis.

Project Costs: Undeterminable

Village Contribution: \$6,250 per quarter (\$25,000 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

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:	\$114,469 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

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015

Prepared by: Village of Fort Sumner

By: Jamie Wall, Village Clerk/Treasurer

RFB/ RFP #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
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No items meeting the \$60,000 threshold reporting requirement were noted for the current year.

Date: November 16, 2015

Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A	Brief Description of the Scope of Work
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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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

INDEPENDENT AUDITORS' REPORT

Timothy Keller
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, 2015, 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 December 7, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be a material weakness. We did identify certain deficiencies in internal controls, described in the accompanying schedule of findings and responses that we considered to be significant deficiencies. FS 2007-001 and FS 2014-006.

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 2015-001.

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
Albuquerque, New Mexico
December 7, 2015

STATE OF NEW MEXICO
 Village of Fort Sumner
 Schedule of Findings and Responses
 June 30, 2015

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | None noted |

SECTION II – PRIOR YEAR AUDIT FINDINGS

Prior Year Audit Findings:

FS 2007-001 Preparation of Financial Statements (Village)	Repeated and modified
FS 2007-001 Preparation of Financial Statements (Authority)	Resolved
FS 2014-001 Deficiencies in Accounting for Capital Assets (Village and Authority)	Resolved
FS 2014-002 Travel and Per Diem (Village)	Repeated and modified
FS 2014-002 Travel and Per Diem (Authority)	Resolved
FS 2014-003 Public Employee Retirement Act Reporting (PERA) (Village)	Resolved
FS 2014-004 Retiree Health Care Reporting (RHC) (Village)	Resolved
FS 2014-005 Expenditures in Excess of Budget and Budgeted Cash in Excess of Available Balance (Village)	Repeated and modified
FS 2014-006 Internal Controls (Village)	Repeated and modified
FS 2014-007 Computer Inventory Monitoring (Village)	Resolved
FS 2014-008 Government Gross Receipts Tax Rate (Village)	Resolved

Section III – Financial Statement Findings

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

Condition

The Village of Fort Sumner 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 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 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 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

Village Clerk/Treasurer and Deputy Clerk/Accounts Payable are responsible for financial reporting. Clerk/Treasurer and Deputy Clerk/Accounts Payable currently attend available trainings to assist in the ability to prepare financial reports. Projected achievement of understanding and implementing these skills is two to three years. Continued training as suggested by auditor and experience in positions held will render the ability to produce and prepare proper financial reports for the Village.

Section III – Financial Statement Findings (continued)

FS 2014-002: Travel and Per Diem (Village) (Repeated/Modified) – Finding that does not rise to the level of a significant deficiency

Condition

The Village does not have adequate internal controls over travel and per diem expenditures.

- In 2 out of 10 samples tested in the amount of \$213.89, voucher had same employee's signature for preparation and authorization.
- In 2 out of 10 samples tested in the amount of \$236.92, partial day per diem was paid to recipient when no partial day per diem was allowed.
- In 2 of 10 samples tested in the amount of \$236.92, the 80% was incorrectly calculated.

Criteria

NMAC 2.42.2 requires government agencies to comply with the Per Diem and Mileage Act.

Effect

The Village has reimbursed employees in excess of the allowable state statute reimbursement requirements.

Cause

The Village 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.

Auditor's Recommendations

We recommend that the Village review all supporting documentation and retain all documents to ensure compliance with the Per Diem and Mileage Act, specifically Sections 42-2-8 through 42-2-10, for all per diem and reimbursement rates. The policy should be clear, written and communicated to all to whom it applies and enforced uniformly. We also recommend that the same person is not authorizing his/her own travel and that the authorizing person should be someone who is above the person whom the travel voucher is for.

Views of Responsible Officials and Planned Corrective Actions

Mayor, Village Clerk/Treasurer, and Deputy Clerk are responsible for Travel and Per Diem expenditures. Immediate review of completed travel vouchers for the current fiscal year will commence. Travel vouchers will be reviewed by Mayor, Village Clerk/Treasurer and Deputy Clerk and processed only if proper documentation is present. Council will review and approve travel requested by Mayor. Funds will be expended only after review and approval by appropriate parties.

Section III – Financial Statement Findings (continued)

FS 2014-005: Expenditures in Excess of Budget (Village) (Repeat and Modified) - Finding that does not rise to the level of a significant deficiency

Condition

The Village exceeded budgeted expenditures in the following funds:

<u>Enterprise Fund</u>	
Sewer Enterprise Fund	\$ 5,406

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.

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.

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.

Views of Responsible Officials and Planned Corrective Actions

The Village Clerk is responsible for monitoring all budgets and to request budget adjustments. Budgets will be reviewed quarterly to prepare for any excess revenues and expenditures and be reviewed and approved by the Village Council. While the Fund had adequate revenue to cover expenditures, expenditure authority was exceeded. A report will be generated quarterly to assist in reconciling revenue and expenditure authority with the FY DFA approved Budget with corrections to be made before the quarter ending. Used in conjunction with new DFA Budget Adjustment spreadsheet, the dual reporting should eliminate the possibility of a repeat incident.

Section III – Financial Statement Findings (continued)

FS 2014-006: Internal Controls (Village) (Repeat and Modified)— Significant Deficiency

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 proper bank reconciliation items
- Lack of adequate utility adjustment documentation- commercial

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.

Effect

The Village has a significant deficiency in internal controls over financial reporting. The significant deficiency 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 significant misstatement could occur that may not be detected and corrected in a timely manner by current internal control practices.

Cause

During the 2015 fiscal year, the Village experienced turnover in the utility department. 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.

The Village meter readers are incorrectly adding three zeros to accounts which incorrectly then bills the customer higher than actual usage, the utility department goes in and adjusts bills for the three zeros as a billing adjustment but did not keep documentation which explained what adjustments were made and show the Village's calculation to verify the adjustment was adequate and necessary.

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

Village Clerk/Treasurer and MVD Manager/Office Assistant are responsible for Bank Reconciliation. After prior Fiscal Year's end, miscellaneous outstanding transactions were researched and cleared from Bank Reconciliation as of December 2015. Village Clerk/Treasurer and MVD Manager/Office Assistant will research, process, and clear any outstanding items from Bank Reconciliation monthly.

Utility Billing Clerk, Village Clerk/Treasurer, and Village Deputy Clerk are responsible for Utility Records. Utility Clerk currently has already begun to restructure Utility filing system to be reflected at the beginning of current fiscal year. Dual initials now required on any billing adjustment report. Immediate implementation of a new filing process which includes all reports and adjustments for each billing cycle to be filed by date, rather than by report type. Immediate implementation of two initials required on billing adjustment reports; Utility Clerk, Clerk/Treasurer, and/or Deputy Clerk.

Section III – Financial Statement Findings (continued)

FS 2015-001: Stale Dated Checks (Village) – Finding that does not rise to the level of a significant deficiency

Condition

The Village had 2 outstanding checks written from the Treasurer's bank account that were over one year old, totaling \$14.32. The Village has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Criteria

New Mexico Statutes, Section 6-10-57, NMSA, 1978 compilation, requires local public bodies to cancel or void any checks that are unpaid for one year after it is written. The Village has not reported the payees or turned over the funds to the Unclaimed Property Division of the New Mexico Taxation and Revenue Department.

Effect

The Village's cash balance may be misstated by the amount of the stale checks

Cause

The Village overlooked the Stale dated checks.

Auditor's Recommendations

We recommend that the outstanding checks be voided as soon as possible and that a procedure to track and void stale dated checks be implemented. We also recommend that the Village remit the stale-dated check funds to the New Mexico Taxation and Revenue Department.

Views of Responsible Officials and Planned Corrective Actions

Village Clerk/Treasurer, Deputy Clerk/Accounts Payable, and MVD Manager/Office Assistant are responsible for stale dated checks. Stale dated checks have been researched and re-issued as of December 2015. Village Clerk/Treasurer and MVD Manager/Office Assistant will alert Deputy Clerk/Accounts Payable of any stale dated checks upon reviewing Bank Reconciliation. Deputy Clerk/Accounts Payable will void stale dated checks and either re-issue or remit to Unclaimed Property Division of New Mexico Taxation and Revenue Department.

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STATE OF NEW MEXICO

Village of Fort Sumner

Other Disclosures

June 30, 2015

OTHER DISCLOSURES

Exit Conference

The exit conference was held on December 7, 2015. The following individuals were in attendance.

Village of Fort Sumner Officials

Jamie Wall, Village Clerk/Treasurer

Esther Segura, Councilor

Selestino Lovato, Councilor

Auditors

Carol Snider, CPA

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.