

STATE OF NEW MEXICO
Village of Fort Sumner
ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2016



(This page is intentionally left blank)

INTRODUCTORY SECTION

STATE OF NEW MEXICO
Village of Fort Sumner
Table of Contents
June 30, 2016

Page No.

INTRODUCTORY SECTION:

Official Roster 7

FINANCIAL SECTION

Independent Auditors' Report 10-12

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position (Exhibit A-1) 14-15

Statement of Activities (Exhibit A-2) 16-17

Fund Financial Statements:

Balance Sheet – Governmental Funds (Exhibit B-1) 18-19

Reconciliation of the Balance Sheet – Governmental Funds to
The Statement of Net Position 21

Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds (Exhibit B-2) 22-23

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds to the Statement of Activities 25

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget
(Non-GAAP Budgetary Basis) and Actual:
General Fund (Exhibit C-1) 26

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget
(Non-GAAP Budgetary Basis) and Actual:
Senior Citizens Fund (Exhibit C-2) 27

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget
(Non-GAAP Budgetary Basis) and Actual:
Gas Tax (Exhibit C-3) 29

Proprietary Funds - Statement of Net Position (Exhibit D-1) 30-31

Proprietary Funds - Statement of Revenues, Expenditures and Changes in Net
Position (Exhibit D-2) 32-33

Proprietary Funds - Statement of Cash Flows (Exhibit D-3) 34-35

STATE OF NEW MEXICO
Village of Fort Sumner
Table of Contents
June 30, 2016

Notes to Financial Statements – Governmental Activities36-63

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Village’s Proportionate Share of the Net Pension liability –
of PERA Fund – Municipal General Division (Schedule I)..... 66

Schedule of Employer Contributions PERA – Municipal General Division (Schedule II).... 67

Notes to Required Supplementary Information 68

SUPPLEMENTARY INFORMATION

Non-major Fund Descriptions 71

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Balance Sheets – Nonmajor Governmental Funds (Statement A-1)72-75

Combining Statements of Revenues, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds (Statement A-2)76-79

Statement of Revenues and Expenditures and Changes in Fund Balances – Budget (Non-
GAAP Budgetary Basis) and Actual:

Environmental Tax (Statement B-1)..... 80

Emergency Medical Services (Statement B-2) 81

Fire Protection (Statement B-3) 82

Law Enforcement (Statement B-4) 83

Lodgers Tax (Statement B-5)..... 84

Recreation (Statement B-6) 85

DWI Grant (Statement B-7)..... 86

County Ambulance (Statement B-8) 87

Cemetery (Statement B-9) 88

PIT Canteen (Statement B-10)..... 89

CDBG (Statement B-11) 90

Sewer (Statement B12)..... 91

Water (Statement B-13)..... 92

Airport (Statement B-14) 93

Ambulance (Statement B-15)..... 94

Solid Waste (Statement B16)..... 95

SUPPORTING SCHEDULES

Schedule of Deposits and Investments (Schedule III) 98

Schedule of Collateral Pledged by Depository for Public Funds (Schedule IV)..... 99

Schedule of Joint Powers Agreement and Memo of Understanding (Schedule V)..... 100-101

Schedule of Vendor Information for Purchases Exceeding \$60,000 (Schedule VI).... 102-103

STATE OF NEW MEXICO
Village of Fort Sumner
Table of Contents
June 30, 2016

COMPLIANCE SECTION

Independent Auditor’s 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 106-107

Schedule of Findings and Questioned Costs 108-110

Exit Conference 111

**STATE OF NEW MEXICO
Village of Fort Sumner
Official Roster
June 30, 2016**

CITY COUNCIL

Justin Ingram Mayor
Albert Sena Councilor
Louie Gallegos Councilor
Esther Segura Councilor
Manuel Lucero Councilor

ADMINISTRATIVE OFFICIALS

Jamie Wall Clerk/Treasurer
Jean Moulton Deputy Clerk
Moriama Calderon Utility Clerk

(This page is intentionally left blank)

FINANCIAL SECTION



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico
and

To the Honorable Mayor and Village Councilors of
Village of Fort Sumner
Fort Sumner, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparisons for the General Fund and major special revenue funds of the Village of Fort Sumner (the Village), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Villages basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for all nonmajor governmental funds, and the major enterprise funds presented as supplementary information, as defined by Governmental Accounting Standards Board, in the accompanying and combining and individual fund financial statements as of and for the year ended June 30, 2016 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinion 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 in accordance with 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 entity'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 entity'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, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2016, 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 64-66 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 VI 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 V 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 V 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 VI 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 November 21, 2016 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.

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
November 21, 2016

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Net Position
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing Authority
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,246,412	\$ 541,553	\$ 1,787,965	\$ 96,744
Investments	-	63,651	63,651	-
Inventory	-	-	-	4,090
Receivables:				
Taxes Receivable	308,130	-	308,130	-
Other receivables, net	-	-	-	2,181
Customer receivables, net	-	107,973	107,973	-
Prepaid Expenses	-	-	-	15,785
Total current assets	1,554,542	713,177	2,267,719	118,800
Noncurrent assets				
Restricted cash	-	65,387	65,387	6,479
Capital assets (Net)	5,011,872	4,702,298	9,714,170	833,714
Total noncurrent assets	5,011,872	4,767,685	9,779,557	840,193
Deferred outflows of resources				
Deferred outflows of resources related to pension	24,316	17,135	41,451	9,820
Total deferred outflows	24,316	17,135	41,451	9,820
Total assets, and deferred outflows of resources	\$ 6,590,730	\$ 5,497,997	\$ 12,088,727	\$ 968,813

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing Authority
Liabilities				
Current Liabilities				
Accounts payable/Liabilities	\$ 71,789	\$ 30,743	\$ 102,532	\$ 1,124
Accrued salaries and benefits	17,193	9,290	26,483	3,900
Customer deposits	-	52,607	52,607	-
Prepaid rent	-	-	-	395
Accrued interest	351	8,973	9,324	-
Loans payable	26,417	67,555	93,972	-
Compensated absences	-	-	-	2,605
Total current liabilities	115,750	169,168	284,918	8,024
Noncurrent liabilities				
Loans payable	27,908	482,425	510,333	-
Accrued compensated absences	6,664	8,385	15,049	3,198
Tenant deposits	-	-	-	6,479
Net Pension liability	315,156	226,245	541,401	118,272
Total noncurrent liabilities	349,728	717,055	1,066,783	127,949
Total Liabilities	465,478	886,223	1,351,701	135,973
Deferred inflows of resources				
Deferred inflows of resources related to pension	15,589	13,815	29,404	4,231
Total deferred inflows of resources	15,589	13,815	29,404	4,231
Net Position				
Net investment in capital assets	5,011,872	4,702,298	9,714,170	833,714
Restricted for:				
Debt Service	-	13,320	13,320	-
Special Revenue	345,423	-	345,423	-
Unrestricted	752,368	(117,659)	634,709	(5,105)
Total net position	6,109,663	4,597,959	10,707,622	828,609
Total liabilities, deferred inflows of resources, and net position	\$ 6,590,730	\$ 5,497,997	\$ 12,088,727	\$ 968,813

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions and Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 452,136	\$ 1,597	\$ 84,326	\$ -
Public Safety	693,218	3,965	237,168	-
Public Works	222,428	-	-	134,273
Culture and Recreation	250,316	20,684	-	-
Health and welfare	178,644	102,825	34,201	-
Interest on Long-Term Debt	2,307	-	-	-
Total Governmental Activities	1,799,049	129,071	355,695	134,273
Business-Type Activities				
Sewer	185,820	107,791	-	-
Water	303,385	348,329	-	-
Airport	133,192	70,685	-	-
Ambulance	194,776	234,977	116,758	-
Solid Waste	177,949	168,436	-	-
Total Business-Type Activities	\$ 995,122	\$ 930,218	\$ 116,758	-
Total primary government	\$ 2,794,171	\$ 1,059,289	\$ 472,453	\$ 134,273
Component Unit:				
Housing Authority	\$ 300,154	\$ 91,678	\$ 150,521	\$ -

General Revenues:

Taxes:

Property Taxes levied for general purposes
Gross receipt taxes
Gas taxes
Franchise taxes
Lodgers taxes

Interest income
Miscellaneous Income
Transfers

Subtotal, General Revenues

Change in Net Position

Net Position - beginning

Net Position - restatement (note 16)

Net Position - as restated

Net Position - ending

See Independent Auditors' Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Government Activities	Business- Type Activities	Total	Housing Authority
\$ (366,213)	\$ -	\$ (366,213)	\$ -
(452,085)	-	(452,085)	-
(88,155)	-	(88,155)	-
(229,632)	-	(229,632)	-
(41,618)	-	(41,618)	-
(2,307)	-	(2,307)	-
<u>(1,180,010)</u>	<u>-</u>	<u>(1,180,010)</u>	<u>-</u>
-	(78,029)	(78,029)	-
-	44,944	44,944	-
-	(62,507)	(62,507)	-
-	156,959	156,959	-
-	(9,513)	(9,513)	-
	-	-	
	\$ 51,854	\$ 51,854	
<u>(1,180,010)</u>	<u>51,854</u>	<u>(1,128,156)</u>	<u>-</u>
-	-	-	(57,955)
22,022	-	22,022	-
902,772	22,842	925,614	-
82,686	-	82,686	-
31,501	-	31,501	-
35,668	-	35,668	-
4,525	885	5,410	278
336,787	-	336,787	997
(42,000)	42,000	-	-
<u>1,373,961</u>	<u>65,727</u>	<u>1,439,688</u>	<u>1,275</u>
193,951	117,581	311,532	(56,680)
5,897,024	4,448,894	10,345,918	823,847
18,688	31,484	50,172	61,442
5,915,712	4,480,378	10,396,090	885,289
<u>\$ 6,109,663</u>	<u>\$ 4,597,959</u>	<u>\$ 10,707,622</u>	<u>\$ 828,609</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Senior Citizen's Special Revenue Fund</u>	<u>Gas Tax</u>
Assets			
Cash and cash equivalents	\$ 900,115	\$ 22,632	\$ 32,770
GRT taxes receivable	211,222	-	9,494
Other receivables	76,801	-	5,866
Total assets	<u>\$ 1,188,138</u>	<u>\$ 22,632</u>	<u>\$ 48,130</u>
Liabilities, deferred inflows of resources and fund balance			
Liabilities			
Accounts payable	\$ 59,274	\$ 1,159	\$ 592
Accrued salaries and benefits	7,646	2,517	-
Total liabilities	<u>66,920</u>	<u>3,676</u>	<u>592</u>
Fund balance			
Nonspendable			
Spendable			
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	47,538
Culture and recreation	-	-	-
Health and welfare	-	18,956	-
Capital projects	-	-	-
Committed to:			
Minimum fund balance	84,454	-	-
Unassigned	1,036,764	-	-
Total fund balances	<u>1,121,218</u>	<u>18,956</u>	<u>47,538</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,188,138</u>	<u>\$ 22,632</u>	<u>\$ 48,130</u>

See Independent Auditors' Report and Notes to Financial Statements

Other Governmental Funds	Total
\$ 290,895	\$ 1,246,412
4,747	225,463
-	82,667
\$ 295,642	\$ 1,554,542

\$ 10,764	\$ 71,789
7,030	17,193
17,794	88,982

13,552	13,552
47,648	47,648
-	47,538
65,218	65,218
152,410	171,366
101	101
-	84,454
(1,081)	1,035,683
277,848	1,465,560
\$ 295,642	\$ 1,554,542

(This page is intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2016

Exhibit B-1
Page 2 of 2

Total Fund Balance - Governmental Funds \$ 1,465,560

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Capital assets 5,011,872

Interest on long-term debt is not accrued in the fund financial statements unless it is due and payable:

Accrued Interest (351)

Deferred outflows and inflows relating to pension liabilities are not payable / collectible in the current period and therefore are not reported in the fund financial statements. Deferred outflows and inflows reported on the Statement of Net Position are as follows:

Deferred Outflows 24,316
Deferred Inflows (15,589)

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Accrued compensated absences (6,664)
Loans payable (54,325)
Pension liability (315,156)

Total net position of governmental activities \$ 6,109,663

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Revenues, Expenses, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Senior Citizen's Special Revenue Fund</u>	<u>Gas Tax</u>
Revenues			
Property taxes	\$ 22,022	\$ -	\$ -
Gross receipt taxes	882,871	-	-
Gas tax	6,308	-	76,378
Franchise	5,974	-	-
Lodger's	-	-	-
State operating grants	84,328	-	-
State capital grants	-	-	118,112
Federal operating grants	-	34,201	-
Charges for services	1,597	93,965	-
Licenses and fees	17,400	-	-
Interest income	3,835	-	-
Miscellaneous income	306,469	6,802	3,608
Total revenue	<u>1,330,804</u>	<u>134,968</u>	<u>198,098</u>
Expenditures			
Current:			
General government	342,487	-	-
Public safety	238,992	-	53,922
Public works	161,168	-	-
Culture and recreation	123,352	-	-
Health and welfare	-	132,793	-
Capital outlay	147,443	-	139,960
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>1,013,442</u>	<u>132,793</u>	<u>193,882</u>
Excess (deficiency) of revenues over expenditures	<u>317,362</u>	<u>2,175</u>	<u>4,216</u>
Other financing sources (uses)			
Transfers in	-	-	15,000
Transfers out	(155,000)	-	-
Total other financing sources (uses)	<u>(155,000)</u>	<u>-</u>	<u>15,000</u>
Net change in fund balance	162,362	2,175	19,216
Fund balance - beginning of year	961,715	16,766	31,223
Restatement (Note 16)	(2,859)	15	(2,901)
Fund balance - beginning of year, restated	<u>958,856</u>	<u>16,781</u>	<u>28,322</u>
Fund balance - end of year	<u>\$ 1,121,218</u>	<u>\$ 18,956</u>	<u>\$ 47,538</u>

See Independent Auditors' Report and Notes to Financial Statements

Other Governmental Funds	Total
\$ -	\$ 22,022
19,901	902,772
-	82,686
25,527	31,501
35,668	35,668
237,168	321,496
16,161	134,273
-	34,201
33,509	129,071
-	17,400
690	4,525
2,508	319,387
<u>371,132</u>	<u>2,035,002</u>
17,973	360,460
259,745	552,659
16,160	177,328
76,210	199,562
9,629	142,422
45,500	332,903
26,043	26,043
2,307	2,307
<u>453,567</u>	<u>1,793,684</u>
<u>(82,435)</u>	<u>241,318</u>
98,000	113,000
-	(155,000)
<u>98,000</u>	<u>(42,000)</u>
15,565	199,318
255,682	1,265,386
6,601	856
<u>262,283</u>	<u>1,266,242</u>
<u>\$ 277,848</u>	<u>\$ 1,465,560</u>

(This page is intentionally left blank)

**Reconciliation of the Statement or Revenues, Expenses and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016**

Net Change in Fund Balance - Governmental Funds	\$ 199,318
---	------------

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

Governmental funds report capital outlay 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 recorded in capital outlay	332,903
Depreciation expense	(380,809)

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:

Pension expense	15,314
-----------------	--------

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 and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Decrease in accrued compensated absences	16,496
Principal payments on bonds and loans payable	26,043
	26,043

Change in Net Position of Governmental Activities	\$ 193,951
---	------------

STATE OF NEW MEXICO
Village of Fort Sumner
General Fund

Exhibit C-1

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP	Favorable
			Basis	(Unfavorable)
				Final to actual
Revenues				
Taxes:				
Property Taxes	\$ 18,600	\$ 18,600	\$ 22,022	\$ 3,422
Gross receipts	410,000	729,225	738,772	9,547
Gasoline and Motor vehicle	-	-	6,308	6,308
Franchise tax	5,000	5,000	5,974	974
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	129,062	129,062	138,710	9,648
State capital grants	72,000	72,000	-	(72,000)
Charges for services	37,000	37,000	37,478	478
Licenses and fees	72,500	72,500	105,368	32,868
Interest income (loss)	4,000	4,000	3,835	(165)
Miscellaneous	23,000	23,000	32,463	9,463
Total revenue	771,162	1,090,387	1,090,930	543
Expenditures				
Current				
General government	242,981	242,981	174,283	68,698
Public safety	210,000	210,000	238,992	(28,992)
Public works	125,644	125,644	100,763	24,881
Culture and recreation	170,000	170,000	129,439	40,561
Misc	205,000	305,000	382,131	(77,131)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	953,625	1,053,625	1,025,608	28,017
Excess (deficiency) of revenues over expenditures	(182,463)	36,762	65,322	28,560
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	182,463	(36,762)	(65,322)	
Transfers in	-	-	-	-
Transfers out	(73,000)	(82,000)	(155,000)	(73,000)
Total other financing sources (uses)	(73,000)	(82,000)	(155,000)	(73,000)
Net Change in fund balance	(255,463)	(45,238)	(89,678)	(89,678)
Fund balance - beginning of year	-	-	958,856	958,856
Fund balance - end of year	\$ -	\$ -	\$ 869,178	\$ 869,178
Net change in fund balance (non-GAAP budgetary basis)			(89,678)	
Adjustments to revenue for taxes			264,206	
Adjustment to expenditures for salaries, maintenance, and supplies			(12,166)	
Net Change in fund balance (GAAP basis)			\$ 162,362	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Exhibit C-2

Village of Fort Sumner

Senior Citizens Fund

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	46,215	46,215	34,201	(12,014)
Federal capital grants	-	-	-	-
State operating grants	57,519	57,519	-	(57,519)
State capital grants	-	-	-	-
Charges for services	-	-	93,965	93,965
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	23,250	23,250	6,802	(16,448)
Total revenue	<u>126,984</u>	<u>126,984</u>	<u>134,968</u>	<u>7,984</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	147,056	133,618	13,438
Capital outlay	-	-	-	-
Debt Service:	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>147,056</u>	<u>133,618</u>	<u>13,438</u>
Excess (deficiency) of revenues over expenditures	<u>126,984</u>	<u>(20,072)</u>	<u>1,350</u>	<u>21,422</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(126,984)	20,072	-	(20,072)
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	126,984	(20,072)	1,350	1,350
Fund balance - beginning of year	-	-	16,781	16,781
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,131</u>	<u>\$ 18,131</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>1,350</u>	
Adjustments to revenue			-	
Adjustment to expenditures for accounts payable			825	
Net Change in fund balance (GAAP basis)			<u>\$ 2,175</u>	

See Independent Auditors' Report and Notes to Financial Statements

(This page is intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Gas Tax

Exhibit C-2

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Non-GAAP Basis</u>	<u>Favorable (Unfavorable) Final to actual</u>
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	73,000	73,000	63,919	(9,081)
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	120,000	120,000	118,112	(1,888)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	3,608	3,608
Total revenue	<u>193,000</u>	<u>193,000</u>	<u>185,639</u>	<u>(7,361)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	55,000	55,000	54,405	595
Culture and recreation	-	-	-	-
Capital outlay	140,000	140,000	139,960	40
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>195,000</u>	<u>195,000</u>	<u>194,365</u>	<u>635</u>
Excess (deficiency) of revenues over expenditures	<u>(2,000)</u>	<u>(2,000)</u>	<u>(8,726)</u>	<u>(6,726)</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	2,000	2,000	-	(2,000)
Transfers in	15,000	15,000	15,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net Change in fund balance	13,000	13,000	6,274	6,274
Fund balance - beginning of year	-	-	28,322	28,322
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,596</u>	<u>\$ 34,596</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>6,274</u>	
Adjustments to revenue for taxes			12,459	
Adjustment to expenditures for accounts payable			483	
Net Change in fund balance (GAAP basis)			<u>\$ 19,216</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Sewer</u>	<u>Water</u>	<u>Airport</u>
Assets			
Cash and cash equivalents	\$ 25,573	\$ 289,185	\$ 33,344
Investments	-	63,651	-
Accounts receivable, net	12,476	34,950	1,436
Total current assets	<u>38,049</u>	<u>387,786</u>	<u>34,780</u>
Noncurrent assets			
Restricted cash and cash equivalents	3,468	61,919	-
Capital Assets	2,370,025	3,851,990	2,345,162
Less: Accumulated depreciation	(1,287,191)	(2,046,090)	(732,610)
Total noncurrent assets	<u>1,086,302</u>	<u>1,867,819</u>	<u>1,612,552</u>
Deferred outflows of resources			
Deferred outflows of resources related to pension	3,781	4,386	2,319
Total Deferred outflows	<u>3,781</u>	<u>4,386</u>	<u>2,319</u>
Total assets, and deferred outflows of resources	<u>\$ 1,128,132</u>	<u>\$ 2,259,991</u>	<u>\$ 1,649,651</u>
Liabilities, deferred inflows and net position			
Liabilities			
Accounts payable	\$ 2,152	\$ 13,322	\$ 413
Accrued salaries and benefits	1,772	1,402	1,441
Customer Deposits	-	52,607	-
Accrued interest	2,439	6,534	-
Notes payable	20,000	47,555	-
Compensated absences	1,498	2,638	1,107
Total current liabilities	<u>27,861</u>	<u>124,058</u>	<u>2,961</u>
Noncurrent liabilities			
Notes payable	333,100	149,325	-
Net pension liability	49,752	59,185	29,063
Total noncurrent liabilities	<u>382,852</u>	<u>208,510</u>	<u>29,063</u>
Total Liabilities	<u>410,713</u>	<u>332,568</u>	<u>32,024</u>
Deferred inflows of resources			
Deferred inflows of resources related to pension	3,067	3,113	2,262
Total deferred inflows of resources	<u>3,067</u>	<u>3,113</u>	<u>2,262</u>
Net position			
Net investment in capital asset	1,082,834	1,805,900	1,612,552
Restricted for:			
Debt service	3,468	9,852	-
Unrestricted	(371,950)	108,558	2,813
Total net position	<u>714,352</u>	<u>1,924,310</u>	<u>1,615,365</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,128,132</u>	<u>\$ 2,259,991</u>	<u>\$ 1,649,651</u>

See Independent Auditors' Report and Notes to Financial Statements

Ambulance	Solid Waste	Total
\$ 173,470	\$ 19,981	\$ 541,553
	-	63,651
37,226	21,885	107,973
<u>210,696</u>	<u>41,866</u>	<u>713,177</u>
-	-	65,387
215,877	-	8,783,054
(14,865)	-	(4,080,756)
<u>201,012</u>	<u>-</u>	<u>4,767,685</u>
6,649	-	17,135
<u>6,649</u>	<u>-</u>	<u>17,135</u>
<u>\$ 418,357</u>	<u>\$ 41,866</u>	<u>\$ 5,497,997</u>
\$ -	\$ 14,856	\$ 30,743
4,675	-	9,290
-	-	52,607
-	-	8,973
-	-	67,555
3,142	-	8,385
<u>7,817</u>	<u>14,856</u>	<u>177,553</u>
-	-	482,425
88,245	-	226,245
<u>88,245</u>	<u>-</u>	<u>708,670</u>
<u>96,062</u>	<u>14,856</u>	<u>886,223</u>
5,373	-	13,815
<u>5,373</u>	<u>-</u>	<u>13,815</u>
201,012	-	4,702,298
-	-	13,320
115,910	27,010	(117,659)
<u>316,922</u>	<u>27,010</u>	<u>4,597,959</u>
<u>\$ 418,357</u>	<u>\$ 41,866</u>	<u>\$ 5,497,997</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, 2016

	<u>Sewer</u>	<u>Water</u>	<u>Airport</u>
Operating revenues:			
Charges for services	\$ 107,791	\$ 348,329	\$ 70,685
Total operating revenues	<u>107,791</u>	<u>348,329</u>	<u>70,685</u>
Operating expenses:			
Depreciation and amortization	43,413	91,218	69,088
Personnel services	57,510	74,280	42,706
Contractual services	-	715	-
Supplies	-	-	2,988
Maintenance and Materials	12,651	45,124	4,952
Utilities	30,703	24,117	1,610
Miscellaneous	22,486	56,250	11,848
Total operating expense	<u>166,763</u>	<u>291,704</u>	<u>133,192</u>
Operating income (loss)	<u>(58,972)</u>	<u>56,625</u>	<u>(62,507)</u>
Non-operating revenues (expense):			
Gross receipts taxes	5,631	8,053	-
Interest income	288	597	-
Interest expense	(19,057)	(11,681)	-
Total non-operating revenues (expense)	<u>(13,138)</u>	<u>(3,031)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(72,110)</u>	<u>53,594</u>	<u>(62,507)</u>
Transfers in	60,000	-	-
Transfers out	-	(18,000)	-
State and federal operating grants	-	-	-
Total contributions and transfers	<u>60,000</u>	<u>(18,000)</u>	<u>-</u>
Change in Net Position	(12,110)	35,594	(62,507)
Net Position, beginning of year	799,272	1,813,823	1,695,443
Restatement (note 16)	(72,810)	74,893	(17,571)
Net Position - beginning of the year, restated	<u>726,462</u>	<u>1,888,716</u>	<u>1,677,872</u>
Net Position - end of the year	<u>\$ 714,352</u>	<u>\$ 1,924,310</u>	<u>\$ 1,615,365</u>

See Independent Auditors' Report and Notes to Financial Statements

<u>Ambulance</u>	<u>Solid Waste</u>	<u>Total</u>
\$ 234,977	\$ 168,436	\$ 930,218
<u>234,977</u>	<u>168,436</u>	<u>930,218</u>
11,591	-	215,310
150,246	-	324,742
6,924	177,949	185,588
3,332	-	6,320
-	-	62,727
710	-	57,140
21,973	-	112,557
<u>194,776</u>	<u>177,949</u>	<u>964,384</u>
<u>40,201</u>	<u>(9,513)</u>	<u>(34,166)</u>
-	9,158	22,842
-	-	885
-	-	(30,738)
-	9,158	(7,011)
<u>40,201</u>	<u>(355)</u>	<u>(41,177)</u>
-	-	60,000
-	-	(18,000)
116,758	-	116,758
<u>116,758</u>	<u>-</u>	<u>158,758</u>
156,959	(355)	117,581
112,991	27,365	4,448,894
46,972	-	31,484
<u>159,963</u>	<u>27,365</u>	<u>4,480,378</u>
<u>\$ 316,922</u>	<u>\$ 27,010</u>	<u>\$ 4,597,959</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	<u>Sewer</u>	<u>Water</u>	<u>Airport</u>
Cash flow from operating activities			
Cash received from customers	\$ 103,762	\$ 358,368	\$ 69,647
Cash payments to employees for services	(57,430)	(76,360)	(42,783)
Cash payments to suppliers for goods and services	(64,211)	(114,123)	(21,240)
Net cash provided buy operating activities	<u>(17,879)</u>	<u>167,885</u>	<u>5,624</u>
Cash flow from noncapital financing activities			
Taxes received	5,631	8,053	-
Transfers	60,000	(18,000)	-
Net cash flows provided by noncapital financing activities	<u>65,631</u>	<u>(9,947)</u>	<u>-</u>
Cash Flows from capital and related financing activities:			
Interest paid	(17,668)	(12,589)	-
Principal payments	(20,000)	(46,031)	-
Acquisition of capital assets	-	(15,608)	-
Proceeds from capital governmental contributions	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(37,668)</u>	<u>(74,228)</u>	<u>-</u>
Cash flows from investing activities			
Proceeds form sale (purchase) of investments	2,179	(382)	-
Interest income	288	597	-
Net cash provided by investing activities	<u>2,467</u>	<u>215</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	12,551	83,925	5,624
Cash & cash equivalents - beginning of year	16,490	267,179	27,720
Cash & cash equivalents - end of year	<u>\$ 29,041</u>	<u>\$ 351,104</u>	<u>\$ 33,344</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (58,972)	\$ 56,625	\$ (62,507)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Pension Expense	2,286	2,795	1,269
Depreciation	43,413	91,218	69,088
Changes in assets & liabilities:			
Receivables	(4,029)	3,889	(2,307)
Accounts payable	(657)	9,288	158
Accrued salaries and benefits	346	(1,612)	119
Compensated absences	(266)	(468)	(196)
Customer deposits	-	6,150	-
Net cash provided (used) by operating activities	<u>\$ (17,879)</u>	<u>\$ 167,885</u>	<u>\$ 5,624</u>

See Independent Auditors' Report and Notes to Financial Statements

<u>Ambulance</u>	<u>Solid Waste</u>	<u>Total</u>
\$ 214,751	\$ 164,641	\$ 911,169
(152,121)	-	(328,694)
(57,218)	(178,231)	(435,023)
<u>5,412</u>	<u>(13,590)</u>	<u>147,452</u>
-	9,158	22,842
-	-	42,000
-	9,158	64,842
-	-	(30,257)
-	-	(66,031)
(164,987)	-	(180,595)
116,758	-	116,758
(48,229)	-	(160,125)
-	-	1,797
-	-	885
-	-	2,682
(42,817)	(4,432)	54,851
216,287	24,413	552,089
<u>\$ 173,470</u>	<u>\$ 19,981</u>	<u>\$ 606,940</u>
\$ 40,201	\$ (9,513)	\$ (34,166)
4,065	-	10,415
11,591	-	215,310
(24,291)	(3,795)	(30,533)
(24,279)	(282)	(15,772)
(1,317)	-	(2,464)
(558)	-	(1,488)
-	-	6,150
<u>\$ 5,412</u>	<u>\$ (13,590)</u>	<u>\$ 147,452</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

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 within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation 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.

A. Financial Reporting Entity

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

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity

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

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

B. Government-wide and fund financial statements

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

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

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

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

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 and proprietary funds. 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 funds. 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, 2016

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.

Gas Tax Special Revenue Fund accounts for the receipts and expenditures of special gasoline tax and GRT 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.

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

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, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, property taxes are recorded when levied net of estimated refunds and uncollectible amounts.

Property taxes are levied on November 1st based on the assessed value of property as listed on the previous January 1st and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the Village may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

Inventory: 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

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:

Asset	Years
Buildings	15-50
Equipment	5-20
Infrastructure	20

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2016, along with the applicable PERA and Retiree Health Care.

Deferred Outflows of Resources Related to Pension: 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 items that qualify for reporting in this category which is Village's contribution subsequent to the measurement date in the amount of \$41,451. This amount is deferred and recognized as an outflow of resources in the period that the amounts become due.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

Deferred Inflows of Resources Related to Pension: 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 (measureable 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 four types of deferred inflows of resources presented on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, difference between expected and actual experience in the amount of \$11,922, net difference between projected and actual investment earnings on pension plan assets in the amount of \$1,713, change in assumptions in the amount of \$211 and changes in proportion and differences between contributions and proportionate share of contributions in the amount of \$15,488. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions: The Government wide financial statements and proprietary type funds report deferred outflows and deferred inflows for purposes of measuring the net pension liability. Deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

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

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

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 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, 2016, the Village has presented \$-0- in nonspendable fund balance.

Restricted and Committed Fund Balance: At June 30, 2016, the Village has presented restricted and committed fund balance on the governmental funds balance sheet in the amount of \$428,796. If there were any restricted fund balances with negative balances, they have been reported as unassigned. The details of these fund balance items are located on the governmental funds balance sheet as detailed on page 18-19.

Minimum Fund Balance Policy: The Village's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the Village holds cash reserves of 1/12th of the General Fund expenditures. Minimum fund balance on the governmental funds balance sheet is \$84,454.

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

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)

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.

Unrestricted net position: Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Village’s financial statements consist of depreciation estimated useful lives of capital assets and the allowance for doubtful accounts of sewer, water, ambulance, solid waste receivables and net pension liability.

NOTE 2. Stewardship, Compliance and Accountability

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Councilors and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance and Accountability (continued)

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual and Statement of Revenues, Expenses and Changes in Net Position (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis. 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 generally accepted accounting principles, 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, 2016 is presented.

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, 2016.

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.

During the fiscal years ending June 30, 2016 all of the Village's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, were insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount of \$250,000.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits: Village

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, 2016, \$1,678,722 of the Village's bank balance of \$1,928,722 was exposed to custodial credit risk. \$1,678,722 of the Villages cash deposits were 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 at June 30, 2016.

	Citizens bank of Clovis
Deposits	\$ 1,928,722
Less: FDIC Coverage	(250,000)
Total uninsured public funds	<u>1,678,722</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	<u>2,915,992</u>
Uninsured and uncollateralized	<u>-</u>
Collateral requirements (50% of uninsured funds)	\$ 839,361
Pledged Collateral	<u>2,915,992</u>
Over (under) collateralized	<u>\$ 2,076,631</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits: Housing Authority

At June 30, 2016, none of the Authority's bank balance of \$107,583 was subject to custodial credit risk. An amount of \$0 was uninsured and collateralized by collateral held by the Pledging bank's trust department, not in the Authority's name. None of the Authority's deposits were uninsured and uncollateralized at June 30, 2016.

For the Year ended June 30, 2016	Citizens Bank of Clovis
Total Deposits	\$ 107,583
FDIC Coverage	<u>(107,583)</u>
Total Uninsured	<u>\$ -</u>
Collateralized Securities	<u>-</u>
Uninsured and uncollateralized	<u>\$ -</u>
Collateralized requirement (50%)	\$ -
Pledged Securities	<u>-</u>
Over (under) collateralization	<u>\$ -</u>

The Carrying Amount of deposits and investments shown above are included in the Village's Statement of Net position as follows:

Cash and cash equivalents - Governmental Activities per Exhibit A-1	\$ 1,246,412
Cash and cash equivalents - Business-type Activities per Exhibit A-1	541,553
Restricted cash and cash equivalents MM- Business-type Activities per Exhibit A-1	65,387
Investments - Business-type Activities per Exhibit A-1	<u>63,651</u>
Total cash and cash equivalents	<u>1,917,003</u>
Add: outstanding checks	22,375
Less: outstanding deposits	(854)
Less: cash held at the NMFA	<u>(9,802)</u>
Bank balance of deposits	<u>\$ 1,928,722</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

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

<u>Investments</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Maturity</u>
Certificate of Deposit	Unrated	\$ 40,000	Less than 180 days
Citizens Bank of Clovis MM/Savings	Unrated	186,824	
		<u>\$ 226,824</u>	

\$63,651 of the above investments is classified as investments on the statements of net position. The remaining \$163,173 is considered cash and cash equivalents.

NOTE 4. Receivables

Receivables as of June 30, 2016, are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Gross receipts taxes	\$ 225,463	\$ -
Other taxes	76,801	-
Gas taxes	5,866	-
Other receivables:		
Customer Receivables, Net	-	107,973
Total Receivables, Net	<u>\$ 308,130</u>	<u>\$ 107,973</u>

The above governmental receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenues receivables not collected within the period of availability was determined to be immaterial to the financial statements and was not reclassified as deferred inflow of resources in the governmental fund financial statements. The Village did accrue an allowance for doubtful account in the ambulance fund in the amount of \$19,690. All other business type funds account receivables older than 90 days were immaterial and accordingly the Village did not accrue an allowance for doubtful accounts for these funds.

NOTE 5. Transfers

Net operating transfers were made during the year for supplementing other funding in the normal course of operations, and also for the purposes to retire debt related to the advanced refunding of bonds. These transfers for the Village were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Water	Sewer	\$ 18,000
General Fund	Recreation	15,000
General Fund	Sewer	42,000
General Fund	Recreation	98,000
		<u>\$ 173,000</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 5. Transfers (continued)

These transfers for the Housing Authority were as follows:

Transfer In	Transfer Out	Amount
Low Income	Capital	\$ 95,467
Total		<u>\$ 95,467</u>

NOTE 6. Capital Assets

A summary of capital assets and changes for the Village occurring during the year ended June 30, 2016 follows. Land is not subject to depreciation.

	Balance June 30, 2015	June 30, 2015 Restatement	June 30, 2015 Restated	Additions	Deletions	Balance June 30, 2016
Governmental Activities:						
Capital assets not being depreciated:						
Land	\$ 50,807	\$ -	\$ 50,807	\$ -	\$ -	\$ 50,807
Total capital assets, not depreciated	50,807	-	50,807	-	-	50,807
Capital assets depreciated:						
Buildings	2,727,058	-	2,727,058	94,323	-	2,821,381
Equipment	1,495,989	9,234	1,505,223	98,620	-	1,603,843
Infrastructure	5,470,741	(8,028)	5,462,713	139,961	-	5,602,674
Total capital assets, depreciated	9,693,788	1,206	9,694,994	332,904	-	10,027,898
Less accumulated depreciation:						
Buildings	1,596,888	-	1,596,888	68,219	-	1,665,107
Equipment	712,072	(16,624)	695,448	74,639	-	770,087
Infrastructure	2,393,689	-	2,393,689	237,950	-	2,631,639
Total accumulated depreciation	4,702,649	(16,624)	4,686,025	380,808	-	5,066,833
Capital Assets, Net	\$ 5,041,946					\$ 5,011,872

There were no deletions of capital assets in the fiscal year 2016. Depreciation expense for the year ended June 30, 2016 was charged to governmental activities as follows:

General Government	\$ 95,828
Public Safety	146,923
Public Works	47,140
Culture and Recreation	53,053
Health and welfare	37,863
Total depreciation expense, governmental activities	\$ 380,807

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets (continued)

Business-type activities:	Balance June 30, 2015	June 30, 2015 Restatement	June 30, 2015 Restated	Additions	Deletions	Balance June 30, 2016
Capital assets not depreciated:						
Land and Water Rights	\$ 46,100	\$ -	\$ 46,100	\$ -	\$ -	\$ 46,100
Construction in progress	-	46,795	46,795	-	46,795	-
Total capital assets not depreciated	<u>46,100</u>	<u>46,795</u>	<u>92,895</u>	<u>-</u>	<u>46,795</u>	<u>46,100</u>
Capital asset depreciated:						
Buildings	8,174,611	-	8,174,611	69,950	-	8,244,561
Equipment	415,363	(74,904)	340,459	160,234	8,300	492,393
Total capital assets, depreciated	<u>8,589,974</u>	<u>(74,904)</u>	<u>8,515,070</u>	<u>230,184</u>	<u>8,300</u>	<u>8,736,954</u>
Less accumulated depreciation:						
Buildings	3,683,027	(52,939)	3,630,088	182,937	-	3,813,025
Equipment	247,209	(3,553)	243,656	32,375	8,300	267,731
Total accumulated depreciation	<u>3,930,236</u>	<u>(56,492)</u>	<u>3,873,744</u>	<u>215,312</u>	<u>8,300</u>	<u>4,080,756</u>
Capital Assets, Net	<u>\$ 4,705,838</u>					<u>\$ 4,702,298</u>

A summary of capital assets and changes for the Housing Authority occurring during the year ended June 30, 2016 follows. Land is not subject to depreciation.

	Balance June 30, 2015	Adjustments	Additions	Deletions	Balance June 30, 2016
Capital Assets Not Being Depreciated:					
Land	\$ 33,736	\$ -	\$ -	\$ -	\$ 33,736
Construction in Progress	-	-	-	-	-
Total	<u>33,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,736</u>
Capital Assets Being Depreciated					
Buildings and Improvements	2,119,767	-	61,504	-	2,181,271
Equipment -Machinery	24,690	-	892	-	25,582
Total	<u>2,144,457</u>	<u>-</u>	<u>62,396</u>	<u>-</u>	<u>2,206,853</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	1,291,077	-	68,670	-	1,359,747
Equipment -Machinery	45,574	-	1,554	-	47,128
Total	<u>1,336,651</u>	<u>-</u>	<u>70,224</u>	<u>-</u>	<u>1,406,875</u>
Capital Assets, Net	<u>\$ 841,542</u>				<u>\$ 833,714</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt

During the year ended June 30, 2016 the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

Governmental Activities

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Governmental Funds					
Loan-Fire Pumper Truck	\$ 80,368	\$ -	\$ 26,043	\$ 54,325	\$ 26,417
Compensated Absences	7,846	7,415	8,597	6,664	-
Total Long Term Debt	\$ 88,214	\$ 7,415	\$ 34,640	\$ 60,989	\$ 26,417

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. For Fire Protection Fund revenues in fiscal year ending June 30, 2016 \$28,350 was used for the current year loan payment.

The annual requirement to amortize the outstanding loan as of June 30, 2016 including interest payments for Governmental Activities are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 26,417	\$ 1,559	\$ 27,976
2018	27,908	801	28,709
Total	<u>\$ 54,325</u>	<u>\$ 2,360</u>	<u>\$ 56,685</u>

Business-Type Activities

Bonds and notes payables for the Business-Type Activities as of June 30, 2016 are comprised of the following:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Water Improvement Bonds	\$ 157,000	-	\$ 4,000	\$ 153,000	\$ 3,675
NMFA Water Loan	85,541	-	41,661	43,880	\$ 43,880
Sewer Plant Bonds	108,000	-	13,000	95,000	14,000
Sewer Improvement Bonds	265,100	-	7,000	258,100	6,000
Compensated Absences	9,873	9,331	10,819	8,385	-
Total Long Term Debt	\$ 625,514	\$ 9,331	\$ 76,480	\$ 558,365	\$ 67,555

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt (continued)

Business-Type Activities (continued)

The Water Improvement Bonds were issued in January of 1998 to make improvements to the Villages water utility. The bonds have an average interest rate of 5% and will be fully matured in September of 2038. The bonds are secured by the revenues of the Water Fund.

Monies were borrowed from the NMFA in January of 1997 to make improvements to the Villages water system. The debt issuance has an interest rate ranging between 4.2 and 5.5% and will be paid in full in June of 2017.

The Sewer Plant Bonds were issued in 1982 for the purposes of upgrading the Villages sewer system. The bonds have an average interest rate of 5% and will be fully matured in November of 2021. These bonds are secured by operating revenues of the Sewer Fund.

The Sewer Improvement Bonds were issued in June of 1997 to make improvements to the Villages sewer system. The bonds have an average interest rate of 4.75% and will be fully matured in May of 2038. These bonds are secured by the operating revenues of the Sewer Fund.

The annual requirements to amortize the bonds and loans as of June 30, 2016 including interest payments are follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 67,555	\$ 26,831	\$ 94,386
2018	29,884	58,950	88,834
2019	30,030	57,857	87,887
2020	28,205	20,625	48,830
2021	29,800	19,204	49,004
2022-2026	92,010	79,840	171,850
2027-2031	93,933	59,467	153,400
2032-2036	119,228	34,172	153,400
3037-2041	59,335	5,595	64,930
	<u>\$ 549,980</u>	<u>\$ 362,541</u>	<u>\$ 912,521</u>

Compensated Absences - Employees of the Village are able to accrue a limited amount of vacation. During fiscal year June 30, 2016, compensated absences for general government decreased by \$1,182 and for business-like activities decreased by \$1,488. Compensated accrued absences have historically been liquidated through the general fund.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

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 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, 2016

NOTE 9. Pension Plan- Public Employees Retirement Association

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/>.

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 2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf).

Contributions

The contribution requirements of defined benefit plan members 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 FY15 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 options that apply to the Village are: Municipal General, Statutorily required contributions to the pension plan from the Village were \$40,987 and employer paid no employee contributions for Year end June 30, 2016.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

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

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, 2014. 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, 2015.

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'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, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2015 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For PERA Fund Division Municipal General, at June 30, 2016, the Village reported a liability of \$541,401 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was .0531 percent, which was changed slightly from its proportion measured as of June 30, 2014, which was .0557%.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

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

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal General pension expense of \$41,451 (includes estimated allocated business funds amount) At June 30, 2016, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,992
Changes of assumptions	-	211
Net difference between projected and actual earnings on pension plan investments	-	1,713
Changes in proportion and differences between Village's contributions and proportionate share of contributions	-	15,488
Village's contributions subsequent to the measurement date	41,451	-
Total	\$ 41,451	\$ 29,404

\$41,451 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Amount
2017	\$ 14,340
2018	14,340
2019	14,340
2020	(29,103)
Thereafter	-
Total	\$ 13,917

Valuation date to the Plan year ending June 30, 2015 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, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

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

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Asset valuation method	Solved for based on statutory rates
Actuarial assumptions:	Fair value
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:

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.1%	5.00%
International Equity	24.8%	5.20%
Private Equity	7.0%	8.20%
Core and Global Fixed Income	26.1%	1.85%
Fixed Income Plus Sectors	5.0%	4.80%
Real Estate	5.0%	5.30%
Real Assets	7.0%	5.70%
Absolute Return	<u>4.0%</u>	4.15%
Total	100.0%	

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

NOTE 9. Pension Plan- Public Employees Retirement Association (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 Village's proportionate share of the net pension liability to changes in the discount rate

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village 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.

<u>PERA Fund Division</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Municipal Government			
Village's proportionate share of the net pension liability	\$ 921,790	\$ 541,401	\$ 225,132

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 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, 2016. 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, 2016 but paid in July 2016.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

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

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, 2016, 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-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, 2016, 2015 and 2014 were \$9,588, \$9,193 and \$8,368, respectively, which equal the required contributions for each year.

NOTE 11. 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 12. 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 13. Leases

Future lease obligations at June 30, 2016 were:

<u>Year</u>	<u>Amount</u>
2017	\$ 3,672
2018	3,228
2019	316
2020	-
2021	-
Total	<u>\$ 7,216</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

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, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 21, 2016, which is the date on which the financial statements were available to be issued.

NOTE 16. Restatements

The Village recorded various restatements to prior period Fund balances and Net Position in Governmental and proprietary funds. Below is a summary of these restatements:

Fund Name	Net Position / Fund Balance June 30, 2015	Reclassification of Fund Financial Statements	Prior Period Expenses, Revenues and Transfers	Capital Assets	Long-Term Debt	Cash	Restated Net Position/Fund Balance June 30, 2015
Government Wide Restatements:							
Governmental Activities	\$ 5,897,024	-	\$ 856	\$ 17,832	-	-	\$ 5,915,712
Business-type Activities	4,448,894	-	(6,667)	28,381	-	9,770	4,480,378
Total	<u>\$ 10,345,918</u>	<u>\$ -</u>	<u>\$ (5,811)</u>	<u>\$ 46,213</u>	<u>\$ -</u>	<u>\$ 9,770</u>	<u>\$ 10,396,090</u>
Major Governmental Funds Restatements:							
General Fund	\$ 961,715	-	\$ (2,859)	-	-	-	\$ 958,856
Senior Citizen's	16,766	-	15	-	-	-	16,781
Gas Tax	31,223	-	(2,901)	-	-	-	\$ 28,322
Total Major Governmental Funds	<u>\$ 1,009,704</u>	<u>\$ -</u>	<u>\$ (5,745)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,003,959</u>
Non-major Governmental Funds:							
Fire Protection	\$ 8,856	-	\$ (11)	-	-	-	\$ 8,845
Recreation	(349)	-	488	-	-	-	139
DWI Grant	(5,515)	-	6,087	-	-	-	572
Cemetery	135,209	-	37	-	-	-	135,246
Total Non-major Governmental Funds	<u>\$ 138,201</u>	<u>\$ -</u>	<u>\$ 6,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,802</u>
Proprietary Fund Restatements:							
Sewer	\$ 799,272	-	\$ 601	\$ 34,589	\$ (108,000)	-	\$ 726,462
Water	1,813,823	-	(7,443)	(35,434)	108,000	9,770	1,888,716
Airport	1,695,443	-	(3)	(17,568)	-	-	1,677,872
Ambulance	112,991	-	178	46,794	-	-	159,963
Total Proprietary Fund Restatements	<u>\$ 4,421,529</u>	<u>\$ -</u>	<u>\$ (6,667)</u>	<u>\$ 28,381</u>	<u>\$ -</u>	<u>\$ 9,770</u>	<u>\$ 4,453,013</u>

NOTE 17. Restricted Net Position

The Government Wide Statement of Net Position reports \$409,729 of restricted amounts, all of which is restricted by enabling legislation.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2016

Note 18. Other Required Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance/net position of individual funds. The deficit fund balances as of June 30, 2016 were as follows:

Fund	Amount
DWI Grant	\$ (1,081)
Sewer	\$ (371,950)

NOTE 19. Subsequent Pronouncements

GASB No. 72 – Fair Value Measurement and Application. The objective of this Statement is to provide guidance for determining a fair value measurement for financial reporting purposes, and for applying fair value to certain investments and disclosures related to all fair value measurements. The statement will not have a material impact on the Village’s financial statements.

GASB No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The statement will not have a material impact on the Village’s financial statements.

GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No.73. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

(This page is intentionally left blank)

REQUIRED SUPPLEMENTAY INFORMATION

**STATE OF NEW MEXICO
Village of Fort Sumner**

Schedule I

**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***

MUNICIPAL GENERAL FUND

		<u>2016</u>		<u>2015</u>
Village's proportion of the net pension liability (asset)		0.0531%		0.0557%
Village's proportionate share of the net pension liability (asset)	\$	541,401	\$	434,520
Village's covered-employee payroll	\$	429,188	\$	416,644
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		126.15%		104.29%
Plan fiduciary net position as a percentage of the total pension liability		76.99%		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, the City will present information for those years for which information is available.

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

Schedule II

MUNICIPAL GENERAL FUND

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 40,987	\$ 49,766
Contributions in relation to the contractually required contribution	41,451	49,766
Contribution deficiency (excess)	\$ (464)	\$ -
Village's covered-employee payroll	\$ 429,188	\$ 416,644
Contributions as a percentage of covered-employee payroll	9.66%	11.94%

*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, the City will present information for those years for which information is available. Difference related to 2015 catch-up contributions.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

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_2015.pdf.

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 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, 2014, 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.

SUPPLEMENTAY INFORMATION

(This page is intentionally left blank)

**STATE OF NEW MEXICO
Village of Fort Sumner
Nonmajor Fund Description
June 30, 2016**

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 – 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 – To account for a lodger’s tax which is to be used for cultural and recreational purposes. Authority – NMSA 3- 38-14.

Recreation – 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 – To account for receipts and expenditures of DWI Grant funds. Authority – NMSA 11-6A-3.

County Ambulance Tax – To account for the special county tax for Village ambulance operations. Authority – Village Council.

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.

PIT Canteen Fund – To account for receipts and expenditures of the youth recreation center. Created by Village ordinance.

CAPITAL PROJECTS FUND

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

STATE OF NEW MEXICO
Village of Fort Sumner
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>Special Revenue</u>			
	<u>Environmental Tax Fund</u>	<u>Emergency Medical Services</u>	<u>Fire Protection</u>	<u>Law Enforcement</u>
Assets				
Cash and cash equivalents	\$ 8,805	\$ 37,364	\$ 15,978	\$ 193
GRT taxes receivable	4,747	-	-	-
Other receivables	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 13,552</u>	<u>\$ 37,364</u>	<u>\$ 15,978</u>	<u>\$ 193</u>
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 5,887	\$ -
Accrued salaries and benefits	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>5,887</u>	<u>-</u>
Fund balance				
Spendable:				
Restricted for:				
General government	13,552	-	-	-
Public safety	-	37,364	10,091	193
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>13,552</u>	<u>37,364</u>	<u>10,091</u>	<u>193</u>
Total liabilities and fund balance	<u>\$ 13,552</u>	<u>\$ 37,364</u>	<u>\$ 15,978</u>	<u>\$ 193</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

Special Revenue					
Lodgers Tax	Recreation	DWI Grant	County Ambulance Tax	Cemetery	PIT Canteen
\$ 36,520	\$ 30,396	\$ 3,796	\$ 15,028	\$ 137,382	\$ 5,332
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 36,520</u>	<u>\$ 30,396</u>	<u>\$ 3,796</u>	<u>\$ 15,028</u>	<u>\$ 137,382</u>	<u>\$ 5,332</u>
\$ -	\$ -	\$ 4,877	\$ -	\$ -	\$ -
-	7,030	-	-	-	-
-	7,030	4,877	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
36,520	23,366	-	-	-	5,332
-	-	-	15,028	137,382	-
-	-	-	-	-	-
-	-	(1,081)	-	-	-
<u>36,520</u>	<u>23,366</u>	<u>(1,081)</u>	<u>15,028</u>	<u>137,382</u>	<u>5,332</u>
<u>\$ 36,520</u>	<u>\$ 30,396</u>	<u>\$ 3,796</u>	<u>\$ 15,028</u>	<u>\$ 137,382</u>	<u>\$ 5,332</u>

(This page is intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Statement A-1
Page 2 of 2

	Capital Projects	Total Other
	CDBG Capital	Governmental
	Projects Fund	Funds
Assets		
Cash and cash equivalents	\$ 101	\$ 290,895
GRT taxes receivable	-	4,747
Other receivables	-	-
Due from other funds	-	-
Total assets	\$ 101	\$ 295,642
Liabilities and fund balance		
Liabilities		
Accounts payable	\$ -	\$ 10,764
Accrued salaries and benefits	-	7,030
Total liabilities	-	17,794
Fund balance		
Spendable:		
Restricted for:		
General government	-	13,552
Public safety	-	47,648
Culture and recreation	-	65,218
Health and welfare	-	152,410
Capital projects	101	101
Unassigned	-	(1,081)
Total fund balance	101	277,848
Total liabilities and fund balance	\$ 101	\$ 295,642

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Fort Sumner
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue			
	Environmental Tax	Emergency Medical Services	Fire Protection	Law Enforcement
Revenues				
Taxes:				
Gross receipt taxes	\$ 19,901	\$ -	\$ -	\$ -
Gas tax	-	-	-	-
Franchise tax	-	-	-	-
Lodger's tax	-	-	-	-
State operating grants	-	14,344	73,960	21,200
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	-	193
Total revenue	19,901	14,344	73,960	21,393
Expenditures				
Current:				
General government	17,973	-	-	-
Public safety	-	14,344	44,364	46,512
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	26,043	-
Interest	-	-	2,307	-
Total expenditures	17,973	14,344	72,714	46,512
Excess (deficiency) of revenues over expenditures	1,928	-	1,246	(25,119)
Other financing sources (uses)				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	1,928	-	1,246	(25,119)
Fund balance - beginning of year	11,624	37,364	8,856	25,312
Restatement (Note 16)	-	-	(11)	-
Fund balance - beginning of year, restated	11,624	37,364	8,845	25,312
Fund balance - end of year	\$ 13,552	\$ 37,364	\$ 10,091	\$ 193

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue

<u>Lodger's Tax</u>	<u>Recreation</u>	<u>DWI Grant</u>	<u>County Ambulance Tax</u>	<u>Cemetery</u>	<u>PIT Canteen</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	25,527	-	-
35,668	-	-	-	-	-
-	-	127,664	-	-	-
-	-	-	-	-	-
-	17,629	3,965	-	8,860	3,055
-	-	-	-	690	-
-	100	-	-	2,215	-
<u>35,668</u>	<u>17,729</u>	<u>131,629</u>	<u>25,527</u>	<u>11,765</u>	<u>3,055</u>
-	-	-	-	-	-
-	-	133,282	21,243	-	-
-	-	-	-	-	-
27,401	47,002	-	-	-	1,807
-	-	-	-	9,629	-
-	45,500	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>27,401</u>	<u>92,502</u>	<u>133,282</u>	<u>21,243</u>	<u>9,629</u>	<u>1,807</u>
<u>8,267</u>	<u>(74,773)</u>	<u>(1,653)</u>	<u>4,284</u>	<u>2,136</u>	<u>1,248</u>
-	98,000	-	-	-	-
-	98,000	-	-	-	-
8,267	23,227	(1,653)	4,284	2,136	1,248
28,253	(349)	(5,515)	10,744	135,209	4,084
-	488	6,087	-	37	-
<u>28,253</u>	<u>139</u>	<u>572</u>	<u>10,744</u>	<u>135,246</u>	<u>4,084</u>
<u>\$ 36,520</u>	<u>\$ 23,366</u>	<u>\$ (1,081)</u>	<u>\$ 15,028</u>	<u>\$ 137,382</u>	<u>\$ 5,332</u>

(This page is intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

Statement A-2
Page 2 of 2

	Capital Projects	Total Other
	CDBG Capital	Governmental
	Projects Fund	Funds
Revenues		
Taxes:		
Gross receipt taxes	\$ -	\$ 19,901
Gas tax	-	-
Franchise tax	-	25,527
Lodger's tax	-	35,668
State operating grants	-	237,168
State capital grants	16,161	16,161
Charges for services	-	33,509
Interest income	-	690
Miscellaneous income	-	2,508
Total revenue	16,161	371,132
Expenditures		
Current:		
General government	-	17,973
Public safety	-	259,745
Public works	16,160	16,160
Culture and recreation	-	76,210
Health and welfare	-	9,629
Capital outlay	-	45,500
Debt service:		
Principal	-	26,043
Interest	-	2,307
Total expenditures	16,160	453,567
Excess (deficiency) of revenues over expenditures	1	(82,435)
Other financing sources (uses)		
Transfers in	-	98,000
Total other financing sources (uses)	-	98,000
Net change in fund balance	1	15,565
Fund balance - beginning of year	100	255,682
Restatement (Note 16)	-	6,601
Fund balance - beginning of year, restated	100	262,283
Fund balance - end of year	\$ 101	\$ 277,848

STATE OF NEW MEXICO
Village of Fort Sumner
Environmental Tax

Statement B-1

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	7,800	7,800	16,604	8,804
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>7,800</u>	<u>7,800</u>	<u>16,604</u>	<u>8,804</u>
Expenditures				
Current				
General government	8,500	17,974	17,973	1
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Interest	-	-	-	-
Total expenditures	<u>8,500</u>	<u>17,974</u>	<u>17,973</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>(700)</u>	<u>(10,174)</u>	<u>(1,369)</u>	<u>8,805</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	700	10,174		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	700	(10,174)	(1,369)	8,805
Fund balance - beginning of year	-	-	11,624	11,624
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,255</u>	<u>\$ 10,255</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>(1,369)</u>	
Adjustments to revenue for taxes			3,297	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 1,928</u>	

STATE OF NEW MEXICO

Statement B-2

Village of Fort Sumner

Emergency Medical Services

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	14,344	14,344	14,344	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>14,344</u>	<u>14,344</u>	<u>14,344</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	14,344	14,344	14,344	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>14,344</u>	<u>14,344</u>	<u>14,344</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	37,364	37,364
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,364</u>	<u>\$ 37,364</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>-</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO

Statement B-3

Village of Fort Sumner

Fire protection

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	45,634	45,634	45,610	(24)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>45,634</u>	<u>45,634</u>	<u>45,610</u>	<u>(24)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	45,634	45,634	38,477	7,157
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>45,634</u>	<u>45,634</u>	<u>38,477</u>	<u>7,157</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,133</u>	<u>7,133</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	7,133	7,133
Fund balance - beginning of year	-	-	8,845	8,845
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,978</u>	<u>\$ 15,978</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>7,133</u>	
Adjustments to revenue			-	
Adjustment to expenditures for accounts payable			(5,887)	
Net Change in fund balance (GAAP basis)			<u>\$ 1,246</u>	

STATE OF NEW MEXICO
Village of Fort Sumner
Law Enforcement

Statement B-4

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	21,200	21,200	21,200	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	193	193
Total revenue	21,200	21,200	21,393	193
Expenditures				
Current				
General government	-	-	-	-
Public safety	46,512	46,512	46,512	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	46,512	46,512	46,512	-
Excess (deficiency) of revenues over expenditures	(25,312)	(25,312)	(25,119)	193
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	25,312	25,312		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	(25,312)	(25,312)	(25,119)	(25,119)
Fund balance - beginning of year	-	-	25,312	25,312
Fund balance - end of year	\$ -	\$ -	\$ 193	\$ 193
Net change in fund balance (non-GAAP budgetary basis)			(25,119)	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			\$ (25,119)	

STATE OF NEW MEXICO
Village of Fort Sumner
Lodgers tax

Statement B-5

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	30,000	35,000	38,486	3,486
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>30,000</u>	<u>35,000</u>	<u>38,486</u>	<u>3,486</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	30,000	35,000	30,905	4,095
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>30,000</u>	<u>35,000</u>	<u>30,905</u>	<u>4,095</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,581</u>	<u>7,581</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	-	7,581	7,581
Fund balance - beginning of year	-	-	28,253	28,253
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,834</u>	<u>\$ 35,834</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>7,581</u>	
Adjustments to revenue for accounts receivable			(2,818)	
Adjustment to expenditures for accounts payable			3,504	
Net Change in fund balance (GAAP basis)			<u>\$ 8,267</u>	

STATE OF NEW MEXICO
Village of Fort Sumner
Recreation

Statement B-6

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	17,000	17,000	17,629	629
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	100	100
Total revenue	<u>17,000</u>	<u>17,000</u>	<u>17,729</u>	<u>729</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	47,000	47,500	32,770	14,730
Capital outlay	45,500	45,500	58,112	(12,612)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>92,500</u>	<u>93,000</u>	<u>90,882</u>	<u>2,118</u>
Excess (deficiency) of revenues over expenditures	<u>(75,500)</u>	<u>(76,000)</u>	<u>(73,153)</u>	<u>2,847</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	75,500	76,000	-	-
Transfers in	98,000	98,000	98,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>98,000</u>	<u>98,000</u>	<u>98,000</u>	<u>-</u>
Net Change in fund balance	22,500	22,000	24,847	24,847
Fund balance - beginning of year	-	-	139	139
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,986</u>	<u>\$ 24,986</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>24,847</u>	
Adjustments to revenues			-	
Adjustment to expenditures for accounts payable			(1,620)	
Net Change in fund balance (GAAP basis)			<u>\$ 23,227</u>	

STATE OF NEW MEXICO
Village of Fort Sumner
DWI Grant

Statement B-7

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	76,000	76,000	127,664	51,664
State capital grants	49,046	49,046	-	(49,046)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	1,000	1,000	7,020	6,020
Total revenue	<u>126,046</u>	<u>126,046</u>	<u>134,684</u>	<u>8,638</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	126,046	128,406	128,405	1
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>126,046</u>	<u>128,406</u>	<u>128,405</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,360)</u>	<u>6,279</u>	<u>8,639</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	2,360	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	(2,360)	6,279	6,279
Fund balance - beginning of year	-	-	572	572
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,851</u>	<u>\$ 6,851</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>6,279</u>	
Adjustments to revenue			-	
Adjustment to expenditures for accounts payable			(4,877)	
Net Change in fund balance (GAAP basis)			<u>\$ 1,402</u>	

STATE OF NEW MEXICO
Village of Fort Sumner
County Ambulance

Statement B-8

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	25,000	25,000	25,527	527
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	84,000	-	(84,000)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	25,000	109,000	25,527	(83,473)
Expenditures				
Current				
General government	-	-	-	-
Public safety	21,000	22,589	22,589	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	21,000	22,589	22,589	-
Excess (deficiency) of revenues over expenditures	4,000	86,411	2,938	(83,473)
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	4,000	86,411	2,938	2,938
Fund balance - beginning of year	-	-	10,744	10,744
Fund balance - end of year	\$ -	\$ -	\$ 13,682	\$ 13,682
Net change in fund balance (non-GAAP budgetary basis)			2,938	
Adjustments to revenue			-	
Adjustment to expenditures for accounts payable			1,346	
Net Change in fund balance (GAAP basis)			\$ 4,284	

STATE OF NEW MEXICO
Village of Fort Sumner
Cemetery

Statement B-9

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	8,800	9,000	8,860	(140)
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	690	690
Miscellaneous	2,000	2,000	2,215	215
Total revenue	<u>10,800</u>	<u>11,000</u>	<u>11,765</u>	<u>765</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	10,200	10,200	9,629	571
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>10,200</u>	<u>10,200</u>	<u>9,629</u>	<u>571</u>
Excess (deficiency) of revenues over expenditures	<u>600</u>	<u>800</u>	<u>2,136</u>	<u>1,336</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	(600)	(800)		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	600	800	2,136	2,136
Fund balance - beginning of year	-	-	135,246	135,246
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,382</u>	<u>\$ 137,382</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>2,136</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 2,136</u>	

**STATE OF NEW MEXICO
Village of Fort Sumner
PIT Canteen**

Statement B-10

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
CDBG	-	-	-	-
Bonds	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	2,000	3,055	3,055	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>2,000</u>	<u>3,055</u>	<u>3,055</u>	<u>-</u>
Expenditures				
Current				
CDBG	-	-	-	-
Bonds	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,000	2,000	1,807	193
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,807</u>	<u>193</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,055</u>	<u>1,248</u>	<u>193</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	(1,055)	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	1,055	1,248	1,248
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,248</u>	<u>\$ 1,248</u>
Net change in fund balance (non-GAAP budgetary basis)			<u>1,248</u>	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			<u>\$ 1,248</u>	

STATE OF NEW MEXICO
Village of Fort Sumner
CDBG

Statement B-11

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
CDBG	500,000	-	-	-
Bonds	75,000	75,000	16,161	(58,839)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	575,000	75,000	16,161	(58,839)
Expenditures				
Current				
CDBG	500,000	-	-	-
Bonds	75,000	75,000	16,160	58,840
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	575,000	75,000	16,160	58,840
Excess (deficiency) of revenues over expenditures	-	-	1	1
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	-	-	1	1
Fund balance - beginning of year	-	-	100	100
Fund balance - end of year	\$ -	\$ -	\$ 101	\$ 101
Net change in fund balance (non-GAAP budgetary basis)			1	
Adjustments to revenue			-	
Adjustment to expenditures			-	
Net Change in fund balance (GAAP basis)			\$ 1	

STATE OF NEW MEXICO
Village of Fort Sumner
Sewer Proprietary Fund

Statement B-12

Statement of Revenues, Expenditures and Changes in Net Position
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 121,500	\$ 120,552	\$ 106,048	\$ (14,504)
Total operating revenues	<u>121,500</u>	<u>120,552</u>	<u>106,048</u>	<u>(14,504)</u>
Operating expenses:				
Personnel services	66,180	64,725	60,430	4,295
Contractual services	-	-	-	-
Supplies	-	-	-	-
Maintenance and Materials	13,855	13,550	12,651	899
Utilities	33,624	32,885	30,703	2,182
Miscellaneous	22,841	22,339	20,857	1,482
Total operating expense	<u>136,500</u>	<u>133,499</u>	<u>124,641</u>	<u>8,858</u>
Operating income (loss)	<u>(15,000)</u>	<u>(12,947)</u>	<u>(18,593)</u>	<u>(5,646)</u>
Non-operating revenues (expense):				
Principal payments	(20,000)	(20,000)	(20,000)	-
Bond Proceeds	-	-	-	-
Bond issuance cost	-	-	-	-
Capital outlay	-	-	-	-
Gross receipts taxes	-	-	5,631	5,631
Interest income	-	-	288	288
Interest expense	(17,668)	(17,668)	(17,668)	-
Governmental contributions	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>(37,668)</u>	<u>(37,668)</u>	<u>(31,749)</u>	<u>5,919</u>
Income (loss) before contributions and transfers				
Transfers in	42,000	42,000	60,000	18,000
Transfers out	(20,000)	(20,000)	-	20,000
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>22,000</u>	<u>22,000</u>	<u>60,000</u>	<u>38,000</u>
Change in Net Position	<u>\$ (30,668)</u>	<u>\$ (28,615)</u>	<u>9,658</u>	<u>\$ 38,273</u>
Reconciliation to GAAP basis:				
No adjustments to revenues for accounts receivable			1,743	
Adjustments to expenditures for, depreciation, principal payments, and accounts payable			(23,511)	
Change in net position (GAAP basis)			(12,110)	
Net Position, beginning of year			<u>726,462</u>	
Net Position - end of the year			<u>\$ 714,352</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
Village of Fort Sumner
Water Proprietary Fund**

Statement B-13

**Statement of Revenues, Expenditures and Changes in Net Position
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final		
Operating revenues:				
Charges for services	\$ 260,000	\$ 370,000	\$ 363,957	\$ (6,043)
Total operating revenues	<u>260,000</u>	<u>370,000</u>	<u>363,957</u>	<u>(6,043)</u>
Operating expenses:				
Personnel services	96,000	79,155	79,155	-
Contractual services	867	715	715	-
Supplies	-	-	-	-
Maintenance and Materials	43,343	35,738	35,738	-
Utilities	29,249	24,117	24,117	-
Miscellaneous	90,540	74,653	74,653	-
Total operating expense	<u>259,999</u>	<u>214,378</u>	<u>214,378</u>	<u>-</u>
Operating income (loss)	<u>1</u>	<u>155,622</u>	<u>149,579</u>	<u>(6,043)</u>
Non-operating revenues (expense):				
Principal payments	(46,031)	(46,031)	(46,031)	-
Bond Proceeds	-	-	-	-
Bond issuance cost	-	-	-	-
Capital outlay	-	-	-	-
Gross receipts taxes	-	-	8,053	8,053
Interest income	-	-	564	564
Interest expense	(12,219)	(12,219)	(12,219)	-
Governmental contributions	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>(58,250)</u>	<u>(58,250)</u>	<u>(49,633)</u>	<u>8,617</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	(74,400)	(74,400)	(18,000)	56,400
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>(74,400)</u>	<u>(74,400)</u>	<u>(18,000)</u>	<u>56,400</u>
Change in Net Position	<u>\$ (132,649)</u>	<u>\$ 22,972</u>	<u>81,946</u>	<u>\$ 58,974</u>
Reconciliation to GAAP basis:				
No adjustments to revenues for accounts receivable			(15,595)	
Adjustments to expenditures for, depreciation, principal payments, and accounts payable			(30,757)	
Change in net position (GAAP basis)			35,594	
Net Position, beginning of year			<u>1,888,716</u>	
Net Position - end of the year			<u>\$ 1,924,310</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Fort Sumner
Airport Proprietary Fund

Statement B-14

Statement of Revenues, Expenditures and Changes in Net Position
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final		
Operating revenues:				
Charges for services	\$ 260,000	\$ 370,000	\$ 70,851	\$ (299,149)
Total operating revenues	<u>260,000</u>	<u>370,000</u>	<u>70,851</u>	<u>(299,149)</u>
Operating expenses:				
Personnel services	43,854	44,052	44,052	-
Contractual services	-	-	-	-
Supplies	2,975	2,988	2,988	-
Maintenance and Materials	4,773	4,794	4,794	-
Utilities	1,603	1,610	1,610	-
Miscellaneous	11,795	11,848	11,848	-
Total operating expense	<u>65,000</u>	<u>65,292</u>	<u>65,292</u>	<u>-</u>
Operating income (loss)	<u>195,000</u>	<u>304,708</u>	<u>5,559</u>	<u>(299,149)</u>
Non-operating revenues (expense):				
Principal payments	-	-	-	-
Bond Proceeds	-	-	-	-
Bond issuance cost	-	-	-	-
Capital outlay	-	-	-	-
Gross receipts taxes	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Governmental contributions	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 195,000</u>	<u>\$ 304,708</u>	<u>5,559</u>	<u>\$ (299,149)</u>
Reconciliation to GAAP basis:				
No adjustments to revenues for accounts receivable			(166)	
Adjustments to expenditures for, depreciation, and accounts payable			(67,900)	
Change in net position (GAAP basis)			(62,507)	
Net Position, beginning of year			<u>1,677,872</u>	
Net Position - end of the year			<u>\$ 1,615,365</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Statement B-15

Village of Fort Sumner

Ambulance Proprietary Fund

Statement of Revenues, Expenditures and Changes in Net Position

Budget (Non-GAAP Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance Favorable (unfavorable)
	Original	Final		
Operating revenues:				
Charges for services	\$ 260,000	\$ 370,000	\$ 218,638	\$ (151,362)
Total operating revenues	<u>260,000</u>	<u>370,000</u>	<u>218,638</u>	<u>(151,362)</u>
Operating expenses:				
Personnel services	155,487	157,137	156,186	951
Contractual services	22,247	22,483	22,347	136
Supplies	18,304	18,498	18,386	112
Maintenance and Materials	-	-	-	-
Utilities	707	714	710	4
Miscellaneous	53,743	54,313	53,984	329
Total operating expense	<u>250,488</u>	<u>253,145</u>	<u>251,613</u>	<u>1,532</u>
Operating income (loss)	<u>9,512</u>	<u>116,855</u>	<u>(32,975)</u>	<u>(149,830)</u>
Non-operating revenues (expense):				
Principal payments	-	-	-	-
Bond Proceeds	-	-	-	-
Bond issuance cost	-	-	-	-
Capital outlay	(58,770)	(127,550)	(126,777)	773
Gross receipts taxes	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Governmental contributions	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>(58,770)</u>	<u>(127,550)</u>	<u>(126,777)</u>	<u>773</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
State and federal capital grants	-	-	116,758	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>116,758</u>	<u>-</u>
Change in Net Position	<u>\$ (49,258)</u>	<u>\$ (10,695)</u>	<u>(42,994)</u>	<u>\$ (149,057)</u>
Reconciliation to GAAP basis:				
No adjustments to revenues for accounts receivable			16,339	
Adjustments to expenditures for, depreciation, capital outlay and accounts payable			183,614	
Change in net position (GAAP basis)			156,959	
Net Position, beginning of year			159,963	
Net Position - end of the year			<u>\$ 316,922</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Fort Sumner
Solid Waste

Statement B-16

Statement of Revenues, Expenditures and Changes in Net Position
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(unfavorable)</u>
Operating revenues:				
Charges for services	\$ -	\$ -	\$ 164,641	\$ 164,641
Total operating revenues	<u>-</u>	<u>-</u>	<u>164,641</u>	<u>164,641</u>
Operating expenses:				
Personnel services	-	-	-	-
Contractual services	191,800	198,300	178,231	20,069
Supplies	-	-	-	-
Maintenance and Materials	-	-	-	-
Utilities	-	-	-	-
Miscellaneous	-	-	-	-
Total operating expense	<u>191,800</u>	<u>198,300</u>	<u>178,231</u>	<u>20,069</u>
Operating income (loss)	<u>(191,800)</u>	<u>(198,300)</u>	<u>(13,590)</u>	<u>184,710</u>
Non-operating revenues (expense):				
Principal payments	-	-	-	-
Bond Proceeds	-	-	-	-
Bond issuance cost	-	-	-	-
Capital outlay	-	-	-	-
Gross receipts taxes	-	-	9,158	9,158
Interest income	-	-	-	-
Interest expense	-	-	-	-
Governmental contributions	-	-	-	-
Miscellaneous income (expense)	-	-	-	-
Total non-operating revenues (expense)	<u>-</u>	<u>-</u>	<u>9,158</u>	<u>9,158</u>
Income (loss) before contributions and transfers				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
State and federal capital grants	-	-	-	-
State and federal operating grants	-	-	-	-
Total contributions and transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ (191,800)</u>	<u>\$ (198,300)</u>	<u>(4,432)</u>	<u>\$ 193,868</u>
Reconciliation to GAAP basis:				
No adjustments to revenues for accounts receivable			4,077	
Adjustments to expenditures			-	
Change in net position (GAAP basis)			(355)	
Net Position, beginning of year			<u>27,365</u>	
Net Position - end of the year			<u>\$ 27,010</u>	

See Independent Auditors' Report and Notes to Financial Statements

(This page is intentionally left blank)

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Deposits and Investments
June 30, 2016

Schedule III

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Citizens Bank of Clovis					
CDBG	Savings	\$ 101	\$ -	\$ -	\$ 101
Operational	Checking	1,694,983	838	22,375	1,673,446
Pooled (Utility-partial Hold)	Checking	96,271	-	-	96,271
Certificate of Deposit	CD	40,000	-	-	40,000
Cemetery Savings	Savings	97,367	16	-	97,383
Total Citizens Bank of Clovis		<u>1,928,722</u>	<u>854</u>	<u>22,375</u>	<u>1,907,201</u>
NMFA					
State Treasury	Savings	9,802	-	-	9,802
Total NMFA Cash		<u>9,802</u>	<u>-</u>	<u>-</u>	<u>9,802</u>
Total		<u>\$ 1,938,524</u>	<u>\$ 854</u>	<u>\$ 22,375</u>	<u>\$ 1,917,003</u>

Cash and cash equivalents - Exhibit A-1	1,787,965
Investments - Exhibit A-1	63,651
Restricted cash and cash equivalents - Exhibit A-1	65,387
Reconciled deposits and investments	<u>\$ 1,917,003</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2016

Schedule IV

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP / Description</u>	<u>Fair Market Value</u>
Citizens bank of Clovis	GNMA Pool	1/20/2041	3620FPC4	\$ 522,942
Citizens bank of Clovis	SBAP 2013-20A	1/1/2033	83162CVG5	2,393,050
Total Citizens Bank of Clovis				<u>2,915,992</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Joint Powers Agreements and Memo of Understanding
June 30, 2016

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. (renewed for 2016)

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

See Independent Auditors' Report

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
June 30, 2016

Prepared By Jamie Wall Village Clerk/Treasurer November 17, 2016.

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>
6074	Village of Fort Sumner	Municipalities	N/A	Sole Source	Risk Management	Winner	\$85,498.58
6074	Village of Fort Sumner	Municipalities	N/A	Sole Source	CES	Winner	\$117,478.88
6074	Village of Fort Sumner	Municipalities	N/A	Sole Source	Professional Ambulance	Winner	\$86,050.00
6074	Village of Fort Sumner	Municipalities	2012-03	Competitive (RFP or RFB)	Insurance Services of New Mexico	Winner	\$88,205.51
6074	Village of Fort Sumner	Municipalities	N/A	Sole Source	Farmer's Electric	Winner	\$103,535.80
6074	Village of Fort Sumner	Municipalities	N/A	Sole Source	Public Employee Retirement Association	Winner	\$114,810.78
6074	Village of Fort Sumner	Municipalities	2015-1	Competitive (RFP or RFB)	K-Barnett & Sons, Inc.	Winner	\$139,960.50
6074	Village of Fort Sumner	Municipalities	N/A	Sole Source	De Baca County Treasurer	Winner	\$415,612.95

Notes to non Sole Source Procurements

- 1) 2012-03, Insurance Services was awarded by RFP in 2012, and included an option to extend services for an additional 4 years. In 2016 the Village opted to extend services for another 4 years.
- 2) 2015-1, K Barnett & Sons were the sole bidders of the project even after re-bidding it.

<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
\$85,498.58	Santa Fe, NM	No	No	Health Insurance	No
\$117,478.88	Albuquerque, NM	No	No	Roof Repairs for Various Village Buildings	No
\$86,050.00	Alvarado, TX	No	No	Refurbish Ambulance	No
\$88,205.51	Fort Sumner, NM	No	No	General Insurance Coverage	No
\$103,535.80	Fort Sumner, NM	No	No	Electric - Utility	No
\$114,810.78	Santa Fe, NM	No	No	State of New Mexico Retirement Plan	No
\$139,960.50	Clovis, NM	No	No	Street Improvement Project Ave A	No
\$415,612.95	Fort Sumner, NM	No	No	Intergovernmental Agreements	No

(This page is intentionally left blank)

COMPLIANCE SECTION



Southwest Accounting Solutions, LLC

Auditors ~ Business Consultants ~ CPA

INDEPENDENT AUDITOR'S 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*

Honorable Tim Keller
New Mexico State Auditor
Santa Fe, New Mexico
and

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, and 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 (the Village), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Villages basic financial statements and the combining and individual funds and related budgetary comparisons of the Village, presented as supplementary information, and have issued our report thereon dated November 21, 2016.

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 control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (FS 2014-006).

Compliance and Other Matters

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

Village's Response to Findings

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Southwest Accounting Solutions, LLC

Southwest Accounting Solutions, LLC
Albuquerque, New Mexico
November 21, 2016

**STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Findings and Responses
June 30, 2016**

SECTION II – SUMMARY OF AUDIT RESULTS

Financials Statements:

1. Type of auditors' report issued:

Town of Fort Sumner	Unmodified
Fort Sumner Housing Authority	Unmodified

2. Internal control over financial reporting:

a. Material weakness identified?	No
b. Significant deficiencies identified?	Yes
c. Noncompliance material to the financial statements?	No

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Findings and Responses
June 30, 2016

SECTION II – PRIOR YEAR AUDIT FINDINGS

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

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

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

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

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

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Findings and Responses
June 30, 2016

SECTION III - AUDIT FINDINGS

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:

- The two individuals who perform the bank reconciliation are also check signers
- The Village does not have a documented financial policies and procedures

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 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: The Village has not documented their inherent weaknesses and designed mitigating factors to address the risk of unintentional and intentional misstatements being detected and corrected in a timely manner.

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.

Management's response: Management is in the process of building financial policies and procedures which include involving a council member who is not a signatory to assist in bank reconciliations.

Managements Progress: December 12th the council has will assign bank reconciliation duties to a council Member, and management is currently in the process of writing policies and procedures.

Timeline: Fiscal year 2017.

**STATE OF NEW MEXICO
Village of Fort Sumner
Exit Conference
June 30, 2016**

Exit Conference

An exit conference was held on November 21, 2016. In attendance were the following:

Esther Segura
Manuel Lucero
Jamie Wall

Mayor Pro Tem
Councilor
Village Clerk/Treasurer

Representing Southwest Accounting Solutions, LLC:

Geoff Mamerow, CFE

Audit Manager

Auditor Prepared Financial Statements

Southwest Accounting Solutions, LLC assisted the Town in the preparation of the GAAP-based financial statements and notes to the financial statements. The financial statements were prepared using the original books and records provided by the management of the Village. The responsibility for the financial statements remains with the Village.