

STATE OF NEW MEXICO
Village of Fort Sumner
ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2019



(This page is intentionally left blank)

INTRODUCTORY SECTION

STATE OF NEW MEXICO
Village of Fort Sumner
Table of Contents
June 30, 2019

INTRODUCTORY SECTION:	<u>Page No.</u>
Official Roster.....	6
 FINANCIAL SECTION:	
Independent Auditors' Report	8-10
 BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position (Exhibit A-1).....	12-13
Statement of Activities (Exhibit A-2).....	14-15
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit B-1)	16-17
Reconciliation of the Balance Sheet – Governmental Funds to The Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit B-2).....	20-21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: General Fund (Exhibit C-1)	24
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: Fire Protection (Exhibit C-2).....	25
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: Senior Center (Exhibit C-3)	26
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: Cemetery (Exhibit C-3).....	27
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: Streets (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

STATE OF NEW MEXICO
Village of Fort Sumner
Table of Contents
June 30, 2019

	Page No.
Proprietary Funds - Statement of Cash Flows (Exhibit D-3).....	34-35
Notes to Financial Statements – Governmental Activities	36-65
 REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of the Village’s Proportionate Share of the Net Pension liability – Municipal General Division (Schedule I)	68
Schedule of Employer Contributions PERA – Municipal General Division (Schedule II)	69
Schedule of the Village’s Proportionate Share of the OPEB liability – (Schedule III).....	70
Schedule of Employer Contributions OPEB – Municipal General Division (Schedule IV).....	71
Notes to the Required Supplementary Information	72
 SUPPLEMENTARY INFORMATION:	
Non-major Fund Descriptions	75
 COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheets – Nonmajor Governmental Funds (Statement A-1).....	76-77
Combining Statements of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds (Statement A-2)	78-79
 SUPPORTING SCHEDULES:	
Schedule of Deposits and Investments (Schedule V).....	82
Schedule of Collateral Pledged by Depository for Public Funds (Schedule VI)	83
Financial Data Schedule (Housing Authority VII).....	84-88
 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	90-91
Schedule of Findings and Responses	92
Exit Conference.....	93

**STATE OF NEW MEXICO
Village of Fort Sumner
Official Roster
June 30, 2019**

CITY COUNCIL

- Louie Gallegos Mayor
- Albert Sena Councilor
- Gerald Cline Councilor
- Esther Segura Councilor
- Manuel Lucero Councilor

ADMINISTRATIVE OFFICIALS

- Jamie Wall Clerk/Treasurer
- Jean Moulton Deputy Clerk

FINANCIAL SECTION



Auditors~Consultants~CPA

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, ESQ.
New Mexico State Auditor
and
To the Honorable Mayor and Village Councilors of
Village of Fort Sumner
Fort Sumner, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the Village of Fort Sumner (the Village) as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility

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 responsibility 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 an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, and accordingly, no such opinion is expressed.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as 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 opinion.

Opinion

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 aggregate 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, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, Schedule II, Schedule III, Schedule IV and the Notes to Required Supplementary Information on pages 68-72 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 financial statements that collectively comprise the Village's basic financial statements. The combining and individual non-major fund financial statements (Statement A-1 and Statement A-2) and the Supporting Schedules V and VI required by Section 2.2.2 NMAC and the Financial Data Schedule (Schedule VII), which is required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the Supporting Schedules V, VI, and VII, is 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 auditing standards generally accepted in the United States of America. In our combining and individual non-major fund financial statements, and the Supporting Schedules V VI, and VII, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2019 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 25, 2019

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing Authority
Assets				
Current Assets				
Cash and cash equivalents	\$ 384,898	\$ 53,471	\$ 438,369	\$ 91,586
Restricted Cash	-	126,650	126,650	9,510
Inventory	-	-	-	9,439
Receivables:				
Taxes Receivable	63,628	-	63,628	-
Other taxes	18,768	-	18,768	-
Other receivables, net	25,187	-	25,187	-
Customer receivables, net	-	162,074	162,074	1,502
Prepaid Expenses	-	-	-	20,455
Total current assets	492,481	342,195	834,676	132,492
Noncurrent assets				
Capital assets	11,954,671	9,619,042	21,573,713	2,243,276
Less: Accumulated Depreciation	(6,350,263)	(4,838,194)	(11,188,457)	(1,603,526)
Total noncurrent assets	5,604,408	4,780,848	10,385,256	639,750
Deferred outflows of resources				
Deferred outflows from pension	148,576	107,590	256,166	49,617
Deferred outflows from OPEB	5,826	4,219	10,045	-
Total deferred outflows	154,402	111,809	266,211	49,617
Total assets, and deferred outflows of resources	\$ 6,251,291	\$ 5,234,852	\$ 11,486,143	\$ 821,859

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	\$ 53,180	\$ 9,426	\$ 62,606	\$ 1,187
Accrued salaries and benefits	18,839	10,334	29,173	5,630
Accrued interest	-	8,332	8,332	-
Loans payable	-	29,171	29,171	-
Compensated absences	6,872	6,218	13,090	3,445
Total current liabilities	78,891	63,481	142,372	10,262
Noncurrent liabilities				
Loans payable	-	424,350	424,350	-
Compensated absences	-	-	-	2,297
Customer deposits	-	53,470	53,470	7,980
Net Pension liability	511,378	370,309	881,687	186,541
Net OPEB liability	292,810	212,035	504,845	-
Total noncurrent liabilities	804,188	1,060,164	1,864,352	196,818
Total Liabilities	883,079	1,123,645	2,006,724	207,080
Deferred inflows of resources				
Deferred inflows from pension	50,419	36,511	86,930	10,519
Deferred inflows from OPEB	90,566	65,582	156,148	-
Total deferred inflows of resources	140,985	102,093	243,078	10,519
Net Position				
Net investment in capital assets	5,604,408	4,327,327	9,931,735	639,750
Restricted for:				
Debt Service	-	72,967	72,967	-
Special Revenue	267,643	-	267,643	-
Unrestricted	(644,824)	(391,180)	(1,036,004)	(35,490)
Total net position	5,227,227	4,009,114	9,236,341	604,260
Total liabilities, deferred inflows of resources, and net position	\$ 6,251,291	\$ 5,234,852	\$ 11,486,143	\$ 821,859

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Activities
For the Year Ended June 30, 2019

<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	\$ 438,380	\$ 2,687	\$ 9,247	\$ 50,000
Public Safety	705,611	2,030	219,101	85,172
Public Works	255,287	-	-	140,000
Culture and Recreation	230,513	15,194	-	-
Health and welfare	265,930	58,711	91,089	-
Total Governmental Activities	1,895,721	78,622	319,437	275,172
Business-Type Activities				
Sewer	224,288	120,487	-	60,522
Water	315,189	251,127	-	-
Airport	182,543	85,067	-	38,020
Ambulance	241,160	144,803	43,333	-
Solid Waste	230,401	218,395	-	-
Total Business-Type Activities	1,193,581	819,879	43,333	\$ 98,542
Total primary government	\$ 3,089,302	\$ 898,501	\$ 362,770	\$ 373,714
Component Unit:				
Housing Authority	\$ 290,769	\$ 88,686	\$ 148,858	\$ 2,688
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 - 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
\$ (376,446)	\$ -	\$ (376,446)	\$ -
(399,308)	-	(399,308)	-
(115,287)	-	(115,287)	-
(215,319)	-	(215,319)	-
(116,130)	-	(116,130)	-
<u>(1,222,490)</u>	<u>-</u>	<u>(1,222,490)</u>	<u>-</u>
-	(43,279)	(43,279)	-
-	(64,062)	(64,062)	-
-	(59,456)	(59,456)	-
-	(53,024)	(53,024)	-
-	(12,006)	(12,006)	-
<u>\$ -</u>	<u>(231,827)</u>	<u>(231,827)</u>	<u>\$ -</u>
<u>(1,222,490)</u>	<u>(231,827)</u>	<u>(1,454,317)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,537)</u>
23,879	-	23,879	-
377,722	24,486	402,208	-
38,425	-	38,425	-
87,693	-	87,693	-
27,189	-	27,189	-
2,784	912	3,696	206
211,713	48	211,761	153
96,000	(96,000)	-	-
<u>865,405</u>	<u>(70,554)</u>	<u>794,851</u>	<u>359</u>
<u>(357,085)</u>	<u>(302,381)</u>	<u>(659,466)</u>	<u>(50,178)</u>
<u>5,584,312</u>	<u>4,311,495</u>	<u>9,895,807</u>	<u>654,438</u>
<u>\$ 5,227,227</u>	<u>\$ 4,009,114</u>	<u>\$ 9,236,341</u>	<u>\$ 604,260</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Balance Sheet
Governmental Funds
June 30, 2019

	Special Revenue Funds				
	General Fund	Fire Protection	Senior Citizens	Cemetery	Streets
Assets					
Cash and cash equivalents	\$ 119,602	\$ 51,248	\$ -	\$ 132,272	\$ 44
Gross receipt taxes receivable	59,626	-	-	-	2,668
Other receivables	7,464	-	28,825	-	5,999
'Due from other funds	2,463	-	-	-	-
Total assets	\$ 189,155	\$ 51,248	\$ 28,825	\$ 132,272	\$ 8,711
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 10,650	490	35,950	\$ -	4,512
Accrued salaries and benefits	11,848	-	1,954	-	-
Due to other funds	-	-	2,463	-	-
Total liabilities	22,498	490	40,367	-	4,512
Fund balance					
Spendable					
Restricted for:					
General government	-	-	-	-	-
Public safety	-	50,758	-	-	-
Public works	-	-	-	-	4,199
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	132,272	-
Debt service expenditures	-	-	-	-	-
Capital projects	-	-	-	-	-
Customer Deposits	-	-	-	-	-
Risk management	-	-	-	-	-
Committed to:					
Minimum fund balance	70,698	-	-	-	-
Unassigned	95,959	-	(11,542)	-	-
Total fund balances	166,657	50,758	(11,542)	132,272	4,199
Total liabilities and fund balances	\$ 189,155	\$ 51,248	\$ 28,825	\$ 132,272	\$ 8,711

Other Governmental Funds	Total
\$ 81,732	\$ 384,898
1,334	63,628
1,667	43,955
-	2,463
<u>\$ 84,733</u>	<u>\$ 494,944</u>
\$ 1,578	\$ 53,180
5,037	18,839
-	2,463
<u>6,615</u>	<u>74,482</u>
2,768	2,768
57,810	108,568
-	4,199
19,836	19,836
-	132,272
-	-
-	-
-	-
-	-
-	70,698
(2,296)	82,121
<u>78,118</u>	<u>420,462</u>
<u>\$ 84,733</u>	<u>\$ 494,944</u>

(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, 2019

Exhibit B-1
Page 2 of 2

Total Fund Balance - Governmental Funds \$ 420,462

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	11,954,671
Less: Accumulated depreciation	(6,350,263)

Deferred outflows and inflows relating to pension and OPEB 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 related to pension	148,576
Deferred Inflows related to pension	(50,419)
Deferred outflow related to OPEB	5,826
Deferred inflows related to OPEB	(90,566)

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	(6,872)
Pension liability	(511,378)
OPEB liability	(292,810)

Total net position of governmental activities \$ 5,227,227

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, 2019

	Special Revenue Funds				
	General Fund	Fire Protection	Senior Citizens	Cemetery	Streets
Revenues					
Property taxes	\$ 23,879	\$ -	-	\$ -	\$ -
Gross receipt taxes	353,071	-	-	-	16,435
Gas tax	6,064	-	-	-	32,361
Franchise taxes	22,241	-	-	-	-
Lodger's taxes	-	-	-	-	-
State operating grants	9,247	63,811	59,419	-	-
State capital grants	-	85,172	-	-	-
Federal operating grants	-	-	31,670	-	-
Federal capital grants	50,000	-	-	-	140,000
Charges for services	2,687	-	55,226	3,485	-
Licenses and fees	55,740	-	-	-	-
Interest income	1,870	-	-	914	-
Miscellaneous income	136,183	255	8,849	3,252	392
Total revenue	<u>660,982</u>	<u>149,238</u>	<u>155,164</u>	<u>7,651</u>	<u>189,188</u>
Expenditures					
Current:					
General government	316,356	-	-	-	-
Public safety	234,369	56,920	-	-	-
Public works	148,658	-	-	-	40,495
Culture and recreation	101,178	-	-	-	-
Health and welfare	20,406	-	164,025	12,608	-
Capital outlay	27,410	57,512	28,538	-	198,117
Total expenditures	<u>848,377</u>	<u>114,432</u>	<u>192,563</u>	<u>12,608</u>	<u>238,612</u>
Excess (deficiency) of revenues over expenditures	<u>(187,395)</u>	<u>34,806</u>	<u>(37,399)</u>	<u>(4,957)</u>	<u>(49,424)</u>
Other financing sources (uses)					
Transfers in	203,000	-	17,000	-	9,000
Transfers out	(150,000)	-	-	-	-
Total other financing sources (uses)	<u>53,000</u>	<u>-</u>	<u>17,000</u>	<u>-</u>	<u>9,000</u>
Net change in fund balance	<u>(134,395)</u>	<u>34,806</u>	<u>(20,399)</u>	<u>(4,957)</u>	<u>(40,424)</u>
Fund balance - beginning of year	<u>301,052</u>	<u>15,952</u>	<u>8,857</u>	<u>137,229</u>	<u>44,623</u>
Fund balance - end of year	<u>\$ 166,657</u>	<u>\$ 50,758</u>	<u>\$ (11,542)</u>	<u>\$ 132,272</u>	<u>\$ 4,199</u>

Other Governmental Funds	Total
\$ -	\$ 23,879
8,216	377,722
-	38,425
65,452	87,693
27,189	27,189
155,290	287,767
-	85,172
-	31,670
-	190,000
17,224	78,622
-	55,740
-	2,784
7,042	155,973
<u>280,413</u>	<u>1,442,636</u>
8,459	324,815
231,529	522,818
-	189,153
69,619	170,797
-	197,039
22,664	334,241
<u>332,271</u>	<u>1,738,863</u>
<u>(51,858)</u>	<u>(296,227)</u>
39,000	268,000
<u>(22,000)</u>	<u>(172,000)</u>
17,000	96,000
<u>(34,858)</u>	<u>(200,227)</u>
<u>112,976</u>	<u>620,689</u>
<u>\$ 78,118</u>	<u>\$ 420,462</u>

(This page is intentionally left blank)

**Reconciliation of the Statement of Revenues, Expenses and Changes in Fund
Balances - Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019**

Net Change in Fund Balance - Governmental Funds \$ (200,227)

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	334,241
Depreciation expense	(462,579)

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:

Change in net pension liability	(32,842)
Change in net OPEB liability	4,465

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, changes in accrued compensated absences does not consume current financial resources in governmental funds but does affect net position.

Increase in accrued compensated absences	<u>(143)</u>
--	--------------

Change in Net Position of Governmental Activities	<u><u>\$ (357,085)</u></u>
---	----------------------------

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, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ 22,155	\$ 22,875	\$ 23,879	\$ 1,004
Gross receipts	353,765	365,259	381,290	16,031
Gasoline and Motor vehicle	5,626	5,809	6,064	255
Franchise tax	20,635	21,306	22,241	935
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	46,391	47,898	50,000	2,102
State operating grants	12,059	12,451	12,997	546
State capital grants	-	-	-	-
Charges for services	2,493	2,574	2,687	113
Licenses and fees	51,716	53,396	55,740	2,344
Interest income (loss)	1,735	1,791	1,870	79
Miscellaneous	120,874	124,802	130,279	5,477
Total revenue	637,449	658,161	687,047	28,886
Expenditures				
Current				
General government	307,130	315,736	315,736	-
Public safety	235,082	241,669	241,669	-
Public works	144,606	148,658	148,658	-
Culture and recreation	98,420	101,178	101,178	-
Health and welfare	19,850	20,406	20,406	-
Capital outlay	19,562	20,110	20,110	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	824,650	847,757	847,757	-
Excess (deficiency) of revenues over expenditures	(187,201)	(189,596)	(160,710)	28,886
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	187,201	189,596	160,710	
Transfers in	40,000	203,000	203,000	-
Transfers out	(70,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	(30,000)	53,000	53,000	-
Net Change in fund balance	(217,201)	(136,596)	(107,710)	
Fund balance - beginning of year	229,681	229,681	229,681	
Fund balance - end of year	\$ 12,480	\$ 93,085	\$ 121,971	
Net change in fund balance (non-GAAP budgetary basis)			(107,710)	
Adjustments to revenue for receivables			(26,065)	
Adjustment to expenditures for accounts payable			(620)	
Net Change in fund balance (GAAP basis)			\$ (134,395)	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Fort Sumner
Fire Protection

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, 2019

	<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	-	-	-	-
MVD	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
MVD	-	-	-	-
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	34,057	63,824	63,811	(13)
State capital grants	45,457	85,189	85,172	(17)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	136	255.00	255	-
Total revenue	<u>79,650</u>	<u>149,268</u>	<u>149,238</u>	<u>(30)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	79,650	125,000	113,942	11,058
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>79,650</u>	<u>125,000</u>	<u>113,942</u>	<u>11,058</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>24,268</u>	<u>35,296</u>	<u>11,028</u>
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	(24,268)	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	-	24,268	35,296	
Fund balance - beginning of year	15,952	15,952	15,952	
Fund balance - end of year	<u>\$ 15,952</u>	<u>\$ 40,220</u>	<u>\$ 51,248</u>	
Net change in fund balance (non-GAAP budgetary basis)			35,296	
Adjustments to revenue			-	
Adjustment to expenditures for accounts payable			(490)	
Net Change in fund balance (GAAP basis)			<u>\$ 34,806</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Fort Sumner
Senior Citizens

Exhibit C-3

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
MVD	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
MVD		-	-	-
Federal operating grants	35,144	35,144	31,670	(3,474)
Federal capital grants	-	-	-	-
State operating grants	65,936	65,936	59,419	(6,517)
State capital grants	-	-	-	-
Charges for services	46,612	46,612	42,005	(4,607)
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	9,820	9,820	8,849	(971)
Total revenue	157,512	157,512	141,943	(15,569)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	157,512	162,807	159,808	2,999
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	157,512	162,807	159,808	2,999
Excess (deficiency) of revenues over expenditures	-	(5,295)	(17,865)	(12,570)
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	-	5,295		
Transfers in	-	17,000	17,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	17,000	17,000	-
Net Change in fund balance	-	11,705	(865)	
Fund balance - beginning of year	(1,538)	(1,538)	(1,538)	
Fund balance - end of year	\$ (1,538)	\$ 10,167	\$ (2,403)	
Net change in fund balance (non-GAAP budgetary basis)			(865)	
Adjustments to revenue			13,221	
Adjustment to expenditures for accounts payable			(32,755)	
Net Change in fund balance (GAAP basis)			\$ (20,399)	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO
Village of Fort Sumner
Cemetery

Exhibit C-4

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2019

	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	-	-	-	-
State capital grants	-	-	-	-
Charges for services	3,644	5,284	3,485	(1,799)
Licenses and fees	-	-	-	-
Interest income (loss)	956	1,386	914	(472)
Miscellaneous	3,400	4,930	3,252	(1,678)
Total revenue	8,000	11,600	7,651	(3,949)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	9,200	15,500	12,595	2,905
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	9,200	15,500	12,595	2,905
Excess (deficiency) of revenues over expenditures	(1,200)	(3,900)	(4,944)	(1,044)
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	1,200	3,900		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in fund balance	(1,200)	(3,900)	(4,944)	
Fund balance - beginning of year	137,229	137,229	137,229	
Fund balance - end of year	\$ 136,029	\$ 136,029	\$ 132,285	
Net change in fund balance (non-GAAP budgetary basis)			(4,944)	
Adjustments to revenue			-	
Adjustment to expenditures for changes in accounts payable			(13)	
Net Change in fund balance (GAAP basis)			\$ (4,957)	

(This page is intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Streets

Exhibit C-5

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
Revenues				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	51,481	18,028	17,698	(330)
Gasoline and Motor vehicle	94,134	32,964	32,361	(603)
Other	-	-	-	-
Franchise tax	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	407,244	142,609	140,000	(2,609)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income (loss)	-	-	-	-
Miscellaneous	1,140	399	392	(7)
Total revenue	553,999	194,000	190,451	(3,549)
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	97,558	42,776	42,744	32
Culture and recreation	-	-	-	-
Capital outlay	509,109	223,224	223,060	164
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	606,667	266,000	265,804	196
Excess (deficiency) of revenues over expenditures	(52,668)	(72,000)	(75,353)	(3,353)
Other financing resources (uses)				
Designated cash (budgeted increase in cash)	52,668	72,000	-	-
Transfers in	43,000	9,000	9,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	43,000	9,000	9,000	-
Net Change in fund balance	(9,668)	(63,000)	(66,353)	(66,353)
Fund balance - beginning of year	-	-	66,398	66,398
Fund balance - end of year	\$ -	\$ -	\$ 45	\$ 45
Net change in fund balance (non-GAAP budgetary basis)			(66,353)	
Adjustments to revenue for accounts receivable			(1,263)	
Adjustment to expenditures for accounts payable			27,192	
Net Change in fund balance (GAAP basis)			\$ (40,424)	

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, 2019

	<u>Sewer</u>	<u>Water</u>	<u>Airport</u>	<u>Ambulance</u>
Assets				
Cash and cash equivalents	\$ 10,138	\$ 32,851	\$ 8,955	\$ 1,444
Restricted cash and cash equivalents	9,134	117,516	-	-
Accounts receivable, net	18,621	31,633	36,631	49,122
Total current assets	<u>37,893</u>	<u>182,000</u>	<u>45,586</u>	<u>50,566</u>
Noncurrent assets				
Capital Assets	2,671,927	4,081,024	2,642,145	223,946
Less: Accumulated depreciation	(1,429,354)	(2,381,171)	(958,459)	(69,210)
Total noncurrent assets	<u>1,242,573</u>	<u>1,699,853</u>	<u>1,683,686</u>	<u>154,736</u>
Deferred outflows of resources				
Deferred outflows from pension	23,055	28,178	15,370	40,987
Deferred outflows from OPEB	904	1,105	603	1,607
Total Deferred outflows	<u>23,959</u>	<u>29,283</u>	<u>15,973</u>	<u>42,594</u>
Total assets, and deferred outflows of resources	<u>\$ 1,304,425</u>	<u>\$ 1,911,136</u>	<u>\$ 1,745,245</u>	<u>\$ 247,896</u>
Liabilities, deferred inflows and net position				
Liabilities				
Accounts payable	\$ 3,140	\$ 2,631	\$ 2,114	\$ 1,541
Accrued salaries and benefits	115	1,969	1,337	6,913
Accrued interest	2,296	6,036	-	-
Loans payable	25,133	4,038	-	-
Compensated absences	399	1,010	930	3,879
Total current liabilities	<u>31,083</u>	<u>15,684</u>	<u>4,381</u>	<u>12,333</u>
Noncurrent liabilities				
Loans payable	286,831	137,519	-	-
Customer deposits	-	53,470	-	-
Net pension liability	79,352	96,986	52,901	141,070
Net OPEB liability	45,436	55,533	30,291	80,775
Total noncurrent liabilities	<u>411,619</u>	<u>343,508</u>	<u>83,192</u>	<u>221,845</u>
Total Liabilities	<u>442,702</u>	<u>359,192</u>	<u>87,573</u>	<u>234,178</u>
Deferred inflows of resources				
Deferred inflows from pension	7,824	9,562	5,216	13,909
Deferred inflows from OPEB	14,053	17,176	9,369	24,984
Total deferred inflows of resources	<u>21,877</u>	<u>26,738</u>	<u>14,585</u>	<u>38,893</u>
Net position				
Net investment in capital asset	930,609	1,558,296	1,683,686	154,736
Restricted for:				
Debt service	9,134	63,833	-	-
Unrestricted	(99,897)	(96,923)	(40,599)	(179,911)
Total net position	<u>839,846</u>	<u>1,525,206</u>	<u>1,643,087</u>	<u>(25,175)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,304,425</u>	<u>\$ 1,911,136</u>	<u>\$ 1,745,245</u>	<u>\$ 247,896</u>

<u>Solid Waste</u>	<u>Total</u>
\$ 83	\$ 53,471
-	126,650
<u>26,067</u>	<u>162,074</u>
<u>26,150</u>	<u>342,195</u>
-	9,619,042
-	<u>(4,838,194)</u>
-	<u>4,780,848</u>
-	107,590
-	<u>4,219</u>
-	<u>111,809</u>
<u>\$ 26,150</u>	<u>\$ 5,234,852</u>
\$ -	\$ 9,426
-	10,334
-	8,332
-	29,171
-	<u>6,218</u>
-	<u>63,481</u>
-	424,350
-	53,470
-	370,309
-	<u>212,035</u>
-	<u>1,060,164</u>
-	<u>1,123,645</u>
-	36,511
-	<u>65,582</u>
-	<u>102,093</u>
-	4,327,327
-	72,967
<u>26,150</u>	<u>(391,180)</u>
<u>26,150</u>	<u>4,009,114</u>
<u>\$ 26,150</u>	<u>\$ 5,234,852</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Sewer</u>	<u>Water</u>	<u>Airport</u>	<u>Ambulance</u>
Operating revenues:				
Charges for services	\$ 120,487	\$ 251,127	\$ 85,067	\$ 144,803
Total operating revenues	<u>120,487</u>	<u>251,127</u>	<u>85,067</u>	<u>144,803</u>
Operating expenses:				
Depreciation and amortization	49,732	111,240	83,596	19,190
Personnel services	25,778	58,239	67,879	201,923
Contractual services	-	903	-	2,332
Supplies	-	-	3,323	1,541
Maintenance and Materials	29,210	12,611	10,587	-
Utilities	31,216	23,204	4,299	3,543
Miscellaneous	74,017	105,303	12,859	12,631
Total operating expense	<u>209,953</u>	<u>311,500</u>	<u>182,543</u>	<u>241,160</u>
Operating income (loss)	<u>(89,466)</u>	<u>(60,373)</u>	<u>(97,476)</u>	<u>(96,357)</u>
Non-operating revenues (expense):				
Gross receipts taxes	5,826	7,334	-	-
Interest income	21	891	-	-
Miscellaneous income (expense)	34	14	-	-
Interest expense	(14,335)	(3,689)	-	-
Total non-operating revenues (expense)	<u>(8,454)</u>	<u>4,550</u>	<u>-</u>	<u>-</u>
	<u>(97,920)</u>	<u>(55,823)</u>	<u>(97,476)</u>	<u>(96,357)</u>
Income (loss) before contributions and transfers				
Transfers in	106,000	-	-	-
Transfers out	-	(201,000)	-	-
State and federal capital grants	60,522	-	38,020	-
State and federal operating grants	-	-	-	43,333
Total contributions and transfers	<u>166,522</u>	<u>(201,000)</u>	<u>38,020</u>	<u>43,333</u>
Change in Net Position	<u>68,602</u>	<u>(256,823)</u>	<u>(59,456)</u>	<u>(53,024)</u>
Net Position, beginning of year	<u>771,244</u>	<u>1,782,029</u>	<u>1,702,543</u>	<u>27,849</u>
Net Position - end of the year	<u>\$ 839,846</u>	<u>\$ 1,525,206</u>	<u>\$ 1,643,087</u>	<u>\$ (25,175)</u>

<u>Solid Waste</u>	<u>Total</u>
<u>\$ 218,395</u>	<u>\$ 819,879</u>
<u>218,395</u>	<u>819,879</u>
-	263,758
-	353,819
230,401	233,636
-	4,864
-	52,408
-	62,262
-	204,810
<u>230,401</u>	<u>1,175,557</u>
<u>(12,006)</u>	<u>(355,678)</u>
11,326	24,486
-	912
-	48
-	(18,024)
<u>11,326</u>	<u>7,422</u>
<u>(680)</u>	<u>(348,256)</u>
-	106,000
(1,000)	(202,000)
-	98,542
-	43,333
<u>(1,000)</u>	<u>45,875</u>
<u>(1,680)</u>	<u>(302,381)</u>
<u>27,830</u>	<u>4,311,495</u>
<u>\$ 26,150</u>	<u>\$ 4,009,114</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Sewer</u>	<u>Water</u>	<u>Airport</u>	<u>Ambulance</u>
Cash flow from operating activities				
Cash received from customers	\$ 117,572	\$ 255,242	\$ 94,755	\$ 126,036
Cash payments to employees for services	(24,623)	(52,340)	(57,754)	\$ (198,190)
Cash payments to suppliers for goods and services	(135,056)	(150,721)	(71,196)	\$ (18,506)
Net cash provided by operating activities	<u>(42,107)</u>	<u>52,181</u>	<u>(34,195)</u>	<u>(90,660)</u>
Cash flow from noncapital financing activities				
Taxes received	5,826	7,334	-	-
Miscellaneous	34	14	-	-
Governmental contributions	-	-	-	43,333
Transfers	106,000	(201,000)	-	-
Net cash flows provided by noncapital financing activities	<u>111,860</u>	<u>(193,652)</u>	<u>-</u>	<u>43,333</u>
Cash Flows from capital and related financing activities:				
Interest paid	(14,520)	(7,250)	-	-
Principal payments	(23,000)	(4,000)	-	-
Loan proceeds	25,000	-	-	-
Acquisition of capital assets	(106,479)	-	-	(8,069)
Proceeds from capital governmental contributions	60,522	-	38,020	-
Net cash provided (used) by capital and related financing activities	<u>(58,477)</u>	<u>(11,250)</u>	<u>38,020</u>	<u>(8,069)</u>
Cash flows from investing activities				
Interest income	21	891	-	-
Net cash provided by investing activities	<u>21</u>	<u>891</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	11,297	(151,830)	3,825	(55,396)
Cash & cash equivalents - beginning of year	7,975	302,197	5,130	56,840
Cash & cash equivalents - end of year	<u>\$ 19,272</u>	<u>\$ 150,367</u>	<u>\$ 8,955</u>	<u>\$ 1,444</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (89,466)	\$ (60,373)	\$ (97,476)	\$ (96,357)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Pension and OPEB Expense	2,352	6,798	11,497	4,670
Depreciation	49,732	111,240	83,596	19,190
Changes in assets & liabilities:				
Receivables	(2,915)	3,904	9,688	(18,767)
Accounts payable	(613)	(8,700)	(40,128)	1,541
Accrued salaries and benefits	(1,273)	(1,629)	(1,255)	1,078
Compensated absences	76	730	(117)	(2,015)
Net cash provided (used) by operating activities	<u>\$ (42,107)</u>	<u>\$ 52,181</u>	<u>\$ (34,195)</u>	<u>\$ (90,660)</u>

See Independent Auditors' Report and Notes to Financial Statements

<u>Solid Waste</u>	<u>Total</u>
\$ 213,140	\$ 806,745
-	(332,907)
<u>(230,401)</u>	<u>(605,880)</u>
<u>(17,261)</u>	<u>(132,042)</u>
11,326	24,486
-	48
-	43,333
<u>(1,000)</u>	<u>(96,000)</u>
<u>10,326</u>	<u>(28,133)</u>
-	(21,770)
-	(27,000)
-	25,000
-	(114,548)
<u>-</u>	<u>98,542</u>
<u>-</u>	<u>(39,776)</u>
-	912
<u>-</u>	<u>912</u>
(6,935)	(199,039)
7,018	379,160
<u>\$ 83</u>	<u>\$ 180,121</u>
\$ (12,006)	\$ (355,678)
-	25,317
-	263,758
(5,255)	(13,345)
-	(47,900)
-	(3,079)
-	(1,326)
<u>\$ (17,261)</u>	<u>\$ (132,042)</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

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 a 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 are 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, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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

The Fort Sumner Housing Authority (the 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 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, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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, 2019

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 funds 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.

Fire Protection accounts for the capital purchases, debt service, operations and maintenance of fire equipment. Financing is provided by a state fire allotment. Authority - NMSA 59S-53-1.

Senior Citizen's 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.

Cemetery Special Revenue Fund accounts for the operations and maintenance of the Village Cemetery. Funding is primarily through the sale of burial plots. Fund created by Village ordinance.

Streets is used to account for the receipts and expenditures of special gasoline tax and gross receipt tax which is restricted for use in repairing and maintaining roads and streets within the municipality. The fund was created by state statute NMSA 7-1-6.27.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The Village reports the following major enterprise funds:

The Sewer Fund accounts for the provision of sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations, billing, and maintenance.

The Water Fund accounts for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations, billing, and maintenance.

The Airport Fund accounts for the operations of the Village airport. Financing is primarily provided through rental leases, fuel sales, and grant proceeds.

The Ambulance Fund accounts for the operations of the Village's ambulance service. Users of the service are billed for the services. Additional funding is through grants.

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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 Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

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 in the event they are not received within 60 days of year end.

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, delinquent property taxes are recorded when levied. Property taxes are considered 100% collectible. The allowance for doubtful accounts for customer receivables is calculated based on the aging of the customer accounts receivable and the Village's historical experience with these receivables.

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Restricted Assets: Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. State law sets a capitalization threshold of \$5,000 for acquisitions of property and equipment (12-10-10 NMSA 1978). Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1980) are included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

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, 2019, along with the applicable PERA and Retiree Health Care (RHCA).

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a recognized consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

OPEB: The Government wide financial statements and proprietary type funds report deferred outflows and deferred inflows for purposes of measuring the net OPEB liability. Deferred outflows of resources and deferred inflows of resources related to retirement healthcare, and expense, information about the fiduciary net position of the New Mexico Retirement Healthcare Authority (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments 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, 2019

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 fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Net Position: The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets - Net investment in capital assets consist 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.

Restricted Net Position – Consist 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 – All other net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt.”

Fund Balance: During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. Fund balance is reported in these five classifications:

Non-spendable – the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance amount has spending limitations that are constrained by the government’s highest level of decision-making authority.

At June 30, 2019, the Village has presented restricted and committed fund balance on the governmental funds balance sheet in the amount of \$338,341, including minimum fund balance in the General Fund, and for various Village operations as restricted by enabling legislation in the special revenue funds, debt service, and for capital projects. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 16 and 17.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Assigned – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds, and permanent funds.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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 the General Fund expenditures for the upcoming budget year. The Village has presented restricted fund balance on the governmental funds balance sheet in the amount of \$70,698 to meet minimum fund balance requirements for the General Fund.

The Village applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, and 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, the allowance for doubtful accounts of sewer, water, ambulance and solid waste receivables.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

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 cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal 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, and Capital Projects Funds. The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The Village Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual presents 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, 2019 is presented as part of the budgetary statements.

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, 2019.

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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 3. Deposits and Investments (continued)

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.

All of the Village's accounts at an insured depository institution, including time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

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) that require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least one half the amount in excess of FDIC coverage on deposit with the institution.

At June 30, 2019, \$334,944 of the Village's bank balance of \$584,944 was exposed to custodial credit risk. \$334,944 of the Village's 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, 2019.

Custodial Credit Risk – Deposits: Village

	Citizens bank of Clovis
Deposits	\$ 584,944
Less: FDIC Coverage	(250,000)
Total uninsured public funds	334,944
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	334,944
Uninsured and uncollateralized	-
Collateral requirements (50% of uninsured funds)	\$ 167,472
Pledged Collateral	1,735,794
Over (under) collateralized	\$ 1,568,322

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 3. Deposits and Investments (continued)

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	\$	384,898
Cash and cash equivalents - Business-type Activities per Exhibit A-1		53,471
Restricted cash and cash equivalents - Business-type Activities per Exhibit A-1		<u>126,650</u>
Total cash and cash equivalents		<u>565,019</u>
Add: outstanding checks		20,807
Less: outstanding deposits		<u>(882)</u>
Bank balance of deposits	\$	<u><u>584,944</u></u>

NOTE 4. Receivables

Receivables as of June 30, 2019, are as follows:

	Governmental Funds	Proprietary Funds
Taxes receivable:		
Gross receipts taxes	\$ 63,628	\$ -
Property taxes	2,608	-
Franchise taxes	1,990	-
Gas taxes	5,999	-
Lodgers taxes	1,667	-
Other receivables:		
Customer receivables, Net	-	162,074
Grants	28,825	-
Miscellaneous	<u>2,866</u>	-
Total receivables, net	<u><u>\$ 107,583</u></u>	<u><u>\$ 162,074</u></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 \$14,066. Sewer, Water and Solid Waste accrued allowances for doubtful accounts of \$1,378, \$2,436 and \$4,119 respectively. All other business type fund's account receivables older than 90 days were immaterial and accordingly the Village did not accrue an allowance for doubtful accounts for these funds.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

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:

Transfer Out	Transfer In	Amount
Corrections	General Fund	5,000
General Fund	Recreation	\$ 38,000
General Fund	Streets	9,000
General Fund	Senior Citizen's	17,000
General Fund	Sewer	86,000
Recreation	General Fund	17,000
Solid Waste	Environmental Tax	1,000
Water	General Fund	181,000
Water	Sewer	20,000
		\$ 374,000

NOTE 6. Capital Assets

A summary of capital assets and changes for the Village occurring during the year ended June 30, 2019 follows. Land is not subject to depreciation.

	Balance June 30, 2018	Additions	CIP Transfers	Balance June 30, 2019
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 50,807	\$ -	\$ -	\$ 50,807
Construction in progress (CIP)	36,801	51,202	(59,465)	28,538
Total capital assets, not depreciated	\$ 87,608	\$ 51,202	\$ (59,465)	\$ 79,345
Capital assets depreciated:				
Buildings	\$ 3,408,998	\$ 5,212	\$ 59,465	\$ 3,473,675
Equipment	1,723,495	69,922	-	1,793,417
Infrastructure	6,400,329	207,905	-	6,608,234
Total capital assets, depreciated	\$ 11,532,822	\$ 283,039	\$ 59,465	\$ 11,875,326
Total capital assets	\$ 11,620,430			\$ 11,954,671
Less accumulated depreciation:				
Buildings	\$ 1,814,845	\$ 86,555	\$ -	\$ 1,901,400
Equipment	945,712	92,319	-	1,038,031
Infrastructure	3,127,127	283,705	-	3,410,832
Total accumulated depreciation	\$ 5,887,684	\$ 462,579	\$ -	\$ 6,350,263
Capital Assets, Net	\$ 5,732,746			\$ 5,604,408

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 6. Capital Assets (continued)

There were no deletions of capital assets in the fiscal year 2019. Depreciation expense for the year ended June 30, 2019 was charged to governmental activities as follows:

General Government	\$ 106,970
Public Safety	172,178
Public Works	62,293
Culture and Recreation	56,248
Health and welfare	64,890
Total depreciation expense, governmental activities	<u>\$ 462,579</u>

	Balance June 30, 2018	Additions	Balance June 30, 2019
Business-type activities:			
Capital assets not depreciated:			
Land and Water Rights	\$ 46,100		\$ 46,100
Construction in progress	-	106,479	106,479
Total capital assets not depreciated	<u>\$ 46,100</u>		<u>\$ 152,579</u>
Capital asset depreciated:			
Buildings	\$ 8,394,936	\$ -	\$ 8,394,936
Equipment	721,427	8,069	729,496
Infrastructure	342,031	-	342,031
Total capital assets, depreciated	<u>\$ 9,458,394</u>	<u>\$ 8,069</u>	<u>\$ 9,466,463</u>
Total capital assets	<u>\$ 9,504,494</u>		<u>\$ 9,619,042</u>
Less accumulated depreciation:			
Buildings	\$ 4,233,319	\$ 186,655	\$ 4,419,974
Equipment	332,928	60,001	392,929
Infrastructure	8,189	17,102	25,291
Total accumulated depreciation	<u>\$ 4,574,436</u>	<u>\$ 263,758</u>	<u>\$ 4,838,194</u>
Capital Assets, Net	<u>\$ 4,930,058</u>		<u>\$ 4,780,848</u>

A summary of capital assets and changes for the Housing Authority occurring during the year ended June 30, 2019 follows. Land is not subject to depreciation.

	Balance June 30, 2018	Additions	Balance June 30, 2019
Component Unit:			
Capital assets not being depreciated:			
Land	\$ 33,736	\$ -	\$ 33,736
Total capital assets, not depreciated	<u>33,736</u>	<u>-</u>	<u>33,736</u>
Capital assets depreciated:			
Buildings and Improvements	2,181,271	2,688	2,183,959
Equipment -Machinery	25,581	-	25,581
Total capital assets, depreciated	<u>2,206,852</u>	<u>-</u>	<u>2,209,540</u>
Less accumulated depreciation:			
Buildings and Improvements	1,491,533	63,305	1,554,838
Equipment -Machinery	48,509	179	48,688
Total accumulated depreciation	<u>1,540,042</u>	<u>63,484</u>	<u>1,603,526</u>
Capital Assets, Net	<u>\$ 700,546</u>		<u>\$ 639,750</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 7. Long-term Debt

During the year ended June 30, 2019 the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

Governmental Activities

Governmental Funds	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Compensated Absences	6,729	6,390	6,247	6,872	6,872
Total Long Term Debt	<u>\$ 6,729</u>	<u>\$ 6,390</u>	<u>\$ 6,247</u>	<u>\$ 6,872</u>	<u>\$ 6,872</u>

Business-Type Activities

Bonds and notes payables for the Business-Type Activities as of June 30, 2019 are comprised of the following:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Water Improvement Bonds	\$ 145,557	-	\$ (4,000)	\$ 141,557	\$ 4,038
Sewer Plant Bonds	66,000	-	(15,000)	51,000	16,000
Sewer Improvement Bonds	243,964	-	(8,000)	235,964	7,935
NMED Sewer Loan	-	25,000	-	25,000	1,198
Total Bonds and Notes Payable	<u>455,521</u>	<u>25,000</u>	<u>(27,000)</u>	<u>453,521</u>	<u>29,171</u>
Compensated Absences	7,544	4,441	5,767	6,218	6,218
Total Long Term Debt	<u>\$ 918,586</u>	<u>\$ 54,441</u>	<u>\$ (48,233)</u>	<u>\$ 913,260</u>	<u>\$ 64,560</u>

The Water Improvement Bonds were issued in January of 1998 in the amount of \$200,000 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.

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.

On December 13, 2018 the Village entered into a loan grant agreement for \$20,000 and \$502,440 respectively with the New Mexico Environment Department for the purposes of making waste water improvements to the Villages infrastructure. The loan has an interest rate of 0% and is payable in 20 \$1,000 installments starting on April 5, 2020. The Loan is secured by the revenues of the Village's waste water system. The loan grant agreement was approved pursuant to Village ordinance No. 409 on January 1, 2018.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 7. Long-term Debt (continued)

On January 31, 2018 the Village approved a loan grant agreement for \$5,000 and \$192,560 respectively with the New Mexico Environment Department for making improvements to the Village waste water system. The loan has an interest rate of 2.375% and has 20 equal installments of \$317.04 starting on April 5, 2020.

The annual requirements to amortize the above bonds and loans as of June 30, 2019 including interest payments are follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2020	29,171	23,378	52,549
2021	30,996	22,082	53,078
2022	32,625	20,731	53,356
2023	15,285	19,317	34,602
2024	15,977	17,812	33,789
2025-2029	91,505	76,243	167,748
2030-2034	114,625	55,215	169,840
2035-2039	123,337	28,537	151,874
	<u>453,521</u>	<u>263,315</u>	<u>716,836</u>

Compensated Absences - Employees of the Village are able to accrue a limited amount of vacation. During fiscal year June 30, 2019, compensated absences for general government increased by \$143 and for business-like activities decreased by \$1,326. Accrued compensated absences have historically been liquidated through the general fund.

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, are 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, 2019

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/>.

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, 2018 available at: http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2018.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 FY18 for the various PERA coverage options, for both Tier I and Tier II, see the tables at: http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2018.pdf.

The PERA coverage options that apply to the Village are: Municipal General. Statutorily required contributions to the pension plan from the Village were \$45,991 and Village paid no employee contributions for Year end June 30, 2019.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 9. Pension Plan- Public Employees Retirement Association

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, 2018. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2018, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2019.

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, 2018. Only employer contributions for the pay period end dates that fell within the period of July 1, 2017 to June 30, 2018 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to Fiscal year 2019 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

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

Contributions: PERA contribution rates and pension factors as of July 1, 2019 are as follows:

PERA Contribution Rates and Pension Factors as of July 1, 2018						
Coverage Plan	Employee Contribution		Employer Contribution Percentage	Pension Factor per		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

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

For PERA Fund Division Municipal General, at June 30, 2019, the Village reported a liability of \$881,687 for its proportionate share of the net pension liability. At June 30, 2019, the Village's proportion was .0553% percent, which was changed slightly from its proportion measured as of June 30, 2018, which was 05722%.

For the year ended June 30, 2019, the Village recognized PERA Fund Division Municipal General pension expense of \$59,003 (includes estimated allocated business funds amount) at June 30, 2019, 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	\$ 25,483	\$ 23,149
Changes of assumptions	79,937	5,069
Net difference between projected and actual earnings on pension plan investments	65,390	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	39,365	58,712
Village's contributions subsequent to the measurement date	45,991	-
Total	<u>\$ 256,166</u>	<u>\$ 86,930</u>

\$45,991 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 96,981
2021	35,568
2022	(10,393)
2023	3,089
2024	-
Total	<u>\$ 125,245</u>

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

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

Actuarial Assumptions: The total pension liability at June 30, 2019 was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Asset valuation method	4 year smoothed Market Value
Retirement	Changes to current assumed rates of
Disability	Lower rates for State police, Muni Male
Remaining Amortization Period	30 Years
Administrative Expenses	.5% of Payroll
Actuarial assumptions:	Fair value
Investment rate of return	7.25% Static
Payroll growth	3.00% Static
Projected salary increases	3.25%-13.5%
Real investment Return	4.75% above inflation.
Mortality assumption	RPH-2014 Blue Collar Mortality
Experience study dates	July 1, 2012 to June 30, 2017

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>
Global Equity	43.5%	7.48%
Risk Reduction	21.5%	2.37%
Credit Oriented	15.0%	5.47%
Real Assets	20.0%	6.48%
Total	100%	

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

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

Discount rate

The discount rate used to measure the total pension liability was 7.25 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 7.25 percent 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 (6.25%) or one percentage point higher (8.25%) than the single discount rate.

<u>PERA Fund Division Municipal Government</u>	<u>1% Decrease Rate (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Village's proportionate share of the net pension liability	\$ 1,358,620	\$ 881,687	\$ 487,425

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY18 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, 2019. 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, 2019 but paid in July 2020.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

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

Plan Description

Employees of the Village are provided with OPEB through the Retiree Health Care Fund (the Fund) - a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Benefits Provided

The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

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

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 10. Other Post-Employment Benefits – State Retiree Health Care Plan (continued)

Contributions

Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the Village were \$10,327 for the year ending June 30, 2019.

At June 30, 2019, the Village reported a liability of \$504,845 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The Village’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2019, the Village’s proportionate share was 0.0116 percent.

For the year ended June 30, 2019, the Village recognized OPEB revenue of \$5300. At June 30, 2019 the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual exper	\$ -	\$ 29,890
Changes of assumptions	-	94,252
Chnages in proportion		25,706
Net difference between projected and actual earnings on pension plan investments	-	6,300
Village's contributions subsequent to the measurement date	10,045	-
Total	\$ 10,045	\$ 156,148

Deferred outflows of resources totaling \$10,045 represent the Village’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended	Amount
2020	\$ (38,589)
2021	(38,589)
2022	(38,589)
2023	(31,040)
2024	(9,342)
Total	\$ (156,149)

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 10. Other Post-Employment Benefits – State Retiree Health Care Plan (continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.5% for ERB; 2.25% for PERA
Projected payroll increase	3.50%
Investment rate of return	7.25 net of OPEB plan expense and margin for adverse deviation including
Health care cost trend	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12
Mortality assumption	RP-2000 Combined mortality table with white collar adjustment (males) and GRS Southwest Regional Teacher Mortality Tables (females) PERA

Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. core fixed income	20.0%	4.10%
US Equity-Large Cap	20.0%	9.10%
Non US Emerging	15.0%	12.20%
NON US Developed	12.0%	9.80%
Private Equity	10.0%	13.80%
Credit and Structured	21.5%	1.79%
Real Estate	5.0%	6.90%
Absolute Return	5.0%	6.10%
Real Assets	3.0%	9.10%
Total	<u>100%</u>	

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

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

Discount Rate

The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2019. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.

The following presents the net OPEB liability of the Village, as well as what the Village’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

<u>RHC Fund Division Municipal Government</u>	<u>1% Decrease (3.08%)</u>	<u>Current Discount Rate (4.08%)</u>	<u>1% Increase (5.08%)</u>
Village's proportionate share of the net OPEB liability	\$ 610,980	\$ 504,845	\$ 421,185

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

NOTE 11. 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.

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 12. Leases

Future lease obligations at June 30, 2019 were:

<u>Year</u>	<u>Amount</u>
2020	\$ 3,577
2021	3,577
2022	3,577
2023	1,998
	280
Total	<u>\$ 13,009</u>

NOTE 13. 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 14. Subsequent Events

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 25, 2019, which is the date on which the financial statements were available to be issued.

NOTE 15. Restricted Net Position

The Government Wide Statement of Net Position reports \$267,643 of restricted amounts in governmental activities, all of which is restricted by enabling legislation and restricted Net Position in business-type activities of \$72,967 which is restricted for debt service.

NOTE 16. GASB 77 Disclosures (Tax Abatements)

Management of the Village is not aware of any tax abatement agreements that existed as of June 30, 2019.

NOTE 17. Other Required Disclosures

Deficit fund balances of individual funds as of June 30, 2019 were as follows:

- Recreation Fund: (\$2,296)
- Senior Citizens: (\$11,542)

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 18. Joint Power Agreements

E-911 Services

Participants:	Village of Fort Sumner De Baca County
Responsible Party:	Village of Fort Sumner
Description:	De Baca County and the Village of Fort Sumner have agreed to establish, fund and maintain the consolidated De Baca County Regional Emergency Communications Center for the joint use of Citizens
Period:	Continuous with termination requiring 120 days written notice.
Project Costs:	Undeterminable
Village Contribution:	\$22,750 per quarter (\$91,000 per fiscal year)
Audit Responsibility:	De Baca County

Law Enforcement Services

Participants:	Village of Fort Sumner, De Baca County Sheriff's Department and De Baca County
Responsible Party:	Village of Fort Sumner
Description:	The agreement was entered into to establish a joint law enforcement services system to serve the citizens of De Baca County and the Village of Fort Sumner.
Period:	Entered into on May 25, 2011 and shall run in perpetuity or until its termination. Termination of this agreement may be made by either party by providing the other party formal notice of intent to terminate not less than ninety (90) days from the date of notice.
Project Costs:	Undeterminable
Village Contribution:	Undeterminable
Audit Responsibility:	Village of Fort Sumner

Solid Waste Services

Participants:	County of De Baca and the Village of Fort Sumner
Responsible Party:	County of De Baca and the Village of Fort Sumner
Description:	Provide and distribute trans bins through the Village of Fort Sumner and provide trash services.
Period:	Termination upon mutual consent of a 90 day written notice.
Project Costs:	Monthly fees to residential of \$35, Commercial of \$62 and Super Commercial of \$137 and a monthly flat rate of \$19,200.
Village Contribution:	\$19,200 per month
Audit Responsibility:	De Baca County and Village of Fort Sumner

STATE OF NEW MEXICO
Village of Fort Sumner
Notes to the Financial Statements
June 30, 2019

NOTE 20. Related Party

Management of the Village is not aware of any related party transactions that existed for fiscal year June 30, 2019.

(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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0553%	0.0572%	0.0572%	0.0531%	0.0557%
Village's proportionate share of the net pension liability (asset)	\$ 881,687	\$ 845,062	\$ 889,898	\$ 541,401	\$ 434,520
Village's covered-employee payroll	\$ 458,223	\$ 470,122	\$ 491,855	\$ 429,188	\$ 416,644
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	179.75%	179.75%	180.93%	126.15%	104.29%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	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.

See Independent Auditors' Report

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 45,991	\$ 47,142	\$ 47,464	\$ 40,987	\$ 49,766
Contributions in relation to the contractually required contribution	\$ 45,991	\$ 47,140	\$ 49,851	\$ 41,451	\$ 49,766
Contribution deficiency (excess)	\$ -	\$ 2	\$ (2,387)	\$ (464)	\$ -
Village's covered-employee payroll	\$ 458,223	\$ 470,122	\$ 491,855	\$ 429,188	\$ 416,644
Contributions as a percentage of covered-employee payroll	10.04%	10.03%	10.14%	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.

See Independent Auditors' Report

**Schedules of Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Retiree Health Care Last 10 Fiscal Years***

VILLAGE IN SUMMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Village's proportion of the net OPEB liability (asset)	0.0116	0.0122	0.0122
Village's proportionate share of the net OPEB liability (asset)	\$ 504,845	\$ 551,506	\$ 665,549
Village's covered-employee payroll	\$ 502,177	\$ 516,350	\$ 522,250
Village's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	100.53%	106.81%	127.44%

*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 Village will present information for those years for which information is available.

**STATE OF NEW MEXICO
Village of Ft. Sumner
Schedules of Contributions
Retirement Healthcare
Last 10 Fiscal Years***

VILLAGE IN SUMMATION

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 10,045	\$ 10,327	\$ 10,445
Contributions in relation to the contractually required contribution	\$ 10,045	\$ 10,327	\$ 10,445

*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 Village will present information for those years for which information is available.

STATE OF NEW MEXICO
Village of Ft. Sumner
Notes to the Schedule of Required Supplementary Information
For the Year Ended June 30, 2019

Changes of benefit terms

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY18 audit available at:

<https://www.saonm.org/>

There were no major changes to the benefit terms which impact the measurements provided in the Retiree Health Care Fund. The 2018 report can be found at:

<https://www.saonm.org/>

Changes of assumptions

The PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in the PERA June 30, 2018 pension valuation. Assumptions including the following were updated: Per capita costs, future trend for health costs and medical election assumptions. The actuarial assumptions are contained in section 3 of the RHCA GASB 74 Actuarial Report.

SUPPLEMENTARY INFORMATION

(This page is intentionally left blank)

STATE OF NEW MEXICO
Village of Fort Sumner
Nonmajor Fund Description
June 30, 2018

SPECIAL REVENUE FUNDS

Corrections – To account for 20% of all fees collected from citations which are used to fund the housing of inmates sentenced by the municipal judge in the county jail. Authority – NMSA 35-15-12.

Environmental Tax – 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 – To account for state and county proceeds provided for operations of the Village's emergency medical services. Authority – NMSA 24-10A.

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.

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

STATE OF NEW MEXICO
Village of Fort Sumner
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue			
	Corrections	Environmental Tax	Emergency Medical Services	Law Enforcement
Assets				
Cash and cash equivalents	\$ 3,680	\$ 1,434	\$ 37,057	\$ 13,822
Gross receipt taxes receivable	-	1,334	-	-
Other receivables	-	-	-	-
Total assets	\$ 3,680	\$ 2,768	\$ 37,057	\$ 13,822
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Total liabilities	-	-	-	-
Fund balance				
Spendable:				
Restricted for:				
General government	-	2,768	-	-
Public safety	3,680	-	37,057	13,822
Culture and recreation	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	3,680	2,768	37,057	13,822
Total liabilities and fund balance	\$ 3,680	\$ 2,768	\$ 37,057	\$ 13,822

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue					
Lodgers Tax	Recreation	DWI Grant	County Ambulance Tax	PIT Canteen	Total Other Governmental Funds
\$ 7,461	\$ 3,774	\$ 3,115	\$ 136	\$ 11,253	\$ 81,732
-	-	-	-	-	1,334
1,667	-	-	-	-	1,667
<u>\$ 9,128</u>	<u>\$ 3,774</u>	<u>\$ 3,115</u>	<u>\$ 136</u>	<u>\$ 11,253</u>	<u>\$ 84,733</u>
\$ -	\$ 1,033	\$ -	\$ -	545	\$ 1,578
-	5,037	-	-	-	5,037
-	<u>6,070</u>	-	-	<u>545</u>	<u>6,615</u>
-	-	-	-	-	2,768
-	-	3,115	136	-	57,810
9,128	-	-	-	10,708	19,836
-	<u>(2,296)</u>	-	-	-	<u>(2,296)</u>
<u>9,128</u>	<u>(2,296)</u>	<u>3,115</u>	<u>136</u>	<u>10,708</u>	<u>78,118</u>
<u>\$ 9,128</u>	<u>\$ 3,774</u>	<u>\$ 3,115</u>	<u>\$ 136</u>	<u>\$ 11,253</u>	<u>\$ 84,733</u>

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, 2019

	Special Revenue			
	Corrections	Environmental Tax	Emergency Medical Services	Law Enforcement
Revenues				
Gross receipt taxes	\$ -	\$ 8,216	\$ -	\$ -
Franchise taxes	-	-	-	-
Lodger's taxes	-	-	-	-
State operating grants	-	-	14,003	20,600
Charges for services	-	-	-	-
Miscellaneous income	7,000	-	-	-
Total revenue	<u>7,000</u>	<u>8,216</u>	<u>14,003</u>	<u>20,600</u>
Expenditures				
Current:				
General government	-	8,459	-	-
Public safety	-	-	14,401	7,128
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>8,459</u>	<u>14,401</u>	<u>7,128</u>
Excess (deficiency) of revenues over expenditures	<u>7,000</u>	<u>(243)</u>	<u>(398)</u>	<u>13,472</u>
Other financing sources (uses)				
Transfers in	-	1,000	-	-
Transfers out	(5,000)	-	-	-
Total other financing sources (uses)	<u>(5,000)</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>2,000</u>	<u>757</u>	<u>(398)</u>	<u>13,472</u>
Fund balance - beginning of year	<u>1,680</u>	<u>2,011</u>	<u>37,455</u>	<u>350</u>
Fund balance - end of year	<u>\$ 3,680</u>	<u>\$ 2,768</u>	<u>\$ 37,057</u>	<u>\$ 13,822</u>

See Independent Auditors' Report and Notes to Financial Statements

Special Revenue					
Lodgers Tax	Recreation	DWI Grant	County Ambulance Tax	PIT Canteen	Total Other Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,216
-	-	-	65,452	-	65,452
27,189	-	-	-	-	27,189
-	-	118,292	2,395	-	155,290
-	11,487	2,030	-	3,707	17,224
-	42	-	-	-	7,042
<u>27,189</u>	<u>11,529</u>	<u>120,322</u>	<u>67,847</u>	<u>3,707</u>	<u>280,413</u>
-	-	-	-	-	8,459
-	-	138,999	71,001	-	231,529
31,229	36,731	-	-	1,659	69,619
22,664	-	-	-	-	22,664
<u>53,893</u>	<u>36,731</u>	<u>138,999</u>	<u>71,001</u>	<u>1,659</u>	<u>332,271</u>
<u>(26,704)</u>	<u>(25,202)</u>	<u>(18,677)</u>	<u>(3,154)</u>	<u>2,048</u>	<u>(51,858)</u>
-	38,000	-	-	-	39,000
-	(17,000)	-	-	-	(22,000)
-	21,000	-	-	-	17,000
<u>(26,704)</u>	<u>(4,202)</u>	<u>(18,677)</u>	<u>(3,154)</u>	<u>2,048</u>	<u>(34,858)</u>
<u>35,832</u>	<u>1,906</u>	<u>21,792</u>	<u>3,290</u>	<u>8,660</u>	<u>112,976</u>
<u>\$ 9,128</u>	<u>\$ (2,296)</u>	<u>\$ 3,115</u>	<u>\$ 136</u>	<u>\$ 10,708</u>	<u>\$ 78,118</u>

(This page is intentionally left blank)

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Deposits and Investments
June 30, 2019

Schedule V

<u>Bank Name/Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Book Balance</u>
Citizens Bank of Clovis					
CDBG	Savings	\$ 101	\$ -	\$ -	\$ 101
Operational	Checking	353,794	857	(20,355)	334,296
Pooled (Utility-partial Hold)	Checking	98,351	-	-	98,351
Certificate of Deposit	CD	40,000	-	-	40,000
Cemetery	Checking	38,836	25	(452)	38,409
Cemetery Savings	Savings	53,862	-	-	53,862
Total Citizens Bank of Clovis		<u>\$ 584,944</u>	<u>\$ 882</u>	<u>\$ (20,807)</u>	<u>\$ 565,019</u>
				Cash and cash equivalents - Exhibit A-1	\$ 438,369
				Restricted cash and cash equivalents - Exhibit A-1	<u>126,650</u>
				Reconciled deposits and investments	<u><u>\$ 565,019</u></u>

See Independent Auditors' Report

STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2019

Schedule VI

<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 II Pool #4919	1/20/2041	36202FPC4	\$ 326,691
Citizens Bank of Clovis	SBAP 2013-20A 1	1/1/2033	83162CVG5	1,409,103
Total Citizens Bank of Clovis				<u>\$ 1,735,794</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
Fort Sumner Housing Authority
(A Component Unit of the Village of Fort Sumner)
Financial Data Schedule
June 30, 2019

Schedule VII
Page 1 of 5

Line Item #	Description	Low Income Housing Program	Public Housing Capital Fund	Total
111	Cash - unrestricted	\$ 91,586	\$ -	\$ 91,586
113	Cash - other restricted	-	-	-
114	Cash - tenant security deposits	9,510	-	9,510
	Total Cash	<u>101,096</u>	<u>\$ -</u>	<u>101,096</u>
	Accounts Receivable - HUD Other			
125	Accounts receivable -Net	1,502	-	1,502
	Total Receivables	<u>1,502</u>	<u>-</u>	<u>1,502</u>
142	Prepaid expenses and other assets	20,455	-	20,455
143	Inventories-Net	9,439	-	9,439
	Total Other Current Assets	<u>29,894</u>	<u>-</u>	<u>29,894</u>
	Total Current Assets	<u>132,492</u>	<u>-</u>	<u>132,492</u>
142.1	Deferred outflows	49,617	-	49,617
161	Land	33,736	-	33,736
162	Buildings	2,183,958	-	2,183,958
163	Furniture equipment and machinery - dwellings	7,851	-	7,851
164	Furniture equipment and machinery - administration	17,731	-	17,731
166	Accumulated depreciation	(1,603,526)	-	(1,603,526)
167	Construction in progress	-	-	-
	Total Fixed Assets	<u>639,750</u>	<u>-</u>	<u>639,750</u>
	Total Assets and deferred outflows	<u>\$ 821,859</u>	<u>\$ -</u>	<u>\$ 821,859</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
Fort Sumner Housing Authority
(A Component Unit of the Village of Fort Sumner)
Financial Data Schedule
June 30, 2019

Schedule VII
Page 2 of 5

Line Item #	Description	Housing Program	Public Housing Capital Fund	Total
312	Accounts payable <=90 Days	1,187	-	1,187
321	Accrued Liabilities	5,630	-	5,630
322	Compensated absences - current portion	3,445	-	3,445
331	Accounts Payable HUD PHA Programs	-	-	-
346	Accrued Liabilities (other)	-	-	-
310	Total Current Liabilities	10,262	-	10,262
341	Tenant security deposits	7,980	-	7,980
349	Interprogram	-	-	-
350	Net pension liability	186,541	-	186,541
353	Long Term Debt	-	-	-
354	Compensated absences - noncurrent portion	2,297	-	2,297
	Total Noncurrent Liabilities	196,818	-	196,818
	Total Liabilities	207,080	-	207,080
400	Deffered inflows	10,519	-	10,519
508.1	Net investment in capital assets	639,750	-	639,750
511	Restricted Net Position			
512.1	Unrestricted net position	(35,490)	-	(35,490)
513	Total Net Position	604,260	-	604,260
	Total Liabilities and Net Position	821,859	-	821,859

See Independent Auditors' Report

STATE OF NEW MEXICO
Fort Sumner Housing Authority
(A Component Unit of the Village of Fort Sumner)
Financial Data Schedule
June 30, 2019

Schedule VII
Page 3 of 5

Line Item #	Description	Low Rent Housing Program	Public Housing Capital Fund	Total
70300	Net tenant rental revenue	\$ 85,087	\$ -	\$ 85,087
70400	Tenant revenue - other	3,598	-	3,598
70500	Total Tenant Revenue	88,685	-	88,685
70600	HUD PHA operating grants	105,509	43,349	148,858
70610	Capital Grants	-	2,688	2,688
70800	Other Governmental Grants	-	-	-
71100	Investment income - unrestricted	206	-	206
71500	Other Revenue	153	-	153
70000	Total Other Revenue	105,868	46,037	151,905
91100	Administrative salaries	52,028	-	52,028
91200	Auditing fees	10,885	-	10,885
91500	Advertising	278	-	278
91600	Employee benefits	13,109	-	13,109
91700	Office exepense	6,110	-	6,110
91800	Travel	65	-	65
91900	Other operating - administrative	4,237	449	4,686
	Total Operating - Administrative	86,712	449	87,161
93100	Water	3,568	-	3,568
93200	Electric	2,555	-	2,555
93300	Gas	1,095	-	1,095
93600	Sewer	10,661	-	10,661
93800	Other	-	-	-
93000	Total Utilities	\$ 17,879	\$ -	\$ 17,879

See Independent Auditors' Report

STATE OF NEW MEXICO
Fort Sumner Housing Authority
(A Component Unit of the Village of Fort Sumner)
Financial Data Schedule
June 30, 2019

Schedule VII
Page 4 of 5

Line Item #	Description	Low Rent Housing Program	Public Housing Capital Fund	Total
94100	Ordinary maintenance and operation - labor	\$ 47,007	\$ -	\$ 47,007
94200	Ordinary maintenance and operation - materials	21,898	7,900	29,798
94300	Ordinary maintenance and operation - contracts	5,595	-	5,595
94500	Employee benefits - Unemployment	11,486	-	11,486
94000	Total Maintenance	<u>85,986</u>	<u>7,900</u>	<u>93,886</u>
96110	Property insurance	10,772	-	10,772
96120	Liability insurance	3,644	-	3,644
96130	Workman's compensation	3,415	-	3,415
96140	All other insurance	3,676	-	3,676
96100	Total Insurance Premiums	<u>21,507</u>	<u>-</u>	<u>21,507</u>
96210	Compensated absences	6,135	-	6,135
96300	Other	-	-	-
96400	Bad debt tenant rents	717	-	717
96000	Total Other General	<u>6,852</u>	<u>-</u>	<u>6,852</u>
	Total Operating Expenses	<u>218,936</u>	<u>8,349</u>	<u>227,285</u>
	Excess of Operating Revenues over Operating Expenses	<u>\$ (24,383)</u>	<u>\$ 37,688</u>	<u>\$ 13,305</u>
97400	Depreciation expense	63,484	-	63,484
	Total Other Expenses	<u>63,484</u>	<u>-</u>	<u>63,484</u>
10010	Operating transfers In	37,688	-	37,688
10020	Operating transfers out	-	(37,688)	(37,688)
10092	Equity transfer	-	-	-
10100	Total Other Financing Sources (Uses)	<u>37,688</u>	<u>(37,688)</u>	<u>-</u>
	Excess of Revenue over Expenses	<u>\$ (50,179)</u>	<u>\$ -</u>	<u>\$ (50,179)</u>

See Independent Auditors' Report

STATE OF NEW MEXICO
Fort Sumner Housing Authority
(A Component Unit of the Village of Fort Sumner)
Financial Data Schedule
June 30, 2019

Schedule VII
Page 5 of 5

Line Item #	Description	Low Rent Housing Program	Public Housing Capital Fund	Total
11030	Beginning net position	\$ 654,438	\$ -	\$ 654,438
	Adjustments	-	-	-
	Ending net position	\$ 604,259	\$ -	\$ 604,259
11190	Unit months available	564	\$ -	\$ 564
11210	Number of unit months leased	550	-	550
11620	Building purchases	-	-	-
11621	Furniture	\$ -	\$ -	\$ -

See Independent Auditors' Report

COMPLIANCE SECTION



Auditors~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*

Brian S. Colón, ESQ.
New Mexico State Auditor
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 aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of 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, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated November 25, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 25, 2019

**STATE OF NEW MEXICO
Village of Fort Sumner
Schedule of Findings and Responses
June 30, 2019**

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditors' report issued **Unmodified**

Internal control over financial reporting:

Material Weakness identified	No
Significant deficiencies identified?	No
Noncompliance material to the financial statements?	No

SECTION II – PRIOR YEAR AUDIT FINDINGS

Village of Fort Sumner:

FA 2018-001: Cash Management-Significant Deficiency and instance of Noncompliance – Resolved

Village of Fort Sumner Housing Authority:

No Audit Findings

SECTION III - AUDIT FINDINGS- Financial Statements

Village of Fort Sumner: None

Village of Fort Sumner Housing Authority: None

**STATE OF NEW MEXICO
Village of Fort Sumner
Exit Conference
June 30, 2019**

Exit Conference

An exit conference was held on November 25, 2019. In attendance were the following:

Louis Gallegos
Jamie Wall

Mayor
Village Clerk/Treasurer

Representing Southwest Accounting Solutions, LLC:

Geoff Mamerow, CFE

Audit Manager

Auditor Prepared Financial Statements

Southwest Accounting Solutions, LLC assisted the Village 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.