

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

Prepared by
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INTRODUCTORY SECTION

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**Official Roster
June 30, 2007**

Eddie Espinoza	Mayor
Roberto Gutierrez	Mayor Pro-tem
Blas Gutierrez	Trustee
Brian Houlton	Trustee
Allen Rosenberg	Trustee
James Efferson	Treasurer
Nicole Lawson	Clerk
Javier Lozano	Judge
Jose Ojeda	Police Administrator

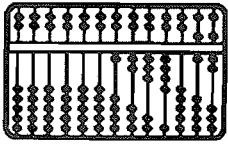
**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2007
TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Official Roster		i
Table of Contents		ii-iii
FINANCIAL SECTION		
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3-12
Basic Financial Statements		
Government-Wide Financial Statements:		
Statement of Net Assets	A-1	14
Statement of Activities	A-2	15
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	17
Reconciliation of the Balance Sheet to the Statement of Net Assets	B-2	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-3	19-20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	B-4	21
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual (Cash Basis)		
General Fund	C-1	22
Fire Fund	C-2	23
Statement of Net Assets – Proprietary Funds – Utilities	D-1	25
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds – Utilities	D-2	26
Statement of Cash Flows – Proprietary Funds – Utilities	D-3	27
Budget (Non-GAAP Budgetary Basis and Actual)		
Private Purpose Trust Fund – Cemetery		29
Statement of Fiduciary Net Assets	E-1	30
Statement of Changes in Fiduciary Net Assets	E-2	31
Notes to the Financial Statements		33-46
SUPPLEMENTARY INFORMATION		
Special Revenue Funds Descriptions	<u>Statement/ Schedule</u>	48
Capital Projects Funds Descriptions		49-50
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Non-Major Governmental Fund Types	F-1	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Fund Types	F-2	52
Combining Statement of Net Assets– Special Revenue Funds	G-1	53-54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Funds	G-2	55-56
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:		
Recreation Fund	G-3	57
Library Fund	G-4	58
Emergency Medical Services Fund	G-5	59
Corrections Fund	G-6	60
Lodger's Tax Fund	G-7	61
Cemetery Fund	G-8	62
Law Enforcement Protection Fund	G-9	63
Gasoline Tax Fund	G-10	64
Environmental Gross Receipts Fund	G-11	65
Infrastructure Gross Receipts Fund	G-12	66

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2007
TABLE OF CONTENTS**

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual (continued):		
Community Center Fund	G-13	67
Combining Statement of Net Assets – Capital Projects Funds	H-1	68-69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Funds	H-2	70-71
Statement of Revenues, Expenditures and Changes in Fund Balances- Statement of Revenues, Expenditures and Changes in Fund Balances- Budget (Non-GAAP Budgetary Basis) and Actual:		
Proprietary Fund	I	73-74
Agency Fund		
Schedule of Changes in Fiduciary Assets & Liabilities – Agency Fund	J	77
SUPPORTING SCHEDULES		
Schedule of Depositories and Pledged Collateral	1	79
Schedule of Collateral Pledged to Secure the Deposits of Public Funds	2	80
Schedule of Cash Held by State Treasurer	3	81
Schedule of Grant Expenditures	4	82
Schedule of Expenditures of Federal Awards	5	83
Schedule of Joint Powers Agreements	6	84
COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>		86-87
Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		88-89
Schedule of Findings and Questionable Costs		90-96
Exit Conference		97

FINANCIAL SECTION



**MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.**

Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
Board of Trustees
Village of Columbus, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Columbus, New Mexico, (Village) as of and for the year-ended June 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's non-major governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year-ended June 30, 2007 as listed in the table of contents. These financial statements are the responsibility of Village of Columbus, New Mexico's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles of the United States of America used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Columbus, New Mexico, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and the Fire Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Village of Columbus, New Mexico, as of June 30, 2007, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the non-major governmental funds, the major enterprise fund and the fiduciary funds of the agency for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2008 on our consideration of Village of Columbus, New Mexico's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons of the Village of Columbus, New Mexico. The accompanying information listed as Supporting Schedules 1 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis. Also, the accompanying Schedule of Changes in Assets and Liabilities for the Agency Funds, as required by SAO Rule 2.2.2.10.BB, is presented for purposes of additional analysis. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Marcus, Fairall, Bristol & Co., LLP

El Paso, Texas
June 30, 2008

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007**

Management's Discussion and Analysis

As management of the Village of Columbus (Village), we offer readers of the Village financial statements this narrative overview and analysis of the financial activities of Village of Columbus for the fiscal year-ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the financial statements of the Village and additional information provided.

FINANCIAL HIGHLIGHTS

- The net assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$9,683,381. Of this amount, \$544,991 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Revenues for governmental activities increased \$1,603,164.
- Expenditures for governmental activities increased \$1,361,027.
- As of June 30, 2007, the Village's governmental funds reported combined ending fund balances of \$390,583.
- As of June 30, 2007, unreserved, undesignated fund balance of the general fund was \$103,170.
- The debt service was reduced by \$6,312.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. Village of Columbus' basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenue and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Village include utility services.

The government-wide financial statements can be found at exhibits A-1 and A-2 of this report.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007

Management's Discussion and Analysis

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Village of Columbus maintains twenty-two individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund and Fire Fund, both of which are considered to be major funds. Data from the other twenty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Village of Columbus adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at Exhibits B-1 through C-2 of this report.

Proprietary Funds. Proprietary funds are generally used to account for services for which the Village charges customers, either outside customers or internal units or departments of the Village. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Village maintains one proprietary fund and no component unit.

The basic proprietary fund financial statements can be found at Exhibit D-1 through D-3.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Village's fiduciary funds account for the collection of special fees and their remittance to other governmental agencies.

The basic fiduciary fund financial statements can be found at Exhibit E-1, E-2 and J of this report.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007

Management's Discussion and Analysis

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-45 of this report.

Combining Statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 50-70 of this report.

Analysis of Net Assets

As noted earlier, assets may serve over time as a useful indicator of a government's financial position. In the case of Village of Columbus, net assets exceeded liabilities by \$9,683,384 at the close of the current fiscal year.

The largest portion of the Village of Columbus' net assets represents the Village's investment of \$8,903,358 in capital assets (e.g., land improvements, buildings, infrastructure and machinery and equipment), less any related outstanding debt used to acquire those assets. The Village uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net assets, \$226,480, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$546,827 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net assets, for the government as a whole as well as for the business-type activities. (See pages 6-8).

Analysis of Changes in Net Assets

During the current fiscal year, the Village's net assets overall, increased by \$2,086,137. This increase is explained in the government activities discussion below, and is primarily a result of an increase in tax and grant revenue. (See page 7).

Governmental Activities.

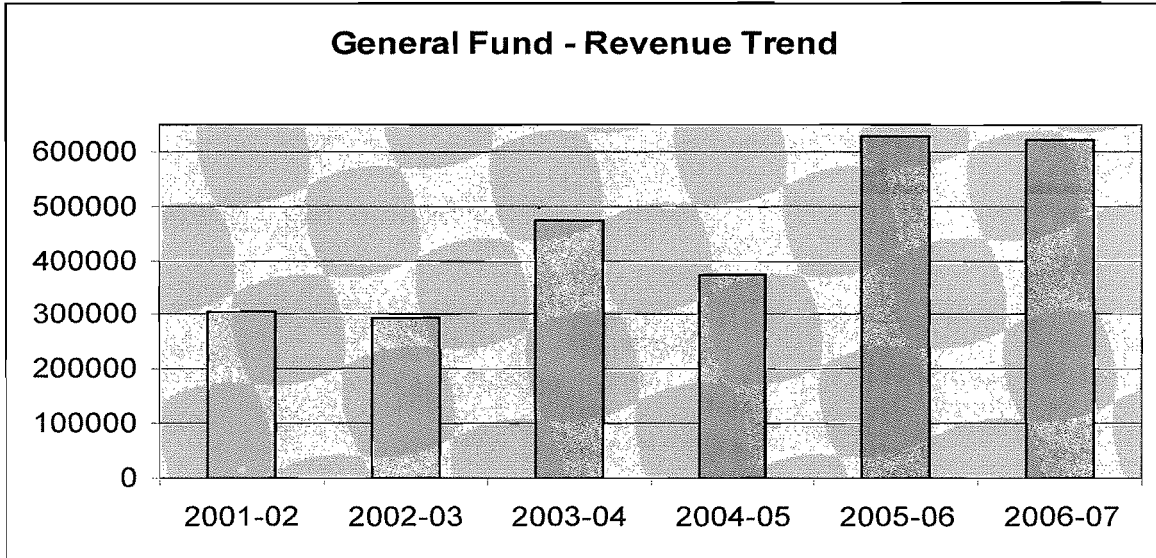
The principal operating fund of the Village is the General Fund. Revenues are derived primarily from gross receipts taxes, property tax, franchise tax, intergovernmental/grants, licenses and permits, sales and services and a variety of other sources. Total general fund revenues (cash basis) increased by \$70,194. The main reason for the increase is an increase in grant revenue of \$87,105 and tax revenue of \$27,591 received during the year ended June 30, 2007.

The total governmental revenues increased from prior year by \$1,603,164. The main reasons for the increase over the prior year were as follows: the 133.33% increase in the gross receipts tax revenue, small cities assistance increased 16.45%, and charges for services increased 106.86%, the main reason for this is the increase in ambulance fees. The expenses also increased over the prior year by \$1,363,150. The general government expenses increased \$52,456. A majority of this increase was due to an expected increase in salaries and audit fees. The public safety expenses increased by \$76,738; due to an expected increase in salaries in EMS services and the police department. The culture and recreation expenses increased \$9,506. The reason for this was an expected increase in salaries. Capital outlay also increased by \$1,224,450 making it the most significant part of the expenditure increase for the fiscal year ending June 30, 2007.

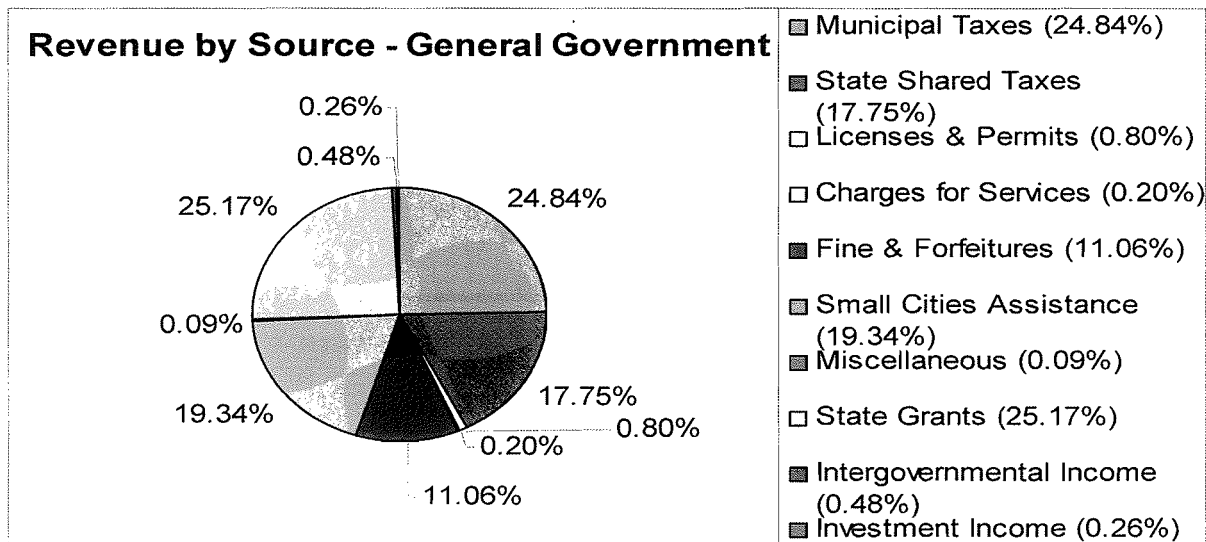
**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007**

Management's Discussion and Analysis

Analysis of Changes in Net Assets (continued)



General revenues, consisting of mostly taxes, are not directly associated with any government function. The above chart provides a comparison of prior years. Total revenues from governmental activities are summarized below. For fiscal year 2006-2007, Municipal and State Shared Taxes made up 42.59% of the total general fund revenues comparable to 46.28% over the prior year.



Business-Type Activities. Total revenues in the business-type activities increased by 75% over the prior year. The most significant influences on the increase was an increase of 77.73% in revenue from charges from services. There was an increase in the ending cash balance due to the increased revenues and only an 8.2% increase in operating expenses. The following chart demonstrates the comparison of expenses and program revenues for business-type activities.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2006**

**Management's Discussion and Analysis
Summary of Net Assets**

	Government Activities		Business-Type Activities		Totals		Total Percent Change 2007-2006
	2007	2006	2007	2006	2007	2006	
ASSETS							
Current and other assets	\$ 683,640	\$ 445,374	\$ 401,856	\$ 279,475	\$ 1,085,496	\$ 724,849	49.70%
Capital assets, net of accumulated depreciation	4,567,484	2,911,516	4,377,771	4,095,577	8,945,255	7,007,093	27.60%
Total assets	<u>\$ 5,251,124</u>	<u>\$ 3,356,890</u>	<u>\$ 4,779,627</u>	<u>\$ 4,375,052</u>	<u>\$ 10,030,751</u>	<u>\$ 7,731,942</u>	29.70%
LIABILITIES							
Current and other liabilities	\$ 305,040	\$ 85,780	\$ 4,560	\$ 3,755	\$ 309,600	\$ 89,535	245.70%
Long-term liabilities	34,683	43,008	3,087	2,152	37,770	45,160	-0.26%
Total liabilities	<u>339,723</u>	<u>128,788</u>	<u>7,647</u>	<u>5,907</u>	<u>347,370</u>	<u>134,695</u>	157.80%
NET ASSETS							
Invested in capital assets, net of related debt	4,525,587	2,863,307	4,377,771	4,095,577	8,903,358	6,958,884	27.90%
Restricted	1,164	591	8,552	8,331	9,716	8,922	8.80%
Unrestricted	384,650	364,204	385,657	265,237	770,307	629,441	22.30%
Total net assets	<u>4,911,401</u>	<u>3,228,102</u>	<u>4,771,980</u>	<u>4,369,145</u>	<u>9,683,381</u>	<u>7,597,247</u>	27.40%
Total liabilities and net assets	<u>\$ 5,251,124</u>	<u>\$ 3,356,890</u>	<u>\$ 4,779,627</u>	<u>\$ 4,375,052</u>	<u>\$ 10,330,751</u>	<u>\$ 7,731,942</u>	29.70%

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2006**

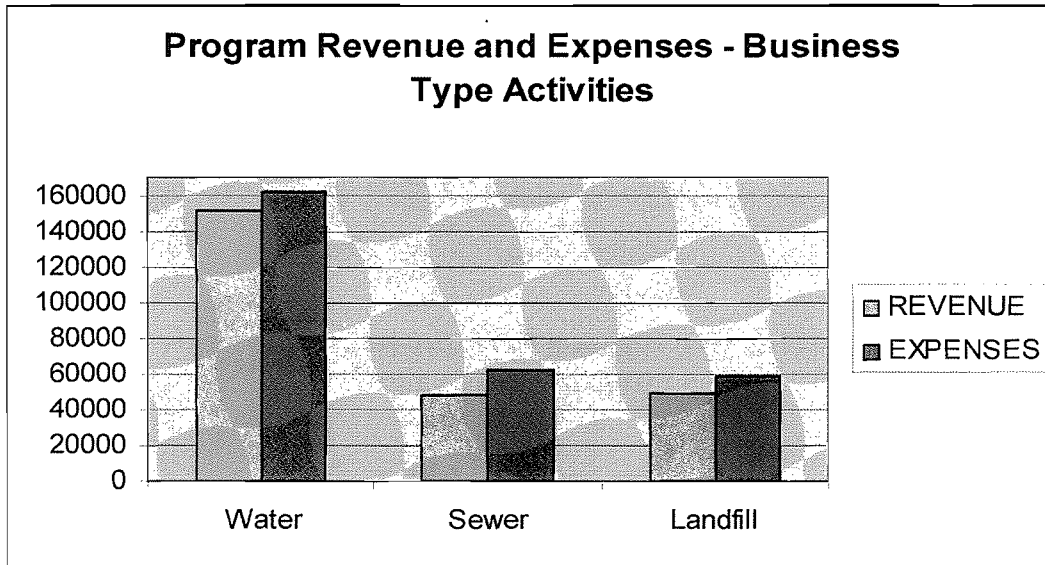
**Management's Discussion and Analysis
Changes in Net Assets**

	Government Activities		Business-Type Activities		Totals		Total Percentage Change
	2007	2006	2007	2006	2007	2006	2007-2006
REVENUES							
Program revenues:							
Charges for service	\$ 309,060	\$ 305,187	\$ 413,306	\$ 224,607	\$ 722,366	\$ 529,794	36.30%
Operating grants and contributions	179,782	235,785	-	-	179,782	235,785	-23.80%
Capital grants and contributions	2,379,964	774,167	-	-	2,379,964	774,167	206.70%
General revenues:							
Taxes	302,517	260,503	13,964	10,951	316,481	271,454	16.50%
Other income	279,339	293,332	7,500	13,112	286,839	306,444	-64.00%
Total revenues	<u>3,450,662</u>	<u>1,868,974</u>	<u>434,770</u>	<u>248,670</u>	<u>3,885,432</u>	<u>2,117,644</u>	83.40%
EXPENSES							
General government	285,331	231,549	-	-	285,331	231,549	23.20%
Public safety	640,318	559,712	-	-	640,318	559,712	14.40%
Public works	53,776	52,886	-	-	53,776	52,886	-71.50%
Culture and recreation	197,719	188,213	-	-	197,719	188,213	190.30%
Health and welfare	146	1,039	-	-	146	1,039	-7.60%
Debt service interest	73	158	-	-	73	158	-
Proprietary expenses	-	-	621,935	574,718	621,935	574,718	8.20%
Total expenses	<u>1,177,363</u>	<u>1,033,557</u>	<u>621,935</u>	<u>574,718</u>	<u>1,799,298</u>	<u>1,608,275</u>	11.80%
Change in net assets before transfers	2,273,299	835,417	(187,165)	(326,048)	2,086,134	509,369	409.50%
Transfers	(590,000)	(129,840)	590,000	129,840	-	-	-
Change in net assets	<u>1,683,299</u>	<u>705,577</u>	<u>402,835</u>	<u>(196,208)</u>	<u>2,086,134</u>	<u>509,369</u>	409.50%
Net assets - beginning	<u>3,228,102</u>	<u>2,522,525</u>	<u>4,369,145</u>	<u>4,565,353</u>	<u>7,597,247</u>	<u>7,087,878</u>	7.10%
Net assets - ending	<u>\$ 4,911,401</u>	<u>\$ 3,228,102</u>	<u>\$ 4,771,980</u>	<u>\$ 4,369,145</u>	<u>\$ 9,683,381</u>	<u>\$ 7,597,247</u>	27.40%

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007

Management's Discussion and Analysis

Analysis of Changes in Net Assets (continued)



FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the Village include the General Fund, Special Revenue Funds, and Capital Project Funds.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$390,583, an increase of \$19,668 from the prior year. Revenues for governmental functions overall totaled \$3,450,785. There was an increase of \$1,603,164 from the prior year's revenues. The increase was primarily due to the increase in grant revenues. Expenditures for governmental functions totaled \$2,993,673. The expenditures increased \$1,361,027 from the prior year mainly due to an increase in capital outlay. The ending fund balances consist of an unreserved fund balance in the amount of \$166,045 which is available for spending at the government's discretion; and a reserved fund balance for capital projects of \$1,164, and a reserved fund balance for special revenue funds of \$225,125.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, *unreserved* fund balance of the General Fund was \$103,171, and this is the total fund balance.

During the current fiscal year, the fund balance of the Village's General Fund had a net decrease of \$718 prior to inter-fund transfers, due to decreased revenue from charges for services.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007**

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

The Fire Fund has a fund balance of \$62,874. During the current fiscal year, the fund balance had a net increase of \$333 prior to inter-fund transfers, due to decreased grant revenue.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

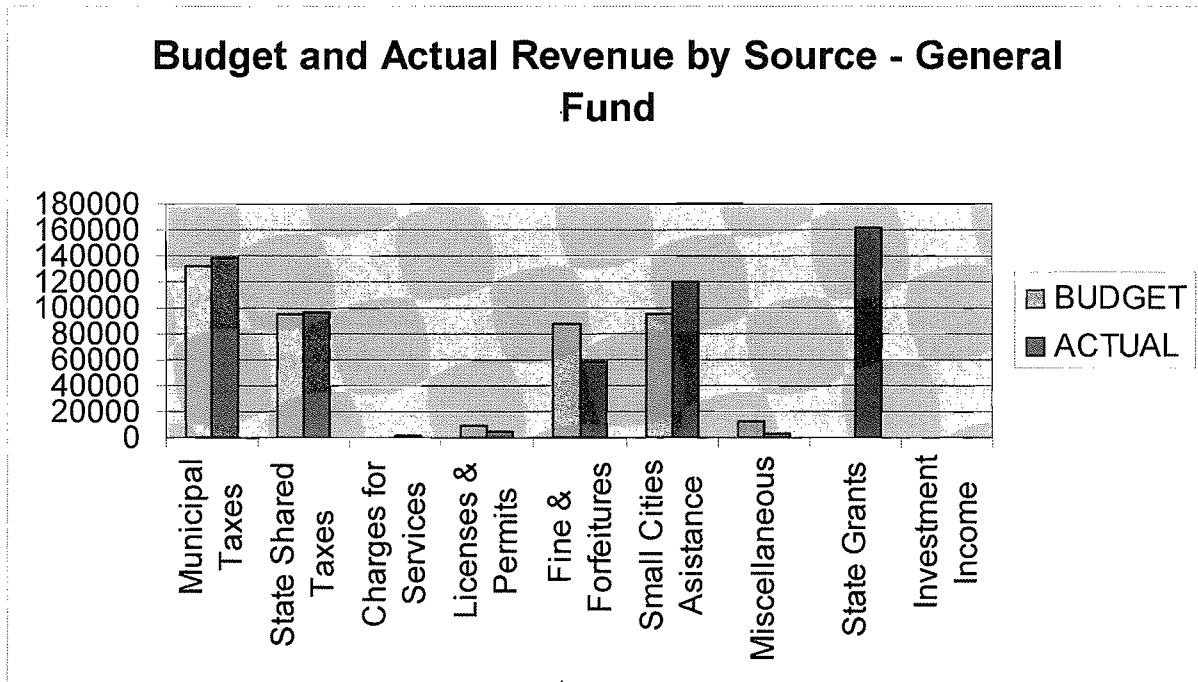
At the end of the fiscal year, the unrestricted net assets for Utilities were \$385,657. The total increase in net assets for the Proprietary Funds was \$402,835. Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

Fiduciary Funds. The Village maintains fiduciary funds for the assets of various agency funds. Changes to the fiduciary funds were immaterial for the fiscal year.

Economic Conditions. Currently the Village is reliant on tax revenue. There are no significant changes expected in this area within the next fiscal year.

Budgetary Highlights. Village budgets reflect the same pattern as seen in the revenue and expenditures of the Village. The State of New Mexico budget process is defined under State law and regulation. To enhance the process of developing a budget at the Village level, the Village utilizes goals and objectives defined by the Board of Trustees, community input meetings, long-term plans and input from various staff groups to develop the Village budget. Village priorities are well defined through this process.

General Fund Budgetary Highlights. The General Fund accounts for all of the general services provided by the Village. At the end of 2007, the cash balance of the General Fund had decreased by \$37,593. The following chart demonstrates a summary of the major revenue sources received compared to the approved budget for the General Fund.

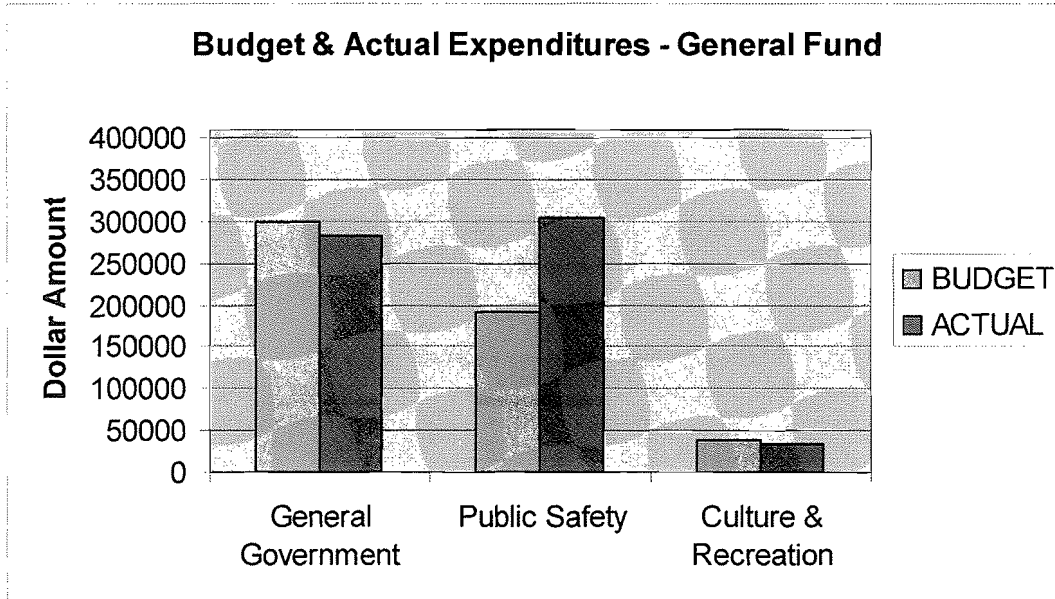


**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007**

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS (continued)

General government expenditures include all administrative functions of the Village, which include: Board of Trustees, Administration, Finance, Police, Maintenance, Judicial and Public Safety, Streets, Health, and Recreation. The following chart shows a summary of functional categories for expenditures.



Overall, actual expenditures were above the approved budget by \$89,877. This unfavorable comparison is a result of a lack of budgetary oversight.

Capital Asset and Debt Administration

Capital Assets. The Village's capital assets for its governmental and business-type activities as of June 30, 2007 amount to \$8,945,254 (net of accumulated depreciation). Capital assets include land improvements, buildings, machinery, equipment and infrastructure. During the current fiscal year, the phase 1 of the water system was completed for a total cost of \$222,132. Phase 2 was started of which the total was \$165,075 during the year. During the year ended June 30, 2007. The total cost was \$1,605,075 during the year ended. An additional amount of \$509,928 was paid for the project by the State of New Mexico.

**Capital Assets, Net of Depreciation
June 30, 2007**

	Government Activities	Business-Type Activities	Totals
Land and Construction in Process	\$ 3,013,067	-	\$ 3,013,067
Buildings & Infrastructure	1,435,253	4,375,233	5,810,486
Machinery and Equipment	119,164	2,538	121,701
Capital Assets, Net of Accumulated Depreciation	<u>\$ 4,567,484</u>	<u>\$ 4,377,771</u>	<u>\$ 8,945,255</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007**

Management's Discussion and Analysis

The Statement of Net Assets shows the Investment in Capital Assets in the amount of \$8,903,358. This balance includes the capital assets, net of accumulated depreciation, reduced by the note balances associated with those capital assets. The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

	Government Activities:	Business-Type Activities:	Balance June 30, 2007
Net Value of Capital Assets	\$ <u>4,567,484</u>	<u>4,377,771</u>	\$ <u>8,945,254</u>
Long-Term Debt Principal Balance:			
NMFA	5,700	-	5,700
NMFA	36,197	-	36,197
Total Debt Principal	\$ <u>41,897</u>	<u>-</u>	\$ <u>41,897</u>
Total Investment in Capital Assets Net of Related Debt	\$ <u>4,525,587</u>	<u>4,377,771</u>	\$ <u>8,903,358</u>

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Village of Columbus' finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Columbus Administration; PO Box 350; Columbus, New Mexico, 88021.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Statement of Net Assets
For the Year-Ended June 30, 2007

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 525,470	264,340	789,810
Accounts receivable	-	127,414	127,414
Other receivables	79,334	-	79,334
Taxes receivable	41,674	-	41,674
Due from other governments	37,162	-	37,162
Restricted cash and investments	-	10,102	10,102
Land and construction in progress	3,013,067	-	3,013,067
Other capital assets, net of depreciation	1,554,417	4,377,771	5,932,188
Total assets	\$ 5,251,124	4,779,627	10,030,751
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 6,009	205	6,214
Accrued salaries	3,696	1,261	4,957
Customer deposits	-	1,550	1,550
Accrued interest	-	-	-
Deferred revenue	283,351	-	283,351
Current portion long-term liabilities	11,984	1,544	13,528
Total current liabilities	350,040	4,560	309,600
Long-term liabilities:			
Due in more than one year	34,683	3,087	37,770
Total liabilities	339,723	7,647	347,370
NET ASSETS			
Invested in capital assets, net of related debt	4,525,587	4,377,771	8,903,358
Restricted for:			
System improvements			
Capital improvements	1,164	8,552	9,716
Special revenue funds	225,316	-	225,316
Unrestricted assets	159,334	385,657	544,991
Total net assets	\$ 4,911,401	4,771,980	9,683,381

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Statement of Activities
For the Year Ended June 30, 2007

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENT ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
<i>GOVERNMENTAL ACTIVITIES:</i>							
General government	\$ 285,331	\$ 74,888	\$ -	\$ -	\$ (210,443)	\$ -	\$ (210,443)
Public safety	640,318	213,511	159,157	-	(267,650)	-	(267,650)
Public works	53,776	-	-	2,379,964	2,326,188	-	2,326,188
Culture and recreation	197,719	20,636	20,625	-	(156,458)	-	(156,458)
Health and welfare	146	25	-	-	(121)	-	(121)
Debt service interest	73	-	-	-	(73)	-	(73)
Total governmental activities	1,177,363	309,060	179,782	2,379,964	1,691,443	-	1,691,443
<i>BUSINESS-TYPE ACTIVITIES:</i>							
Joint Utilities							
Water	495,282	320,022	-	-	-	(175,260)	(175,260)
Sewer	54,092	50,361	-	-	-	(3,731)	(3,731)
Landfill	72,561	42,923	-	-	-	(29,638)	(29,638)
Total business-type activities	621,935	413,306	-	-	-	(208,629)	(208,629)
Total	\$ 1,799,298	\$ 722,366	\$ 179,782	\$ 2,379,964	1,691,443	(208,629)	1,482,814
GENERAL REVENUES:							
Taxes							
Local taxes					177,773	-	177,773
State-shared taxes					124,744	13,964	138,708
State shared assistance							-
Small cities assistance					120,075	-	120,075
Intergovernmental					156,640	7,500	164,140
Interest income					1,909		1,909
Miscellaneous					715		715
Transfers					(590,000)	590,000	-
Total revenues and transfers					(8,144)	611,464	603,320
Total change in net assets					1,683,299	402,835	2,086,134
Net assets - beginning					3,228,102	4,369,145	7,597,247
Net assets - ending					\$ 4,911,401	\$ 4,771,980	\$ 9,683,381

The accompanying notes are an integral part of these financial statements.

GOVERNMENTAL FUND STATEMENTS

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Balance Sheet
Governmental Funds
For the Year-Ended June 30, 2007**

	General Fund	Fire Fund	Total Non-Major Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 851	63,461	463,158	525,470
Taxes receivables	39,676	-	-	39,676
Other receivables	42,368	-	36,966	79,334
Due from other funds	-	-	45,019	45,019
Due from other governments	31,250	-	7,910	39,160
Total assets	<u>\$ 114,145</u>	<u>61,461</u>	<u>553,053</u>	<u>728,659</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,347	75	3,587	6,009
Accrued salaries	2,389	262	1,045	3,696
Due to other funds	6,238	-	38,781	45,019
Deferred revenue	-	-	283,351	283,351
Total liabilities	<u>10,974</u>	<u>337</u>	<u>326,764</u>	<u>338,075</u>
Fund balances:				
Reserved for capital projects funds	-	-	1,164	1,164
Reserved for special revenue funds	-	-	225,125	225,125
Unreserved	103,170	61,124	-	164,295
Total fund balances	<u>103,170</u>	<u>61,124</u>	<u>226,289</u>	<u>390,583</u>
Total liabilities and fund balances	<u>\$ 114,144</u>	<u>61,461</u>	<u>553,053</u>	<u>728,658</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2007**

Total fund balances-governmental funds \$ 390,583

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$5,791,416, and the accumulated depreciation is \$1,223,932 4,567,484

Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds. -

Long-term 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 liabilities at year-end consist of:

Notes payable	\$ 41,897	
Compensated absences	<u>4,770</u>	<u>(46,667)</u>

Total net assets-governmental activities \$ 4,911,400

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Statement of Revenues, Expenditures and Changes in Fund Balances
Government Funds
For the Year-Ended June 30, 2007

	General Fund	Fire Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES				
Taxes and shared taxes:				
Motor vehicle registration	\$ 4,816	-	-	4,816
Cigarette tax	288	-	73	361
Gross receipts tax municipal 1%	108,718	-	-	108,718
Gross receipts tax municipal 1.225%	105,072	-	-	105,072
Gross receipts tax environmental	-	-	5,277	5,277
Gross receipts tax infrastructure	-	-	10,555	10,555
Property taxes	45,404	-	-	45,404
Franchise tax	98	-	-	98
Gasoline tax municipal-1 cent	-	-	7,911	7,911
Gasoline tax regular-2 cents	-	-	6,584	6,584
Lodger's tax	-	-	3,384	3,384
Small cities assistance	120,075	-	-	120,075
Charges for services	1,161	-	234,172	235,333
Joint powers agreements	-	27,500	39,500	67,000
State allocation	-	60,706	28,934	89,640
Federal grants	-	-	1,605,078	1,605,078
State grants	156,251	-	783,136	939,387
Licenses and permits	4,987	-	-	4,987
Fines and forfeitures	68,674	-	-	68,674
Private grants	-	-	6,862	6,862
Contributions/donations	-	30	9,850	9,880
Intergovernmental income	3,000	-	-	3,000
Investment Income	1,626	-	283	1,909
Miscellaneous	615	-	165	780
Total revenues	<u>620,785</u>	<u>88,236</u>	<u>2,741,764</u>	<u>3,450,785</u>
EXPENDITURES				
Current:				
General government	283,650	-	-	283,650
Public safety	303,377	83,429	188,475	575,281
Public works	-	-	47,449	47,449
Culture and recreation	32,551	-	105,755	138,306
Health and welfare	-	-	146	146
Debt service:				
Principal	1,838	4,474	-	6,312
Interest	87	-	-	87
Capital outlay	-	-	1,942,442	1,942,442
Total expenditures	<u>621,503</u>	<u>87,903</u>	<u>2,284,267</u>	<u>2,993,673</u>
Excess (deficiency) of revenues over expenditures	(718)	333	457,947	457,112
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	27,559	27,559
Transfers out	10,000	-	454,878	464,878
Total other financing sources (uses)	<u>(10,000)</u>	<u>-</u>	<u>(427,319)</u>	<u>(437,319)</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Statement of Revenues, Expenditures and Changes in Fund Balances
Government Funds
For the Year-Ended June 30, 2007

Net change in fund balances	(10,718)	333	30,178	19,793
Fund balance - beginning	<u>113,889</u>	<u>62,541</u>	<u>196,111</u>	<u>372,541</u>
Fund balance – ending	\$ <u>103,171</u>	<u>62,874</u>	<u>226,289</u>	<u>392,334</u>

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year-Ending June 30, 2007

Net change in fund balances-governmental funds \$ 19,793

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The following schedule show the activity in the capital assets:

Capital assets reported as capital outlay expenditures	\$ 2,379,761	
Transferred to business-type activities	(590,000)	
Depreciation expense	<u>(133,793)</u>	1,655,968

Repayment on bond principal is expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	6,202
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In the Statement of Activities accrued interest for long-term liabilities is considered as an expense.

In the Statement of Activities, certain operating expenses-compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid). This year, vacation leave earned \$4,759, which was exceeded by the amounts used \$6,095 by (\$1,336).

1,336

Change in net assets of governmental activities	\$ <u>1,683,299</u>
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STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
GENERAL FUND
Statement of Revenues Compared to Budget
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes and shared taxes:				
Franchise taxes	\$ 2,500	2,500	4,470	1,970
Gross receipts taxes-municipal 1%	87,000	87,000	93,319	6,319
Property taxes	42,347	42,347	40,702	(1,645)
Cigarette tax	400	400	288	(112)
Gross receipts taxes-municipal 1.225%	90,000	90,000	91,439	1,439
Motor vehicle registration	4,500	4,500	4,816	316
Licenses and permits	8,970	8,970	4,987	(3,983)
Charges for services	580	580	1,227	647
Fines and forfeitures	87,000	87,000	58,524	(28,476)
Small cities assistance	95,000	95,000	120,075	25,075
State grants	-	-	160,893	160,893
Intergovernmental income	-	-	3,000	3,000
Investment income	-	-	1,626	1,626
Miscellaneous	5,075	5,075	549	(4,526)
Total revenues	<u>423,372</u>	<u>423,372</u>	<u>585,915</u>	<u>162,543</u>
 Add: beginning cash	 39,219	 39,219		
	<u>\$ 469,991</u>	<u>469,991</u>		
 Expenditures				
Current:				
General government	298,962	298,962	282,644	16,318
Public safety	192,655	192,655	304,804	(112,149)
Culture and recreation	38,819	38,819	32,865	5,954
Total expenditures	<u>530,436</u>	<u>530,436</u>	<u>620,313</u>	<u>(89,877)</u>
 Excess (deficiency) revenues over expenditures			<u>(34,398)</u>	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	10,000	-
Total transfers	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>
 Net change in fund balance			(44,398)	
 Difference Between GAAP and Non-GAAP				
Adjust accrued revenue		34,870		
Adjust accrued expenses		<u>(1,190)</u>		
			33,680	
 Fund balance-beginning			<u>113,889</u>	
 Fund balance-ending			<u>103,171</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND - FIRE
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Joint powers agreements	\$ 20,000	20,000	27,500	7,500
Total revenues			<u>27,500</u>	<u>7,500</u>
Add: beginning cash	118,594	118,594		
	\$ <u>138,594</u>	<u>138,594</u>		
Expenditures				
Current				
Personnel	28,392	28,392	31,898	(3,506)
Insurance	18,000	18,000	18,000	-
Other operating costs	37,501	37,501	33,914	3,587
Total expenditures	<u>83,893</u>	<u>83,983</u>	<u>83,812</u>	<u>81</u>
Excess (deficiency) revenues over expenditures			<u>(56,312)</u>	
Other financing sources (uses)				
Transfers in	7,075	7,075	-	(7,075)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>7,075</u>	<u>7,075</u>	<u>-</u>	<u>(7,075)</u>
Net change in fund balance			(56,312)	
Differences Between GAAP and Non-GAAP				
Adjust accrued revenue		60,612		
Adjust accrued expenses		<u>(4,091)</u>		
			56,521	
Fund balance – beginning			<u>60,915</u>	
Fund balance – ending			<u>61,124</u>	

PROPRIETARY FUND

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Proprietary Fund-Joint Utilities
Statement of Net Assets
June 30, 2007**

ASSETS

Current assets	
Cash and cash equivalents	\$ 264,340
Accounts receivable	127,414
Total current assets	<u>391,754</u>
Restricted cash:	
Customer deposits	1,550
Wastewater repair and replacement	8,552
Total restricted assets	<u>10,102</u>
Capital assets	7,916,518
Accumulated depreciation	<u>(3,538,747)</u>
Total non-current assets	<u>4,377,771</u>
Total assets	<u>\$ 4,779,627</u>

LIABILITIES

Current liabilities (payable from current assets):	
Accounts payable	\$ 205
Accrued salaries	1,261
Current portion of accrued compensated absences	1,544
Total current liabilities	<u>3,010</u>
Current liabilities (payable from restricted assets):	
Customer security deposits	1,550
Total current liabilities	<u>4,560</u>
Long-term liabilities:	
Accrued compensated absences	3,087
Total liabilities	<u>7,647</u>
Net Assets:	
Investment in capital assets	4,377,771
Restricted for:	
System improvements	8,552
Unrestricted assets (deficit)	<u>385,657</u>
Total net assets	<u>4,771,980</u>
Total liabilities and net assets	<u>\$ 4,779,627</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund-Joint Utilities
For the Year-Ended June 30, 2007

OPERATING REVENUES	
Charges for services	\$ 413,306
Gross receipts tax municipal	13,964
Joint powers agreements	<u>7,500</u>
Total operating revenues	<u>434,770</u>
OPERATING EXPENSES	
Current:	
Personnel services	131,215
Other operating expenses	182,914
Depreciation and amortization	<u>307,806</u>
Total operating expenses	<u>621,935</u>
Income (loss) before transfers	(187,165)
Operating transfers in (out)	590,000
Change in net assets	402,835
Total net assets – beginning	<u>4,369,145</u>
Total net assets – ending	<u>\$ 4,771,980</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Statement of Cash Flows
Proprietary Fund-Joint Utilities
For the Year-Ended June 30, 2007**

Cash flows from operating activities:	
Cash received from agencies and customers	\$ 370,479
Cash used for salaries and operating expenses	<u>(312,389)</u>
Net cash provided by operating activities	<u>58,090</u>
Net increase in cash and cash equivalents	58,090
Cash and cash equivalents – beginning	<u>216,352</u>
Cash and cash equivalents – ending	<u>\$ 274,442</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating (loss)	\$ (187,165)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	307,806
Changes in assets and liabilities:	
Accounts receivable	(64,291)
Accounts payable	<u>1,740</u>
Net cash provided by operating activities	<u>\$ 58,090</u>

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUNDS

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007

FIDUCIARY FUNDS LISTING

TRUST FUNDS:

Cemetery Trust

To account for the collection and disbursement of funds

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Statement of Fiduciary Net Assets
June 30, 2007

	<u>Private-Purpose Trust Fund</u>	<u>Municipal Court</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ <u>3,709</u>	\$ <u>9,553</u>	\$ <u>13,262</u>
Total assets	\$ <u>3,709</u>	\$ <u>9,553</u>	\$ <u>13,262</u>
Liabilities			
Accounts payable	\$ <u>-</u>	\$ <u>9,553</u>	\$ <u>9,553</u>
Net assets			
Held in trust for private purpose	\$ <u>3,709</u>	\$ <u>-</u>	\$ <u>3,709</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Private Purpose Trust Fund-Cemetery
Statement of Changes in Fiduciary Net Assets
For the Year-Ended June 30, 2007

		Private Purpose Trust Fund
Additions		
Miscellaneous	\$	995
Total additions		995
 Deductions		
Administrative expenses		-
Total deductions		-
Change in net assets		995
Net assets – beginning of year		2,714
Net assets – end of year	\$	3,709

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial reporting standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the Village's accounting policies are described below.

A. Financial reporting entity

The Village was established by the laws of the State of New Mexico in 1913, under the provisions of the act now referred to as Sections 4-9-1 and 4-9-2 of the New Mexico Statutes Annotated, 1978 Compilation. The Village operates under the Board of Trustees form of government and provides the following services as authorized in the grant of powers: public safety (police, fire, and emergency medical), public works (highways and streets), water, sewer and sanitation, health and welfare services, culture and recreation, public improvements, planning and zoning, and general administration services.

The Village provides traditional services such as public safety, culture and recreation, public works, and water and sewer services.

The Village (the primary government) for financial reporting purposes consists of funds, departments, and programs for which the Village is financially accountable.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, activities, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

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-34. The first 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.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Financial reporting entity (continued)

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. Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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 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 for utility and other services provided, fines and forfeitures from the courts, licenses and permits issued and funds from the small city assistance program. 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular department or function of the Village. 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 proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds. No fiduciary funds are included.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange, include gross receipts and property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes, net of estimated refunds and uncollectible amounts, is recognized in the fiscal year in which eligibility requirements have been satisfied.

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 sixty (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 made.

Property taxes, gross receipts taxes, motor vehicle taxes, cigarette taxes, gasoline 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the government.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Expenditures are recorded when the related fund liability is incurred, except for a) principal and interest payments on general long-term debt which are recorded when amounts have been accumulated in the governmental funds for the current debt service payments on July 1 in the following year and b) vacation pay, which are recognized as expenditures only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Government funds are used to account for the Village's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general capital assets and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Fiduciary Funds* are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village's fiduciary funds are used to account for the collection and payment of special fees to other governmental agencies.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which includes funds that were not required to be presented as major but were at the discretion of management:

The *Fire Fund* is used to account for the revenues allocated by the state to the Village and the expenditure for maintaining and operating a volunteer fire department authorized by NMSA Section 59A-53-1.

Proprietary Fund Types:

These funds are used to account for services to the general public where all or most of the costs including depreciation are to be financed or recovered from users of such services. The Village maintains separate funds for gas, water, sewer and solid waste utility operations. These are reported as the Joint Utility Fund and are considered a major fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). All governmental and business-type activities of the Village follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow FASB Statements and interpretations issued after November 30, 1989.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program* revenues include 1) charges to customers or applicants for goods, services, or privileges, provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues, such as charges for services, result from exchange transactions in which each party receives and gives up essentially equal values. Operating expenses 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 or expenses. These include operating subsidies, investment earnings, interest expense, and transactions that result from non-exchange transactions.

The modified accrual basis of accounting is followed by the governmental fund types for financial statement purposes. Under the modified accrual basis of accounting, revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. The Village considers revenue available if amounts are collected within (60) days after year-end.

Those revenues susceptible to accrual are property taxes, gross receipts taxes, investment income and charges for services. Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. Expenditures are recorded as liabilities when they are incurred, except for non-matured interest on general long-term debt which is recognized when due, and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The accrual basis of accounting is utilized by the proprietary fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Village reports unearned revenue on its combined balance sheet. Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Village before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria methods are met or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources as needed.

D. Assets, liabilities and net assets or equity

Deposits and Investments: The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and fully collateralized repurchase agreements.

Investments for the Village are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities and net assets or equity (continued)

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as inter-fund balance. Long term 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 from available resources.

Capital Assets: Capital assets, which include land, buildings and improvements, machinery and equipment, and infrastructure assets are reported in the applicable governmental column in the government-wide financial statements. Capital assets including computer software are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be 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. Capital assets that have been disposed of are recorded as deletions on the government-wide financial statements. Accumulated depreciation is adjusted for all deletions.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. No computer software is developed in-house.

Major outlays for capital assets are capitalized. Major outlays for improvements are capitalized as work in process until they are completed at which time the asset becomes subject to depreciation. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Utility system	10-80
Buildings	15-40
Other improvements	15-40
Machinery and equipment	5-10
(Including Computer Software)	

Compensated Absences: Village employees may accumulate limited amounts of vacation pay which are payable to the employee upon termination or retirement. For governmental funds, expenditures are recognized during the period in which vacation cost become payable from available, expendable resources. A liability for amounts earned but not payable from available, expendable resources is reported in the government-wide financial statements.

Deferred Revenue: The Village defers revenue from non-exchange transactions. The amount deferred results from the difference between the receivable recognized on an accrual basis and the related revenue recognized on the modified accrual basis. Revenue is recognized as the receivables are collected.

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 assets. The face amount of debt issued is reported as other financing sources.

Net assets: The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as follows:

Invested in Capital Assets, Net of Related Debt: In the fund financial statements, investment in capital assets are reported net of depreciation and related debt.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Assets or Equity (continued)

Restricted Net Assets: In the Statement of Net Assets, net assets are reported as restricted when constraints are placed on net assets are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by enabling legislation.

Unrestricted net assets: This category reflects net assets of the Village, not restricted for any project or other purpose.

Fund equity reservation and designations: In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted. Designations represent tentative managerial plans that are subject to change. The Village records reserves to indicate that a portion of fund balance is legally restricted for a specific future use or is not available for appropriation and/or expenditure.

Estimates: The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Inter-Fund Transactions: Transactions that would be recorded as revenues, expenditures, or expenses if they involved organizations external to the Village are similarly treated when involving other funds of the Village. These transactions include charges for administrative services, risk management services, vehicle maintenance, inventory and office services, and payments in lieu of taxes. Other authorized transfers between funds are recorded as operating transfers and are included in the determination of the results of operations in the governmental, proprietary, and fiduciary funds.

New accounting pronouncements: The following GASB pronouncements have been issued, but are not yet effective at June 30, 2007: Statement No. 51, Accounting and Financial Reporting for Intangible Assets. The Village will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The Village believes that the above listed new GASB pronouncements will not have a significant financial impact to the Village or in issuing its financial statements.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets for the Village are prepared prior to June 1 and must be approved by the Board of Trustees and the New Mexico Department of Finance and Administration. Once the budget has been formally approved, the Village Board of Trustees and the Department of Finance and Administration must also approve any amendments. 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.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Budgetary Information (continued)

The Village is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

No budget was adopted for the NMDOT SP-GA-7625, NMDOT SP-GA-7529, NMED SAP 05-1118, NMED SAP 04-0605, NMED SAP 05-0127, NMED SAP 05-0088, 07-L-G-5323-24-25, SAP 06-L-G-1706, SAP LGD-06-545-W/WW and Flood Disaster, because no resolutions were adopted to change the legally adopted budget to include the listed grants. No budget was adopted for CDBG Wastewater, RUS/WW USDA/RD, or CDBG Water Treatment, because no activity was expected.

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

Since accounting principals 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 principals, 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, 2007 is presented.

NOTE 3. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The following is reconciliation between the Non-GAAP cash basis amounts and the financial statements on the GAAP basis by fund type.

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Fund</u>
Net change in fund balance (GAAP Basis)	\$ (10,718)	\$ (333)	\$ 30,178	\$ 402,835
Adjustments:				
To revenues for tax accruals, earnings on investments and other deferrals and accruals.	(34,870)	(60,736)	44,278	(64,117)
Adjustments:				
To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals.	<u>1,190</u>	<u>(4,091)</u>	<u>(22,599)</u>	<u>309,546</u>
Net change in fund balance (Cash Basis)	\$ <u>(44,398)</u>	\$ <u>(56,312)</u>	\$ <u>51,857</u>	\$ <u>648,264</u>

NOTE 4. CUSTODIAL CREDIT RISK – DEPOSITS

The Village had the following depository accounts. All deposits are carried at cost plus accrued interest. The Village does not have a deposit policy.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 200,000
Collateralized:	
Collateral held by pledging bank's trust department not in the village's name	614,622
Uninsured and uncollateralized	<u>-</u>
Total Cash and Investments, Primary Government	\$ <u>814,622</u>

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 4. CUSTODIAL CREDIT RISK – DEPOSITS (continued)

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial risk. As of June 30, 2007, the Village was over-collateralized by \$482,689; therefore, no deposits were uninsured and uncollateralized. The Village's bank balance of \$814,622 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Uninsured and collateral held by pledging bank's trust department not in Village's name		614,622
Total Cash and Investments, Primary Government	\$	<u>614,622</u>

NOTE 5. RECEIVABLES

Receivables as of June 30, 2007 are as follows:

	<u>Governmental Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Accounts receivable	\$ -	127,414	127,414
Other receivables-citations	79,334	-	79,334
Taxes receivable	41,674	-	41,674
Due from other governments	37,162	-	37,162
Net Receivables	<u>\$ 158,170</u>	<u>127,414</u>	<u>285,584</u>

The Village's policy has not provided for uncollectible accounts as required by generally accepted accounting principles. All receivables are expected to be collected within one year.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 6. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year-ended June 30, 2007. Land and Work in Progress is not subject to depreciation.

Governmental Activities:

	Balance June 30, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Capital assets not being depreciated					
Land	\$ 505,314	\$ -	\$ -	\$ -	\$ 505,314
Work in progress	717,992	2,379,761	-	(590,000)	2,507,753
Total	<u>1,223,306</u>	<u>2,379,761</u>	<u>-</u>	<u>(590,000)</u>	<u>3,013,067</u>
Other capital assets being depreciated					
Buildings	1,848,261	-	-	-	1,848,261
Other improvements	383,829	-	-	-	383,829
Machinery and equipment	546,259	-	-	-	546,259
Total	<u>2,778,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,778,349</u>
Total capital assets	<u>4,001,655</u>	<u>2,379,761</u>	<u>-</u>	<u>(590,000)</u>	<u>5,791,416</u>
Accumulated depreciation:					
Buildings	694,240	47,906	-	-	742,146
Other improvements	34,738	19,953	-	-	54,691
Machinery and equipment	361,161	65,934	-	-	427,095
Total	<u>1,090,139</u>	<u>133,793</u>	<u>-</u>	<u>-</u>	<u>1,223,932</u>
Net value	<u>\$ 2,911,516</u>	<u>\$ 2,245,968</u>	<u>\$ -</u>	<u>\$ (590,000)</u>	<u>\$ 4,567,484</u>

Depreciation expense for the year-ended June 30, 2007 was charged as follows:

General governmental	\$ 3,016
Public safety	65,037
Public works	6,327
Culture and recreation	<u>59,413</u>
Total depreciation expense	<u>\$ 133,793</u>

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 6. CAPITAL ASSETS (continued)

Business-type Activities:

	Balance June 30, 2006	Additions	Deletions	Transfers	Balance June 30, 2007
Capital assets being depreciated:					
Utility system	\$ 7,239,273	\$ -	\$ -	\$ 590,000	\$ 7,829,273
Machinery and equipment	87,245	-	-	-	87,245
Total	<u>7,326,518</u>	<u>-</u>	<u>-</u>	<u>590,000</u>	<u>7,916,518</u>
Total capital assets	<u>7,331,238</u>	<u>-</u>	<u>-</u>	<u>590,000</u>	<u>7,916,518</u>
Accumulated depreciation:					
Utility system	3,147,079	306,961	-	-	3,454,040
Machinery and equipment	83,862	846	-	-	84,707
Total	<u>3,230,941</u>	<u>307,807</u>	<u>-</u>	<u>-</u>	<u>3,538,747</u>
Net value	\$ <u>4,095,577</u>	\$ <u>307,807</u>	\$ <u>-</u>	\$ <u>590,000</u>	\$ <u>4,377,771</u>

Depreciation expense relating to business-type activities for the year-ended June 30, 2007 totaled \$307,807.

NOTE 7. LONG-TERM DEBT

During the year-ended June 30, 2007, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

General Fund:	Balance June 30, 2006	Additions	Decreases	Balance June 30, 2007	Due Within One Year
New Mexico Finance Authority	\$ 1,838	\$ -	\$ 1,838	\$ -	\$ -
New Mexico Finance Authority	5,700	-	-	5,700	5,700
New Mexico Finance Authority	40,671	-	4,474	36,197	4,694
Compensated absences	<u>6,106</u>	<u>4,759</u>	<u>6,095</u>	<u>4,770</u>	<u>1,590</u>
Total long-term debt	\$ <u>54,315</u>	\$ <u>4,759</u>	\$ <u>12,407</u>	\$ <u>46,667</u>	\$ <u>11,984</u>

Compensated absences typically have been liquidated in the general and other governmental funds.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 7. LONG-TERM DEBT (continued)

The terms of the revenue bond and notes payable for the General Fund are as follows:

\$14,250 loan from the State of New Mexico Finance Authority, during the 2002 fiscal year; the purpose of the loan was to fund infrastructure improvements. The note bears no interest and is payable at \$2,850 a year beginning July 30, 2004 through July 30, 2008. For the fiscal year ending 2007, there was no payment recorded; therefore, the total due will be as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>
2008	\$ <u>5,700</u>
	\$ <u>5,700</u>

\$45,000 loan from the State of New Mexico Finance Authority, during the 2004 fiscal year; the purpose of the loan was to purchase a fire pumper. The note bears no interest and payments begin June 1, 2006 through June 1, 2015. The payment amounts are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>
2008	\$ 4,584
2009	4,584
2010	4,584
2011	4,584
2012	4,584
2013-2015	<u>13,277</u>
	\$ <u>36,197</u>

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 7. LONG-TERM DEBT (continued)

Business-Type Fund:	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>	<u>Due Within One Year</u>
Compensated absences	\$ 3,228	\$ 4,994	\$ 3,591	\$ 4,631	\$ 1,544

Compensated absences typically have been liquidated in the proprietary fund.

NOTE 8. RISK MANAGEMENT

The Village of Columbus 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 has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insured Fund, a public entity risk pool currently operating as a common risk management and insurance program for local government. The Village pays an annual premium to New Mexico Self-Insured Fund for general insurance coverage and all risk of loss is transferred. The Village paid \$58,094 for the year ending June 30, 2007.

NOTE 9. PERA PENSION PLAN

The Village has elected not to participate in a retirement plan.

NOTE 10. DEFICIT FUND BALANCE

The following funds had a deficit fund balance as of June 30, 2007:

Gasoline Tax	228
Library	33,748

The general fund had a short fall of available cash. This is normally transferred to the two funds to cover the deficient that occurred during the year ending June 30, 2007.

NOTE 11. POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act, Chapter IV, Article 7C NMSA 1978 provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Village has elected not to participate in the post-employment health insurance plan.

NOTE 12. CONTINGENT LIABILITIES

The Village has no potential contingent liabilities at this time.

NOTE 13. FEDERAL AND STATE GRANTS

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

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 14. INTER-FUND TRANSFERS AND BALANCES

Transfers to/from other funds at June 30, 2007, consist of the following:

From	To	Amount	Purpose
CDBG Water Treatment	RUS WW USDA RD	\$ 400	To combine funds in new bank account
EMS	Gasoline Tax	16,759	To fund operations
EMS	07-LG-5323-24-25	200	To open bank account
EMS	RUS WW USDA RD	200	To open bank account
NMED SAP 05-1118	Joint Utilities	183,291	To transfer capital improvements
NMED SAP 04-0605	Joint Utilities	163,344	To transfer capital improvements
NMED SAP 05-0127	Joint Utilities	90,684	To transfer capital improvements
General	EMS	10,000	To fund operations
Governmental	Joint Utilities	<u>152,681</u>	To transfer completed work in process
		<u>\$ 617,559</u>	Total

	Transfers In	Transfers Out
Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds	\$ 27,559	\$ 617,559
Statement of Revenues, Expenses, and Changes in Net Assets- Proprietary Funds	<u>590,000</u>	<u>-</u>
Total transfers	<u>\$ 617,559</u>	<u>\$ 617,559</u>

Due From	Due To	Amount	Reason
SAP 06-LG-1706	EMS	\$ 5,912	To advance funds prior to grant reimbursement
General	EMS	6,238	To advance funds for operations
Library	EMS	<u>32,869</u>	To advance funds for operations
		<u>\$ 45,019</u>	Total

All of the amounts above are expected to be paid back within one year

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Notes to Financial Statements
June 30, 2007**

NOTE 15. EXCESS EXPENDITURES OVER APPROPRIATIONS

New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. The Village exceeded its authorized budget by \$164,087 as follows:

Fund	Reason	Budgeted Expenses	Actual Expense	Difference
General	Operating expenses	\$ 530,436	\$ 620,313	\$ 89,877
Library	Operating expenses	53,247	53,528	281
EMS	Operating expenses	78,121	145,208	67,087
Recreation	Operating expenses	20,190	21,387	1,197
Gasoline Tax	Operating expenses	<u>41,768</u>	<u>47,414</u>	<u>5,646</u>
Totals		\$ <u>723,762</u>	\$ <u>887,850</u>	\$ <u>164,088</u>

The Village has implemented procedures to ensure compliance in the future.

NOTE 16. DEFERRED REVENUE

During the year-ended June 30, 2007, the Village's deferred revenue was as follows:

<u>Fund</u>	<u>Reason</u>	<u>Amount</u>
Flood Disaster	Prepaid Federal Grant	\$ <u>283,351</u>
	Total	\$ <u>283,351</u>

NOTE 17. SUBSEQUENT EVENTS

The Village has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal and state agencies constitute future commitments.

NON-MAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Funds
June 30, 2007**

SPECIAL REVENUE FUNDS LISTING

Recreation Fund – To account for operations of summer recreation programs. Financing is provided by cigarette tax, a joint powers agreement from Luna County, and service charges (NMSA 7-12-6.11).

Library Fund – To account for the State grant, a joint powers agreement from Luna County, and private donations, and service charges to be utilized for the acquisition of library materials and operations. (NMSA 18-15-4 and Village Council Ordinance).

EMS Fund – To account for the general operations of the ambulance service (NMSA 24-10A-3).

Correction Fund – To account for judicial fees and administration costs (NMSA 35-14-11).

Lodgers' Tax Fund – To account for expenditures for the promotion of the Columbus area. Financing is provided by a tax charged on motel rooms in the Village of Columbus (NMSA 3-38-13 to 3-38-24).

Cemetery Fund – To account for the operations of the Village cemetery. Financing is provided by lot sales, burial permits and the Garden Club (NMSA 3-40-1 to 3-40-9).

Law Enforcement Protection Fund – State Statutes Section 29-13 provides for the distribution of funds from the State Law Enforcement Protection Fund to municipal and village police and sheriff department for the maintenance and improvement of those departments in order to enhance the efficiency and effectiveness of law enforcement services provided. The fund is used to account for specific law enforcement expenditures not included in the general fund. Financing is provided by a state allocation and can only be used for law enforcement equipment and personnel training (NMSA 29-13-3).

Gasoline Tax – To account for the street and highway improvements of the Village not funded by special sources. Financing is provided by State Gasoline Tax (NMSA 7-1-6.26).

Environmental Gross Receipts Tax Fund – To account for the operation and maintenance of funds restricted for the operation and closure of landfills. Funding is provided by a ¼ of 1% tax on the gross receipts of the Village (NMSA 7-20E-26).

Infrastructure Gross Receipts Tax Fund – To account for the operation and maintenance of funds restricted for the repair and replacement of infrastructure improvements. Funding is provided by a ½ of 1% tax on the gross receipts of the Village. The funds may be used only for sewer and street repairs and replacements, or for the acquisition of rights-of-way (NMSA 17-19D-11).

Community Center Fund – To account for revenues and expenditures relating to the community center. Authority is by resolution.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Funds
June 30, 2007**

CAPITAL PROJECTS FUNDS LISTING

NM DOT SP-GA-7625 – To account for a Cooperative Agreement with the New Mexico State Highway and Transportation Department pursuant to NMSA, 1978 Section 67-3-28, as amended, and Section 67-3-28.2 NMSA as amended, and Commission Policy No. 44-92. Authority is by grant agreement. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

NM DOT SP-GA-7529 – To account for a Cooperative Agreement with the New Mexico State Highway and Transportation Department pursuant to NMSA, 1978 Section 67-3-28, as amended, and Section 67-3-28.2 NMSA as amended, and Commission Policy No. 44-92. Authority is by grant agreement. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

NMED SAP 05-1118 – To account for a grant agreement with the New Mexico State Environmental Department (NMSA 6-21-6.3). Authority is by grant agreement. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

NMED SAP 04-0605 – To account for a grant agreement with the New Mexico State Environmental Department (NMSA 6-21-6.3). Authority is by grant agreement. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

NMED SAP 05-0127 – To account for a grant agreement with the New Mexico State Environmental Department (NMSA 6-21-6.3). Authority is by grant agreement. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

NMED SAP 05-0088 – To account for a grant agreement with the New Mexico State Environmental Department (NMSA 6-21-6.3). Authority is by grant agreement. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

CDBG Wastewater – To account for a combination of CDBG Funds, local cash, local in-kind, and Rural Utility Service 98-2 for Wastewater Improvements. Authority is by CDBG grant agreement. No budget was adopted for this fund, because no activity was expected.

CDBG Water Treatment – To account for CDBG Water Treatment Grant. Authority is by CDBG grant agreement. Authority is by grant agreement. No budget was adopted for this fund, because no activity was expected.

Flood Disaster – To account for Executive Order #00-39, a resolution declaring areas of Luna County and the Village of Columbus as disaster areas. Authority is by resolution. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

SAP LGD-06-545 W/WW – To account for grant activity for water and wastewater system improvements from the Local Government Division, Department of Finance and Administration. Authority is by grant agreement. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

RUS/WW USDA/RD – To account for federal grant activity for wastewater system improvements. Authority is by grant agreement. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

NMED SAP 04-1562 – To account for a grant agreement with the State of New Mexico Environmental Department (NMSA 6-21-63). No budget was adopted for this fund because no revenues or expenditures were anticipated.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Funds
June 30, 2007**

CAPITAL PROJECTS FUNDS LISTING (continued)

SAP 07-L-G-5323-24-25 – To account for grant activity for the purchase of a van, backhoe and improvements of the park and addition of a playground. Authority is by grant agreement. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

SAP 06-L-G-1706 – To account for grant activity for improvements on the community center from the Local Government Division, Department of Finance and Administration. Authority is by grant agreement. No budget was adopted for this fund, because no resolutions were adopted to change the budget to include the listed grants.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Fund Types
Combining Balance Sheet
For the Year-Ended June 30, 2007

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 178,643	\$ 284,515	\$ 463,158
Other receivables	36,966	-	36,966
Due from other funds	45,019	-	45,019
Due from other governments	1,998	5,912	7,910
Total assets	<u>\$ 262,626</u>	<u>\$ 290,427</u>	<u>\$ 553,053</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,587	\$ -	\$ 3,587
Accrued salaries	1,045	-	1,045
Due to other funds	32,869	5,912	38,781
Deferred revenue	-	283,351	283,351
Total liabilities	<u>37,501</u>	<u>289,263</u>	<u>326,764</u>
Fund Balances:			
Reserved for capital projects funds	-	1,164	1,164
Unreserved for special revenue funds	<u>225,125</u>	<u>-</u>	<u>226,289</u>
Total fund balances	<u>225,125</u>	<u>1,164</u>	<u>226,480</u>
Total liabilities and fund balances	<u>\$ 262,626</u>	<u>\$ 290,427</u>	<u>\$ 553,053</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Fund Types
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year-Ended June 30, 2007

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Totals</u>
REVENUES			
Taxes and shared taxes:			
Cigarette tax	\$ 73	\$ -	\$ 73
Gross receipts tax environmental	5,277	-	5,277
Gross receipts tax infrastructure	10,555	-	10,555
Gasoline tax municipal – 1 cent	7,911	-	7,911
Gasoline tax regular – 2 cents	6,584	-	6,584
Lodger's tax	3,384	-	3,384
Charges for services	234,172	-	234,172
Joint powers agreements	39,500	-	39,500
State allocation	28,934	-	28,934
Federal grants	-	1,605,078	1,605,078
State grants	8,250	774,886	783,136
Private grants	6,862	-	6,862
Contributions/donations	9,850	-	9,850
Investment income	283	-	283
Miscellaneous income	165	-	165
Total revenues	<u>361,800</u>	<u>2,379,964</u>	<u>2,741,764</u>
EXPENDITURES			
Current:			
Public safety	188,475	-	188,475
Public works	47,419	30	47,449
Culture and recreation	105,755	-	105,755
Health and welfare	146	-	146
Capital outlay	-	1,942,442	1,942,442
Total expenditures	<u>341,795</u>	<u>1,942,472</u>	<u>2,284,267</u>
Excess (deficiency) revenues over expenditures	20,005	437,492	457,947
Other financing sources (uses):			
Transfers in	26,759	800	27,559
Transfers out	17,159	437,719	454,878
Total other financing sources (uses)	<u>9,600</u>	<u>(436,919)</u>	<u>(427,319)</u>
Net change in fund balances	29,605	573	30,178
Fund balances – beginning	<u>195,520</u>	<u>591</u>	<u>196,111</u>
Fund balances – ending	<u>\$ 225,125</u>	<u>\$ 1,164</u>	<u>\$ 226,289</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Fund Types
Special Revenue Funds
Statement of Net Assets
For the Year Ended June 30, 2007

	Recreation	Library	EMS	Corrections	Lodger's Tax	Cemetery	Law Enforcement	Sub-Total
ASSETS								
Cash and cash equivalents	\$ 13,438	\$ -	\$ 49,237	\$ 48,004	\$ 9,024	\$ 1,644	\$ 5,004	\$ 126,351
Other receivables	\$ -	\$ -	\$ 36,966	\$ -	\$ -	\$ -	\$ -	\$ 36,966
Due from other funds	\$ -	\$ -	\$ 45,019	\$ -	\$ -	\$ -	\$ -	\$ 45,019
Taxes receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets	\$ 13,438	\$ -	\$ 131,222	\$ 48,004	\$ 9,024	\$ 1,644	\$ 5,004	\$ 208,336
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 86	\$ 617	\$ 2,884	\$ -	\$ -	\$ -	\$ -	\$ 3,587
Accrued salaries	-	262	394	-	-	-	-	656
Due to other funds	-	32,869	-	-	-	-	-	32,869
Total liabilities	86	33,748	3,278	-	-	-	-	37,112
Fund balances:								
Unreserved for special revenue funds	13,352	(33,748)	127,944	48,004	9,024	1,644	5,004	171,224
Total fund balances	13,352	(33,748)	127,944	48,004	9,024	1,644	5,004	171,224
Total liabilities and fund balances	\$ 13,438	\$ -	\$ 131,222	\$ 48,004	\$ 9,024	\$ 1,644	\$ 5,004	\$ 208,336

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Fund Types
Special Revenue Funds
Statement of Net Assets
For the Year Ended June 30, 2007

	Gasoline Tax	Environmental GRT	Infrastructure GRT	Community Center	Cumulative Total
ASSETS					
Cash and cash equivalents	\$ -	\$ 21,100	\$ 28,025	\$ 3,167	\$ 178,643
Other receivables	\$ -	\$ -	\$ -	\$ -	\$ 36,966
Due from other funds	\$ -	\$ -	\$ -	\$ -	\$ 45,019
Taxes receivables	\$ -	\$ 666	\$ 1,332	\$ -	\$ 1,998
Total assets	\$ -	\$ 21,766	\$ 29,357	\$ 3,167	\$ 262,626
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,587
Accrued salaries	228	-	-	161	1,045
Due to other funds	-	-	-	-	32,869
Total liabilities	228	-	-	161	37,501
Fund balances:					
Unreserved for special revenue funds	(228)	21,766	29,357	3,006	225,125
Total fund balances	(228)	21,766	29,357	3,006	225,125
Total liabilities and fund balances	\$ -	\$ 21,766	\$ 29,357	\$ 3,167	\$ 262,626

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Fund Types
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007

	Recreation	Library	EMS	Corrections	Lodger's Tax	Cemetery	Sub-total
REVENUE							
Taxes and shared taxes:							
Cigarette tax	\$ 73	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73
Gross receipts tax environmental	-	-	-	-	-	-	-
Gross receipts tax infrastructure	-	-	-	-	-	-	-
Gasoline tax municipal-1cent	-	-	-	-	-	-	-
Gasoline tax regular-2 cent	-	-	-	-	-	-	-
Lodger's tax	-	-	-	-	3,384	-	3,384
Charges for services	5,498	1,834	216,560	19,203	-	25	243,120
Joint powers agreements	6,000	6,000	27,500	-	-	-	39,500
State allocation	-	-	8,934	-	-	-	8,934
Federal grant	-	-	-	-	-	-	-
State grant	-	3,913	-	-	4,337	-	8,250
Private grant	-	6,862	-	-	-	-	6,862
Investment income	-	-	-	283	-	-	283
Contributions/Donations	7,800	2,050	-	-	-	-	9,850
Miscellaneous income	-	-	-	-	-	-	-
Total revenue	19,371	20,659	252,994	19,486	7,721	25	320,256
EXPENDITURES							
Current:							
Public safety	-	-	169,036	3,344	-	-	172,380
Public works	-	-	-	-	-	-	-
Culture and recreation	20,339	54,162	-	-	4,436	-	78,937
Health and Welfare	-	-	-	-	-	146	146
Capital outlay	-	-	-	-	-	-	-
Total expenditures	20,339	54,162	169,036	3,344	4,436	146	251,463
Excess (deficiency) revenues over expenditures	(968)	(33,503)	83,958	16,142	3,285	(121)	68,793
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	10,000	-	-	-	10,000
Transfers out	-	-	17,159	-	-	-	17,159
Total other financing sources (uses)	-	-	(7,159)	-	-	-	(7,159)
Net change in fund balances	(968)	(33,503)	76,799	16,142	3,285	(121)	61,634
Fund balances - beginning	14,320	(245)	51,145	31,862	5,739	1,765	104,586
Fund balances - ending	\$ 13,352	\$ (33,748)	\$ 127,944	\$ 48,004	\$ 9,024	\$ 1,644	\$ 166,220

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Fund Types
Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007

	Law Enforcement	Gasoline Tax	Environmental GRT	Infrastructure GRT	Community Center	Cumulative Total
REVENUE						
Taxes and shared taxes:						
Cigarette tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73
Gross receipts tax environmental	-	-	5,277	-	-	5,277
Gross receipts tax infrastructure	-	-	-	10,555	-	10,555
Gasoline tax municipal-1cent	-	7,911	-	-	-	7,911
Gasoline tax regular-2 cent	-	6,584	-	-	-	6,584
Lodger's tax	-	-	-	-	-	3,384
Charges for services	-	-	-	-	13,304	256,424
Joint powers agreements	-	-	-	-	-	39,500
State allocation	20,000	-	-	-	-	28,934
Federal grant	-	-	-	-	-	-
State grant	-	-	-	-	-	8,250
Private grant	-	-	-	-	-	6,862
Investment income	-	-	-	-	-	283
Contributions/Donations	-	-	-	-	-	9,850
Miscellaneous income	-	165	-	-	-	165
Total revenue	20,000	14,660	5,277	10,555	13,304	384,052
EXPENDITURES						
Current:						
Public safety	16,095	-	-	-	-	188,475
Public works	-	47,419	-	-	-	47,419
Culture and recreation	-	-	-	-	26,818	105,755
Health and welfare	-	-	-	-	-	146
Capital outlay	-	-	-	-	-	-
Total expenditures	16,095	47,419	-	-	26,818	341,795
Excess (deficiency) revenues over expenditures	3,905	(32,759)	5,277	10,555	(13,514)	42,257
OTHER FINANCING SOURCES (USES)						
Transfers in	-	16,759	-	-	-	26,759
Transfers out	-	-	-	-	-	17,159
Total other financing sources (uses)	-	16,759	-	-	-	9,600
Net change in fund balances	3,905	(16,000)	5,277	10,555	(13,514)	51,857
Fund balances - beginning	1,099	15,772	16,489	18,802	16,520	173,268
Fund balances - ending	\$ 5,004	\$ (228)	\$ 21,766	\$ 29,357	\$ 3,006	\$ 225,125

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND-RECREATION
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Cigarette tax	\$ 150	150	73	(77)
Joint powers agreement	5,500	5,500	6,000	500
Contributions	50	50	7,800	7,750
Charges for services	1,400	1,400	5,498	4,098
Total revenues	<u>7,100</u>	<u>7,100</u>	<u>19,371</u>	<u>(12,271)</u>
 Add: beginning cash	 15,454	 15,454		
	<u>\$ 22,554</u>	<u>22,554</u>		
 Expenditures				
Current				
Culture and recreation	20,190	20,190	21,387	(1,197)
Total expenditures	<u>20,190</u>	<u>20,190</u>	<u>21,387</u>	<u>(1,197)</u>
 Excess (deficiency) revenues over expenditures			<u>(2,016)</u>	
 Other financing sources (uses)				
Transfers in	13,690	13,690	-	(13,690)
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>13,690</u>	<u>13,690</u>	<u>-</u>	<u>(13,690)</u>
 Net change in fund balance			(2,016)	
 Differences Between GAAP and Non-GAAP				
Adjust accrued expenses			1,048	
 Fund balance – beginning			<u>14,320</u>	
 Fund balance – ending			<u>13,352</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND-LIBRARY
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
State grant	\$ 3,000	3,000	3,103	103
Joint powers agreements	5,000	5,000	6,000	1,000
G.O. Bond	4,408	4,408	810	(3,598)
McCune grant	6,500	6,500	6,862	362
Contributions	850	850	2,050	1,200
Charges for services	1,050	1,050	1,834	784
Total revenues	<u>20,808</u>	<u>20,808</u>	<u>20,659</u>	<u>(149)</u>
 Add: beginning cash	 298	 298		
	\$ <u>21,106</u>	<u>21,106</u>		
Expenditures				
Current				
Culture and recreation	53,247	53,247	53,528	(281)
Total expenditures	<u>53,247</u>	<u>53,247</u>	<u>53,528</u>	<u>(281)</u>
Excess (deficiency) revenues over expenditures			<u>(32,869)</u>	
Other financing sources (uses)				
Transfers in				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance			(32,869)	
Differences Between GAAP and Non-GAAP				
Adjust accrued expenses			(634)	
Fund balance – beginning			<u>(245)</u>	
Fund balance – ending			<u>(33,748)</u>	

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
FUND-EMERGENCY MEDICAL SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances With Final Budget
	Original	Final		
Revenues				
State allotment	\$ 10,000	\$ 10,000	\$ 8,934	\$ (1,066)
Joint powers agreements	8,000	8,000	27,500	19,500
Charges for services	33,000	33,000	150,568	117,568
Total revenues	<u>51,000</u>	<u>51,000</u>	<u>187,002</u>	<u>136,002</u>
 Add: beginning cash	 52,111	 52,111		
	<u>\$ 103,111</u>	<u>\$ 103,111</u>		
 Expenditures				
Current				
Health and welfare	78,121	78,121	145,208	(67,087)
Total expenditures	<u>78,121</u>	<u>78,121</u>	<u>145,208</u>	<u>(67,087)</u>
 Excess (deficiency) revenues over expenditures			<u>41,794</u>	
 Other financing sources (uses)				
Transfers in	-	-	10,000	-
Transfers out	-	-	17,159	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,159)</u>	<u>-</u>
 Net change in fund balance			34,635	
 Differences Between GAAP and Non-GAAP				
Adjust accrued revenue		65,992		
Adjust accrued expenses		<u>(23,828)</u>		
			42,164	
 Fund balance – beginning			<u>51,145</u>	
 Fund balance – ending			<u>\$ 127,944</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND-CORRECTIONS
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances With Final Budget
	Original	Final		
Revenues				
Bench warrants	\$ 3,000	\$ 3,000	\$ 6,303	\$ 3,303
Reimbursements	-	-	321	321
Jail maintenance fees	5,500	5,500	8,982	3,482
Court automation fees	2,000	2,000	2,702	702
Judicial education fees	700	700	895	195
Investment income	-	-	283	283
Total revenues	11,200	11,200	19,486	8,286
Add: beginning cash	31,862	31,862		
	\$ 43,062	\$ 43,062		
Expenditures				
Current				
Public safety	4,700	4,700	3,344	1,356
Total expenditures	4,700	4,700	3,344	1,356
Excess (deficiency) revenues over expenditures			16,142	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance			16,142	
Differences Between GAAP and Non-GAAP Adjust accrued revenue				
Fund balance – beginning			31,862	
Fund balance – ending			\$ 48,004	

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND-LODGERS' TAX
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances With Final Budget
	Original	Final		
Revenues				
Lodger's tax	\$ 4,000	\$ 4,000	\$ 3,384	\$ (616)
Grant revenue	-	-	3,500	3,500
Total revenues	4,000	4,000	6,884	2,884
 Add: beginning cash	 6,576	 6,576		
	\$ 10,576	\$ 10,576		
 Expenditures				
Current				
Culture and recreation	4,000	4,000	4,436	(436)
Total expenditures	4,000	4,000	4,436	(436)
 Excess (deficiency) revenues over expenditures			2,448	
 Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
 Net change in fund balance			2,448	
 Differences Between GAAP and Non-GAAP				
Adjust accrued revenues			837	
 Fund balance – beginning			5,739	
 Fund balance – ending			\$ 9,024	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND-CEMETERY
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 150	\$ 150	\$ 25	\$ (125)
Total revenues	<u>150</u>	<u>150</u>	<u>25</u>	<u>(125)</u>
Add: beginning cash	<u>1,765</u>	<u>1,765</u>		
	<u>\$ 1,915</u>	<u>\$ 1,915</u>		
Expenditures				
Current				
Health and welfare	<u>2,000</u>	<u>2,000</u>	<u>146</u>	<u>1,854</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>146</u>	<u>1,854</u>
Excess (deficiency) revenues over expenditures			<u>(121)</u>	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance			(121)	
Differences Between GAAP and Non-GAAP				
Adjust transfers				
Fund balance – beginning			<u>1,765</u>	
Fund balance – ending			\$ <u>1,644</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND-LAW ENFORCEMENT PROTECTION
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances With Final Budget
	Original	Final		
Revenues				
Intergovernmental income?	\$ 23,000	\$ 23,000	\$ 20,000	\$ (3,000)
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>20,000</u>	<u>(3,000)</u>
Add: beginning cash	<u>1,277</u>	<u>1,277</u>		
	\$ <u>24,277</u>	\$ <u>24,277</u>		
Expenditures				
Current				
Public safety	12,000	12,000	6,671	5,329
Capital Outlay	11,000	11,000	9,602	1,398
Total expenditures	<u>23,000</u>	<u>23,000</u>	<u>16,273</u>	<u>6,727</u>
Excess (deficiency) revenues over expenditures			<u>3,727</u>	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance			3,727	
Differences Between GAAP and Non-GAAP				
Adjust accrued expenses			178	
Fund balance – beginning			<u>1,099</u>	
Fund balance – ending			\$ <u>5,004</u>	

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND-GASOLINE TAX
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Gasoline tax municipal 1 cent	\$ 2,000	\$ 2,000	\$ 7,911	\$ 5,911
Gasoline tax regular 2 cents	6,000	6,000	6,584	584
Miscellaneous income	-	-	165	165
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>14,660</u>	<u>6,660</u>
 Add: beginning cash	 15,995	 15,955		
	<u>\$ 23,955</u>	<u>\$ 23,955</u>		
 Expenditures:				
Current				
Public works	41,768	41,768	47,414	(5,646)
Total expenditures	<u>41,768</u>	<u>41,768</u>	<u>47,414</u>	<u>(5,646)</u>
 Excess (deficiency) revenues over expenditures			<u>(32,754)</u>	
 Other financing sources (uses)				
Transfers in	-	-	16,759	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance			(15,995)	
 Differences Between GAAP and Non-GAAP				
Adjust accrued expenses			(5)	
 Fund balance – beginning			<u>15,772</u>	
 Fund balance – ending			<u>\$ (228)</u>	

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND-ENVIRONMENTAL GROSS RECEIPTS
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Gross receipts tax environmental	\$ 4,000	\$ 4,000	\$ 4,611	\$ 611
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>4,611</u>	<u>611</u>
Add: beginning cash	<u>16,489</u>	<u>16,489</u>		
	\$ <u>20,489</u>	\$ <u>20,489</u>		
Expenditures				
Current				
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) revenues over expenditures			<u>4,611</u>	
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance			4,611	
Differences Between GAAP and Non-GAAP				
Adjust accrued revenue			666	
Fund balance – beginning			<u>16,489</u>	
Fund balance – ending			\$ <u>21,766</u>	

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND-INFRASTRUCTURE GROSS RECEIPTS
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Gross receipts tax infrastructure	\$ -	\$ -	\$ 9,223	\$ 9,223
Total revenues	<u>-</u>	<u>-</u>	<u>9,223</u>	<u>9,223</u>
Add: beginning cash	<u>18,802</u>	<u>18,802</u>		
	\$ <u>18,802</u>	\$ <u>18,802</u>		
Expenditures				
Current				
Public works	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) revenues over expenditures			<u>9,223</u>	
Other financing sources (uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance			9,223	
Differences Between GAAP and Non-GAAP				
Adjust accrued revenue			1,332	
Fund balance – beginning			<u>18,802</u>	
Fund balance – ending			\$ <u>29,357</u>	

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SPECIAL REVENUE FUND-COMMUNITY CENTER
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variances With Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 10,800	\$ 10,800	\$ 11,025	\$ 225
Rental income	7,900	7,900	2,279	(5,621)
Joint powers agreements	30,000	30,000	-	(30,000)
Total revenues	<u>48,700</u>	<u>48,700</u>	<u>13,304</u>	<u>(35,396)</u>
Add: beginning cash	17,149	17,149		
	<u>\$ 65,849</u>	<u>\$ 65,849</u>		
Expenditures				
Current				
Culture and recreation	30,319	30,319	27,286	3,033
Total expenditures	<u>30,319</u>	<u>30,319</u>	<u>27,286</u>	<u>3,033</u>
Excess (deficiency) revenues over expenditures			<u>(13,982)</u>	
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance			(13,982)	
Differences Between GAAP and Non-GAAP				
Adjust accrued expenses			468	
Fund balance – beginning			<u>16,520</u>	
Fund balance – ending			<u>\$ 3,006</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Fund Types
Capital Projects Funds
Combining Balance Sheet
For the Year Ended June 30, 2007

	NM DOT SP-GA-7625	NM DOT SP-GA-7529	NMED SAP 04-1562	NMED SAP 05-1118	NMED SAP 04-0605	NMED SAP 05-0127	NMED SAP 05-0088	Sub-totals
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	-	-	-	\$ -
Due from other governments	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	-	-	-	-	-	-	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Fund balances:								
Reserved for capital projects	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Fund Types
Capital Projects Funds
Combining Balance Sheet
For the Year Ended June 30, 2007**

	CDBG Wastewater	CDBG Water Treatment	Flood Disaster	SAP LGD 06-545 W/WW	RUS/WW USDA/RD	SAP 07-L-G 5323-24-25	SAP 06-L-G 1706	Totals
ASSETS								
Cash and cash equivalents	\$ 191	-	283,351	200	573	200	-	\$ 284,515
Due from other governments	-	-	-	-	-	-	5,912	\$ 5,912
Total assets	\$ 191	\$ -	\$ 283,351	\$ 200	\$ 573	\$ 200	\$ 5,912	\$ 290,427
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	-	-	-	-	-	-	-
Deferred revenue	\$ -	-	283,351	-	-	-	-	283,351
Due to other funds	-	-	-	-	-	-	5,912	5,912
Total liabilities	-	-	283,351	-	-	-	5,912	289,263
Fund balances:								
Reserved for capital projects	191	-	-	200	573	200	-	1,164
Total fund balances	191	-	-	200	573	200	-	1,164
Total liabilities and fund balances	\$ 191	\$ -	\$ 283,351	\$ 200	\$ 573	\$ 200	\$ -	\$ 290,427

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Fund Types
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For Year Ended June 30, 2007**

	NM DOT SP-GA-7625	NM DOT SP-GA-7529	NMED SAP 05-1118	NMED SAP 04-0605	NMED SAP 05-0127	NMED SAP 05-0088	CDBG Wastewater	Sub-total
REVENUE								
State grant	\$ 15,331	180,897	183,291	163,344	90,684	72,609	-	\$ 706,156
Federal grant	-	-	-	-	-	-	-	\$ -
Total revenues	15,331	180,897	183,291	163,344	90,684	72,609	-	706,156
EXPENDITURES								
Current:								
Capital outlay	15,331	180,897	-	-	-	72,609	-	268,837
Bank fee	-	-	-	-	-	-	-	-
Total expenditures	15,331	180,897	-	-	-	72,609	-	268,837
Excess (deficiency) revenues over expenditures	-	-	183,291	163,344	90,684	-	-	437,319
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	183,291	163,344	90,684	-	-	437,319
Total other financing sources (uses)	-	-	183,291	163,344	90,684	-	-	437,319
Net change in fund balances	-	-	-	-	-	-	-	874,638
Fund balances - beginning	-	-	-	-	-	-	191	191
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191	\$ 874,829

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Non-Major Governmental Fund Types
Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For Year Ended June 30, 2007

	CDBG Water Treatment	Flood Disaster	SAP LGD 06-545 W/WW	RUS/WW USDA/RD	SAP 07-L-G 5323-24-25	SAP 06-L-G 1706	Cumulative Totals
REVENUE							
State grant	\$ -	-	53,149	-	-	15,581	774,886
Federal grant	-	-	-	1,605,078	-	-	1,605,078
Total revenues	-	-	53,149	1,605,078	-	15,581	2,379,964
EXPENDITURES							
Current:							
Capital outlay	-	-	52,949	1,605,075	-	15,581	1,942,442
Bank fee	-	-	-	30	-	-	30
Total expenditures	-	-	52,949	1,605,105	-	15,581	1,942,472
Excess (deficiency) revenues over expenditures	-	-	200	(27)	-	-	437,492
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	600	200	-	800
Transfers out	400	-	-	-	-	-	437,719
Total other financing sources (uses)	400	-	-	600	200	-	(436,919)
Net change in fund balances	(400)	-	200	573	200	-	573
Fund balances - beginning	400	-	-	-	-	-	591
Fund balances - ending	\$ -	\$ -	\$ 200	\$ 573	\$ 200	\$ -	\$ 1,164

The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUND BUDGET

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
PROPRIETARY FUND – JOINT UTILITIES
Schedule of Revenues, Expenses and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual Budgetary Basis	Variances With Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues				
Water:				
Utility services	\$ 220,000	220,000	210,331	(9,669)
Connections	4,000	4,000	3,630	(370)
Reconnections	600	600	9,998	9,398
Penalties	8,000	8,000	15,131	7,131
Water conservation fee	2,000	2,000	1,566	(434)
Standby	16,000	16,000	13,090	(2,910)
Gross receipts taxes	15,000	15,000	13,964	(1,036)
Miscellaneous income	-	-	299	299
Deposits received	-	-	1,860	1,860
	<u>265,600</u>	<u>265,600</u>	<u>269,869</u>	<u>4,269</u>
Sewer:				
Utility services	51,000	51,000	46,335	(4,645)
Connections	48,000	48,000	1,618	(46,382)
Standby	-	-	2,408	2,408
	<u>99,000</u>	<u>99,000</u>	<u>50,361</u>	<u>(48,639)</u>
Landfill:				
Sales	43,000	43,000	42,923	(77)
Joint powers agreements	7,000	7,000	7,500	500
	<u>50,000</u>	<u>50,000</u>	<u>50,423</u>	<u>423</u>
Total revenues	<u>414,600</u>	<u>414,600</u>	<u>370,653</u>	<u>(43,947)</u>
Add: beginning cash	206,471	206,471		
	<u>\$ 621,071</u>	<u>621,071</u>		
Expenses				
Water:				
Personnel	71,645	71,645	77,226	(5,581)
Operating expenses	164,850	164,850	111,558	53,292
	<u>236,495</u>	<u>236,495</u>	<u>188,784</u>	<u>47,711</u>
Sewer:				
Personnel	30,396	30,396	19,046	11,350
Operating expenses	50,200	50,200	32,047	18,153
	<u>80,596</u>	<u>80,596</u>	<u>51,093</u>	<u>29,503</u>
Landfill:				
Personnel	31,642	31,642	33,371	(1,729)
Operating expenses	32,400	32,400	39,141	(6,641)
	<u>64,042</u>	<u>64,042</u>	<u>72,512</u>	<u>(8,370)</u>
Total expenses	<u>381,133</u>	<u>381,133</u>	<u>312,389</u>	<u>68,744</u>
Excess (deficiency) of revenues over expenses			<u>58,264</u>	

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
PROPRIETARY FUND – JOINT UTILITIES
Schedule of Revenues, Expenses and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual (Cash Basis)
For the Year-Ended June 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses)				
Transfers in	-	-	590,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>590,000</u>	<u>-</u>
Net change in fund balance			648,264	
Difference between GAAP and Non-GAAP				
Adjust accrued revenue		64,117		
Depreciation expense		(307,806)		
Adjust for accrued expenses		<u>(1,740)</u>	(245,429)	
Net assets – beginning			<u>4,369,145</u>	
Net assets – ending			<u>\$ 4,771,980</u>	

The accompanying Notes are an integral part of the Financial Statements.

AGENCY FUNDS

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
June 30, 2007**

AGENCY FUNDS

Municipal Court Funds

To account for the collection and disbursement of funds

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds
June 30, 2007

Municipal Court	<u>June 30,</u> <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30,</u> <u>2007</u>
Assets				
Cash and cash equivalents	\$ <u>9,431</u>	\$ <u>61,115</u>	\$ <u>60,993</u>	\$ <u>9,553</u>
Total assets	\$ <u><u>9,431</u></u>	\$ <u><u>61,115</u></u>	\$ <u><u>60,993</u></u>	\$ <u><u>9,553</u></u>
Liabilities				
Accounts payable	\$ <u>9,431</u>	\$ <u>61,115</u>	\$ <u>60,993</u>	\$ <u>9,553</u>
Total liabilities	\$ <u><u>9,431</u></u>	\$ <u><u>61,115</u></u>	\$ <u><u>60,993</u></u>	\$ <u><u>9,553</u></u>

The accompanying Notes are an integral part of the Financial Statements.

SUPPORTING SCHEDULES

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Depositories and Pledged Collateral
June 30, 2007**

Bank		Amount		Less		Balance
First New Mexico Bank	Type	Per Bank	Plus DIT	O/S Checks		Per Books
General-Operating	CK	\$ 574,993	\$ 30,669	\$ 28,394		\$ 577,268
General	SV	1,303	-	-		1,303
General	CD	200,000	-	-		200,000
Payroll	CK	4,549	-	3,723		826
Municipal	CK	9,553	-	-		9,553
Corrections	CD	10,819	-	-		10,819
CDBG Water	CK	191	-	-		191
Water Savings	SV	8,552	-	-		8,552
USDA Wastewater	CK	190	-	-		190
USDA H2O	CK	190	-	-		190
WWTP PHASE 4	CK	193	-	-		193
SAP LGD 06-545	CK	192	-	-		192
LG 5323 07	CK	188	-	-		188
Cemetery	CK	3,709	-	-		3,709
Total		\$ 814,622	\$ 30,669	\$ 32,117		\$ 813,174

Legend

SAV-Savings

CK-Checking

CD-Certificate of Deposit

	1 st New Mexico Bank
Amount Held in Bank June 30, 2007	\$ 814,622
Less FDIC Insurance	200,000
Uninsured Public Funds	614,622
50% Collateral Requirement (Section 6-10-17 NMSA-1978)	307,311
Pledged Security	790,000
Over (Under) Collateral	\$ 482,689

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2007

Description	Par Value	Name and Location of Safekeeper
Socorro Cons., CUSIP #83368PAF3, Matures 8/1/2007	\$ 125,000	Federal Home Loan Bank Dallas, Texas
Tucumcari NM Municipal. CUSIP #898881CB1, Matures 8/01/2013	110,000	Federal Home Loan Bank Dallas, Texas
Dexter NM Cons., CUSIP #252345CS0 Matures 8/1/08	45,000	Federal Home Loan Bank Dallas, Texas
Catron & Cibola Cntys NM ISD #2, CUSIP #149321BQ3, Matures 7/15/2014	130,000	Federal Home Loan Bank Dallas, Texas
Santa Rosa NM, CUSIP #802751CA3, Matures 7/1/2012	300,000	Federal Home Loan Bank Dallas, Texas
Bloomfield NM, CUSIP #094072BE4, Matures 8/15/2013	80,000	Federal Home Loan Bank Dallas, Texas
	<u>\$ 790,000</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Cash Held by State Treasurer
June 30, 2007

<u>NMFA</u>			
<u>Fire Equipment</u>	CK	\$	899
<u>General Operations</u>	CK		<u>851</u>
Total		\$	<u>1,750</u>

These funds are held by the State Treasurer in the name of the Village. They are to be used to service the debt financed by New Mexico Finance Authority.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Grant Expenditures
June 30, 2007**

	Grant ID	State Grant	Federal Grant	Total
New Mexico Governor's Office of Homeland Security, Overtime Grant	05-NMCO-007	\$ 156,251	\$ -	\$ 156,251
New Mexico Department of Cultural Affairs, CLG Walking Tour Grant	35-06-21534.06	4,337	-	4,337
New Mexico Department of Finance & Administration, Local Govt. Div	SAP 06-1706-STB	9,669	-	9,669
New Mexico Environmental Department, Water System Improvements	SAP 05-1118-GF	183,291	-	183,291
New Mexico Environmental Department, Water System Improvements	SAP 04-0605-CP	163,344	-	163,344
New Mexico Environmental Department, Water System Improvements	SAP 05-1127-STB	90,684	-	90,684
New Mexico Environmental Department, Water System Improvements	SAP 05-0088-STB	72,609	-	72,609
U.S. Department of Agriculture	1780-12	-	1,605,078	1,605,078
New Mexico Department of Transportation	SP-GA-7625-206	15,331	-	15,331
New Mexico Department of Transportation	SP-GA-7529-210	180,897	-	180,897
Totals		\$ <u>876,413</u>	\$ <u>1,605,078</u>	\$ <u>2,481,491</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Expenditures of Federal Awards
June 30, 2007

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Program or Grant Number	Award Amount	Expenditures
U.S. Department of Agriculture	10.760	1780-12	<u>1,605,075</u>	<u>1,605,078</u>
Total			\$ <u>1,605,075</u>	\$ <u>1,605,078</u>

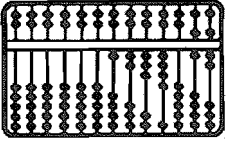
Note 1 Basis of Presentation

The above Schedule of Expenditures of federal awards includes the federal grant activity of the Village of Columbus and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Joint Powers Agreements
JUNE 30, 2007**

Participants:	Village of Columbus and Luna County
Responsible Party:	Luna County
Description:	Luna County shall continue to provide funding for EMS, Fire, Landfill, Recreation, Library, and the Community Center.
Period:	Perpetual
Project Costs:	115,000
County Contributions:	115,000
Fiscal Agent:	Luna County
Audit Responsibility:	Luna County
Government agency where revenues and expenditures are reported:	Luna County

COMPLIANCE SECTION



**MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.**

**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***

Hector H. Balderas
New Mexico State Auditor
The Board of Trustees
Village of Columbus
Columbus, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and budgetary comparisons presented as supplemental information of the Village of Columbus (Village) as of and for the year-ended June 30, 2007, and have issued our report thereon dated June 30, 2008. We have also audited the financial statements of each of the Village's non-major governmental funds presented as supplementary information in the accompanying and combining and individual fund financial statements as of and for the year-ended June 30, 2007 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described as 2005-05, 2006-01, 2006-02, and 2006-03 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial will not be prevented or detected by the agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2006-01, 2006-03 and 2007-01 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2005-01, 2005-02, 2005-04 and 2007-02.

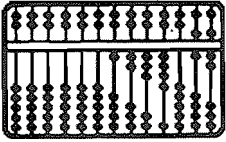
The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, Federal and State Awarding agencies and the Office of the New Mexico State Auditor, New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.



Marcus, Fairall, Bristol + Co., LLP
El Paso, Texas

June 30, 2008



**MARCUS,
FAIRALL,
BRISTOL + CO., L.L.P.**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas
New Mexico State Auditor
The Board of Trustees
Village of Columbus
Columbus, New Mexico

Compliance

We have audited the compliance of the Village of Columbus (Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year-ended June 30, 2007. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurances about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Village's internal control that might be significant deficiencies or material weaknesses as defined. However, as discussed below, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questionable costs; we consider item 2007-01 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We consider the weakness in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-01 to be of material weakness.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, Federal and State Awarding agencies and the Office of the New Mexico State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration, and is not intended to be and should not be used by anyone other than these specified parties.


Marcus, Fairall, Bristol + Co., LLP
El Paso, Texas

June 30, 2008

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Findings and Questionable Costs
June 30, 2007**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes X None reported

Type of auditors’ report issued on compliance with major programs: Unqualified

- Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of Circular A-133? Yes X No

Identification of Major Programs:

CDFA Number
10.760

Name of Federal Program or Cluster
U.S. Dept. of Agriculture

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as low-risk auditee X Yes No

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Findings and Questionable Costs
June 30, 2007

Section II-Reportable Findings and Questioned Costs-Financial Statement

Prior Year Reportable Findings and Questioned Costs – Financial Statement

Finding 2005-01 Lodger’s Tax Audit - Repeated

Finding 2005-02 Legal Compliance with Budget - Repeated

Finding 2005-04 Completion of Audit Report – Repeated

Finding 2005-05 Authorizing Transfers - Repeated

Finding 2005-08 Improper Use of Proceeds from Sale of Vehicles– Resolved

Finding 2005-09 Improper Sale of Confiscated Vehicles – Resolved

Finding 2006-01 Failure to Properly Account for Grant Proceeds – Repeated

Finding 2006-02 Invoice Processing – Repeated

Finding 2006-03 Failure to Properly Account for EMS Fees for Service – Repeated

Finding 2007-01 Failure to Prepare Accurate Budget

Finding 2007-02 Failure to Apply GAAP

Current Year Reportable Findings and Questioned Costs:

Reportable Findings and Questioned Costs – Financial Statements Audit

Finding 2005-01 Lodger’s Tax Audit

Condition

The Village failed to perform procedures that would assure that occupancy tax on municipal Lodgers are being collected. The amount of tax was not determinable. The staff was unaware that this audit was required.

Criteria

Compliance with NMSA 3-38-17.1 indicates that municipalities with receipts over \$250,000 in occupancy tax proceeds shall select for annual random audits one or more vendors to verify the amount of gross rent subject to the occupancy tax and to ensure that the full amount of occupancy tax on that rent is collected. The governing body of any municipality collecting less than \$250,000 in occupancy tax shall conduct random audits to verify full payment of occupancy tax receipts. Copies of audits completed shall be filed annually with the local government division of the department of finance and administration.

Cause

Oversight.

Effect

Collection of occupancy tax from lodgers is not assured of being fully realized.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Findings and Recommendations
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Recommendation

Since the Village collects less than \$250,000 in occupancy tax, the Village needs to develop a policy to perform random audits to verify full payment of occupancy tax receipts. Document adherence to this policy and file the necessary report with the Department of Finance and Administration.

Response

The Village will implement this recommendation.

Finding 2005-02 Legal Compliance with Budget

Condition

The Village's authorized budget within the General Fund was \$530,436. During the fiscal year, the Village expended \$620,313 within the fund. The Village exceeded its approved budget by \$89,877. The Village used the excess to pay for operating expenses. The Village violated state statutes by exceeding the authorized budget within the General Fund.

The Village's authorized budget within the EMS Fund was \$78,121. During the fiscal year, the Village expended \$145,208 within the fund. The Village exceeded its approved budget by \$67,087. The Village violated state statutes by exceeding the authorized budget within the EMS Fund.

The Village's authorized budget within the Library Fund was \$53,247. During the fiscal year, the Village expended \$53,528 within the fund. The Village exceeded its approved budget by \$281. The Village used the excess to pay for advertising project. The Village violated state statutes by exceeding the authorized budget within the Lodgers Tax Fund.

The Village's authorized budget within the Infrastructure Gasoline Tax Fund was \$41,768. During the fiscal year, the Village expended \$47,414 within the fund. The Village exceeded its approved budget by \$5,646. The Village violated state statutes by exceeding the authorized budget within the Gasoline Tax Fund.

The Village's authorized budget within the Recreation Fund was \$20,190. During the fiscal year, the Village expended \$21,387 within the fund. The Village exceeded its approved budget by \$1,197. The Village violated state statutes by exceeding the authorized budget within the Recreation Fund.

Finding 2005-02 Legal Compliance with Budget

Criteria

Section 6-6-6 of the New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payment in excess of the approved budget. The Village officials and governing authorities have the obligation to follow applicable state statutes.

Cause

Village personnel did not have adequate monitoring process in place to prevent the over-expenditures.

Effect

Non-compliance with New Mexico state statutes could subject officials and employees to penalties and fines required by state statutes.

Recommendation

We recommend that management closely monitor expenditures and budget limitations to ensure compliance with budget restrictions.

Response

The village has implemented procedures to insure compliance in the future.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Findings and Questionable Costs
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Finding 2005-04 Completion of Audit Report

Condition

The audit report was not completed and forwarded to the New Mexico State Auditor in a timely manner. The report was delivered on July 11, 2008.

Criteria

As per SAO 2.2.2.9, A (4), the New Mexico State Audit contract calls for this audit report to be delivered by December 1, 2007.

Cause

The current year auditor's contract was not awarded in the normal course of distribution. Also, additional time was needed by the auditor to assemble the necessary financial information.

Effect

Violation of the State Auditor's Rule. Audited financial information is not available for the Village of Columbus to use and distribute as necessary.

Recommendation

The Village, along with the auditor, must implement procedures that would produce a timely audit. Proper accounting control must be established where the Village staff is able to produce financial information for the auditor that has been properly reconciled.

Response

The Village is working to improve the timeliness of the audit reports.

Finding 2005-05 Authorizing Transfers

Condition

Although transfers in and transfers out between funds are budgeted on the Village's approved budget, follow up action is not being taken by staff personnel to actually make the bookkeeping entry to reflect the transfers in the general ledger system. Also, Council approval is not obtained before transfers are undertaken. The report was submitted to the State Auditor's Office on July 11, 2008.

Criteria

Adequate internal controls over all funds are required by 6.6.3 NMSA 1989.

Cause

A lack of procedures for making these types of entries to the general ledger system.

Effect

The bookkeeping entry for transfers is not being made. Fund balances do not reflect these transactions and therefore cash balances are being carried incorrectly.

Recommendation

The Village staff personnel should monitor transfers as budgeted. A schedule of when these transfers will need to be made should be compiled. Necessary council approval must be obtained before a transfer is recorded. Once approved by the council the entry should be made to the general ledger system to record the transaction.

Response

This recommendation will be implemented.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Findings and Questioned Costs
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Finding 2006-01 Failure to Properly Account for Grant Proceeds

Condition

The Village failed to record the activity of State grants totaling \$172,126 for the wastewater and water systems improvements. The grant reimbursements were sent directly to the contractor, but copies were provided to the Village.

Criteria

Section 6-6-2, NMSA 1978, management shall maintain records of all grant awards.

Cause

The Village personnel did monitor revenue and expenditures of these grants, but failed to record the activity in the general ledger.

Effect

The failure to record the grant activity caused the assets, revenues, and expenditures to be understated.

Recommendation

The Village personnel should record all grants that are being administered on their behalf.

Response

This recommendation will be implemented.

Finding 2006-02 Invoice Processing

Condition

The Village's personnel were not properly processing invoices for payment. Out of 40 invoices tested, all of the invoices were not cancelled.

Criteria

Sound internal controls require that all invoices be cancelled after being paid to help prevent duplicate payments.

Cause

Village personnel did not have a system in place to allow for the proper processing of invoices.

Effect

Several invoices were processed and paid with no approval, which violates good internal control procedures.

Recommendation

We recommend that personnel set a system in place to ensure that all invoices are cancelled.

Response

This recommendation will be implemented.

Finding 2006-03 Failure to Properly Account for EMS Fees for Service

Condition

The Village failed to record the activity of EMS fund totaling \$43,467 for the charges for services provided. The Hatch ambulance service was contracted to collect the fees on the behalf of the Village of Columbus. The fees were sent directly to the contractor. After deducting the charges for the services, the contractor would remit the balance to the Village. The Village did not post the fees that were not collected.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Findings and Questionable Costs
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Finding 2006-03 Failure to Properly Account for EMS Fees for Service (continued)

Criteria

Section 6-6-2, NMSA 1978, management shall maintain records of all grant awards.

Cause

The Village personnel did monitor revenues for the services and failed to record the activity in the general ledger.

Effect

The failure to record the charges for services caused the assets and revenues, to be understated.

Recommendation

The Village personnel should monitor and record all fees that are being administered on their behalf.

Response

This recommendation will be implemented.

Finding 2007-01 Failure to Prepare Accurate Budget

Condition

The Village prepared a budget for the year ending June 30, 2007. There were no budgeted line items for revenue to be received from NMDOT SP-GA-7625, NMDOT SP-GA-7529, NMED SAP 05-1118, NMED SAP 04-0605, NMED SAP 05-0127, NMED SAP 05-0088, 07-L-G-5323-24-25, SAP 06-L-G-1706, SAP LGD-06-545-W/WW and Flood Disaster, which are state and federal grants.

Criteria

NMSA 1978 Section 6-6-2D requires the Village to make corrections, revisions, and amendments as necessary.

Cause

The Village did not budget any revenue for the NMDOT SP-GA-7625, NMDOT SP-GA-7529, NMED SAP 05-1118, NMED SAP 04-0605, NMED SAP 05-0127, NMED SAP 05-0088, 07-L-G-5323-24-25, SAP 06-L-G-1706, SAP LGD-06-545-W/WW and Flood Disaster. A request to amend its budget was not submitted to the State of New Mexico to include these revenues.

Effect

The Village is not in compliance with NMSA 1978, Sections 6-6-2D.

Recommendation

The Village should have a process in place to regularly review the budget and prepare corrections as needed.

Response

The Village will monitor budgets in the future and make corrections as needed.

Finding 2007-02 Failure to Apply GAAP

Condition

The Village did not maintain adequate accounting records in accordance with accounting principles generally accepted in the United States of America and could not provide complete, accurate, and timely information.

Criteria

Key employees or management should be trained in GAAP principles in recording the Village's financial transactions and in preparing its financial statements (Subsection H, 2.2.2.8 NMAC; SAS 112)

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
Schedule of Findings and Questionable Costs
June 30, 2007**

Reportable Findings and Questioned Costs – Financial Statements Audit (continued)

Finding 2007-02 Failure to Apply GAAP (continued)

Cause

Key employees were not trained to be able to apply GAAP principles in recording the preparing the Village's financial statements.

Effect

The key employees were not able to apply GAAP principles when recording transactions and in preparing the Village's financial statements. Due to this problem the employees could not provide complete, accurate, and timely information.

Recommendation

We suggest that management ensure that all employees receive training in applying generally accepted accounting principles when recording daily transactions.

Response

Staff will undergo appropriate training.

Section III - Findings – Major Federal Award Program Audit

Finding 2007-03 Failure to Prepare Accurate Budget

Condition

The Village prepared a budget for the year ending June 30, 2007; however, even though that budget was submitted to the State. There were no budgeted line items for revenue received from CDFA # 10.760 U.S. Dept. of Agriculture (Flood Disaster Fund), which is a federal grant.

Criteria

NMSA 1978 Section 6-6-2D requires the Village to make corrections, revisions, and amendments as necessary.

Cause

The Village failed to budget any revenue for the CDFA # 10.760 U.S. Dept. of Agriculture (Flood Disaster Fund) and did not correct its budget at any time during the year as required by state statute.

Effect

The Village is not in compliance with NMSA 1978, Sections 6-6-2D.

Recommendation

The Village should have a process in place to regularly review the budget and prepare corrections as needed.

Response

The Village will monitor budgets in the future and make corrections as needed.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**Exit Conference
June 30, 2007**

EXIT CONFERENCE

As exit conference was held on June 30, 2008 with Jack Fairall, CPA, and William Scurry of Marcus, Fairall, Bristol & Co., LLP with the following Village officials:

Allen Rosenberg	Mayor Pro-Term
Robert Ransom Odom	Trustee
Arnoldo Rubio	Trustee
Blas Gutierrez	Trustee

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report were prepared by the auditors, Marcus, Fairall, Bristol, and Co., LLP. However, the contents remain the responsibility of the Village.