

**State of New Mexico
Village of Columbus**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2008
and Independent Auditors' Report**

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

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**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**OFFICIAL ROSTER
JUNE 30, 2008**

Eddie Espinoza
Allan Rosenberg
Blas Gutierrez
Ruth Coleman
Arnoldo Rubio
Imelda Aguayo
Javier Lozano
Jose Ojeda

Mayor
Mayor Pro-tem
Trustee
Trustee
Trustee
Treasurer
Judge
Police Administrator

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor
and the Mayor and Village Council of the
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, and the budgetary comparisons for the general fund and major special revenue fund of the Village of Columbus, New Mexico (the "Village"), as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparisons for the major capital project funds, and all nonmajor funds and major enterprise fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 used and the 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 the Village, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue 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 nonmajor governmental fund of the Village as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparisons for all nonmajor governmental funds and the major enterprise fund 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 our report dated May 25, 2010, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 13 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



El Paso, Texas
May 25, 2010

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

This section of Village of Columbus' annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended June 30, 2008. Please read it in conjunction with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Village of Columbus exceeded its liabilities at the close of the most recent fiscal year end by \$11,331,205 (net assets). Of this amount, \$881,344 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,647,824 during the fiscal year. The majority of this is due to an increase in grant revenue when compared to the year ended June 30, 2007.
- As of June 30, 2008, the Village's governmental funds reported combined ending fund balances of \$571,858. Of this total, \$(39,439) is reserved for special revenue and capital projects.
- At the close of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$603,338.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the Village's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.
- Fiduciary fund statements provide information about the financial relationships which the Village acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Major Features of the Village				
			Financial Statements	
<i>Types of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Village (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary	Activities that the Village operates similar to private business: Utility services	Instances in which the Villages is the trustee or agent for someone else's resources
Required financial statements	Statements of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures & changes in fund balance	Statement of revenues, expenses and changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus

Government-wide Statements

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

The *statements of net assets* presents information on all of the Village of Columbus' 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 of Columbus 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*. 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 taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Columbus 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 of Columbus include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Village include utility services.

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 of Columbus, 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 of Columbus 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 expendable resources*, as well as on *balances of expendable 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*.

The Village of Columbus maintains twenty-one individual governmental funds organized according to their type) special revenue, and capital projects). Information is presented separately in governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, and Fire Fund, all of which are considered to be major funds. Data from the other nineteen 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.

The 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, Road Fund, and Fire Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

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 proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for services 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 of Columbus' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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 35 through 46 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.

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, net assets exceeded liabilities by \$11,331,205 at the close of the current fiscal year.

The largest portion of the Village of Columbus' net assets represent the Village's investment of \$10,475,608 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.

A portion of the Village's net assets (less than one percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$881,344 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.

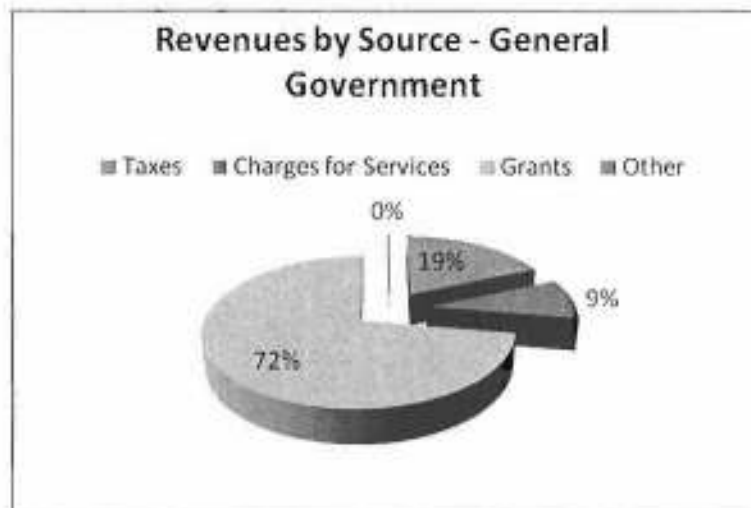
Analysis of Changes in Net Assets

During the current fiscal year, the Village's net assets in governmental and business-type activities increased by \$1,647,824. These increases are explained in the governmental activities discussion.

Governmental Activities

Governmental activities decreased the Village's net assets by \$2,176,770. Grant revenue increased \$2,548,072 over grant revenue in the prior year. Property taxes and gross receipts taxes contributed \$315,584 for covering the \$1,600,620 net program expense associated with governmental activities.

Governmental revenues, consisting mostly of taxes, are not directly associated with any government function. The total revenues decreased \$(79,332).



Total revenues from governmental activities are summarized below. For fiscal year 2007-2008, Local and State taxes made up 19% of the total general government revenues compared to 9% of the revenues in the prior year.

Business-Type Activities

Business-type activities increase the Village's net assets by \$3,824,594 after transfers of \$4,106,144 in from the general fund, compared to the prior year's decrease of \$402,835 after transfers of \$590,000 from the general fund. The key element of this increase compared to the prior year change was a increased in grant revenue for the water system during the current year. However, the operating revenue and expenses had minor changes when compared to the prior year.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

MANAGEMENT'S DISCUSSION AND ANALYSIS
SUMMARY OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2008-2007
	2008	2007	2008	2007	2008	2007	
ASSETS							
Current and other assets	\$ 878,286	\$ 683,640	\$ 301,344	\$ 401,856	\$ 1,179,630	\$ 1,085,496	0.09 %
Capital assets, net of accumulated depreciation	2,203,228	4,567,484	8,303,993	4,377,771	10,507,221	8,945,255	0.17 %
Total assets	\$ 3,081,514	\$ 5,251,124	\$ 8,605,337	\$ 4,779,627	\$11,686,851	\$10,030,751	0.17 %
LIABILITIES							
Current and other liabilities	\$ 314,610	\$ 305,040	\$ 4,468	\$ 4,560	\$ -	\$ 309,600	(1.00)%
Long-term liabilities	32,273	34,683	4,295	3,087	-	37,770	(1.00)%
Total liabilities	346,883	339,723	8,763	7,647	355,646	347,370	0.02 %
NET ASSETS							
Invested in capital assets, net of related debt	2,171,615	4,525,587	8,303,993	4,377,771	10,475,608	8,903,358	0.18 %
Restricted	(32,959)	1,164	7,212	8,552	(25,747)	9,716	(3.65)%
Unrestricted	595,975	384,650	285,369	385,657	881,344	770,307	0.14 %
Total net assets	2,734,631	4,911,401	8,596,574	4,771,980	11,331,205	9,683,381	0.17 %
Total liabilities and net assets	\$ 3,081,514	\$ 5,251,124	\$ 8,605,337	\$ 4,779,627	\$11,686,851	\$10,030,751	0.17 %

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

MANAGEMENT'S DISCUSSION AND ANALYSIS
CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total	Total Percentage Change 2008-2007
	2008	2007	2008	2007		
REVENUES						
Program revenue:						
Charges for services	\$ 319,132	\$ 309,060	\$ 428,366	\$ 413,306	\$ 747,498	\$ 722,366
Operating grant and contributions	796,754	179,782	-	-	796,754	179,782
Capital grants and contributions	1,763,155	2,379,964	-	-	1,763,155	2,379,964
General revenues:						
Taxes	656,777	302,517	24,161	13,964	680,938	316,481
Other income	(5,824)	279,339	-	7,500	(5,824)	286,839
Total revenues	3,529,994	3,450,662	452,527	434,770	3,982,521	3,885,432
						0.02 %
EXPENSES						
General government	290,500	285,331	-	-	-	285,331
Public safety	575,811	640,318	-	-	-	640,318
Public works	552,813	53,776	-	-	-	53,776
Health and welfare	2,081	197,719	-	-	-	197,719
Cultural and recreation	179,415	146	-	-	-	146
Debt service interest	-	73	-	-	-	73
Proprietary expenses	-	-	734,077	-	-	-
Total expenses	1,600,620	1,177,363	734,077	621,935	2,334,697	1,799,298
						0.30 %
Changes in net assets before transfers	1,929,374	2,273,299	(281,550)	(187,165)	1,647,824	2,086,134
						(0.21)%
Transfers	(4,106,144)	(590,000)	4,106,144	590,000	-	-
						DIV/0 %
Changes in net assets	(2,176,770)	1,683,299	3,824,594	402,835	1,647,824	2,086,134
						(0.21)%
Net assets - beginning	4,911,401	3,228,102	4,771,980	4,369,145	9,683,381	7,597,247
						0.27 %
Net assets - ending	\$ 2,734,631	\$ 4,911,401	\$ 8,596,574	\$ 4,771,980	\$ 11,331,205	\$ 9,683,381
						0.17 %

FINANCIAL ANALYSIS OF THE VILLAGE OF COLUMBUS AS A WHOLE

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

Governmental Funds

The focus of the Village of Columbus' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the Village of Columbus' 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 County 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 \$571,858, an increase of \$181,275 in comparison with the prior year. The increase is primarily due to the increase in grant revenue. Approximately 106% of this total amount, \$604,817 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay special revenue and capital projects, \$39,439.

Revenues for governmental functions overall totaled approximately \$4,189,514 in the fiscal year-ended June 30, 2008, which represents an increase of \$738,729 from the fiscal year-ended June 30, 2007. Expenditures for governmental functions totaled \$4,204,666. This was an increase of approximately \$1,210,993 from the fiscal year-ended June 30, 2007. In the fiscal year-ended June 30, 2008, expenditures for governmental functions exceeded revenues by approximately \$15,152.

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 \$603,338.

The fund balance of the Village's General Fund increased \$266,186 during the current fiscal year.

The Fire Fund has a fund balance of \$1,792. During the current fiscal year, the fund balance had a net increase of \$379 prior to inter-fund transfers, due to decrease 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 \$285,369. The total increase in net assets for the proprietary fund was \$3,824,594.

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.

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 county level, the Village of Columbus utilizes goals and objectives defined by the Village Board of Trustees, community input meetings, long-term plans and input from various staff groups to develop the Village budget. The Village priorities are well defined through out this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

General Fund Budgetary Highlights

The General Fund accounts for all of the general services provided by the Village of Columbus. The Village has not modified the budget throughout the fiscal year. If modifications were needed, this is done with resolutions to the budget.

Change in Cash and Investments

At the end of 2008, the cash and investments balance of the General Fund had increased by \$224,565.

Capital Asset and Debt Administration

Capital Assets

The Village of Columbus' capital assets for its governmental and business-type activities as of June 30, 2008 amount to \$10,507,221 (net of accumulated depreciation). Capital assets include land improvements, buildings, machinery, equipment, and infrastructure. The total increase in the Village's capital assets (excluding accumulated depreciation) for the current fiscal year was \$2,074,803 for governmental activities. However, \$4,300,820 in capital assets were transferred to the business-type activities. Equipment costing \$87,700 was purchased for the Village and building and building improvements of \$1,987,103. The total increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year was \$4,300,820, due to the transfer from governmental activities. There were no deletions in the governmental activities or in the business-type during 2008.

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:

Capital Assets, Net of Depreciation June 30, 2008

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Land and Construction in Progress	\$ 699,350	\$ -	\$ 699,350
Building & Infrastructure	1,362,095	8,302,301	9,664,396
Machinery and Equipment	141,783	1,692	143,475
Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,203,228</u>	<u>\$ 8,303,993</u>	<u>\$ 10,507,221</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 5 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

The Statement of Net Assets shows the Investment in Capital Assets-Governmental Funds in the amount of \$10,475,608. This investment includes the land, buildings, land and building improvements, equipment, construction in progress, net of all applicable debt service.

The Village's loans decreased \$10,284 through principal payments, and the Village did not incur in new loans during 2008. Additional information on the Village's debt can be found in Note 6.

CONTACTING THE VILLAGE OF COLUMBUS VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Village of Columbus' finances for 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; Post Office Box 350; Columbus, New Mexico, 88021.

GOVERNMENTAL - WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 481,422	\$ 185,149	\$ 666,571
Accounts receivable	1,332	107,433	108,765
Other receivables	46,977	-	46,977
Taxes receivable	11,422	-	11,422
Due from other governments	337,133	-	337,133
Total current assets	878,286	292,582	1,170,868
NON-CURRENT ASSETS:			
Restricted assets - cash	-	8,762	8,762
Capital assets	3,565,399	12,217,338	15,782,737
Less accumulated depreciation	(1,362,171)	(3,913,345)	(5,275,516)
Total non-current assets	2,203,228	8,312,755	10,515,983
Total assets	<u>\$ 3,081,514</u>	<u>\$ 8,605,337</u>	<u>\$ 11,686,851</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$ 4,399	\$ 1,260	\$ 5,659
Accrued salaries	7,357	1,490	8,847
Current portion of long term debt	4,584	-	4,584
Due from other governments	294,672	-	294,672
Compensated absences	3,598	1,718	5,316
Total current liabilities	314,610	4,468	319,078
NON-CURRENT LIABILITIES:			
Compensated absences	5,244	2,745	7,989
Customer deposits	-	1,550	1,550
Long term debt, less current maturities	27,029	-	27,029
Total non-current liabilities	32,273	4,295	36,568
Total liabilities	<u>346,883</u>	<u>8,763</u>	<u>355,646</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,171,615	8,303,993	10,475,608
Restricted for:			
System improvements	-	7,212	7,212
Capital improvements	13,615	-	13,615
Special revenue funds	(53,054)	-	(53,054)
Accounts payable and accrued expenses	6,480	-	6,480
Unrestricted	595,975	285,369	881,344
Total net assets	<u>\$ 2,734,631</u>	<u>\$ 8,596,574</u>	<u>\$ 11,331,205</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

FUNCTIONAL/PROGRAMS:	Net (Expense) Revenue and Changes in Net Assets Primary Government						
	Expenses	Program Revenues			Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 290,500	\$ -	\$ 808,392	\$ -	\$ 517,892	\$ -	\$ 517,892
Public safety	575,811	319,132	-	-	(256,679)	-	(256,679)
Public works	552,813	-	-	1,763,155	1,210,342	-	1,210,342
Culture and recreation	179,415	-	(11,638)	-	(191,053)	-	(191,053)
Health and welfare	2,081	-	-	-	(2,081)	-	(2,081)
Total governmental activities	<u>1,600,620</u>	<u>319,132</u>	<u>796,754</u>	<u>1,763,155</u>	<u>1,278,421</u>	<u>-</u>	<u>1,278,421</u>
Business-type activities:							
Joint Utilities	714,077	428,366	-	-	-	(305,711)	(305,711)
Total business-type activities	<u>714,077</u>	<u>428,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(305,711)</u>	<u>(305,711)</u>
Total primary government	<u>\$ 2,314,697</u>	<u>\$ 747,498</u>	<u>\$ 796,754</u>	<u>\$ 1,763,155</u>	<u>\$ 1,278,421</u>	<u>\$ (305,711)</u>	<u>\$ 972,710</u>
General Revenues:							
Taxes							
Property taxes					23,329	-	23,329
Motor vehicle taxes					4,823	-	4,823
Gasoline taxes					15,678	-	15,678
Cigarette taxes					405	-	405
Gross receipts taxes municipal					272,715	24,161	296,876
Gross receipts taxes environmental					6,069	-	6,069
Gross receipts taxes infrastructure					13,471	-	13,471
Lodgers tax					3,418	-	3,418
Franchise taxes					5,120	-	5,120
Licenses and fees					311,749	-	311,749
Miscellaneous					(5,824)	-	(5,824)
Transfers					(4,106,144)	4,106,144	-
Total general revenues					<u>(3,455,191)</u>	<u>4,130,305</u>	<u>675,114</u>
Changes in net assets					(2,176,770)	3,824,594	1,647,824
Net assets, beginning of year					4,911,401	4,771,980	9,683,381
Net assets, end of year					<u>\$ 2,734,631</u>	<u>\$ 8,596,574</u>	<u>\$ 11,331,205</u>

See independent auditors' report and accompanying notes to financial statements.

GOVERNMENTAL FUND STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Fire Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 225,416	\$ 2,105	\$ 253,901	\$ 481,422
Taxes receivable	11,422	-	-	11,422
Other receivables	46,977	-	-	46,977
Accounts receivable	-	-	1,332	1,332
Due from other governments	<u>337,133</u>	<u>-</u>	<u>5,912</u>	<u>343,045</u>
Total assets	<u>\$ 620,948</u>	<u>\$ 2,105</u>	<u>\$ 261,145</u>	<u>\$ 884,198</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 3,362	\$ -	\$ 1,038	\$ 4,400
Accrued salaries	5,443	313	1,600	7,356
Due to other governments	<u>-</u>	<u>-</u>	<u>300,584</u>	<u>300,584</u>
Total liabilities	8,805	313	303,222	312,340
Fund balances:				
Reserved for capital projects funds	-	-	13,615	13,615
Reserved for special revenue funds	-	-	(53,054)	(53,054)
Reserved for accounts payable and accrued salaries	8,805	313	(2,638)	6,480
Unreserved	<u>603,338</u>	<u>1,479</u>	<u>-</u>	<u>604,817</u>
Total fund balances	<u>612,143</u>	<u>1,792</u>	<u>(42,077)</u>	<u>571,858</u>
Total liabilities and fund balances	<u>\$ 620,948</u>	<u>\$ 2,105</u>	<u>\$ 261,145</u>	<u>\$ 884,198</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total fund balances - governmental funds \$ 571,858

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 in the funds.

The cost of capital assets	3,565,399	
Accumulated depreciation	<u>(1,362,171)</u>	2,203,228

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

Notes payable	(31,613)	
Compensated absences	<u>(8,842)</u>	<u>(40,455)</u>

Total net assets - governmental activities \$ 2,734,631

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Fire Fund	Total Non-Major Funds	Total Governmental Funds
REVENUES				
Motor vehicle registration	\$ 4,823	\$ -	\$ -	\$ 4,823
Cigarette tax	249	-	156	405
Gross receipts tax municipal	272,715	-	-	272,715
Gross receipts tax environmental	-	-	6,069	6,069
Gross receipts tax infrastructure	13,471	-	-	13,471
Property taxes	23,329	-	-	23,329
Franchise taxes	5,120	-	-	5,120
Gasoline tax	-	-	15,678	15,678
Lodger's tax	-	-	3,418	3,418
Small cities assistance	286,352	-	-	286,352
Charter for services	41,712	-	277,420	319,132
State allocation	-	61,995	30,148	92,143
Federal grants	-	-	1,871,168	1,871,168
State grants	-	-	944,423	944,423
Licenses and permits	311,749	-	-	311,749
Fines and forfeitures	25,342	-	-	25,342
Miscellaneous	1	34,000	(39,824)	(5,823)
Total revenues	<u>984,863</u>	<u>95,995</u>	<u>3,108,656</u>	<u>4,189,514</u>
EXPENDITURES				
Current:				
General government	290,500	-	-	290,500
Public safety	213,450	95,616	268,495	577,561
Public works	54,598	-	498,215	552,813
Culture and recreation	160,129	-	19,286	179,415
Health and welfare	-	-	2,081	2,081
Capital outlay	-	-	2,602,296	2,602,296
Total expenditures	<u>718,677</u>	<u>95,616</u>	<u>3,390,373</u>	<u>4,204,666</u>
Excess (deficiency) of revenues over expenditures	<u>266,186</u>	<u>379</u>	<u>(281,717)</u>	<u>(15,152)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	269,575	-	26,789	296,364
Transfers out	<u>(26,789)</u>	<u>(61,461)</u>	<u>(13,438)</u>	<u>(101,688)</u>
Total other financing sources (uses)	<u>242,786</u>	<u>(61,461)</u>	<u>13,351</u>	<u>194,676</u>

(Continued)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Fire Fund	Non-Major Funds	Total Governmental Funds
Net change in fund balance	508,972	(61,082)	(268,366)	179,524
Fund balance at beginning of year	<u>103,171</u>	<u>62,874</u>	<u>226,289</u>	<u>392,334</u>
Fund balance at end of year	<u>\$ 612,143</u>	<u>\$ 1,792</u>	<u>\$ (42,077)</u>	<u>\$ 571,858</u>

(Concluded)

See independent auditors' report and accompanying notes to financial statements.

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 ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds \$ 179,524

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital assets reported as capital outlay expenditures	2,074,803	
Transferred to business-type activities	(4,300,820)	
Depreciation expense	<u>(138,239)</u>	(2,364,256)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 10,284

In the Statement of Activities, 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). (2,322)

Change in net assets of governmental activities \$ (2,176,770)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (Non-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Franchise taxes	\$ 3,409	\$ 3,409	\$ 5,120	\$ 1,711
Gross receipts taxes-municipal	153,822	153,822	272,715	118,893
Property taxes	43,257	43,257	51,584	8,327
Cigarette tax	328	328	248	(80)
Motor vehicle registration	5,202	5,202	4,823	(379)
Licenses and permits	1,483	1,483	1,778	295
Charges for services	57,657	57,657	63,359	5,702
Gross receipts tax - infrastructure	8,000	8,000	13,471	5,471
Small cities assistance	240,000	240,000	286,352	46,352
Miscellaneous	-	-	3,175	3,175
Total revenues	513,158	513,158	702,625	189,467
EXPENDITURES:				
Current				
General government	262,215	262,215	286,432	(24,217)
Public safety	238,970	238,970	213,450	25,520
Public works	18,319	18,319	60,836	(42,517)
Culture and recreation	147,599	147,599	160,129	(12,530)
Total expenditures	667,103	667,103	720,847	(53,744)
Excess (deficiency) of revenues over expenditures	(153,945)	(153,945)	(18,222)	135,723
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	269,575	269,575
Transfers out	-	-	(26,789)	(26,789)
Total other financing sources (uses)	-	-	242,786	242,786

Net changes in fund balance Non-GAAP basis

224,564

(Continued)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

Difference between Non-GAAP and GAAP:

Adjust accrued revenue	282,238	
Adjust accrued expenditures	<u>2,170</u>	<u>284,408</u>
Net change in fund balance GAAP basis		508,972
Fund balance - beginning		<u>103,171</u>
Fund balance - ending		<u>\$ 612,143</u>

(Concluded)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS
SPECIAL REVENUE FUND - FIRE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
State Allotment	\$ 61,995	\$ 61,995	\$ 61,995	\$ -
Miscellaneous	<u>31,125</u>	<u>31,125</u>	<u>34,000</u>	<u>2,875</u>
Total revenues	<u>93,120</u>	<u>93,120</u>	<u>95,995</u>	<u>2,875</u>
EXPENDITURES:				
Current				
Public Safety	<u>93,120</u>	<u>93,120</u>	<u>93,890</u>	<u>(770)</u>
Total expenditures	<u>93,120</u>	<u>93,120</u>	<u>93,890</u>	<u>(770)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,105</u>	<u>2,105</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(61,461)</u>	<u>(61,461)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(61,461)</u>	<u>(61,461)</u>
Net changes in fund balance Non-GAAP basis			(59,356)	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenue		(1,675)		
Adjust accrued expenditures		<u>(51)</u>	<u>(1,726)</u>	
Net change in fund balance GAAP basis			(61,082)	
Fund balance - beginning			<u>62,874</u>	
Fund balance - ending			<u>\$ 1,792</u>	

See independent auditors' report and accompanying notes to financial statements.

PROPRIETARY FUND

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - JOINT UTILITIES
JUNE 30, 2008

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 185,149
Accounts receivable	<u>107,433</u>
Total current assets	292,582

NON-CURRENT ASSETS:

Restricted assets - cash	8,762
Capital assets	12,217,338
Less accumulated depreciation	<u>(3,913,345)</u>
Total non-current assets	<u>8,312,755</u>

Total assets \$ 8,605,337

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 1,260
Accrued salaries	1,490
Compensated absences	<u>1,718</u>
Total current liabilities	4,468

NON-CURRENT LIABILITIES::

Customer deposits	1,550
Compensated absences	<u>2,745</u>
Total non-current liabilities	<u>4,295</u>

Total liabilities 8,763

NET ASSETS

Invested in capital assets, net of related debt	8,303,993
Restricted for:	
System improvements	7,212
Unrestricted	<u>285,369</u>
Total net assets	<u>8,596,574</u>

Total liabilities and net assets \$ 8,605,337

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS - JOINT UTILITIES
FOR THE YEAR ENDED JUNE 30, 2008

OPERATING REVENUES

Charges for services	\$ 428,366
Gross receipts tax municipal	24,161
Intergovernmental	<u>4,300,820</u>
Total operating revenues	<u>4,753,347</u>

OPERATING EXPENSES

Personnel services	161,074
Other operating expenses	198,405
Depreciation expense	<u>374,598</u>
Total operating expenses	<u>734,077</u>

Operating income (loss)	4,019,270
Transfers in (out)	<u>(194,676)</u>
Change in net assets	3,824,594
Net assets, beginning of year	<u>4,771,980</u>
Net assets, end of year	<u>\$ 8,596,574</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - JOINT UTILITIES
FOR THE YEAR ENDED JUNE 30, 2008

Cash flows from operating activities:

Cash received from agencies and customers	\$ 472,508
Cash used for goods and services	(197,350)
Cash used for salaries and operating expenses	<u>(161,013)</u>

Net cash provided by operating activities 114,145

Cash flows from investing activities:

Intergovernmental transfers	<u>(194,676)</u>
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Net cash used in investing activities (194,676)

Net decrease in cash and cash equivalents (80,531)

Cash and cash equivalents - beginning 274,442

Cash and cash equivalents - ending \$ 193,911

SUPPLEMENTARY INFORMATION:

Non-Cash Transfer of Capital Assets \$ 4,300,820

Reconciliation of operating income to net cash used in operating activities:

Operating income (loss) \$ (281,550)

Adjustments to operating loss to net cash used in operating activities:

Depreciation 374,598

Changes in net assets and liabilities:

Accounts receivables 19,981

Accounts payable 1,116

Net cash provided by operating activities \$ 114,145

See independent auditors' report and accompanying notes to financial statements.

FIDUCIARY FUNDS

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

FIDUCIARY FUNDS LISTING
JUNE 30, 2008

AGENCY FUNDS:

These funds are used to account for monies held by the Village in a custodial capacity.

Cemetery Trust

To account for the collection and distribution of funds

Municipal Court Funds - To account for the collection and disbursement of funds.

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	<u>Private-Purpose Trust Fund</u>	<u>Municipal Court</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	<u>\$ 3,709</u>	<u>\$ 2,524</u>	<u>\$ 6,233</u>
Total assets	<u>\$ 3,709</u>	<u>\$ 2,524</u>	<u>\$ 6,233</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	<u>\$ -</u>	<u>\$ 2,524</u>	<u>\$ 2,524</u>
Total liabilities	<u>-</u>	<u>2,524</u>	<u>2,524</u>
NET ASSETS			
Held in trust for private purpose	<u>3,709</u>	<u>-</u>	<u>3,709</u>
Total net assets	<u>\$ 3,709</u>	<u>\$ -</u>	<u>\$ 3,709</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Private-Purpose Trust Fund</u>
ADDITIONS	
Miscellaneous	\$ <u>-</u>
Total additions	<u>-</u>
DEDUCTIONS	
Administrative expenses	<u>-</u>
Total deductions	<u>-</u>
Change in net assets	-
Net assets beginning of year	<u>3,709</u>
Net assets end of year	<u>\$ 3,709</u>

See independent auditors' report and accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Columbus (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 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.

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.

A. Reporting Entity

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB-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.

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. Basis of Presentation

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.

C. Measurement Focus, Basis of Accounting, and Fund Financial Statements

Government-wide and Fiduciary Financial Statements - The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include gross receipts taxes and property taxes, grants and entitlements. On an accrual basis, revenue from property taxes, net of estimated refunds and uncollectible amounts, is recognized as revenues in the year for which they are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements are met.

All governmental and business-type activities of the Village follow 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. The Village has elected not to follow FASB Statements and interpretations issued after November 30, 1989.

Fund Financial Statements - Governmental funds 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. The Village considers all revenues to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues not considered available are recorded as deferred revenues. Property taxes, gross receipts taxes, franchise taxes, and interest are considered susceptible to accrual. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. 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. All other revenue items are considered to be measurable and available only when cash is received by the government because they are not measurable or reasonably estimable.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. 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:

General Fund - This 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.

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

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

Under the requirements of GASB No. 34, the County 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:

Fire Fund - 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.

Additionally, the government reports the following fund types:

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 property taxes and special fees to other governmental agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1,

1989, generally are followed in both the 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. 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 subsequent private-sector guidance.

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 in the Statement of Activities.

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources, as they are needed.

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

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 proprietary funds 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.

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.

D. Assets, Liabilities and Net Assets or Equity

1. 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.

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

2. 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.

3. 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 removed for all deleted capital assets.

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 and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Capital assets of the primary government are depreciated using the straight-line method over their useful lives.

4. 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.

5. 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.

6. 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.

7. Net Assets:

The government-wide and business-type activities fund financial statements utilize a net assets presentation.

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets - Restricted net assets result from the constraints placed on the use of net assets when externally imposed by creditors, grantors, laws and regulations of other governments and imposed by law through constitutional provisions or enabling legislation.

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

8. Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management 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.

9. Inter-Fund Transactions:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. All other inter-fund transfers are reported as operating transfers.

10. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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.

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 NMED SAP 05-0088, 07-LG-5323-24-25, SAP 06-L-G-1706, SAP LGD-06-545 and CDBG Wastewater, RUS/WW USDA/RD, and SAP 07-L-G5572 LGD Colonias, because no resolutions were adopted to change the legally adopted budget to include the listed grants.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAP 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, 2008

is presented.

3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash and investments - The Village is required by New Mexico State Statute (Section 6-10-17) to be 50 percent collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 200,000
Collateralized:	
Cash held by pledging bank's trust department not in the Village's name	469,742
Uninsured and uncollateralized	<u>-</u>
Total Cash and Investments, Primary Government	<u>\$ 669,742</u>

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$430,129 of the Village's bank balance of \$669,742 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateralized held by pledging bank's trust department not in Village's name	
Cash held by pledging bank's trust department not in the Village's name	<u>469,742</u>
Total Cash and Investments, Primary Government	<u>\$ 469,742</u>

4. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2008, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts receivable	\$ 1,332	\$ 107,433	\$ 108,765
Other receivables-citations	46,977	-	46,977
Taxes receivable	11,422	-	11,422
Due from other governments	<u>337,133</u>	<u>-</u>	<u>337,133</u>
Net receivables	<u>\$ 396,864</u>	<u>\$ 107,433</u>	<u>\$ 504,297</u>

All amounts are considered to be collectible.

5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2008, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and Construction in Progress is not subject to depreciation.

Depreciation expense, for the year ended June 30, 2008 was charged as follows:

General government	\$ 2,465
Public safety	60,043
Public works	14,386
Culture and recreation	<u>61,345</u>
 Total depreciation expense	 <u>\$ 138,239</u>

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2008</u>
Government activities					
Capital assets not being depreciated:					
Land	\$ 505,314	\$ -	\$ -	\$ -	\$ 505,314
Construction in progress	<u>2,507,753</u>	<u>1,987,103</u>	<u>-</u>	<u>(4,300,820)</u>	<u>194,036</u>
Total	<u>3,013,067</u>	<u>1,987,103</u>	<u>-</u>	<u>(4,300,820)</u>	<u>699,350</u>
Other capital assets being depreciated					
Buildings	1,848,261	-	-	-	1,848,261
Other improvements	383,829	-	-	-	383,829
Machinery and equipment	<u>546,259</u>	<u>87,700</u>	<u>-</u>	<u>-</u>	<u>633,959</u>
Total	<u>2,778,349</u>	<u>87,700</u>	<u>-</u>	<u>-</u>	<u>2,866,049</u>
Accumulated depreciation					
Buildings	742,146	58,391	-	-	800,537
Other improvements	54,691	14,767	-	-	69,458
Machinery and equipment	<u>427,095</u>	<u>65,081</u>	<u>-</u>	<u>-</u>	<u>492,176</u>
Total accumulated depreciation	<u>1,223,932</u>	<u>138,239</u>	<u>-</u>	<u>-</u>	<u>1,362,171</u>
Total capital assets	<u>\$ 4,567,484</u>	<u>\$1,936,564</u>	<u>\$ -</u>	<u>\$(4,300,820)</u>	<u>\$ 2,203,228</u>

	<u>Balance Ending</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2008</u>
Business-type activities					
Capital assets being depreciated					
Utility system	\$ 7,829,273	\$4,300,820	\$ -	\$ -	\$ 12,130,093
Machinery and equipment	<u>87,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,245</u>
Total	<u>7,916,518</u>	<u>4,300,820</u>	<u>-</u>	<u>-</u>	<u>12,217,338</u>
Accumulated depreciation					
Buildings	3,454,040	373,752	-	-	3,827,792
Machinery and equipment	<u>84,707</u>	<u>846</u>	<u>-</u>	<u>-</u>	<u>85,553</u>
Total accumulated depreciation	<u>3,538,747</u>	<u>374,598</u>	<u>-</u>	<u>-</u>	<u>3,913,345</u>
Total capital assets	<u>\$ 4,377,771</u>	<u>\$3,926,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,303,993</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2008 totaled \$374,598.

6. LONG TERM DEBT

During the year-end June 30, 2008, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Funds	<u>Balance 6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/08</u>	<u>Due Within One Year</u>
New Mexico Finance Authority	\$ 5,700	\$ -	\$ 5,700	\$ -	\$ -
New Mexico Finance Authority	36,197	-	4,584	31,613	4,584
Compensated absences	<u>4,770</u>	<u>18,800</u>	<u>14,728</u>	<u>8,842</u>	<u>3,598</u>
Total	<u>\$ 46,667</u>	<u>\$ 18,800</u>	<u>\$ 25,012</u>	<u>\$ 40,455</u>	<u>\$ 8,182</u>

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

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

\$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>Due in Year Ending</u>	<u>Principal</u>
2009	\$ 4,584
2010	4,584
2011	4,584
2012	4,584
2013	4,584
2014-2015	<u>8,693</u>
	<u>\$ 31,613</u>

Proprietary Fund	Balance 6/30/07	Additions	Reductions	Balance 06/30/08	Due Within One Year
Compensated absences	\$ 4,631	\$ 5,024	\$ 5,192	\$ 4,463	\$ 1,718

Compensated absences typically have been liquidated in the proprietary fund.

7. 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.

8. RETIREMENT PLAN

Plan Description - Substantially all of Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Funding Policy - Plan members are required to contribute 7% for municipal employees and 13.5% of gross salaries for law enforcement employees. The Village is required to contribute 9.15% for law enforcement plan members and 9.15% for all other plan members. The contribution requirements of plan members and Village of Columbus are established in State Statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contribution to PERA for the year ended June 30, 2008 was \$31,072, which equal the amount of the required contributions for the fiscal year. The fiscal year ended June 30, 2008 was the first year the Village participated in the retirement plan.

9. POST-EMPLOYMENT BENEFITS

The Village of Columbus did not participate in the Retiree Health Care Act Program during the fiscal year ending June 30, 2008.

10. DEFICIT FUND BALANCE

The following funds had deficit fund balances as of June 30, 2008:

Recreation	\$ 487
Library	33,748
Gasoline Tax	420
Grants	261,803

The general fund had a short fall of available cash. This is normally transferred to the funds to cover the deficient that occurred during the year ending June 30, 2008.

11. FEDERAL AND STATE GRANTS

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

12. INTER-FUND TRANSFERS AND BALANCES

The composition of inter-fund transfers during the year ended June 30, 2008 are as follows:

Amount	From	To	Purpose
\$ 19,698	General Fund	Gasoline Tax	To fund operations
6,347	Recreation Fund	General Fund	To fund operations
194,676	Utilities	General Fund	To fund operations
4,300,820	Capital Assets	Utilities	To transfer capital assets

13. 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 \$2,672,807 as follows:

Fund	Reason	Budget Expenses	Actual Expenses	Difference
General	Operating expenses	\$ 667,103	\$ 720,847	\$ 53,744
Fire	Operating expenses	93,120	93,890	770
Emergency Medical Services	Operating expenses	242,745	244,768	2,023
Law Protection Enforcement	Operating expenses	23,706	24,692	986
Utilities	Operating expenses	345,374	358,362	12,988
NMED SAP-05-0088	Grant	-	116,600	116,600
CDBG Wastewater	Grant	-	383,670	383,670
SAP LGD 06-545	Grant	-	309,258	309,258
RUS/WW USDA/RD	Grant	-	1,487,702	1,487,702
SAP 07-LG-5323-24-25	Grant	-	281,422	281,422
SAP 07-L-G5572 LGD Colonias	Grant	-	23,644	23,644
Totals		\$ 1,372,048	\$ 4,044,855	\$ 2,672,807

14. 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

SPECIAL REVENUE FUNDS

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).

LODGER'S 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 1/4 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 1/2 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.

GRANTS FUND - To account for grant revenues and expenditures. Authority is by resolution.

CAPITAL PROJECTS FUNDS LISTING

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.

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 - 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.

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-LG-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

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL TYPES
JUNE 30, 2008

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 240,286	\$ 13,615	\$ 253,901
Other receivable	1,332	-	1,332
Due from other governments	<u>-</u>	<u>5,912</u>	<u>5,912</u>
Total assets	<u>\$ 241,618</u>	<u>\$ 19,527</u>	<u>\$ 261,145</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 1,038	\$ -	\$ 1,038
Accrued salaries	1,600	-	1,600
Due to other governments	<u>294,672</u>	<u>5,912</u>	<u>300,584</u>
Total liabilities	297,310	5,912	303,222
Fund balance:			
Reserved for capital projects funds	-	13,615	13,615
Reserved for special revenue funds	(53,054)	-	(53,054)
Reserved for accounts payable and accrued salaries	<u>(2,638)</u>	<u>-</u>	<u>(2,638)</u>
Total fund balance	<u>(55,692)</u>	<u>13,615</u>	<u>(42,077)</u>
Total liabilities and fund balances	<u>\$ 241,618</u>	<u>\$ 19,527</u>	<u>\$ 261,145</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE
NON-MAJOR GOVERNMENTAL TYPES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
REVENUES			
Cigarette tax	\$ 156	\$ -	\$ 156
Gross receipts tax environmental	6,069	-	6,069
Gasoline tax municipal	15,678	-	15,678
Lodger's tax	3,418	-	3,418
Charges for services	277,420	-	277,420
State allocation	30,148	-	30,148
Federal grants	-	1,871,168	1,871,168
State grants	200,844	743,579	944,423
Miscellaneous income	<u>(39,824)</u>	<u>-</u>	<u>(39,824)</u>
Total revenues	<u>493,909</u>	<u>2,614,747</u>	<u>3,108,656</u>
EXPENDITURES			
Current:			
Public safety	268,495	-	268,495
Public works	498,215	-	498,215
Culture and recreation	19,286	-	19,286
Health and welfare	2,081	-	2,081
Capital outlay	<u>-</u>	<u>2,602,296</u>	<u>2,602,296</u>
Total expenditures	<u>788,077</u>	<u>2,602,296</u>	<u>3,390,373</u>
Excess (deficiency) revenues over (under) expenditures	(294,168)	12,451	(281,717)
OTHER FINANCING SOURCES (USES)			
Transfers in	26,789	-	26,789
Transfers out	<u>(13,438)</u>	<u>-</u>	<u>(13,438)</u>
Total other financing sources (uses)	<u>13,351</u>	<u>-</u>	<u>13,351</u>
Net change in fund balance	(280,817)	12,451	(268,366)
Fund balance beginning of year	<u>225,125</u>	<u>1,164</u>	<u>226,289</u>
Fund balance end of year	<u>\$ (55,692)</u>	<u>\$ 13,615</u>	<u>\$ (42,077)</u>

See independent auditors' report and accompanying notes to financial statements.

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2008

	Recreation	Library	EMS Ambulance	Corrections	Lodger's Tax	County	Law Enforcement Protection	Gambling Tax	Environmental GRY	Infrastructure GRY	Community Center	Grants	Total
ASSETS													
Cash and cash equivalents	\$ -	\$ -	\$ 108,690	\$ 55,436	\$ 12,642	\$ 4,579	\$ 312	\$ -	\$ 27,835	\$ 29,025	\$ 3,167	\$ -	\$ 240,286
Other receivables	-	-	-	-	-	-	-	-	-	1,332	-	-	1,332
Total assets	\$ -	\$ -	\$ 108,690	\$ 55,436	\$ 12,642	\$ 4,579	\$ 312	\$ -	\$ 27,835	\$ 30,357	\$ 3,167	\$ -	\$ 241,614
LIABILITIES AND FUND BALANCE													
Liabilities													
Accounts payable	\$ -	\$ 617	\$ 421	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,038
Accrued salaries	487	262	279	-	-	-	-	420	-	-	161	-	1,608
Due to other governments	-	32,893	-	-	-	-	-	-	-	-	-	261,803	294,672
Total liabilities	487	33,748	601	-	-	-	-	420	-	-	161	261,803	297,310
Fund balance													
Received for special revenue funds	-	(72,899)	108,690	55,436	12,642	4,579	312	-	27,835	29,357	3,167	(261,803)	(53,044)
Received for accounts payable and accrued salaries	(487)	(32)	(691)	-	-	-	-	(420)	-	-	(161)	-	(32,633)
Total fund balance	(487)	(73,348)	107,299	55,436	12,442	4,579	312	(670)	27,835	29,357	3,006	(261,803)	(55,672)
Total liabilities and fund balance	\$ -	\$ -	\$ 108,408	\$ 55,836	\$ 12,442	\$ 4,579	\$ 312	\$ -	\$ 27,835	\$ 29,337	\$ 3,167	\$ -	\$ 241,418

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Residuals	Library	EMS/Ambulance	Corrections	Ledger's Tax	Community Center	Law Enforcement	Gas/Bus Tax	Environmental	Substructure	Community	Growth	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES													
Cigarette Tax	-	-	-	-	-	-	-	-	-	-	-	-	118
Grass receipts tax environmental	-	-	-	-	-	-	-	-	6,000	-	-	-	6,000
Gasoline tax municipal	-	-	-	-	-	-	-	15,078	-	-	-	-	15,078
Ledger's tax	11,638	-	-	-	3,418	-	-	-	-	-	-	-	15,056
Charges for services	-	296,627	-	9,555	-	900	-	-	-	-	-	-	307,082
State's franchise	-	10,144	-	-	-	-	20,800	-	-	-	-	-	31,144
State grants	-	-	-	-	-	-	-	-	-	-	-	501,144	501,144
Miscellaneous income	-	68,520	-	-	-	4,216	-	-	-	-	-	-	72,736
Total revenues	11,734	372,032	3,455	3,418	3,316	31,890	3,800	-	-	-	-	201,144	628,232
EXPENDITURES													
Current													
Public safety	-	297,180	1,823	-	-	24,882	-	-	-	-	-	-	323,885
Public works	19,288	-	-	-	-	-	35,598	-	-	-	-	-	54,886
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	19,288	297,180	1,823	-	-	24,882	35,598	-	-	-	-	-	378,783
Transfers (debits) of revenues over	(1,652)	-	-	-	-	-	-	-	-	-	-	-	(1,652)
budget expenditures													
OTHER FINANCING SOURCES													
Operating Transfers in	7,000	-	-	-	-	-	-	-	-	-	-	-	7,000
Operating Transfers out	(11,638)	-	-	-	-	-	-	-	-	-	-	-	(11,638)
Total other financing source	(4,638)	-	-	-	-	-	-	-	-	-	-	-	(4,638)
Net change in fund balance	(13,586)	(25,148)	7,632	3,418	3,316	(1,992)	6,984	(973)	6,984	-	-	(91,891)	(190,817)
Fund balance, beginning of year	13,552	(13,540)	(27,844)	(8,554)	(9,228)	3,054	(1,726)	29,352	3,800	-	-	-	325,455
Fund balance, end of year	(2,034)	(39,688)	(20,212)	(5,136)	(5,912)	1,062	5,258	28,379	3,827	-	-	(91,891)	134,638

See independent auditor's report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - RECREATION
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Cigarette tax	\$ 100	\$ 100	\$ 156	\$ 56
Charges for services	19,245	19,245	11,638	(7,607)
Total revenues	19,345	19,345	11,794	(7,551)
EXPENDITURES:				
Current				
Cultural and recreation	19,345	19,345	19,286	59
Total expenditures	19,345	19,345	19,286	59
Excess (deficiency) of revenues over expenditures			(7,492)	
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	7,091	7,091
Transfers out	-	-	(13,438)	(13,438)
Total other financing sources (uses)	-	-	(6,347)	(6,347)
Net changes in fund balance Non-GAAP basis			(13,839)	
Net change in fund balance GAAP basis			(13,839)	
Fund balance - beginning			13,352	
Fund balance - ending			<u>\$ (487)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - LIBRARY
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
State grant	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Cultural and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures			-	
Net changes in fund balance Non-GAAP basis			-	
Net change in fund balance GAAP basis			-	
Fund balance - beginning			33,748	
Fund balance - ending			\$ 33,748	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - EMERGENCY MEDICAL SERVICES
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
State allocation	\$ 9,000	\$ 9,000	\$ 10,148	\$ 1,148
Joint powers agreements	-	-	-	-
Charges for services	<u>261,500</u>	<u>261,500</u>	<u>293,872</u>	<u>32,372</u>
Total revenues	<u>270,500</u>	<u>270,500</u>	<u>304,020</u>	<u>33,520</u>
EXPENDITURES:				
Current				
Public safety	<u>242,745</u>	<u>242,745</u>	<u>244,768</u>	<u>(2,023)</u>
Total expenditures	<u>242,745</u>	<u>242,745</u>	<u>244,768</u>	<u>(2,023)</u>
Excess (deficiency) of revenues over expenditures			<u>59,252</u>	
Net changes in fund balance Non-GAAP basis			59,252	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenues		(81,985)		
Adjust accrued expenditures		<u>2,588</u>	<u>(79,397)</u>	
Net change in fund balance GAAP basis			(20,145)	
Fund balance - beginning			<u>127,944</u>	
Fund balance - ending			<u>\$ 107,799</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - CORRECTIONS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amount</u>		<u>Actual Non-GAAP Basis</u>	<u>Variance Positive (Negative) Final Budget to Actual</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Correction fees	\$ 17,298	\$ 17,298	\$ 9,055	\$ (8,243)
Total revenues	<u>17,298</u>	<u>17,298</u>	<u>9,055</u>	<u>(8,243)</u>
EXPENDITURES:				
Current				
Public safety	<u>2,700</u>	<u>2,700</u>	<u>1,623</u>	<u>1,077</u>
Total expenditures	<u>2,700</u>	<u>2,700</u>	<u>1,623</u>	<u>1,077</u>
Excess (deficiency) of revenues over expenditures			<u>7,432</u>	
Net changes in fund balance Non-GAAP basis			7,432	
Net change in fund balance GAAP basis			7,432	
Fund balance - beginning			<u>48,004</u>	
Fund balance - ending			<u>\$ 55,436</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - LODGER'S TAX
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Lodger's tax	\$ 3,300	\$ 3,300	\$ 3,418	\$ 118
Grant revenue	-	-	-	-
Total revenues	<u>3,300</u>	<u>3,300</u>	<u>3,418</u>	<u>118</u>
EXPENDITURES:				
Current				
Cultural and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures			<u>3,418</u>	
Net changes in fund balance Non-GAAP basis			3,418	
Net change in fund balance GAAP basis			3,418	
Fund balance - beginning			<u>9,024</u>	
Fund balance - ending			<u>\$ 12,442</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - CEMETERY
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Charges for services	\$ 300	\$ 300	\$ 300	\$ -
Grant revenue	-	-	4,716	4,716
Total revenues	300	300	5,016	4,716
EXPENDITURES:				
Current				
Health and welfare	2,081	2,081	2,081	-
Total expenditures	2,081	2,081	2,081	-
Excess (deficiency) of revenues over expenditures			2,935	
Net changes in fund balance Non-GAAP basis			2,935	
Net change in fund balance GAAP basis			2,935	
Fund balance - beginning			1,644	
Fund balance - ending			\$ 4,579	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - LAW ENFORCEMENT PROTECTION
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
State allocation	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Total revenues	20,000	20,000	20,000	-
EXPENDITURES:				
Current				
Public safety	23,706	23,706	24,692	(986)
Total expenditures	23,706	23,706	24,692	(986)
Excess (deficiency) of revenues over expenditures			(4,692)	
Net changes in fund balance Non-GAAP basis			(4,692)	
Net change in fund balance GAAP basis			(4,692)	
Fund balance - beginning			5,004	
Fund balance - ending			\$ 312	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - GASOLINE TAX
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Gasoline tax municipal	\$ 44,588	\$ 44,588	\$ 35,376	\$ (9,212)
Total revenues	44,588	44,588	35,376	(9,212)
EXPENDITURES:				
Current				
Public works	44,588	44,588	35,376	9,212
Total expenditures	44,588	44,588	35,376	9,212
Excess (deficiency) of revenues over expenditures			-	
Net changes in fund balance Non-GAAP basis			-	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenues		-		
Adjust accrued expenditures		(192)	(192)	
Net change in fund balance GAAP basis			(192)	
Fund balance - beginning			(228)	
Fund balance - ending			\$ (420)	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - ENVIRONMENTAL GROSS RECEIPTS
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Gross receipts tax environmental	\$ 4,000	\$ 4,000	\$ 6,735	\$ 2,735
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>6,735</u>	<u>2,735</u>
EXPENDITURES:				
Current				
Public works	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total expenditures	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Excess (deficiency) of revenues over expenditures			<u>6,735</u>	
Net changes in fund balance Non-GAAP basis			6,735	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenues		(666)		
Adjust accrued expenditures		<u>-</u>	<u>(666)</u>	
Net change in fund balance GAAP basis			6,069	
Fund balance - beginning			<u>21,766</u>	
Fund balance - ending			<u>\$ 27,835</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR SPECIAL REVENUE FUND - INFRASTRUCTURE GROSS RECEIPTS
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Gross receipts tax infrastructure	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures			-	
Net changes in fund balance Non-GAAP basis			-	
Net change in fund balance GAAP basis			-	
Fund balance - beginning			29,357	
Fund balance - ending			<u>\$ 29,357</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - COMMUNITY CENTER
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Cultural and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures			-	
Net changes in fund balance Non-GAAP basis			-	
Net change in fund balance GAAP basis			-	
Fund balance - beginning			3,006	
Fund balance - ending			<u>\$ 3,006</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR SPECIAL REVENUE FUND - GRANTS
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
State grants	\$ 270,821	\$ 270,821	\$ 200,844	\$ (69,977)
Total revenues	<u>270,821</u>	<u>270,821</u>	<u>200,844</u>	<u>(69,977)</u>
EXPENDITURES:				
Current				
Public works	<u>554,171</u>	<u>554,171</u>	<u>462,647</u>	<u>91,524</u>
Total expenditures	<u>554,171</u>	<u>554,171</u>	<u>462,647</u>	<u>91,524</u>
Excess (deficiency) of revenues over expenditures			<u>(261,803)</u>	
Net changes in fund balance Non-GAAP basis			(261,803)	
Net change in fund balance GAAP basis			(261,803)	
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ (261,803)</u>	

See independent auditors' report and accompanying notes to financial statements.

CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
JUNE 30, 2008

	NMED SAP 05-0088	CDBG Wastewater	SAP LGD 06-545	RUS/WW USDA/RD	SAP 07-LG 5323-24-25	SAP 07-LG- 1706	SAP 07-L- G5572 LGD Colonias	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ 191	\$ 192	\$ 369	\$ 12,863	\$ -	\$ -	\$ 13,615
Due from other governments	-	-	-	-	-	5,912	-	5,912
Total assets	\$ -	\$ 191	\$ 192	\$ 369	\$ 12,863	\$ 5,912	\$ -	\$ 19,527
LIABILITIES AND FUND BALANCE								
Liabilities								
Due to other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,912	\$ -	\$ 5,912
Total liabilities	-	-	-	-	-	5,912	-	5,912
Fund balance								
Reserved for capital projects	-	191	192	369	12,863	-	-	13,615
Total liabilities and fund balance	\$ -	\$ 191	\$ 192	\$ 369	\$ 12,863	\$ 5,912	\$ -	\$ 19,527

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	NMED SAP 05-0088	CDBG Wastewater	SAP LGD 06-545	RUS/WW USDA/RD	SAP 07-LG 5323-24-25	SAP 07-LG 1706	SAP 07-L- G5572 LGD Colonias	Total
REVENUES								
Federal grants	\$ -	\$ 383,670	\$ -	\$ 1,487,498	\$ -	\$ -	\$ -	\$ 1,871,168
State grants	116,600	-	309,250	-	294,085	-	23,644	743,579
Total revenues	<u>116,600</u>	<u>383,670</u>	<u>309,250</u>	<u>1,487,498</u>	<u>294,085</u>	<u>-</u>	<u>23,644</u>	<u>2,614,747</u>
EXPENDITURES								
Capital outlay	116,600	383,670	309,258	1,487,702	281,422	-	23,644	2,602,296
Total expenditures	<u>116,600</u>	<u>383,670</u>	<u>309,258</u>	<u>1,487,702</u>	<u>281,422</u>	<u>-</u>	<u>23,644</u>	<u>2,602,296</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(8)	(204)	12,663	-	-	12,451
Net change in fund balance	-	-	(8)	(204)	12,663	-	-	12,451
Fund balance, beginning of year	-	191	200	573	200	-	-	1,164
Fund balance, end of year	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ 192</u>	<u>\$ 369</u>	<u>\$ 12,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,615</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR CAPITAL PROJECTS FUND - NMED SAP SP-05-0088
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
State grants	\$ -	\$ -	\$ 116,600	\$ 116,600
Federal grants	-	-	-	-
Total revenues	-	-	116,600	116,600
EXPENDITURES:				
Current				
Capital outlay	-	-	116,600	(116,600)
Total expenditures	-	-	116,600	(116,600)
Excess (deficiency) of revenues over expenditures			-	
Net changes in fund balance Non-GAAP basis			-	
Net change in fund balance GAAP basis			-	
Fund balance - beginning			-	
Fund balance - ending			\$ -	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR CAPITAL PROJECTS FUND - CDBG WASTEWATER
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Federal grants	\$ -	\$ -	\$ 383,670	\$ 383,670
Total revenues	-	-	383,670	383,670
EXPENDITURES:				
Current				
Capital outlay	-	-	383,670	(383,670)
Total expenditures	-	-	383,670	(383,670)
Excess (deficiency) of revenues over expenditures			-	
Net changes in fund balance Non-GAAP basis			-	
Net change in fund balance GAAP basis			-	
Fund balance - beginning			191	
Fund balance - ending			\$ 191	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR CAPITAL PROJECTS FUND - SAP LGD 06-545
 FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
State grants	\$ -	\$ -	\$ 309,250	\$ 309,250
Total revenues	-	-	309,250	309,250
EXPENDITURES:				
Current				
Capital outlay	-	-	309,258	(309,258)
Total expenditures	-	-	309,258	(309,258)
Excess (deficiency) of revenues over expenditures			(8)	
Net changes in fund balance Non-GAAP basis			(8)	
Net change in fund balance GAAP basis			(8)	
Fund balance - beginning			200	
Fund balance - ending			\$ 192	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR CAPITAL PROJECTS FUND - RUS/WW USDA/RD
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Federal grants	\$ -	\$ -	\$ 1,487,498	\$ 1,487,498
Total revenues	-	-	1,487,498	1,487,498
EXPENDITURES:				
Current				
Capital outlay	-	-	1,487,702	(1,487,702)
Total expenditures	-	-	1,487,702	(1,487,702)
Excess (deficiency) of revenues over expenditures			(204)	
Net changes in fund balance Non-GAAP basis			(204)	
Net change in fund balance GAAP basis			(204)	
Fund balance - beginning			573	
Fund balance - ending			\$ 369	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 NON-MAJOR CAPITAL PROJECTS FUND - SAP 07-LG 5323-24-25
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amount</u>		<u>Actual Non-GAAP Basis</u>	<u>Variance Positive (Negative) Final Budget to Actual</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State grants	\$ -	\$ -	\$ 294,085	\$ 294,085
Total revenues	-	-	294,085	294,085
EXPENDITURES:				
Current				
Capital outlay	-	-	281,422	(281,422)
Total expenditures	-	-	281,422	(281,422)
Excess (deficiency) of revenues over expenditures			12,663	
Net changes in fund balance Non-GAAP basis			12,663	
Net change in fund balance GAAP basis			12,663	
Fund balance - beginning			200	
Fund balance - ending			\$ 12,863	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NON-MAJOR CAPITAL PROJECTS FUND -SAP 07-L-G5572 LGD COLONIAS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amount</u>		<u>Actual Non-GAAP Basis</u>	<u>Variance Positive (Negative) Final Budget to Actual</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State grants	\$ -	\$ -	\$ 23,644	\$ 23,644
Total revenues	-	-	23,644	23,644
EXPENDITURES:				
Current				
Capital outlay	-	-	23,644	(23,644)
Total expenditures	-	-	23,644	(23,644)
Excess (deficiency) of revenues over expenditures			-	
Net changes in fund balance Non-GAAP basis			-	
Net change in fund balance GAAP basis			-	
Fund balance - beginning			-	
Fund balance - ending			\$ -	

See independent auditors' report and accompanying notes to financial statements.

PROPRIETARY FUND BUDGET

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL ON BUDGETARY BASIS
PROPRIETARY FUND - JOINT UTILITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
REVENUES:				
Water and Sewer:				
Utilities services	\$ 303,100	\$ 303,100	\$ 296,588	\$ (6,512)
Connections	50,000	50,000	53,307	3,307
Reconnections	600	600	-	(600)
Penalties	8,000	8,000	16,308	8,308
Water conservation fees	2,000	2,000	1,536	(464)
Interest income	-	-	169	169
Gross receipts taxes	15,000	15,000	44,141	29,141
Miscellaneous	-	-	9,436	9,436
	<u>378,700</u>	<u>378,700</u>	<u>421,485</u>	<u>42,785</u>
Landfill:				
Sales	71,057	71,057	52,362	(18,695)
	<u>71,057</u>	<u>71,057</u>	<u>52,362</u>	<u>(18,695)</u>
Total revenue	<u>449,757</u>	<u>449,757</u>	<u>473,847</u>	<u>24,090</u>
EXPENDITURES:				
Water and Sewer:				
Personnel	115,000	115,000	117,659	(2,659)
Operating expenses	230,374	230,374	240,703	(10,329)
	<u>345,374</u>	<u>345,374</u>	<u>358,362</u>	<u>(12,988)</u>
Total expenses	<u>345,374</u>	<u>345,374</u>	<u>358,362</u>	<u>(12,988)</u>
Excess (deficiency) of revenues over expenditures			<u>115,485</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL ON BUDGETARY BASIS
PROPRIETARY FUND - JOINT UTILITIES
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amount		Actual Non-GAAP Basis	Variance Positive (Negative) Final Budget to Actual
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	4,300,820	4,300,820
Transfers out	-	-	(194,676)	(194,676)
Total other financing sources (uses)	-	-	4,106,144	4,106,144
Net changes in fund balance Non-GAAP basis			4,221,629	
Difference between Non-GAAP and GAAP:				
Adjust accrued revenues		(21,321)		
Depreciation expense		(374,598)		
Adjust accrued expense		(1,116)	(397,035)	
Net change in fund balance GAAP basis			3,824,594	
Fund balance - beginning			4,771,980	
Fund balance - ending			<u>\$ 8,596,574</u>	

See independent auditors' report and accompanying notes to financial statements.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008

Municipal Court	Balance 6/30/07	Additions	Reductions	Balance 6/30/08
ASSETS				
Cash and cash equivalents	\$ 9,553	\$ -	\$ 7,029	\$ 2,524
Total assets	\$ 9,553	\$ -	\$ 7,029	\$ 2,524
LIABILITIES				
Accounts payable	\$ 9,553	\$ -	\$ 7,029	\$ 2,524
Total liabilities	\$ 9,553	\$ -	\$ 7,029	\$ 2,524

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

SCHEDULE OF DEPOSITORIES
JUNE 30, 2008

	Type	Amount Per Bank	Plus DIT	Outstanding Checks	Balance Per Books
First New Mexico Bank					
General - Operating	CK	\$ 230,634	\$ 63,214	\$ 59,468	\$ 234,380
Payroll	CK	6,057	-	-	6,057
General	SV	1,335	-	-	1,335
General	CD	179,800	-	-	179,800
General	CD	211,598	-	-	211,598
Corrections	CK	1,274	-	-	1,274
Corrections	CD	3,674	-	-	3,674
Corrections	CD	7,588	-	-	7,588
Cemetery	CK	4,579	-	-	4,579
USDA H2O	CK	175	-	-	175
Water	CK	8,762	-	-	8,762
SAP LGD 06-545	CK	192	-	-	192
CDBG Water	CK	191	-	-	191
USDA Wastewater	CK	194	-	-	194
07-L-G-5323	CK	13,689	-	684	13,005
Total		<u>\$ 669,742</u>	<u>\$ 63,214</u>	<u>\$ 60,152</u>	<u>\$ 672,804</u>
Reconciliation:					
Government-Wide Cash					\$ 666,571
Fiduciary Funds					<u>6,233</u>
Total					<u>\$ 672,804</u>

Type:

CK= Checking
SV= Savings
CD= Certificate of Deposit

	1st New Mexico Bank
Amount held in bank June 30, 2008	\$ 669,742
Less FDIC Insurance	<u>200,000</u>
Uninsured Public Funds	469,742
50% Collateral Requirements (Section 6-10-17 NMSA-1978)	234,871
Pledged Securities	<u>665,000</u>
Over (Under) Collateralized	<u>\$ 430,129</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

<u>Description of Pledged Collateral</u>	<u>Amount</u>	<u>Name and Location of Safekeeper</u>
Bloomfield NM, CUSIP#094072BE4, Maturing 8/15/2013	\$ 80,000	Federal Home Loan Bank of Dallas
Dexter NM Cons., CUSIP#252345CS0, Maturing 8/1/2008	45,000	Federal Home Loan Bank of Dallas
Catron & Cibola Cntys NM ISD #2, CUSIP#149321BQ3, Maturing 7/15/2014	130,000	Federal Home Loan Bank of Dallas
Santa Rosa NM, CUSIP#802751CA3, Maturing 7/1/2012	300,000	Federal Home Loan Bank of Dallas
Tucumcari NM Municipal, CUSIP#898881CB1, Maturing 8/1/2013	<u>110,000</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$ 665,000</u>	Federal Home Loan Bank of Dallas

See independent auditors' report and accompanying notes to financial statements.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**JOINT POWERS AGREEMENTS
JUNE 30, 2008**

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 Contribution	\$115,000
Audit responsibility	Luna County

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2008

Federal Grantor Pass Through Grantor Program Title	CFDA	Program or Grant Number	Award Amount	Expenditures
US Department of Agriculture - Rural Development - Waste and Water Disposal System for Rural Communities	10.760	1780-12	\$ 1,487,498	\$ 1,487,498
US Department of Housing and Urban Development - Community Development Block Grant Program	14.218	05-C-RS-I-7-G-28	<u>431,630</u>	<u>383,660</u>
			<u>\$ 1,919,128</u>	<u>\$ 1,871,158</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.

See independent auditors' report and accompanying notes to financial statements.

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
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, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of the Village as of and for the year ended June 30, 2008, and have issued our report thereon dated May 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 do not 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 agency's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (05-02, 05-04, 07-01, and 07-02) to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected

by the Village'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 05-02, 05-04, 07-01 and 07-02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether agency'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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that are required to be required under *Government Auditing Standards January 2007* Revision paragraphs 5.14 and 5.16, Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as findings (05-02, 05-04, 07-01, and 07-02).

The Village's response to the finding identified in our audit are described in the accompanying schedule of findings and responses. 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 management, the Board of Trustee, management, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.



El Paso, Texas
May 25, 2010

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

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

Compliance

We have audited the compliance of the Village of Columbus, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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 assurance 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 of 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, 2008.

Internal Control Over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

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 noncompliance 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 noncompliance 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 questioned costs as items 07-03 and 08-01 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 noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 07-03 and 08-01 to be material weaknesses.

The Village's response to the findings identified in our audit are 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, the State Auditor, the New Mexico State Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



El Paso, Texas
May 25, 2010

STATE OF NEW MEXICO
 VILLAGE OF COLUMBUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2008

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs

- Material weakness (es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

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 No

Identification of Major Programs:
CFDA Number

Name of Federal Program or Cluster

10.760

US Department of Agriculture Rural Development Water and Waste Disposal Systems for Rural Communities

14.218

Department of Housing and Urban Development Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs

\$ 300,000

Auditee qualified as low-risk auditee Yes No

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

Section II - Financial Statements Findings

PRIOR YEAR FINDINGS

05-01	Lodger's Tax Audit Report	Resolved
05-02	Legal Compliance with Budget	Repeated
05-04	Audit Report submission to the New Mexico State Auditor	Repeated
05-05	Authorizing Transfers	Resolved
06-01	Failure to Properly Account for Grant Proceeds	Resolved
06-02	Invoice Processing	Resolved
06-03	Failure to Properly Account for EMS Fees for Service	Resolved
07-01	Failure to Prepare Accurate Budget	Repeated
07-02	Failure to Apply GAAP	Repeated
07-03	Failure to Prepare Accurate Budget	Repeated

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

Legal Compliance with Budget (05-02)

CONDITION 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 payments in excess of the approved budget. During the fiscal year ended June 30, 2008, the Village remitted payments for goods and services in excess of the adopted budget as follows:

Fund	Budgeted Expenses	Actual Expenses	Excess Expenditures
General	\$ 667,103	\$ 720,847	\$ 53,744
Fire	93,120	93,890	770
Emergency Medical Services	242,745	244,768	2,023
Law Enforcement	23,706	24,692	986
Utilities	345,374	358,362	12,988
NM DOT SP-05-0088	-	116,600	116,600
CDBG WASTEWATER	-	383,670	383,670
SAP LGD 06-545 W/WW	-	309,258	309,258
RUS/WW USDA/RD	-	1,487,702	1,487,702
SAP 07-LG-5323-24-25	-	281,422	281,422
07-L-G5572 LGD COLONIAS	-	23,644	23,644
Totals	\$ 1,372,048	\$ 4,044,855	\$ 2,672,807

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 QUESTIONED COSTS
JUNE 30, 2008

Late Audit Report (05-04)

CONDITION	The required submission date of the audit report for the fiscal year ended June 30, 2008 to the New Mexico State Auditor was November 15, 2008. The June 30, 2008 audited financial statements were submitted in May 2010.
CRITERIA	New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. NMAC 2-2-2-9 requires that the County submit the audit report by November 15 following the end of each fiscal year at June 30.
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	Delays in the submission of the audit reports affecting the reporting of financial information to other state agencies and governments.
RECOMMENDATION	The Village should work in conjunction with the auditors to ensure that the audit is submitted timely.
RESPONSE	The Village will work with the auditors to see that the audit is scheduled and started as early as possible to ensure a timely submission.

Failure to Prepare Accurate Budget (07-01)

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 NMED SAP 05-0088, 07-L-G-5323-24-25, SAP LGD-06-545, RUS/WW USDA/RD, SAP 07-L-G5572 LGD Colonias, and CDBG Wastewater , 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 NMED SAP 05-0088, 07-L-G-5323-24-25, SAP LGD-06-545, RUS/WW USDA/RD, SAP 07-L-G5572 LGD Colonias, and CDBG Wastewater. 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.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

Failure to Apply GAAP (07-02)

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).
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 - Federal Award Findings and Questioned Costs.

Failure to Prepare Accurate Budget (07-03)

CONDITION	The Village prepared a budget for the year ending June 30, 2008; however, even though that budget was submitted to the State. There were no budgeted line items for revenue received from CDFA # 10.760 and CFDA #14.218.
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 and CFDA #14.218 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008

Data Collection Form Not Filed Timely (08-01)

CONDITION	The Data Collection Form and the reporting package was not submitted to the federal clearing house within nine months after the fiscal year end, which was applicable to CFDA #'s 10.760 and 14.218.
CRITERIA	OMB Circular A-133.320 requires that the data collection form and the reporting package be submitted within nine months of the fiscal year end for all single audit reports.
CAUSE	The audit was not completed by the required deadline, as detailed in finding 05-04 above.
EFFECT	Data used by the federal government to manage grants was not available, and Federal regulations have been violated.
RECOMMENDATION	We recommend that the Data Collection form be filed timely, if required.
RESPONSE	The recommendation will be adopted.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2008**

An exit conference was held on May 25, 2010 in a closed meeting with Roxie Samaniego, CPA of White + Samaniego + Campbell, LLP, with the following Village officials:

Eddie Espinoza
A I Vega
Imelda Aguayo
Paul Nimick

Mayor
Chief of Police
Treasurer
Grant Administrator

White + Samaniego + Campbell, LLP

Roxie Samaniego
Luis Molina

Partner In-Charge
Supervisor

The financial statements presented in this report were compiled with the assistance of the auditors, White + Samaniego + Campbell, LLP. However, the contents of the financial statements remain the responsibility of management.