

**State of New Mexico
Village of Columbus**

**Basic Financial Statements and
Supplementary Information
for the Year Ended June 30, 2011
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, 2011**

Nicole Lawson
Martha Skinner
Xavier Munoz
Javier Lozano

Mayor
Trustee
Trustee
Judge

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor
and the Mayor and Village Council of the
Village of Columbus, New Mexico

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue fund of the Village of Columbus (the "Village"), as of and for the year ended June 30, 2011, and the related notes which collectively comprise the Village's basic financial statements as listed in the table of contents. We also were engaged to audit the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparisons for major enterprise funds and all nonmajor funds the presented as supplementary information, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Village management.

As a result of turnover in Village personnel and poor recordkeeping, we were unable to obtain detail to any general ledger account and subsidiary ledgers and audit that detail and ledger. We were unable to satisfy ourselves about the lack of general ledger detail, and lack of all subsidiary ledgers by means of other auditing procedures.

Because we were unable to obtain detail to any general ledger account and subsidiary ledgers, and we were unable to apply other auditing procedures regarding lack of general ledger detail, and lack of all subsidiary ledgers as discussed in the preceding paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

We were unable to obtain written representations from management of the the Village of Columbus concerning transactions related to the fiscal year 2011, which took place under substantially different management, as required by generally accepted auditing standards.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2013, on our consideration of the Village' 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 Village has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined in necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statement and budgetary comparisons presented as supplemental information.

We were engaged for the purpose of forming opinions on the basic financial statements, and the combining and individual fund 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. The scope of our audited was limited as discussed in the second, and third paragraphs above and because of the significance of these matters, we do not express an opinion on the basic financial statements and the combining and individual fund financial statements; accordingly, the other supplemental information as listed in the table of contents have not been subjected to auditing procedures in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*; therefore, we do not express an opinion as to the other supplemental information as listed in the table of contents in relation to the basic financial statements taken as a whole.

White & Samaniego & Campbell, LP

El Paso, Texas

September 12, 2013

GOVERNMENT - WIDE FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ (65,653)	\$ 384,209	\$ 318,556
Accounts receivable	140,402	99,363	239,765
Other receivables	186,750	-	186,750
Taxes receivable	39,326	-	39,326
Due from other governments	<u>9,763</u>	<u>-</u>	<u>9,763</u>
Total current assets	310,588	483,572	794,160
NON-CURRENT ASSETS:			
Capital assets	3,953,157	14,835,174	18,788,331
Less accumulated depreciation	<u>(1,644,218)</u>	<u>(4,996,947)</u>	<u>(6,641,165)</u>
Total non-current assets	<u>2,308,939</u>	<u>9,838,227</u>	<u>12,147,166</u>
Total assets	<u>\$ 2,619,527</u>	<u>\$ 10,321,799</u>	<u>\$ 12,941,326</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$ 200,288	\$ 119	\$ 200,407
Accrued salaries	60,415	-	60,415
Current portion of long term debt	11,742	13,747	25,489
Due to other governments	332,763	-	332,763
Compensated absences	<u>3,983</u>	<u>2,249</u>	<u>6,232</u>
Total current liabilities	609,191	16,115	625,306
NON-CURRENT LIABILITIES:			
Compensated absences	10,461	1,955	12,416
Customer deposits	-	7,303	7,303
Long term debt, less current maturities	<u>107,947</u>	<u>235,412</u>	<u>343,359</u>
Total non-current liabilities	<u>118,408</u>	<u>244,670</u>	<u>363,078</u>
Total liabilities	<u>727,599</u>	<u>260,785</u>	<u>988,384</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,189,250	9,589,068	11,778,318
Restricted for:			
Capital improvements	66,144	-	66,144
Special revenue funds	325,389	-	325,389
Unrestricted	<u>(688,855)</u>	<u>471,946</u>	<u>(216,909)</u>
Total net assets	<u>1,891,928</u>	<u>10,061,014</u>	<u>11,952,942</u>
Total liabilities and assets	<u>\$ 2,619,527</u>	<u>\$ 10,321,799</u>	<u>\$ 12,941,326</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, 2011**

FUNCTIONAL/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets Primary Government		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 1,134,235	\$ 128,639	\$ 577,317	\$ -	\$ (428,279)	\$ -	\$ (428,279)
Public safety	760,271	460,137	320,281	-	20,147	-	20,147
Public works	411,052	-	-	-	(411,052)	-	(411,052)
Culture and recreation	121,865	-	-	-	(121,865)	-	(121,865)
Health and welfare	155,115	-	-	-	(155,115)	-	(155,115)
Total governmental activities	<u>2,582,538</u>	<u>588,776</u>	<u>897,598</u>	<u>-</u>	<u>(1,096,164)</u>	<u>-</u>	<u>(1,096,164)</u>
Business-type activities:							
Land fill	505,375	141,904	4,340	-	-	(359,131)	(359,131)
Water and sewer	111,476	467,897	-	-	-	356,421	356,421
Total business-type activities	<u>616,851</u>	<u>609,801</u>	<u>4,340</u>	<u>-</u>	<u>-</u>	<u>(2,710)</u>	<u>(2,710)</u>
Total primary government	<u>\$ 3,199,389</u>	<u>\$ 1,198,577</u>	<u>\$ 901,938</u>	<u>\$ -</u>	<u>(1,096,164)</u>	<u>(2,710)</u>	<u>(1,098,874)</u>
General Revenues and Transfers:							
Taxes							
Property taxes					66,908	-	66,908
Motor vehicles taxes					5,132	-	5,132
Gasoline taxes					15,033	-	15,033
Cigarette taxes					25	-	25
Gross receipts taxes municipal					194,341	-	194,341
Gross receipts taxes environmental					5,178	-	5,178
Gross receipts taxes infrastructure					10,357	21,535	31,892
Lodgers tax					3,385	-	3,385
Franchise taxes					10,666	-	10,666
Licenses and fees					-	-	-
Miscellaneous					643,450	-	643,450
Total general revenues and transfers					<u>954,475</u>	<u>21,535</u>	<u>976,010</u>
Changes in net assets					(141,689)	18,825	(122,864)
Net assets, beginning of year					<u>2,033,617</u>	<u>10,042,189</u>	<u>12,075,806</u>
Net assets, end of year					<u>\$ 1,891,928</u>	<u>\$ 10,061,014</u>	<u>\$ 11,952,942</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, 2011**

	General Fund	Fire Fund	Correction Fund	EMS Ambulance	Grants	Non-Major Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ (351,461)	\$ (221,434)	\$ 22,506	\$ 290,880	\$ 320,281	\$ (126,425)	\$ (65,653)
Taxes receivable	38,374	-	-	-	-	952	39,326
Other receivables	185,418	-	-	-	-	1,332	186,750
Accounts receivable	-	-	-	140,402	-	-	140,402
Due from other governments	9,763	-	-	-	-	-	9,763
Total assets	\$ (117,906)	\$ (221,434)	\$ 22,506	\$ 431,282	\$ 320,281	\$ (124,141)	\$ 310,588
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 198,215	\$ 167	\$ -	\$ 5	\$ -	\$ 1,901	\$ 200,288
Accrued salaries	59,275	475	-	-	-	665	60,415
Due to other governments	299,015	-	-	-	-	33,748	332,763
Total liabilities	556,505	642	-	5	-	36,314	593,466
Fund balances:							
Restricted for capital projects funds	-	-	-	-	-	66,144	66,144
Restricted for special revenue funds	-	(222,076)	22,506	431,277	320,281	(226,599)	325,389
Unassigned	(674,411)	-	-	-	-	-	(674,411)
Total fund balances	(674,411)	(222,076)	22,506	431,277	320,281	(160,455)	(282,878)
Total liabilities and fund balances	\$ (117,906)	\$ (221,434)	\$ 22,506	\$ 431,282	\$ 320,281	\$ (124,141)	\$ 310,588

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, 2011

Total fund balances - governmental funds \$ (282,878)

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	3,953,157	
Accumulated depreciation	<u>(1,644,218)</u>	2,308,939

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	(119,689)	
Compensated absences	<u>(14,444)</u>	<u>(134,133)</u>

Total net assets - governmental activities \$ 1,891,928

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, 2011**

	General Fund	Fire Fund	Correction Fund	EMS Ambulance	Grants	Total Non-Major Funds	Total Governmental Funds
REVENUES							
Motor vehicle registration	\$ 5,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,132
Cigarette tax	25	-	-	-	-	-	25
Gross receipts tax municipal	194,341	-	-	-	-	-	194,341
Gross receipts tax environmental	-	-	-	-	-	5,178	5,178
Gross receipts tax infrastructure	10,357	-	-	-	-	-	10,357
Property taxes	66,908	-	-	-	-	-	66,908
Franchise taxes	10,666	-	-	-	-	-	10,666
Gasoline tax	9,513	-	-	-	-	5,520	15,033
Lodger's tax	-	-	-	-	-	3,385	3,385
Small cities assistance	176,758	-	-	-	-	-	176,758
Charges for services	52,397	-	22,506	437,631	-	984	513,518
State allocation	13,800	-	-	-	-	28,325	42,125
State grants	300	-	-	-	320,281	534,892	855,473
Contributions/donations	40	-	-	-	-	-	40
Miscellaneous	337,290	74,163	-	-	231,957	-	643,410
Total revenues	877,527	74,163	22,506	437,631	552,238	578,284	2,542,349
EXPENDITURES							
Current:							
General government	563,792	-	33,511	-	-	19,891	617,194
Public safety	283,036	293,123	-	160,985	-	23,127	760,271
Public works	376,102	-	-	-	-	34,950	411,052
Culture and recreation	110,755	-	-	-	-	11,110	121,865
Health and welfare	-	-	-	-	-	155,115	155,115
Capital outlay	-	-	-	-	-	521,560	521,560
Total expenditures	1,333,685	293,123	33,511	160,985	-	765,753	2,587,057
Excess (deficiency) of revenues over expenditures	(456,158)	(218,960)	(11,005)	276,646	552,238	(187,469)	(44,708)

	General Fund	Fire Fund	Correction Fund	EMS Ambulance	Grants	Total Non-Major Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	88,604	88,604
Transfers out	-	-	-	-	-	(88,604)	(88,604)
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balance	(456,158)	(218,960)	(11,005)	276,646	552,238	(187,469)	(44,708)
Fund balance at beginning of year	(218,253)	(3,116)	33,511	154,631	(231,957)	27,014	(238,170)
Fund balance at end of year	<u>\$ (674,411)</u>	<u>\$ (222,076)</u>	<u>\$ 22,506</u>	<u>\$ 431,277</u>	<u>\$ 320,281</u>	<u>\$ (160,455)</u>	<u>\$ (282,878)</u>

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, 2011**

Net change in fund balances - total governmental funds \$ (44,708)

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

Governmental funds report loan proceeds as other financing source. However, in the statement of activities the payments are not recognized as revenue. (101,500)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 4,519

Change in net assets of governmental activities \$ (141,689)

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, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Franchise taxes	\$ 8,000	\$ 8,000	\$ 10,666	\$ 2,666
Gross receipts taxes-municipal	240,000	240,000	194,341	(45,659)
Property taxes	59,000	59,000	66,908	7,908
Gas tax	7,370	7,370	25	(7,345)
Motor vehicle registration	5,000	5,000	5,132	132
Licenses and permits	3,850	3,850	-	(3,850)
Charges for services	27,700	27,700	52,397	24,697
Gross receipts tax - infrastructure	10,000	10,000	10,357	357
Small cities assistance	130,000	130,000	176,758	46,758
State grants	134,485	134,485	14,100	(120,385)
Fines and Forfeits	20,000	20,000	-	(20,000)
Investment income	5,000	5,000	-	(5,000)
Miscellaneous	61,000	61,000	346,843	285,843
Total revenues	711,405	711,405	877,527	166,122
EXPENDITURES:				
Current				
General government	411,048	411,048	563,792	(152,744)
Public safety	369,924	369,924	283,036	86,888
Public works	-	-	376,102	(376,102)
Culture and recreation	125,148	125,148	110,755	14,393
Total expenditures	906,120	906,120	1,333,685	(427,565)
Excess (deficiency) of revenues over expenditures	(194,715)	(194,715)	(456,158)	(261,443)
Net changes in fund balance Non-GAAP basis	(194,715)	(194,715)	(456,158)	(261,443)
Fund balance - beginning	325,539	325,539	325,539	-
Fund balance - ending	\$ 130,824	\$ 130,824	\$ (130,619)	\$ (261,443)
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(456,158)	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (456,158)	

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
BUDGET AND ACTUAL ON BUDGETARY BASIS
SPECIAL REVENUE FUND - FIRE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State Allotment	\$ 55,501	\$ 55,501	\$ -	\$ (55,501)
Miscellaneous	-	-	74,163	74,163
Total revenues	55,501	55,501	74,163	18,662
EXPENDITURES:				
Current				
Public Safety	55,501	55,501	293,123	(237,622)
Total expenditures	55,501	55,501	293,123	(237,622)
Excess (deficiency) of revenues over expenditures	-	-	(218,960)	(218,960)
Net changes in fund balance Non-GAAP basis	-	-	(218,960)	(218,960)
Fund balance - beginning	(3,116)	(3,116)	(3,116)	-
Fund balance - ending	\$ (3,116)	\$ (3,116)	\$ (222,076)	\$ (218,960)
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(218,960)	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (218,960)	

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 - CORRECTIONS
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Correction fees	\$ 4,000	\$ 4,000	\$ 22,506	\$ 18,506
Total revenues	4,000	4,000	22,506	18,506
EXPENDITURES:				
Current				
Public safety	4,000	4,000	33,511	(29,511)
Total expenditures	4,000	4,000	33,511	(29,511)
Excess (deficiency) of revenues over expenditures	-	-	(11,005)	48,017
Net changes in fund balance Non-GAAP basis	-	-	(11,005)	48,017
Fund balance - beginning	33,511	33,511	33,511	-
Fund balance - ending	\$ 33,511	\$ 33,511	\$ 22,506	\$ 48,017
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(11,005)	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (11,005)	

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 - EMS AMBULANCE FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State allocation	\$ -	\$ -	\$ -	\$ -
Joint powers agreements	-	-	-	-
Charges for services	<u>259,000</u>	<u>259,000</u>	<u>437,631</u>	<u>178,631</u>
Total revenues	259,000	259,000	437,631	178,631
EXPENDITURES:				
Current				
Public safety	<u>178,200</u>	<u>178,200</u>	<u>160,985</u>	<u>17,215</u>
Total expenditures	<u>178,200</u>	<u>178,200</u>	<u>160,985</u>	<u>17,215</u>
Excess (deficiency) of revenues over expenditures	<u>276,646</u>	<u>276,646</u>	<u>276,646</u>	<u>276,646</u>
Net changes in fund balance Non-GAAP basis	276,646	276,646	276,646	276,646
Fund balance - beginning	<u>154,631</u>	<u>154,631</u>	<u>154,631</u>	<u>-</u>
Fund balance - ending	<u>\$ 431,277</u>	<u>\$ 431,277</u>	<u>\$ 431,277</u>	<u>\$ 276,646</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			276,646	
Revenue accrual				
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 276,646</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
SPECIAL REVENUE FUND - GRANTS
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grants	\$ 316,265	\$ 316,265	\$ 320,281	\$ 4,016
Miscellaneous	<u>-</u>	<u>-</u>	<u>231,957</u>	<u>231,957</u>
Total revenues	316,265	316,265	552,238	235,973
EXPENDITURES:				
Current				
Public works	<u>316,265</u>	<u>316,265</u>	<u>-</u>	<u>316,265</u>
Total expenditures	<u>316,265</u>	<u>316,265</u>	<u>-</u>	<u>316,265</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>552,238</u>	<u>552,238</u>
Net changes in fund balance Non-GAAP basis	-	-	552,238	552,238
Fund balance - beginning	<u>(231,957)</u>	<u>(231,957)</u>	<u>(231,957)</u>	<u>-</u>
Fund balance - ending	<u>\$ (231,957)</u>	<u>\$ (231,957)</u>	<u>\$ 320,281</u>	<u>\$ 552,238</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			552,238	
Revenue accrual				
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 552,238</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, 2011**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 384,209
Accounts receivable	<u>99,363</u>
Total current assets	483,572

NON-CURRENT ASSETS:

Capital assets	14,835,174
Less accumulated depreciation	<u>(4,996,947)</u>
Total non-current assets	<u>9,838,227</u>

Total assets	<u>\$ 10,321,799</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 119
Current portion of long term debt	13,747
Compensated absences	<u>2,249</u>
Total current liabilities	16,115

NON-CURRENT LIABILITIES::

Customer deposits	7,303
Compensated absences	1,955
Long term debt, less current maturities	<u>235,412</u>
Total non-current liabilities	<u>244,670</u>

Total liabilities	<u>260,785</u>
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NET ASSETS

Invested in capital assets, net of related debt	9,589,068
Unrestricted	<u>471,946</u>
Total net assets	<u>10,061,014</u>

Total liabilities and net assets	<u>\$ 10,321,799</u>
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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, 2011**

OPERATING REVENUES

Charges for services	\$ 609,801
Gross receipts tax municipal	21,535
Intergovernmental	<u>4,340</u>

Total operating revenues 635,676

OPERATING EXPENSES

Personnel services	69,040
Other operating expenses	<u>547,811</u>

Total operating expenses 616,851

Change in net assets 18,825

Net assets, beginning of year 10,042,189

Net assets, end of year \$ 10,061,014

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, 2011

Cash flows from operating activities:

Cash received from agencies and customers	\$ 631,575
Cash used for goods and services	(548,163)
Cash used for salaries and operating expenses	<u>(69,541)</u>

Net cash provided by operating activities 13,871

Cash flows from capital activities and related financing activities:

Principal payments on debt	<u>(13,736)</u>
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Net cash used in investing activities (13,736)

Net increase in cash and cash equivalents 135

Cash and cash equivalents - beginning 384,074

Cash and cash equivalents - ending \$ 384,209

Reconciliation of operating income to net cash provided by operating activities:

Operating income \$ 18,825

Adjustments to operating income to net cash provided by operating activities:

Changes in net assets and liabilities:

Accounts receivables	(4,101)
Accounts payable	1,234
Accrued expenses and other liabilities	<u>(2,087)</u>

Net cash provided by operating activities \$ 13,871

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

FIDUCIARY FUNDS

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**FIDUCIARY FUNDS LISTING
JUNE 30, 2011**

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, 2011**

	Private-Purpose Trust Fund	Municipal Court	Total
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	<u>\$ 3,709</u>	<u>\$ -</u>	<u>\$ 3,709</u>
Total assets	<u>3,709</u>	<u>-</u>	<u>3,709</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, 2011**

	<u>Private-Purpose Trust Fund</u>
ADDITIONS	
Miscellaneous	\$ -
Total additions	-
DEDUCTIONS	
Administrative expenses	-
Total deductions	-
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, 2011**

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.

EMS Ambulance 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).

Grants Fund - To account for grant revenues and expenditures. Authority is by resolution.

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

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.

Reserved, designated for subsequent year's expenditures - Represents the amounts, other than carryover expenditures, which are required to be designated for subsequent year's expenditures.

Unreserved, undesignated - Amounts that have not been reserved or designated for any purpose. These funds are available for unrestricted use by the Village.

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 SAP 07-L-G-LGD COLONIAS, 09-39-07 COLONIAS, MVA1-GAZEBO, DOJ 08, DOJ 09, and Stonegarden, 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, 2011 is presented.

Implementation of New Accounting Standards

In June 2008, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 53 Accounting and Financial Reporting for Derivative Instruments, which is effective for all periods beginning after June 15, 2009. This Statement is intended to improve how governments report information about derivative instruments. The Village incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions, which is effective for financial statements for periods beginning after June 15, 2010, and earlier application is encouraged. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 55 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which was effective upon issuance. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The Village incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In March 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 56 Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, which was effective upon issuance. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. The Village incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In December 2009, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 57 OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, which is effective upon issuance for certain provisions of the statement and for periods beginning after June 15, 2011 for other provisions. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit plans. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 59 Financial Instruments Omnibus, which is effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement provides for the following amendments: National Council on Governmental Accounting Statement 4, Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences, is updated to be consistent with the amendments to GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, regarding certain financial guarantees. Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, are amended to remove the fair value exemption for unallocated insurance contracts. The effect of this amendment is that investments in unallocated insurance contracts should be reported as interest-earning investment contracts according to the provisions of paragraph 8 of Statement No. 3 I, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Statement 3 I, is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Statement No. 40, Deposit and Investment Risk Disclosures, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools-such as bond mutual funds and external bond investment pools-that do not meet the requirements to be reported as a 2a7-like pool. Statement 53 is amended to: Clarify that the net settlement characteristic of Statement 53 that defines a derivative instrument is not met by a contract provision for a penalty payment for nonperformance - Provide that financial guarantee contracts included in the scope of Statement 53 are limited to financial guarantee contracts that are considered to be investment derivative instruments entered into primarily for the purpose of obtaining income or profit - Clarify that certain contracts based on specific volumes of sales or service revenues are excluded from the scope of Statement 53 - Provide that one of the "leveraged yield" criteria of Statement 53 is met if the initial rate of return on the companion instrument has the potential for at least a doubled yield. The City incorporated this statement for the current fiscal year and believes it had no significant effect on the financial statement for the year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 60 Accounting and Financial Reporting for Service Concession Arrangements, which is effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 61 The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statements for periods beginning after June 15, 2012 . Earlier application is encouraged. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. That Statement supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. Statement 62 is effective for financial statements for periods beginning after December 15, 2011, with early application encouraged. The objective of this statement is to provide non-conflicting pronouncements between FASB and GASB. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position, which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No.4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011 , the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53, which is effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The City is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 66 Technical Corrections-2012- an amendment of GASB Statements No. 10 and No. 62, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions,

and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The Village is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

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	\$ 250,000
Collateralized:	
Cash held by pledging bank's trust department not in the Village's name	510,000
Uninsured and uncollateralized	<u>(240,295)</u>
Total Cash and Investments, Primary Government	<u>\$ 519,705</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, 2011, \$269,705 of the Village's bank balance of \$519,705 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ (240,295)
Uninsured and collateralized held by pledging bank's trust department not in the Village's name	
Cash held by pledging bank's trust department not in the Village's name	<u>510,000</u>
Total Cash and Investments, Primary Government	<u>\$ 269,705</u>

The Village cannot identify the amount of cash that belongs to each individual fund. The net cash balance can be confirmed, however, the allocation to each fund is not traceable; thus various funds show a negative cash balance that cannot be reconciled or confirmed for accuracy.

4. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2011, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts receivable	\$ 140,402	\$ 99,363	\$ 239,765
Other receivables-citations	186,750	-	186,750
Taxes receivable	39,326	-	39,326
Due from other governments	<u>9,763</u>	<u>-</u>	<u>9,763</u>
Net receivables	<u>\$ 376,241</u>	<u>\$ 99,363</u>	<u>\$ 475,604</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, 2011, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and Construction in Progress is not subject to depreciation.

Governmental fund capital asset activity for the year was as follows:

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2011</u>
Government activities					
Capital assets not being depreciated:					
Land	\$ 505,314	\$ -	\$ -	\$ -	\$ 505,314
Construction in progress	<u>15,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,001</u>
Total	<u>520,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,315</u>

Other capital assets being depreciated					
Buildings	2,415,054	-	-	-	2,415,054
Other improvements	383,829	-	-	-	383,829
Machinery and equipment	<u>633,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>633,959</u>
Total	<u>3,432,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,432,842</u>
Accumulated depreciation					
Buildings	935,749	-	-	-	935,749
Other improvements	92,240	-	-	-	92,240
Machinery and equipment	<u>616,229</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>616,229</u>
Total accumulated depreciation	<u>1,644,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,644,218</u>
Total capital assets	<u>\$ 2,308,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,308,939</u>

Depreciation expense, for the year ended June 30, 2011 was charged as follows:

General government	\$ -
Public safety	-
Public works	-
Culture and recreation	<u>-</u>
Total depreciation expense	<u>\$ -</u>

Enterprise fund capital asset activity for the year was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u>
	<u>June 30, 2010</u>				<u>June 30, 2011</u>
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	\$ 1,794,851	\$ -	\$ -	\$ -	\$ 1,794,851
Capital assets being depreciated					
Utility system	12,930,578	-	-	-	12,930,578
Machinery and equipment	<u>109,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,745</u>
Total	<u>14,835,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,835,174</u>
Accumulated depreciation					
Buildings	4,899,820	-	-	-	4,899,820
Machinery and equipment	<u>97,127</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,127</u>
Total accumulated depreciation	<u>4,996,947</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,996,947</u>
Total capital assets	<u>\$ 9,838,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,838,227</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2011 totaled \$0. The Village did not calculate and record depreciation expense.

6. LONG TERM DEBT

During the year-end June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Funds	Balance 6/30/10	Additions	Reductions	Balance 6/30/11	Due Within One Year
New Mexico Finance Authority	\$ 22,708	\$ -	\$ 4,519	\$ 18,189	\$ 4,584
New Mexico Finance Authority	-	101,500	-	101,500	7,158
Compensated absences	<u>14,444</u>	<u>-</u>	<u>-</u>	<u>14,444</u>	<u>3,983</u>
Total	<u>\$ 37,152</u>	<u>\$ 101,500</u>	<u>\$ 4,519</u>	<u>\$ 134,133</u>	<u>\$ 15,725</u>

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

The Village obtained a \$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:

Due in Year Ending	Principal
2012	4,584
2013	4,584
2014	4,584
2015	<u>4,437</u>
	<u>\$ 18,189</u>

The Village obtained a \$101,500 loan from the State of New Mexico Finance Authority, during 2011 fiscal year; the purpose of the loan was to purchase a fire truck. The note bears interest of 5.34%. The maturity date of the loan is June 2029. The payment amounts are as follows:

Due in Year Ending	Principal
2012	7,158
2013	7,550
2014	7,963
2015	8,399
2016	8,858
2017 - 2021	<u>61,572</u>
	<u>\$ 101,500</u>

Proprietary Fund	Balance 6/30/10	Additions	Reductions	Balance 6/30/11	Due Within One Year
New Mexico Finance Authority	\$ 85,131	\$ -	\$ 4,380	\$ 80,751	\$ 4,391
New Mexico Finance Authority	177,764	-	9,356	168,408	9,356
Compensated absences	<u>4,204</u>	<u>-</u>	<u>-</u>	<u>4,204</u>	<u>2,249</u>
Total	<u>\$ 267,099</u>	<u>\$ -</u>	<u>\$ 13,736</u>	<u>\$ 253,363</u>	<u>\$ 15,996</u>

Compensated absences typically have been liquidated in the proprietary fund.

The Village obtained a \$89,500 loan from the State of New Mexico Finance Authority, during the 2010 fiscal year; the purpose of the loan was for water infrastructure improvements. The note bears no interest and payments begin June 1, 2010 through June 1, 2029. The payment amounts are as follows:

Due in Year Ending	Principal
2012	\$ 4,391
2013	4,402
2014	4,413
2015	4,425
2016	4,425
2017 - 2021	22,235
2022 - 2023	22,513
2024 - 2025	<u>13,947</u>
	<u>\$ 80,751</u>

The Village obtained a \$187,120 loan from the State of New Mexico Finance Authority, during the 2006 fiscal year; the purpose of the loan was for water infrastructure improvements. The note bears no interest and payments begin June 1, 2006 through June 1, 2029. The payment amounts are as follows:

Due in Year Ending	Principal
2012	9,356
2013	9,356
2014	9,356
2015	9,356
2016	9,356
2017 - 2021	46,780
2022 - 2026	46,780
2027 - 2031	<u>28,068</u>
	<u>\$ 168,408</u>

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. PERA PENSION 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. The report is also available on PERA's Webdite at <http://www.pera.state.nm.us>.

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 years ended June 30, 2011 and 2010 were \$37,953 and \$37,056, respectively, equal the amount of the required contributions for the fiscal year. The fiscal year ended June 30, 2009 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, 2011.

10. DEFICIT FUND BALANCE

The following funds had deficit fund balances as of June 30, 2011:

General Fund	\$	674,411
Fire		222,076
Recreation		11,949
Library		33,748
Cemetery		154,550
Law Enforcement Protection		727
Gasoline Tax		34,950
Community Center		161

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, 2011.

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

There were no inter-fund transfers noted during the year ended June 30, 2011, except among capital project funds.

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 \$1,063,268 as follows:

Fund	Reason	Budget Expenses	Actual Expenses	Difference
General	Operating expenses	\$ 906,120	\$ 1,333,685	\$ 427,565
Fire	Operating expenses	55,501	293,123	237,622
Law enforcement protection	Operating expenses	22,400	23,127	727
Corrections	Operating expenses	4,000	33,511	29,511
Lodgers Tax	Operating expenses	1,500	7,750	6,250
Cemetery	Operating expenses	-	155,115	155,115
Gasoline	Grant	-	34,950	34,950
Environmental GRT	Grant	-	12,141	12,141
Joint Utilities	Operating expenses	457,464	616,851	159,387
Totals		<u>\$ 1,446,985</u>	<u>\$ 2,510,253</u>	<u>\$ 1,063,268</u>

In addition, the Village budgeted deficits in funds as follows:

Fund	Budgeted Deficit
General	\$ 194,715
Recreation	20,688

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).

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.

CAPITAL PROJECTS FUNDS LISTING

Capital Project Combined - To account for federal grant activity for capital project improvements. Authority is by grant agreement.

SAP 07-L-G552 LGD COLONIAS - To account for grant activity. 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.

09-39-07 COLONIAS – To account for grant for either sewer or water improvements.

MVA1- GAZEBO – To account for grant to build new gazebo in the village park. Youth labor was used to demolish old gazebo. Friends of the Library were to supply funds to build new gazebo, but project was never completed.

DOJ 08 – To account for grant to Police Department.

DOJ 09 – To account for grant to Police Department.

STONEGARDEN – To account for grant to Police Department.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL TYPES
JUNE 30, 2011**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ (193,816)	\$ 67,391	\$ (126,425)
Other receivable	952	-	952
Due from other funds	<u>1,332</u>	<u>-</u>	<u>1,332</u>
Total assets	<u>\$ (191,532)</u>	<u>\$ 67,391</u>	<u>\$ (124,141)</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 654	\$ 1,247	\$ 1,901
Accrued salaries	665	-	665
Due to other governments	<u>33,748</u>	<u>-</u>	<u>33,748</u>
Total liabilities	35,067	1,247	36,314
Fund balance:			
Restricted for capital projects funds	-	66,144	66,144
Restricted for special revenue funds	<u>(226,599)</u>	<u>-</u>	<u>(226,599)</u>
Total fund balance	<u>(226,599)</u>	<u>66,144</u>	<u>(160,455)</u>
Total liabilities and fund balances	<u>\$ (191,532)</u>	<u>\$ 67,391</u>	<u>\$ (124,141)</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, 2011**

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
REVENUES			
Cigarette tax	\$ 5,520	\$ -	\$ 5,520
Gross receipts tax environmental	5,178	-	5,178
Gasoline tax municipal	-	-	-
Lodger's tax	3,385	-	3,385
Charges for services	984	-	984
State allocation	28,325	-	28,325
State grants	-	534,892	534,892
	<u>43,392</u>	<u>534,892</u>	<u>578,284</u>
Total revenues	43,392	534,892	578,284
EXPENDITURES			
Current:			
General government	19,891	-	19,891
Public safety	23,127	-	23,127
Public works	34,950	-	34,950
Culture and recreation	11,110	-	11,110
Health and welfare	155,115	-	155,115
Capital outlay	-	521,560	521,560
	<u>244,193</u>	<u>521,560</u>	<u>765,753</u>
Total expenditures	244,193	521,560	765,753
Excess (deficiency) revenues over (under) expenditures	(200,801)	13,332	(187,469)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	88,604	88,604
Transfers out	-	(88,604)	(88,604)
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-
Net change in fund balance	(200,801)	13,332	(187,469)
Fund balance beginning of year	<u>(25,798)</u>	<u>52,812</u>	<u>27,014</u>
Fund balance end of year	<u>\$ (226,599)</u>	<u>\$ 66,144</u>	<u>\$ (160,455)</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, 2011

	Recreation	Library	Lodger's Tax	Cemetery	Law Enforcement Protection	Gasoline Tax	Environmental GRT	Infrastructure GRT	Community Center	Total
ASSETS										
Cash and cash equivalents	\$ (10,791)	\$ -	\$ 2,805	\$ (154,550)	\$ (727)	\$ (34,950)	\$ 4,397	\$ -	\$ -	\$ (193,816)
Taxes receivables	-	-	-	-	-	-	952	-	-	952
Other receivables	-	-	-	-	-	-	-	1,332	-	1,332
Total assets	<u>\$ (10,791)</u>	<u>\$ -</u>	<u>\$ 2,805</u>	<u>\$ (154,550)</u>	<u>\$ (727)</u>	<u>\$ (34,950)</u>	<u>\$ 5,349</u>	<u>\$ 1,332</u>	<u>\$ -</u>	<u>\$ (191,532)</u>
LIABILITIES AND FUND BALANCE										
Liabilities										
Accounts payable	\$ 493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161	\$ 654
Accrued salaries	665	-	-	-	-	-	-	-	-	665
Due to other governments	-	33,748	-	-	-	-	-	-	-	33,748
Total liabilities	1,158	33,748	-	-	-	-	-	-	161	35,067
Fund balance										
Restricted for special revenue funds	(11,949)	(33,748)	2,805	(154,550)	(727)	(34,950)	5,349	1,332	(161)	(226,599)
Total fund balance	<u>(11,949)</u>	<u>(33,748)</u>	<u>2,805</u>	<u>(154,550)</u>	<u>(727)</u>	<u>(34,950)</u>	<u>5,349</u>	<u>1,332</u>	<u>(161)</u>	<u>(226,599)</u>
Total liabilities and fund balance	<u>\$ (10,791)</u>	<u>\$ -</u>	<u>\$ 2,805</u>	<u>\$ (154,550)</u>	<u>\$ (727)</u>	<u>\$ (34,950)</u>	<u>\$ 5,349</u>	<u>\$ 1,332</u>	<u>\$ -</u>	<u>\$ (191,532)</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 FUNDS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Recreation	Library	Lodger's Tax	Cemetery	Law Enforcement Protection	Gasoline Tax	Environmenta 1 GRT	Infrastructure GRT	Community Center	Total
REVENUES										
Gas Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,520	\$ -	\$ -	\$ -	\$ 5,520
Gross receipts tax	-	-	-	-	-	-	5,178	-	-	5,178
environmental	-	-	3,385	-	-	-	-	-	-	3,385
Lodger's tax	269	-	-	715	-	-	-	-	-	984
Charges for services	-	-	-	-	28,325	-	-	-	-	28,325
State allocation	-	-	-	-	-	-	-	-	-	-
Total revenues	269	-	3,385	715	28,325	5,520	5,178	-	-	43,392
EXPENDITURES										
Current:										
General government	-	-	7,750	-	-	-	12,141	-	-	19,891
Public safety	-	-	-	-	23,127	-	-	-	-	23,127
Public works	-	-	-	-	-	34,950	-	-	-	34,950
Culture and recreation	11,110	-	-	-	-	-	-	-	-	11,110
Health and welfare	-	-	-	155,115	-	-	-	-	-	155,115
Total expenditures	11,110	-	7,750	155,115	23,127	34,950	12,141	-	-	244,193
Excess (deficiency) of revenues over (under) expenditures	(10,841)	-	(4,365)	(154,400)	5,198	(29,430)	(6,963)	-	-	(200,801)
Net change in fund balance	(10,841)	-	(4,365)	(154,400)	5,198	(29,430)	(6,963)	-	-	(200,801)
Fund balance, beginning of year	(1,108)	(33,748)	7,170	(150)	(5,925)	(5,520)	12,312	1,332	(161)	(25,798)
Fund balance, end of year	\$ (11,949)	\$ (33,748)	\$ 2,805	\$ (154,550)	\$ (727)	\$ (34,950)	\$ 5,349	\$ 1,332	\$ (161)	\$ (226,599)

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 - RECREATION
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Cigarette tax	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	269	269
Total revenues	-	-	269	269
EXPENDITURES:				
Current				
Cultural and recreation	20,688	20,688	11,110	9,578
Total expenditures	20,688	20,688	11,110	9,578
Excess (deficiency) of revenues over expenditures	(20,688)	(20,688)	(10,841)	9,847
Net changes in fund balance Non-GAAP basis	(20,688)	(20,688)	(10,841)	9,847
Fund balance - beginning	(1,108)	(1,108)	(1,218)	(110)
Fund balance - ending	<u>\$ (21,796)</u>	<u>\$ (21,796)</u>	<u>\$ (12,059)</u>	<u>\$ 9,737</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(10,841)	
Revenue accrual				
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ (10,841)</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, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
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	-	-	-	-
Fund balance - beginning	(33,748)	(33,748)	(33,748)	-
Fund balance - ending	\$ (33,748)	\$ (33,748)	\$ (33,748)	\$ -
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			-	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ -	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Lodger's tax	\$ 3,500	\$ 3,500	\$ 3,385	\$ (115)
Total revenues	3,500	3,500	3,385	(115)
EXPENDITURES:				
Current				
General government	<u>1,500</u>	<u>1,500</u>	<u>7,750</u>	<u>(6,250)</u>
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>7,750</u>	<u>(6,250)</u>
Excess (deficiency) of revenues over expenditures	<u>2,000</u>	<u>2,000</u>	<u>(4,365)</u>	<u>(6,365)</u>
Net changes in fund balance Non-GAAP basis	2,000	2,000	(4,365)	(6,365)
Fund balance - beginning	<u>7,170</u>	<u>7,170</u>	<u>7,170</u>	<u>-</u>
Fund balance - ending	<u>\$ 9,170</u>	<u>\$ 9,170</u>	<u>\$ 2,805</u>	<u>\$ (6,365)</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(4,365)	
Revenue accrual				
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ (4,365)</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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Charges for services	\$ -	\$ -	\$ 715	\$ 715
Total revenues	-	-	715	715
EXPENDITURES:				
Current				
Health and welfare	-	-	155,115	(155,115)
Total expenditures	-	-	155,115	(155,115)
Excess (deficiency) of revenues over expenditures	-	-	(154,400)	(154,400)
Net changes in fund balance Non-GAAP basis	-	-	(154,400)	(154,400)
Fund balance - beginning	(150)	(150)	(150)	-
Fund balance - ending	<u>\$ (150)</u>	<u>\$ (150)</u>	<u>\$ (154,550)</u>	<u>\$ (154,400)</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(154,400)	
Revenue accrual				
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ (154,400)</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 - LAW ENFORCEMENT PROTECTION
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State allocation	\$ 22,400	\$ 22,400	\$ 28,325	\$ 5,925
Total revenues	22,400	22,400	28,325	5,925
EXPENDITURES:				
Current				
Public safety	<u>22,400</u>	<u>22,400</u>	<u>23,127</u>	<u>(727)</u>
Total expenditures	<u>22,400</u>	<u>22,400</u>	<u>23,127</u>	<u>(727)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>5,198</u>	<u>6,652</u>
Net changes in fund balance Non-GAAP basis	-	-	5,198	6,652
Fund balance - beginning	<u>(5,925)</u>	<u>(5,925)</u>	<u>(5,925)</u>	<u>-</u>
Fund balance - ending	<u>\$ (5,925)</u>	<u>\$ (5,925)</u>	<u>\$ (727)</u>	<u>\$ 6,652</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			5,198	
Revenue accrual				
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 5,198</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 - GASOLINE TAX
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Gasoline tax municipal	\$ -	\$ -	\$ 5,520	\$ 5,520
Total revenues	-	-	5,520	5,520
EXPENDITURES:				
Current				
Public works	-	-	34,950	(34,950)
Total expenditures	-	-	34,950	(34,950)
Excess (deficiency) of revenues over expenditures	-	-	(29,430)	(29,430)
Net changes in fund balance Non-GAAP basis	-	-	(29,430)	(29,430)
Fund balance - beginning	(5,520)	(5,520)	(5,520)	-
Fund balance - ending	\$ (5,520)	\$ (5,520)	\$ (34,950)	\$ (29,430)
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(29,430)	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (29,430)	

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, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Gross receipts tax environmental	\$ -	\$ -	\$ 5,178	\$ 5,178
Total revenues	-	-	5,178	5,178
EXPENDITURES:				
Current				
Public works	-	-	12,141	(12,141)
Total expenditures	-	-	12,141	(12,141)
Excess (deficiency) of revenues over expenditures	-	-	(6,963)	(6,963)
OTHER FINANCING SOURCES (USES)				
Net changes in fund balance Non-GAAP basis	-	-	(6,963)	(6,963)
Fund balance - beginning	12,312	12,312	12,312	-
Fund balance - ending	<u>\$ 12,312</u>	<u>\$ 12,312</u>	<u>\$ 5,349</u>	<u>\$ (6,963)</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(6,963)	
Revenue accrual				
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ (6,963)</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, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
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	-	-	-	-
Fund balance - beginning	1,332	1,332	1,332	-
Fund balance - ending	\$ 1,332	\$ 1,332	\$ 1,332	\$ -
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			-	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ -	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
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	-	-	-	-
Fund balance - beginning	(161)	(161)	(161)	-
Fund balance - ending	\$ (161)	\$ (161)	\$ (161)	\$ -
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			-	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ -	

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, 2011

	Capital Projects Combined	SAP 07-L- G552 LGD Colonias	09-3907 Colonias	MVA1- Gazebo	DOJ-08	DOJ-09	Stonegarden	Total
ASSETS								
Cash and cash equivalents	\$ 67,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,391
Total assets	67,391	-	-	-	-	-	-	67,391
LIABILITIES AND FUND BALANCE								
Liabilities								
Accounts payable	1,247	-	-	-	-	-	-	1,247
Due to other governments	-	-	-	-	-	-	-	-
Total liabilities	1,247	-	-	-	-	-	-	1,247
Fund balance								
Restricted for capital projects	66,144	-	-	-	-	-	-	66,144
Total liabilities and fund balance	\$ 67,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,391

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, 2011

	Capital Projects Combined	SAP 07-L- G552 LGD Colonias	09-3907 Colonias	MVA1- Gazebo	DOJ-08	DOJ-09	Stonegarden	Total
REVENUES								
State grants	\$ 534,892	-	-	-	-	-	-	534,892
Total revenues	534,892	-	-	-	-	-	-	534,892
EXPENDITURES								
Capital outlay	521,560	-	-	-	-	-	-	521,560
Total expenditures	521,560	-	-	-	-	-	-	521,560
Excess (deficiency) of revenues over (under) expenditures	13,332	-	-	-	-	-	-	13,332
OTHER FINANCING SOURCES (USES)								
Operating Transfers in	70,708	17,896	-	-	-	-	-	88,604
Operating Transfers out	(17,896)	-	(52,910)	(755)	(10,037)	(2,039)	(4,967)	(88,604)
Total other financing source (uses)	52,812	17,896	(52,910)	(755)	(10,037)	(2,039)	(4,967)	-
Net change in fund balance	66,144	17,896	(52,910)	(755)	(10,037)	(2,039)	(4,967)	13,332
Fund balance, beginning of year	-	(17,896)	52,910	755	10,037	2,039	4,967	52,812
Fund balance, end of year	\$ 66,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,144

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 - Combined
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
CDBG grants	\$ 300,000	\$ 300,000	\$ -	\$ (300,000)
Federal grants	950,000	950,000	-	(950,000)
State grants	<u>58,100</u>	<u>58,100</u>	<u>534,892</u>	<u>476,792</u>
Total revenues	1,308,100	1,308,100	534,892	(773,208)
EXPENDITURES:				
Current				
Capital outlay	<u>1,308,100</u>	<u>1,308,100</u>	<u>521,560</u>	<u>786,540</u>
Total expenditures	<u>1,308,100</u>	<u>1,308,100</u>	<u>521,560</u>	<u>786,540</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>13,332</u>	<u>(1,559,748)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	70,708	70,708
Transfers out	<u>-</u>	<u>-</u>	<u>(17,896)</u>	<u>(17,896)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>52,812</u>	<u>52,812</u>
Net changes in fund balance Non-GAAP basis	-	-	66,144	(1,506,936)
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,144</u>	<u>\$ (1,506,936)</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			66,144	
Revenue accrual				
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 66,144</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 - SAP 07-L-G552 LGD COLONIAS
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	17,896	17,896
Total other financing sources (uses)	-	-	17,896	17,896
Net changes in fund balance Non-GAAP basis	-	-	17,896	17,896
Fund balance - beginning	(17,896)	(17,896)	(17,896)	-
Fund balance - ending	\$ (17,896)	\$ (17,896)	\$ -	\$ 17,896
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			17,896	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ 17,896	

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 -09-39-07 COLONIAS
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(52,910)	(52,910)
Total other financing sources (uses)	-	-	(52,910)	(52,910)
Net changes in fund balance Non-GAAP basis	-	-	(52,910)	(52,910)
Fund balance - beginning	52,910	52,910	52,910	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ (52,910)
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(52,910)	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (52,910)	

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 - MVA1 - GAZEBO
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(755)	(755)
Total other financing sources (uses)	-	-	(755)	(755)
Net changes in fund balance Non-GAAP basis	-	-	(755)	(755)
Fund balance - beginning	755	755	755	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ (755)
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(755)	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (755)	

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 - DOJ 08
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(10,037)	(10,037)
Total other financing sources (uses)	-	-	(10,037)	(10,037)
Net changes in fund balance Non-GAAP basis	-	-	(10,037)	(10,037)
Fund balance - beginning	10,037	10,037	10,037	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ (10,037)
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(10,037)	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (10,037)	

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 - DOJ 09
FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(2,039)	(2,039)
Total other financing sources (uses)	-	-	(2,039)	(2,039)
Net changes in fund balance Non-GAAP basis	-	-	(2,039)	(2,039)
Fund balance - beginning	2,039	2,039	2,039	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ (2,039)
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(2,039)	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (2,039)	

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 - Stonegarden
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES:				
Current				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(4,967)	(4,967)
Total other financing sources (uses)	-	-	(4,967)	(4,967)
Net changes in fund balance Non-GAAP basis	-	-	(4,967)	(4,967)
Fund balance - beginning	4,967	4,967	4,967	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ (4,967)
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			(4,967)	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (4,967)	

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, 2011**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Water and Sewer:				
Utilities services	\$ 518,000	\$ 518,000	\$ 609,801	\$ 91,801
Gross receipts taxes	-	-	21,535	21,535
Miscellaneous	-	-	4,340	4,340
	<u>518,000</u>	<u>518,000</u>	<u>635,676</u>	<u>117,676</u>
Landfill:				
Sales	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>(120,000)</u>
Total revenue	638,000	638,000	635,676	(2,324)
EXPENDITURES:				
Water and Sewer:				
Personnel	366,516	366,516	69,040	297,476
Operating expenses	-	-	547,811	(547,811)
	<u>366,516</u>	<u>366,516</u>	<u>616,851</u>	<u>(250,335)</u>
Landfill:				
Personnel	<u>90,948</u>	<u>90,948</u>	<u>-</u>	<u>90,948</u>
Total expenses	<u>457,464</u>	<u>457,464</u>	<u>616,851</u>	<u>(159,387)</u>
Excess (deficiency) of revenues over expenditures	<u>180,536</u>	<u>180,536</u>	<u>18,825</u>	<u>157,063</u>
Net changes in fund balance Non-GAAP basis	180,536	180,536	18,825	157,063
Fund balance - beginning	<u>10,042,189</u>	<u>10,042,189</u>	<u>10,042,189</u>	<u>-</u>
Fund balance - ending	<u>\$ 10,222,725</u>	<u>\$ 10,222,725</u>	<u>\$ 10,061,014</u>	<u>\$ 157,063</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			18,825	
Depreciation expense				
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 18,825</u>	

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

OTHER SUPPLEMENTAL INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2011**

Municipal Court	Balance 6/30/10	Additions	Reductions	Balance 6/30/11
ASSETS				
Cash and cash equivalents	\$ 2,524	\$ -	\$ 2,524	\$ -
Total assets	\$ 2,524	\$ -	\$ 2,524	\$ -
LIABILITIES				
Accounts payable	\$ 2,524	\$ -	\$ 2,524	\$ -
Total liabilities	\$ 2,524	\$ -	\$ 2,524	\$ -

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

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**SCHEDULE OF DEPOSITORIES
JUNE 30, 2011**

	<u>Type</u>	<u>Amount Per Bank</u>	<u>Plus DIT</u>	<u>Outstanding Checks</u>	<u>Balance Per Books</u>
First New Mexico Bank					
General - Operating	CK	\$ 348,343	\$ 1,751	\$ 195,294	\$ 154,800
General	CK	74	-	-	74
General	CD	64,947	-	2,447	62,500
General	CD	78,227	-	5,168	73,059
EMS	CD	17,321	-	206	17,115
Cemetery	CK	6,839	-	1,451	5,388
Cemetery	CK	<u>3,954</u>	<u>1,666</u>	<u>-</u>	<u>5,620</u>
Total		<u>\$ 519,705</u>	<u>\$ 3,417</u>	<u>\$ 204,566</u>	<u>\$ 318,556</u>
Reconciliation:					
Government-Wide Cash					\$ 318,556
Fiduciary Funds					<u>3,709</u>
Total					<u>\$ 322,265</u>

Type:
 CK= Checking
 SV= Savings
 CD= Certificate of Deposit

	<u>1st New Mexico Bank</u>
Amount held in bank June 30, 2011	\$ 519,705
Less FDIC Insurance	<u>250,000</u>
Uninsured Public Funds	269,705
50% Collateral Requirements (Section 6-10-17 NMSA-1978)	134,853
Pledged Securities	<u>510,000</u>
Over (Under) Collateralized	<u>\$ 375,147</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, 2011**

<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
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	<u>300,000</u>	Federal Home Loan Bank of Dallas
Total pledged securities	<u>\$ 510,000</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, 2011**

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.

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 and related budgetary comparisons presented as supplemental information of the Village as of and for the year ended June 30, 2011, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 12, 2013. 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

Management of the Village is responsible for establishing and maintaining effective 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 of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (05-02, 05-04, 07-01, 07-02, 09-01, 10-01, 10-02, 10-03, 10-04, 10-05, 10-06, 10-07, 10-08, 11-01, 11-03, 11-05, 11-06, 11-07, 11-09, 11-11, 11-12, 11-14 and 11-16). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct

misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (10-09, 11-02, 11-04, 11-08, 11-10, 11-13 and 11-15)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finds and questioned costs as items (05-02, 05-04, 07-01, 07-02, 09-01, 10-01, 10-02, 10-03, 10-04, 10-05, 10-06, 10-07, 10-08, 10-09 11-01, 11-02, 11-03, 11-04, 11-05, 11-06, 11-07, 11-08, 11-09, 11-10, 11-11, 11-12, 11-13, 11-14, 11-15 and 11-16).

We noted certain matters that are required to be reported pursuant to 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, 07-02, 09-01, 10-01, 10-02, 10-03, 10-04, 10-05, 10-06, 10-07, 10-08, 10-09 11-01, 11-02, 11-03, 11-04, 11-05, 11-06, 11-07, 11-08, 11-09, 11-10, 11-11, 11-12, 11-13, 11-14, 11-15 and 11-16).

The Village's response to the finding 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 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.

White + Summaries + Campbell, LLP

El Paso, Texas

September 12, 2013

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

Section II - Financial Statements Findings

PRIOR YEAR FINDINGS

05-02	Legal Compliance with Budget	Repeated
05-04	Late Audit Report	Repeated
07-01	Failure to Prepare Accurate Budget	Repeated
07-02	Failure to Apply GAAP	Repeated
09-01	Failure to Provide Information	Repeated
10-01	Accounting for Grants	Repeated
10-02	Lack of Separation of Duties	Repeated
10-03	Capital Assets	Repeated
10-04	Tracking of Federal and Sate Awards	Repeated
10-05	Lack of Supporting Documentation for Disbursments	Repeated
10-06	Payroll Documentation	Repeated
10-07	Recording Direct Pay Grant Activities	Repeated
10-08	Per Diem	Repeated
10-09	Bank Reconciliation	Repeated

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

Legal Compliance with Budget (05-02) - Significant Deficiency

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, 2011, the Village remitted payments for goods and services in excess of the adopted budget as follows:

Fund	Reason	Budget Expenses	Actual Expenses	Difference
General	Operating expenses	\$ 906,120	\$ 1,333,685	\$ 427,565
Fire	Operating expenses	55,501	293,123	237,622
Law enforcement	Operating expenses	22,400	23,127	727
Corrections	Operating expenses	4,000	33,511	29,511
Lodgers Tax	Operating expenses	1,500	7,750	6,250
Cemetery	Operating expenses	-	155,115	155,115
Gasoline	Operating expenses	-	34,950	34,950
Enviornmental GRT	Operating expenses	-	12,141	12,141
Joint Utilities	Operating expenses	457,464	616,851	159,387

In addition, the Village budgeted deficits in funds as follows:

Fund	Budgeted Deficit
General	\$ 194,715
Recreation	20,688

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.

Late Audit Report (05-04) - Significant Deficiency

CONDITION	The required submission date of the audit report for the fiscal year ended June 30, 2011 to the New Mexico State Auditor was December 1, 2011. The June 30, 2011 audited financial statements were submitted in September 2013.
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 Local Public Bodies submit the audit report by December 1 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) - Significant Deficiency

CONDITION	The Village prepared a budget for the year ending June 30, 2011. There were no budgeted line items for revenue to be received from SAP 07-L-G-LGD COLONIAS, 09-39-07 COLONIAS, MVA1-GAZEBO, DOJ 08, DOJ 09, and Stonegarden, 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 SAP 07-L-G-LGD COLONIAS, 09-39-07 COLONIAS, MVA1-GAZEBO, DOJ 08, DOJ 09, and Stonegarden. 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.

Failure to Apply GAAP (07-02) - Significant Deficiency

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.

Failure to Provide Information (09-01) - Significant Deficiency

CONDITION	General ledger detail and subsidiary ledgers of numerous accounts were unable to be generated and provided to the auditors.
CRITERIA	Detailed information is required to be provided to the auditors in order to test the detail and accuracy of information.
CAUSE	The Village experienced a large amount of turnover while the FY09 audit was being performed.
EFFECT	Certain accounts and transactions were not able to be audited.
RECOMMENDATION	We recommend that the Village develop procedures for accounting and filing of all Village transactions, as well as cross train employees on these duties.
RESPONSE	The recommendation will be adopted.

Accounting for Grants (10-01) - Significant Deficiency

CONDITION	The Grant Department has implemented procedures to track cash receipts and disbursements for most grants but there is no system in place to record revenues and expenses accrued and to agree the amounts submitted for grant reimbursement to the amounts recorded in the cash basis general ledger listing. The departments that are receiving funding from granting agencies prepare reports without reconciling the data to the general ledger.
CRITERIA	Generally accepted accounting principles for reimbursable type grants require that revenues equal expenses for each accounting period. This is achieved through the recording of grant receivables or deferred revenue, as appropriate.
CAUSE	The Village does not have a procedure in place to reconcile expenditures charged to the grants to the general ledger. In addition, there are no procedures in place to provide for the proper line of communications between the grant's department and the accounting office.
EFFECT	Without a system in place to agree reimbursement requests to the general ledger, the Village's accounting records will not reflect an accurate presentation of grant funds received and spent. In addition, errors in accounting for grants may remain undetected and the reports submitted to granting agencies may not be correct or agree to the Village's general ledger transaction listing report.
RECOMMENDATION	Grant reimbursement requests should be agreed to and reconciled to the general ledger transactions listing, prior to submission, and supervisory review should be used to ensure that grants accounted for are recorded properly. Also, the records should show amounts owed by the granting agencies and amounts owed to vendors and contractors. If the grants received in advance, the Village should record the amount received as deferred revenue. Reconciliation's to the general should be prepared at least monthly to ensure proper recording of transactions. Converting the Village's records to a full accrual basis will also help facilitate proper accounting and reporting for all grants.
RESPONSE	At the time of this audit, the Village of Columbus was recreating account history for the Grants Department as grants were not a part of the accounting system when the current treasurer arrived. Having established a history for each of the current grants, they may now be entered into the current accounting software system, Caselle.

Lack of Separation of Duties (10-02) - Significant Deficiency

CONDITION	The same person who records cash receipts, also reconciles the general ledger for all bank accounts, prepares certain deposit slips, transfers funds between accounts, prepares journal entries to correct errors in posting of all transactions and posts the budget on the system. There are no controls in place to ensure separation of duties among employees.
CRITERIA	A strong system of controls required separation between custody of assets, recording of transactions and authorization of transactions. If a small number of employees does not allow for proper separation of duties, supervisory review can be used to compensate for the lack of separation of duties.

CAUSE	Separation of duties over cash receipts and disbursements is difficult to achieve in a small office environment.
EFFECT	Theft or defalcation could occur and remain undetected when proper controls are not in place over cash receipts and disbursements.
RECOMMENDATION	<p>Although the Village's office staff is small, steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.</p> <p>Internal control is most effective when the bank reconciliation is prepared by someone not responsible for entries in the cash receipt. The person that posts and generates payroll checks should not be the same person that adds new employees to the system and the same person that reconciles payroll cash transactions. Also, the person that posts and reconciles transactions should not be the same person that corrects his or her own errors. Because this difficult to implement with an accounting department of just a few individuals, all of whom are involved in day-to-day record keeping, test reconciliation's should be made periodically by management, who, in addition, should review and approve, in writing, all reconciliation's which he or she does not prepare personally.</p>
RESPONSE	Due to the small size of the accounting department, the various financial functions were not separated during FY 2009-2011. At the present time, the full time treasurer and the part time assistant treasurer have identical duties. Therefore, it will be necessary for the mayor to perform test reconciliation's periodically. These test reconciliation's will be in addition to the mayor's review and approval in writing of all the reconciliation's which he or she does not prepare personally.

Capital Assets (10-03) - Significant Deficiency

CONDITION	An inventory of capital assets was not performed during FY11. The inventory listing is not maintained. Additions and disposals are not recorded. During our test work, we noted that the Village's capital asset records did not include any additions in the current year. It appears there may have been some additions as the city reported capital outlay of \$381,614.
CRITERIA	GASB 34 requires movements to report general infrastructure assets in the Statement of Net Assets. State law requires an annual inventory of capital assets be performed. Section 12-6-10, NMSA 1978, requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year.
CAUSE	The Village has not had the time and resources to update their fixed assets records.
EFFECT	Lack of an annual inventory and incomplete supporting documentation could lead to theft, misuse or unauthorized disposal without detection. Material misstatements of capital assets may result.
RECOMMENDATION	The City should maintain and update an accurate listing of all capital assets, including infrastructure, owned by the City and obtain services of an appraisal company to conduct an inventory of their infrastructure and produce an accurate listing. In addition, detail on current year activity should be maintained.

RESPONSE At this time, the village has re-implemented the policy of a bi-annual physical inventory of movable chattels and equipment to coincide with the year end insurance review of same. At that time, the process of regular maintenance of this inventory will commence. It is unknown at this time whether the Village of Columbus can afford appraisal services. The matter will be discussed at the budget hearings.

Tracking of Federal and State Awards (10-04) - Significant Deficiency

CONDITION While performing the audit and reviewing the grant activity for the year ended June 30, 2011, it was observed that schedule the Village uses to track its grants was not updated thus we could not accurately distinguish if there were federally funded awards.

CRITERIA OMB Circular A-133 Subpart C states:

The auditee shall:

(a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year name of the Federal agency, and name of the pass-through entity.

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

CAUSE The process for capturing federal awards and contributed federal funds has gradually relaxed over time and it is no longer fully effective.

EFFECT Village personnel could unknowingly not be following the compliance requirements on state or federal money received due to misidentifying the source of the funds. The potential exists for federal awards to escape inclusion in the Single Audit procedures. This Village runs the risk of being out of compliance with OMB Circular A-133 Subpart C.

RECOMMENDATION The process for tracking federal grants should be improved to ensure the source funds for all grants are properly identified and recorded as such. This should include the CFDA number when applicable. As new grants are obtained, a determination should be made at the inception of the grant to determine its source.

It is recommended that a process be put in place to require all departments that receive contributed property be required to notify the finance department of the acquisition at the time of the contribution so it can be properly recorded in the accounting system and recorded on the schedule of federal awards, if applicable.

RESPONSE In addition to our response on item 10-01, the Village of Columbus is creating a desk manual in the Grant Department to implement these recommendations.

Lack of Supporting Documentation for Disbursements (10-05) - Significant Deficiency

CONDITION	During audit test work of cash disbursements we selected 17 checks to trace to supporting documentation, such as invoice. The Village could not provide 5 of 49 supporting documents for a total of \$163,061.
CRITERIA	Failure to implement and follow sound accounting and internal control policies and procedures increases the risk that unauthorized transactions could occur, funds could be inappropriately accounted for, and transactions could be inaccurately recorded and reported.
CAUSE	The Village does not have sufficient internal controls in place to ensure all disbursements are supported by adequate documentation..
EFFECT	Lack of adequate documentation of disbursements increases the risk of preventing or detecting errors or irregularities on a timely basis.
RECOMMENDATION	We recommend that the Village re-evaluate the transition of management, so that the new management may assess what went wrong in order to ensure that such problems do not re-occur, and follow its own policies and procedures for record retention. Also, the Village must implement internal controls during the disbursement process to ensure supporting documentation is available for all payments.
RESPONSE	Vendor and all other accounting files from FY 2011-2012 to present are being maintained within the Office of the Treasurer. We have implemented a computer backup procedure whereby two alternate external hard drives are being used to complete a proper backup each day. Training has commenced and is ongoing, reference the proper maintenance of all public documents. The former statutorily appointed custodian of record's employment was terminated due to alleged egregious dereliction of duties.

Payroll Documentation (10-06) - Significant Deficiency

CONDITION	During our test work of payroll, it was noted the following: Treasurer- •Pay Period: May 12 to May 25, 2010 Timesheet for pay period was not approved by supervisor/manager. All timesheets should be approved by the employee's supervisor/manager. •Pay Period: June 23 to July 6, 2010 The employee incorrectly earned 12 hours of additional compensatory time during this period. According to the Village's Policy 5.6 Overtime (a), "full-time regular employees' compensatory time shall be accrued at the rate of 1.5 hours of paid time off for every hour worked over 40 hours per week." The Village incorrectly included hours not worked (such as compensatory time hours, holiday hours, sick hours) in the calculation of compensatory time hours earned.
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No timesheet exists for check #36157 (\$1,023.43) because this check is for 80 hours of compensatory time being paid to the employee, as indicated by the reduction of compensatory time according to the Village's report. According to the Village Policy 5.6 Overtime, compensatory time is only paid upon termination. No approval for compensatory time payment was provided.

Clerk -

•Pay Period: April 28 to May 11 to June 23 to July 6, 2010 (5 pay periods)

According to the Village's Budget Payroll 2010-2011, the approved regular pay rate for the fiscal year 2009 - 2010 for Elaine Camarena is \$10.00 per hour. During this period, the hourly rate was being paid at \$10.45 per hour. Incorrect pay rate resulted in a gross overpayment of \$165.60 for the given time period.

The Village provided memos from the Mayor supporting a pay rate of \$10.45 per hour; however, the board minute documentation provided does not confirm approval, in total, for a \$10.45 per hour pay rate for this period. According to the Village's Policy 5.2 Pay Rates, "All pay rates for appointed officers and employees heretofore adopted by the Board of Trustees are hereby authorized, ratified and confirmed. All pay rates shall continue to be adopted by the governing body." It is recommended that the board minutes reflect the amount of pay that is being paid to each employee upon hire and the amount of any pay increase approved during the year.

•Pay Period: May 12 to May 25, 2010

Timesheet for this pay period is not approved by supervisor/manager. All timesheets should be approved by the employee's supervisor/manager.

•Pay Period: June 9 to June 22, 2010

The employee incorrectly earned 4 hours of additional compensatory time during this period. According to the Village's Policy 5.6 Overtime (a), "full-time regular employees' compensatory time shall be accrued at the rate of 1.5 hours of paid time off for every hour worked over 40 hours per week." The Village incorrectly included hours not worked (such as compensatory time hours, holiday hours, sick hours) in the calculation of compensatory time hours earned.

Grant Administrator -

•Pay Period: May 12 to May 25, 2010

Timesheet for this pay period is not approved by supervisor/manager. All timesheets should be approved by the employee's supervisor/manager.

Police Office -

•Pay Period: April 28 to May 11 thru June 23 to July 6, 2010 (5 pay periods)

No PERA deductions were made during this period.

•Pay Period: April 28 to May 11, 2010

According to payroll documentation, this employee was paid an extra 23 hours at a rate of \$1.17 per hour and 160 hours at a rate of \$0.78 per hour on check #35805. The result of this transaction was an additional gross amount paid to the employee of \$151.71. No timesheet or additional documentation was provided as support for this additional pay.

Police Chief -

•Pay Periods: April 28 thru October 12, 2010 & October 27 to November 9, 2010 (13 pay periods)

Timesheet for this pay period is not approved by supervisor/manager. All timesheets should be approved by the employee's supervisor/manager.

•Pay Period: April 28 to May 11, 2010

Check #35802 for \$3,599.98 was paid to Vega as approved by the Board. Per Council Minutes dated May 13, 2010, "Mayor Espinoza asked for motion on Closed Session. Motion to approve Chief Vega with the temporary position of six (6) months as Assistant to the Mayor with additional duties apart from Police Chief with a compensation of \$3600.00 after taxes, motion made by Trustee R. Gutierrez, second by Trustee B. Gutierrez, all in favor, motion carried." The pay rate and hours used in QuickBooks were made to ensure the net pay for this check would be \$3,600. PERA was not deducted accordingly, at a 7% rate for this bonus payment.

•Pay Period: May 12 to May 25, 2010

Based on payroll documentation, the employee earned 22.5 compensatory hours. According to the Village's compensatory time documentation, this employee's compensatory time was not increased to reflect the amount earned. This results in the employee being short 22.5 hours of earned compensatory time.

•Pay Period: May 26 to June 8, 2010

Based on payroll documentation, the employee earned 15 compensatory hours. According to the Village's compensatory time documentation, this employee's compensatory time was not increased to reflect the amount earned. This results in the employee being short 15 hours of earned compensatory time.

•Pay Period: June 9 to June 22, 2010

For check #36014 (\$1,246.95), payroll documentation regarding the employee's hours, pay rate and amounts differ from the pay statement/cleared bank check. Although, the check cleared the bank at the appropriate amount, there should be no difference between the accounting software data and pay statements/cleared check.

•Pay Period: June 17 to June 30, 2010 (Not a scheduled pay period)

For check #36038 (\$2,266.34), payroll documentation regarding the employee's hours, pay rate and amounts differ from the pay statement/cleared bank check. There should be no difference between the accounting software data and pay statements/checks. Also, the check is dated 6/25/2010, before the pay period ended and no PERA deduction was made resulting in inaccurate reporting.

Additionally, no timesheet exists for check #36038 (\$2,266.34) because this check is for 144 hours of compensatory time being paid to the employee, as indicated by the reduction of compensatory time according to the Village's report. According to the Village Policy 5.6 Overtime, compensatory time is only paid upon termination. No approval for compensatory time payment was provided.

CRITERIA

According to the Village's Personnel Policies and Procedures, all employees should complete a timesheet for each payroll period and should be approved by the supervisor. Furthermore, 2.2.2.10 states that "...auditors should test to ensure 100% of payroll is reported to PERA."

CAUSE	The Village was not keeping good records and supervision. Supporting documentation for payroll was missing and there is no way to verify that the payroll was properly recorded.
EFFECT	There did not appear to be a system to verify if a employee's timesheet was completed correctly, creating a high risk in the area of payroll.
RECOMMENDATION	We recommend that the Village implement a process to ensure that supporting documentation for all employee and payroll is retained and readily available.
RESPONSE	Payroll documentation will be retained and kept readily available. All time sheets are reviewed and approved by three authorized signatories of the Board of Finance prior to payment as of July 1, 2011. Care is taken by the Treasurer's Office to ensure that all time sheets are complete and filled in according to village personnel policy.

Recording Direct Pay Grant Activity (10-07) - Significant Deficiency

CONDITION	Grant activity transactions that were directly paid to the vendors by the grantor were not recorded in the accounting records for the Village.
CRITERIA	All financial activity should be recorded in the Village's accounting records. Regular, periodic reconciliation's between grant expenses and income should be made to ensure the accuracy and completeness of reported financial information.
CAUSE	Grant activity transactions that were directly paid to the vendors by the grantor did not flow through the Village's bank accounts and therefore the transactions were not posted to the accounting records.
EFFECT	Omitted grant activity transactions produce inaccurate financial reports.
RECOMMENDATION	We recommend the Village record all grant income and expenses in the accounting records and regularly reconcile the actual grant activity to the general ledger.
RESPONSE	The Village concurs and will make sure that all grant activity is recorded and reconciled.

Per Diem (10-08) - Significant Deficiency

CONDITION	During our testwork, we noted the following: In one of ten items tested, no approval for travel expenditure was documented.
CRITERIA	Section 10-8-1 to 10-8-8 NMSA 1978 and the related regulation, authorize travel and per diem reimbursements.
CAUSE	The Village is aware of the statute and related regulations regarding travel and per diem reimbursements but continues to fail to comply, even though policies are in place.

EFFECT Per Section 10-8-7, NMSA 1978, Any public officer or employee covered by the Per Diem and Mileage Act [10-8-1 NMSA 1978] who knowingly authorized or who knowingly accepts payment in excess of the amount allowed by the Per Diem and Mileage Act or in excess of the amount authorized by the secretary or the governing board pursuant to Section 10-8-5 NMSA 1978 is liable to the state in an amount that is twice the excess payment.

RECOMMENDATION The City needs appropriate management personnel to enforce travel and per diem compliance with greater detail.

RESPONSE Village management and finance personnel are enforcing travel and per diem compliance with greater detail.

Bank Reconciliation (10-09) - Material Weakness

CONDITION During fieldwork we noted that the bank reconciliation's contained material, unresolved, reconciling items and incorrect items for the operational account. Bank reconciliation's had not been properly performed for the entire year under audit.

CRITERIA According to NMAC 2.20.5.18 C. (4), The Village's cash account records shall be reconciled timely each month to the division's reports and to the state treasurer's reports.

CAUSE The previous Treasurer failed to reconcile cash.

EFFECT A portion of cash remains unreconciled at the end of 2011.

RECOMMENDATION Perform complete and accurate bank reconciliation's at month end and assign another member of management the responsibility of reviewing each month's bank reconciliation. All unusual reconciling items should be investigated and dealt with promptly so errors do not accumulate thereby making the reconciliation process more difficult and time consuming.

RESPONSE The Village agrees with the recommendations of the auditor. This situation has been corrected, bank recs have been completed for the entire year, and they will be undertaken on a regular basis.

Auditors Prepared Financial Statements (11-01) - Significant Deficiency

CONDITION The financial statements and related disclosures are not being prepared by the Village. The Village does not have a procedure in place to detect and correct material misstatements in the financial statements.

CRITERIA

A system of internal control over financial reporting does not stop at the general ledger. It includes controls over financial statement preparation, including footnote disclosures. The fact that the auditor prepares the financial statements may mean they are correct, but it doesn't eliminate the control deficiency. Statement on Auditing Standards (SAS) 109, paragraph 41 states the following: "Internal control is a process - effected by those charged with governance, management, and other personnel - designed to provide reasonable assurance about the achievement of the entity's objective with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with laws and regulations, internal control over safeguarding of assets against unauthorized acquisition, use, or disposition may include control relating to financial reporting and operations objectives." Appropriate internal control procedures over financial reporting include the ability to prepare financial statements in accordance with GAAP or at a minimum; management should have the ability to comprehend the requirements for financial reporting. Financial statements prepared in accordance with GAAP include all required statements of financial position, statements of changes in financial position, changes in cash flow and notes. SAS 115, paragraph 11 provides examples of factors that may affect the likelihood that a control, or combination of controls could fail to prevent or detect a misstatement. One such example is "The nature of financial statements accounts, disclosures, and assertions involved."

CAUSE

The Village lacks the proper ability to prepare financial statements and the associated disclosures. When audit services are sought, there is a requirement that the auditor will prepare the financial statements. In the past this may have been sufficient, however, the accounting profession, by issuance of SAS 115, now requires recognition and reporting of significant deficiencies in internal control when there is an ineffective oversight of the financial reporting and internal control by those charged with governance.

EFFECT

The Village has a control deficiency since there are not sufficient controls over the preparation of financial statements and related disclosures. The risk of material misstatement of the financial statements is increased by the lack of control procedures over the preparation of the Village's financial statements. Since the Village personnel lack the ability to prepare, and did not prepare the financial statements, there is an increased risk that a misstatement of the Village's financial statements that is more than inconsequential, will not be prevented or detected. Further, since the Village accounting staff lacks the proper knowledge or training regarding the requirements of GAAP financial reporting, there is more than a remote possibility that a material misstatement of the financial statements will not be prevented or detected.

RECOMMENDATION

The Village should have its current staff undergo training so they can develop the ability to prepare financial statements and related notes or they should hire a separate certified public accountant with government accounting experience and that has the ability to prepare financial statements and related disclosures in accordance with Generally Accepted Accounting Standards. The CPA could assist the Village during the year and prior to the audit.

RESPONSE

The Village of Columbus Finance Department will obtain training to prepare GASB 34 Government Wide Financial Statements.

Information Technology (11-02) - Material Weaknesses

CONDITION	During the audit it was noted that adequate controls have not been established for the protection of IT resources including data and information in the following areas: -Physical security - Disaster recovery/contingency planning. Further, the Village has switched accounting software three times in the past three years, with out transition planning. It appears that various accounts are no longer in use, and beginning numbers were not transferred during the change in accounting systems.
CRITERIA	The State of New Mexico Statewide Guideline S-GUIDE-002.003 (per NMSA 1978 Section 15-1C-1 et. SEQ and NMAC 1.12.6 and NMAC 1.12.2) establishes an Enterprise Security Policy for the protection of IT assets and resources including data and information. The policy establishes that protection must be provided for IT assets, resources, and data/ information from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide integrity, confidentiality, availability, accountability, and assurance, and establishes that controls must be maintained over information systems, resources, and data/information sufficient to contain risk of loss or misuse of information.
CAUSE	The City is not properly safeguarding IT assets and resources. The following deficiencies were noted: - Lack of IT Policies -Lack of physical controls over servers - Lack of contingency planning.
EFFECT	The Village can experience loss of general ledger information. The lack of IT policies, lack of physical controls over servers, and lack of contingency planning leave the Village of risk of loss or misuse of data and information. The Village is unable to properly report reliable financial information due to incomplete information.
RECOMMENDATION	The Village should implement the following recommendations: - Establish policies to govern IT use and security - Develop a contingency plan detailing how to recover IT systems and become operational in the vent of a disaster of interruption of IT function. -get consulting when implementing an we accounting software to minimize transposition error, and run some form of parallel transitioning to reduce the loss of data.
RESPONSE	The Village will review and implement an IT manual to present to the Council. Furthermore, the Village will back up the server more frequently and will limit the physical access to the server.

Citation Receivables (11-03) - Significant Deficiency

CONDITION	Numerous citations are past due. The Village does not follow up with citations thus many are over a year old. The Village should calculate an allowance, and should record bad debt.
CRITERIA	Section 6-5-2 NMSA 1978 authorizes DFA to establish Model Accounting Practices (MAP). MAP requires agencies to actively manage accounts receivable.
CAUSE	The Village does not actively collect and manage accounts receivable related to citations.

EFFECT The Village is in violation of MAP requiring efforts to collect all accounts receivable. Without collection efforts the Village is not collecting their accounts receivable in a timely manner and may not be able to collect all outstanding receivables.

RECOMMENDATION The accounts receivables should be reviewed on a monthly basis and collection procedures should be followed on outstanding accounts.

RESPONSE The Village will work with the Court Clerk in implementing a monthly review process, and is determining uncollectible citation receivables to write off.

Policy and Procedures on Compensated Absences (11-04) - Material Weaknesses

CONDITION The Village Policy states that compensated time can be earned up to 80 hours. A prior employee was allowed to accumulated 328 hours. When the Police Department closed, the employee was paid out comp time for 328 hours, totaling \$6,560.

CRITERIA The Village policy states that the Comp Time can be earned up to 80 hours. The remaining comp time upon termination or resignation will be paid to the employee on the final pay check. The employee should have only been paid out for 80 hours at \$20 totaling \$1,600. The employee was overpaid by \$4,960.

CAUSE The Village change in Governance and Management has resulted in oversight. The lack of compliance with Village Policy by Governance and Management has resulted in this error.

EFFECT The Village overpaid an employee, misusing public funds.

RECOMMENDATION The Village needs to implement an internal control to regulate all payroll matters to include compensated time earned and paid. The Village should ensure that all employees are aware of the policy.

RESPONSE The Village is aware of the issue, and has began monitoring compensated time earned. The Village Treasurer and the Mayor will review the compensated time bi-weekly to ensure there is none earned over 80 hours.

Compensated Absences (11-05) - Significant Deficiency

CONDITION Detail was not provided for testwork of compensated absences (sick and annual leave) as of June 30, 2011.

CRITERIA According to NMAC 6.20.2.18, the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP.

CAUSE The Village is unable to determine its liabilities to employees, and relies on employees to determine their vacation owed.

EFFECT Employees of the Village could be credited with too little or too much leave according to what they are entitled to based on the Village's personnel policies and procedures. Further, employee may be unaware of the number of days' leave they actually have accrued.

RECOMMENDATION The Village needs to implement an internal control to regulate all payroll matters to include compensated time earned and paid. The Village should ensure that all employees are aware of the policy.

RESPONSE The Village is aware of the issue, and has began monitoring compensated time earned. The Village Treasurer and the Mayor will review the compensated time bi-weekly to ensure there is none earned over 80 hours.

Audit Adjustments (11-06) - Significant Deficiency

CONDITION The Village did not record the auditing adjustment entries from 2010, causing fund balance and net assets accounts to be misstated.

CRITERIA The Governmental Accounting Standards Board, Codification of Governmental Accounting and Financial Reporting Standards (GASB), Section 1000 requires governments to prepare financial statements on the modified accrual basis for governmental type funds and full accrual basis for enterprise type funds.

CAUSE The Village did not record 2010 audit adjusting entries. The Village was not aware that they needed to post journal entries

EFFECT Significant audit adjustments were required in 2011 to reconcile beginning fund balances and net assets to the 2010 ending balances.

RECOMMENDATION The Village should implement a control system in accordance with NMAC 6.20.2.22 C in order to post all prior year adjustments.

RESPONSE The Village will seek assistance and training to post adjustments.

Payroll Policies and Procedures (11-07) - Significant Deficiency

CONDITION The Village Policy on final paycheck was not appropriately followed. A Village employee was paid compensated time on a pay check prior to the final pay check issued to the employee.

CRITERIA The Village policy states that the remaining compensated time earned will be paid on the employees final check.

CAUSE The Village change in Governance and Management has resulted in oversight. The lack of compliance with Village Policy by Governance and Management has resulted in this error.

EFFECT The Village is not following Policy. If policy is not followed, there is a likelihood that internal controls are not appropriately in place. This can result in the misuse of Village monies.

RECOMMENDATION The Village should ensure that Policies are followed as stated in the Policy handbook. The Village should review the Policy handbook, and should enforce that all employees follow the handbook.

RESPONSE The Village will monitor all payroll transactions and will seek guidance in implementation of Village policy as needed.

Internal Controls (11-08) - Material Weaknesses

CONDITION 25 out of 25 samples selected to test for compliance and internal controls, supporting documentation was not found. The amount totaled \$33,240.22

CRITERIA Section 6-5-1 through 6-5-6 NMSA, 1978 require internal accounting controls designed to prevent accounting errors and violation of state and federal laws and rules related to financial matters.

CAUSE The Village does not have sufficient supporting documentation to determine if internal controls are in place and effective.

EFFECT The inadequacy, or lack of internal controls can result in misuse of funds, or improper accounting treatment.

RECOMMENDATION We recommend that the Village establish adequate internal controls to mitigate risk or error or misuse.

RESPONSE The Village has established new internal controls, and will continue to search for additional controls that will mitigate risk once implemented.

Per Diem (11-09) - Significant Deficiency

CONDITION Supporting documentation for 6 per diem samples was not provided for any of the samples selected. Per discussion with the treasurer, supporting documentation for per diem cannot be found. An amount cannot be reasonably determined.

CRITERIA Per Audit Rule 2.2.2.10 G(2) State Compliance, the IPA must test Per Diem and Mileage. Treatment of Per Diem and Mileage must comply with Section 10-8-1 to 10-8-8 NMSA 178.

CAUSE The Village does not have supporting documentation for any of the per diem samples selected. Supporting documentation cannot be found resulting to the change is management.

EFFECT The Village is vulnerable to misuse and error since per diem is not monitored and approved.

RECOMMENDATION The Village should implement a process to determine the reasonableness of per diem expenses and to approve the expense.

RESPONSE The Village will work on implementing a strict policy on per diem and will monitor activity frequently to ensure proper spending and treatment.

Journal Entries (11-10) - Material Weaknesses

CONDITION	5 journal entries throughout the year were selected, and supporting documentation could not be provided to determine appropriate and authorized journal entries. No monetary value can be determined.
CRITERIA	The entity should establish sufficient internal controls over journal entries and other adjustments.
CAUSE	The entity does not have an approval process over adjustments to mitigate the risk of management override.
EFFECT	AU 316.58 states that "Material misstatements of financial statements due to fraud often involve the manipulation of the financial reporting process by (a) reporting inappropriate or unauthorized journal entries throughout the year or at period end...". The Village does not implement a proper authorization process which could lead to fraudulent misstatement of the financial statements.
RECOMMENDATION	We recommend that the Village implement and review and approval process for journal entries, and other adjustments to mitigate the risk of management override or financial statement manipulation.
RESPONSE	The Village will work on a review and approval process to implement immediately.

Repair and Maintenance-Capital Assets (11-11) - Significant Deficiency

CONDITION	Repair and maintenance accounts were reviewed to determine that all capital assets were capitalized. Two out of two repairs and maintenance samples selected, totaling \$13,135 did not have supporting documentation to determine if they should be capitalized. Additionally, 12 out of 12 samples selected under capital outlay, totaling \$368,479, did not have supporting documentation to determine accounting treatment.
CRITERIA	The Village is required to retain supporting documentation for all purchases. Per section 12-6-10 NMSA 1978, all assets purchased valued over \$5,000 should be capitalized.
CAUSE	The Village does not have an appropriate document retention policy in practice thus supporting documentation to determine the required accounting treatment of these expenses cannot be found.
EFFECT	The Village may be incorrectly expensing items that should be capitalized. The Village cannot determine the treatment of said expenses with out supporting documentation to appropriately identify the expenses as capital assets or expenses.
RECOMMENDATION	We recommend that the Village implement a document retention policy, and that they perform an annual inventory of their capital assets. The Village staff should acquire additional government and accounting training to assist in proper treatment of assets.
RESPONSE	The Village is implementing a document retention policy to take to the council for approval. furthermore, the Village staff is seeking training in government accounting.

Preparation of Financial Statements and Timeliness (11-12) - Significant Deficiency

CONDITION	The Village was unable to provide and accounts payable and accounts receivable aging schedule; additionally, the Village could not provide supporting documentation in various audited areas to include the following: 2 out of 31 samples selected in accounts receivable test work totaling \$31,801; 9 out of 9 samples selected in cash test work totaling \$136,532; 2 out of 17 samples selected in liability test work totaling \$16,639.25; and 3 out of 32 samples selected in accounts payable test work totaling \$146,422.
CRITERIA	Per Audit Rule 2.2.2.8 O. Preparation of Financial Statements, the financial statements are the responsibility of the agency. The agency shall maintain adequate accounting records, prepare financial statements in accordance with accounting principles generally accepted in the United States of America and provide complete, accurate , and timely information to the IPA as requested to meet the audit report due date imposed in Subsection A of 2.2.2.9 NMAC.
CAUSE	The Village does not have an appropriate document retention policy, and its staff lacks the accounting knowledge and the familiarity with governing rules.
EFFECT	Because of the lack of accounting education and training in the Village staff, management and staff are unsure about what procedures and process is adequate to fulfill governing rules. Consequently, the Village does not have sufficient audit evidence to support the financial information being reported.
RECOMMENDATION	The Village should seek accounting and government training. Furthermore, and appropriate document retention policy should be created and adopted.
RESPONSE	The Village is working on implementing a document retention policy. The Village staff is seeking for additional training to improve the accounting and financial reporting of the Village.

Unrecorded Revenue and Expense (11-13) - Material Weaknesses

CONDITION	Per AU 15-11 management assertion-completeness "All transactions and accounts that should be presented in the financial statements are so included". The Village received a non-federal grant for a capital project. The funder provided a letter at closing of the grant stating that all grant funding was expended. The revenue and the expense for the project was not recorded. The estimated unrecorded revenue and expense totaled \$44,998.
CRITERIA	The Village needs to record all revenue earned and recognized and all expenses incurred. All expenses must be recorded and supportive documentation needs to be retained.
CAUSE	The Village has experienced high turnover and supporting documentation has not been retained.
EFFECT	The Village staff did not record revenue and expense related to the grant thus revenues and expenses were understated. The Village is unsure if all accounting transactions are represented in the financial statements.

RECOMMENDATION The Village should implement accounting policies and procedures including document retention so that employee turnover does not disrupt the daily accounting and preparation of the Village financial statements.

RESPONSE The Village will work on preparing and implementing accounting policies and procedures that abide by governing rules.

Interest Expense (11-14) - Significant Deficiency

CONDITION The Village does not book interest expense related to their long term debt.

CRITERIA Interest expense is recorded as an expense as incurred in the statements of activities per GASB 34 paragraph 46.

CAUSE The Village staff lack accounting knowledge and GAAP is not being applied consistently.

EFFECT By not properly recording interest expense the Village can understate expense.

RECOMMENDATION The Village staff should acquire additional accounting training. Interest expense should be booked on a regular basis when payment on long term debt are made. The Village should ensure they keep track on debt owed.

RESPONSE The Village is working on acquiring additional training. Furthermore, the Village will begin to record interest expense monthly when it is incurred.

Invoices (11-15) - Material Weaknesses

CONDITION The Village does not have an invoicing system that can track the invoice number. The invoices sent out by the utilities department do not have invoice numbers thus it is difficult to trace invoices. No value can be determined in the scope of the utilities testing.

CRITERIA Per Audit Rule 2.2.2.8 O. Preparation of Financial Statements, the financial statements are the responsibility of the agency. The agency shall maintain adequate accounting records, prepare financial statements in accordance with accounting principles generally accepted in the United States of America and provide complete, accurate, and timely information to the IPA as requested to meet the audit report due date imposed in Subsection A of 2.2.2.9 NMAC.

CAUSE The Village is not familiar with the utilities invoicing system thus could not produce invoice numbers to IPA.

EFFECT The concern is that if there is an invoice created, it can be deleted and no one could trace a gap between invoices and could not determine completeness of revenue and accounts receivable.

RECOMMENDATION The Village needs to get additional training on the invoicing system, and needs to use invoice numbers to properly track utility billings accordingly.

RESPONSE The Village will work with the software provider to activate invoice numbering in the system.

Cash by Fund (11-16) - Significant Deficiency

CONDITION	The Village does not keep track of cash belonging to individual funds. Various funds have negative cash balances without having a bank over draft. The cash value of the error cannot be determined due to inadequate supporting documentation.
CRITERIA	According to NMAC 2.20.5.18 C.(4), The Village's cash account records shall be reconciled timely each month to the division's reports and to the state treasurer's reports.
CAUSE	The Village has high turnover, and the treasurer cannot reconcile the cash pooled and the correct allocation.
EFFECT	The Village cannot determine what fund has cash, thus an appropriate cash flow budget cannot be determined by fund.
RECOMMENDATION	The Village needs to reconcile pooled cash and allocations frequently to promote accuracy.
RESPONSE	The Village will work with on reconciling the pooled cash and allocations to properly reflect cash balances by fund.

**STATE OF NEW MEXICO
VILLAGE OF COLUMBUS**

**EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2011**

An exit conference was held on September 12, 2013 in a closed meeting with Dahlia Garcia of White + Samaniego + Campbell, LLP, with the following Village officials:

Martha Skinner	Mayor Pro Tem
Melissa Downey	Clerk
Juanita Aguayo	Treasurer

White + Samaniego + Campbell, LLP

Dahlia Garcia	Supervisor
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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.