

**State of New Mexico  
Village of Columbus**

**Basic Financial Statements and  
Supplementary Information  
for the Year Ended June 30, 2013  
and Independent Auditors' Report**

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**TABLE OF CONTENTS**

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	<b>Page</b>
OFFICIAL ROSTER	1
INDEPENDENT AUDITORS' REPORT	2
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Major Governmental Funds:	
Balance Sheet - Governmental Funds	8
Reconciliation of the Balance Sheet of Government Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	12
General Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	13
Special Revenue Funds:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - Fire Fund	14
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - Correction Fund	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - EMS Ambulance Fund	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - Grants Fund	17

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**TABLE OF CONTENTS**

---

Proprietary Fund:	
Statement of Net Position - Joint Utilities	19
Statement of Revenues, Expenditures, and Changes in Net Position - Joint Utilities	20
Statement of Cash Flows - Joint Utilities	21
Agency Funds	
Fiduciary Funds Listing	23
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	25
NOTES TO BASIC FINANCIAL STATEMENTS	27
SUPPLEMENTARY INFORMATION	
Non-Major Governmental Funds:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Non-Major Governmental Fund Types	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Fund Types	47
Non-Major Governmental Funds - Special Revenue Funds	
Combining Balance Sheet	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	50
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis (Continued):	
Recreation Fund	51
Library Fund	52
Lodger's Tax	53
Cemetery Fund	54
Law Enforcement Protection Fund	55
Gasoline Tax	56

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**TABLE OF CONTENTS**

---

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis (Continued):	
Environmental Gross Receipts Fund	57
Infrastructure Gross Receipts Fund	58
Community Center Fund	59
Historic Press Fund	60
Non-Major Capital Projects Fund:	
Combining Balance Sheet	61
Combining Statement of Revenues and Expenditures and Changes in Fund Balance Capital Projects Funds	62
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis:	
Nonmajor Capital Projects- Combined	63
Proprietary Funds:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis:	
Joint Utilities	65
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Depositories	67
Schedule of Collateral Pledged by Depository for Public Funds	68
Joint Powers Agreements	69
COMPLIANCE	
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	71
Schedule of Findings and Questioned Costs	73
Exit Conference	102

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**OFFICIAL ROSTER  
JUNE 30, 2013**

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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

### **Report on the Financial Statements**

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 comparisons for the general fund and major special revenue funds of Village of Columbus, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### **Basis for Disclaimer of Opinion**

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 all subsidiary ledgers by means of other auditing procedures.

### **Disclaimer of Opinion**

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

We were unable to obtain written representations from management of the the Village of Columbus concerning transactions related to the fiscal year 2013, which took place under substantially different management, as required by generally accepted auditing standards.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Because of the significance of the matter disclosed in the auditor's report, it is inappropriate to, and the auditor does not, express an opinion on the supplementary information.

### *Other Information*

We were engaged for the purpose of forming opinions on the financial statements that collectively comprise the Village of Columbus' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Based on the Basis of Disclaimer and the significant matters discussed in that section, it is in appropriate, and we do not, express an opinion on the supplementary information.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 23, 2014 on our consideration of Village of Columbus' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Columbus' internal control over financial reporting and compliance.

*White & Samaniego + Campbell, LLP*

El Paso, Texas  
September 23, 2014

**GOVERNMENT - WIDE FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 353,937	\$ 164,117	\$ 518,054
Accounts receivable	-	92,659	92,659
Other receivables	1,573	-	1,573
Taxes receivable	20,303	-	20,303
Due from other governments	<u>27,158</u>	<u>50,782</u>	<u>77,940</u>
Total current assets	402,971	307,558	710,529
<b>NON-CURRENT ASSETS:</b>			
Capital assets	3,953,157	14,835,174	18,788,331
Less accumulated depreciation	<u>(1,644,218)</u>	<u>(4,996,948)</u>	<u>(6,641,166)</u>
Total non-current assets	<u>2,308,939</u>	<u>9,838,226</u>	<u>12,147,165</u>
Total assets	<u>\$ 2,711,910</u>	<u>\$ 10,145,784</u>	<u>\$ 12,857,694</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 121,531	\$ 116,005	\$ 237,536
Accrued salaries	91,882	-	91,882
Current portion of long-term debt	12,508	13,769	26,277
Due to other governments	758,041	-	758,041
Compensated absences	<u>3,983</u>	<u>2,249</u>	<u>6,232</u>
Total current liabilities	987,945	132,023	1,119,968
<b>NON-CURRENT LIABILITIES:</b>			
Compensated absences	10,461	1,956	12,417
Customer deposits	-	7,979	7,979
Long-term debt, less current maturities	<u>80,632</u>	<u>207,885</u>	<u>288,517</u>
Total non-current liabilities	<u>91,093</u>	<u>217,820</u>	<u>308,913</u>
Total liabilities	1,079,038	349,843	1,428,881
<b>NET POSITION</b>			
Net investment in capital assets	2,215,799	9,616,572	11,832,371
Restricted for:			
Capital improvements	3,282	-	3,282
Special revenue funds	(30,567)	-	(30,567)
Unrestricted	<u>(555,642)</u>	<u>179,369</u>	<u>(376,273)</u>
Total net position	<u>1,632,872</u>	<u>9,795,941</u>	<u>11,428,813</u>
Total liabilities and net position	<u>\$ 2,711,910</u>	<u>\$ 10,145,784</u>	<u>\$ 12,857,694</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, 2013

FUNCTIONAL/PROGRAMS:	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 272,058	\$ 14,035	\$ 274,942	\$ 121,849	\$ 138,768	\$ -	\$ 138,768
Public safety	193,285	181,435	58,505	-	46,655	-	46,655
Public works	71,145	-	-	-	(71,145)	-	(71,145)
Culture and recreation	91,198	-	-	-	(91,198)	-	(91,198)
Health and welfare	-	-	-	-	-	-	-
Total governmental activities	<u>627,686</u>	<u>195,470</u>	<u>333,447</u>	<u>121,849</u>	<u>23,080</u>	<u>-</u>	<u>23,080</u>
Business-type activities:							
Land fill	94,054	186,024	-	-	-	91,970	91,970
Water and sewer	287,498	141,653	-	-	-	(145,845)	(145,845)
Total business-type activities	<u>381,552</u>	<u>327,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,875)</u>	<u>(53,875)</u>
Total primary government	<u>\$ 1,009,238</u>	<u>\$ 523,147</u>	<u>\$ 333,447</u>	<u>\$ 121,849</u>	<u>23,080</u>	<u>(53,875)</u>	<u>(30,795)</u>
General Revenues and Transfers:							
Taxes							
Property taxes					112,627		112,627
Motor vehicles taxes					12,049		12,049
Gasoline taxes					12,565		12,565
Cigarette taxes					-		-
Gross receipts taxes municipal					83,906		83,906
Gross receipts taxes environmental					5,228		5,228
Gross receipts taxes infrastructure					4,860	92,773	97,633
Lodgers tax					3,253		3,253
Franchise taxes					8,266		8,266
Joint power agreement					55,839		55,839
Miscellaneous					(10,553)	2	(10,551)
Total general revenues and transfers					<u>288,040</u>	<u>92,775</u>	<u>380,815</u>
Changes in net position					311,120	38,900	350,020
Net position, beginning of year					1,321,752	9,757,041	11,078,793
Net position, end of year					<u>\$ 1,632,872</u>	<u>\$ 9,795,941</u>	<u>\$ 11,428,813</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, 2013

	General Fund	Fire Fund	Correction Fund	EMS Ambulance	Grants	Total Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 241,258	\$ -	\$ 5,544	\$ 71,792	\$ -	\$ 35,343	\$ 353,937
Taxes receivable	19,543	-	-	-	-	760	20,303
Other receivables	1	-	-	240	-	1,332	1,573
Due from other governments	-	27,158	-	-	-	-	27,158
Total assets	\$ 260,802	\$ 27,158	\$ 5,544	\$ 72,032	\$ -	\$ 37,435	\$ 402,971
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	\$ 60,662	\$ (152)	\$ -	\$ (7,908)	\$ -	\$ 68,929	\$ 121,531
Accrued salaries	91,882	-	-	-	-	-	91,882
Due to other funds	-	-	-	65,733	-	130	65,863
Due to other governments	724,105	8,974	-	-	-	33,748	766,827
Total liabilities	876,649	8,822	-	57,825	-	102,807	1,046,103
Fund balances:							
Restricted for capital projects funds	-	-	-	-	-	3,282	3,282
Restricted for special revenue funds	-	18,336	5,544	14,207	-	(68,654)	(30,567)
Unassigned	(615,847)	-	-	-	-	-	(615,847)
Total fund balances	(615,847)	18,336	5,544	14,207	-	(65,372)	(643,132)
Total liabilities and fund balances	\$ 260,802	\$ 27,158	\$ 5,544	\$ 72,032	\$ -	\$ 37,435	\$ 402,971

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 POSITION  
JUNE 30, 2013

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**Total fund balances - governmental funds** \$ (643,132)

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

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

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	2,240	
Compensated absences	<u>(73)</u>	2,167

Interfund receivables and payables are excluded from government-wide  
financial statements, except for the net residual amounts due between  
governmental activities and business-type activities.

(35,102)

**Total net position - governmental activities**

**\$ 1,632,872**

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, 2013

	General Fund	Fire Fund	Correction Fund	EMS Ambulance	Grants	Total Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>							
Motor vehicle registration	\$ 12,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,049
Gross receipts tax municipal	83,906	-	-	-	-	-	83,906
Gross receipts tax environmental	-	-	-	-	-	5,228	5,228
Gross receipts tax infrastructure	391	-	-	-	-	4,469	4,860
Property taxes	112,627	-	-	-	-	-	112,627
Franchise taxes	8,266	-	-	-	-	-	8,266
Gasoline tax	-	-	-	-	-	12,565	12,565
Lodger's tax	-	-	-	-	-	3,253	3,253
Small cities assistance	175,692	-	-	-	-	-	175,692
Charges for services	12,129	-	5,544	175,891	-	1,906	195,470
Joint power agreement	-	27,086	-	18,750	-	10,003	55,839
State allocation	13,800	58,505	-	-	-	42,400	114,705
State grants	3,050	-	-	-	-	40,000	43,050
Miscellaneous	(11,027)	474	-	-	-	-	(10,553)
<b>Total revenues</b>	410,883	86,065	5,544	194,641	-	119,824	816,957
<b>EXPENDITURES</b>							
Current:							
General government	262,301	-	-	-	-	5,139	267,440
Public safety	1,500	57,929	-	114,941	-	18,915	193,285
Public works	36,677	-	-	-	-	34,468	71,145
Culture and recreation	78,591	-	-	-	-	12,607	91,198
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	4,618	4,618
<b>Total expenditures</b>	379,069	57,929	-	114,941	-	75,747	627,686
Excess (deficiency) of revenues over expenditures	31,814	28,136	5,544	79,700	-	44,077	189,271

STATE OF NEW MEXICO  
 VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 GOVERNMENTAL FUNDS - CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Fire Fund	Correction Fund	EMS Ambulance	Grants	Total Non-Major Funds	Total Governmental Funds
Net change in fund balance	31,814	28,136	5,544	79,700	-	44,077	189,271
Fund balance at beginning of year	(647,661)	(9,800)	-	(65,493)	-	(109,449)	(832,403)
Fund balance at end of year	\$ (615,847)	\$ 18,336	\$ 5,544	\$ 14,207	\$ -	\$ (65,372)	\$ (643,132)

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, 2013**

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**Net change in fund balances - total governmental funds** \$ 189,271

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

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 12,098

Interfund receivables and payables are excluded from government-wide financial statements, except for the net residual amounts due between governmental activities and business-type activities. 109,751

Change in net position of governmental activities \$ 311,120

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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Franchise taxes	\$ -	\$ -	\$ 8,266	\$ 8,266
Gross receipts taxes-municipal	-	-	83,906	83,906
Property taxes	-	-	112,627	112,627
Gas tax	-	-	-	-
Motor vehicle registration	-	-	12,049	12,049
Charges for services	-	-	12,129	12,129
Gross receipts tax - infrastructure	-	-	391	391
Small cities assistance	-	-	175,692	175,692
State grants	-	-	16,850	16,850
Miscellaneous	-	-	(10,980)	(10,980)
Total revenues	-	-	410,930	410,930
<b>EXPENDITURES:</b>				
Current				
General government	-	-	262,348	(262,348)
Public safety	-	-	1,500	(1,500)
Public works	-	-	36,677	(36,677)
Culture and recreation	-	-	78,591	(78,591)
Total expenditures	-	-	379,116	(379,116)
Excess (deficiency) of revenues over expenditures	-	-	31,814	31,814
Net changes in fund balance Non-GAAP basis	-	-	31,814	31,814
Fund balance - beginning	-	-	(647,661)	(647,661)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (615,847)</u>	<u>\$ (615,847)</u>
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ 31,814	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			<u>\$ 31,814</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  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
SPECIAL REVENUE FUND - FIRE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Joint Power Agreement	\$ -	\$ -	\$ 27,086	\$ 27,086
State Allotment	-	-	58,505	58,505
Miscellaneous	-	-	474	474
Total revenues	-	-	86,065	86,065
<b>EXPENDITURES:</b>				
Current				
Public Safety	-	-	57,929	(57,929)
Total expenditures	-	-	57,929	(57,929)
Excess (deficiency) of revenues over expenditures	-	-	28,136	28,136
Net changes in fund balance Non-GAAP basis	-	-	28,136	28,136
Fund balance - beginning	-	-	(9,800)	(9,800)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,336</u>	<u>\$ 18,336</u>
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ 28,136	
Revenue accrual			-	
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 28,136</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 - CORRECTIONS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Correction fees	\$ -	\$ -	\$ 5,544	\$ 5,544
Total revenues	-	-	5,544	5,544
<b>EXPENDITURES:</b>				
<b>Current</b>				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	5,544	5,544
Net changes in fund balance Non-GAAP basis	-	-	5,544	5,544
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ 5,544	\$ 5,544
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ 5,544	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ 5,544	

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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Joint powers agreements	\$ -	\$ -	\$ 18,750	\$ 18,750
Charges for services	<u>-</u>	<u>-</u>	<u>175,891</u>	<u>175,891</u>
Total revenues	-	-	194,641	194,641
<b>EXPENDITURES:</b>				
Current				
Public safety	<u>-</u>	<u>-</u>	<u>114,941</u>	<u>(114,941)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>114,941</u>	<u>(114,941)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>79,700</u>	<u>79,700</u>
Net changes in fund balance Non-GAAP basis	-	-	79,700	79,700
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>(65,493)</u>	<u>(65,493)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,207</u>	<u>\$ 14,207</u>
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ 79,700	
Revenue accrual			-	
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ 79,700</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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>EXPENDITURES:</b>				
Current				
General Government	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance Non-GAAP basis	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ -	
Revenue accrual			-	
Expenditure accrual			<u>-</u>	
Excess of revenues over expenditures - GAAP basis			<u>\$ -</u>	

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

**PROPRIETARY FUND**

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - JOINT UTILITIES  
JUNE 30, 2013**

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**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 164,117
Accounts receivable	92,659
Due from other governments	<u>50,782</u>

Total current assets 307,558

**NON-CURRENT ASSETS:**

Capital assets	14,835,174
Less accumulated depreciation	<u>(4,996,948)</u>

Total non-current assets 9,838,226

Total assets \$ 10,145,784

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES:**

Accounts payable	\$ 116,005
Current portion of long term debt	13,769
Compensated absences	<u>2,249</u>

Total current liabilities 132,023

**NON-CURRENT LIABILITIES::**

Customer deposits	7,979
Compensated absences	1,956
Long term debt, less current maturities	<u>207,885</u>

Total non-current liabilities 217,820

Total liabilities 349,843

**NET POSITION**

Net investment in capital assets	9,616,572
Unrestricted	<u>179,369</u>

Total net position 9,795,941

Total liabilities and net position \$ 10,145,784

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

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS - JOINT UTILITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

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**OPERATING REVENUES**

Charges for services	\$	327,677
Gross receipts tax municipal		92,773
Miscellaneous		<u>2</u>

Total operating revenues 420,452

**OPERATING EXPENSES**

Personnel services		142,079
Other operating expenses		<u>239,473</u>

Total operating expenses 381,552

Change in net position 38,900

Net position, beginning of year 9,757,041

Net position, end of year \$ 9,795,941

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, 2013**

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**Cash flows from operating activities:**

Cash received from agencies and customers	\$ 468,916
Cash used for goods and services	(126,347)
Cash used for salaries and operating expenses	<u>(164,694)</u>

Net cash provided by operating activities 177,875

**Cash flows from capital activities and related financing activities:**

Principal payments on debt	<u>(13,758)</u>
----------------------------	-----------------

Net cash used in investing activities (13,758)

Net increase in cash and cash equivalents 164,117

Cash and cash equivalents - beginning -

Cash and cash equivalents - ending \$ 164,117

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

Operating income \$ 38,900

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

Changes in net position and liabilities:

Accounts receivables	60,974
Accounts payable	113,102
Accrued expenses and other liabilities	<u>(35,101)</u>

Net cash provided by operating activities \$ 177,875

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

**FIDUCIARY FUNDS**

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**FIDUCIARY FUNDS LISTING  
JUNE 30, 2013**

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**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 POSITION  
JUNE 30, 2013**

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	<b>Private-Purpose Trust Fund</b>	<b>Municipal Court</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 3,709	\$ -	\$ 3,709
Total assets	<u>3,709</u>	<u>-</u>	<u>3,709</u>
<b>NET POSITION</b>			
Held in trust for private purpose	<u>3,709</u>	<u>-</u>	<u>3,709</u>
Total net position	<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 POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

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	<b>Private-Purpose Trust Fund</b>
Change in net position	\$ -
Net position, beginning of year	<u>3,709</u>
Net position, 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, 2013**

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**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 position and the statement of activities and changes in net position) 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:

**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 Position 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 position. The face amount of debt issued is reported as other financing sources.

7. **Net Position:**

The government-wide and business-type activities fund financial statements utilize a net position 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 position that are associated with capital assets less outstanding capital asset related debt.

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

*Unrestricted net position* - 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 any of the governmental or proprietary funds in fiscal year June 30, 2013.

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, 2013 is presented.

### *Implementation of New Accounting Standards*

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 65 Items Previously Reported as Assets and Liabilities, 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 financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. 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 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>(504,378)</u>
 Total Cash and Investments, Primary Government	 <u>\$ 255,622</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, 2013, \$5,622 of the Village's bank balance of \$518,054 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ (504,378)
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>\$ 5,622</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, 2013, consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts receivable	\$ -	\$ 92,659	\$ 92,659
Other receivables-citations	1,573	-	1,573
Taxes receivable	20,303	-	20,303
Due from other governments	<u>27,158</u>	<u>-</u>	<u>27,158</u>
 Net receivables	 <u>\$ 49,034</u>	 <u>\$ 92,659</u>	 <u>\$ 141,693</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, 2013, 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</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Government activities</b>					
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, 2013 was charged as follows:

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

Depreciation expense relating to Government Activities for the year-ended June 30, 2013 totaled \$0. The Village did not calculate and record depreciation expense.

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

	<b>Balance June 30, 2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance June 30, 2013</b>
<b>Business-type activities</b>					
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>(1)</u>	<u>-</u>	<u>109,744</u>
Total	<u>14,835,174</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>14,835,173</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>\$ (1)</u>	<u>\$ -</u>	<u>\$ 9,838,226</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2013 totaled \$0. The Village did not calculate and record depreciation expense.

## 6. LONG TERM DEBT

During the year-end June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net position:

<b>Governmental Funds</b>	<b>Balance June 30, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2013</b>	<b>Due Within One Year</b>
New Mexico Finance Authority	\$ 13,659	\$ -	\$ 4,584	\$ 9,075	\$ 4,584
New Mexico Finance Authority	91,579	-	7,514	84,065	7,924
Compensated absences	<u>14,444</u>	<u>-</u>	<u>-</u>	<u>14,444</u>	<u>3,983</u>
Total	<u>\$ 119,682</u>	<u>\$ -</u>	<u>\$ 12,098</u>	<u>\$ 107,584</u>	<u>\$ 16,491</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:

<b>June 30:</b>	<b>Principal</b>
2014	\$ 4,584
2015	<u>4,491</u>
	<u>\$ 9,075</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 May 2021. The payment amounts are as follows:

<u>June 30:</u>	<u>Principal</u>
2014	\$ 7,924
2015	8,358
2016	8,815
2017	9,998
2018 - 2021	<u>48,970</u>
	<u>\$ 84,065</u>

<b>Proprietary Fund</b>	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>June 30, 2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2013</b>	<b>One Year</b>
New Mexico Finance Authority	\$ 76,360	\$ -	\$ 4,402	\$ 71,958	\$ 4,413
New Mexico Finance Authority	159,052	-	9,356	149,696	9,356
Compensated absences	<u>4,204</u>	<u>-</u>	<u>-</u>	<u>4,204</u>	<u>2,249</u>
Total	<u>\$ 239,616</u>	<u>\$ -</u>	<u>\$ 13,758</u>	<u>\$ 225,858</u>	<u>\$ 16,018</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:

<u>June 30:</u>	<u>Principal</u>
2014	\$ 4,413
2015	4,425
2016	4,425
2017	4,425
2018 - 2021	17,700
2022 - 2025	22,125
2027 - 2029	<u>14,445</u>
	<u>\$ 71,958</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:

<u>June 30:</u>	<u>Principal</u>
2014	\$ 9,356
2015	9,356
2016	9,356
2017 - 2021	37,424
2022 - 2026	46,780
2027 - 2029	<u>37,424</u>
	<u>\$ 149,696</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 Website 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, 2013 and 2012 were \$36,320 and \$36,320, 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, 2013.

**10. DEFICIT FUND BALANCE**

The following funds had deficit fund balances as of June 30, 2013:

General Fund	\$	615,847
Fire		-
Recreation		13,243
Library		33,748
Cemetery		-
Gasoline Tax		53,050
Community Center		161
EMS Ambulance		-
Capital Projects Combined		32,100

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, 2013.

**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, 2013.

**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 \$1,008,838 as follows:

<b>Fund</b>	<b>Reason</b>	<b>Budget Expenses</b>	<b>Actual Expenses</b>	<b>Difference</b>
General	Operating expenses	\$ -	\$ 379,069	\$ 379,069
Fire	Operating expenses	-	57,929	57,929
Law enforcement protection	Operating expenses	-	18,915	18,915
EMS	Operating expenses	-	114,941	114,941
Capital Projects Combined	Grant	-	4,618	4,618
Gasoline	Grant	-	34,468	34,468
Environmental GRT	Grant	-	5,139	5,139
Recreation	Capital outlay	-	12,607	12,607
Joint Utilities	Operating expenses	-	381,152	381,152
Totals		<u>\$ -</u>	<u>\$ 1,008,838</u>	<u>\$ 1,008,838</u>

**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.

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL TYPES  
JUNE 30, 2013**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,061	\$ 3,282	\$ 35,343
Other receivable	760	-	760
Due from other funds	1,332	-	1,332
	<u>34,153</u>	<u>3,282</u>	<u>37,435</u>
Total assets	<u>\$ 34,153</u>	<u>\$ 3,282</u>	<u>\$ 37,435</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 68,929	\$ -	\$ 68,929
Due to other funds	130	-	130
Due to other governments	33,748	-	33,748
	<u>102,807</u>	<u>-</u>	<u>102,807</u>
Total liabilities	102,807	-	102,807
Fund balance:			
Restricted for capital projects funds	-	3,282	3,282
Restricted for special revenue funds	(68,654)	-	(68,654)
	<u>(68,654)</u>	<u>3,282</u>	<u>(65,372)</u>
Total fund balance	<u>(68,654)</u>	<u>3,282</u>	<u>(65,372)</u>
Total liabilities and fund balances	<u>\$ 34,153</u>	<u>\$ 3,282</u>	<u>\$ 37,435</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, 2013**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total</b>
<b>REVENUES</b>			
Gross receipts tax environmental	\$ 5,228	\$ -	\$ 5,228
Gross receipts tax infrastructure	4,469	-	4,469
Gasoline tax municipal	12,565	-	12,565
Lodger's tax	3,253	-	3,253
Charges for services	1,906	-	1,906
Joint power agreements	10,003	-	10,003
State allocation	42,400	-	42,400
State grants	-	40,000	40,000
	<u>79,824</u>	<u>40,000</u>	<u>119,824</u>
Total revenues	79,824	40,000	119,824
<b>EXPENDITURES</b>			
Current:			
General government	5,139	-	5,139
Public safety	18,915	-	18,915
Public works	34,468	-	34,468
Culture and recreation	12,607	-	12,607
Health and welfare	-	-	-
Capital outlay	-	4,618	4,618
	<u>71,129</u>	<u>4,618</u>	<u>75,747</u>
Total expenditures	71,129	4,618	75,747
Excess (deficiency) of revenues over (under) expenditures	<u>8,695</u>	<u>35,382</u>	<u>44,077</u>
Net change in fund balance	8,695	35,382	44,077
Fund balance beginning of year	<u>(77,349)</u>	<u>(32,100)</u>	<u>(109,449)</u>
Fund balance end of year	<u>\$ (68,654)</u>	<u>\$ 3,282</u>	<u>\$ (65,372)</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, 2013

	Recreation	Library	Lodger's Tax	Cemetery	Law Enforcemen t Protection	Gasoline Tax	Environment al GRT	Infrastructur e GRT	Community Center	Total
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	\$ -	\$ 5,601	\$ 500	\$ 25,960	\$ -	\$ -	\$ -	\$ -	\$ 32,061
Taxes receivables	-	-	-	-	-	-	760	-	-	760
Other receivables	-	-	-	-	-	-	-	1,332	-	1,332
Total assets	\$ -	\$ -	\$ 5,601	\$ 500	\$ 25,960	\$ -	\$ 760	\$ 1,332	\$ -	\$ 34,153
<b>LIABILITIES AND FUND BALANCE</b>										
Liabilities										
Accounts payable	\$ 13,243	\$ -	\$ -	\$ -	\$ 2,475	\$ 53,050	\$ -	\$ -	\$ 161	\$ 68,929
Accrued salaries	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	130	-	-	-	-	-	130
Due to other governments	-	33,748	-	-	-	-	-	-	-	33,748
Total liabilities	13,243	33,748	-	130	2,475	53,050	-	-	161	102,807
Fund balance										
Restricted for special revenue funds	(13,243)	(33,748)	5,601	370	23,485	(53,050)	760	1,332	(161)	(68,654)
Total fund balance	(13,243)	(33,748)	5,601	370	23,485	(53,050)	760	1,332	(161)	(68,654)
Total liabilities and fund balance	\$ -	\$ -	\$ 5,601	\$ 500	\$ 25,960	\$ -	\$ 760	\$ 1,332	\$ -	\$ 34,153

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, 2013

	Recreation	Library	Lodger's Tax	Cemetery	Law Enforcement Protection	Gasoline Tax	Environmental GRT	Infrastructure GRT	Community Center	Total
<b>REVENUES</b>										
Gas tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,469	\$ -	\$ -	\$ -	\$ 4,469
Gross receipts tax environmental	-	-	-	-	-	-	5,228	-	-	5,228
Gasoline tax municipal	-	-	-	-	-	12,565	-	-	-	12,565
Lodger's tax	-	-	3,253	-	-	-	-	-	-	3,253
Charges for services	1,406	-	-	500	-	-	-	-	-	1,906
Joint power agreement	10,003	-	-	-	-	-	-	-	-	10,003
State allocation	-	-	-	-	42,400	-	-	-	-	42,400
Total revenues	11,409	-	3,253	500	42,400	17,034	5,228	-	-	79,824
<b>EXPENDITURES</b>										
Current:										
General government	-	-	-	-	-	-	5,139	-	-	5,139
Public safety	-	-	-	-	18,915	-	-	-	-	18,915
Public works	-	-	-	-	-	34,468	-	-	-	34,468
Culture and recreation	12,607	-	-	-	-	-	-	-	-	12,607
Total expenditures	12,607	-	-	-	18,915	34,468	5,139	-	-	71,129
Excess (deficiency) of revenues over (under) expenditures	(1,198)	-	3,253	500	23,485	(17,434)	89	-	-	8,695
Net change in fund balance	(1,198)	-	3,253	500	23,485	(17,434)	89	-	-	8,695
Fund balance, beginning of year	(12,045)	(33,748)	2,348	(130)	-	(35,616)	671	1,332	(161)	(77,349)
Fund balance, end of year	\$ (13,243)	\$ (33,748)	\$ 5,601	\$ 370	\$ 23,485	\$ (53,050)	\$ 760	\$ 1,332	\$ (161)	\$ (68,654)

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Joint powers agreements	\$ -	\$ -	\$ 10,003	\$ 10,003
Charges for services	-	-	1,406	1,406
Total revenues	-	-	11,409	11,409
<b>EXPENDITURES:</b>				
Current				
Cultural and recreation	-	-	12,607	(12,607)
Total expenditures	-	-	12,607	(12,607)
Excess (deficiency) of revenues over expenditures	-	-	(1,198)	(1,198)
Net changes in fund balance Non-GAAP basis	-	-	(1,198)	(1,198)
Fund balance - beginning	-	-	(12,045)	(12,045)
Fund balance - ending	\$ -	\$ -	\$ (13,243)	\$ (13,243)
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ (1,198)	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (1,198)	

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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
<b>Current</b>				
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)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,748)</u>	<u>\$ (33,748)</u>
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ -	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			<u>\$ -</u>	

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



STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
NON-MAJOR SPECIAL REVENUE FUND - LODGER'S TAX  
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Lodger's tax	\$ -	\$ -	\$ 3,253	\$ 3,253
Total revenues	-	-	3,253	3,253
<b>EXPENDITURES:</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	3,253	3,253
Net changes in fund balance Non-GAAP basis	-	-	3,253	3,253
Fund balance - beginning	-	-	2,348	2,348
Fund balance - ending	\$ -	\$ -	\$ 5,601	\$ 5,601
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ 3,253	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ 3,253	

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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 500	\$ 500
Total revenues	-	-	500	500
<b>EXPENDITURES:</b>				
Current				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	500	500
Net changes in fund balance Non-GAAP basis	-	-	500	500
Fund balance - beginning	-	-	(130)	(130)
Fund balance - ending	\$ -	\$ -	\$ 370	\$ 370
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			500	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ 500	

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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
State allocation	\$ -	\$ -	\$ 42,400	\$ 42,400
Total revenues	-	-	42,400	42,400
<b>EXPENDITURES:</b>				
Current				
Public safety	-	-	18,915	(18,915)
Total expenditures	-	-	18,915	(18,915)
Excess (deficiency) of revenues over expenditures	-	-	23,485	23,485
Net changes in fund balance Non-GAAP basis	-	-	23,485	23,485
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ 23,485	\$ 23,485
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ 23,485	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ 23,485	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Gasoline tax municipal	\$ -	\$ -	\$ 17,034	\$ 17,034
Total revenues	-	-	17,034	17,034
<b>EXPENDITURES:</b>				
Current				
Public works	-	-	34,468	(34,468)
Total expenditures	-	-	34,468	(34,468)
Excess (deficiency) of revenues over expenditures	-	-	(17,434)	(17,434)
Net changes in fund balance Non-GAAP basis	-	-	(17,434)	(17,434)
Fund balance - beginning	-	-	(35,616)	(35,616)
Fund balance - ending	\$ -	\$ -	\$ (53,050)	\$ (53,050)
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ (17,434)	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ (17,434)	

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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Gross receipts tax environmental	\$ -	\$ -	\$ 5,228	\$ 5,228
Total revenues	-	-	5,228	5,228
<b>EXPENDITURES:</b>				
Current				
Public works	-	-	5,139	(5,139)
Total expenditures	-	-	5,139	(5,139)
Excess (deficiency) of revenues over expenditures	-	-	89	89
<b>OTHER FINANCING SOURCES (USES)</b>				
Net changes in fund balance Non-GAAP basis	-	-	89	89
Fund balance - beginning	-	-	671	671
Fund balance - ending	\$ -	\$ -	\$ 760	\$ 760
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ 89	
Revenue accrual			-	
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ 89	

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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Gross receipts tax infrastructure	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
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
Fund balance - ending	\$ -	\$ -	\$ 1,332	\$ 1,332
<b>Reconciliation in fund balance - budgetary basis</b>				
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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES:</b>				
<b>Current</b>				
Cultural and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net changes in fund balance Non-GAAP basis	-	-	-	-
Fund balance - beginning	-	-	(161)	(161)
Fund balance - ending	\$ -	\$ -	\$ (161)	\$ (161)
<b>Reconciliation in fund balance - budgetary basis</b>				
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, 2013**

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	<b>Capital Projects Combined</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>3,282</u>
Total assets	\$ <u>3,282</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Due to other governments	<u>-</u>
Total liabilities	-
Fund balance	
Restricted for capital projects	<u>3,282</u>
Total liabilities and fund balance	\$ <u>3,282</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  
CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

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	<b>Capital Projects Combined</b>
State grants	<u>\$ 40,000</u>
Total revenues	40,000
<b>EXPENDITURES</b>	
Capital outlay	<u>\$ 4,618</u>
Total expenditures	<u>4,618</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,382</u>
Net change in fund balance	35,382
Fund balance, beginning of year	<u>(32,100)</u>
Fund balance, end of year	<u>\$ 3,282</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 - COMBINED  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
State grants	\$ -	\$ -	\$ 40,000	\$ 40,000
Total revenues	-	-	40,000	40,000
<b>EXPENDITURES:</b>				
Current				
Capital outlay	\$ -	\$ -	\$ 4,618	\$ (4,618)
Total expenditures	-	-	4,618	(4,618)
Excess (deficiency) of revenues over expenditures	-	-	35,382	44,618
Net changes in fund balance Non-GAAP basis	-	-	35,382	44,618
Fund balance - beginning	-	-	(32,100)	(32,100)
Fund balance - ending	\$ -	\$ -	\$ 3,282	\$ 76,718
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ 35,382	
Revenue accrual				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ 35,382	

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, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Water and Sewer:				
Utilities services	\$ -	\$ -	\$ 327,677	\$ 327,677
Gross receipts taxes	-	-	92,773	92,773
Miscellaneous	-	-	2	2
Total revenue	-	-	420,452	420,452
<b>EXPENDITURES:</b>				
Water and Sewer:				
Personnel	-	-	142,079	(142,079)
Operating expenses	-	-	239,473	(239,473)
Total expenditures	-	-	381,552	(381,552)
Excess (deficiency) of revenues over expenditures	-	-	38,900	38,900
Net changes in fund balance Non-GAAP basis	-	-	38,900	38,900
Fund balance - beginning	-	-	9,757,041	9,757,041
Fund balance - ending	\$ -	\$ -	\$ 9,795,941	\$ 9,795,941
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ 38,900	
Depreciation expense				
Expenditure accrual			-	
Excess of revenues over expenditures - GAAP basis			\$ 38,900	

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

**OTHER SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**SCHEDULE OF DEPOSITORIES  
JUNE 30, 2013**

	<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	\$ 241,258	\$ -	\$ -	\$ 241,258
Lodgers Tax	CD	5,601	-	-	5,601
Corrections	CK	5,544	-	-	5,544
EMS	CD	71,792	-	-	71,792
Cemetery	CK	500	-	-	500
Capital Projects	CK	<u>3,282</u>	-	-	<u>3,282</u>
Water	CK	164,117	-	-	164,117
Law Enf Protection	CK	25,960	-	-	25,960
 Total		 <u>\$ 518,054</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 518,054</u>
Reconciliation:					
Government-Wide Cash					\$ 518,054
Fiduciary Funds					<u>3,709</u>
 Total					 <u>\$ 521,763</u>

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

	<b>1st New Mexico Bank</b>
Amount held in bank June 30, 2013	\$ 518,054
Less FDIC Insurance	<u>250,000</u>
Uninsured Public Funds	<u>268,054</u>
50% Collateral Requirements (Section 6-10-17 NMSA-1978)	(134,027)
Pledged Securities	<u>510,000</u>
Over (Under) Collateralized	<u>\$ 375,973</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, 2013**

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<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>	

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



**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**JOINT POWERS AGREEMENTS  
JUNE 30, 2013**

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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**

**INDEPENDENT AUDITORS' REPORT**

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

We were engaged to audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of Village of Columbus, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Village of Columbus' basic financial statements, and the combining and individual funds and related budgetary comparisons of Village of Columbus presented as supplemental information, and have issued our report thereon dated September 23, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Columbus' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Columbus' internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Columbus' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. (07-02, 09-01, 10-09, 11-02, 11-10,

11-13 and 11-15)

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. (05-02, 05-04, 10-01, 10-02, 10-03, 10-04, 10-05, 10-06, 10-07, 10-08, 11-01, 11-03, 11-05, 11-06, 11-11, 11-12, 11-14, 11-16, 12-01, and 13-01)

### **Compliance and Other Matters**

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

### **Village of Columbus' Response to Findings**

The Village's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The Village's response was not subjected to auditing procedures and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*White & Samaniego & Campbell, LLP*

El Paso, Texas  
September 23, 2014

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013**

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**Section I - 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	Resolved
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 State Awards	Repeated
10-05	Lack of Supporting Documentation for Disbursements	Repeated
10-06	Payroll Documentation	Repeated
10-07	Recording Direct Pay Grant Activities	Repeated
10-08	Per Diem	Repeated
10-09	Bank Reconciliation	Repeated
11-01	Auditors Prepared Financial Statements	Repeated
11-02	Information Technology	Repeated
11-03	Citation Receivables	Repeated
11-04	Policy and Procedures on Compensated Absences	Resolved
11-05	Compensated Absences	Repeated
11-06	Audit Adjustments	Repeated
11-07	Payroll Policies and Procedures	Resolved
11-08	Internal Controls	Resolved

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2013

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**Section II - Financial Statements Findings**

PRIOR YEAR FINDINGS (CONTINUED)

11-09 Per Diem	Resolved
11-10 Journal Entries	Repeated
11-11 Repair and Maintenance-Capital Assets	Repeated
11-12 Preparation of Financial Statements and Timeliness	Repeated
11-13 Unrecorded Revenue and Expense	Repeated
11-14 Interest Expense	Repeated
11-15 Invoices	Repeated
11-16 Cash by Fund	Repeated
12-01 Failure to Prepare Budget	Repeated

CURRENT YEAR FINDINGS

13-01 Failure to File Quarterly Payroll Tax Returns Timely

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2013

**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, 2013, the Village remitted payments for goods and services in excess of the adopted budget as follows:

<b>Fund</b>	<b>Reason</b>	<b>Budget Expenses</b>	<b>Actual Expenses</b>	<b>Difference</b>
General	Operating expenses	\$ -	\$ 379,069	\$ 379,069
Fire	Operating expenses	-	57,929	57,929
Law enforcement protection	Operating expenses	-	18,915	18,915
EMS	Operating expenses	-	114,941	114,941
Capital Projects Combined	Grant	-	4,618	4,618
Gasoline	Grant	-	34,468	34,468
Environmental GRT	Grant	-	5,139	5,139
Recreation	Capital outlay	-	12,607	12,607
Joint Utilities	Operating expenses	-	381,152	381,152
Totals		<u>\$ -</u>	<u>\$ 1,008,838</u>	<u>\$ 1,008,838</u>

**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 hired a new Treasurer in April 2014. Beginning in FY2015, the Treasurer has begun reviewing budgeted amounts before purchase is authorized. Additionally, the Treasurer prepares financial statements monthly; compares expenses with budgeted amounts and reports her findings to all department heads. Finally, the Treasurer is prepared to submit proper documentation to the State in the event excessive expenditure is required.

## **Late Audit Report ( 05-04) - Significant Deficiency**

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<b>CONDITION</b>	The required submission date of the audit report for the fiscal year ended June 30, 2013 to the New Mexico State Auditor was December 1, 2013. The June 30, 2013 audited financial statements were submitted in September 2014.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	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.
<b>EFFECT</b>	Delays in the submission of the audit reports affecting the reporting of financial information to other state agencies and governments.
<b>RECOMMENDATION</b>	The Village should work in conjunction with the auditors to ensure that the audit is submitted timely.
<b>RESPONSE</b>	The Village has worked diligently to ensure audits are being conducted in a timely manner. While FY2013 audit was filed with the New Mexico State Auditor's office past the deadline, FY2014 audit is scheduled to be conducted and submitted to the State within the time frame allowed.



## **Failure to Apply GAAP (07-02) - Material Weakness**

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<b>CONDITION</b>	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.
<b>CRITERIA</b>	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).
<b>CAUSE</b>	Key employees were not trained to be able to apply GAAP principles in recording the preparing the Village's financial statements.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	We suggest that management ensure that all employees receive training in applying generally accepted accounting principles when recording daily transactions.
<b>RESPONSE</b>	The Village of Columbus hired a new Treasurer in April 2014 who is familiar with GAAP and has begun applying aforementioned principles daily. The Treasurer has conducted training sessions with other staff members who are involved in recording financial transactions to ensure accuracy.

**Failure to Provide Information (09-01) - Material Weakness**

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<b>CONDITION</b>	General ledger detail and subsidiary ledgers of numerous accounts were unable to be generated and provided to the auditors.
<b>CRITERIA</b>	Detailed information is required to be provided to the auditors in order to test the detail and accuracy of information.
<b>CAUSE</b>	The Village experienced a large amount of turnover while the fiscal year 2013 audit was being performed.
<b>EFFECT</b>	Certain accounts and transactions were not able to be audited.
<b>RECOMMENDATION</b>	We recommend that the Village develop procedures for accounting and filing of all Village transactions, as well as cross train employees on these duties.
<b>RESPONSE</b>	Presently procedures are being developed for accounting to ensure Village transactions are prepared correctly. Village personnel have also undergone a significant amount of training with Caselle (accounting software company) to make certain that the software is being used to its full potential. Village employees are being cross trained at this time.

## **Accounting for Grants (10-01) - Significant Deficiency**

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<b>CONDITION</b>	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.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	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.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	Presently the Village of Columbus has not received any grants. When grants are received in the future, the Village will place the money in a separate bank account. Furthermore, the Village will record the grant and all expenses tied to said grant using account numbers specific to each particular grant. Reconciliation will be performed monthly to ensure accurate recording and reporting.

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

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<b>CONDITION</b>	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.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	Separation of duties over cash receipts and disbursements is difficult to achieve in a small office environment.
<b>EFFECT</b>	Theft or defalcation could occur and remain undetected when proper controls are not in place over cash receipts and disbursements.
<b>RECOMMENDATION</b>	<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>
<b>RESPONSE</b>	Because Village staff consists of so few people, various accounting functions were not separated during FY 2013. Current Administration is in the process of developing policies and procedures to ensure separation of duties. The Mayor reviews and approves transactions prepared by the Treasurer. The Treasurer approves transactions prepared by Utility Clerk and Clerk. The Clerk processes new employees; the Treasurer enters their information into the system. Because of our limited staff, it continues to 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 does not prepare personally.

**Capital Assets (10-03) - Significant Deficiency**

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<b>CONDITION</b>	An inventory of capital assets was not performed during fiscal year 2013. 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.
<b>CRITERIA</b>	GASB 34 requires movements to report general infrastructure assets in the Statement of Net Position. 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.
<b>CAUSE</b>	The Village has not had the time and resources to update their fixed assets records.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	The Village of Columbus did not have an inventory of capital assets performed in FY 2013 nor was a cost for this service included in the current budget. However, the Village included cost for this in its ICIP plan and is prepared to follow up with Office of the State Auditor for names of companies that perform this type service.

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

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<b>CONDITION</b>	While performing the audit and reviewing the grant activity for the year ended June 30, 2013, 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.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	The process for capturing federal awards and contributed federal funds has gradually relaxed over time and it is no longer fully effective.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	Presently the Village of Columbus has not received any grants. When grants are received in the future, the Village will place the money in a separate bank account. Before any expenses are made using grant monies, Finance office will make certain the money is being used in compliance with laws and regulations of the grant. Furthermore, the Village will record the grant money received and all expenses tied to said grant using account numbers specific to each particular grant. Reconciliation will be performed monthly to ensure accurate recording and reporting. The reconciliation page will include CFDA numbers when applicable.

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

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<b>CONDITION</b>	During audit test work of cash disbursements supporting documentation, such as invoice, could not be provided. 25 disbursements were requested totaling \$45,213.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	The Village does not have sufficient internal controls in place to ensure all disbursements are supported by adequate documentation..
<b>EFFECT</b>	Lack of adequate documentation of disbursements increases the risk of preventing or detecting errors or irregularities on a timely basis.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	Procedures are being established and accounting personnel are being trained to ensure all disbursements have the proper, signed documentation attached to include: requisition for purchase order, purchase order, packing slip, invoice (marked paid and referencing the check number) and check stub. Additionally, Treasurer reviews all transactions before they are filed in A/P files. Personnel have been instructed on the importance of carefully storing paperwork in the proper folders/files.

## **Payroll Documentation (10-06) - Significant Deficiency**

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<b>CONDITION</b>	<p>During our test work of payroll, it was noted that the Village was unable to locate various required payroll forms (i.e. I-9, W-4, authorized deductions) for 6 of the 6 employees selected.</p> <p>The Village was unable to locate an I-9 for 3 of the 6 employees selected for payroll testwork.</p>
<b>CRITERIA</b>	<p>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."</p>
<b>CAUSE</b>	<p>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.</p>
<b>EFFECT</b>	<p>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.</p>
<b>RECOMMENDATION</b>	<p>We recommend that the Village implement a process to ensure that supporting documentation for all employee and payroll is retained and readily available.</p>
<b>RESPONSE</b>	<p>Payroll documentation will be retained and kept readily available according to State and Federal retention guidelines. Care is taken by the Treasurer's Office and present administration to ensure that all time sheets are complete and filled in according to Village personnel policy, signed by supervisors and that appropriate leave requests are attached. Additionally, new employees are given a new hire packet which includes all pertinent information as required and asked to fill out all forms. Personnel file is created using this information. I-9s are kept in a separate file.</p>



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

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<b>CONDITION</b>	Grant activity transactions that were directly paid to the vendors by the grantor were not recorded in the accounting records for the Village.
<b>CRITERIA</b>	All financial activity should be recorded in the Village's accounting records. Regular, periodic reconciliations between grant expenses and income should be made to ensure the accuracy and completeness of reported financial information.
<b>CAUSE</b>	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.
<b>EFFECT</b>	Omitted grant activity transactions produce inaccurate financial reports.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	Presently the Village of Columbus has not received any grants. When grants are received in the future, the Village will place the money in a separate bank account. Furthermore, the Village will record the grant and all expenses tied to said grant using account numbers specific to each particular grant. Reconciliation will be performed monthly to ensure accurate recording and reporting and all information will be recorded in Caselle.

## **Per Diem (10-08) - Significant Deficiency**

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<b>CONDITION</b>	<p>During our testwork, we noted the following:</p> <p>In four out of five items, per diem was paid at 100%, resulting in overpayments of \$278.</p>
<b>CRITERIA</b>	<p>Section 10-8-1 to 10-8-8 NMSA 1978 and the related regulation, authorize travel and per diem reimbursements.</p>
<b>CAUSE</b>	<p>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.</p>
<b>EFFECT</b>	<p>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.</p>
<b>RECOMMENDATION</b>	<p>The City needs appropriate management personnel to enforce travel and per diem compliance with greater detail.</p>
<b>RESPONSE</b>	<p>Presently, per diem checks are issued for 80% of the cost of the trip. Initial check is given to the employee no sooner than 2-3 days before their scheduled trip. When employee returns, he/she is asked to provide proof of the trip (certificate of completion, receipts, etc.) At that time, a check for 20% balance is issued to the employee.</p>

### **Bank Reconciliation (10-09) - Material Weakness**

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<b>CONDITION</b>	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.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	The previous Treasurer failed to reconcile cash.
<b>EFFECT</b>	A portion of cash remains unreconciled at the end of FY 2013.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	At this time, the Village is preparing bank reconciliation by the 2nd working day of the new month. The reconciliation is being reviewed and approved by the mayor. All reconciliations from prior years have been completed.

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

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<b>CONDITION</b>	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.
<b>CRITERIA</b>	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. Once such example is "The nature of financial statements accounts, disclosures, and assertions involved."
<b>CAUSE</b>	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.
<b>EFFECT</b>	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's statements that is ore 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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	The Village of Columbus Finance Department will obtain training to prepare GASB 34 Government Wide Financial Statements.

## Information Technology (11-02) - Material Weaknesses

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<b>CONDITION</b>	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.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	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.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	The Village recently contracted with an information technology specialist who set individual computers to back up automatically to the server. The server is also set to back up to another server on site automatically. The IT person installed/enabled several fire walls to reduce the risk of loss or misuse of Village information and limited access to the server by personnel. Presently, the Village is researching the cost of backing up the server off site for additional protection.

**Citation Receivables (11-03) - Significant Deficiency**

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<b>CONDITION</b>	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.
<b>CRITERIA</b>	Section 6-5-2 NMSA 1978 authorizes DFA to establish Model Accounting Practices (MAP). MAP requires agencies to actively manage accounts receivable.
<b>CAUSE</b>	The Village does not actively collect and manage accounts receivable related to citations.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	The accounts receivables should be reviewed on a monthly basis and collection procedures should be followed on outstanding accounts.
<b>RESPONSE</b>	Presently, the Court Clerk reviews any outstanding balances monthly to ensure citations are being collected within the time frame allowed. The past due amounts indicated on the Aging Report are citations that were not paid resulting in a warrant being issued. This particular information must remain open in Court records in the event the person returns to the area.

## **Compensated Absences (11-05) - Significant Deficiency**

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<b>CONDITION</b>	Detail was not provided for testwork of compensated absences (sick and annual leave) as of June 30, 2013.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	The Village is unable to determine its liabilities to employees, and relies on employees to determine their vacation owed.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	The Village began using a report generated by Caselle that contains compensated balances. Every employee has been set up to earn sick time/vacation time based on their category as stated in the Personnel Policy manual. Bi-weekly, before payroll is prepared, the compensated balance report is reviewed and compared to information recorded on employee's time sheets. Any discrepancies are researched and resolved immediately.

**Audit Adjustments (11-06) - Significant Deficiency**

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<b>CONDITION</b>	The Village did not record the auditing adjustment entries from 2012, causing fund balance and net assets accounts to be misstated.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	The Village did not record 2010 audit adjusting entries. The Village was not aware that they needed to post journal entries
<b>EFFECT</b>	Significant audit adjustments were required in 2013 to reconcile beginning fund balances and net assets to the 2012 ending balances.
<b>RECOMMENDATION</b>	The Village should implement a control system in accordance with NMAC 6.20.2.22 C in order to post all prior year adjustments.
<b>RESPONSE</b>	The Village will record audit adjustment entries for FY 2013 with the assistance of the auditors and Caselle.



## **Journal Entries (11-10) - Material Weaknesses**

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<b>CONDITION</b>	6 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.
<b>CRITERIA</b>	The entity should establish sufficient internal controls over journal entries and other adjustments.
<b>CAUSE</b>	The entity does not have an approval process over adjustments to mitigate the risk of management override.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	Currently, Journal Entries that are made are the result of financial statement review. The Treasurer prepares the Journal Entry and makes certain proper documentation is attached to the JE along with an explanation of why the entry is necessary. After it is discussed with and reviewed by the Mayor, it is posted into the General Ledger.

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

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<b>CONDITION</b>	Repair and maintenance accounts were reviewed to determine that all capital assets were capitalized. Three out of three repairs and maintenance samples selected, totaling \$19,801 did not have supporting documentation to determine if they should be capitalized.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	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.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	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**

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<b>CONDITION</b>	The Village was unable to provide and accounts payable and accounts receivable aging schedule.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	The Village does not have an appropriate document retention policy, and its staff lacks the accounting knowledge and the familiarity with governing rules.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	The Village should seek accounting and government training. Furthermore, an appropriate document retention policy should be created and adopted.
<b>RESPONSE</b>	The Village is in the process of creating a document retention policy using the New Mexico State statutes as a guide. The Village will ensure staff has proper training and understands the policy to ensure records are properly stored and retained.

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

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<b>CONDITION</b>	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.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	The Village has experienced high turnover and supporting documentation has not been retained.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	The Village will create a work sheet to record grant monies received and expenses paid out. Additionally the when grants are received in the future, the Village will place the money in a separate bank account. Furthermore, the Village will record the grant and all expenses tied to said grant using account numbers specific to each particular grant. Reconciliation will be performed monthly to ensure accurate recording and reporting.

**Interest Expense (11-14) - Significant Deficiency**

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<b>CONDITION</b>	The Village does not book interest expense related to their long term debt.
<b>CRITERIA</b>	Interest expense is recorded as an expense as incurred in the statements of activities per GASB 34 paragraph 46.
<b>CAUSE</b>	The Village staff lack accounting knowledge and GAAP is not being applied consistently.
<b>EFFECT</b>	By not properly recording interest expense the Village can understate expense.
<b>RECOMMENDATION</b>	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.
<b>RESPONSE</b>	The Village Treasurer is undergoing training in order to begin recording interest expense as it accrues.

## Invoices (11-15) - Material Weaknesses

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<b>CONDITION</b>	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.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	The Village is not familiar with the utilities invoicing system thus could not produce invoice numbers to IPA.
<b>EFFECT</b>	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.
<b>RECOMMENDATION</b>	The Village needs to get additional training on the invoicing system, and needs to use invoice numbers to properly track utility <u>billings accordingly</u> .
<b>RESPONSE</b>	The Village has spoken with Caselle regarding this issue. When posting utility payments in Caselle, the system automatically applies any payments received to the oldest utility balance. Their system is not equipped to print utility bills with invoice numbers. Caselle will set blocks that will limit access to any Village employee desiring to delete any transactions, including utility bills.

**Cash by Fund (11-16) - Significant Deficiency**

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<b>CONDITION</b>	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.
<b>CRITERIA</b>	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.
<b>CAUSE</b>	The Village has high turnover, and the treasurer cannot reconcile the cash pooled and the correct allocation.
<b>EFFECT</b>	The Village cannot determine what fund has cash, thus an appropriate cash flow budget cannot be determined by fund.
<b>RECOMMENDATION</b>	The Village needs to reconcile pooled cash and allocations frequently to promote accuracy.
<b>RESPONSE</b>	The Village Treasurer will seek training from Caselle (accounting software) in order to learn to properly allocate cash amounts to individual funds. The Village Treasurer will also prepare a reconciliation of all balance sheet accounts to insure accuracy of the aforementioned allocations.

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**Failure to Prepare Budget (12-01) - Significant Deficiency**

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<b>CONDITION</b>	The Village did not adopt an approved budget for any of the funds the year ending June 30, 2013.
<b>CRITERIA</b>	According to NMAC 2.2.2.10 requires the Village to adopt a budget.
<b>CAUSE</b>	The Village did not submit a budget to DFA for approval. Since there was no approved budget the Village did not adopt one for the year.
<b>EFFECT</b>	The Village was not in compliance with NMAC 2.2.2.10 and therefore could not determine whether they were overspending. This leading the Village to reach a deficit in fiscal year 2013.
<b>RECOMMENDATION</b>	The Village should create a budget and have a process in place to regularly review the budget and prepare corrections as needed.
<b>RESPONSE</b>	The Village submitted a budget for FY2015 that has been approved by DFA. At this time, the Village is adhering to that budget and will file quarterly reports to DFA as required.



**Failure to File Payroll Quarterly Returns (Form 941) (13-01) - Significant Deficiency**

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<b>CONDITION</b>	The Village did not file quarterly payroll reports for the year ending June 30, 2013.
<b>CRITERIA</b>	IRS Circular E, Employer's Tax Guide sets forth the filing requirements for Form 941 tax returns.
<b>CAUSE</b>	The Village staff was not aware of the compliance for payroll taxes in FY13, thus did not prepare and submit Form 941s in a timely manner.
<b>EFFECT</b>	The Village is not in compliance with federal payroll laws.
<b>RECOMMENDATION</b>	The Village should file all Form 941, quarterly payroll tax reports, in a timely manner.
<b>RESPONSE</b>	The Village hired a new Treasurer in April 2014. The new Treasurer filed the FY13 payroll tax returns as soon it was discovered they had not been filed. The Treasurer has implemented procedures in order to ensure the Village continues to file all tax returns as they are due.

**STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS**

**EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2013**

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An exit conference was held on September 23, 2014 in a closed meeting with White + Samaniego + Campbell, LLP, with the following Village officials:

Philip Skinner	Mayor
Margie Osmer	Treasurer

White + Samaniego + Campbell, LLP

Roxie Samaniego	Partner
Nancy Escobar	Senior

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.