

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2017  
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
For the Year June 30, 2017

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STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
For the Year June 30, 2017

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STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
OFFICIAL ROSTER  
June 30, 2017

Philip Skinner	Mayor
Bill Johnson	Mayor Pro-Tem
Don Farber	Trustee
Robert Gutierrez	Trustee
Esequiel (Bruce) Salas	Trustee



# Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner  
Christine Wright, CPA, Partner  
Beth Fant, EA, Partner  
Brad Beasley, CPA, Partner

## INDEPENDENT AUDITORS' REPORT

Timothy Keller, State Auditor  
and the Mayor and Village Trustees of the  
Village of Columbus, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Columbus, New Mexico, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements which collectively comprise of the Village of Columbus nonmajor governmental funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2017, 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 our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Qualified of Opinion**

As a result of turnover in Village personnel and poor record keeping, we were unable to obtain detail to the general ledger account for capital assets and audit that detail. We were unable to satisfy ourselves about the lack of the subsidiary ledger by means of other auditing procedures.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Information**

#### *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. Our opinion on the basic financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America require that schedules related to net pension liability on pages 44 through 46, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited

procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Columbus, New Mexico's 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.

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements except for capital assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2017 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.

  
Beasley, Mitchell & Co., LLP  
Las Cruces, New Mexico  
December 12, 2017

**GOVERNMENT - WIDE FINANCIAL STATEMENTS**



STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
STATEMENT OF NET POSITION  
June 30, 2017

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
Current assets			
Cash and cash equivalents	\$ 477,194	\$ 547,218	\$ 1,024,412
Reserved cash	48,180	-	48,180
Accounts receivable	46,932	239,481	286,413
Grants receivable	385,873	-	385,873
Taxes receivable	92,124	1,897	94,021
	<u>1,050,303</u>	<u>788,596</u>	<u>1,838,899</u>
Total current assets			
Non-current assets			
Capital assets	3,953,157	14,835,174	18,788,331
Less accumulated depreciation	<u>(1,644,218)</u>	<u>(4,996,948)</u>	<u>(6,641,166)</u>
	<u>2,308,939</u>	<u>9,838,226</u>	<u>12,147,165</u>
Total non-current assets			
	3,359,242	10,626,822	13,986,064
Total assets			
Deferred outflows:			
Contribution after measurement date	21,479	7,797	29,276
Difference in expected and actual experience	12,125	14,617	26,742
Net Difference between projected and Actual Investment	44,650	53,828	98,478
Change in proportion	12,431	14,986	27,417
Change in assumption	14,229	17,155	31,384
	<u>104,914</u>	<u>108,383</u>	<u>213,297</u>
Total deferred outflows			
Total assets and deferred outflows	<u>\$ 3,464,156</u>	<u>\$ 10,735,205</u>	<u>\$ 14,199,361</u>

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

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
STATEMENT OF NET POSITION (CONTINUED)  
June 30, 2017

	Governmental Activities	Business- type Activities	Total
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
Current liabilities			
Accounts payable	\$ 350,591	\$ 11,839	\$ 362,430
Accrued salaries	5,882	-	5,882
Current portion of long-term debt	13,188	5,160	18,348
Compensated absences	<u>7,084</u>	<u>5,330</u>	<u>12,414</u>
Total current liabilities	376,745	22,329	399,074
Non-current liabilities			
Compensated absences	7,039	1,883	8,922
Net pension liability	267,888	267,330	535,218
Customer deposits	-	5,836	5,836
Long-term debt, less current maturities	<u>60,625</u>	<u>62,071</u>	<u>122,696</u>
Total non-current liabilities	<u>335,552</u>	<u>337,120</u>	<u>672,672</u>
Total liabilities	712,297	359,449	1,071,746
Deferred inflows:			
Change in assumption	41	49	90
Investment experience	<u>2,369</u>	<u>2,853</u>	<u>5,222</u>
Total deferred inflows	<u>2,410</u>	<u>2,902</u>	<u>5,312</u>
Total liabilities and deferred inflows	714,707	362,351	1,077,058
<b>NET POSITION</b>			
Net investment in capital assets	2,235,126	9,770,995	12,006,121
Restricted for:			
Capital improvements	216,716	-	216,716
Special revenue funds	119,055	-	119,055
Unrestricted	<u>178,552</u>	<u>601,859</u>	<u>780,411</u>
Total net position	<u>2,749,449</u>	<u>10,372,854</u>	<u>13,122,303</u>
Total liabilities, deferred inflows and net position	<u>\$ 3,464,156</u>	<u>\$ 10,735,205</u>	<u>\$ 14,199,361</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, 2017

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	\$ 1,871,823	\$ 34,041	\$ 345,669	\$ 1,343,760	\$ (148,353)	\$ -	\$ (148,353)
Public safety	178,516	3,372	-	-	(175,144)	-	(175,144)
Public works	200,035	-	-	-	(200,035)	-	(200,035)
Culture and recreation	58,982	1,686	-	-	(57,296)	-	(57,296)
Total governmental activities	2,309,356	39,099	345,669	1,343,760	(580,828)	-	(580,828)
Business-type activities:							
Joint utilities	426,563	575,384	-	-	-	148,821	148,821
Cemetery	2,868	1,955	-	-	-	(913)	(913)
Ambulance	329,655	286,916	-	-	-	(42,739)	(42,739)
Total business-type activities	759,086	864,255	-	-	-	105,169	105,169
Total primary government	<u>\$ 3,068,442</u>	<u>\$ 903,354</u>	<u>\$ 345,669</u>	<u>\$ 1,343,760</u>	(580,828)	105,169	(475,659)
	General Revenues and Transfers:						
	Taxes						
					94,435	-	94,435
					4,637	-	4,637
					5,490	-	5,490
					153,239	6,707	159,946
					105,218	-	105,218
					14,440	-	14,440
					3,809	-	3,809
					12,755	-	12,755
					36,001	-	36,001
					35,166	50	35,216
					(109,497)	109,497	-
					<u>355,693</u>	<u>116,254</u>	<u>471,947</u>
					(225,135)	221,423	(3,712)
					<u>2,974,584</u>	<u>10,151,431</u>	<u>13,126,015</u>
					<u>\$ 2,749,449</u>	<u>\$ 10,372,854</u>	<u>\$ 13,122,303</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  
As of June 30, 2017

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Assets				
Cash and cash equivalents	\$ 192,180	\$ 177,276	\$ 107,738	\$ 477,194
Reserved cash	48,180	-	-	48,180
Taxes receivable	87,107	-	5,017	92,124
Grants receivables	-	385,873	-	385,873
Accounts receivable	<u>39,932</u>	<u>-</u>	<u>7,000</u>	<u>46,932</u>
Total assets	<u>\$ 367,399</u>	<u>\$ 563,149</u>	<u>\$ 119,755</u>	<u>\$ 1,050,303</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>				
Liabilities				
Accounts payable	\$ 3,458	\$ 346,433	\$ 700	\$ 350,591
Payroll wages payable	3,974	-	-	3,974
Payroll taxes payable	645	-	-	645
Accrued expenses	<u>1,263</u>	<u>-</u>	<u>-</u>	<u>1,263</u>
Total liabilities	9,340	346,433	700	356,473
Fund balances:				
Restricted for capital projects funds	-	216,716	-	216,716
Restricted for special revenue funds	-	-	119,055	119,055
Restricted General Fund	48,180	-	-	48,180
Unassigned	<u>309,879</u>	<u>-</u>	<u>-</u>	<u>309,879</u>
Total fund balances	<u>358,059</u>	<u>216,716</u>	<u>119,055</u>	<u>693,830</u>
Total liabilities and fund balances	<u>\$ 367,399</u>	<u>\$ 563,149</u>	<u>\$ 119,755</u>	<u>\$ 1,050,303</u>

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

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2017

**Total fund balances - governmental funds** \$ 693,830

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

Deferred outflows - contributions made after the measurement date, will be recognized as a reduction of net pension liability	21,479
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Deferred outflows - change in proportion	12,431
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Deferred outflows - change in assumption	14,229
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Deferred outflows - Net differences projected to actual investment	44,650
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Deferred outflows - Differences between expected and actual experience	12,125
--	--------

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:

Net pension liability	(267,888)	
Notes payable	(73,813)	
Compensated absences	<u>(14,123)</u>	(355,824)

Deferred inflows due to actual non-investment experience that was better than expected and changes in benefits or assumption which result in a decrease to net pension liability:

Deferred inflows - change in assumption	(41)	
Deferred inflows - difference between expected and actual Experience	<u>(2,369)</u>	<u>(2,410)</u>

**Total net position - governmental activities** \$ 2,749,449

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, 2017

	General Fund	Capital Projects	Total Non- Major Funds	Total Governmental Funds
<b>REVENUES</b>				
Motor vehicle registration	\$ 4,637	\$ -	\$ -	\$ 4,637
Gross receipts tax municipal	153,239	-	-	153,239
Gross receipts tax state	105,218	-	-	105,218
Gross receipts tax infrastructure	-	-	14,440	14,440
Property taxes	94,435	-	-	94,435
Franchise taxes	12,755	-	-	12,755
Gasoline tax	5,490	-	-	5,490
Lodger's tax	-	-	3,809	3,809
Small cities assistance	177,449	-	-	177,449
Charges for services	8,233	-	1,686	9,919
Joint power agreement	8,000	-	28,001	36,001
State allocation	-	-	97,366	97,366
Federal grants	-	459,514	-	459,514
State grants	6,614	851,772	71,200	929,586
Licenses and permits	2,384	-	-	2,384
Fines and forfeitures	13,396	-	-	13,396
Private grants	25,514	-	-	25,514
Rental income	13,400	-	-	13,400
Investment income	2,071	-	-	2,071
Miscellaneous	22,547	-	10,548	33,095
	<u>655,382</u>	<u>1,311,286</u>	<u>227,050</u>	<u>2,193,718</u>
Total revenues	655,382	1,311,286	227,050	2,193,718
<b>EXPENDITURES</b>				
Current				
General government	429,565	1,360,678	-	1,790,243
Public safety	4,343	-	174,173	178,516
Public works	126,014	-	74,021	200,035
Culture and recreation	42,411	-	16,571	58,982
Debt service:				
Debt principal	-	-	10,153	10,153
	<u>602,333</u>	<u>1,360,678</u>	<u>274,918</u>	<u>2,237,929</u>
Total expenditures	602,333	1,360,678	274,918	2,237,929
Excess (deficiency) of revenues over expenditures	53,049	(49,392)	(47,868)	(44,211)

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 - (CONTINUED)  
For the Year Ended June 30, 2017

	<b>General Fund</b>	<b>Capital Projects</b>	<b>Total Non- Major Funds</b>	<b>Total Governmental Funds</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	-	32,474	-	32,474
Transfers in	-	218,378	176,654	395,032
Transfers out	<u>(543,877)</u>	<u>-</u>	<u>39,348</u>	<u>(504,529)</u>
Total other financing sources (uses)	<u>(543,877)</u>	<u>250,852</u>	<u>216,002</u>	<u>(77,023)</u>
Net change in fund balance	(490,828)	201,460	168,134	(121,234)
Fund balance at beginning of year	<u>848,887</u>	<u>15,256</u>	<u>(49,079)</u>	<u>815,064</u>
Fund balance at end of year	<u>\$ 358,059</u>	<u>\$ 216,716</u>	<u>\$ 119,055</u>	<u>\$ 693,830</u>

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



STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (121,234)</b>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Change in deferred outflows	79,753
Change in deferred inflows	1,536
Change in net pension liability	(158,076)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	10,153
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	(32,474)
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).	<u>(4,793)</u>
Change in net position of governmental activities	<u>\$ (225,135)</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  
GENERAL FUND  
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Franchise taxes	\$ 10,093	\$ 10,093	\$ 12,755	\$ 2,662
Gross receipts taxes-municipal	111,616	111,616	115,213	3,597
Property taxes	100,435	100,435	94,435	(6,000)
Gas tax	5,004	5,004	5,490	486
Motor vehicle registration	8,834	8,834	4,637	(4,197)
Licenses and permits	388	388	2,384	1,996
Charges for services	4,429	4,429	8,233	3,804
Gross receipts tax - state	92,464	92,464	94,416	1,952
Small cities assistance	200,000	200,000	185,449	(14,551)
State grants	-	-	6,614	6,614
Fines and forfeits	16,760	16,760	13,396	(3,364)
Investment income	584	584	2,071	1,487
Miscellaneous	34,366	34,366	61,461	27,095
Total revenues	584,973	584,973	606,554	21,581
EXPENDITURES:				
Current				
General government	425,894	425,894	405,390	20,504
Public safety	4,343	4,343	4,343	-
Public works	126,014	126,014	126,014	-
Culture and recreation	42,411	42,411	42,411	-
Total expenditures	598,662	598,662	578,158	20,504
Excess (deficiency) of revenues over expenditures	(13,689)	(13,689)	28,396	42,085
OTHER FINANCING SOURCES (USES)				
Transfers out	(110,000)	(110,000)	(834,242)	(724,242)
Total other financing sources (uses)	(110,000)	(110,000)	(834,242)	(724,242)

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 (CONTINUED)  
For the Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Net changes in fund balance Non- GAAP basis	(123,689)	(123,689)	(805,846)	(682,157)
Fund balance - beginning	<u>848,887</u>	<u>848,887</u>	<u>848,887</u>	<u>-</u>
Fund balance - ending	<u>\$ 725,198</u>	<u>\$ 725,198</u>	<u>\$ 43,041</u>	<u>\$ (682,157)</u>
<b>Reconciliation in fund balance - budgetary basis</b>				
Net change in fund balance - budgetary basis			\$ (805,846)	
Revenue accrual			339,193	
Expenditure accrual			<u>(24,175)</u>	
Net change in fund balance - GAAP basis			<u>\$ (490,828)</u>	

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

**PROPRIETARY FUNDS**

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2017

	<u>Joint Utilities</u>	<u>Cemetery</u>	<u>Ambulance</u>	<u>Total Proprietary</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
Current assets				
Cash and cash equivalents	\$ 508,525	\$ 7,893	\$ 30,800	\$ 547,218
Accounts receivable	122,477	-	117,004	239,481
Taxes receivable	<u>1,897</u>	<u>-</u>	<u>-</u>	<u>1,897</u>
Total current assets	632,899	7,893	147,804	788,596
Non-current assets				
Capital assets	14,835,174	-	-	14,835,174
Less accumulated depreciation	<u>(4,996,948)</u>	<u>-</u>	<u>-</u>	<u>(4,996,948)</u>
Total non-current assets	<u>9,838,226</u>	<u>-</u>	<u>-</u>	<u>9,838,226</u>
Total assets	10,471,125	7,893	147,804	10,626,822
Deferred outflows				
Pension contributions after measurement date	12,291	-	2,695	14,986
Difference in expected and actual experience	11,989	-	2,628	14,617
Net Difference between projected and actual earnings on pension plan investments	44,149	-	9,679	53,828
Change in proportion	6,395	-	1,402	7,797
Change in assumption	<u>14,070</u>	<u>-</u>	<u>3,085</u>	<u>17,155</u>
Total deferred outflows	<u>88,894</u>	<u>-</u>	<u>19,489</u>	<u>108,383</u>
Total assets and deferred outflows	<u>\$ 10,560,019</u>	<u>\$ 7,893</u>	<u>\$ 167,293</u>	<u>\$ 10,735,205</u>

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

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONTINUED)  
June 30, 2017

	Joint Utilities	Cemetery	Ambulance	Total Proprietary
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
Current liabilities				
Accounts payable	\$ 8,105	\$ 13	\$ 3,721	\$ 11,839
Current portion of long term debt	5,160	-	-	5,160
Compensated absences	<u>5,330</u>	<u>-</u>	<u>-</u>	<u>5,330</u>
Total current liabilities	18,595	13	3,721	22,329
Non-current liabilities				
Customer deposits	5,836	-	-	5,836
Compensated absences	1,883	-	-	1,883
Net pension liability	236,577	-	30,753	267,330
Long term debt, less current maturities	<u>62,071</u>	<u>-</u>	<u>-</u>	<u>62,071</u>
Total non-current liabilities	<u>306,367</u>	<u>-</u>	<u>30,753</u>	<u>337,120</u>
Total liabilities	324,962	13	34,474	359,449
Deferred inflows:				
Deferred - change in assumption	40	-	9	49
Deferred - investment experience	<u>2,341</u>	<u>-</u>	<u>512</u>	<u>2,853</u>
Total deferred inflows	<u>2,381</u>	<u>-</u>	<u>521</u>	<u>2,902</u>
Total liabilities and deferred inflows	<u>327,343</u>	<u>13</u>	<u>34,995</u>	<u>362,351</u>
<b>NET POSITION</b>				
Net investment in capital assets	9,770,995	-	-	9,770,995
Unrestricted	<u>461,681</u>	<u>7,880</u>	<u>132,298</u>	<u>601,859</u>
Total net position	<u>10,232,676</u>	<u>7,880</u>	<u>132,298</u>	<u>10,372,854</u>
Total liabilities, deferred inflows and net position	<u>\$10,560,019</u>	<u>\$ 7,893</u>	<u>\$ 167,293</u>	<u>\$10,735,205</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 NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2017

	<u>Joint Utilities</u>	<u>Cemetery</u>	<u>Ambulance</u>	<u>Total Proprietary</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 575,384	\$ 1,955	\$ 286,916	\$ 864,255
Gross receipts tax municipal	6,707	-	-	6,707
Miscellaneous	50	-	-	50
	<u>582,141</u>	<u>1,955</u>	<u>286,916</u>	<u>871,012</u>
Total operating revenues				
<b>OPERATING EXPENSES</b>				
Personnel services	163,985	-	47,805	211,790
Other operating expenses	262,578	2,868	281,850	547,296
	<u>426,563</u>	<u>2,868</u>	<u>329,655</u>	<u>759,086</u>
Total operating expenses				
Operating income	155,578	(913)	(42,739)	111,926
<b>OTHER FINANCING SOURCES</b>				
Transfers in	43,241	-	66,256	109,497
	<u>43,241</u>	<u>-</u>	<u>66,256</u>	<u>109,497</u>
Total other financing sources (uses)				
Change in net position	198,819	(913)	23,517	221,423
Net position, beginning of year	<u>10,033,857</u>	<u>8,793</u>	<u>108,781</u>	<u>10,151,431</u>
Net position, end of year	<u>\$ 10,232,676</u>	<u>\$ 7,880</u>	<u>\$ 132,298</u>	<u>\$ 10,372,854</u>

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

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2017

	<u>Joint Utilities</u>	<u>Cemetery</u>	<u>Ambulance</u>	<u>Total Proprietary</u>
<b>Cash flows from operating activities:</b>				
Cash received from agencies and customers	\$ 557,007	\$ 1,955	\$ 294,342	\$ 853,304
Cash paid to suppliers for goods and services	(264,888)	(2,855)	(279,730)	(547,473)
Cash payments to employees for services	<u>(137,560)</u>	<u>-</u>	<u>(55,232)</u>	<u>(192,792)</u>
Net cash provided by (used in) operating activities	154,559	(900)	(40,620)	113,039
<b>Cash flows from investing activities:</b>				
Intergovernmental transfers	43,241	-	66,256	109,497
State shared taxes	<u>(1,173)</u>	<u>-</u>	<u>-</u>	<u>(1,173)</u>
Net cash used in investing activities	<u>42,068</u>	<u>-</u>	<u>66,256</u>	<u>108,324</u>
<b>Cash flows from financing activities:</b>				
Principal payment on debt	<u>(14,765)</u>	<u>-</u>	<u>-</u>	<u>(14,765)</u>
Net cash used in financing activities	<u>(14,765)</u>	<u>-</u>	<u>-</u>	<u>(14,765)</u>
Net increase (decrease) in cash	181,862	(900)	25,636	206,598
CASH, Beginning of year	<u>326,663</u>	<u>8,793</u>	<u>5,164</u>	<u>340,620</u>
CASH, End of year	<u>\$ 508,525</u>	<u>\$ 7,893</u>	<u>\$ 30,800</u>	<u>\$ 547,218</u>

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



STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
For the Year Ended June 30, 2017

**Reconciliation of operating income to net cash provided (used in) by operating activities:**

**Cash flows from operating activities**

Operating income (loss)	\$ 155,578	\$ (913)	\$ (42,739)	\$ 111,926
Adjustments to reconcile change in net assets to net cash				
Changes in working capital components:				
(Increase) Decrease in:				
Accounts receivables	38,918	-	7,426	46,344
Other Assets	(64,052)	-	(14,042)	(78,094)
Increase (Decrease) in:				
Accounts payable	(4,796)	13	8,735	3,952
Security deposits	2,486	-	-	2,486
Compensated absences	(3,746)	-	-	(3,746)
Other liabilities	30,171	-	-	30,171
	<u>154,559</u>	<u>(900)</u>	<u>(40,620)</u>	<u>113,039</u>
Net cash provided by operating activities				

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, 2017

**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 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.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

B. Basis of Presentation (continued)

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, and proprietary 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 inflows. 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.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

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 Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which includes funds that were not required to be presented as major but were at the discretion of management:

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Proprietary Funds - To account for business type activities, i.e. joint utilities, ambulance and cemetery operations generating revenues. This fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues, 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 deferred inflows 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 inflows is removed from the combined balance sheet and revenue is recognized.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 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.



STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

3. Capital Assets (Continued)

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 Inflows:

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.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 (DFA), Local Government Division (LGD). Once the budget has been formally approved, the Village Board of Trustees, DFA LGD must also approve any amendments. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds.

STATE OF NEW MEXICO  
 VILLAGE OF COLUMBUS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 As of and For the Year Ended June 30, 2017

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

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

*Implementation of New Accounting Standards (Continued)*

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, 2017 is presented.

*Implementation of New Accounting Standards*

In March 2016, GASB Statement No. 81 Irrevocable Split-Interest Agreements was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The City is still evaluating how this pronouncement will affect the financial statements.

**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	<u>897,980</u>
Total Cash and Investments, Primary Government	<u>\$ 1,147,980</u>

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

**3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINEUD)**

*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, 2017, \$897,980 of the Village's bank balance of \$1,147,980 was exposed to custodial credit risk as follows:

Cash held by pledging bank's trust	\$ <u>897,980</u>
Total Cash and Investments, Primary Government	\$ <u>897,980</u>

**4. ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2017, consist of the following:

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
Accounts receivable	\$ 46,932	\$ 239,481	\$ 286,413
Grants receivable	385,873	-	385,873
Taxes receivable	<u>92,124</u>	<u>1,897</u>	<u>94,021</u>
Net receivables	<u>\$ 524,929</u>	<u>\$ 241,378</u>	<u>\$ 766,307</u>

The Village has booked allowance for uncollectible accounts totaling \$430,280 that is netted against the ambulance receivable. All other receivables are considered collectible.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

**5. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2017, 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, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2017</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, 2017 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, 2017 totaled \$0. The Village did not calculate and record depreciation expense, additions or disposals of assets.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

**5. CAPITAL ASSETS (Continued)**

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

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>
<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>109,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,744</u>
Total	<u>14,835,173</u>	<u>-</u>	<u>-</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>\$ 9,838,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,838,226</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2017 totaled \$0. The Village did not calculate and record depreciation expense, additions or disposal of assets.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

**6. LONG TERM DEBT**

During the year-end June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Funds	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
New Mexico Finance Authority	\$ -	\$ 32,474	\$ -	\$ 32,474	\$ 2,952
New Mexico Finance Authority	51,492	-	10,153	41,339	10,236
Compensated absences	<u>9,330</u>	<u>11,877</u>	<u>7,084</u>	<u>14,123</u>	<u>7,084</u>
Total	<u>\$ 60,822</u>	<u>\$ 44,351</u>	<u>\$ 17,237</u>	<u>\$ 87,936</u>	<u>\$ 20,272</u>

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

The Village obtained a \$32,474 loan from the State of New Mexico Finance Authority, during the 2017 fiscal year; the purpose of the loan was for construction of Las Colonias. The note bears 5.34% interest and payments begin May 1, 2017 through May 1, 2025. The payment amounts are as follows:

	<u>Principal</u>
2018	\$ 2,952
2019	2,952
2018	2,952
2018	2,952
2022 - 2023	14,760
2024 - 2025	<u>5,906</u>
	<u>\$ 32,474</u>



STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

**6. LONG TERM DEBT (CONTINUED)**

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 0.534%. The maturity date of the loan is May 2021. The payment amounts are as follows:

<u>June 30:</u>	<u>Principal</u>
2018	\$ 10,236
2019	10,291
2020	10,346
2021	<u>10,466</u>
	<u>\$ 41,339</u>

<b>Proprietary Fund</b>	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>One Year</u>
New Mexico Finance Authority	\$ 63,120	\$ -	\$ 8,883	\$ 54,237	\$ 4,438
New Mexico Finance Authority	13,716	-	722	12,994	722
Compensated absences	<u>5,629</u>	<u>6,914</u>	<u>5,330</u>	<u>7,213</u>	<u>5,330</u>
<b>Total</b>	<u>\$ 82,465</u>	<u>\$ 6,914</u>	<u>\$ 14,935</u>	<u>\$ 74,444</u>	<u>\$ 10,490</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, 2032. The payment amounts are as follows:

<u>June 30:</u>	<u>Principal</u>
2018	\$ 4,438
2019	4,459
2020	4,470
2021	4,481
2022- 2027	22,405
2028 - 2032	<u>13,984</u>
	<u>\$ 54,237</u>

STATE OF NEW MEXICO  
 VILLAGE OF COLUMBUS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 As of and For the Year Ended June 30, 2017

**6. LONG TERM DEBT (CONTINUED)**

The Village obtained a \$14,071 loan from the State of New Mexico Finance Authority, during 2015 fiscal year; the purpose of the loan was to purchase a fire truck. The note bears no interest. The maturity date of the loan is May 2035. The payment amounts are as follows:

<u>June 30:</u>	<u>Principal</u>
2018	\$ 722
2019	722
2020	722
2021	722
2022 - 2026	3,610
2027 - 2031	3,609
2032 - 2035	<u>2,887</u>
	<u>\$ 12,994</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>.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

**8. PERA PENSION PLAN (CONTINUED)**

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, 2017 and 2016 were \$27,416 and \$25,293, 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.

The Village adopted GASB 68 during the year ended June 30, 2016. GASB 68, *Accounting and Financial Reporting for Pensions*, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their government-wide financial statement presentation. PERA engaged their financial statement auditors to prepare a schedule allocating these obligations to the contributing employers as of the year ended June 30, 2016.

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 26,742	\$ -
Changes in assumptions	31,384	90
Net difference between projected and actual earnings on pension plan investments	98,478	-
Difference between expected and actual experience	-	5,222
Village of Columbus contributions subsequent to the measurement date	27,417	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>29,276</u>	<u>-</u>
Total	<u>\$ 213,297</u>	<u>\$ 5,312</u>

STATE OF NEW MEXICO  
 VILLAGE OF COLUMBUS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 As of and For the Year Ended June 30, 2017

**8. PERA PENSION PLAN (CONTINUED)**

	<u>Liability Proportion</u>
Municipal General Division	0.0335 %
Municipal Police Division	- %
Municipal Fire Division	- %

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Village of Columbus, calculated using the discount rate of 7.75 percent, as well as what Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<b>1% Decrease</b> <u>6.75%</u>	<b>Current</b> <u>7.75%</u>	<b>1% Increase</b> <u>8.75%</u>
Net Pension Liability	\$ 797,962	\$ 535,218	\$ 140,761

In June 30, 2017 \$27,417, deferred outflows - contributions made after measurement date, will be recognized as a reduction of net pension liability. Other deferred amounts to be recognized in fiscal years following the reporting date are below:

Year Ended June 30:

2017	\$ 45,821
2018	45,821
2019	63,937
2020	24,988

Additional information on PERA, and the Actuarial assumptions may be found at:  
<http://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.pdf>

**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, 2017.

**10. FEDERAL AND STATE GRANTS**

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

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2017

**11. INTER-FUND TRANSFERS AND BALANCES**

There were the following inter-fund transfers during the year ended June 30, 2017.

<u>Amount</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
\$ 1,003	General Fund	Fire	To fund operations
151,069	General Fund	Municipal Streets	To fund operations
38,124	General Fund	Recreation	To fund operations
218,378	General Fund	Capital Projects Fund	To fund operations
1,224	General Fund	Law Enforcement Fund	To fund operations
43,241	General Fund	Joint Utilities	To fund operations
66,256	General Fund	Ambulance Fund	To fund operations
\$ 24,582	General Fund	Fire Protection	To fund operations

**12. EXCESS EXPENDITURES OVER APPROPRIATIONS**

New Mexico State Statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. The Village exceeded its authorized budget by \$2,136,159 as follows:

<u>Fund</u>	<u>Reason</u>	<u>Budget Expenses</u>	<u>Actual Expenses</u>	<u>Difference</u>
Capital Projects	Operating expenses	-	1,360,678	1,360,678
Cemetery	Operating expenses	\$ 867	\$ 2,868	\$ 2,001
Ambulance	Operating expenses	147,928	197,166	49,238
General Fund	Operating transfers	<u>110,000</u>	<u>834,242</u>	<u>724,242</u>
Totals		<u>\$ 258,795</u>	<u>\$ 2,394,954</u>	<u>\$ 2,136,159</u>

**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 12, 2017 the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
PERA MUNICIPAL GENERAL DIVISION  
LAST 10 FISCAL YEARS  
For the Year Ended June 30, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
The Village of Columbus' proportion of the net pension liability	\$ 338,503	\$ 222,331	\$ 535,218
The Village of Columbus' proportionate share of the net pension liability	0.0285%	0.0332%	0.0335 %
The Village of Columbus' covered-employee payroll	\$ 413,711	\$ 434,944	\$ 408,154
The Village of Columbus' proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.82 %	0.51 %	1.31 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	81.29 %

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The Village of Columbus will present information for those years for which information is available.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF VILLAGE OF COLUMBUS' CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
PERA MUNICIPAL GENERAL DIVISION  
LAST 10 FISCAL YEARS\*  
For the Year Ended June 30, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 21,183	\$ 26,253	\$ 27,418
Contributions in relation to the contractually required contribution	<u>21,183</u>	<u>26,253</u>	<u>27,418</u>
Contribution deficiency (excess)	-	-	-
The Village of Columbus' covered-employee payroll	<u>\$ 413,711</u>	<u>\$ 434,944</u>	<u>\$ 408,154</u>
Contributions as a percentage of covered-employee payroll	<u>5.12 %</u>	<u>6.06 %</u>	<u>6.72 %</u>

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, The Village of Columbus will present information for those years for which information is available.



STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF VILLAGE OF COLUMBUS' CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN  
PERA MUNICIPAL GENERAL DIVISION  
LAST 10 FISCAL YEARS\*  
For the Year Ended June 30, 2017

**Changes of benefit terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at [http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR\\_12.22.2016\\_FINAL-with-corrections.pdf](http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf).

**Changes of assumptions.** The Public Employees Retirement Association (PERA) of the NEW Mexico Annual Actuarial Valuation as of 2017 is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/PERA-Valuation-6-30-2017-FINAL.pdf>. See Appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2016 valuation.

Changes in assumptions resulted in a decrease of \$91.8 million to the total pension liability for the PERA Fund and an increase of 0.42% to the funded ratio for the year ended 2017. See more details of actuarial methods and assumptions on Note 2 on page 34 of PERA's Schedule of Employer Allocations and Pension amounts at <http://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.pdf>.

**SUPPLEMENTARY INFORMATION**

## 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).

**CORRECTIONS FUND** - To account for judicial fees and administration costs (NMSA 35-14-11).

**LODGERS TAX FUND** - To account for expenditures for the promotion of the Columbus area. Financing is provided by a tax charged on motel rooms in the Village of Columbus (NMSA 3-38-13 to 3-38-24).

**EMERGENCY MEDICAL SERVICES (EMS)** - To account for the general operations of the ambulance service (NMSA 24-10A-3).

**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).

**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.

**FIRE PROTECTION FUND** - To account for state fire allotment funds received for the operations and maintenance of the fire department.

**MUNICIPAL STREET FUND** - 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).

**SPECIAL REVENUE FUNDS**

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL TYPES  
SPECIAL REVENUE FUNDS  
June 30, 2017

	Recreation	Correction	Lodgers Tax	EMS	Law Enforcement Protection	Fire	Fire Protection	Municipal Streets	Total Special Revenue Funds
<b>ASSETS AND DEFERRED OUTFLOWS</b>									
Assets									
Cash and cash equivalents	\$ -	\$ 5,814	\$ 13,790	\$ 308	\$ -	\$ 87,826	\$ -	\$ -	\$ 107,738
Taxes receivables	-	-	-	-	-	-	-	5,017	5,017
Accounts receivables	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total assets	<u>\$ 2,000</u>	<u>\$ 5,814</u>	<u>\$ 13,790</u>	<u>\$ 308</u>	<u>\$ -</u>	<u>\$ 92,826</u>	<u>\$ -</u>	<u>\$ 5,017</u>	<u>\$ 119,755</u>
<b>LIABILITIES AND FUND BALANCE</b>									
Liabilities									
Accounts payable	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700</u>
Total liabilities	700	-	-	-	-	-	-	-	700
Fund balance									
Restricted for special revenue funds	<u>1,300</u>	<u>5,814</u>	<u>13,790</u>	<u>308</u>	<u>-</u>	<u>92,826</u>	<u>-</u>	<u>5,017</u>	<u>119,055</u>
Total fund balance	<u>1,300</u>	<u>5,814</u>	<u>13,790</u>	<u>308</u>	<u>-</u>	<u>92,826</u>	<u>-</u>	<u>5,017</u>	<u>119,055</u>
Total liabilities and fund balance	<u>\$ 2,000</u>	<u>\$ 5,814</u>	<u>\$ 13,790</u>	<u>\$ 308</u>	<u>\$ -</u>	<u>\$ 92,826</u>	<u>\$ -</u>	<u>\$ 5,017</u>	<u>\$ 119,755</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  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED June 30, 2017

	Recreation	Correction	Lodgers Tax	EMS	Law Enforcement Protection	Fire	Fire Protection	Municipal Streets	Total
<b>REVENUES</b>									
Gross receipts tax infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,440	\$ 14,440
Lodger's tax	-	-	3,809	-	-	-	-	-	3,809
Charges for services	1,686	-	-	-	-	-	-	-	1,686
Joint power agreement	8,000	-	-	-	-	20,001	-	-	28,001
State allocation	-	-	-	8,189	20,000	69,177	-	-	97,366
State grants	-	-	-	-	-	71,200	-	-	71,200
Miscellaneous income	-	-	-	-	-	10,548	-	-	10,548
<b>Total revenues</b>	<b>9,686</b>	<b>-</b>	<b>3,809</b>	<b>8,189</b>	<b>20,000</b>	<b>170,926</b>	<b>-</b>	<b>14,440</b>	<b>227,050</b>
<b>EXPENDITURES</b>									
Public safety	-	-	-	7,881	39,264	127,028	-	-	174,173
Public works	-	-	-	-	-	-	-	74,021	74,021
Culture and recreation	16,571	-	-	-	-	-	-	-	16,571
Debt Service Principal debt payment	-	-	-	-	-	10,153	-	-	10,153
<b>Total expenditures</b>	<b>16,571</b>	<b>-</b>	<b>-</b>	<b>7,881</b>	<b>39,264</b>	<b>137,181</b>	<b>-</b>	<b>74,021</b>	<b>274,918</b>
Excess (deficiency) of revenues over (under) expenditures	(6,885)	-	3,809	308	(19,264)	33,745	-	(59,581)	(47,868)

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  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED June 30, 2017

	Recreation	Correction	Lodgers Tax	EMS	Law Enforcement Protection	Fire	Fire Protection	Municipal Streets	Total
<b>OTHER FINANCING SOURCES (USES)</b>									
Operating transfers in	-	-	-	-	-	1,003	24,582	151,069	176,654
Operating transfers out	<u>38,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,348</u>
Total other financing source (uses)	<u>38,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224</u>	<u>1,003</u>	<u>24,582</u>	<u>151,069</u>	<u>216,002</u>
Net change in fund balance	31,239	-	3,809	308	(18,040)	34,748	24,582	91,488	168,134
Fund balance, beginning of year	<u>(29,939)</u>	<u>5,814</u>	<u>9,981</u>	<u>-</u>	<u>18,040</u>	<u>58,078</u>	<u>(24,582)</u>	<u>(86,471)</u>	<u>(49,079)</u>
Fund balance, end of year	<u>\$ 1,300</u>	<u>\$ 5,814</u>	<u>\$ 13,790</u>	<u>\$ 308</u>	<u>\$ -</u>	<u>\$ 92,826</u>	<u>\$ -</u>	<u>\$ 5,017</u>	<u>\$ 119,055</u>

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

**OTHER SUPPLEMENTAL INFORMATION**



STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)  
FOR THE YEAR ENDED JUNE 30, 2017

Prepared by : Melissa Hayward Title: Bookkeeper Date: December 5, 2017

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Estimated Contract Value</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
6040	Village of Columbus	Municipalities	N/A	Competitive (RFP or RFB)	Spartan Construction of New Mexico, LLC	Winner	\$719,880.05			240 Thunderbird Dr. Suite El Paso, TX 79912	Y	N	Drainage and Roadway Improvements	N/A
6040	Village of Columbus	Municipalities	N/A	Competitive (RFP or RFB)	Caliper Construction, Inc.	Loser	\$0			2000 South Valley Dr, Las Cruces, NM 88030	Y	N	Drainage and Roadway Improvements	N/A
6040	Village of Columbus	Municipalities	N/A	Competitive (RFP or RFB)	Deming Excavating, Inc.	Loser	\$0			3635 Columbus Road SE Deming, NM 88030	Y	N	Drainage and Roadway Improvements	N/A
6040	Village of Columbus	Municipalities	N/A	Competitive (RFP or RFB)	Southwest Concrete & Paving, Inc.	Loser	\$0			P.O. Box 2278 Silver City, NM 88062	Y	N	Drainage and Roadway Improvements	N/A

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF DEPOSITORIES  
June 30, 2017

	<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	\$ 731,001	\$ 2,011	\$ 75,065	\$ 657,947
General	CD	136,339	-	-	136,339
EMS	CK	33,284	-	2,484	30,800
Cemetery	CD	10,951	-	-	10,951
Water	CD	34,985	-	-	34,985
Western Heritage CD	CK	<u>201,420</u>	<u>-</u>	<u>-</u>	<u>201,420</u>
 Total		<u>\$1,147,980</u>	<u>\$ 2,011</u>	<u>\$ 77,549</u>	<u>\$1,072,442</u>
 Reconciliation:					
Government-Wide Cash					\$1,072,442
NMFA					50
Petty cash					<u>100</u>
 Total					<u>\$1,072,592</u>

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

	<b>1st New Mexico Bank</b>
Amount held in bank June 30, 2017	\$ 1,147,980
Less FDIC Insurance	<u>250,000</u>
 Uninsured Public Funds	<u>897,980</u>
50% Collateral Requirements (Section 6-10-17 NMSA-1978)	448,990
 Pledged Securities	<u>650,000</u>
 Over (Under) Collateralized	<u>\$ 201,010</u>

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, 2017

<u>Description of Pledged Collateral</u>	<u>Amount</u>	<u>Name and Location of Safekeeper</u>
Bernalillo NM Municipal School District , CUSIP #085279PL5, Maturing 8/1/2020	\$ 275,000	First New Mexico Bank
Penasco, New Mexico Independent School District, CUSIP # 706593AM2, Maturing 9/1/2022	135,000	First New Mexico Bank
Socorro, New Mexico Independent School District, CUSIP # 83368PBZ8, Maturing 8/1/2018	<u>240,000</u>	First New Mexico Bank
Total pledged securities	<u>\$650,000</u>	

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
JOINT POWERS AGREEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

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

## COMPLIANCE SECTION



# Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner  
Christine Wright, CPA, Partner  
Beth Fant, EA, Partner  
Brad Beasley, CPA, Partner

**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**

Timothy Keller  
New Mexico State Auditor  
and the Mayor and the Village Council of the  
Village of Columbus  
Columbus, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2017, and the related notes to the financial statements, which collectively comprise Village of Columbus' basic financial statements, and the combining and individual funds of Village of Columbus presented as supplemental information, and have issued our report thereon dated December 12, 2017.

### **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 questioned costs, 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 questioned costs to be material weaknesses. (2011-015)

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 accompany schedule of findings and questioned costs to be significant deficiencies. (2005-002) (2010-003) (2017-001)

### **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 did not 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 the auditing procedures applied in the audit of the financial statements 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.

  
Beasley, Mitchell & Co.  
Las Cruces, New Mexico  
December 12, 2017

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2017

**Section I - Financial Statements Findings**

PRIOR YEAR FINDINGS

2005-002	Legal Compliance with Budget	Revised and Repeated
2010-003	Capital Assets	Repeated
2011-015	Invoices	Repeated

CURRENT YEAR FINDINGS

2017-001	Accuracy and Classification
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STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
June 30, 2017

**Legal Compliance with Budget (2005-002) - Significant Deficiency**

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**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, 2017, the Village remitted payments for goods and services in excess of the adopted budget as follows:

Fund	Reason	Budget Expenses	Actual Expenses	Difference
Capital Projects Fund	Operating expenses	\$ -	\$ 1,360,678	\$(1,360,678)
Cemetery	Operating expenses	867	2,868	(2,001)
Ambulance	Operating expenses	147,928	197,166	(49,238)
General Fund	Operating transfers	<u>110,000</u>	<u>834,242</u>	<u>(724,242)</u>
Totals		<u>\$ 258,795</u>	<u>\$ 2,394,954</u>	<u>\$(2,136,159)</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 contract Treasurer in May 2016. Beginning in FY2016, 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.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
June 30, 2017

**Legal Compliance with Budget (2005-002) - Significant Deficiency (Continued)**

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**PROGRESS**                      The Village has taken measures to correct the finding, including implementing a more stringent review and approval process on purchasing. The contract accountants Attended budget training in 2017.

**IMPLEMENTATION**            **Expected Completion:** June 30, 2018      **Employee Responsible:**  
Contracted Treasurer

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STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
June 30, 2017

**Capital Assets (2010-003) - Significant Deficiency**

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<b>CONDITION</b>	An inventory of capital assets was not performed during fiscal year 2017. 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 2017 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.
<b>PROGRESS</b>	The Village determined that this finding cannot be clear with out assistance, thus they are currently looking for funding to contract a professional consultant to assist in clearing the finding.
<b>IMPLEMENTATION</b>	<b>Expected Completion:</b> June 30, 2018 <b>Employee Responsible:</b> Contracted Treasurer

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
June 30, 2017

**Invoices (2011-015) - 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 billings accordingly.
<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.
<b>PROGRESS</b>	The Village is taking forth measures to mitigate risks posed by the inability to trace invoices. The accounting system that they operate will not allow invoice numbering.
<b>IMPLEMENTATION</b>	<b>Expected Completion:</b> June 30, 2018 <b>Employee Responsible:</b> Contracted Treasurer

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
June 30, 2017

**Accuracy and Classification (2017-001) - Significant Deficiency**

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<b>CONDITION</b>	During testwork it was noted that various account payable accounts had debit balances in the trial balance. After error was noted, the client provided an adjusting journal entry.
<b>CRITERIA</b>	NMAC 2.20.5.8 states that each local body shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations.
<b>CAUSE</b>	Accounts payable transactions were being posted to the incorrect account.
<b>EFFECT</b>	Improper recording will cause the financial statements to be stated incorrectly.
<b>RECOMMENDATION</b>	It is recommended that the Village incorporate procedures to review adjusting journal entries prior to presentation of financial statements and reports.
<b>RESPONSE</b>	The Village experienced a tough time while working through the upgrading process of our accounting software. The contract accountant is working with the software provider to clear errors.
<b>IMPLEMENTATION</b>	<b>Expected Completion:</b> June 30, 2018 <b>Employee Responsible:</b> Contracted Treasurer

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
ENTRANCE AND EXIT CONFERENCE  
FOR THE YEAR ENDED June 30, 2017

An entrance conference was held on October 11, 2017 in a closed meeting with Beasley, Mitchell & Co., LLP, with the following Village officials:

Philip Skinner	Mayor
Cindy Varnhagen	Clerk

Beasley, Mitchell & Co., LLP

Juan Garcia	Audit Senior
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An exit conference was held on December 6, 2017 in a closed meeting with Beasley, Mitchell & Co., LLP, with the following Village officials:

Philip Skinner	Mayor
Cindy Varnhagen	Clerk
Wayne Diggs	Contracted Accountant
Melissa Hayward	Contracted Accountant

Beasley, Mitchell & Co., LLP

Dahlia Garcia, CPA	Audit Supervisor
Juan Garcia	Audit Senior

The financial statements presented in this report were compiled with the assistance of the auditors, Beasley, Mitchell & Co., LLP. However, the contents of the financial statements remain the responsibility of management.