

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018  
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
For the Year June 30, 2018

TABLE OF CONTENTS

|   | <b>Page</b> |
|---|-------------|
| OFFICIAL ROSTER   | 1           |
| INDEPENDENT AUDITORS' REPORT  | 2 - 4       |
| BASIC FINANCIAL STATEMENTS:   |             |
| Government - Wide Financial Statements:   |             |
| Statement of Net Position   | 6 - 7       |
| Statement of Activities   | 8           |
| Fund Financial Statements:  |             |
| Major Governmental Funds:   |             |
| Balance Sheet - Governmental Funds  | 10          |
| Reconciliation of the Balance Sheet of Government Funds to the<br>Statement of Net Position   | 11          |
| Statement of Revenues, Expenditures, and Changes in Fund Balance -<br>Governmental Funds  | 12 - 13     |
| Reconciliation of the Statement of Revenues, Expenditures, and<br>Changes in Fund Balance of Governmental Funds to the Statement of<br>Activities | 14          |
| General Fund:   |             |
| Statement of Revenues, Expenditures, and Changes in Fund Balance -<br>Budget (Non-GAAP Basis) and Actual - General Fund                           | 15 - 16     |
| Proprietary Funds:  |             |
| Statement of Net Position   | 18 - 19     |
| Statement of Revenues, Expenditures, and Changes in Net Position  | 20          |
| Statement of Cash Flows   | 21 - 22     |
| Notes to the Financial Statements   | 24 - 45     |

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
For the Year June 30, 2018

REQUIRED SUPPLEMENTARY INFORMATION:

|  |    |
|--|----|
| Schedule of Proportionate Share of the Net Pension Liability | 47 |
| Schedule of Village of Columbus' Contributions               | 48 |
| Notes to the Required Supplementary Information              | 49 |

Supplementary Information:

|  |         |
|--|---------|
| Non-Major Funds                                  | 51      |
| Combining Balance Sheets - Special Revenue Funds | 53      |
| Combining Statement of Revenue, Expenditures     | 54 - 55 |

OTHER SUPPLEMENTAL INFORMATION

|   |    |
|---|----|
| Schedule of Depositories                                      | 57 |
| Schedule of Collateral Pledged by Depository for Public Funds | 58 |
| Schedule of Joint Powers Agreements                           | 59 |

COMPLIANCE:

|  |         |
|--|---------|
| Report on Internal Control Over Financial Reporting and on Compliance<br>and Other Matters Based on an Audit of Financial Statements<br>Performed In Accordance with Government Auditing Standards | 61 - 62 |
| Schedule of Findings and Responses   | 63 - 66 |
| Entrance and Exit Conference   | 67      |

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
OFFICIAL ROSTER  
June 30, 2018

|                        |               |
|------------------------|---------------|
| Esequiel (Bruce) Salas | Mayor         |
| Robert Gutierrez       | Mayor Pro-Tem |
| Bill Johnson           | Trustee       |
| Paulino Villegas       | Trustee       |
| Ricardo Gutierrez      | Trustee       |



## INDEPENDENT AUDITORS' REPORT

Wayne Johnson, State Auditor  
and the Mayor and Village Trustees of the  
Village of Columbus, New Mexico

### Report on Financial Statements

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, 2018, 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, 2018, 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, 2018, 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, 2018, 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 47 through 49, 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*

The combining and individual nonmajor fund financial statements and any other schedule required by the Audit rule 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 and any other schedule required by the Audit rule 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 14, 2018 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 14, 2018

**GOVERNMENT - WIDE FINANCIAL STATEMENTS**



STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
STATEMENT OF NET POSITION  
June 30, 2018

|  | <b>Governmental<br/>Activities</b> | <b>Business-<br/>type<br/>Activities</b> | <b>Total</b>         |
|--|------------------------------------|--|----------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                    |                                    |  |                      |
| Current assets   |                                    |  |                      |
| Cash and cash equivalents                              | \$ 1,083,724                       | \$ 691,154                               | \$ 1,774,878         |
| Reserved cash  | 48,180                             | -  | 48,180               |
| Accounts receivable                                    | 48,950                             | 214,579                                  | 263,529              |
| Investments  | -                                  | 28,144                                   | 28,144               |
| Taxes receivable                                       | 213,389                            | 4,726                                    | 218,115              |
| Due from other funds                                   | -                                  | 175                                      | 175                  |
|  | <u>1,394,243</u>                   | <u>938,778</u>                           | <u>2,333,021</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                               |                                    |  |                      |
|  | 3,703,182                          | 10,777,004                               | 14,480,186           |
| Total assets   |                                    |  |                      |
| Deferred outflows:                                     |                                    |  |                      |
| Contribution after measurement date                    | 7,248                              | 9,194                                    | 16,442               |
| Difference in expected and actual experience           | 7,640                              | 9,692                                    | 17,332               |
| Net Difference between projected and Actual Investment | 15,952                             | 20,238                                   | 36,190               |
| Change in proportion                                   | 12,767                             | 16,197                                   | 28,964               |
| Change in assumption                                   | <u>8,966</u>                       | <u>11,373</u>                            | <u>20,339</u>        |
|  | <u>52,573</u>                      | <u>66,694</u>                            | <u>119,267</u>       |
| Total deferred outflows                                |                                    |  |                      |
| Total assets and deferred outflows                     | <u>\$ 3,755,755</u>                | <u>\$ 10,843,698</u>                     | <u>\$ 14,599,453</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, 2018

|   | <b>Governmental<br/>Activities</b> | <b>Business-<br/>type<br/>Activities</b> | <b>Total</b>         |
|---|------------------------------------|--|----------------------|
| <b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>           |                                    |  |                      |
| Current liabilities   |                                    |  |                      |
| Accounts payable  | \$ 45,535                          | \$ -                                     | \$ 45,535            |
| Accrued salaries  | 7,476                              | -  | 7,476                |
| Sales tax payable   | 1,188                              | -  | 1,188                |
| Current portion of long-term debt                               | 16,657                             | 5,181                                    | 21,838               |
| Due to other funds  | 175                                | -  | 175                  |
| Compensated absences  | <u>4,902</u>                       | <u>7,196</u>                             | <u>12,098</u>        |
| Total current liabilities                                       | 75,933                             | 12,377                                   | 88,310               |
| Non-current liabilities   |                                    |  |                      |
| Compensated absences  | 12,733                             | 494                                      | 13,227               |
| Net pension liability   | 194,427                            | 246,654                                  | 441,081              |
| Customer deposits   | -                                  | 3,910                                    | 3,910                |
| Long-term debt, less current maturities                         | <u>92,614</u>                      | <u>56,870</u>                            | <u>149,484</u>       |
| Total non-current liabilities                                   | <u>299,774</u>                     | <u>307,928</u>                           | <u>607,702</u>       |
| Total liabilities   | 375,707                            | 320,305                                  | 696,012              |
| Deferred inflows:   |                                    |  |                      |
| Change in assumption  | 2,009                              | 2,549                                    | 4,558                |
| Net difference between projected and actual investment earnings | -                                  | 6,653                                    | 6,653                |
| Change in proportion  | 5,245                              | -  | 5,245                |
| Investment experience   | <u>9,958</u>                       | <u>12,633</u>                            | <u>22,591</u>        |
| Total deferred inflows  | <u>17,212</u>                      | <u>21,835</u>                            | <u>39,047</u>        |
| Total liabilities and deferred inflows                          | 392,919                            | 342,140                                  | 735,059              |
| <b>NET POSITION</b>   |                                    |  |                      |
| Net investment in capital assets                                | 2,199,668                          | 9,776,175                                | 11,975,843           |
| Restricted for:   |                                    |  |                      |
| Capital improvements  | 221,408                            | -  | 221,408              |
| Special revenue funds   | 185,237                            | -  | 185,237              |
| Unrestricted  | <u>756,523</u>                     | <u>725,383</u>                           | <u>1,481,906</u>     |
| Total net position  | <u>3,362,836</u>                   | <u>10,501,558</u>                        | <u>13,864,394</u>    |
| Total liabilities, deferred inflows and net position            | <u>\$ 3,755,755</u>                | <u>\$ 10,843,698</u>                     | <u>\$ 14,599,453</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, 2018

| FUNCTIONAL/PROGRAMS:           | Program Revenues                |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position<br>Primary Government |                          |               |
|--------------------------------|---------------------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------|
|                                | Expenses                        | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities   | Business-type Activities | Total         |
| Governmental activities:       |                                 |                      |                                    |                                  |   |                          |               |
| General government             | \$ 413,512                      | \$ 42,234            | \$ 421,523                         | \$ 450,810                       | \$ 501,055  | \$ -                     | \$ 501,055    |
| Public safety                  | 144,937                         | 5,004                | -                                  | -                                | (139,933)   | -                        | (139,933)     |
| Public works                   | 966,099                         | -                    | -                                  | -                                | (966,099)   | -                        | (966,099)     |
| Culture and recreation         | 200,516                         | 2,502                | -                                  | -                                | (198,014)   | -                        | (198,014)     |
| Total governmental activities  | 1,725,064                       | 49,740               | 421,523                            | 450,810                          | (802,991)   | -                        | (802,991)     |
| Business-type activities:      |                                 |                      |                                    |                                  |   |                          |               |
| Joint utilities                | 467,763                         | 569,356              | -                                  | -                                | -   | 101,593                  | 101,593       |
| Cemetery                       | 5,376                           | 2,350                | -                                  | -                                | -   | (3,026)                  | (3,026)       |
| Ambulance                      | 292,590                         | 134,963              | -                                  | -                                | -   | (157,627)                | (157,627)     |
| Total business-type activities | 765,729                         | 706,669              | -                                  | -                                | -   | (59,060)                 | (59,060)      |
| Total primary government       | \$ 2,490,793                    | \$ 756,409           | \$ 421,523                         | \$ 450,810                       | (802,991)   | (59,060)                 | (862,051)     |
|                                | General Revenues and Transfers: |                      |                                    |                                  |   |                          |               |
|                                | Taxes                           |                      |                                    |                                  |   |                          |               |
|                                |                                 |                      |                                    |                                  | 63,104  | -                        | 63,104        |
|                                |                                 |                      |                                    |                                  | 5,050   | -                        | 5,050         |
|                                |                                 |                      |                                    |                                  | 16,663  | -                        | 16,663        |
|                                |                                 |                      |                                    |                                  | 475,155   | 36,113                   | 511,268       |
|                                |                                 |                      |                                    |                                  | 744,720   | -                        | 744,720       |
|                                |                                 |                      |                                    |                                  | 46,952  | -                        | 46,952        |
|                                |                                 |                      |                                    |                                  | 5,381   | -                        | 5,381         |
|                                |                                 |                      |                                    |                                  | 9,781   | -                        | 9,781         |
|                                |                                 |                      |                                    |                                  | 13,000  | -                        | 13,000        |
|                                |                                 |                      |                                    |                                  | 72,683  | -                        | 72,683        |
|                                |                                 |                      |                                    |                                  | 109,169   | 6,371                    | 115,540       |
|                                |                                 |                      |                                    |                                  | (145,280)   | 145,280                  | -             |
|                                |                                 |                      |                                    |                                  |   |                          |               |
|                                |                                 |                      |                                    |                                  | 1,416,378   | 187,764                  | 1,604,142     |
|                                |                                 |                      |                                    |                                  |   |                          |               |
|                                |                                 |                      |                                    |                                  | 613,387   | 128,704                  | 742,091       |
|                                |                                 |                      |                                    |                                  |   |                          |               |
|                                |                                 |                      |                                    |                                  | 2,749,449   | 10,372,854               | 13,122,303    |
|                                |                                 |                      |                                    |                                  |   |                          |               |
|                                |                                 |                      |                                    |                                  | \$ 3,362,836  | \$ 10,501,558            | \$ 13,864,394 |

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, 2018

|   | <b>General<br/>Fund</b> | <b>Capital<br/>Projects</b> | <b>Total<br/>Non-Major<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|-----------------------------|--------------------------------------|---|
| <b>ASSETS</b>   |                         |                             |                                      |   |
| Assets  |                         |                             |                                      |   |
| Cash and cash equivalents                                 | \$ 693,951              | \$ 221,408                  | \$ 168,365                           | \$ 1,083,724                            |
| Reserved cash   | 48,180                  | -                           | -                                    | 48,180                                  |
| Taxes receivable  | 203,517                 | -                           | 9,872                                | 213,389                                 |
| Accounts receivable                                       | 41,950                  | -                           | 7,000                                | 48,950                                  |
|   | <u>987,598</u>          | <u>221,408</u>              | <u>185,237</u>                       | <u>1,394,243</u>                        |
| Total assets  | <u>\$ 987,598</u>       | <u>\$ 221,408</u>           | <u>\$ 185,237</u>                    | <u>\$ 1,394,243</u>                     |
| <b>LIABILITIES, DEFERRED INFLOWS AND<br/>FUND BALANCE</b> |                         |                             |                                      |   |
| Liabilities   |                         |                             |                                      |   |
| Accounts payable  | \$ 45,535               | \$ -                        | \$ -                                 | \$ 45,535                               |
| Payroll wages payable                                     | 6,502                   | -                           | -                                    | 6,502                                   |
| Due to other funds  | 175                     | -                           | -                                    | 175                                     |
| Payroll taxes payable                                     | 784                     | -                           | -                                    | 784                                     |
| Other liabilities   | 1,188                   | -                           | -                                    | 1,188                                   |
| Accrued expenses  | 190                     | -                           | -                                    | 190                                     |
|   | <u>54,374</u>           | <u>-</u>                    | <u>-</u>                             | <u>54,374</u>                           |
| Total liabilities   | 54,374                  | -                           | -                                    | 54,374                                  |
| Fund balances:  |                         |                             |                                      |   |
| Restricted for capital projects funds                     | -                       | 221,408                     | -                                    | 221,408                                 |
| Restricted for special revenue funds                      | -                       | -                           | 185,237                              | 185,237                                 |
| Restricted General Fund                                   | 48,180                  | -                           | -                                    | 48,180                                  |
| Unassigned  | 885,044                 | -                           | -                                    | 885,044                                 |
|   | <u>933,224</u>          | <u>221,408</u>              | <u>185,237</u>                       | <u>1,339,869</u>                        |
| Total fund balances                                       | <u>933,224</u>          | <u>221,408</u>              | <u>185,237</u>                       | <u>1,339,869</u>                        |
| Total liabilities and fund balances                       | <u>\$ 987,598</u>       | <u>\$ 221,408</u>           | <u>\$ 185,237</u>                    | <u>\$ 1,394,243</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, 2018

**Total fund balances - governmental funds** \$ 1,339,869

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 | 7,248 |
|---|-------|

|  |        |
|--|--------|
| Deferred outflows - change in proportion | 12,767 |
|--|--------|

|  |       |
|--|-------|
| Deferred outflows - change in assumption | 8,966 |
|--|-------|

|  |        |
|--|--------|
| Deferred outflows - Net differences projected to actual investment | 15,952 |
|--|--------|

|  |       |
|--|-------|
| Deferred outflows - Differences between expected and actual experience | 7,640 |
|--|-------|

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 | (194,427)       |           |
| Notes payable         | (109,271)       |           |
| Compensated absences  | <u>(17,635)</u> | (321,333) |

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                              | (2,009)        |                 |
| Deferred inflows - Change in proportion                              | (5,245)        |                 |
| Deferred inflows - difference between expected and actual Experience | <u>(9,958)</u> | <u>(17,212)</u> |

**Total net position - governmental activities** \$ 3,362,836

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, 2018

|   | <b>General<br/>Fund</b> | <b>Capital<br/>Projects</b> | <b>Total<br/>Non-<br/>Major<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|-----------------------------|---|---|
| <b>REVENUES</b>                                   |                         |                             |   |   |
| Motor vehicle registration                        | \$ 5,050                | \$ -                        | \$ -                                      | \$ 5,050                                |
| Gross receipts tax municipal                      | 475,155                 | -                           | -   | 475,155                                 |
| Gross receipts tax state                          | 744,720                 | -                           | -   | 744,720                                 |
| Gross receipts tax infrastructure                 | -                       | -                           | 46,952                                    | 46,952                                  |
| Property taxes                                    | 63,104                  | -                           | -   | 63,104                                  |
| Franchise taxes                                   | 9,781                   | -                           | -   | 9,781                                   |
| Gasoline tax                                      | 16,663                  | -                           | -   | 16,663                                  |
| Lodger's tax                                      | -                       | -                           | 5,381                                     | 5,381                                   |
| Small cities assistance                           | 131,704                 | -                           | -   | 131,704                                 |
| Charges for services                              | 4,824                   | -                           | 2,502                                     | 7,326                                   |
| Joint power agreement                             | -                       | -                           | 13,000                                    | 13,000                                  |
| State allocation                                  | -                       | -                           | 105,818                                   | 105,818                                 |
| Federal grants                                    | -                       | 450,810                     | -   | 450,810                                 |
| State grants                                      | -                       | 184,001                     | -   | 184,001                                 |
| Licenses and permits                              | 518                     | -                           | -   | 518                                     |
| Fines and forfeitures                             | 41,896                  | -                           | -   | 41,896                                  |
| Miscellaneous                                     | 108,846                 | -                           | 323                                       | 109,169                                 |
|   | <u>1,602,261</u>        | <u>634,811</u>              | <u>173,976</u>                            | <u>2,411,048</u>                        |
| Total revenues                                    |                         |                             |   |   |
| <b>EXPENDITURES</b>                               |                         |                             |   |   |
| Current   |                         |                             |   |   |
| General government                                | 405,941                 | -                           | 4,112                                     | 410,053                                 |
| Public safety                                     | 3,207                   | -                           | 141,730                                   | 144,937                                 |
| Public works                                      | 188,114                 | 675,796                     | 102,189                                   | 966,099                                 |
| Culture and recreation                            | 177,771                 | -                           | 22,745                                    | 200,516                                 |
| Debt service:                                     |                         |                             |   |   |
| Debt principal                                    | -                       | -                           | 16,484                                    | 16,484                                  |
|   | <u>-</u>                | <u>-</u>                    | <u>16,484</u>                             | <u>16,484</u>                           |
| Total expenditures                                | <u>775,033</u>          | <u>675,796</u>              | <u>287,260</u>                            | <u>1,738,089</u>                        |
| Excess (deficiency) of revenues over expenditures | 827,228                 | (40,985)                    | (113,284)                                 | 672,959                                 |

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, 2018

|   | <b>General<br/>Fund</b> | <b>Capital<br/>Projects</b> | <b>Total<br/>Non-<br/>Major<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|-----------------------------|---|---|
| <b>OTHER FINANCING SOURCES<br/>(USES)</b> |                         |                             |   |   |
| Insurance proceeds                        | 72,683                  | -                           | -   | 72,683                                  |
| Loan proceeds                             | -                       | 45,677                      | -   | 45,677                                  |
| Transfers in                              | -                       | -                           | 179,466                                   | 179,466                                 |
| Transfers out                             | <u>(324,746)</u>        | <u>-</u>                    | <u>-</u>                                  | <u>(324,746)</u>                        |
| Total other financing sources (uses)      | <u>(252,063)</u>        | <u>45,677</u>               | <u>179,466</u>                            | <u>(26,920)</u>                         |
| Net change in fund balance                | 575,165                 | 4,692                       | 66,182                                    | 646,039                                 |
| Fund balance at beginning of year         | <u>358,059</u>          | <u>216,716</u>              | <u>119,055</u>                            | <u>693,830</u>                          |
| Fund balance at end of year               | <u>\$ 933,224</u>       | <u>\$ 221,408</u>           | <u>\$ 185,237</u>                         | <u>\$ 1,339,869</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, 2018

**Net change in fund balances - total governmental funds** \$ 646,039

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

Change in deferred outflows (52,308)

Change in deferred inflows (14,802)

Change in net pension liability 73,428

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 10,219

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. (45,677)

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). (3,512)

Change in net position of governmental activities \$ 613,387

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, 2018

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--|----------------------------|-------------------------|------------------|---|
| <b>REVENUES:</b>                                     |                            |                         |                  |   |
| Franchise taxes                                      | \$ 16,117                  | \$ 16,126               | \$ 9,781         | \$ (6,345)                                      |
| Gross receipts taxes-municipal                       | 161,681                    | 394,544                 | 475,155          | 80,611  |
| Property taxes                                       | 67,038                     | 68,038                  | 63,104           | (4,934)   |
| Gas tax  | 5,149                      | 15,660                  | 16,663           | 1,003   |
| Motor vehicle registration                           | 4,513                      | 4,640                   | 5,050            | 410   |
| Licenses and permits                                 | 455                        | 518                     | 518              | -   |
| Charges for services                                 | 2,161                      | 21,327                  | 4,824            | (16,503)  |
| Gross receipts tax - state                           | 152,246                    | 500,721                 | 626,292          | 125,571   |
| Small cities assistance                              | 200,000                    | 200,000                 | 131,704          | (68,296)  |
| Fines and forfeits                                   | 15,415                     | 15,415                  | 41,896           | 26,481  |
| Investment income                                    | 1,145                      | 1,445                   | -                | (1,445)   |
| Miscellaneous  | 29,250                     | 97,901                  | 108,846          | 10,945  |
|  | <u>655,170</u>             | <u>1,336,335</u>        | <u>1,483,833</u> | <u>147,498</u>                                  |
| <b>EXPENDITURES:</b>                                 |                            |                         |                  |   |
| <b>Current</b>                                       |                            |                         |                  |   |
| General government                                   | 268,349                    | 340,551                 | 314,331          | 26,220  |
| Public safety  | 3,250                      | 3,250                   | 3,207            | 43  |
| Public works   | 188,200                    | 188,200                 | 188,114          | 86  |
| Culture and recreation                               | 177,800                    | 177,800                 | 177,771          | 29  |
|  | <u>637,599</u>             | <u>709,801</u>          | <u>683,423</u>   | <u>26,378</u>                                   |
| Excess (deficiency) of revenues<br>over expenditures | <u>17,571</u>              | <u>626,534</u>          | <u>800,410</u>   | <u>173,876</u>                                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                            |                         |                  |   |
| Insurance proceeds                                   | -                          | -                       | 72,683           | 72,683  |
| Transfers out  | (290,046)                  | (290,046)               | (324,746)        | (34,700)  |
| Total other financing sources<br>(uses)              | <u>(290,046)</u>           | <u>(290,046)</u>        | <u>(252,063)</u> | <u>(34,700)</u>                                 |

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

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL ON BUDGETARY BASIS  
GENERAL FUND (CONTINUED)  
For the Year Ended June 30, 2018

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| Net changes in fund balance Non-<br>GAAP basis          | (272,475)                  | 336,488                 | 548,347           | 139,176   |
| Fund balance - beginning                                | <u>358,059</u>             | <u>358,059</u>          | <u>358,059</u>    | <u>-</u>  |
| Fund balance - ending                                   | <u>\$ 85,584</u>           | <u>\$ 694,547</u>       | <u>\$ 906,406</u> | <u>\$ 139,176</u>                               |
| <b>Reconciliation in fund balance - budgetary basis</b> |                            |                         |                   |   |
| Net change in fund balance -<br>budgetary basis         |                            |                         | \$ 548,347        |   |
| Revenue accrual   |                            |                         | 118,428           |   |
| Expenditure accrual                                     |                            |                         | <u>(91,610)</u>   |   |
| Net change in fund balance - GAAP basis                 |                            |                         | <u>\$ 575,165</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, 2018

|  | <b>Joint<br/>Utilities</b> | <b>Cemetery</b> | <b>Ambulance</b>  | <b>Total<br/>Proprietary</b> |
|--|----------------------------|-----------------|-------------------|------------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>  |                            |                 |                   |                              |
| Current assets   |                            |                 |                   |                              |
| Cash and cash equivalents  | \$ 690,758                 | \$ 396          | \$ -              | \$ 691,154                   |
| Investments  | 14,072                     | 7,036           | 7,036             | 28,144                       |
| Accounts receivable  | 138,802                    | -               | 75,777            | 214,579                      |
| Taxes receivable   | 4,726                      | -               | -                 | 4,726                        |
| Due from otherfunds  | <u>-</u>                   | <u>175</u>      | <u>-</u>          | <u>175</u>                   |
| Total current assets   | 848,358                    | 7,607           | 82,813            | 938,778                      |
| 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   | 10,686,584                 | 7,607           | 82,813            | 10,777,004                   |
| Deferred outflows  |                            |                 |                   |                              |
| Pension contributions after measurement date                                     | 11,462                     | -               | 4,735             | 16,197                       |
| Difference in expected and actual experience                                     | 6,858                      | -               | 2,834             | 9,692                        |
| Net Difference between projected and actual earnings on pension plan investments | 14,321                     | -               | 5,917             | 20,238                       |
| Change in proportion   | 6,506                      | -               | 2,688             | 9,194                        |
| Change in assumption   | <u>8,048</u>               | <u>-</u>        | <u>3,325</u>      | <u>11,373</u>                |
| Total deferred outflows  | <u>47,195</u>              | <u>-</u>        | <u>19,499</u>     | <u>66,694</u>                |
| Total assets and deferred outflows   | <u>\$ 10,733,779</u>       | <u>\$ 7,607</u> | <u>\$ 102,312</u> | <u>\$ 10,843,698</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, 2018

|   | <b>Joint<br/>Utilities</b> | <b>Cemetery</b> | <b>Ambulance</b>  | <b>Total<br/>Proprietary</b> |
|---|----------------------------|-----------------|-------------------|------------------------------|
| <b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b> |                            |                 |                   |                              |
| Current liabilities                                   |                            |                 |                   |                              |
| Current portion of long term debt                     | \$ 5,181                   | \$ -            | \$ -              | \$ 5,181                     |
| Compensated absences                                  | <u>7,196</u>               | <u>-</u>        | <u>-</u>          | <u>7,196</u>                 |
| Total current liabilities                             | 12,377                     | -               | -                 | 12,377                       |
| Non-current liabilities                               |                            |                 |                   |                              |
| Customer deposits                                     | 3,910                      | -               | -                 | 3,910                        |
| Compensated absences                                  | 494                        | -               | -                 | 494                          |
| Net pension liability                                 | 174,539                    | -               | 72,115            | 246,654                      |
| Long term debt, less current maturities               | <u>56,870</u>              | <u>-</u>        | <u>-</u>          | <u>56,870</u>                |
| Total non-current liabilities                         | <u>235,813</u>             | <u>-</u>        | <u>72,115</u>     | <u>307,928</u>               |
| Total liabilities                                     | 248,190                    | -               | 72,115            | 320,305                      |
| Deferred inflows:                                     |                            |                 |                   |                              |
| Deferred - change in assumption                       | 1,804                      | -               | 745               | 2,549                        |
| Deferred - change in proportion                       | 4,708                      | -               | 1,945             | 6,653                        |
| Deferred - investment experience                      | <u>8,939</u>               | <u>-</u>        | <u>3,694</u>      | <u>12,633</u>                |
| Total deferred inflows                                | <u>15,451</u>              | <u>-</u>        | <u>6,384</u>      | <u>21,835</u>                |
| Total liabilities and deferred inflows                | <u>263,641</u>             | <u>-</u>        | <u>78,499</u>     | <u>342,140</u>               |
| <b>NET POSITION</b>                                   |                            |                 |                   |                              |
| Net investment in capital assets                      | 9,776,175                  | -               | -                 | 9,776,175                    |
| Unrestricted  | <u>693,963</u>             | <u>7,607</u>    | <u>23,813</u>     | <u>725,383</u>               |
| Total net position                                    | <u>10,470,138</u>          | <u>7,607</u>    | <u>23,813</u>     | <u>10,501,558</u>            |
| Total liabilities, deferred inflows and net position  | <u>\$10,733,779</u>        | <u>\$ 7,607</u> | <u>\$ 102,312</u> | <u>\$10,843,698</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, 2018

|                                      | <b>Joint<br/>Utilities</b> | <b>Cemetery</b> | <b>Ambulance</b> | <b>Total<br/>Proprietary</b> |
|--------------------------------------|----------------------------|-----------------|------------------|------------------------------|
| <b>OPERATING REVENUES</b>            |                            |                 |                  |                              |
| Charges for services                 | \$ 569,356                 | \$ 2,350        | \$ 134,963       | \$ 706,669                   |
| Gross receipts tax municipal         | 36,113                     | -               | -                | 36,113                       |
| Interest income                      | 159                        | 53              | 53               | 265                          |
| Miscellaneous                        | <u>6,106</u>               | <u>-</u>        | <u>-</u>         | <u>6,106</u>                 |
| Total operating revenues             | 611,734                    | 2,403           | 135,016          | 749,153                      |
| <b>OPERATING EXPENSES</b>            |                            |                 |                  |                              |
| Personnel services                   | 201,799                    | -               | 138,484          | 340,283                      |
| Other operating expenses             | <u>265,964</u>             | <u>5,376</u>    | <u>154,106</u>   | <u>425,446</u>               |
| Total operating expenses             | <u>467,763</u>             | <u>5,376</u>    | <u>292,590</u>   | <u>765,729</u>               |
| Operating income                     | 143,971                    | (2,973)         | (157,574)        | (16,576)                     |
| <b>OTHER FINANCING SOURCES</b>       |                            |                 |                  |                              |
| Transfers in                         | <u>93,491</u>              | <u>2,700</u>    | <u>49,089</u>    | <u>145,280</u>               |
| Total other financing sources (uses) | <u>93,491</u>              | <u>2,700</u>    | <u>49,089</u>    | <u>145,280</u>               |
| Change in net position               | 237,462                    | (273)           | (108,485)        | 128,704                      |
| Net position, beginning of year      | <u>10,232,676</u>          | <u>7,880</u>    | <u>132,298</u>   | <u>10,372,854</u>            |
| Net position, end of year            | <u>\$ 10,470,138</u>       | <u>\$ 7,607</u> | <u>\$ 23,813</u> | <u>\$ 10,501,558</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, 2018

|  | <u>Joint<br/>Utilities</u> | <u>Cemetery</u> | <u>Ambulance</u> | <u>Total<br/>Proprietary</u> |
|--|----------------------------|-----------------|------------------|------------------------------|
| <b>Cash flows from operating activities:</b>                         |                            |                 |                  |                              |
| Cash received from agencies and customers                            | \$ 637,108                 | \$ 2,228        | \$ 169,207       | \$ 808,543                   |
| Cash paid to suppliers for goods and services                        | (250,290)                  | -               | (245,375)        | (495,665)                    |
| Cash payments to employees for services                              | <u>(275,995)</u>           | <u>(5,389)</u>  | <u>(3,721)</u>   | <u>(285,105)</u>             |
| Net cash provided by (used in) operating activities                  | 110,823                    | (3,161)         | (79,889)         | 27,773                       |
| <b>Cash flows from non-capital activities and related financing:</b> |                            |                 |                  |                              |
| Intergovernmental transfers  | 93,491                     | 2,700           | 49,089           | 145,280                      |
| State shared taxes   | <u>(2,829)</u>             | <u>-</u>        | <u>-</u>         | <u>(2,829)</u>               |
| Net cash used in investing activities                                | <u>90,662</u>              | <u>2,700</u>    | <u>49,089</u>    | <u>142,451</u>               |
| <b>Cash flows from investing activities:</b>                         |                            |                 |                  |                              |
| Investment income  | <u>(14,072)</u>            | <u>(7,036)</u>  | <u>-</u>         | <u>(21,108)</u>              |
| Net cash used in investment activities                               | (14,072)                   | (7,036)         | -                | (21,108)                     |
| <b>Cash flows from financing activities:</b>                         |                            |                 |                  |                              |
| Principal payment on debt  | <u>(5,180)</u>             | <u>-</u>        | <u>-</u>         | <u>(5,180)</u>               |
| Net cash used in financing activities                                | <u>(5,180)</u>             | <u>-</u>        | <u>-</u>         | <u>(5,180)</u>               |
| Net increase (decrease) in cash                                      | 182,233                    | (7,497)         | (30,800)         | 143,936                      |
| CASH, Beginning of year  | <u>508,525</u>             | <u>7,893</u>    | <u>30,800</u>    | <u>547,218</u>               |
| CASH, End of year  | <u>\$ 690,758</u>          | <u>\$ 396</u>   | <u>\$ -</u>      | <u>\$ 691,154</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, 2018

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

**Cash flows from operating activities:**

|   |                 |                |                 |                |
|---|-----------------|----------------|-----------------|----------------|
| Operating income (loss)                                   | \$ 143,971      | \$ (2,973)     | \$ (157,574)    | \$ (16,576)    |
| Adjustments to reconcile change in net assets to net cash |                 |                |                 |                |
| Changes in working capital components:                    |                 |                |                 |                |
| (Increase) Decrease in:                                   |                 |                |                 |                |
| Accounts receivables                                      | (16,325)        | -              | 34,191          | 17,866         |
| Due from  | -               | (175)          | -               | (175)          |
| Other assets  | 41,699          | -              | (10)            | 41,689         |
| Increase (Decrease) in:                                   |                 |                |                 |                |
| Accounts payable  | (8,105)         | (13)           | (3,721)         | (11,839)       |
| Security deposits   | (1,926)         | -              | -               | (1,926)        |
| Compensated absences                                      | 477             | -              | -               | 477            |
| Other liabilities   | <u>(48,968)</u> | <u>-</u>       | <u>47,225</u>   | <u>(1,743)</u> |
| Net cash provided by operating activities                 | <u>110,823</u>  | <u>(3,161)</u> | <u>(79,889)</u> | <u>27,773</u>  |

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

**NOTES TO FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

**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, 2018

**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, 2018

**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, 2018

**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, 2018

**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, 2018

**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, 2018

**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, 2018

**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, 2018

**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, 2018

**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.

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, 2018 is presented.

*Implementation of New Accounting Standards*

In June 2017, GASB Statement No. 87 Leases, was issued. Effective date: The provisions of this Statement are effective for financial statements for the objective of this Statement is to improve accounting and financial reporting for periods beginning after December 15, 2019. Earlier application is encouraged. The Center is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, was issued. Effective date: The provisions of this Statement are effective for financial statements for the objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements related to debt for periods beginning after June 15, 2018. Furthermore, GASB No. 88 clarifies which liabilities governments should include when disclosing information. Earlier application is encouraged. The Center is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, was issued. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The Village is still evaluating how this pronouncement will affect the financial statements.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

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

In December 2018, GASB No. 90, Majority Equity Interests, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

**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<br/>Balance</u> |
|---|-------------------------|
| Insured   | \$ 250,000              |
| Collateralized                                    |                         |
| Cash held by pledging bank                        | <u>1,598,920</u>        |
| Total Cash and Investments, Primary<br>Government | <u>\$ 1,848,920</u>     |

*Custodial Credit Risk - Deposits* - Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$1,598,920 of the Village's bank balance of \$202,841 was exposed to custodial credit risk as follows:

|  |                    |
|--|--------------------|
| Cash held by pledging bank's trust             | <u>\$1,598,920</u> |
| Total Cash and Investments, Primary Government | <u>\$1,598,920</u> |

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

**4. ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2018, consist of the following:

|                     | <b>Governmental<br/>Activities</b> | <b>Business-<br/>Type<br/>Activities</b> | <b>Total</b> |
|---------------------|------------------------------------|--|--------------|
| Accounts receivable | \$ 48,950                          | \$ 214,579                               | \$ 263,529   |
| Taxes receivable    | 213,389                            | 4,726                                    | 218,115      |
| Net receivables     | \$ 262,339                         | \$ 219,305                               | \$ 481,644   |

The Village has booked allowance for uncollectible accounts totaling \$336,771 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, 2018

**5. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2018, 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><br><u>June 30, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustment</u> | <u>Balance</u><br><u>June 30, 2018</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>                          |
| Other capital assets being depreciated |  |                  |                  |                   |  |
| Buildings and improvements             | 2,798,883                              | -                | -                | -                 | 2,798,883                              |
| Machinery and equipment                | <u>633,959</u>                         | <u>-</u>         | <u>-</u>         | <u>-</u>          | <u>633,959</u>                         |
| Total                                  | <u>3,953,157</u>                       | <u>-</u>         | <u>-</u>         | <u>-</u>          | <u>3,953,157</u>                       |
| Accumulated depreciation               |  |                  |                  |                   |  |
| Buildings                              | 1,027,989                              | -                | -                | -                 | 1,027,989                              |
| 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>\$ 2,829,254</u>                    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ 2,308,939</u>                    |

Depreciation expense, for the year ended June 30, 2018 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, 2018 totaled \$-.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

**5. CAPITAL ASSETS (Continued)**

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

|                                       | <u>Balance<br/>June 30, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Adjustments</u> | <u>Balance<br/>June 30, 2018</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, 2018 totaled \$0.



STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

**6. LONG TERM DEBT**

During the year-end June 30, 2018, the following changes occurred in the liabilities reported in the government-wide statement of net position:

| <b>Governmental<br/>Funds</b>                     | <b>Balance<br/>June 30, 2017</b> | <b>Additions</b> | <b>Reductions</b> | <b>Balance<br/>June 30, 2018</b> | <b>Due Within<br/>One Year</b> |
|---|----------------------------------|------------------|-------------------|----------------------------------|--------------------------------|
| New Mexico Finance Authority                      | \$ 32,474                        | \$ 45,677        | \$ -              | \$ 78,151                        | \$ 6,366                       |
| New Mexico Finance Authority Compensated absences | 41,339                           | -                | 10,219            | 31,120                           | 10,291                         |
|   | <u>14,124</u>                    | <u>16,244</u>    | <u>12,733</u>     | <u>17,635</u>                    | <u>4,902</u>                   |
| Total   | <u>\$ 87,937</u>                 | <u>\$ 61,921</u> | <u>\$ 22,952</u>  | <u>\$ 126,906</u>                | <u>\$ 21,559</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 Village then added to the loan the amount of \$45,677 in 2018 for a total loan of \$78,151; 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:

|             | <b><u>Principal</u></b> |
|-------------|-------------------------|
| 2019        | \$ 6,366                |
| 2020        | 6,366                   |
| 2021        | 6,366                   |
| 2022        | 6,366                   |
| 2023        | 6,366                   |
| 2024 - 2028 | 31,830                  |
| 2029 - 2033 | <u>14,491</u>           |
|             | <u>\$ 78,151</u>        |

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

**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> |
|-----------------|------------------|
| 2019            | \$ 10,291        |
| 2020            | 10,346           |
| 2021            | <u>10,483</u>    |
|                 | <u>\$ 31,120</u> |

| <b>Proprietary Fund</b>      | <b>Balance</b>          |                        |                         | <b>Balance</b>          | <b>Due Within</b>       |
|------------------------------|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|
|                              | <b>June 30, 2017</b>    | <b>Additions</b>       | <b>Reductions</b>       | <b>June 30, 2018</b>    | <b>One Year</b>         |
| New Mexico Finance Authority | \$ 54,237               | \$ -                   | \$ 4,458                | \$ 49,779               | \$ 4,459                |
| New Mexico Finance Authority | 12,994                  | -                      | 722                     | 12,272                  | 722                     |
| Compensated absences         | <u>5,629</u>            | <u>7,674</u>           | <u>5,613</u>            | <u>7,690</u>            | <u>7,196</u>            |
| <b>Total</b>                 | <b><u>\$ 72,860</u></b> | <b><u>\$ 7,674</u></b> | <b><u>\$ 10,793</u></b> | <b><u>\$ 69,741</u></b> | <b><u>\$ 12,377</u></b> |

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, 2033. The payment amounts are as follows:

| <u>June 30:</u> | <u>Principal</u> |
|-----------------|------------------|
| 2019            | \$ 4,459         |
| 2020            | 4,470            |
| 2021            | 4,481            |
| 2022            | 4,492            |
| 2023            | 4,503            |
| 2024 - 2028     | 22,682           |
| 2029 - 2033     | <u>4,692</u>     |
|                 | <u>\$ 49,779</u> |

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

**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> |
|-----------------|------------------|
| 2019            | \$ 722           |
| 2020            | 722              |
| 2021            | 722              |
| 2022            | 722              |
| 2023            | 722              |
| 2024 - 2028     | 3,610            |
| 2029 - 2033     | <u>3,610</u>     |
| 2034 - 2038     | 1,442            |
|                 | <u>\$ 12,272</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, 2018

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

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at:

<http://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.pdf>.

**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, 2018 and Village of Columbus 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, 2017.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

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

The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2018. Only employer contributions for the pay period end dates that fell within the period of July 1, 2017 to June 30, 2018 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For the year ended June 30, 2018, the Village recognized PERA Fund Municipal General Division pension expense of \$54,310. At June 30, 2017, the Village reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

|  | <u>Deferred<br/>outflows of<br/>resources</u> | <u>Deferred<br/>inflows of<br/>resources</u> |
|--|---|--|
| Changes in assumptions   | 20,339  | 4,558  |
| Net difference between projected and actual earnings on pension plan investments                             | 36,190  | -  |
| Difference between expected and actual experience  | 17,332  | 22,591                                       |
| Village of Columbus contributions subsequent to the measurement date   | 28,964  | -  |
| Change in proportion and differences between employer contributions and proportionate share of contributions | <u>16,442</u>                                 | <u>11,898</u>                                |
| Total  | <u>\$ 119,267</u>                             | <u>\$ 39,047</u>                             |

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

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

**For PERA Fund Municipal General Division**, at June 30, 2018, the Village reported a liability of \$441,081 for its proportionate share of the net pension liability. At June 30, 2017, the Village's proportion was 0.0321 percent, which was decreased from its proportion measured as of June 30, 2016, by 0.0014 percent.

|                            | <u>Liability Proportion</u> |
|----------------------------|-----------------------------|
| Municipal General Division | 0.0321 %                    |
| Municipal Police Division  | - %                         |
| Municipal Fire Division    | - %                         |

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>All Funds- Asset Class</u>             | <u>Target Allocation</u> | <u>Long Term Expected Real Rate of Return</u> |
|---|--------------------------|---|
| Global Equity                             | 43.50 %                  | 7.39 %  |
| Risk Reduction & Mitigation               | 21.50                    | 1.79  |
| Credit Oriented Fixed Income              | 15.00                    | 5.77  |
| Real Assets to include Real Estate Equity | 20.00                    | 7.35  |
|   | 100.00 %                 |   |

**Discount rate:** The discount rate used to measure the total pension liability was 7.51 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB'S 67. Therefore, the 7.51% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

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

**Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.** The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present Sunland Park 's net pension liability in each PERA Fund Division that Sunland Park participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

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<br/><u>6.51%</u></b> | <b>Current<br/><u>7.51%</u></b> | <b>1% Increase<br/><u>8.51%</u></b> |
|-----------------------|-------------------------------------|---------------------------------|-------------------------------------|
| Net Pension Liability | \$ 691,320                          | \$ 441,081                      | \$ 232,973                          |

In June 30, 2018 \$28,964, 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 | \$ | 21,238   |
| 2018 |    | 38,209   |
| 2019 |    | 2,385    |
| 2020 |    | (10,576) |

Additional information on PERA, and the Actuarial assumptions may be found at:  
<http://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.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, 2018.

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
NOTES TO BASIC FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2018

**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.

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

There were the following inter-fund transfers during the year ended June 30, 2018.

| <u>Amount</u> | <u>From</u>  | <u>To</u>                | <u>Purpose</u>     |
|---------------|--------------|--------------------------|--------------------|
| \$ 86,491     | General Fund | Landfill                 | To fund operations |
| 2,700         | General Fund | Cemetary Fund            | To fund operations |
| 6,265         | General Fund | Debt Services            | To fund operations |
| 28,600        | General Fund | Law Enforcement Fund     | To fund operations |
| 131,401       | General Fund | Municipal                | To fund operations |
| 49,089        | General Fund | Ambulance Fund           | To fund operations |
| 13,200        | General Fund | Ambulance Fund           | To fund operations |
| \$ 7,000      | General Fund | Sewer Fund/Joint Utility | To fund operations |

**12. EXCESS EXPENDITURES AND TRANSFERS 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 \$20,749 as follows:

| <u>Fund</u>     | <u>Reason</u>       | <u>Budget Expenses</u> | <u>Actual Expenses</u> | <u>Difference</u> |
|-----------------|---------------------|------------------------|------------------------|-------------------|
| Recreation      | Operating expenses  | \$ 19,294              | \$ 22,745              | \$ 3,451          |
| Fire Protection | Operating expenses  | 87,173                 | 87,646                 | 473               |
| Law Enforcement | Operating expenses  | 43,600                 | 48,577                 | 4,977             |
| Landfill        | Operating transfers | 107,405                | 109,553                | 2,148             |
| General         | Operating transfers | <u>315,046</u>         | <u>324,746</u>         | <u>9,700</u>      |
| Totals          |                     | <u>\$ 572,518</u>      | <u>\$ 593,267</u>      | <u>\$ 20,749</u>  |

**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 14, 2018 the date the financial statements were available to be issued.

**14. TAX ABATEMENTS**

There are no tax abatements to report under GASB 77.



**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, 2018

|   | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|
| The Village of Columbus' proportion of the net pension liability  | \$ 338,503  | \$ 222,331  | \$ 535,218  | \$ 441,081  |
| The Village of Columbus' proportionate share of the net pension liability   | 0.0285%     | 0.0332%     | 0.0335%     | 0.0321%     |
| The Village of Columbus' covered-employee payroll   | \$ 413,711  | \$ 434,944  | \$ 535,218  | \$ 451,028  |
| The Village of Columbus' proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0.82 %      | 0.51 %      | 1.00 %      | 0.98 %      |
| Plan fiduciary net position as a percentage of the total pension liability  | 81.29 %     | 76.99 %     | 69.18 %     | 73.74 %     |

\*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, 2018

|  | <u>2015</u>       | <u>2016</u>       | <u>2017</u>       | <u>2018</u>       |
|--|-------------------|-------------------|-------------------|-------------------|
| Contractually required contribution                                  | \$ 21,183         | \$ 26,253         | \$ 27,418         | \$ 26,956         |
| Contributions in relation to the contractually required contribution | <u>21,183</u>     | <u>26,253</u>     | <u>27,418</u>     | <u>26,956</u>     |
| Contribution deficiency (excess)                                     | -                 | -                 | -                 | -                 |
| The Village of Columbus' covered-employee payroll                    | <u>\$ 413,711</u> | <u>\$ 535,218</u> | <u>\$ 408,154</u> | <u>\$ 451,028</u> |
| Contributions as a percentage of covered-employee payroll            | <u>5.12 %</u>     | <u>6.06 %</u>     | <u>6.72 %</u>     | <u>5.98 %</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  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2018

**Changes of benefit terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY2017 audit available at <http://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.pdf>.

**Changes of assumptions.** The Public Employees Retirement Association (PERA) of the NEW Mexico Annual Actuarial Valuation as of 2018 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, 2017 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 2018. 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://www.nmpera.org/assets/uploads/downloads/Schedule-of-Employer-Allocation-for-report-FY17-Edited.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.

**DEBT SERVICE FUND** - To account for proceeds and payments to long term debt.

**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, 2018

|   | Recreation      | Correction      | Lodgers Tax      | EMS           | Law Enforcement Protection | Fire             | Debt Service | Municipal Streets | Total Special Revenue Funds |
|---|-----------------|-----------------|------------------|---------------|----------------------------|------------------|--------------|-------------------|-----------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>       |                 |                 |                  |               |                            |                  |              |                   |                             |
| Assets                                    |                 |                 |                  |               |                            |                  |              |                   |                             |
| Cash and cash equivalents                 | \$ 257          | \$ 5,814        | \$ 17,252        | \$ 308        | \$ 23                      | \$ 72,981        | \$ -         | \$ 71,730         | \$ 168,365                  |
| Taxes receivables                         | -               | -               | 421              | -             | -                          | -                | -            | 9,451             | 9,872                       |
| Accounts receivables                      | 2,000           | -               | -                | -             | -                          | 5,000            | -            | -                 | 7,000                       |
| <b>Total assets</b>                       | <b>\$ 2,257</b> | <b>\$ 5,814</b> | <b>\$ 17,673</b> | <b>\$ 308</b> | <b>\$ 23</b>               | <b>\$ 77,981</b> | <b>\$ -</b>  | <b>\$ 81,181</b>  | <b>\$ 185,237</b>           |
| <b>LIABILITIES AND FUND BALANCE</b>       |                 |                 |                  |               |                            |                  |              |                   |                             |
| Liabilities                               |                 |                 |                  |               |                            |                  |              |                   |                             |
| Accounts payable                          | \$ -            | \$ -            | \$ -             | \$ -          | \$ -                       | \$ -             | \$ -         | \$ -              | \$ -                        |
| <b>Total liabilities</b>                  | <b>-</b>        | <b>-</b>        | <b>-</b>         | <b>-</b>      | <b>-</b>                   | <b>-</b>         | <b>-</b>     | <b>-</b>          | <b>-</b>                    |
| Fund balance                              |                 |                 |                  |               |                            |                  |              |                   |                             |
| Restricted for special revenue funds      | 2,257           | 5,814           | 17,673           | 308           | 23                         | 77,981           | -            | 81,181            | 185,237                     |
| <b>Total fund balance</b>                 | <b>2,257</b>    | <b>5,814</b>    | <b>17,673</b>    | <b>308</b>    | <b>23</b>                  | <b>77,981</b>    | <b>-</b>     | <b>81,181</b>     | <b>185,237</b>              |
| <b>Total liabilities and fund balance</b> | <b>\$ 2,257</b> | <b>\$ 5,814</b> | <b>\$ 17,673</b> | <b>\$ 308</b> | <b>\$ 23</b>               | <b>\$ 77,981</b> | <b>\$ -</b>  | <b>\$ 81,181</b>  | <b>\$ 185,237</b>           |

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, 2018

|   | Recreation    | Correction | Lodgers Tax  | EMS          | Law<br>Enforcement<br>Protection | Fire          | Debt<br>Service | Municipal<br>Streets | Total          |
|---|---------------|------------|--------------|--------------|----------------------------------|---------------|-----------------|----------------------|----------------|
| <b>REVENUES</b>   |               |            |              |              |                                  |               |                 |                      |                |
| Gross receipts tax infrastructure                         | \$ -          | \$ -       | \$ -         | \$ -         | \$ -                             | \$ -          | \$ -            | \$ 46,952            | \$ 46,952      |
| Lodger's tax  | -             | -          | 5,381        | -            | -                                | -             | -               | -                    | 5,381          |
| Charges for services                                      | 2,502         | -          | -            | -            | -                                | -             | -               | -                    | 2,502          |
| Joint power agreement                                     | 8,000         | -          | -            | -            | -                                | 5,000         | -               | -                    | 13,000         |
| State allocation  | -             | -          | -            | 7,798        | 20,000                           | 78,020        | -               | -                    | 105,818        |
| Miscellaneous income                                      | -             | -          | -            | -            | -                                | 323           | -               | -                    | 323            |
| <b>Total revenues</b>                                     | <b>10,502</b> | <b>-</b>   | <b>5,381</b> | <b>7,798</b> | <b>20,000</b>                    | <b>83,343</b> | <b>-</b>        | <b>46,952</b>        | <b>173,976</b> |
| <b>EXPENDITURES</b>                                       |               |            |              |              |                                  |               |                 |                      |                |
| General government  | -             | -          | 1,498        | -            | -                                | 2,614         | -               | -                    | 4,112          |
| Public safety   | -             | -          | -            | 7,798        | 48,577                           | 85,355        | -               | -                    | 141,730        |
| Public works  | -             | -          | -            | -            | -                                | -             | -               | 102,189              | 102,189        |
| Culture and recreation                                    | 22,745        | -          | -            | -            | -                                | -             | -               | -                    | 22,745         |
| Debt Service Principal debt payment                       | -             | -          | -            | -            | -                                | 10,219        | 6,265           | -                    | 16,484         |
| <b>Total expenditures</b>                                 | <b>22,745</b> | <b>-</b>   | <b>1,498</b> | <b>7,798</b> | <b>48,577</b>                    | <b>98,188</b> | <b>6,265</b>    | <b>102,189</b>       | <b>287,260</b> |
| Excess (deficiency) of revenues over (under) expenditures | (12,243)      | -          | 3,883        | -            | (28,577)                         | (14,845)      | (6,265)         | (55,237)             | (113,284)      |

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, 2018

|   | Recreation      | Correction      | Lodgers Tax      | EMS           | Law<br>Enforcement<br>Protection | Fire             | Fire<br>Protection | Municipal<br>Streets | Total             |
|---|-----------------|-----------------|------------------|---------------|----------------------------------|------------------|--------------------|----------------------|-------------------|
| <b>OTHER FINANCING<br/>SOURCES (USES)</b> |                 |                 |                  |               |                                  |                  |                    |                      |                   |
| Operating transfers in                    | 13,200          | -               | -                | -             | 28,600                           | -                | 6,265              | 131,401              | 179,466           |
| Operating transfers out                   | -               | -               | -                | -             | -                                | -                | -                  | -                    | -                 |
| Total other financing source (uses)       | <u>13,200</u>   | <u>-</u>        | <u>-</u>         | <u>-</u>      | <u>28,600</u>                    | <u>-</u>         | <u>6,265</u>       | <u>131,401</u>       | <u>179,466</u>    |
| Net change in fund balance                | 957             | -               | 3,883            | -             | 23                               | (14,845)         | -                  | 76,164               | 66,182            |
| Fund balance, beginning 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>    |
| Fund balance, end of year                 | <u>\$ 2,257</u> | <u>\$ 5,814</u> | <u>\$ 17,673</u> | <u>\$ 308</u> | <u>\$ 23</u>                     | <u>\$ 77,981</u> | <u>\$ -</u>        | <u>\$ 81,181</u>     | <u>\$ 185,237</u> |

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

**OTHER SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF DEPOSITORIES  
June 30, 2018

|                       | <u>Type</u> | <u>Amount Per<br/>Bank</u> | <u>Plus DIT</u> | <u>Outstanding<br/>Checks</u> | <u>Balance<br/>Per<br/>Books</u> |
|-----------------------|-------------|----------------------------|-----------------|-------------------------------|----------------------------------|
| First New Mexico Bank |             |                            |                 |                               |                                  |
| General - Operating   | CK          | \$1,430,089                | \$ 2,483        | \$ 55,187                     | \$1,377,385                      |
| General               | CD          | 136,886                    | -               | -                             | 136,886                          |
| EMS                   | CK          | 36,077                     | -               | 2,843                         | 33,234                           |
| Cemetery              | CD          | 7,846                      | -               | -                             | 7,846                            |
| Water                 | CD          | 35,182                     | -               | -                             | 35,182                           |
| Western Heritage CD   | CD          | <u>202,840</u>             | <u>-</u>        | <u>-</u>                      | <u>202,840</u>                   |
| <br>                  |             |                            |                 |                               |                                  |
| Total                 |             | <u>\$1,848,920</u>         | <u>\$ 2,483</u> | <u>\$ 58,030</u>              | <u>\$1,793,373</u>               |
| <br>                  |             |                            |                 |                               |                                  |
| Reconciliation:       |             |                            |                 |                               |                                  |
| Government-Wide Cash  |             |                            |                 |                               | \$1,793,373                      |
| NMFA                  |             |                            |                 |                               | 29,585                           |
| Petty cash            |             |                            |                 |                               | <u>100</u>                       |
| <br>                  |             |                            |                 |                               |                                  |
| Total                 |             |                            |                 |                               | <u>\$1,823,058</u>               |

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

|  | <b>1st New<br/>Mexico Bank</b> | <b>Western<br/>Heritage Bank</b> |
|--|--------------------------------|----------------------------------|
| Amount held in bank June 30, 2018                          | \$ 1,646,079                   | \$ 202,841                       |
| Less FDIC Insurance  | <u>250,000</u>                 | <u>250,000</u>                   |
| <br>   |                                |                                  |
| Uninsured Public Funds                                     | <u>1,396,079</u>               | <u>(47,159)</u>                  |
| 50% Collateral Requirements<br>(Section 6-10-17 NMSA-1978) | 698,040                        | (23,580)                         |
| <br>   |                                |                                  |
| Pledged Securities   | <u>650,000</u>                 | <u>-</u>                         |
| <br>   |                                |                                  |
| Over (Under) Collateralized                                | <u>\$ (48,040)</u>             | <u>\$ 23,580</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, 2018

| <u>Description of Pledged Collateral</u>  | <u>Amount</u>    | <u>Name and Location of<br/>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, 2018

|                      |   |
|----------------------|---|
| 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**



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
INDEPENDENT AUDITORS' REPORT**

Wayne Johnson, 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, 2018, 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 14, 2018.

**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. (2018-001)

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 14, 2018

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2018

**Section I - Financial Statements Findings**

PRIOR YEAR FINDINGS

|          |                              |                       |
|----------|------------------------------|-----------------------|
| 2005-002 | Legal Compliance with Budget | Repeated and Modified |
| 2010-003 | Capital Assets               | Repeated and Modified |
| 2011-015 | Invoices                     | Resolved              |
| 2017-001 | Accuracy and Classification  | Repeated              |

CURRENT YEAR FINDINGS

2018-001 Pledged Collateral

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
June 30, 2018

**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. 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 2018. During the fiscal year ended June 30, 2018, the Village remitted payments for goods and services in excess of the adopted budget as follows:

| Fund            | Reason              | Budget<br>Expenses | Actual<br>Expenses | Difference         |
|-----------------|---------------------|--------------------|--------------------|--------------------|
| Recreation      | Operating expenses  | \$ 19,294          | \$ 22,745          | \$ (3,451)         |
| Fire Protection | Operating expenses  | 87,173             | 87,646             | (473)              |
| Law Enforcement | Operating expenses  | 43,600             | 48,577             | (4,977)            |
| Landfill        | Operating expenses  | 107,405            | 109,553            | (2,148)            |
| General         | Operating transfers | <u>315,046</u>     | <u>324,746</u>     | <u>(9,700)</u>     |
| Totals          |                     | <u>\$ 572,518</u>  | <u>\$ 593,267</u>  | <u>\$ (20,749)</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.

**IMPLEMENTATION** **Expected Completion:** June 30, 2019 **Employee Responsible:** Village Clerk

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STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
June 30, 2018

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

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|                       |  |
|-----------------------|--|
| <b>CONDITION</b>      | <p>An inventory of capital assets was performed during fiscal year 2018. Valuation of assets could not be verified. Additions and disposals are not recorded.</p> <p>While, the Village made a lot of progress during the year it remains difficult to obtain the resources for infrastructure valuation required for a complete list. Village is keeping a running list of all new additions of assets.</p> |
| <b>CRITERIA</b>       | <p>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.</p>  |
| <b>CAUSE</b>          | <p>The Village has not had the resources to get a valuation on their infrastructure.</p>   |
| <b>EFFECT</b>         | <p>Lack of an accurate annual inventory and incomplete supporting documentation could lead to theft, misuse or unauthorized disposal without detection. Material misstatements of capital assets may result.</p>   |
| <b>RECOMMENDATION</b> | <p>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.</p>  |
| <b>RESPONSE</b>       | <p>The Village has made significant progress in inventorying their capital assets. All movable assets have been accounted for. Infrastructure survey will occur in a subsequent budget year as it will represent a significant expense to the village.</p>   |
| <b>IMPLEMENTATION</b> | <p><b>Expected Completion:</b> June 30, 2019 <b>Employee Responsible:</b> Village Clerk</p>  |

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
June 30, 2018

**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.<br>There was no progress in the current year.  |
| <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 staff as well as the contracted services treasurer will be working with the accounting software company to determine the cause of this error. This finding is not expected to be repeated in the current year.   |
| <b>IMPLEMENTATION</b> | <b>Expected Completion:</b> June 30, 2019 <b>Employee Responsible:</b> Village Clerk   |

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
June 30, 2018

**Pledged Collateral (2018-001) - Material Weakness and Compliance**

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|                       |  |
|-----------------------|--|
| <b>CONDITION</b>      | We noted during our testing of New Mexico Statutes pertaining to cash, the failure by the Authority to ensure the proper collateralization of balances in excess of the Federal Deposit Insurance Corporation (FDIC) insurance amounts. The uninsured, uncollateralized amount at Bank amounted to \$48,040 for the fiscal year ended June 30, 2018. |
| <b>CRITERIA</b>       | Section 6-10-17 NMSA 1978 requires pledged securities delivered collateralize public funds "shall have an aggregate value equal to one-half the amount of public money to be received in accordance with Subsection B of section 6-10-16 NMSA 1978.  |
| <b>CAUSE</b>          | Management failed to recognize increased in bank balance.  |
| <b>EFFECT</b>         | Failure to have pledged collateral arrangements puts the Authority's deposits in excess of \$250,000 at risk should the bank fail. Failure to comply with state statutes subjects one to punishment specific by state statutes.  |
| <b>RECOMMENDATION</b> | We recommend management comply with state statutes dealing with the collateral of cash uninsured public funds.   |
| <b>RESPONSE</b>       | The village has contracted with a local financial institution to manage its collateral balances. The mayor and the clerk will be contacting the bank in order to work through the issue with securing the correct amount of collateral to meet legal requirements.   |
| <b>IMPLEMENTATION</b> | <b>EXPECTED COMPLETION DATE:</b> June 30, 2019 <b>EMPLOYEE RESPONSIBLE:</b> Village Clerk  |

STATE OF NEW MEXICO  
VILLAGE OF COLUMBUS  
ENTRANCE AND EXIT CONFERENCE  
FOR THE YEAR ENDED June 30, 2018

An entrance conference was held on November 6, 2018 in a closed meeting with Beasley, Mitchell & Co., LLP, with the following Village officials:

|                   |                 |
|-------------------|-----------------|
| Roberto Gutierrez | Mayor - Pro Tem |
| Velia Borunda     | Clerk           |

Beasley, Mitchell & Co., LLP

|                    |                |
|--------------------|----------------|
| Dahlia Garcia, CPA | Audit Manager  |
| Juan Garcia        | Audit Senior   |
| Ashley Tierney     | Audit Staff II |

An exit conference was held on December 12, 2018 in a closed meeting with Beasley, Mitchell & Co., LLP, with the following Village officials:

|                         |                       |
|-------------------------|-----------------------|
| Esequiel "Bruce" Salas  | Mayor                 |
| Velia Borunda           | Clerk                 |
| Wayne Diggs             | Contracted Accountant |
| Martha E. Pekarski, CPA | Contracted Accountant |

Beasley, Mitchell & Co., LLP

|                    |               |
|--------------------|---------------|
| Dahlia Garcia, CPA | Audit Manager |
| 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.