

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
For the Year June 30, 2019

TABLE OF CONTENTS

	Page
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 Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	12 - 13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	14
General Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	15 - 16
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget (Non-GAAP Basis) and Actual - EMS Fund	17
Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget (Non-GAAP Basis) and Actual - Municipal Streets Fund.	18

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
For the Year June 30, 2019

Proprietary Funds:

Statement of Net Position	20 - 21
Statement of Revenues, Expenditures, and Changes in Net Position	22
Statement of Cash Flows	23 - 24
Notes to the Financial Statements	26 - 53

REQUIRED SUPPLEMENTARY INFORMATION:

Schedule of Proportionate Share of the Net Pension Liability	55
Schedule of Village of Columbus' Contributions	56
Notes to the Required Supplementary Information	57

Supplementary Information:

Non-Major Funds	59
Combining Balance Sheets - Special Revenue Funds	61
Combining Statement of Revenue, Expenditures	62

OTHER SUPPLEMENTAL INFORMATION

Schedule of Depositories	64
Schedule of Collateral Pledged by Depository for Public Funds	65
Schedule of Joint Powers Agreements	66

COMPLIANCE:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	68 - 69
Schedule of Findings and Responses	70 - 75
Entrance and Exit Conference	76

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
OFFICIAL ROSTER
June 30, 2019

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



INDEPENDENT AUDITORS' REPORT

Brian Colón, 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, 2019, 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, 2019, 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 the 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, 2019, 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, 2019, 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 55 through 57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Columbus, New Mexico's basic financial statements. The combining and individual nonmajor fund financial statements, and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 16, 2019 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 16, 2019

GOVERNMENT - WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business- type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current assets			
Cash and cash equivalents	\$ 1,615,081	\$ 848,740	\$ 2,463,821
Taxes receivable	52,653	1,056	53,709
Grants receivable	296,532	-	296,532
Accounts receivable	47,097	247,947	295,044
Due from other funds	<u>87,160</u>	<u>175</u>	<u>87,335</u>
Total current assets	2,098,523	1,097,918	3,196,441
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>
Total non-current assets	<u>2,308,939</u>	<u>9,838,226</u>	<u>12,147,165</u>
Total assets	4,407,462	10,936,144	15,343,606
Deferred outflows:			
Contribution after measurement date	28,891	31,157	60,048
Difference in expected and actual experience	24,343	7,748	32,091
Net difference between projected and actual investment	9,486	19,881	29,367
Change in proportion	20,697	9,342	30,039
Change in assumption	<u>29,758</u>	<u>24,305</u>	<u>54,063</u>
Total deferred outflows	<u>113,175</u>	<u>92,433</u>	<u>205,608</u>
Total assets and deferred outflows	<u>\$ 4,520,637</u>	<u>\$ 11,028,577</u>	<u>\$ 15,549,214</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, 2019

	Governmental Activities	Business-type Activities	Total
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Current liabilities			
Accounts payable	\$ 28,410	\$ 7,872	\$ 36,282
Accrued salaries	5,884	6,981	12,865
Payroll taxes payable	2,428	-	2,428
Current portion of long-term debt	138,805	5,192	143,997
Due to other funds	86,547	788	87,335
Other liabilities	1,188	-	1,188
Compensated absences	<u>14,969</u>	<u>7,000</u>	<u>21,969</u>
Total current liabilities	278,231	27,833	306,064
Non-current liabilities			
Compensated absences	5,355	-	5,355
Net pension liability	328,231	268,063	596,294
Customer deposits	-	3,776	3,776
Long-term debt, less current maturities	<u>306,240</u>	<u>51,668</u>	<u>357,908</u>
Total non-current liabilities	<u>639,826</u>	<u>323,507</u>	<u>963,333</u>
Total liabilities	918,057	351,340	1,269,397
Deferred inflows:			
Change in assumption	1,888	1,540	3,428
Net difference between projected and actual investment earnings	-	3,485	3,485
Change in proportion	4,267	-	4,267
Difference between expected and actual expense	<u>8,618</u>	<u>7,038</u>	<u>15,656</u>
Total deferred inflows	<u>14,773</u>	<u>12,063</u>	<u>26,836</u>
Total liabilities and deferred inflows	932,830	363,403	1,296,233
NET POSITION			
Net investment in capital assets	1,863,894	9,781,366	11,645,260
Restricted for:			
Capital improvements	1,063,530	-	1,063,530
Special revenue funds	135,271	-	135,271
Unrestricted	<u>525,112</u>	<u>883,808</u>	<u>1,408,920</u>
Total net position	<u>3,587,807</u>	<u>10,665,174</u>	<u>14,252,981</u>
Total liabilities, deferred inflows and net position	<u>\$ 4,520,637</u>	<u>\$ 11,028,577</u>	<u>\$ 15,549,214</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, 2019

FUNCTIONAL/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 990,636	\$ 22,375	\$ 1,267,458	\$ 9,264	\$ 308,461	\$ -	\$ 308,461
Public safety	142,920	12,336	-	-	(130,584)	-	(130,584)
Public works	662,680	-	-	-	(662,680)	-	(662,680)
Culture and recreation	117,185	2,308	-	-	(114,877)	-	(114,877)
Total governmental activities	1,913,421	37,019	1,267,458	9,264	(599,680)	-	(599,680)
Business-type activities:							
Joint utilities	471,603	547,341	-	-	-	75,738	75,738
Cemetery	2,752	2,575	-	-	-	(177)	(177)
Ambulance	291,721	129,182	-	-	-	(162,539)	(162,539)
Total business-type activities	766,076	679,098	-	-	-	(86,978)	(86,978)
Total primary government	\$ 2,679,497	\$ 716,117	\$ 1,267,458	\$ 9,264	(599,680)	(86,978)	(686,658)
	General Revenues and Transfers:						
	Taxes						
					82,120	-	82,120
					5,041	-	5,041
					52,325	-	52,325
					306,837	17,455	324,292
					474,946	-	474,946
					-	-	-
					4,705	-	4,705
					10,328	-	10,328
					23,000	-	23,000
					27,592	70,896	98,488
					(162,243)	162,243	-
					824,651	250,594	1,075,245
					224,971	163,616	388,587
					3,362,836	10,501,558	13,864,394
					\$ 3,587,807	\$ 10,665,174	\$ 14,252,981

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, 2019

	General Fund	Capital Projects	Debt Service	EMS	Municipal Streets	Total Non-Major Funds	Total Governmental Funds
ASSETS							
Assets							
Cash and cash equivalents	\$ 579,349	\$ 779,638	\$ 127,592	\$ 298	\$ -	\$ 128,204	\$ 1,615,081
Taxes receivable	50,042	-	-	-	2,112	499	52,653
Grants receivables	-	296,532	-	-	-	-	296,532
Accounts receivable	40,097	-	-	-	-	7,000	47,097
Due from other funds	87,160	-	-	-	-	-	87,160
	<u>756,648</u>	<u>1,076,170</u>	<u>127,592</u>	<u>298</u>	<u>2,112</u>	<u>135,703</u>	<u>2,098,523</u>
Total assets	<u>\$ 756,648</u>	<u>\$ 1,076,170</u>	<u>\$ 127,592</u>	<u>\$ 298</u>	<u>\$ 2,112</u>	<u>\$ 135,703</u>	<u>\$ 2,098,523</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 10,739	\$ 14,652	\$ -	\$ 15	\$ 2,670	\$ 334	\$ 28,410
Payroll wages payable	3,664	100	-	-	1,739	381	5,884
Due to other funds	175	-	-	-	86,372	-	86,547
Payroll taxes payable	2,428	-	-	-	-	-	2,428
Other liabilities	1,188	-	-	-	-	-	1,188
	<u>18,194</u>	<u>14,752</u>	<u>-</u>	<u>15</u>	<u>90,781</u>	<u>715</u>	<u>124,457</u>
Total liabilities	18,194	14,752	-	15	90,781	715	124,457
Fund balances:							
Restricted for capital projects funds	-	1,061,418	-	-	2,112	-	1,063,530
Restricted for debt service	-	-	127,592	-	-	-	127,592
Restricted for special revenue funds	-	-	-	283	-	134,988	135,271
Unassigned	738,454	-	-	-	(90,781)	-	647,673
	<u>738,454</u>	<u>1,061,418</u>	<u>127,592</u>	<u>283</u>	<u>(88,669)</u>	<u>134,988</u>	<u>1,974,066</u>
Total fund balances	738,454	1,061,418	127,592	283	(88,669)	134,988	1,974,066
Total liabilities and fund balances	<u>\$ 756,648</u>	<u>\$ 1,076,170</u>	<u>\$ 127,592</u>	<u>\$ 298</u>	<u>\$ 2,112</u>	<u>\$ 135,703</u>	<u>\$ 2,098,523</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, 2019

Total fund balances - governmental funds \$ 1,974,066

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	28,891
---	--------

Deferred outflows - change in proportion	20,697
--	--------

Deferred outflows - change in assumption	29,758
--	--------

Deferred outflows - Net differences projected to actual investment	9,486
--	-------

Deferred outflows - Differences between expected and actual experience	24,343
--	--------

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	(328,231)	
Notes payable	(445,045)	
Compensated absences	<u>(20,324)</u>	(793,600)

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	(1,888)	
Deferred inflows - change in proportion	(4,267)	
Deferred inflows - difference between expected and actual Experience	<u>(8,618)</u>	<u>(14,773)</u>

Total net position - governmental activities \$ 3,587,807

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, 2019

	General Fund	Capital Projects	Debt Service	EMS	Municipal Streets	Total Non- Major Funds	Total Governmental Funds
REVENUES							
Motor vehicle registration	\$ 5,041	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,041
Gross receipts tax municipal	306,837	-	-	-	-	-	306,837
Gross receipts tax state	474,946	-	-	-	-	-	474,946
Property taxes	82,120	-	-	-	-	-	82,120
Franchise taxes	10,328	-	-	-	-	-	10,328
Gasoline tax	17,402	-	-	-	34,923	-	52,325
Lodger's tax	-	-	-	-	-	4,705	4,705
Small cities assistance	90,000	-	-	-	-	-	90,000
Charges for services	2,422	-	-	-	-	6,168	8,590
Joint power agreement	-	-	-	-	-	23,000	23,000
State allocation	-	-	-	8,532	-	127,352	135,884
Federal grants	-	9,264	-	-	-	-	9,264
State grants	-	1,041,574	-	-	-	-	1,041,574
Licenses and permits	1,525	-	-	-	-	-	1,525
Fines and forfeitures	26,904	-	-	-	-	-	26,904
Investment income	-	-	197	-	-	-	197
In-kind donations	1,603	-	-	-	-	-	1,603
Miscellaneous	27,395	-	-	-	-	-	27,395
	<u>1,046,523</u>	<u>1,050,838</u>	<u>197</u>	<u>8,532</u>	<u>34,923</u>	<u>161,225</u>	<u>2,302,238</u>
Total revenues	1,046,523	1,050,838	197	8,532	34,923	161,225	2,302,238

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, 2019

	General Fund	Capital Projects	Debt Service	EMS	Municipal Streets	Total Non-Major Funds	Total Governmental Funds
EXPENDITURES							
Current							
General government	553,141	-	358,762	-	-	6,562	918,465
Public safety	22,850	-	-	8,557	-	111,513	142,920
Public works	182,079	210,828	-	-	269,773	-	662,680
Culture and recreation	101,955	-	-	-	-	15,230	117,185
Debt service:							
Debt principal	83,500	-	4,055	-	-	31,120	118,675
Interest	-	-	322	-	-	-	322
	<u>943,525</u>	<u>210,828</u>	<u>363,139</u>	<u>8,557</u>	<u>269,773</u>	<u>164,425</u>	<u>1,960,247</u>
Excess (deficiency) of revenues over expenditures	102,998	840,010	(362,942)	(25)	(234,850)	(3,200)	341,991
OTHER FINANCING SOURCES (USES)							
Loan proceeds	-	-	454,449	-	-	-	454,449
Transfers in	-	-	36,085	-	65,000	34,440	135,525
Transfers out	<u>(297,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(297,768)</u>
Total other financing sources (uses)	<u>(297,768)</u>	<u>-</u>	<u>490,534</u>	<u>-</u>	<u>65,000</u>	<u>34,440</u>	<u>292,206</u>
Net change in fund balance	(194,770)	840,010	127,592	(25)	(169,850)	31,240	634,197
Fund balance at beginning of year	<u>933,224</u>	<u>221,408</u>	<u>-</u>	<u>308</u>	<u>81,181</u>	<u>103,748</u>	<u>1,339,869</u>
Fund balance at end of year	<u>\$ 738,454</u>	<u>\$ 1,061,418</u>	<u>127,592</u>	<u>283</u>	<u>(88,669)</u>	<u>134,988</u>	<u>\$ 1,974,066</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, 2019

Net change in fund balances - total governmental funds	\$ 634,197
Amounts reported for governmental activities in the Statement of Activities are different because:	
Change in deferred outflows	60,602
Change in deferred inflows	2,439
Change in net pension liability	(133,804)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	118,675
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.	(454,449)
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid).	<u>(2,689)</u>
Change in net position of governmental activities	<u>\$ 224,971</u>

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

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Franchise taxes	\$ 10,000	\$ 10,000	\$ 10,328	\$ 328
Gross receipts taxes-municipal	300,000	300,000	306,837	6,837
Property taxes	60,000	61,800	82,120	20,320
Gas tax	12,500	12,500	17,402	4,902
Motor vehicle registration	-	-	5,041	5,041
Licenses and permits	500	1,550	1,525	(25)
Charges for services	15,140	15,760	2,422	(13,338)
Gross receipts tax - state	360,000	360,000	562,022	202,022
Small cities assistance	130,000	130,000	90,000	(40,000)
In-kind	-	-	1,603	1,603
Fines and forfeits	30,050	30,050	26,904	(3,146)
Investment income	1,400	1,400	-	(1,400)
Miscellaneous	23,150	219,680	27,395	(192,285)
Total revenues	942,740	1,142,740	1,133,599	(9,141)
EXPENDITURES:				
Current				
General government	189,904	571,119	551,419	19,700
Public safety	22,850	22,850	22,850	-
Public works	182,079	182,079	182,079	-
Culture and recreation	101,955	101,955	101,955	-
Debt principal	83,500	83,500	83,500	-
Total expenditures	580,288	961,503	941,803	19,700
Excess (deficiency) of revenues over expenditures	362,452	181,237	191,796	10,559
OTHER FINANCING SOURCES (USES)				
Transfers out	(357,763)	(357,763)	(297,768)	59,995
Total other financing sources (uses)	(357,763)	(357,763)	(297,768)	59,995

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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Net changes in fund balance Non- GAAP basis	4,689	(176,526)	(105,972)	70,554
Fund balance - beginning	<u>933,224</u>	<u>933,224</u>	<u>933,224</u>	<u>-</u>
Fund balance - ending	<u>\$ 937,913</u>	<u>\$ 756,698</u>	<u>\$ 827,252</u>	<u>\$ 70,554</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			\$ (105,972)	
Revenue accrual			(87,076)	
Expenditure accrual			<u>(1,722)</u>	
Net change in fund balance - GAAP basis			<u>\$ (194,770)</u>	

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

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BUDGET AND ACTUAL ON BUDGETARY BASIS
EMS
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
State allocation	\$ 8,000	\$ 8,000	\$ 8,532	\$ 532
Total revenues	8,000	8,000	8,532	532
EXPENDITURES:				
Current				
Public safety	8,000	8,000	8,557	(557)
Total expenditures	8,000	8,000	8,557	(557)
Excess (deficiency) of revenues over expenditures	-	-	(25)	(25)
Net changes in fund balance Non- GAAP basis	-	-	(25)	(25)
Fund balance - beginning	308	308	308	-
Fund balance - ending	\$ 308	\$ 308	\$ 283	\$ (25)
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			\$ (25)	
Revenue accrual			-	
Expenditure accrual			-	
Net change in fund balance - GAAP basis			\$ (25)	

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
MUNICIPAL STREETS
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Gas tax	45,000	45,000	27,584	(17,416)
Total revenues	45,000	45,000	27,584	(17,416)
EXPENDITURES:				
Current				
Public works	147,623	147,623	265,364	(117,741)
Total expenditures	253,072	147,623	265,364	(117,741)
Excess (deficiency) of revenues over expenditures	(208,072)	(102,623)	(237,780)	(135,157)
OTHER FINANCING SOURCES (USES)				
Transfers out	102,623	136,300	65,000	(71,300)
Total other financing sources (uses)	102,623	136,300	65,000	(71,300)
Net changes in fund balance Non- GAAP basis	(105,449)	33,677	(172,780)	(206,457)
Fund balance - beginning	81,181	81,181	81,181	-
Fund balance - ending	\$ (24,268)	\$ 114,858	\$ (91,599)	\$ (206,457)
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			\$ (172,780)	
Revenue accrual			7,339	
Expenditure accrual			(4,409)	
Net change in fund balance - GAAP basis			\$ (169,850)	

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, 2019

	Joint Utilities	Cemetery	Ambulance	Total Proprietary
ASSETS AND DEFERRED OUTFLOWS				
Current assets				
Cash and cash equivalents	\$ 834,435	\$ 7,255	\$ 7,050	\$ 848,740
Accounts receivable	169,860	-	78,087	247,947
Taxes receivable	1,056	-	-	1,056
Due from other funds	-	175	-	175
	<u>1,005,351</u>	<u>7,430</u>	<u>85,137</u>	<u>1,097,918</u>
Total current assets				
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>
	<u>9,838,226</u>	<u>-</u>	<u>-</u>	<u>9,838,226</u>
Total non-current assets				
Total assets				
	10,843,577	7,430	85,137	10,936,144
Deferred outflows				
Contributions after measurement date	9,342	-	-	9,342
Difference in expected and actual experience	4,282	-	3,466	7,748
Net Difference between projected and actual earnings on pension plan investments	10,988	-	8,893	19,881
Change in proportion	13,041	-	18,116	31,157
Change in assumption	<u>13,433</u>	<u>-</u>	<u>10,872</u>	<u>24,305</u>
	<u>51,086</u>	<u>-</u>	<u>41,347</u>	<u>92,433</u>
Total deferred outflows				
Total assets and deferred outflows				
	<u>\$ 10,894,663</u>	<u>\$ 7,430</u>	<u>\$ 126,484</u>	<u>\$ 11,028,577</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, 2019

	Joint Utilities	Cemetery	Ambulance	Total Proprietary
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
Current liabilities				
Accounts payable	\$ 7,482	\$ -	\$ 390	\$ 7,872
Due to governmental funds	-	-	788	788
Current portion of long term debt	5,192	-	-	5,192
Accrued salaries	3,292	-	3,689	6,981
Compensated absences	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total current liabilities	22,966	-	4,867	27,833
Non-current liabilities				
Customer deposits	3,776	-	-	3,776
Net pension liability	148,154	-	119,909	268,063
Long term debt, less current maturities	<u>51,668</u>	<u>-</u>	<u>-</u>	<u>51,668</u>
Total non-current liabilities	<u>203,598</u>	<u>-</u>	<u>119,909</u>	<u>323,507</u>
Total liabilities	226,564	-	124,776	351,340
Deferred inflows:				
Deferred - change in assumption	851	-	689	1,540
Deferred - change in proportion	1,926	-	1,559	3,485
Deferred - investment experience	<u>3,890</u>	<u>-</u>	<u>3,148</u>	<u>7,038</u>
Total deferred inflows	<u>6,667</u>	<u>-</u>	<u>5,396</u>	<u>12,063</u>
Total liabilities and deferred inflows	<u>233,231</u>	<u>-</u>	<u>130,172</u>	<u>363,403</u>
NET POSITION				
Net investment in capital assets	9,781,366	-	-	9,781,366
Unrestricted	<u>880,066</u>	<u>7,430</u>	<u>(3,688)</u>	<u>883,808</u>
Total net position	<u>10,661,432</u>	<u>7,430</u>	<u>(3,688)</u>	<u>10,665,174</u>
Total liabilities, deferred inflows and net position	<u>\$10,894,663</u>	<u>\$ 7,430</u>	<u>\$ 126,484</u>	<u>\$11,028,577</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, 2019

	Joint Utilities	Cemetery	Ambulance	Total Proprietary
OPERATING REVENUES				
Charges for services	\$ 547,341	\$ 2,575	\$ 129,182	\$ 679,098
Gross receipts tax municipal	17,455	-	-	17,455
Miscellaneous	<u>70,896</u>	<u>-</u>	<u>-</u>	<u>70,896</u>
Total operating revenues	635,692	2,575	129,182	767,449
OPERATING EXPENSES				
Personnel services	154,302	-	263,092	417,394
Other operating expenses	<u>317,301</u>	<u>2,752</u>	<u>28,629</u>	<u>348,682</u>
Total operating expenses	<u>471,603</u>	<u>2,752</u>	<u>291,721</u>	<u>766,076</u>
Operating income	164,089	(177)	(162,539)	1,373
OTHER FINANCING SOURCES				
Transfers in	<u>27,205</u>	<u>-</u>	<u>135,038</u>	<u>162,243</u>
Total other financing sources (uses)	<u>27,205</u>	<u>-</u>	<u>135,038</u>	<u>162,243</u>
Change in net position	191,294	(177)	(27,501)	163,616
Net position, beginning of year	<u>10,470,138</u>	<u>7,607</u>	<u>23,813</u>	<u>10,501,558</u>
Net position, end of year	<u>\$ 10,661,432</u>	<u>\$ 7,430</u>	<u>\$ (3,688)</u>	<u>\$ 10,665,174</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, 2019

	<u>Joint Utilities</u>	<u>Cemetery</u>	<u>Ambulance</u>	<u>Total Proprietary</u>
Cash flows from operating activities:				
Cash received from agencies and customers	\$ 600,743	\$ 2,575	\$ 126,872	\$ 730,190
Cash paid to suppliers for goods and services	(309,953)	(2,752)	(27,451)	(340,156)
Cash payments to employees for services	<u>(186,869)</u>	<u>-</u>	<u>(234,445)</u>	<u>(421,314)</u>
Net cash provided by (used in) operating activities	103,921	(177)	(135,024)	(31,280)
Cash flows from non-capital activities and related financing:				
Intergovernmental transfers	27,205	-	135,038	162,243
State shared taxes	<u>3,670</u>	<u>-</u>	<u>-</u>	<u>3,670</u>
Net cash used in investing activities	<u>30,875</u>	<u>-</u>	<u>135,038</u>	<u>165,913</u>
Cash flows from investing activities:				
Investment income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in investment activities	-	-	-	-
Cash flows from financing activities:				
Principal payment on debt	<u>(5,191)</u>	<u>-</u>	<u>-</u>	<u>(5,191)</u>
Net cash used in financing activities	<u>(5,191)</u>	<u>-</u>	<u>-</u>	<u>(5,191)</u>
Net increase (decrease) in cash	129,605	(177)	14	129,442
CASH, Beginning of year	<u>704,830</u>	<u>7,432</u>	<u>7,036</u>	<u>719,298</u>
CASH, End of year	<u>\$ 834,435</u>	<u>\$ 7,255</u>	<u>\$ 7,050</u>	<u>\$ 848,740</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, 2019

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

Cash flows from operating activities:

Operating income (loss)	\$ 164,089	\$ (177)	\$ (162,539)	\$ 1,373
Adjustments to reconcile change in net assets to net cash				
Changes in working capital components:				
(Increase) Decrease in:				
Accounts receivables	(31,058)	-	(2,310)	(33,368)
Due from	-	-	-	-
Other assets	(3,891)	-	(21,848)	(25,739)
Increase (Decrease) in:				
Accounts payable	10,774	-	4,079	14,853
Security deposits	(134)	-	-	(134)
Compensated absences	(690)	-	-	(690)
Other liabilities	<u>(35,169)</u>	<u>-</u>	<u>47,594</u>	<u>12,425</u>
Net cash provided by operating activities	<u>103,921</u>	<u>(177)</u>	<u>(135,024)</u>	<u>(31,280)</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, 2019

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, 2019

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, 2019

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, 2019

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.

Emergency Medical Services (EMS) - To account for the general operations of the ambulance service (NMSA 24-10A-3).

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)

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.

Debt Service Fund - To account for proceeds and payments to long term debt.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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:

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.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Position or Equity

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.

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.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Capital Assets (Continued)

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.

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.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Long-Term Obligations:

In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of position. The face amount of debt issued is reported as other financing sources.

7. Net Position:

The government-wide and business-type activities fund financial statements utilize a net position presentation. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources as needed.

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

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

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

8. Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The Village records reserves to indicate that a portion of fund balance is legally restricted for a specific future use or is not available for appropriation and/or expenditure.

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

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Fund Equity (Continued):

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

9. Inter-Fund Transactions:

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

10. Estimates:

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets for the Village are prepared prior to June 1 and must be approved by the Board of Trustees and the New Mexico Department of Finance and Administration (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.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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

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

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

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

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, 2019 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 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, 2019

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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.

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 Balance</u>
Insured	\$ 250,000
Collateralized	
Cash held by pledging bank	<u>1,410,000</u>
Uninsured and uncollateralized	<u>(398,546)</u>
Total Cash and Investments, Primary Government	<u>\$ 1,261,452</u>

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

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, 2019, \$1,261,454 of the Village's bank balance of \$205,945 was exposed to custodial credit risk as follows:

Cash held by pledging bank's trust	<u>\$1,410,000</u>
Total Cash and Investments, Primary Government	<u>\$1,261,454</u>

Fair Value Measurement (GASB 72)

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement Number 72, Fair Value Measurement and Application. This statement changes the definition of fair value and adds new disclosure requirements. GASB 72 is effective for periods beginning after June 15, 2015 (i.e., financial statements for June 30, 2016, and beyond).

The Village holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Village's mission, the Village determines that the disclosures related to these investments only need to be disaggregated by major type. The Village chooses a table format for the fair value disclosures.

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

Market approach: this uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

Cost approach: this technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

Income approach: this approach converts future amounts (such as cash flows) into a current discounted amount.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Each of these valuation techniques requires inputs to calculate a fair value. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB 72 establishes a hierarchy of inputs to the valuation techniques listed above.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy's three levels are as follows:

Level 1

Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. (Examples: equity securities traded on an open market, actively traded mutual funds, and US treasuries)

Level 2

Are significant other observable inputs:

- a) Quoted prices for similar assets or liabilities in active markets.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Inputs other than quoted prices that are observable for the asset or liability, such as:
 - 1) Interest rates and yield curves observable at commonly quoted intervals,
 - 2) Implied volatilities, and
 - 3) Credit spreads.
- d) Market-corroborated inputs.

(Examples: a bond valued using market corroborated inputs such as yield curves, a bond valued using matrix pricing, and an interest rate swap valued using the LIBOR swap rate observed at commonly quoted intervals for the full term of the swap)

Level 3

Are significant unobservable inputs for an asset or liability. (Examples: Commercial real estate valued using a forecast of cash flows based on a university's own data and an interest rate swap valued using data that is neither directly observable nor corroborated by observable market data)

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

3. DEPOSITS AND INVESTMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

These investments held by the Village are open-end funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Village are deemed to be actively traded.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Village believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Village has the following recurring fair value measurements as of June 30, 2019:

Investment Type	Level 1	Level 2	Level 3	Total
CD - First New Mexico Bank -General	\$ 68,618	\$ -	\$ -	\$ 68,618
CD - First New Mexico Bank -General	3,706	-	-	3,706
CD - First New Mexico Bank -Cemetary	8,387	-	-	8,387
CD - First New Mexico Bank -Water	35,446	-	-	35,446
CD - Wester Heritage -General	205,945	-	-	205,945
CD -First New Mexico Bank -Joint Utilities	<u>28,200</u>	<u>-</u>	<u>-</u>	<u>28,200</u>
Total Investments	<u>\$ 350,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,302</u>

The CD's are considered cash equivalents.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

4. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019, consist of the following:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Accounts receivable	\$ 47,097	\$ 247,947	\$ 295,044
Grants receivable	296,532	-	296,532
Taxes receivable	<u>52,653</u>	<u>1,056</u>	<u>53,709</u>
Net receivables	<u>\$ 396,282</u>	<u>\$ 249,003</u>	<u>\$ 645,285</u>

The Village has booked allowance for uncollectible accounts totaling \$117,528 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, 2019

5. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2019, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and Construction in Progress is not subject to depreciation.

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

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>Balance</u> <u>June 30, 2019</u>
Government activities					
Capital assets not being depreciated:					
Land	\$ 505,314	\$ -	\$ -	\$ -	\$ 505,314
Construction in progress	<u>15,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,001</u>
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>\$ 2,308,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,308,939</u>

Depreciation expense, for the year ended June 30, 2019 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, 2019 totaled \$-.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

5. CAPITAL ASSETS (Continued)

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

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2019</u>
Business-type activities					
Capital assets not being depreciated:					
Construction in progress	\$ 1,794,851	\$ -	\$ -	\$ -	\$ 1,794,851
Capital assets being depreciated					
Utility system	12,930,578	-	-	-	12,930,578
Machinery and equipment	<u>109,744</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, 2019 totaled \$0.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

6. LONG TERM DEBT

During the year-end June 30, 2019, the following changes occurred in the liabilities reported in the government-wide statement of net position:

Governmental Funds	Balance			Balance	
	June 30, 2018	Additions	Reductions	June 30, 2019	Due Within One Year
New Mexico Finance Authority	\$ 78,151	\$ 2,949	\$ 4,055	\$ 77,045	\$ 4,055
New Mexico Finance Authority	31,120	-	31,120	-	-
New Mexico Finance Authority	-	168,150	-	168,150	-
New Mexico Finance Authority	-	8,600	-	8,600	-
New Mexico Finance Authority	-	24,750	-	24,750	24,750
Patricia L. McCall Compensated absences	-	250,000	83,500	166,500	110,000
	<u>17,635</u>	<u>17,658</u>	<u>14,969</u>	<u>20,324</u>	<u>14,969</u>
Total	<u>\$ 126,906</u>	<u>\$ 472,107</u>	<u>\$ 133,644</u>	<u>\$ 465,369</u>	<u>\$ 153,774</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, 2038. The payment amounts are as follows:

	<u>Principal</u>
2020	\$ 4,055
2021	4,055
2022	4,055
2023	4,055
2024	4,055
2025 - 2029	20,275
2030 - 2034	20,275
2035 - 2038	<u>16,220</u>
	<u>\$ 77,045</u>

STATE OF NEW MEXICO
 VILLAGE OF COLUMBUS
 NOTES TO BASIC FINANCIAL STATEMENTS
 As of and For the Year Ended June 30, 2019

6. LONG TERM DEBT (CONTINUED)

The Village obtained a \$168,500 loan from the State of New Mexico Finance Authority, during 2019 fiscal year; the purpose of the loan was a flood prevention project. The note bears interest of 0.25%. First payment is due in 2040. The maturity date of the loan is May 2021. The payment amounts are as follows:

<u>June 30:</u>	<u>Principal</u>
2020	\$ -
2021	8,202
2022	8,262
2023	8,282
2024	8,303
2025 - 2029	41,827
2030 - 2034	42,352
2035 -2039	42,885
2040	<u>8,037</u>
	<u>\$ 168,150</u>

The Village obtained a \$8,600 loan from the State of New Mexico Finance Authority, during 2019 fiscal year; the purpose of the loan was for a new facultative pond. The note bears interest no interest. First payment is due in 2040. The maturity date of the loan is May 2021. The payment amounts are as follows:

<u>June 30:</u>	<u>Principal</u>
2020	\$ -
2021	430
2022	430
2023	430
2024	430
2025 - 2029	2,150
2030 - 2034	2,150
2035 -2039	2,150
2040	<u>430</u>
	<u>\$ 8,600</u>

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

6. LONG TERM DEBT (CONTINUED)

The Village obtained a \$24,750 loan from the State of New Mexico Finance Authority, during 2019 fiscal year; the purpose of the loan was for planning and design. The note bears interest no interest. First payment is due in 2021. The maturity date of the loan is May 2040.. The payment amounts are as follows:

<u>June 30:</u>	<u>Principal</u>
2020	\$ -
2021	<u>1,238</u>
2022	1,238
2023	1,238
2024	1,238
2025 - 6190	6,190
2030 - 2034	6,190
2035 -2039	6,190
2040	<u>1,228</u>
	<u>\$ 24,750</u>

The Village obtained a \$250,000 loan from Patricia L McCall, during 2019 fiscal year; the purpose of the loan was to purchase a house. The note bears no interest. The maturity date of the loan is June 2021. The payment amounts are as follows:

<u>June 30:</u>	<u>Principal</u>
2020	\$ 110,000
2021	<u>56,500</u>
	<u>\$ 166,500</u>

Proprietary Fund	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
	June 30, 2018			June 30, 2019	One Year
New Mexico Finance Authority	\$ 49,779	\$ -	\$ 4,469	\$ 45,310	\$ 4,470
New Mexico Finance Authority	12,272	-	722	11,550	722
Compensated absences	<u>7,690</u>	<u>8,289</u>	<u>8,979</u>	<u>7,000</u>	<u>7,000</u>
Total	<u>\$ 69,741</u>	<u>\$ 8,289</u>	<u>\$ 14,170</u>	<u>\$ 63,860</u>	<u>\$ 12,192</u>

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

6. LONG TERM DEBT (CONTINUED)

Compensated absences typically have been liquidated in the proprietary fund.

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

<u>June 30:</u>	<u>Principal</u>
2020	\$ 4,470
2021	4,481
2022	4,492
2023	4,503
2024	4,514
2025 - 2029	<u>22,850</u>
	<u>\$ 45,310</u>

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 June 2035. The payment amounts are as follows:

<u>June 30:</u>	<u>Principal</u>
2020	\$ 722
2021	722
2022	722
2023	722
2024	722
2025 - 2029	3,610
2030 - 2034	3,610
2035	<u>720</u>
	<u>\$ 11,550</u>

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

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>.

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, 2018 available at: <http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.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, 2019 and June 30, 2018 were \$36,375 and \$26,956, respectively, equal the amount of the required contributions for the fiscal year.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

8. PERA PENSION PLAN (CONTINUED)

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, 2018.

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, 2019. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2018, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2018.

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.

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, 2019. Only employer contributions for the pay period end dates that fell within the period of July 1, 2018 to June 30, 2019 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2019 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.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

8. PERA PENSION PLAN (CONTINUED)

For the year ended June 30, 2019, the Village recognized PERA Fund Municipal General Division pension expense of \$37,600. At June 30, 2019, 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 outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in assumptions	54,063	(3,428)
Net difference between projected and actual earnings on pension plan investments	44,224	-
Difference between expected and actual experience	17,234	(15,656)
Village of Columbus contributions subsequent to the measurement date	37,600	-
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>52,487</u>	<u>(7,752)</u>
Total	<u>\$ 205,608</u>	<u>\$ (26,836)</u>

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 6/30/19 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2019 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of 2019. These actuarial methods and assumptions were adopted by the Board for use in the 2017 actuarial valuation.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

8. PERA PENSION PLAN (CONTINUED)

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, Open
Payroll growth rate	3.00% for 1st 9 years, 3.25% thereafter
Remaining amortization period	30 years
Asset valuation method	4-year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.25% for 1st 9 years, 7.75% thereafter
Administrative expenses	.45% of payroll
Projected salary increases*	3.25% - 13.50%
Post-retirement benefit increases	2.00% compounded annually (2.5% for certain retirees and disabled participants with annual benefits less than \$20,000)

*Includes inflation at 2.25% for the first 9 years and 2.75 thereafter

For PERA Fund Municipal General Division, at June 30, 2019, the Village reported a liability of \$596,294 for its proportionate share of the net pension liability. At June 30, 2019, the Village's proportion was 0.0321 percent, which was decreased from its proportion measured as of June 30, 2018, by 0.0014 percent.

<u>Liability Proportion</u>	
Municipal General Division	0.0374 %
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:

All Funds- Asset Class	Target Allocation	Long Term Expected Real Rate of Return
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
	<u>100.00 %</u>	

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

8. PERA PENSION PLAN (CONTINUED)

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.

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 the Village of Columbus's net pension liability in each PERA Fund Division that the Village of Columbus 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:

	1% Decrease		Current		1% Increase
	<u>6.51%</u>		<u>7.51%</u>		<u>8.51%</u>
Net Pension Liability	\$ 918,849	\$	596,294	\$	329,650

In June 30, 2019 \$37,600, 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	\$	78,995
2018		37,740
2019		22,056
2020		2,381

Additional information on PERA, and the Actuarial assumptions may be found at:
<http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.pdf>.

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

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, 2019.

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, 2019.

Amount	From	To	Purpose
\$ 5,235	General Fund	Landfill	To fund operations
36,085	General Fund	Debt Services	To fund operations
27,240	General Fund	Law Enforcement Fund	To fund operations
65,000	General Fund	Municipal	To fund operations
135,038	General Fund	Ambulance Fund	To fund operations
7,200	General Fund	Recreation Fund	To fund operations
\$ 21,970	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 \$(146,304) as follows:

Fund	Reason	Budget Expenses	Actual Expenses	Difference
Municipal Street	Operating expenses	147,623	265,364	(117,741)
Fire Protection	Operating expenses	84,869	113,428	(28,559)
RV Park	Operating transfers	150	154	(4)
Totals		<u>\$ 232,642</u>	<u>\$ 378,946</u>	<u>\$ (146,304)</u>

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
NOTES TO BASIC FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2019

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 16, 2019 the date the financial statements were available to be issued.

14. TAX ABATEMENTS

There are no tax abatements to report under GASB 77.

15. DEFICIT FUND BALANCE

The following funds had a deficit fund balance as of June 30, 2019:

Ambulance Fund	\$ (3,688)
Municipal Steets Fund	<u>(88,669)</u>
	<u>\$ (92,357)</u>

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, 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
The Village of Columbus' proportion of the net pension liability	\$ 338,503	\$ 222,331	\$ 535,218	\$ 441,081	\$ 596,294
The Village of Columbus' proportionate share of the net pension liability	0.0285%	0.0332%	0.0335%	0.0321%	0.0374%
The Village of Columbus' covered-employee payroll	\$ 413,711	\$ 434,944	\$ 535,218	\$ 451,028	\$ 491,546
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 %	1.21 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %	73.74 %	71.13 %

*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, 2019

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 21,183	\$ 26,253	\$ 27,418	\$ 26,956	\$ 36,375
Contributions in relation to the contractually required contribution	<u>21,183</u>	<u>26,253</u>	<u>27,418</u>	<u>26,956</u>	<u>36,375</u>
Contribution deficiency (excess)	-	-	-	-	-
The Village of Columbus' covered-employee payroll	<u>\$ 413,711</u>	<u>\$ 434,944</u>	<u>\$ 535,218</u>	<u>\$ 451,028</u>	<u>\$ 491,546</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>	<u>7.40 %</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, 2019

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY2018 audit available at <http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.pdf>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of the NEW Mexico Annual Actuarial Valuation as of 2019 is available at <http://www.nmpera.org/assets/uploads/downloads/GASB/Final-Version-NMPERA-2018-GASB-68-Report.pdf>. See Appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

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).

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.

RV Park - To account for all revenues derived from the rental of lots within the RV park.

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL TYPES
SPECIAL REVENUE FUNDS
June 30, 2019

	<u>Recreation</u>	<u>Correction</u>	<u>Lodgers Tax</u>	<u>Law Enforcement Protection</u>	<u>Fire</u>	<u>RV Park</u>	<u>Total Special Revenue Funds</u>
ASSETS AND DEFERRED OUTFLOWS							
Assets							
Cash and cash equivalents	\$ 3,201	\$ 5,814	\$ 19,071	\$ 14,304	\$ 82,108	\$ 3,706	\$ 128,204
Taxes receivables	-	-	499	-	-	-	499
Accounts receivables	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>7,000</u>
Total assets	<u>\$ 5,201</u>	<u>\$ 5,814</u>	<u>\$ 19,570</u>	<u>\$ 14,304</u>	<u>\$ 87,108</u>	<u>\$ 3,706</u>	<u>\$ 135,703</u>
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 131	\$ -	\$ -	\$ -	\$ 203	\$ -	\$ 334
Accrued salaries	<u>381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381</u>
Total liabilities	512	-	-	-	203	-	715
Fund balance							
Restricted for special revenue funds	<u>4,689</u>	<u>5,814</u>	<u>19,570</u>	<u>14,304</u>	<u>86,905</u>	<u>3,706</u>	<u>134,988</u>
Total fund balance	<u>4,689</u>	<u>5,814</u>	<u>19,570</u>	<u>14,304</u>	<u>86,905</u>	<u>3,706</u>	<u>134,988</u>
Total liabilities and fund balance	<u>\$ 5,201</u>	<u>\$ 5,814</u>	<u>\$ 19,570</u>	<u>\$ 14,304</u>	<u>\$ 87,108</u>	<u>\$ 3,706</u>	<u>\$ 135,703</u>

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

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL TYPES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED June 30, 2019

	Recreation	Correction	Lodgers Tax	Law Enforcement Protection	Fire	RV Park	Total
REVENUES							
Lodger's tax	-	-	4,705	-	-	-	4,705
Charges for services	2,308	-	-	-	-	3,860	6,168
Joint power agreement	8,000	-	-	-	15,000	-	23,000
State allocation	-	-	-	20,000	107,352	-	127,352
	<u>10,308</u>	<u>-</u>	<u>4,705</u>	<u>20,000</u>	<u>122,352</u>	<u>3,860</u>	<u>161,225</u>
Total revenues	10,308	-	4,705	20,000	122,352	3,860	161,225
EXPENDITURES							
General government	-	-	2,808	-	3,754	-	6,562
Public safety	-	-	-	32,959	78,554	-	111,513
Culture and recreation	15,076	-	-	-	-	154	15,230
Debt Service							
Principal debt payment	-	-	-	-	31,120	-	31,120
	<u>15,076</u>	<u>-</u>	<u>2,808</u>	<u>32,959</u>	<u>113,428</u>	<u>154</u>	<u>164,425</u>
Total expenditures	15,076	-	2,808	32,959	113,428	154	164,425
Excess (deficiency) of revenues over (under) expenditures	<u>(4,768)</u>	<u>-</u>	<u>1,897</u>	<u>(12,959)</u>	<u>8,924</u>	<u>3,706</u>	<u>(3,200)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	<u>7,200</u>	<u>-</u>	<u>-</u>	<u>27,240</u>	<u>-</u>	<u>-</u>	<u>34,440</u>
Total other financing source (uses)	<u>7,200</u>	<u>-</u>	<u>-</u>	<u>27,240</u>	<u>-</u>	<u>-</u>	<u>34,440</u>
Net change in fund balance	2,432	-	1,897	14,281	8,924	3,706	31,240
Fund balance, beginning of year	<u>2,257</u>	<u>5,814</u>	<u>17,673</u>	<u>23</u>	<u>77,981</u>	<u>-</u>	<u>103,748</u>
Fund balance, end of year	<u>\$ 4,689</u>	<u>\$ 5,814</u>	<u>\$ 19,570</u>	<u>\$ 14,304</u>	<u>\$ 86,905</u>	<u>\$ 3,706</u>	<u>\$ 134,988</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, 2019

	<u>Type</u>	<u>Amount Per Bank</u>	<u>Plus DIT</u>	<u>Outstanding Checks</u>	<u>Balance Per Books</u>
First New Mexico Bank					
General - Operating	CK	\$ 655,184	\$ 15,037	\$ 79,734	\$ 590,487
General	CD	68,618	-	-	68,618
General	CD	3,706	-	-	3,706
Water	CD	14,100	-	-	14,100
Senior Ceneter	CD	7,050	-	-	7,050
Ambulance	CD	7,050	-	-	7,050
EMS	CK	53,176	-	8,958	44,218
Cemetery	CD	8,387	-	-	8,387
CDBG	CK	202,790	-	-	202,790
Water	CD	35,446	-	-	35,446
Western Heritage CD	CD	<u>205,945</u>	<u>-</u>	<u>-</u>	<u>205,945</u>
 Total		<u>\$1,261,452</u>	<u>\$ 15,037</u>	<u>\$ 88,692</u>	<u>\$1,187,797</u>
 Reconciliation:					
Government-Wide Cash					\$ 1,187,797
NMFA					1,275,924
Petty cash					<u>100</u>
 Total					<u>\$ 2,463,821</u>

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

	1st New Mexico Bank	Western Heritage Bank
Amount held in bank June 30, 2019	\$ 1,055,507	\$ 205,945
Less FDIC Insurance	<u>250,000</u>	<u>250,000</u>
Uninsured Public Funds	<u>805,507</u>	<u>(44,055)</u>
50% Collateral Requirements (Section 6-10-17 NMSA-1978)	402,754	(22,028)
Pledged Securities	<u>1,410,000</u>	<u>-</u>
Over (Under) Collateralized	<u>\$ 1,007,246</u>	<u>\$ 22,028</u>

STATE OF NEW MEXICO
 VILLAGE OF COLUMBUS
 SCHEDULE OF DEPOSITORIES
 June 30, 2019

Description of Pledged Collateral	Amount	Name and Location of Safekeeper
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
FHLB Fixed Rate Note, CUSIP # 3130A9FT3, Maturing 9/14/2026	<u>1,000,000</u>	First New Mexico Bank
Total pledged securities	<u>\$1,410,000</u>	

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
JOINT POWERS AGREEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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**

Brian Colón, 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, 2019, 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 16, 2019.

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) (2019-001)

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 16, 2019

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

Section I - Financial Statements Findings

PRIOR YEAR FINDINGS

2019-002 (2005-002)	Legal Compliance with Budget	Repeated and Modified
2019-003 (2010-003)	Capital Assets	Repeated and Modified
2019-004 (2017-001)	Accuracy and Classification	Repeated
2019-005 (2018-002)	Pledged Collateral	Resolved

CURRENT YEAR FINDINGS

2019-001	Cash Reconciliations
----------	----------------------

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

Summary of Audit Results

Type of auditors' report issued	Qualified
Internal control over financial reporting	
• Material weakness(es) identified	Yes
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted	No

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

Cash Reconciliations (2019-001) - Material Weakness and Compliance

CONDITION	It was noted during testwork that cash reconciliation for June were not performed in a timely manner. Further subsequent to year end it was noted that there were errors in prior bank reconciliations. Reconciliations have been corrected as of October 2019.
CRITERIA	Per Section 6-10-2 NMSA 1978, it is the duty of every public official or agency of this state that receives or disburses public money to maintain a cash record in which is entered daily, in detail, all items of receipts and disbursements of public money. The cash record shall be balanced daily so as to show the balance of public money on hand at the close of each day's business.
CAUSE	The Village parted with their contract accountant and the reconciliation's for the month of June were not done.
EFFECT	Failure to reconcile banks eliminate control over the Villages money and can facilitate misuse, and abuse of public funds.
RECOMMENDATION	We recommend that the Village have a backup plan to ensure reconciliation's are done with or without a contract accountant present.
RESPONSE	The Village has contracted a new accountant and reconciliation are now being done timely.
IMPLEMENTATION	EXPECTED COMPLETION DATE: October 2019 EMPLOYEE RESPONSIBLE: Village Clerk

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

Legal Compliance with Budget 2019-002 (2005-002) - Significant Deficiency

CONDITION Section 6-6-6 of the New Mexico state statutes restricts all officials and governing authorities from approving claims in excess of the approved budget. Additionally, Section 6-6-6 prohibits any payments in excess of the approved budget. 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, 2019, the Village remitted payments for goods and services in excess of the adopted budget as follows:

<u>Fund</u>	<u>Reason</u>	<u>Budget Expenses</u>	<u>Actual Expenses</u>	<u>Difference</u>
Municipal Street	Operating expenses	147,623	265,364	(117,741)
Fire Protection	Operating expenses	84,869	113,428	(28,559)
RV Park	Operating expenses	150	154	(4)
Totals		<u>\$ 232,642</u>	<u>\$ 378,946</u>	<u>\$ (146,304)</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, 2020 **Employee Responsible:** Village Clerk

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

Capital Assets 2019-003 (2010-003) - Significant Deficiency

CONDITION	An inventory of capital assets was performed during fiscal year 2018. Valuation of assets could not be verified. Additions and disposals are not recorded. 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.
CRITERIA	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.
CAUSE	The Village has not had the resources to get a valuation on their infrastructure.
EFFECT	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.
RECOMMENDATION	The City should maintain and update an accurate listing of all capital assets, including infrastructure, owned by the City and obtain services of an appraisal company to conduct an inventory of their infrastructure and produce an accurate listing. In addition, detail on current year activity should be maintained.
RESPONSE	The Village has made significance 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.
IMPLEMENTATION	Expected Completion: June 30, 2020 Employee Responsible: Village Clerk

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

Accuracy and Classification 2019-004 (2017-001) - Significant Deficiency

CONDITION	During testwork it was noted that various account payable accounts had debit balances in the trial balance. There was no progress in the current year.
CRITERIA	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.
CAUSE	Accounts payable transactions were being posted to the incorrect account.
EFFECT	Improper recording will cause the financial statements to be stated incorrectly.
RECOMMENDATION	It is recommended that the Village incorporate procedures to review adjusting journal entries prior to presentation of financial statements and reports.
RESPONSE	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.
IMPLEMENTATION	Expected Completion: June 30, 2020 Employee Responsible: Village Clerk

STATE OF NEW MEXICO
VILLAGE OF COLUMBUS
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

An entrance conference was held on September 16, 2019 in a closed meeting with Beasley, Mitchell & Co., LLP, with the following Village officials:

Roberto Gutierrez	Mayor - Pro Tem
Cindy Varnhagen	Clerk

Beasley, Mitchell & Co., LLP

Juan Garcia	Audit Specialist
Ashley Tierney	Audit Staff II

An exit conference was held on December 16, 2019 in a closed meeting with Beasley, Mitchell & Co., LLP, with the following Village officials:

Esequiel "Bruce" Salas	Mayor
Cindy Varnhagen	Clerk

Beasley, Mitchell & Co., LLP

Juan Garcia	Audit Specialist
-------------	------------------

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.