

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

VILLAGE OF PECOS, NEW MEXICO

**Financial Statements, Supplementary Information
and
Independent Auditors' Report**

June 30, 2010

VILLAGE OF PECOS, NEW MEXICO

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VILLAGE OF PECOS, NEW MEXICO

List of Principal Officials

June 30, 2010

Elected Officials

Tony Jose Roybal	Mayor
Joe Modesto Benavides	Mayor Pro-tem
Herman Gallegos	Trustee
Florencio Varela	Trustee
James Varela	Trustee

Administrative Officials

Ramona Quintana	Village Clerk
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Public Housing Authority Officials

Ricardo Valenzuela	Executive Director
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Independent Auditors' Report

Mr. Hector H. Balderas, State Auditor and
Mr. Tony J. Roybal, Mayor and
The Village Trustees
Village of Pecos, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund, street fund, NMDOT grip project fund, and the senior citizen center fund, of the Village of Pecos (Village) as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements and schedules, and budgetary comparison statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority, a component unit of the Village, as of June 30, 2010 and for the year then ended, which statements reflect total assets and revenues constituting 20% and 33%, respectively, of the related proprietary fund totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion for June 30, 2010, insofar as it relates to the amounts included for the Housing Authority, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general

Mr. Hector H. Balderas, State Auditor and
Mr. Tony J. Roybal, Mayor and
The Village Trustees
Village of Pecos, New Mexico

fund, street fund, NMDOT grip project fund, and the senior citizen center fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the nonmajor governmental funds and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 2010 on our consideration of the Village's 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 *Governmental Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

For the year ended June 30, 2010, the Village has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual financial statements and budgetary comparisons of the Village. The supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Porch & Associates LLC

Albuquerque, New Mexico
November 26, 2010

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,101,328	473,663	1,574,991
Cash and cash equivalents - restricted	-	6,551	6,551
Receivables			
Taxes			
Gross receipts	53,099	-	53,099
Gasoline	4,721	-	4,721
Motor vehicle	9,441	-	9,441
Property	651	-	651
Franchise	2,954	-	2,954
Cigarette	604	-	604
Grant	56,287	-	56,287
Accounts receivable, net of allowance	-	40,432	40,432
Inventory	-	11,099	11,099
Due from other state agencies	42,307	-	42,307
Due from other funds	296,032	-	296,032
Prepaid expenses	-	5,703	5,703
Capital assets, not depreciated	1,506,639	1,761,496	3,268,135
Capital assets, net of accumulated depreciation	1,656,162	1,556,438	3,212,600
Total assets	4,730,225	3,855,382	8,585,607
LIABILITIES			
Accounts payable	5,000	36,670	41,670
Accrued compensation and benefits	8,849	14,574	23,423
Interest payable	-	7,378	7,378
Deposits payable	-	32,984	32,984
Due to other funds	-	291,301	291,301
Noncurrent liabilities:			
Compensated absences, due in one year	8,750	4,288	13,038
Long-term liabilities, due in one year	42,857	15,111	57,968
Long-term liabilities, due in more than one year	64,286	306,211	370,497
Total liabilities	129,742	708,517	838,259
NET ASSETS			
Invested in capital assets, net of related debt	3,055,658	2,996,612	6,052,270
Unrestricted	1,544,825	150,253	1,695,078
Total net assets	\$ 4,600,483	3,146,865	7,747,348

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

<u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary government							
Governmental activities							
General government	\$ 529,323	3,605	147,906	-	(377,812)	-	(377,812)
Public safety	127,064	-	168,161	26,500	67,597	-	67,597
Health and welfare	62,566	-	-	50,000	(12,566)	-	(12,566)
Total governmental activities	<u>750,688</u>	<u>3,605</u>	<u>316,067</u>	<u>259,536</u>	<u>(171,480)</u>	<u>-</u>	<u>(171,480)</u>
Business-type activities							
Waste water	70,194	101,074	-	-	-	30,880	30,880
Water	230,078	198,749	-	-	-	(31,329)	(31,329)
Housing authority	276,849	88,849	114,767	52,047	-	(21,186)	(21,186)
Total business-type activities	<u>577,121</u>	<u>388,672</u>	<u>114,767</u>	<u>52,047</u>	<u>-</u>	<u>(21,635)</u>	<u>(21,635)</u>
Total primary government	<u>\$ 1,327,809</u>	<u>392,277</u>	<u>430,834</u>	<u>311,583</u>	<u>(171,480)</u>	<u>(21,635)</u>	<u>(193,115)</u>
General Revenues							
Franchise taxes					14,222	-	14,222
Gasoline taxes					28,071	-	28,071
Gross receipts taxes					321,440	-	321,440
Property taxes					9,710	-	9,710
Cigarette taxes					2,279	-	2,279
Motor vehicle tax					46,077	-	46,077
Transfers, net					(33,712)	33,712	-
Transfers in: General obligation					652,409	10,000	662,409
Transfers in: Severance tax appropriation					-	208,337	208,337
Other					5,701	4,214	9,915
Interest					1,001	607	1,608
Total general revenues and transfers					<u>1,047,198</u>	<u>256,870</u>	<u>1,304,068</u>
Change in net assets					<u>875,718</u>	<u>235,235</u>	<u>1,110,953</u>
Net assets, beginning of year					<u>3,724,765</u>	<u>2,911,630</u>	<u>6,636,395</u>
Net assets, end of year					<u>\$ 4,600,483</u>	<u>3,146,865</u>	<u>7,747,348</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF PECOS, NEW MEXICO
BALANCE SHEET -
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	General	Street	NMDOT Grip Project	Senior Citizen Center	Nonmajor Governmental Funds	Total
ASSETS						
Cash	\$ 505,453	276,901	65,677	-	253,297	1,101,328
Receivables						
Taxes						
Gross receipts	51,884	-	-	-	1,215	53,099
Gasoline	-	4,721	-	-	-	4,721
Motor vehicle	9,441	-	-	-	-	9,441
Property	651	-	-	-	-	651
Franchise	2,954	-	-	-	-	2,954
Cigarette	402	-	-	-	202	604
Grant	35,000	-	11,629	9,658	-	56,287
Due from other state agencies	-	-	-	42,307	-	42,307
Due from other funds	459,804	69,408	-	-	43,451	572,663
Total assets	\$ 1,065,589	351,030	77,306	51,965	298,165	1,844,055
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 5,000	-	-	-	-	5,000
Accrued compensation and benefits	8,849	-	-	-	-	8,849
Due to other funds	5,000	-	76,568	55,462	139,601	276,631
Total liabilities	18,849	-	76,568	55,462	139,601	290,480
FUND BALANCES						
Unreserved, undesignated reported in:						
General fund	1,046,740	-	-	-	-	1,046,740
Special revenue funds	-	351,030	738	(3,497)	158,564	506,835
Total fund balances	1,046,740	351,030	738	(3,497)	158,564	1,553,575
Total liabilities and fund balances	\$ 1,065,589	351,030	77,306	51,965	298,165	1,844,055

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2010

Amounts reported for governmental activities in the statement of net assets
are different because:

Total fund balance - governmental funds	\$ 1,553,575
Accrued compensated absences not payable from current revenues.	(8,750)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,162,801
Long-term notes payable are not due and payable in the current period and therefore are not reported in the governmental funds	<u>(107,143)</u>
Net assets - governmental activities	<u><u>\$ 4,600,483</u></u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2010

	General	Street	NMDOT Grip Project	Senior Citizen Center	Nonmajor Governmental Funds	Total
Revenues						
Taxes	\$ 385,534	28,071	-	-	8,194	421,799
From local governments:						
Grants	207,906	-	183,036	-	158,161	549,103
Licenses, permits, fees and fines	3,605	-	-	-	-	3,605
Interest	909	-	-	-	92	1,001
In-kind revenue	-	-	-	-	26,500	26,500
Other	5,651	-	-	-	50	5,701
Total revenues	<u>603,605</u>	<u>28,071</u>	<u>183,036</u>	<u>-</u>	<u>192,997</u>	<u>1,007,709</u>
Expenditures						
Current						
General government	449,905	-	4,138	10,562	3,645	468,250
Public safety	-	-	-	-	77,537	77,537
Highways and streets	-	12,186	-	-	19,549	31,735
Health and welfare	60,000	-	-	-	2,566	62,566
Capital outlay	-	-	178,160	645,354	26,500	850,014
Total expenditures	<u>509,905</u>	<u>12,186</u>	<u>182,298</u>	<u>655,916</u>	<u>129,797</u>	<u>1,490,102</u>
Excess (deficiency) of revenues over expenditures before other financings sources	<u>93,700</u>	<u>15,885</u>	<u>738</u>	<u>(655,916)</u>	<u>63,200</u>	<u>(482,393)</u>
Other financing sources (uses)						
Operating transfers, in	-	-	-	-	10,891	10,891
Operating transfers, out	(44,603)	-	-	-	-	(44,603)
Transfers in: General obligation	-	-	-	652,409	-	652,409
Total other financing sources (uses)	<u>(44,603)</u>	<u>-</u>	<u>-</u>	<u>652,409</u>	<u>10,891</u>	<u>618,697</u>
Net change in fund balances	<u>49,097</u>	<u>15,885</u>	<u>738</u>	<u>(3,507)</u>	<u>74,091</u>	<u>136,304</u>
Fund balance, beginning	<u>997,643</u>	<u>335,145</u>	<u>-</u>	<u>10</u>	<u>84,473</u>	<u>1,417,271</u>
Fund balance, end of year	<u>\$ 1,046,740</u>	<u>351,030</u>	<u>738</u>	<u>(3,497)</u>	<u>158,564</u>	<u>1,553,575</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Amounts reported for governmental activities in the statement of net assets are different because:

Net changes in fund balances - governmental funds \$ 136,304

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Depreciation expense	(108,753)	
Capital outlay	850,014	
Excess of capital outlay over depreciation expense		741,261

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.		(1,847)

Change in net assets - governmental activities \$ 875,718

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 421,912	421,912	394,818	(27,094)
From local governments				
Grants	313,180	313,180	187,906	(125,274)
Licenses, permits, fees and fines	5,721	5,721	3,605	(2,116)
Interest	230	230	909	679
Other	4,714	4,714	5,651	937
Total revenues	<u>745,757</u>	<u>745,757</u>	<u>592,889</u>	<u>(152,868)</u>
Expenditures				
General government	660,751	660,751	556,282	104,469
Health and welfare	60,000	60,000	60,000	-
Debt service - principal	21,248	21,248	-	21,248
Total expenditures	<u>741,999</u>	<u>741,999</u>	<u>616,282</u>	<u>125,717</u>
(Deficiency) excess of revenues over expenditures	<u>3,758</u>	<u>3,758</u>	<u>(23,393)</u>	<u>(27,151)</u>
Other financing sources (uses)				
Operating transfers in	-	-	11,290	11,290
Operating transfers out	(50,000)	(50,000)	(55,893)	(5,893)
Total other financing uses	<u>(50,000)</u>	<u>(50,000)</u>	<u>(44,603)</u>	<u>5,397</u>
Net change in fund balance	(46,242)	(46,242)	(67,996)	(21,754)
Fund balance, beginning of year	997,643	997,643	997,643	-
Fund balance, end of year	<u>951,401</u>	<u>951,401</u>	<u>929,647</u>	<u>(21,754)</u>
Prior year cash appropriated	46,242	46,242	67,996	
	<u>\$ 997,643</u>	<u>997,643</u>	<u>997,643</u>	
Non-GAAP change in fund balance			\$ (67,996)	
Change in:				
Taxes receivable			(9,284)	
Grants receivable			20,000	
Accounts payable			109,626	
Accrued compensation and benefits			(3,249)	
GAAP change in fund balance			<u>\$ 49,097</u>	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
STREET FUND
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Gasoline taxes	\$ 17,988	17,988	27,737	9,749
Total revenues	17,988	17,988	27,737	9,749
Expenditures				
Highways and streets	17,988	17,988	12,186	5,802
Total expenditures	17,988	17,988	12,186	5,802
Net change in fund balance	-	-	15,551	15,551
Fund balance, beginning of year	335,145	335,145	335,145	-
Fund balance, end of year	\$ 335,145	335,145	350,696	15,551
Non-GAAP change in fund balance			\$ 15,551	
Change in:				
Taxes receivable			<u>334</u>	
GAAP change in fund balance			<u>\$ 15,885</u>	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
NMDOT GRIP PROJECT FUND
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
From local governments				
Grants	\$ 399,652	399,652	323,482	(76,170)
Total revenues	399,652	399,652	323,482	(76,170)
Expenditures				
General government	-	-	4,137	(4,137)
Capital Outlay	399,652	399,652	253,667	145,985
Total expenditures	399,652	399,652	257,804	141,848
Net change in fund balance	-	-	65,678	211,663
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	-	65,678	211,663
Non-GAAP change in fund balance			\$ 65,678	
Change in:				
Grants receivable			(140,446)	
Accounts payable			75,506	
GAAP change in fund balance			<u>\$ 738</u>	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
SENIOR CITIZEN CENTER FUND
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
From local governments				
Grants	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
General government	-	-	10,562	(10,562)
Capital Outlay	535,000	535,000	501,122	33,878
Total expenditures	535,000	535,000	511,684	23,316
Excess of revenues over expenditures	(535,000)	(535,000)	(511,684)	23,316
Other financing sources (uses)				
Transfers in: General obligation	535,000	535,000	572,815	37,815
Total other financing sources	535,000	535,000	572,815	37,815
Net change in fund balance	-	-	61,131	61,131
Fund balance, beginning of year	10	10	10	-
Fund balance, end of year	\$ 10	10	61,141	61,131
Non-GAAP change in fund balance			\$ 61,131	
Change in:				
Due from other state agencies			79,594	
Accounts payable			(144,232)	
GAAP change in fund balance			<u>\$ (3,507)</u>	

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
BALANCE SHEET -
PROPRIETARY FUNDS
June 30, 2010

	Waste Water	Water	Housing Authority	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 304,547	155,001	14,115	473,663
Cash and cash equivalents - restricted	-	-	6,551	6,551
Accounts receivable, net of allowance	13,837	26,535	60	40,432
Grant receivable	-	-	-	-
Inventory	-	-	11,099	11,099
Prepaid expenses	-	-	5,703	5,703
Total current assets	318,384	181,536	37,528	537,448
Capital Assets				
Land	-	11,248	14,400	25,648
Water rights	-	238,636	-	238,636
Construction work in progress	1,692,639	43,209	-	1,735,848
Buildings and improvements	-	701,594	1,453,311	2,154,905
Equipment	49,390	306,295	99,319	455,004
Infrastructure	196,135	356,006	-	552,141
Accumulated depreciation	(87,442)	(938,486)	(818,320)	(1,844,248)
Total capital assets, net of accumulated depreciation	1,850,722	718,502	748,710	3,317,934
Total assets	\$ 2,169,106	900,038	786,238	3,855,382
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 409	23,158	13,103	36,670
Accrued compensation and benefits	3,243	7,823	3,508	14,574
Interest payable	-	7,378	-	7,378
Deposits payable	-	26,433	6,551	32,984
Compensated absences	-	3,857	431	4,288
Loans payable - current	-	1,111	-	1,111
Bonds payable - current	-	14,000	-	14,000
Due to other funds	78,018	213,283	-	291,301
Total current liabilities	81,670	297,043	23,593	402,306
Noncurrent Liabilities				
Loans payable	-	34,115	-	34,115
Bonds payable	-	272,096	-	272,096
Total noncurrent liabilities	-	306,211	-	306,211
Total liabilities	81,670	603,254	23,593	708,517
Net Assets				
Invested in capital assets, net of related debt	1,850,722	397,180	748,710	2,996,612
Unrestricted	236,714	(100,396)	13,935	150,253
Total net assets	2,087,436	296,784	762,645	3,146,865
Total liabilities and net assets	\$ 2,169,106	900,038	786,238	3,855,382

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Waste Water	Water	Housing Authority	Total
Operating Revenues				
Sales, services and rents	\$ 101,074	198,749	88,849	388,672
From federal sources - operating grants	-	-	114,767	114,767
Total operating revenues	<u>101,074</u>	<u>198,749</u>	<u>203,616</u>	<u>503,439</u>
Operating Expenses				
Operating expenses	64,458	182,079	226,621	473,158
Depreciation	5,736	32,239	50,228	88,203
Total operating expenses	<u>70,194</u>	<u>214,318</u>	<u>276,849</u>	<u>561,361</u>
Operating Income (Loss)	<u>30,880</u>	<u>(15,569)</u>	<u>(73,233)</u>	<u>(57,922)</u>
Nonoperating Revenues (Expenses)				
From local governments				
Grant income	218,337	-	52,047	270,384
Interest income	153	351	103	607
Interest expense	-	(15,760)	-	(15,760)
Other income	-	4,214	-	4,214
Transfers in	-	-	52,047	52,047
Transfers out	-	33,712	(52,047)	(18,335)
Total nonoperating revenues (expenses)	<u>218,490</u>	<u>22,517</u>	<u>52,150</u>	<u>293,157</u>
Net income (loss)	<u>249,370</u>	<u>6,948</u>	<u>(21,083)</u>	<u>235,235</u>
Net assets, beginning of year	<u>1,838,066</u>	<u>289,836</u>	<u>783,728</u>	<u>2,911,630</u>
Net assets, end of year	<u>\$ 2,087,436</u>	<u>296,784</u>	<u>762,645</u>	<u>3,146,865</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended June 30, 2010

	Waste Water	Water	Housing Authority	Total
Cash Flows From Operating Activities				
Cash received from customers, tenants	\$ 99,425	195,675	203,869	498,969
Cash payments to vendors and employees	(78,022)	(171,607)	(214,114)	(463,743)
Net cash provided (used) by operating activities	21,403	24,068	(10,245)	35,226
Cash Flows From Noncapital and Related Financing Activities				
Change in due to/from account	5,427	(37,165)	-	(31,738)
Other income	-	4,214	-	4,214
Transfers, net	-	33,712	-	33,712
Net cash provided by noncapital financing activities	5,427	761	-	6,188
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(218,337)	(81,660)	-	(299,997)
Grant received	218,337	71,411	-	289,748
Principle payment on bonds	-	(17,000)	-	(17,000)
Principle payment on loans	-	(17,031)	-	(17,031)
Interest payment on bonds and loans	-	(17,707)	-	(17,707)
Net cash used by capital and related financing activities	-	(61,987)	-	(61,987)
Cash Flows From Investing Activities				
Interest income	153	351	103	607
Net cash provided by investing activities	153	351	103	607
Net increase (decrease) in cash	26,983	(36,807)	(10,142)	(19,966)
Cash, beginning of year	277,564	191,808	30,808	500,180
Cash, end of year	\$ 304,547	155,001	20,666	480,214

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS (CONTINUED)
Year Ended June 30, 2010**

	Waste Water	Water	Housing Authority	Total
Operating income (loss)	\$ 30,880	(15,569)	(73,233)	(57,922)
Adjustments to reconcile operating income to net cash flows:				
Depreciation expense	5,736	32,239	50,228	88,203
Changes in assets and liabilities:				
Accounts receivable	(1,649)	(3,074)	127	(4,596)
Prepaid expenses	-	-	712	712
Inventory	-	-	4,458	4,458
Accounts payable	(12,634)	8,937	4,007	310
Accrued expenses	(930)	1,369	2,900	3,339
Compensated absences	-	166	431	597
Deposits payable	-	-	125	125
Net cash provided (used) by operating activities	\$ 21,403	24,068	(10,245)	35,226

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF FIDUCIARY NET ASSETS -
AGENCY FUNDS
June 30, 2010

ASSETS

Cash	\$ 50
Total assets	<u>\$ 50</u>

LIABILITIES

Due to other entities	\$ (4,681)
Due to other funds	4,731
Total liabilities	<u>\$ 50</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity. The Village of Pecos (Village) was incorporated in 1950 under the laws of the State of New Mexico. The Village operates under a Mayor-Trustee form of government and provides the following services as authorized by its charter: public safety (fire), streets, sanitation, health and social services, culture and recreation, education, public improvements, and general administrative services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

A. Financial Reporting Entity

As required by GAAP, the financial statements present the Village and entities for which the Village is considered to be financially accountable. The Village reports the Housing Authority of the Village of Pecos as a blended component unit.

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund 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 are 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 or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

A. Financial Reporting Entity (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principle ongoing operations.

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

Governmental financial statements 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. Revenues are considered to be available when they are collectible within the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 made.

The Village follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with GASB *Statement 33, Accounting and Reporting for Nonexchange Transactions*:

Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts tax, gasoline taxes, and cigarette taxes.

Imposed nonexchange revenues – property taxes are levied and collected by the San Miguel County treasurer on behalf of the Village. The taxes are levied in November and payable in two installments, November 10th and April 10th. The County remits to the Village a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty, and interest 30 days after the date on which they are due.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

Imposed nonexchange revenues other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.

Government-mandated nonexchange transactions and voluntary nonexchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. 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.

The Village reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has legal claim to the resources, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The Village reports the following major governmental funds:

General Fund. The general fund is the Village’s primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

Street Fund – is a special revenue fund used to account for funds used to maintain roads for which the Village is responsible. Financing sources include gasoline taxes imposed by Chapter 7, Article 12, NMSA 1978 and distributed to the village pursuant to 7-1-6.9, NMSA 1978. Funding is also provided by the New Mexico Department of Transportation Cooperative Agreement Grant per 6-21-6, 12 NMSA 1978.

NMDOT Grip Project – is a special revenue fund used to account for acquisition of rights of way, planning, design, and reconstruction, of roadway drainage and paving improvements to Camino Lomita Street. Funding is provided by the New Mexico Department of Transportation Cooperative Agreement Grant per 6-21-6, 12 NMSA 1978. Funding is also provided by the New Mexico Finance Authority per 6-21-1, NMSA 1978.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

Senior Citizen Center – is a special revenue fund used to equip, construct and furnish the Pecos Senior Center. Funding is provided by the New Mexico Aging and Long-Term Services Department. Funding is also provided by the Department of Finance, State of New Mexico per Title I of the Housing and Community Development Act.

Proprietary funds are accounted for on the flow of economic resources measurement focus (all assets and all liabilities associated with the operation of these funds are included on the balance sheet) and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Village applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations.

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The following proprietary funds are major funds.

Waste Water. To account for the provision of waste water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance billing, and collection.

Water. To account for the provisions of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund. Financing is provided through charges to customers for service.

Housing Authority. The Housing Authority is a component unit of the Village. The financial statements of the Housing Authority have been blended into the financial statements of the Village. The Housing Authority has a yearly audit, which may be obtained by written request at 1114 Chamisa Ln., Pecos, NM 87552.

The Village reports the following fund types:

General Fund is the general operating fund of the Village. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important functions of the Village, including the Village's general services and administration, are accounted for in this fund.

Special Revenue Funds are used to account for revenues derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

A. Financial Reporting Entity (Continued)

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those constructed for proprietary funds.

Agency Funds are used to account for monies held by the Village in a custodial capacity on behalf of third parties or other agencies.

B. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits, savings accounts and certificates of deposit with an original maturity of three months or less from the date of acquisition. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

The Village does not have an investment policy. Village funds are invested in accordance with New Mexico State Statute 6-10-36 which provides for the following investments:

1. United States Treasury Securities (Bills, Notes and Bonds) and other securities issued by the United States government or its agencies or instrumentalities that are either direct obligations of the United States of America, the Federal Home Loan Mortgage Corp., the Federal National Mortgage Association, the Federal Farm Credit Bank, or the Student Loan Marketing Association, or are backed by the full faith and credit of the United States government.
2. Insured and/or collateralized (with U.S. Government Securities and/or New Mexico Bonds) certificates of deposit of banks, savings and loan associations, and credit unions, pursuant to State Board of Finance Collateral Policies.
3. Money market funds whose portfolios consist entirely of United States Government Securities or agencies sponsored by the United States government.
4. Investments in the New Mexico State Treasurer external investment pool (Local Government investment Pool).

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

C. Capital Assets

Capital assets, which include software, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Governmental Accounting Standards Board (GASB) 34 *Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments* allows phase III governments an exemption from the retroactive application of the capitalization requirements to major general infrastructure assets. The Village has elected to not retroactively record infrastructure assets.

Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets in governmental funds are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 50 years
Equipment	3 - 20 years

Capital Assets in proprietary funds are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	25 - 50 years
Equipment	10 - 50 years
Infrastructure	5 - 50 years

The Audit Act, 12-6-10, NMSA 1978, requires all assets which cost more than \$5,000 and have a life greater than one year to be added to the General Fixed Asset Account Group and a yearly inventory of those assets must be taken.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. Accrued Employee Benefits

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave for proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

E. Fund Equity

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Fund equity and net assets were reported as follows:

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

F. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

G. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for 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. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

H. Cash Flows

For purposes of the Statement of Cash Flows, the various enterprise funds consider all highly liquid assets with a maturity of three months or less when purchased to be cash equivalents.

I. Budgetary Information

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, special revenue, and enterprise funds. The Village has not adopted a budget for the EDA Capital Project fund.

The Village follows the following procedures for establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Administrator submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments.
3. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, capital projects fund and enterprise funds.
4. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

J. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Implementation of New Accounting Standards

During the year ended June 30, 2010, the Village adopted Government Accounting Standards Board Statement (GASB) No. 53, Accounting and Financial Reporting for Derivative Instruments (GASB 53), and GASB 51, Accounting and Financial Reporting for Intangible Assets (GASB 51). GASB 53 and GASB 51 will not have a material impact on the Village's financial statements.

NOTE 2. CASH AND INVESTMENTS

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is, in the event of the failure of a depository financial institution, the Village will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name. As of June 30, 2010, the Village's bank balance total of \$1,704,437 was exposed to credit risk in the amount of \$24,340 as follows:

Uninsured and collateral held by pledging bank's trust department or agent but not in the Village's name	<u>\$ 24,340</u>
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In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of \$250,000 at each financial institution.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 2. CASH AND INVESTMENTS (Continued)

The total balance in any single financial institution may at times exceed the \$250,000 in FDIC coverage available to individual depositors. The Village is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account.

The amounts reported as restricted cash and cash equivalents consist of amounts held for customer rent and pet deposits for the Housing Authority.

NOTE 3. ACCOUNTS RECEIVABLE – PROPRIETARY FUNDS

Accounts receivable represents billings for waste water and water fees, and for uncollected rents. It is management’s policy to cut off waste water and water service for non-payment. A lien is placed on the properties which have outstanding water bills. Accounts receivable is comprised of the following at June 30, 2010:

	Waste Water	Water
Accounts receivable	\$ 14,421	27,655
Allowance for uncollectible accounts	<u>(584)</u>	<u>(1,120)</u>
	<u>\$ 13,837</u>	<u>26,535</u>

Accounts receivable for the housing authority is \$60 net of an allowance of \$200 at June 30, 2010.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4. CAPITAL ASSETS

Governmental fund capital asset activity for the year ending June 30, 2010 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities					
Capital assets, not depreciated:					
Land	\$ 84,475	-	-	-	84,475
Construction in process	928,884	823,514	-	(330,234)	1,422,164
Total, not depreciated	\$ 1,013,359	823,514	-	(330,234)	1,506,639
Capital assets, depreciated:					
Buildings and improvements	\$ 1,284,805	-	-	(79,172)	1,205,633
Infrastructure	-	-	-	409,406	409,406
Equipment	682,321	26,500	-	-	708,821
Total, depreciated	1,967,126	26,500	-	330,234	2,323,860
Accumulated depreciation for:					
Buildings and improvements	219,495	28,588	-	(8,461)	239,622
Infrastructure	-	4,128	-	8,461	12,589
Equipment	339,450	76,037	-	-	415,487
Total accumulated depreciation	558,945	108,753	-	-	667,698
Total capital assets, depreciated, net	\$ 1,408,181	(82,253)	-	330,234	1,656,162
Total capital assets, net	\$ 2,421,540	741,261	-	-	3,162,801

Depreciation expense was charged to functions of the government as follows:

Governmental activities

General government	\$ 59,226
Public safety	49,527
Total depreciation expense	\$ 108,753

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4. CAPITAL ASSETS (CONTINUED)

Enterprise fund capital asset activity for the year ending June 20, 2010 is as follows:

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Business-type Activities					
Capital assets, not depreciated:					
Land	\$ 25,648	-	-	-	25,648
Water rights	238,636	-	-	-	238,636
Construction in process	1,474,302	261,546	-	-	1,735,848
Total, not depreciated	\$ 1,738,586	261,546	-	-	2,000,132
Capital assets, depreciated:					
Buildings and improvements	\$ 2,102,858	57,750	(5,703)	-	2,154,905
Equipment	416,553	38,451	-	-	455,004
Infrastructure	546,141	-	-	6,000	552,141
Total, depreciated	3,065,552	96,201	(5,703)	6,000	3,162,050
Accumulated depreciation for:					
Buildings and improvements	1,387,425	48,099	-	-	1,435,524
Equipment	261,640	26,647	(190)	-	288,097
Infrastructure	118,651	13,648	-	(11,672)	120,627
Total accumulated depreciation	1,767,716	88,394	(190)	(11,672)	1,844,248
Total capital assets, depreciated, net	\$ 1,297,836	7,807	(5,513)	17,672	1,317,802
Total capital assets, net	\$ 3,036,422	269,353	(5,513)	17,672	3,317,934

The adjustments above are to correct the infrastructure balance for depreciation that was recorded in error.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2010, the following changes occurred:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 6,903	5,798	(3,951)	8,750	8,750
Notes payable	107,143	-	-	107,143	42,857
Total	<u>\$ 114,046</u>	<u>5,798</u>	<u>(3,951)</u>	<u>115,893</u>	<u>51,607</u>

Accrued Compensated Absences. Employees accrue either eight or ten hours per pay period depending on if the employee has been with the village less than or more than ten years, respectively. The maximum number of annual leave hours which may be accrued is 212 hours. Compensated absence balances have been liquidated with general fund money in prior years. Village employees accrue vacation leave as follows:

Total Years of Village Service	Yearly Accumulation
0-5 (inclusive)	96 hours
6-10 (inclusive)	120 hours
11 or more	144 hours

Notes Payable. The Village financed \$150,000 in order to hire a consulting firm and an auditing firm to complete the Villages audits from June 30, 2004 to June 30, 2007 with a note payable to the State of New Mexico, State Board of Finance. The following note is outstanding at June 30, 2010:

Consulting and auditing loan for \$150,000, non-interest bearing, payments of \$21,429 annually in June, maturing June 30, 2014	<u>\$ 107,143</u>
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VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS
(CONTINUED)

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 42,857	-	42,857
2012	21,429	-	21,429
2013	21,429	-	21,429
2014	21,428	-	21,428
	<u>\$ 107,143</u>	<u>-</u>	<u>107,143</u>

-
NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS

During the year ended June 30, 2010, the following changes occurred:

	Beginning Balance	Adjustments and Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities					
Compensated absences	\$ 3,691	3,108	(2,511)	4,288	4,288
Notes payable	52,257	-	(17,031)	35,226	1,111
Bonds payable	303,096	-	(17,000)	286,096	14,000
Total	<u>\$ 359,044</u>	<u>3,108</u>	<u>(36,542)</u>	<u>325,610</u>	<u>19,399</u>

Notes Payable. The Village financed the construction of the water plant and distribution system with notes payable to the New Mexico Environmental Department. The following notes are outstanding at June 30, 2010:

Water supply construction loan for \$162,111, interest at 2%, payments of \$16,596 annually in January, maturing January 1, 2012	\$ 16,244
Rural Infrastructure loan for \$25,000, interest at 3%, payments of \$1,680 annually in June, maturing June 14, 2024	<u>18,982</u>
Total loans payable	<u>\$ 35,226</u>

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 1,111	569	1,680
2012	17,415	861	18,276
2013	1,179	501	1,680
2014	1,214	466	1,680
2015	1,250	430	1,680
2016 to 2020	6,838	1,562	8,400
2021 to 2024	6,219	474	6,693
	<u>\$ 35,226</u>	<u>4,863</u>	<u>40,089</u>

Bonds Payable.

The Village issued \$65,000 in Water and Sewer System Revenue Bonds, Series 1970. Interest is at 5% and the bonds mature January 1, 2010.

The Village issued \$450,000 in Water and Sewer System Revenue Bonds, Series 1984. Interest is at 5% and the bonds mature January 1, 2025.

The Village issued \$35,000 in Water and Sewer System Revenue Bonds, Series 1984A. Interest is at 6.75% and the bonds mature January 1, 2024.

The future requirements for bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 14,000	14,709	28,709
2012	15,100	13,991	29,091
2013	16,200	13,217	29,417
2014	16,300	12,386	28,686
2015	17,400	11,548	28,948
2016 to 2020	103,700	43,183	146,883
2021 to 2025	103,396	13,742	117,138
	<u>\$ 286,096</u>	<u>122,776</u>	<u>408,872</u>

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7. INTERFUND BALANCES

Interfund balances at June 30, 2010 consisted of the following amounts:

Due to general fund from:	
Waste water fund	\$ 78,018
Water fund	174,832
NMDOT grip project fund	7,160
Senior citizen center fund	55,462
Nonmajor governmental funds	139,602
Agency fund	<u>4,730</u>
Total due to general fund	<u>\$ 459,804</u>
Due to street fund from:	
NMDOT grip project fund	<u>\$ 69,408</u>
Due to nonmajor governmental funds from:	
Water fund	\$ 38,451
General fund	<u>5,000</u>
Total due to nonmajor governmental funds	<u>\$ 43,451</u>
Due from NMDOT fund to:	
General fund	\$ 7,160
Street fund	<u>69,408</u>
Total due from NMDOT fund	<u>\$ 76,568</u>
Due from senior citizen center fund to:	
General fund	<u>\$ 55,462</u>
Due from the waste water fund to:	
General fund	<u>\$ 78,018</u>
Due from the water fund to:	
General fund	\$ 174,832
Nonmajor funds	<u>38,451</u>
Total due from the water fund	<u>\$ 213,283</u>

Interfund balances were caused by covering negative cash balances in other funds.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 8. INTERFUND TRANSFERS

Operating transfers to other funds consists of the following:

Transfers from general fund to:	
Water fund	\$ 33,712
Nonmajor governmental funds	<u>10,891</u>
Total due to general fund	<u>\$ 44,603</u>

Transfers were caused by the general fund paying for operating expenditures in other funds.

In addition, there was an interfund transfer of \$52,047 in the Housing Authority fund.

NOTE 9. LANDFILL CLOSURE COSTS

The Village acquired a landfill in the year ending June 30, 2003. The Village's has been classified as a small landfill. As a result, the Village is not required to provide financial assurance for closure and post closure costs. Accordingly, no liability has been accrued for closure or post closure costs.

NOTE 10. PROPERTY TAXES

San Miguel County is responsible for assessing, collecting and distributing property taxes for the Village. Property taxes are assessed on November 1 of each year based on the assessed value on the prior January 1 and are payable in two equal installments by November 10 of the year in which the tax bill is prepared and by April 10 of the following year. Property taxes are delinquent if not paid by December 10 and May 10. Taxes on real property are liened on January 1 of the year for which the taxes are imposed.

NOTE 11. PERA PENSION PLAN

Plan Description: Substantially all of the 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 Employees 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, 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. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, New Mexico 87504-2123.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11. PERA PENSION PLAN (CONTINUED)

Funding Policy. Plan members are required to contribute 13.15% of their gross salary and the Village is required to make a contribution of 9.15%. The Village has elected to pay 75% of the employee's contribution. The contribution requirements of plan members and the Village are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the years ending June 30, 2010, 2009 and 2008 were \$43,186, \$44,061, and \$38,351, respectively.

NOTE 12. POST-EMPLOYMENT BENEFITS

Plan Description. The Village contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the time between the employer's effective date and the date of retirement; 2) Retirees defined by the Act who retired prior to July 1, 1990; 3) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 12. POST-EMPLOYMENT BENEFITS (CONTINUED)

required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ending June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013, the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	0.833%
FY12	1.834%	0.917%
FY13	2.000%	1.000%

For employees who are members of an enhanced retirement plan (state police and adult correctional officer plan 1; municipal police member plans 3, 4, and 5; municipal fire members coverage plan 3, 4, and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]) the contribution rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	2.084%	1.042%
FY12	2.292%	1.146%
FY13	2.500%	1.250%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of the two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

For the fiscal years ended June 30, 2010, 2009, and 2008, the Village remitted \$2,430, \$2,879, and \$2,502, respectively, in employer contributions to the Retiree Health Care Authority.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 13. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The Village participates in the State of New Mexico Self-Insurers Fund for workers' compensation claims and employers' liability insurance including general, auto, uninsured motorist, law enforcement, and public official's errors and omissions liabilities. The policy limits for workers' compensation is unlimited and \$1,050,000 per occurrence for employer's liability. There is no deductible. Liability policy limits range from \$100,000 to \$750,000 per occurrence, with a \$4,000,000 annual aggregate per policy. Deductibles range from \$500 to \$5,000.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for claims and judgments is reported in the General Long-Term Debt Account Group because it is not expected to be liquidated with expendable available financial resources.

NOTE 14. SPECIAL APPROPRIATIONS

The Village has received the following special appropriations:

	Original Appropriation	Expended	Appropriation Period
08-L-G-442 To purchase maintenance and road equipment	\$ 20,000	10,038	2009 – 2010
09-L-G-3573 To purchase equipment and vehicles	\$ 25,000	21,411	2009 - 2011
Pass Thru Appropriation from the New Mexico Aging and Long-Term Services Department Contract No. 2005-216 Construction of a senior center	\$ 556,380	556,380	2005 – 2009
Pass Thru Appropriation from the New Mexico Aging and Long-Term Services Department Contract No. 2007-2429 Construction of a senior center	\$ 495,000	402,254	2007 – 2010
SAP-05-1146-GF Waste water facility and system improvements	\$ 500,000	423,621	2007 - 2010

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 14. SPECIAL APPROPRIATIONS (Continued)

SAP-06-1207-GF			
Waste water facility and System improvements	\$ 400,000	259,017	2007 – 2010
SAP-07-4548-GF			
Purchase water meters	\$ 50,000	50,000	2008 – 2011
SAP-08-3912-GF			
Waste water facility and System improvements	\$ <u>10,000</u>	<u>10,000</u>	2009 – 2012
Total	\$ <u>2,056,380</u>	<u>1,732,721</u>	

None of the above appropriations were encumbered at year-end. As of the date of the audit report, \$296,212 of the above appropriations was unexpended.

NOTE 15. CONTINGENCIES

Litigation. The Village is a defendant in a small number of lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

Grant Compliance. The Village receives significant financial assistance from the State and U.S. Government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable state and federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantor. As of June 30, 2010, management estimates that no material liabilities will result from such audits.

NOTE 16. DEFICIT FUND BALANCE

The Village had a deficit fund balance of \$3,497 in the Senior Citizen Center fund, \$15,199 in the Law Enforcement Protection fund, \$1,557 in the Paving/Municipal Parking Lot fund, \$16,623 in the GIS Mapping fund, and \$3,645 in the Road Equipment fund. The cause of the deficit is unknown. Money will be transferred to the fund to increase the fund balance and eliminate the deficit.

VILLAGE OF PECOS, NEW MEXICO
NONMAJOR FUNDS
June 30, 2010

SPECIAL REVENUE FUNDS

Corrections. To establish an additional sources of funds for municipalities to offset the costs of corrections. The source of funds is a five-dollar fee which must be paid by all persons violating laws relating the operations of a motor vehicle. Authority is NMSA 33-9-3.

Environmental Gross Receipts Tax. To account for the revenue received from the State through gross receipts and subsequently given to the County Regional Landfill in accordance with a joint powers agreement. Authority is by Joint Powers Agreement.

Emergency Medical Services.. To account for funds available for emergency medical equipment and supplies attributable to such services. Financing is provided by the State of New Mexico. Authority is the Emergency Medical Services Fund Act, NMSA 24-10A.

Emergency 911. To account for grant funds available for the basic 911 emergency telephone number. Financing is provided by the State of New Mexico. Authority is the Enhanced 911 Regulations at 10 NMAC 6.2, and Sections 63-9D-1 et. seq. NMSA 1978.

Fire Protection. To account for the operations and maintenance of the fire department. The operations are financed by an allotment from the annual fire grant form the State of New Mexico. Authority is NMSA 59-A-53-1.

Law Enforcement Protection. To account for the expenditures from the State of New Mexico for training, equipment and capital outlay. Authority is NMSA 29-13-4.

Recreation. To account for revenues and expenditures relating to village recreational facilities and programs. Financing is provided by the State. Such revenue provides for payment of all current operating costs and may be used for that purpose only. Authority is NMSA 7-12-15.

Building Demolition and Park. To account for grant revenue and expenditures related to the demolition of the old Village Hall and construction of a new one and related park.

Paving/Municipal Parking Lot. To account for the revenues and expenditures related to a grant for the paving of the municipal parking lot.

Water Meter Installation. To account for the revenues and expenditures relating to the installation of commercial and residential water meters.

Computer Technology. To account for the revenues and expenditures relating to a grant for computer technology.

GIS Mapping. To account for the revenues and expenditures related to GIS mapping.

Road Equipment. To account for the revenues and expenditures related to a grant to purchase road equipment.

VILLAGE OF PECOS, NEW MEXICO
NONMAJOR FUNDS
June 30, 2010

CAPITAL PROJECT FUND

EDA. To account for the proceeds of a grant from the State of New Mexico, Environmental Department, for capital outlay at the Village's landfill station.

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 June 30, 2010**

	Special Revenue		
	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
ASSETS			
Cash	\$ 4,221	57,644	-
Receivables			
Taxes			
Gross receipts	-	1,215	-
Cigarette	-	-	-
Due from other funds	-	-	5,000
Total assets	\$ 4,221	58,859	5,000
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
Due to other funds	-	-	1,280
Total liabilities	\$ -	-	1,280
 FUND BALANCES			
Unreserved, undesignated, special revenues			
Special revenue funds	\$ 4,221	58,859	3,720
Total fund balances	4,221	58,859	3,720
 Total liabilities and fund balances	 \$ 4,221	 58,859	 5,000

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 June 30, 2010**

	Emergency 911	Fire Protection	Law Enforcement Protection
ASSETS			
Cash	\$ 3,659	55,044	8,531
Receivables			
Taxes			
Gross receipts	-	-	-
Cigarette	-	-	-
Due from other funds	-	-	-
Total assets	\$ 3,659	55,044	8,531
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
Due to other funds	-	-	23,730
Total liabilities	\$ -	-	23,730
FUND BALANCES			
Unreserved, undesignated, special revenues			
Special revenue funds	\$ 3,659	55,044	(15,199)
Total fund balances	3,659	55,044	(15,199)
Total liabilities and fund balances	\$ 3,659	55,044	8,531

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 June 30, 2010**

	Special Revenue		
	Recreation	Building Demolition and Park	Paving Municipal Parking Lot
ASSETS			
Cash	\$ 8,666	22,766	-
Receivables			
Taxes			
Gross receipts	-	-	-
Cigarette	202	-	-
Due from other funds	-	-	-
Total assets	\$ 8,868	22,766	-
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
Due to other funds	-	-	1,557
Total liabilities	\$ -	-	1,557
FUND BALANCES			
Unreserved, undesignated, special revenues			
Special revenue funds	\$ 8,868	22,766	(1,557)
Total fund balances	8,868	22,766	(1,557)
Total liabilities and fund balances	\$ 8,868	22,766	-

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 June 30, 2010**

	Water Meter Installation	Computer Technology	GIS Mapping
ASSETS			
Cash	\$ -	25,000	-
Receivables			
Taxes			
Gross receipts	-	-	-
Cigarette	-	-	-
Due from other funds	38,451	-	-
Total assets	\$ 38,451	25,000	-
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
Due to other funds	-	25,000	16,623
Total liabilities	\$ -	25,000	16,623
FUND BALANCES			
Unreserved, undesignated, special revenues			
Special revenue funds	\$ 38,451	-	(16,623)
Total fund balances	38,451	-	(16,623)
Total liabilities and fund balances	\$ 38,451	25,000	-

VILLAGE OF PECOS, NEW MEXICO
COMBINING BALANCE SHEET
NONMAJOR FUNDS
June 30, 2010

	Road Equipment	Total Special Revenue	EDA Capital Project
ASSETS			
Cash	\$ 67,766	253,297	-
Receivables			
Taxes			
Gross receipts	-	1,215	-
Cigarette	-	202	-
Due from other funds	-	43,451	-
Total assets	\$ 67,766	298,165	-
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	-	-
Due to other funds	71,411	139,601	-
Total liabilities	\$ 71,411	139,601	-
 FUND BALANCES			
Unreserved, undesignated, special revenues			
Special revenue funds	\$ (3,645)	158,564	-
Total fund balances	(3,645)	158,564	-
 Total liabilities and fund balances	 \$ 67,766	 298,165	 -

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING BALANCE SHEET
 NONMAJOR FUNDS
 June 30, 2010**

	Total Nonmajor
ASSETS	
Cash	\$ 253,297
Receivables	
Taxes	
Gross receipts	1,215
Cigarette	202
Due from other funds	43,451
Total assets	<u><u>\$ 298,165</u></u>

LIABILITIES AND FUND BALANCES

LIABILITIES	
Accounts payable	\$ -
Due to other funds	139,601
Total liabilities	<u><u>\$ 139,601</u></u>

FUND BALANCES

Unreserved, undesignated, special revenues	
Special revenue funds	\$ 158,564
Total fund balances	<u><u>158,564</u></u>
Total liabilities and fund balances	<u><u>\$ 298,165</u></u>

VILLAGE OF PECOS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2010

	Special Revenue		
	Corrections	Environmental Gross Receipts Tax	Emergency Medical Services
Revenues			
Taxes	\$ -	7,433	-
Interest	-	-	-
Grant	-	-	10,710
In-kind revenue	-	-	-
Other	-	-	-
Total revenues	-	7,433	10,710
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	10,418
Health and welfare	-	310	-
Highways and streets	-	-	-
Capital outlay	-	-	-
Total expenditures	-	310	10,418
Excess of revenues over expenditures	-	7,123	292
Other Financing (Uses) Sources			
Operating transfers in	-	-	-
Total other financing (uses) sources	-	-	-
Net change in fund balances	-	7,123	292
Fund balance, beginning	4,221	51,736	3,428
Fund balance, end of year	\$ 4,221	58,859	3,720

VILLAGE OF PECOS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2010

	Emergency 911	Fire Protection	Law Enforcement Protection
Revenues			
Taxes	\$ -	-	-
Interest	-	88	-
Grant	-	77,451	20,000
In-kind revenue	-	26,500	-
Other	-	50	-
Total revenues	-	104,089	20,000
Expenditures			
Current			
General government	-	-	-
Public safety	-	55,650	11,469
Health and welfare	-	-	-
Highways and streets	-	-	-
Capital outlay	-	26,500	-
Total expenditures	-	82,150	11,469
Excess of revenues over expenditures	-	21,939	8,531
Other Financing (Uses) Sources			
Operating transfers in	-	-	-
Total other financing (uses) sources	-	-	-
Net change in fund balances	-	21,939	8,531
Fund balance, beginning	3,659	33,105	(23,730)
Fund balance, end of year	\$ 3,659	55,044	(15,199)

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND
 BALANCES - NONMAJOR FUNDS
 Year Ended June 30, 2010**

	Special Revenue		
	Recreation	Building Demolition and Park	Paving Municipal Parking Lot
Revenues			
Taxes	\$ 761	-	-
Interest	4	-	-
Grant	-	-	-
In-kind revenue	-	-	-
Other	-	-	-
Total revenues	765	-	-
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Health and welfare	-	-	-
Highways and streets	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess of revenues over expenditures	765	-	-
Other Financing (Uses) Sources			
Operating transfers in	-	-	-
Total other financing (uses) sources	-	-	-
Net change in fund balances	765	-	-
Fund balance, beginning	8,103	22,766	(1,557)
Fund balance, end of year	\$ 8,868	22,766	(1,557)

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND
 BALANCES - NONMAJOR FUNDS
 Year Ended June 30, 2010**

	Water Meter Installation	Computer Technology	GIS Mapping
Revenues			
Taxes	\$ -	-	-
Interest	-	-	-
Grant	50,000	-	-
In-kind revenue	-	-	-
Other	-	-	-
Total revenues	50,000	-	-
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Health and welfare	2,256	-	-
Highways and streets	-	-	19,549
Capital outlay	-	-	-
Total expenditures	2,256	-	19,549
Excess of revenues over expenditures	47,744	-	(19,549)
Other Financing (Uses) Sources			
Operating transfers in	-	-	10,891
Total other financing (uses) sources	-	-	10,891
Net change in fund balances	47,744	-	(8,658)
Fund balance, beginning	(9,293)	-	(7,965)
Fund balance, end of year	\$ 38,451	-	(16,623)

VILLAGE OF PECOS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2010

	Road Equipment	Total Special Revenue	EDA Capital Project
Revenues			
Taxes	\$ -	8,194	-
Interest	-	92	-
Grant	-	158,161	-
In-kind revenue	-	26,500	-
Other	-	50	-
Total revenues	-	192,997	-
Expenditures			
Current			
General government	3,645	3,645	-
Public safety	-	77,537	-
Health and welfare	-	2,566	-
Highways and streets	-	19,549	-
Capital outlay		26,500	-
Total expenditures	3,645	129,797	-
Excess of revenues over expenditures	(3,645)	63,200	-
Other Financing (Uses) Sources			
Operating transfers in	-	10,891	-
Total other financing (uses) sources	-	10,891	-
Net change in fund balances	(3,645)	74,091	-
Fund balance, beginning	-	84,473	-
Fund balance, end of year	\$ (3,645)	158,564	-

VILLAGE OF PECOS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2010

	Total Non-major
Revenues	
Taxes	\$ 8,194
Interest	92
Grant	158,161
In-kind revenue	26,500
Other	<u>50</u>
Total revenues	<u>192,997</u>
Expenditures	
Current	
General government	3,645
Public safety	77,537
Health and welfare	2,566
Highways and streets	19,549
Capital outlay	<u>26,500</u>
Total expenditures	<u>129,797</u>
Excess of revenues over expenditures	<u>63,200</u>
Other Financing (Uses) Sources	
Operating transfers in	<u>10,891</u>
Total other financing (uses) sources	<u>10,891</u>
Net change in fund balances	74,091
Fund balance, beginning	<u>84,473</u>
Fund balance, end of year	<u><u>\$ 158,564</u></u>

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CORRECTIONS
Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	4,221	4,221	4,221	-
Fund balance, end of year	\$ 4,221	4,221	4,221	-

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
ENVIRONMENTAL GROSS RECEIPTS TAX
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Municipal taxes	\$ 8,230	8,230	7,723	(507)
Miscellaneous	-	-	-	-
Total revenues	8,230	8,230	7,723	(507)
Expenditures				
Health and welfare	8,230	8,230	310	7,920
Total expenditures	8,230	8,230	310	7,920
Net change in fund balance	-	-	7,413	7,413
Fund balance, beginning of year	51,736	51,736	51,736	-
Fund balance, end of year	\$ 51,736	51,736	59,149	7,413
Non-GAAP change in fund balance			7,413	
Change in:				
Accounts receivable			(290)	
GAAP change in fund balance			<u>\$ 7,123</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES FUND
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 11,600	15,418	10,710	(4,708)
Total revenues	11,600	15,418	10,710	(4,708)
Expenditures				
Public safety	11,600	15,418	10,418	5,000
Total expenditures	11,600	15,418	10,418	5,000
Net change in fund balance	-	-	292	292
Fund balance, beginning of year	3,428	3,428	3,428	-
Fund balance, end of year	\$ 3,428	3,428	3,720	292

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMERGENCY 911
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	3,659	3,659	3,659	-
Fund balance, end of year	\$ 3,659	3,659	3,659	-

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
FIRE PROTECTION FUND
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
From local governments				
Grants	\$ 70,700	110,700	86,751	(23,949)
Interest income	-	-	88	88
In-kind revenue			26,500	
Other	-	-	50	50
Total revenues	70,700	110,700	113,389	(23,811)
Expenditures				
Public safety	70,700	70,700	57,986	12,714
Capital outlay	-	40,000	26,500	13,500
Total expenditures	70,700	110,700	84,486	26,214
Net change in fund balance	-	-	28,903	2,403
Fund balance, beginning of year	33,105	33,105	33,105	-
Fund balance, end of year	\$ 33,105	33,105	62,008	2,403
Non-GAAP change in fund balance			\$ 28,903	
Change in:				
Grants receivable			(9,300)	
Accounts payable			2,336	
GAAP change in fund balance			\$ 21,939	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT PROTECTION
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
From local governments				
Grants	\$ 20,144	20,144	20,000	(144)
Other income	-	-	-	-
Total revenues	20,144	20,144	20,000	(144)
Expenditures				
Public safety	20,144	20,144	11,469	8,675
Capital outlay	-	-	-	-
Total expenditures	20,144	20,144	11,469	8,675
Net change in fund balance	-	-	8,531	8,531
Fund balance, beginning of year	(23,730)	(23,730)	(23,730)	-
Fund balance, end of year	(23,730)	(23,730)	(15,199)	8,531
Prior year cash appropriated	23,730	23,730	15,199	
\$	-	-	-	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
RECREATION
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Cigarette tax	\$ 3,800	3,800	730	(3,070)
Interest	-	-	4	4
Total revenues	3,800	3,800	734	(3,066)
Expenditures				
Culture and recreation	6,062	6,062	-	6,062
Total expenditures	6,062	6,062	-	6,062
Net change in fund balance	(2,262)	(2,262)	734	2,996
Fund balance, beginning of year	8,103	8,103	8,103	-
Fund balance, end of year	\$ 5,841	5,841	8,837	2,996
Non-GAAP change in fund balance			734	
Change in:				
Taxes receivable			31	
GAAP change in fund balance			<u>\$ 765</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
BUILDING DEMOLITION AND PARK
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grant	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	22,766	22,766	22,766	-
Fund balance, end of year	\$ 22,766	22,766	22,766	-

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
PAVING MUNICIPAL PARKING LOT
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grant	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
(Deficiency) excess of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in	1,558	1,558	-	(1,558)
Total other financing sources	1,558	1,558	-	-
Net change in fund balance	1,558	1,558	-	-
Fund balance, beginning of year	(1,557)	(1,557)	(1,557)	-
Fund balance, end of year	\$ 1	1	(1,557)	-
			<u>1,557</u>	
			<u>-</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
WATER METER INSTALLATION
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grant	\$ 150,000	150,000	50,000	(100,000)
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>50,000</u>	<u>(100,000)</u>
Expenditures				
Health and welfare	-	-	11,549	(11,549)
Capital outlay	150,000	150,000	-	150,000
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>11,549</u>	<u>138,451</u>
Net change in fund balance	-	-	38,451	38,451
Fund balance, beginning of year	(9,293)	(9,293)	(9,293)	-
Fund balance, end of year	<u>\$ (9,293)</u>	<u>(9,293)</u>	<u>29,158</u>	<u>38,451</u>
Prior year cash appropriated	9,293	9,293		
	<u>\$ -</u>	<u>-</u>		
Non-GAAP change in fund balance			38,451	
Change in:				
Accounts payable			<u>9,293</u>	
GAAP change in fund balance			<u>\$ 47,744</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
COMPUTER TECHNOLOGY
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Grant	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	-	-	-

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
GIS MAPPING
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grant	\$ 21,800	41,349	-	(41,349)
Total revenues	<u>21,800</u>	<u>41,349</u>	<u>-</u>	<u>(41,349)</u>
Expenditures				
Highways and streets	21,800	41,349	19,549	21,800
Total expenditures	<u>21,800</u>	<u>41,349</u>	<u>19,549</u>	<u>21,800</u>
(Deficiency) excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(19,549)</u>	<u>(63,149)</u>
Other financing sources (uses)				
Operating transfers in	-	-	10,891	10,891
Total other financing sources	<u>-</u>	<u>-</u>	<u>10,891</u>	<u>-</u>
Net change in fund balance	-	-	(8,658)	(63,149)
Fund balance, beginning of year	<u>(7,965)</u>	<u>(7,965)</u>	<u>(7,965)</u>	<u>-</u>
Fund balance, end of year	<u>(7,965)</u>	<u>(7,965)</u>	<u>(16,623)</u>	<u>(63,149)</u>
Prior year cash appropriated	<u>7,965</u>	<u>7,965</u>	<u>16,623</u>	
\$	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
ROAD EQUIPMENT
Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Grant	\$ 111,000	111,000	-	(111,000)
Total revenues	<u>111,000</u>	<u>111,000</u>	-	<u>(111,000)</u>
Expenditures				
General government	-	-	3,645	(3,645)
Capital outlay	111,000	111,000	-	111,000
Total expenditures	<u>111,000</u>	<u>111,000</u>	<u>3,645</u>	<u>107,355</u>
Net change in fund balance	-	-	(3,645)	(3,645)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>(3,645)</u>	<u>(3,645)</u>
Prior year cash appropriated			<u>3,645</u>	
			<u>-</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
WASTE WATER ENTERPRISE FUND
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 103,424	103,424	99,425	(3,999)
Grant income	3,636,731	3,636,731	218,337	(3,418,394)
Interest	3,785	3,785	153	(3,632)
Total revenues	3,743,940	3,743,940	317,915	(3,426,025)
Expenses				
Operating	107,209	107,209	66,350	40,859
Capital outlay	3,636,731	3,636,731	218,338	3,418,393
Total expenditures	3,743,940	3,743,940	284,688	3,459,252
Net change in net assets	-	-	33,227	33,227
Net assets, beginning of year	1,838,066	1,838,066	1,838,066	-
Net assets, end of year	\$ 1,838,066	1,838,066	1,871,293	33,227
Non-GAAP change in fund balance			\$ 33,227	
Change in:				
Utility receivables			1,649	
Accounts payable			962	
Other accrued expenses			930	
Capital expenditures capitalized			218,338	
Non-budgeted items				
Depreciation			(5,736)	
GAAP change in net assets			\$ 249,370	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
WATER ENTERPRISE FUND
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Charges for services	\$ 219,058	219,058	114,016	(105,042)
From local governments				
Grant income	-	-	71,411	71,411
Interest	-	-	351	351
Other	-	-	4,214	4,214
Total revenues	219,058	219,058	189,992	(29,066)
Expenses				
Operating	219,058	219,058	171,607	47,451
Debt service	49,122	49,122	51,738	(2,616)
Total expenditures	268,180	268,180	223,345	44,835
Excess of revenues over expenditures before other financing uses	(49,122)	(49,122)	(33,353)	15,769
Other financing uses				
Operating transfers in	49,122	49,122	33,712	(15,410)
Total other financing sources	49,122	49,122	33,712	-
Net change in net assets	-	-	359	15,769
Net assets, beginning of year	289,836	289,836	289,836	-
Net assets, end of year	\$ 289,836	289,836	290,195	15,769
Non-GAAP change in fund balance			\$ 359	
Change in:				
Accounts receivable			3,074	
Grants receivable			(71,411)	
Accounts payable			(8,937)	
Accrued compensation and benefits			(1,369)	
Interest payable			1,947	
Compensated absences			(166)	
Non-budgeted items				
Debt service principal			34,031	
Capital expenditures capitalized			81,659	
Depreciation			(32,239)	
GAAP change in net assets			\$ 6,948	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
HOUSING AUTHORITY ENTERPRISE FUND
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental - federal	\$ 90,000	94,000	93,274	(726)
Charges for services	95,810	91,700	88,849	(2,851)
Operating grants	16,272	5,370	-	(5,370)
Capital grants	106,724	117,626	68,755	(48,871)
Interest	700	200	104	(96)
Total revenues	309,506	308,896	250,982	(57,914)
Expenses				
Administration	85,372	78,370	71,540	6,830
Utilities	48,760	41,260	39,174	2,086
Maintenance	56,000	85,000	104,942	(19,942)
Capital outlay	106,724	117,626	52,047	65,579
General	15,500	10,100	10,964	(864)
Total expenditures	312,356	332,356	278,667	53,689
Excess of revenues over expenditures	(2,850)	(23,460)	(27,685)	(4,225)
Other financing sources (uses)				
Operating transfers in	10,000	-	-	-
Total other financing sources (uses)	10,000	-	-	-
Net change in net assets	7,150	(23,460)	(27,685)	(4,225)
Net assets, beginning of year	783,728	783,728	783,728	-
Net assets, end of year	\$ 790,878	760,268	756,043	(4,225)
Prior year cash appropriated		23,460	27,685	
		<u>783,728</u>	<u>783,728</u>	
Non-GAAP change in fund balance			\$ (27,685)	
Non-budgeted items				
Capital assets transferred in			52,047	
Depreciation			<u>(50,228)</u>	
GAAP change in net assets			<u>\$ (25,866)</u>	

VILLAGE OF PECOS, NEW MEXICO
AGENCY FUNDS
June 30, 2010

Motor Vehicle Fund. To account for motor vehicle fees collected by the Village on behalf of the State of New Mexico.

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
MOTOR VEHICLE FUND				
ASSETS				
Cash	\$ 50	-	-	50
Total assets	\$ 50	-	-	50
LIABILITIES				
Due to other entities	\$ (4,680)	318,315	318,316	(4,681)
Due to other funds	4,730	1	-	4,731
Total liabilities	\$ 50	318,316	318,316	50

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF DEPOSIT ACCOUNTS
June 30, 2010

Depository	Account Name	Type	Depository Balance	Reconciled Balance
Bank of Las Vegas	Allocated cash account	Checking	\$ 1,124,676	1,057,036
Bank of Las Vegas	Fire Protection	Checking	80,045	69,068
Bank of Las Vegas	Recreation	Checking	3,870	3,870
Bank of Las Vegas	Water and Sewer Enterprise	Checking	359,048	325,390
Bank of Las Vegas	Payroll	Checking	14,475	7,212
Bank of Las Vegas	Pecos Housing Authority	Checking	15,487	11,763
Bank of Las Vegas	Pecos Housing Authority	Checking	1	1
Bank of Las Vegas	Pecos Housing Authority	Checking	6,551	6,551
Bank of Las Vegas	Pecos Housing Authority	Checking	2,301	2,301
Bank of Las Vegas	Water Deposit	Checking	30,889	30,789
Bank of America	Sewer Replacement Fund	Checking	11,205	11,205
Bank of America	Sewer System Repair and Replacement	Checking	6,965	6,965
Bank of America	Reserve Fund 1986	Checking	15,023	15,023
Bank of America	Water Replacement Fund	Checking	12,554	12,554
Bank of America	Joint Water and Sewer System	Checking	3,686	3,686
Del Norte Credit Union	Sewer System Reserve Fund	Checking	17,661	17,661
			<u>1,704,437</u>	<u>1,581,075</u>
Petty Cash	General Fund		-	367
Petty Cash	Utility Clerk		-	50
Petty Cash	Pecos Housing Authority		-	50
Total deposit accounts - non-agency			<u>\$ 1,704,437</u>	<u>1,581,542</u>
Agency funds cash accounts				
Petty Cash	MVD Clerk		\$ -	50
Total cash - agency funds			<u>\$ -</u>	<u>50</u>

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2010

	Bank of Las Vegas	Bank of America	Del Norte Credit Union	Total
Deposits at June 30, 2010	\$ 1,637,343	49,433	17,661	1,704,437
Less: FDIC coverage	1,613,003	49,433	17,661	1,680,097
Uninsured public funds	24,340	-	-	24,340
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	445,000	-	-	445,000
Uninsured and uncollateralized	\$ -	-	-	-
50% pledged collateral requirement per statute	\$ 12,170	-	-	12,170
Total pledged collateral	445,000	-	-	445,000
Pledged collateral over the requirement	\$ (432,830)	-	-	(432,830)

Pledged collateral at June 30, 2010 consists of the following:

Security	CUSIP	Maturity	Par or Fair Mkt. Value
Alamagordo, NM 3.50%, muni bond	01145NAL7	6/1/2013	300,000
Harris County Texas	414150MH2	9/1/2014	145,000
Total pledged collateral			\$ 445,000

The custodian of the pledged securities for the Bank of Las Vegas is Federal Home Loan Bank in Dallas, Texas.

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2010

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
NM State Police	New Mexico State Police Village of Pecos	Village of Pecos	The New Mexico State Police provide law enforcement and police protection within the limits of Pecos.	7/14/2000 No end date	The Village must provide office space for the NMSP. The Village was also required to provide a four-wheel drive Jeep Grand Cherokee. The vehicle was provided in a prior audit year. There is no cash expense paid for the office space. The NMSP is using Village office space.	\$ -	Village of Pecos	New Mexico State Police
Wildland Fire Suppression	Village of Pecos	New Mexico Energy, Minerals and Natural Resources Department (EMNRD)	The Village and EMNRD coordinate efforts to commit to mutual wildland fire suppression and management	12/27/2007 No end date	The Village will be reimbursed at established rates for providing firefighting resources as requested by EMNRD outside of the Village's municipal limits	\$ -	None	New Mexico Energy, Minerals and Natural Resources Department (EMNRD)

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS
10612 ROYAL BIRKDALE NE
ALBUQUERQUE, NM 87111

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*

Mr. Hector H. Balderas, State Auditor and
Mr. Tony J. Roybal, Mayor and
The Village Trustees
Village of Pecos, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund street fund, NMDOT GRIP project fund, and the senior citizen center fund and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Village of Pecos, New Mexico (Village), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not be designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

Mr. Hector H. Balderas, State Auditor and
Mr. Tony J. Roybal, Mayor and
The Village Trustees
Village of Pecos, New Mexico

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 04-11 and 10-1.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and recommendations to be significant deficiencies: 04-2, 04-6, 04-8, and 09-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 04-6 and 04-8.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Village of Pecos' management, Village Trustees, federal awarding agencies, and the Office of the State Auditor and the Department of Finance and Administration and is not intended to be and should not be used by anyone other than these specified parties.

Porch & Associates LLC

Albuquerque, New Mexico
November 26, 2010

**VILLAGE OF PECOS, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2010**

Village of Pecos

04-1	Due Date of Audit Report	Resolved
04-2	Disaster Recover Plan and Information Technology General Controls	Modified and repeated
04-3	Utility Billing, Accounts Receivable and Internal Controls	Resolved
04-6	Payroll Disbursements	Modified and repeated
04-8	Travel and Per Diem Disbursements	Modified and repeated
04-11	Capital Asset Additions, Deletions and Inventory	Modified and repeated
09-1	Cash Disbursements and Record Retention	Resolved
09-2	Payroll Reporting	Modified and repeated

Housing Authority

01-04	Late Audit Report	Resolved
09-01	Over Expenditure of Budget	Resolved
09-02	Payment for Vacation and Sick Leave	Resolved
09-03	Propane Deliveries and Consumption Schedules	Resolved

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

FINDINGS – FINANCIAL STATEMENTS AUDIT

04-2 Disaster Recovery Plan and Information Technology General Controls

CONDITION

The disaster recovery plan in place is inadequate for the size and operations of the Village. A disaster recovery plan should be a map for reestablishing operations after a disaster. This map should include details of, at minimum, the following:

- What hardware and software are in place and which vendors may be used to replace the hardware and software.
- Potential off-site locations for running operations.
- Names and telephone numbers of critical operations personnel that should be contacted during a disaster.
- Backup and recovery procedures for data.
- The location of the offsite data backups.
- A detailed list of instructions to be followed in order to reestablish operations.

We reviewed the information technology general controls and found the following:

- There are no operational policies for the information technology function of the Village.

CRITERIA

Section 12-6-5, NMSA 1978, requires the annual financial and compliance audit of agencies to detail any violation of law or good accounting practices found by the audit. An adequate disaster recover plan is a requirement for continuing operations after a disaster. Backups should go offsite at least once a week. The Village should develop sufficient policies and procedures to govern the information technology function.

EFFECT

The Village may not be able to continue operations in the event of a disaster.

CAUSE

The Village had developed a disaster recovery plan, but had not determined that it was insufficient. They did not review the plan to ensure it was sufficient.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

**04-2 Disaster Recovery Plan and Information Technology General Controls
(Continued)**

RECOMMENDATION

We recommend that the Village prepare a detailed disaster recovery plan. We further recommend that the Village consider taking the backups offsite at least once a week. The Village should consider developing policies and procedures governing the information technology function.

MANAGEMENT RESPONSE

We concur with this finding. The Village of Pecos is in the process of executing an agreement with a private consultant to develop a disaster recovery plan that adequately addresses all compliance requirements.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

04-6 Payroll Disbursements

CONDITION

We tested 25 payroll disbursements as part of our audit. We noted the following:

- For four of the disbursements tested the pay rate paid to the employee was not documented in the employees personnel file.
- For four employees tested there was no supporting documentation on file for the forms of identification accepted to complete the I-9 form.
- For one of the disbursements tested the payroll file did not include a PERA exclusion form.

CRITERIA

Good accounting practices dictate that pay rate increases should not only be input into the payroll system, but should be documented in the employee's personnel files. Personnel files should be reviewed regularly to ensure required PERA forms are maintained.

As required by the Immigration Reform and Control Act of 1986, all employees, citizens and noncitizens hired after November 6, 1986 and working in the United States must complete a Form I-9.

EFFECT

It may not be possible to determine if payrates are authorized. Also the Village may not be able to provide supporting documentation of an employee's decision to be included or excluded from PERA.

The Village may not have sufficient records supporting the hire of employees.

CAUSE

The Village has inadequate procedures over the maintenance of personnel files.

RECOMMENDATION

The Village should consider performing a personnel file audit in order to correct any deficiencies. It should also consider implementing procedures to ensure that the files are maintained.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

04-6 Payroll Disbursements (Continued)

MANAGEMENT RESPONSE

We concur with this finding. The Village will implement procedures as recommended.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

04-8 Travel and Per Diem Disbursements

CONDITION

We tested 5 travel and per diem disbursements as part of our audit. We noted the following:

- For three of the items tested, the employee was not paid the partial day per diem rate on the last day of travel when overnight lodging was no longer required. The employee was also reimbursed a meal allowance in addition to the per diem rate. This resulted in an overpayment to the employees of \$102.00.
- For one of the items tested, the employee was paid for meals for day travel which did not require an overnight stay. This resulted in an overpayment to the employee of \$13.39.

CRITERIA

NMAC 2.42.2.9 states for overnight travel for state officers and employees where overnight lodging is required, the public officer or employee will be reimbursed as follows:

Actual reimbursement for meals: Actual expenses for meals are limited by Section 10-8-4(K)(2) NMSA 1978 to a maximum of \$30.00 for in-state travel and \$45.00 for out-of-state travel for a 24-hour period.

NMAC 2.42.2.8 states that on the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made.

EFFECT

The Village is not in compliance with the Travel and Per Diem Act. The Village may have overpaid employees for travel and per diem.

CAUSE

Inadequate review and approval of travel vouchers and payment processing.

RECOMMENDATION

The Village should consider reviewing travel and per diem processing more thoroughly to ensure that errors are caught and corrected before final checks are processed.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

04-8 Travel and Per Diem Disbursements (Continued)

MANAGEMENT RESPONSE

We concur with this finding. The Village will thoroughly review travel and per diem vouchers to ensure compliance with the Per Diem Act.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)

04-11 Capital Asset Additions, Deletions and Inventory – MATERIAL WEAKNESS

CONDITION

The Village is not maintaining its capital asset listing. Capital assets were acquired during the year but were not added to the listing. These assets were discovered during audit testwork. Additions in the amount of \$218,337 were added to the capital asset listing for proprietary funds, and additions of \$26,500 were added to the listing for governmental funds.

CRITERIA

Governmental Accounting Standards No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, details the requirements to track and report capital assets. The Village should be tracking capital assets.

EFFECT

The Village’s capital asset listing and depreciation expenses were misstated before adjustment. In addition, the proprietary capital asset balances were misstated at year-end before adjustment.

CAUSE

The Village does not have a mechanism to track capital asset additions and deletions.

RECOMMENDATION

The Village should develop a policy and system which require the tracking of additions and deletions to capital assets.

MANAGEMENT RESPONSE

We concur with this finding. The Village has consulted an engineering firm to develop and Asset Management Plan that will properly account for the acquisition, updates, improvements, and disposition of fixed assets.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

FINDINGS – FINANCIAL STATEMENTS AUDIT (CONTINUED)

09-2 Payroll Reporting

CONDITION

As part of the audit we tested salary expense using 941 reports. We noted inconsistencies in the quarterly 941 reporting of wages subject to Medicare and Social Security taxes. For some of the quarters tested 941 reports were prepared incorrectly and need to be amended.

CRITERIA

Internal Revenue Service Publication 15 (Circular E) defines amounts that are includable in taxable wages and amounts that are includable in total wages.

EFFECT

Wages may have been inconsistently reported to the Internal Revenue Service, which could result in fines and penalties for underpayment of federal taxes.

CAUSE

The Village does not have sufficient training in payroll tax reporting. In addition the payroll reporting module may be set up incorrectly in the accounting software.

RECOMMENDATION

The Village should consider training in payroll tax reporting or outsourcing the payroll function to an outside company. The Village should also reconcile 941 reports to salary expense.

MANAGEMENT RESPONSE

We concur with this finding. The Village continues to consult and receive assistance from our consultant in all payroll reporting matters in an effort to comply with all state and federal requirements.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2010**

FINDINGS – FINANCIAL STATEMENTS AUDIT (CONTINUED)

10-1 Grant Tracking – MATERIAL WEAKNESS

CONDITION

The Village did not record grant revenue and the related expenditure or receivable for grants received totaling \$250,828.

CRITERIA

GASB Statement No. 33 paragraph 11, requires recognition of nonexchange transactions unless the transactions are not measurable or are not probable of collection.

EFFECT

Grant revenue was misstated prior to adjustment.

CAUSE

For \$213,013 of the grant revenue not recorded the grant expense was reimbursed directly to the Vendor by the grantor, thus the expense was not paid by the Village and the reimbursement was not received by the Village. For \$37,815 of the grant revenue not recorded, the expenditures were made in the year under audit but the reimbursement was not received until after year end.

RECOMMENDATION

The Village should consider developing a method to track and record all revenue and expenditures related to grants.

MANAGEMENT RESPONSE

We concur with this finding. The Village will develop methods and procedures to ensure the proper accounting for grant revenues.

**VILLAGE OF PECOS, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2010**

An exit conference was held on December 1, 2010, and attended by the following:

Village of Pecos, New Mexico

Tony Jose Roybal, Mayor
Joe Modesto Benavides, Council Member
Mona Quintana, Village Clerk
Arthur Varela, Interim Village Clerk

An exit conference for the component unit was held on November 29, 2010, and attended by the following:

Ricardo Valenzuela, Housing Authority Executive Director

Porch & Associates LLC

Thad Porch, Managing Principal

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The financial statements were prepared by Porch & Associates LLC from the books and records of the Village of Pecos. However, the contents of these financial statements remain the responsibility of the Village's management.