

VILLAGE OF PECOS, NEW MEXICO

FINANCIAL STATEMENTS

JUNE 30, 2015

VILLAGE OF PECOS, NEW MEXICO

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VILLAGE OF PECOS, NEW MEXICO

List of Principal Officials

June 30, 2015

Elected Officials

Tony Jose Roybal	Mayor
Joe Modesto Benavides	Mayor Pro-tem
Herman Gallegos	Trustee
Florencio Varela	Trustee Chairman, Housing Authority
Ralph Lopez	Trustee

Administrative Officials

Ramona Quintana	Village Clerk
Arthur R. Varela	Village Treasurer

Public Housing Authority Officials

Ricardo Valenzuela	Executive Director
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Independent Auditor's Report

Mr. Timothy Keller, State Auditor and
Mr. Tony J. Roybal, Mayor and
The Village Trustees
Village of Pecos, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Pecos, New Mexico (Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Village of Pecos Housing Authority, a component unit of the Village, which statements reflect total assets and revenues constituting 7 percent and 39 percent, respectively, of the related proprietary fund totals at June 30, 2015. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village of Pecos 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that GASB 68 required supplementary pension schedules on pages 49-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015 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 *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Ricci & Company LLC

Albuquerque, New Mexico
December 8, 2015

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 970,158	190,218	1,160,376
Cash and cash equivalents - restricted	-	94,358	94,358
Receivables			
Taxes			
Gross receipts	62,674	-	62,674
Gasoline	1,395	-	1,395
Motor vehicle	4,684	-	4,684
Property	463	-	463
Franchise	3,311	-	3,311
Accounts receivable, net of allowance	-	59,275	59,275
Internal balances	-	60,695	60,695
Inventory	-	19,316	19,316
Prepaid expenses	-	321	321
Due from other funds	12,629	96,364	108,993
Total current assets	1,055,314	520,547	1,575,861
Noncurrent assets			
Capital assets, not depreciated	127,730	747,482	875,212
Capital assets, net of accumulated depreciation	3,052,508	7,512,456	10,564,964
Total noncurrent assets	3,180,238	8,259,938	11,440,176
Total assets	4,235,552	8,780,485	13,016,037
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	37,291	21,424	58,715
LIABILITIES			
Current liabilities			
Accounts payable	11,658	12,034	23,692
Accrued compensation and benefits	8,159	8,925	17,084
Interest payable	-	8,746	8,746
Deposits payable	-	35,324	35,324
Internal balances	-	60,533	60,533
Compensated absences, due in one year	10,874	4,002	14,876
Long-term liabilities, due in one year	-	24,788	24,788
Due from other funds	96,364	12,629	108,993
Total current liabilities	127,055	166,981	294,036
Noncurrent liabilities:			
Long-term liabilities, due in more than one year	-	810,896	810,896
Net pension liability	176,869	88,345	265,214
Total noncurrent liabilities	176,869	899,241	1,076,110
Total liabilities	303,924	1,066,222	1,370,146
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	58,844	34,623	93,467
NET POSITION			
Net investment in capital assets	3,180,238	7,424,254	10,604,492
Restricted for:			
Special Revenue	345,133	-	345,133
Capital Projects	-	-	-
Debt Service	-	87,730	87,730
Subsequent year's expenditures	70,194	-	70,194
Unrestricted	314,510	189,080	503,590
Total net position	\$ 3,910,075	7,701,064	11,611,139

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

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary government							
Governmental activities							
General government	\$ 671,589	\$ 8,736	252,295	-	\$ (410,558)	-	(410,558)
Public safety	106,689	-	119,940	-	13,251	-	13,251
Highways and streets	40,759	-	-	13,441	(27,318)	-	(27,318)
Health and welfare	14,749	-	-	-	(14,749)	-	(14,749)
Total governmental activities	833,786	8,736	372,235	13,441	(439,374)	-	(439,374)
Business-type activities							
Waste water	281,850	104,325	-	-	-	(177,525)	(177,525)
Water	262,699	267,327	-	-	-	4,628	4,628
Housing authority	296,521	99,125	142,484	6,648	-	(48,264)	(48,264)
Total business-type activities	841,070	470,777	142,484	6,648	-	(221,161)	(221,161)
Total primary government	\$ 1,674,856	\$ 479,513	514,719	20,089	\$ (439,374)	(221,161)	(660,535)
General Revenues							
Franchise taxes					\$ 14,065	-	14,065
Gasoline taxes					10,904	-	10,904
Gross receipts taxes					393,883	-	393,883
Property taxes					12,142	-	12,142
Motor vehicle tax					39,073	-	39,073
Debt forgiveness					-	98,919	98,919
Transfers in: Severance tax bond appropriation					25,234	-	25,234
Other					13,217	(10)	13,207
Interest income					1,513	73	1,586
Reversion to state					(10,365)	-	(10,365)
Total general revenues, special items and transfers					499,666	98,982	598,648
Change in net position					60,292	(122,179)	(61,887)
Net position, beginning of year					4,059,658	7,932,680	11,992,338
Restatement due to net pension liability					(209,875)	(109,437)	(319,312)
Net position, beginning of year, as restated					3,849,783	7,823,243	11,673,026
Net position, end of year					\$ 3,910,075	7,701,064	11,611,139

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

VILLAGE OF PECOS, NEW MEXICO
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2015

	General	Fire Protection	Street	Nonmajor Governmental Funds	Total
ASSETS					
Cash	\$ 508,269	87,334	271,277	103,278	970,158
Receivables					
Taxes					
Gross receipts	61,243	-	-	1,431	62,674
Gasoline	-	-	1,395	-	1,395
Motor vehicle	4,684	-	-	-	4,684
Property	463	-	-	-	463
Franchise	3,311	-	-	-	3,311
Due from other funds	82,435	-	2,456	-	84,891
Total assets	\$ 660,405	87,334	275,128	104,709	1,127,576
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 7,856	1,334	-	2,468	11,658
Accrued compensation and benefits	8,159	-	-	-	8,159
Due to other funds	90,730	14,024	11,127	52,745	168,626
Total liabilities	106,745	15,358	11,127	55,213	188,443
Fund Balances					
Restricted for:					
Special revenue funds	-	71,976	264,001	9,156	345,133
Capital project fund	-	-	-	-	-
Subsequent years expenditures	70,194	-	-	-	70,194
Assigned to:					
Special revenue funds	-	-	-	79,412	79,412
Unassigned:					
General fund	483,466	-	-	-	483,466
Special revenue fund	-	-	-	(22,224)	(22,224)
Capital project fund	-	-	-	(16,848)	(16,848)
Total fund balances	553,660	71,976	264,001	49,496	939,133
Total liabilities and fund balances	\$ 660,405	87,334	275,128	104,709	1,127,576

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 POSITION
June 30, 2015

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

Total fund balance - governmental funds	\$ 939,133
Accrued compensated absences not payable from current revenues.	(10,874)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,180,238
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Net pension liability	(176,869)
Deferred outflows of resources related to pensions	37,291
Deferred inflows of resources related to pensions	(58,844)
	<hr/>
Net position of governmental activities	\$ 3,910,075
	<hr/> <hr/>

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, 2015

	General	Fire Protection	Street	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 450,168	-	10,904	8,995	470,067
From state government:					
Grants	252,295	99,940	-	33,441	385,676
Licenses, permits, fees and fines	3,320	-	-	-	3,320
Charges for services	5,416	-	-	-	5,416
Interest	1,483	30	-	-	1,513
Other	11,876	750	-	591	13,217
Total revenues	<u>724,558</u>	<u>100,720</u>	<u>10,904</u>	<u>43,027</u>	<u>879,209</u>
Expenditures					
Current					
General government	597,479	-	-	-	597,479
Public safety	-	33,567	-	16,565	50,132
Highways and streets	-	-	26,617	11,931	38,548
Health and welfare	-	-	-	14,749	14,749
Debt service - principal	21,429	-	-	-	21,429
Capital outlay	46,184	8,305	88,442	34,137	177,068
Total expenditures	<u>665,092</u>	<u>41,872</u>	<u>115,059</u>	<u>77,382</u>	<u>899,405</u>
Excess (deficiency) of revenues over expenditures before other financings sources	<u>59,466</u>	<u>58,848</u>	<u>(104,155)</u>	<u>(34,355)</u>	<u>(20,196)</u>
Other financing sources (uses)					
Transfers in: Severance tax appropriation	-	-	-	25,234	25,234
Transfers out: Reversion to State	-	-	-	(10,365)	(10,365)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,869</u>	<u>14,869</u>
Net change in fund balances	<u>59,466</u>	<u>58,848</u>	<u>(104,155)</u>	<u>(19,486)</u>	<u>(5,327)</u>
Fund balance, beginning	<u>494,194</u>	<u>13,128</u>	<u>368,156</u>	<u>68,982</u>	<u>944,460</u>
Fund balance, end of year	<u>\$ 553,660</u>	<u>71,976</u>	<u>264,001</u>	<u>49,496</u>	<u>939,133</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, 2015

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

Net changes in fund balances - governmental funds \$ (5,327)

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	(143,674)	
Capital outlay	<u>177,068</u>	
Excess of depreciation expense over capital outlay		33,394

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 21,429

Changes in debt-related accruals are recorded as expenditures in the governmental fund, but increase or decrease liabilities in the Statement of Net Position.

Change in net pension liability and related deferred amounts		11,452
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Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.

	<u>(656)</u>
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Change in net position - governmental activities \$ 60,292

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 381,458	381,458	443,617	62,159
State grants	350,000	350,000	252,295	(97,705)
Licenses, permits, fees and fines	3,600	3,600	3,320	(280)
Charges for services	2,650	2,650	5,416	2,766
Interest	1,600	1,600	1,483	(117)
Other	28,400	28,400	11,876	(16,524)
Total revenues	<u>767,708</u>	<u>767,708</u>	<u>718,007</u>	<u>(49,701)</u>
Expenditures				
General government	834,229	834,229	600,310	233,919
Debt service - principal	-	-	21,429	(21,429)
Capital outlay	-	-	46,184	(46,184)
Total expenditures	<u>834,229</u>	<u>834,229</u>	<u>667,923</u>	<u>166,306</u>
Excess (deficiency) of revenues over expenditures	<u>(66,521)</u>	<u>(66,521)</u>	<u>50,084</u>	<u>116,605</u>
Net change in fund balance	(66,521)	(66,521)	50,084	116,605
Fund balance, beginning of year	-	-	518,808	-
Fund balance, end of year	<u>(66,521)</u>	<u>(66,521)</u>	<u>568,892</u>	<u>116,605</u>
Prior year cash appropriated	<u>66,521</u>	<u>66,521</u>		
	<u>\$ -</u>	<u>-</u>		
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 718,007	
Changes in accounts receivable			6,551	
Revenues, GAAP basis			<u>\$ 724,558</u>	
Expenses, budgetary basis			\$ 667,923	
Changes in accounts payable			(4,127)	
Changes in accrued liabilities			1,296	
Expenses, GAAP basis			<u>\$ 665,092</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)
FIRE PROTECTION FUND
Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
From state government				
Grants	\$ 99,940	99,940	99,940	-
Interest income	-	-	30	30
Other	60	60	750	690
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>100,720</u>	<u>720</u>
Expenditures				
Public safety	100,000	100,000	32,738	67,262
Capital outlay	-	-	-	-
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>32,738</u>	<u>67,262</u>
Excess (deficiency) of revenues over expenditures	-	-	67,982	67,982
Net change in fund balance	-	-	67,982	67,982
Fund balance, beginning of year	64,563	-	14,249	-
Fund balance, end of year	<u>\$ 64,563</u>	<u>-</u>	<u>82,231</u>	<u>67,982</u>
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 100,720	
Changes in accounts receivable			-	
Revenues, GAAP basis			<u>\$ 100,720</u>	
Expenses, budgetary basis			\$ 32,738	
Changes in accounts payable			829	
Capital outlay budgeted in general fund			8,305	
Expenses, GAAP basis			<u>\$ 41,872</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
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Gasoline taxes	\$ 13,000	13,000	11,912	(1,088)
From local governments				
Grants	-	-	-	-
Total revenues	13,000	13,000	11,912	(1,088)
Expenditures				
Highways and streets	392,612	392,612	26,617	365,995
Capital outlay	-	-	-	-
Total expenditures	392,612	392,612	26,617	365,995
Excess of revenues over expenditures	(379,612)	(379,612)	(14,705)	364,907
Other financing uses				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing uses	-	-	-	-
Net change in fund balance	(379,612)	(379,612)	(14,705)	364,907
Fund balance, beginning of year	364,835	364,835	396,566	-
Fund balance, end of year	\$ (14,777)	(14,777)	381,861	364,907
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 11,912	
Changes in accounts receivable			(1,008)	
Revenues, GAAP basis			<u>\$ 10,904</u>	
Expenses, budgetary basis			\$ 26,617	
Changes in accounts payable			-	
Capital outlay budgeted in general fund			88,442	
Expenses, GAAP basis			<u>\$ 115,059</u>	

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

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
June 30, 2015

	Waste Water	Water	Housing Authority	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 141,464	21,289	27,465	190,218
Cash and cash equivalents - restricted	34,560	53,170	6,628	94,358
Accounts receivable, net of allowance	15,616	37,295	6,364	59,275
Inventory	-	-	19,316	19,316
Prepaid expenses	-	-	321	321
Due from other funds	59,008	98,051	-	157,059
Total current assets	250,648	209,805	60,094	520,547
Capital Assets				
Land	-	11,248	14,400	25,648
Water rights	-	238,636	-	238,636
Construction work in progress	41,667	441,531	-	483,198
Buildings and improvements	6,362,468	701,594	1,495,605	8,559,667
Equipment	163,321	357,116	108,716	629,153
Infrastructure	415,311	809,116	-	1,224,427
Accumulated depreciation	(738,044)	(1,086,284)	(1,076,463)	(2,900,791)
Total capital assets, net of accumulated depreciation	6,244,723	1,472,957	542,258	8,259,938
Total assets	6,495,371	1,682,762	602,352	8,780,485
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	-	21,424	-	21,424
LIABILITIES				
Current Liabilities				
Accounts payable	3,943	3,048	5,043	12,034
Accrued compensation and benefits	-	3,928	4,997	8,925
Interest payable	-	8,746	-	8,746
Deposits payable	570	28,426	6,328	35,324
Compensated absences	-	3,485	517	4,002
Loans payable - current	-	1,288	-	1,288
Bonds payable - current	-	23,500	-	23,500
Due to other funds	-	73,162	-	73,162
Total current liabilities	4,513	145,583	16,885	166,981
Noncurrent Liabilities				
Loans payable	-	11,796	-	11,796
Bonds payable	-	799,100	-	799,100
Net pension liability	-	88,345	-	88,345
Total noncurrent liabilities	-	899,241	-	899,241
Total liabilities	4,513	1,044,824	16,885	1,066,222
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	34,623	-	34,623
NET POSITION				
Invested in capital assets, net of related debt	6,244,723	637,273	542,258	7,424,254
Restricted for:				
Debt service	34,560	53,170	-	87,730
Unrestricted	211,575	(65,704)	43,209	189,080
Total net position	\$ 6,490,858	624,739	585,467	7,701,064

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 POSITION -
PROPRIETARY FUNDS
Year Ended June 30, 2015

	Waste Water	Water	Housing Authority	Total
Operating Revenues				
Sales, services, and rents	\$ 104,325	267,327	99,125	470,777
From federal sources - operating grants	-	-	142,484	142,484
Total operating revenues	<u>104,325</u>	<u>267,327</u>	<u>241,609</u>	<u>613,261</u>
Operating Expenses				
Operating expenses	118,626	203,877	246,062	568,565
Depreciation	163,224	33,231	50,459	246,914
Total operating expenses	<u>281,850</u>	<u>237,108</u>	<u>296,521</u>	<u>815,479</u>
Operating (loss) income	<u>(177,525)</u>	<u>30,219</u>	<u>(54,912)</u>	<u>(202,218)</u>
Nonoperating Revenues (Expenses)				
From local governments				
Debt forgiveness	-	98,919	-	98,919
Capital grants	-	-	6,648	6,648
Interest income	27	39	7	73
Interest expense	-	(25,591)	-	(25,591)
Other income / (expense)	-	(10)	-	(10)
Total nonoperating revenues				
(expenses) before transfers	<u>27</u>	<u>73,357</u>	<u>6,655</u>	<u>80,039</u>
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributed Capital	-	-	-	-
Total transfers and other, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (loss) income	<u>(177,498)</u>	<u>103,576</u>	<u>(48,257)</u>	<u>(122,179)</u>
Net position, beginning of year	6,668,356	630,600	633,724	7,932,680
Restatement due to net pension liability	-	(109,437)	-	(109,437)
Net position, beginning of year as restated	<u>6,668,356</u>	<u>521,163</u>	<u>633,724</u>	<u>7,823,243</u>
Net position, end of year	<u>\$ 6,490,858</u>	<u>624,739</u>	<u>585,467</u>	<u>7,701,064</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, 2015

	Waste Water	Water	Housing Authority	Total
Cash Flows From Operating Activities				
Cash received from customers, tenants	\$ 103,993	269,293	97,146	470,432
Cash received from HUD for operations	-	-	143,982	143,982
Cash payments to and on behalf of employees	-	(148,202)	(73,952)	(222,154)
Cash payments to vendors for goods and services	(119,428)	(61,304)	(167,607)	(348,339)
Net cash (used) provided by operating activities	(15,435)	59,787	(431)	43,921
Cash Flows From Noncapital and Related Financing Activities				
Change in due to/from account	(47,252)	(25,444)	-	(72,696)
Other income	-	(10)	-	(10)
Net cash provided by noncapital financing activities	(47,252)	(25,454)	-	(72,706)
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	-	(399,863)	(6,648)	(406,511)
Proceeds from bond issuance	-	395,675	-	395,675
HUD contributions for capital acquisitions	-	-	6,648	6,648
Principal payment on loans	-	(1,250)	-	(1,250)
Principal payment on bonds	-	(22,400)	-	(22,400)
Interest payment on bonds and loans	-	(22,591)	-	(22,591)
Net cash used by capital and related financing activities	-	(50,429)	-	(50,429)
Cash Flows From Investing Activities				
Interest income	27	39	7	73
Net cash provided by investing activities	27	39	7	73
Net change in cash and cash equivalents	(62,660)	(16,057)	(424)	(79,141)
Cash and cash equivalents, beginning of year	238,684	90,516	34,517	363,717
Cash and cash equivalents, end of year	\$ 176,024	74,459	34,093	284,576
Shown on the Balance sheet as:				
Cash and cash equivalents	\$ 141,464	21,289	27,465	190,218
Cash and cash equivalents - restricted	34,560	53,170	6,628	94,358
	\$ 176,024	74,459	34,093	284,576

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, 2015

	Waste Water	Water	Housing Authority	Total
Operating (loss) income	\$ (177,525)	30,219	(54,912)	(202,218)
Adjustments to reconcile operating income to net cash flows:				
Depreciation expense	163,224	33,231	50,459	246,914
Bad debt expense	-	-	1,015	1,015
Changes in assets and liabilities:				
Accounts receivable	(332)	(27)	(996)	(1,355)
Grants receivable	-	-	1,498	1,498
Prepaid expenses	-	-	7,151	7,151
Inventory	-	-	1,464	1,464
Accounts payable	(1,372)	691	431	(250)
Interest payable	-	-	-	-
Accrued expenses	-	300	990	1,290
Compensated absences	-	1,273	(148)	1,125
Deposits payable	570	1,993	(983)	1,580
Net pension liability	-	(21,092)	-	(21,092)
Deferred inflows (outflows) related to pensions	-	13,199	-	13,199
Insurance contract payable	-	-	(6,400)	(6,400)
Net cash (used) provided by operating activities	\$ (15,435)	59,787	(431)	43,921

Schedule of Noncash Investing, Capital and Financing Activities

The Water Fund incurred debt of \$395,675 of which \$98,919 was forgiven as follows:

Debt forgiveness	\$ -	98,919	-	98,919
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The accompanying notes are an integral part of these financial statements.

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF FIDUCIARY NET POSITION -
AGENCY FUNDS
June 30, 2015

ASSETS

Cash	\$ 162
Total assets	<u>\$ 162</u>

LIABILITIES

Due to other entities	\$ 162
Total liabilities	<u>\$ 162</u>

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

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village. Organizations for which the Village is not financially accountable are also included when doing so is necessary in order to prevent the Village's financial statements from being misleading.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The Village reports the Housing Authority of the Village of Pecos as a blended component unit. Separate financial statements for the Housing Authority may be obtained by requesting them in writing at PO Box 904, Pecos, NM, 87552.

The government-wide financial statements (i.e., the Statement of Net Position 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 *non-operating* 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.

Government fund 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 the compensated absences and claims and judgments, are recorded only when payment is due.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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.

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.

Deferred revenues arise when 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.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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.

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

Street Fund. 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.

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 PO Box 904, Pecos, NM, 87552.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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.

Capital Project 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, 2015

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 Management's 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.

D. Inventory

Inventory is reported when purchased goods are not consumed during the current operating cycle and the consumable asset will benefit a future period. At June 30, 2015, inventory related entirely to the operations of the Housing Authority and consisted of \$1,868 for propane delivered, but unused, as well as \$17,448 in housing maintenance supplies not yet put in use. Maintenance inventory is valued using the first-in first-out method.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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.

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

G. Fund Balance Disclosure

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications and clarifying the existing fund balance definitions. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below:

1. *Nonspendable* - includes amounts that cannot be spent because (1) they are either not in spendable form or (2) they are legally or contractually required to be maintained intact.
2. *Restricted* - fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. *Committed* - fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government's highest level of decision-making authority removes or changes the specified use by taking the same action it employed to previously commit those amounts.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Fund Balance Disclosure (Continued)

4. *Assigned* - fund balance classification intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent can be expressed by the Village Officials or by an official or body to which the Village Officials delegates the authority.
5. *Unassigned* - fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Village has reviewed each of the classifications and has determined that the fund balance is restricted for all balances in the capital projects and special revenue funds due to either legislation or grantor requirements, with the exception of the environmental gross receipts fund and the recreation fund. The restricted balance of \$376,255 shown on the balance sheet of the fund financial statements includes \$370,590 restricted by enabling legislation and \$5,665 restricted by external resource providers. The environmental gross receipts fund balance is included in assigned fund balance through the budgeting process for the advancement of the Village's health and welfare priorities. The recreation fund balance is also included in the assigned fund balance through the budgeting process for the advancement of the Village's culture and recreation priorities. There are no non-spendable or committed fund balances as of June 30, 2015.

Fund Balance for Subsequent Years Expenditures. According to New Mexico State Statute and the New Mexico Department of Finance and Administration (DFA), the Village is required to reserve 1/12th of the General Fund's budgeted expenditures for subsequent year expenditures to maintain an adequate cash flow. The Village does not have a formal minimum fund balance policy; however, the Village follows the policy set forth above. This balance is reported as restricted to subsequent year's expenditures in the General Fund. The Village is in compliance with these DFA requirements.

The details of fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village Trustees have provided otherwise in its commitment or assignment actions.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Net Position

The governmental activities and business-type activities in the government-wide financial statements utilize a net position presentation which reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, in accordance with Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* issued by the Governmental Accounting Standards Board (GASB 63). Net position is displayed in three components as follows:

Invested in capital assets, net of related debt: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position: Reflects the component of net position that have constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for “debt service or capital projects.”

Unrestricted net position: Reflects the component of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first and the unrestricted resources as they are needed.

I. 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.

J. Cash Flows

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

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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 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 a resolution.
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.

L. 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.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Implementation of New Accounting Standards

During fiscal year 2015, the Village adopted the following GASB Statements:

- GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statements No. 27*, this Statement addresses accounting and financial reporting for pension that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts.
- GASB 69, *Government Combinations and Disposals of Government Operations*, which distinguishes between a government merger and a government acquisition and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement did not apply to the Department.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (Amendment to GASB 68)*, which improves accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

Subsequent accounting standards that the Department is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 72, *Fair Value Measurement and Application*, this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ended June 30, 2016.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2016.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Implementation of New Accounting Standards (Continued)

- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2017.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ended June 30, 2018.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, the objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ended June 30, 2016.
- GASB 77, *Tax Abatement Disclosures*, this Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This Statement will be effective for the year ended June 30, 2017.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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, 2015, the Village's bank balances of \$1,285,987 were exposed to credit risk as follows:

Insured	\$ 337,039
Uninsured and collateral held by pledging bank's trust department or agent but not in the Village's name	884,198
Uninsured and uncollateralized	<u>64,750</u>
Total deposits	<u>\$ 1,285,987</u>

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 FDIC or NCUSIF coverage at each financial institution. The total balance in any single financial institution may at times exceed the FDIC or NCUSIF 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. In addition amounts have been classified as restricted for a bond reserve fund and an operation and maintenance fund because their use is limited by applicable bond covenants of the Series 1984 joint water and sewer system revenue bonds.

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, 2015:

	Waste Water	Water
Accounts receivable	\$ 20,839	49,681
Allowance for uncollectible accounts	<u>(5,223)</u>	<u>(12,386)</u>
	<u>\$ 15,616</u>	<u>37,295</u>

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3. ACCOUNTS RECEIVABLE – PROPRIETARY FUNDS (CONTINUED)

Accounts receivable for the Housing Authority consists of unpaid tenant charges for rent and related charges of \$50, and amounts due from HUD for Low Rent Housing (LRH) of \$6,364 at June 30, 2015. No allowance for doubtful accounts has been established because management believes all of the receivables are collectible.

NOTE 4. CAPITAL ASSETS

Governmental Fund capital asset activity for the year ending June 30, 2015 is as follows:

	Balance, June 30, 2014	Additions	Deletions	Transfers	Balance, June 30, 2015
Governmental Activities					
Capital assets, not depreciated					
Land	\$ 84,475	-	-	-	84,475
Construction in process	-	43,255	-	-	43,255
Total, not depreciated	\$ 84,475	43,255	-	-	127,730
Capital assets, depreciated					
Buildings and improvements	2,699,304	-	-	-	2,699,304
Infrastructure	467,133	125,508	-	-	592,641
Equipment	1,117,438	8,305	-	-	1,125,743
Total, depreciated	4,283,875	133,813	-	-	4,417,688
Accumulated depreciation for:					
Buildings and improvements	496,755	59,858	-	-	556,613
Infrastructure	50,301	13,648	-	-	63,949
Equipment	674,450	70,168	-	-	744,618
Total accumulated depreciation	1,221,506	143,674	-	-	1,365,180
Total capital assets, depreciated, net	\$ 3,062,369	(9,861)	-	-	3,052,508
Total capital assets, net	\$ 3,146,844	33,394	-	-	3,180,238

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

Governmental activities

General government	\$ 84,906
Public safety	56,557
Highway and streets	2,211
Total depreciation expense	\$ 143,674

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4. CAPITAL ASSETS (CONTINUED)

Enterprise Fund capital asset activity for the year ending June 20, 2015 is as follows:

	Balance, June 30, 2014	Additions	Deletions	Transfers	Balance, June 30, 2015
Business-type Activities					
Capital assets, not depreciated					
Land	\$ 25,648	-	-	-	25,648
Water rights	238,636	-	-	-	238,636
Construction in progress	94,236	399,864	-	(10,902)	483,198
Total, not depreciated	\$ 358,520	399,864	-	(10,902)	747,482
Capital assets, depreciated					
Buildings and improvements	8,553,019	6,648	-	-	8,559,667
Equipment	629,153	-	-	-	629,153
Infrastructure	1,213,525	-	-	10,902	1,224,427
Total, depreciated	10,395,697	6,648	-	10,902	10,413,247
Accumulated depreciation for:					
Buildings and improvements	2,079,056	197,526	-	-	2,276,582
Equipment	384,484	19,051	-	-	403,535
Infrastructure	190,336	30,338	-	-	220,674
Total accumulated depreciation	2,653,876	246,915	-	-	2,900,791
Total capital assets, depreciated, net	\$ 7,741,821	(240,267)	-	10,902	7,512,456
Total capital assets, net	\$ 8,100,341	159,597	-	-	8,259,938

NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2015, the following changes occurred:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 10,218	8,118	(7,462)	10,874	10,874
Notes payable	21,428	-	(21,428)	-	-
Total	\$ 31,646	8,118	(28,890)	10,874	10,874

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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	Annual 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 Village's audits from June 30, 2004 to June 30, 2007 with a note payable to the State of New Mexico, State Board of Finance. The note was non-interest bearing and required annual payments of \$21,428. The balance of this note was paid in full on July 31, 2014.

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS

During the year ended June 30, 2015, the following changes occurred:

	Beginning Balance	Adjustments and Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Compensated absences	\$ 2,877	7,094	(5,969)	4,002	4,002
Notes payable	14,334	-	(1,250)	13,084	1,288
Bonds payable	548,244	296,756	(22,400)	822,600	23,500
Total	<u>\$ 565,455</u>	<u>303,850</u>	<u>(29,619)</u>	<u>839,686</u>	<u>28,790</u>

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

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 note is outstanding at June 30, 2015:

Rural infrastructure loan for \$25,000,
interest at 3%, payments of \$1,680 annually
in June, maturing June 14, 2024 \$ 13,084

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 1,288	392	1,680
2017	1,327	353	1,680
2018	1,366	314	1,680
2019	1,407	273	1,680
2020	1,450	230	1,680
2021 to 2024	<u>6,246</u>	<u>474</u>	<u>6,720</u>
	<u>\$ 13,084</u>	<u>2,036</u>	<u>15,120</u>

Bonds Payable

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.

On May 21, 2013 the Village entered into a loan/grant agreement with Rural Utilities Service (RUS), US Department of Agriculture to finance the renovation and expansion of the Village's water system. Under the terms of the agreement, the Village issued \$330,000 in Water System Revenue Bonds, Series 2013, to RUS at an interest rate of 2.75% with a maturity date of June 1, 2053. The bonds are secured by pledged revenues which consist of those revenues derived from the operation of the Village's water system. Bond funds were advanced by RUS to the Village in response to written pay requests submitted by the Village as costs of water system improvements were incurred. During the year ending June 30, 2015, the Village drew \$0 on the financing. The principal balance at June 30, 2015 was \$319,847.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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

On June 27, 2014 the Village entered into a loan agreement with New Mexico Finance Authority to finance the renovation of the Village's water meters. Under the terms of the agreement, the maximum principal amount of \$463,000 was issued at an interest rate of 2% with a maturity date of May 1, 2033. The loan is secured by pledged revenues which consist of those revenues derived from the operation of the Village's water system. During the year ending June 30, 2015, the Village drew \$296,756 on the financing. The principal balance at June 30, 2015 was \$296,756.

The future requirements for bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 23,500	25,382	48,882
2017	40,902	24,231	65,133
2018	42,307	22,817	65,124
2019	43,720	21,239	64,959
2020	45,138	19,401	64,539
2021 to 2025	214,692	70,839	285,531
2026 to 2030	130,167	45,018	175,185
2031 to 2035	92,326	30,920	123,246
2036 to 2040	46,000	23,300	69,300
2041 to 2045	52,000	16,700	68,700
2046 to 2050	60,000	9,200	69,200
2051 to 2053	31,848	1,300	33,148
	<u>\$ 822,600</u>	<u>310,347</u>	<u>1,132,947</u>

Bond agreements contain various reserve requirements which totaled \$48,803 at June 30, 2015. The reserve requirements have been met by the Village via investments in CDs totaling \$49,403 included in restricted cash and equivalents in the business-type balance sheet.

NOTE 7. LANDFILL CLOSURE COSTS

The Village acquired a landfill in the year ending June 30, 2003. The Village's landfill 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.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers have been recorded primarily to pay for capital outlay or cover operating expenses. The Village had no operating transfers for the year ended June 30, 2015.

Interfund receivables and payables have been primarily recorded when funds overdraw their shared pool of cash. The composition of interfund balances as of June 30, 2015 is as follows:

	Due from Receivable	Due to Payable
Governmental Funds		
Major Funds		
General Fund	\$ 82,435	90,730
Fire Fund	-	14,024
Street Fund	2,456	11,127
Non-major Funds		
Law Enforcement Protection Fund	-	32,285
Capital Project Rincon Road Fund	-	20,460
Business Type Funds		
Water	98,051	73,162
Waste Water	59,008	-
Fiduciary Type Funds		
MVD Fund	-	<u>162</u>
Total	<u>\$ 241,950</u>	<u>241,950</u>

NOTE 9. DEFICIT FUND BALANCES

The Village had the following deficit fund balance:

Law Enforcement Protection Fund	\$ 22,224
Capital Project Rincon Road Fund	16,848

The Village anticipates using future revenues to correct this deficit fund balance.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 10. RENTALS UNDER OPERATING LEASES

The Village leases office space to a third party under an operating lease with a term of five years ending on December 31, 2016. Rent under the lease is \$200 per month. The leased building is included on the capital asset listing with a cost of \$18,391 and associated accumulated depreciation of \$18,391 at June 30, 2015.

The following is a schedule by years of future minimum rentals on operating leases as of June 30, 2015:

Year ending June 30:		
2016	\$	2,400
2017		<u>1,200</u>
Total	\$	<u>3,600</u>

NOTE 11. OPERATING LEASE COMMITMENTS

The Village is obligated under an operating lease for a copier machine. The lease has a five year term ending in August 2018 and requires an annual payment of \$4,459. The minimum lease payments are as follows:

Year ending June 30:		
2016	\$	4,459
2017		4,459
2018		4,459
2019		<u>371</u>
Total	\$	<u>13,748</u>

Lease expense for the year ended June 30, 2015 was \$5,765.

NOTE 12. PERA PENSION PLAN

Plan description. The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 12. PERA PENSION PLAN (CONTINUED)

(10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf. The PERA coverage options that apply to the Village are the Municipal General Division and the Municipal Fire Division. Statutorily required contributions to the pension plan from the Village were \$23,650 and employer paid member benefits that were “picked up” by the employer were \$24,683 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members, and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 12. PERA PENSION PLAN (CONTINUED)

required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For the Municipal General Division, at June 30, 2015, the Village reported a liability of \$223,891 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0287 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized Municipal General Division pension expense of (\$20,004). At June 30, 2015, the Village reported Municipal General Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-
Changes of assumptions	-	(152)
Net difference between projected and actual earnings on pension plan investments	-	(87,592)
Changes in proportion and differences between Village contributions and proportionate share of contributions	-	-
Village contributions subsequent to the measurement date	<u>54,295</u>	<u>-</u>
Total	<u>\$ 54,295</u>	<u>(87,744)</u>

\$54,295 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$	(21,936)
2017		(21,936)
2018		(21,936)
2019		(21,936)

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 12. PERA PENSION PLAN (CONTINUED)

For the Municipal Fire Division, at June 30, 2015, the Village reported a liability of \$41,323 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0099 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized Municipal Fire Division pension expense of \$658. At June 30, 2015, the Village reported Municipal Fire Division deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	-
Changes of assumptions	1,434	-
Net difference between projected and actual earnings on pension plan investments	-	(5,723)
Changes in proportion and differences between Village contributions and proportionate share of contributions	-	-
Village contributions subsequent to the measurement date	<u>2,986</u>	<u>-</u>
Total	<u>\$ 4,420</u>	<u>(5,723)</u>

\$2,986 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (1,074)
2017	(1,074)
2018	(1,074)
2019	(1,074)
2020	7

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 12. PERA PENSION PLAN (CONTINUED)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value

Actuarial assumptions:

- Investment rate of return 7.75% annual rate, net of investment expense
- Payroll growth 3.50% annual rate
- Projected salary increases 3.50% to 14.25% annual rate
- Includes inflation at 3.00% annual rate

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.80
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	4.15
Total	<u>100.0%</u>	

VILLAGE OF PECOS, NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 12. PERA PENSION PLAN (CONTINUED)

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Municipal General Division:			
Village's proportionate share of the net pension liability	\$ 422,085	223,891	70,777

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Municipal Fire Division:			
Village's proportionate share of the net pension liability	\$ 58,386	41,323	28,738

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124.

As a result of implementing GASB 68, the Village has restated the net position in the government-wide Statement of Activities for the year ended June 30, 2014, effectively decreasing net position by \$319,312. Further, the Village has restated (increased) its long-term liabilities by \$265,214 to record net pension liability and restated (increased) deferred outflows of resources by \$107,319 to reflect contributions made subsequent to the measurement date.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 13. STATE RETIREE HEALTH CARE PLAN

Plan Description. The Village contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment health care 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 health care 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 post-employment health care 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 health care 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 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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 13. STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the Legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Village's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$5,042, \$4,682, and \$4,750, respectively, which equal the required contributions for each year.

NOTE 14. 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 \$0 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.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 15. CONTINGENCIES AND ECONOMIC DEPENDENCY

Litigation. The Village is a party to various claims and lawsuits arising in the normal course of business. The Village is insured through the New Mexico Self Insurer's Fund. In the opinion of management, the resolution of these matters will not have a material adverse effect on the financial position 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, 2015, management estimates that no material liabilities will result from such audits.

Economic Dependency. Substantially all revenues of the Housing Authority are received from programs directed by the United States Department of Housing and Urban Development (HUD). Receipt of these funds is contingent upon the Housing Authority's continued compliance with grant provision and the continuance of the grant programs by HUD.

NOTE 16. RELATED PARTY TRANSACTIONS

Water and sewer services are provided to the Housing Authority by the Village of Pecos. Fees paid by the Housing Authority to the Village of Pecos and included in the fund financial Statement of Revenues, Expenses, and Changes in Fund Net Position and in the department-wide Statement of Activities were \$20,077 in the year ended June 30, 2015. Amounts payable to the Village of Pecos for water and sewer at June 30, 2015 were \$1,544.

NOTE 17. REVENUE RESTRICTIONS

The Housing Authority has various restrictions placed over its revenue sources by the HUD. The primary restricted revenue sources include the following:

Low Rent Housing Program: rental income – legally restricted to achieve and maintain adequate operating and maintenance service and reserve funds.

Public Housing Capital Fund: Federal HUD grant – legally restricted to public housing agencies to carry out capital and management improvement activities.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 18. SPECIAL APPROPRIATIONS

The following is a summary of special appropriations still outstanding at June 30, 2015:

	Original Appropriation	Expenditures To Date	Appropriation Period
SAP-12-1188-GOB			
Admin Agency: Aging & Long Term Services			
Senior center equipment	15,800	-	2012 - 2016
SAP-12-1189-GOB			
Admin Agency: Aging & Long Term Services			
Senior center improvements	10,195	5,377	2012 - 2016
SAP-13-1494-STB			
Admin Agency: NM Environment Department			
Water and Wastewater system improvements	50,000	49,680	2013 -2017
SAP-13-1495-STB			
Admin Agency: NM Environment Department			
Water system improvements: Line Connections	50,000	-	2013 -2017
SAP-14-1685-STB			
Admin Agency: NM Environment Department			
Water and Wastewater system improvements	1,995,000	-	2014 -2018
SAP-15-0543-STB			
Admin Agency: NM Environment Department			
Water system improvements: Line Connections	30,000	-	2014 -2018

None of the above appropriations were encumbered at year-end. At June 30, 2015, \$2,095,938 of the above appropriations were unexpended.

NOTE 19. CONTRIBUTED CAPITAL

Severance tax appropriations in the amount of \$0 were expended by the Governmental Capital Outlay fund. These funds were spent on capital improvements for the Enterprise Fund. Such transfers of assets are recorded as contributed capital in both the governmental and business-type (Enterprise) funds, rather than as a due to / due from in accordance with GASBS 34.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 20. EXPENDITURES IN EXCESS OF BUDGET

Actual expenditures exceeded budgeted expenditures at the total fund level for the Waste Water Enterprise Fund in the amount of \$19,998 during the year ended June 30, 2015.

NOTE 21. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through December 8, 2015, the date the financial statements were available to be issued.

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY OF PERA MUNICIPAL GENERAL DIVISION
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years

	<u>2015</u>
Village's proportion of the net pension liability	0.0287%
Village's proportionate share of the net pension liability	223,891
Village's covered-employee payroll	265,788
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	84.24%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

See Notes to Required Supplementary Information

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY OF PERA MUNICIPAL FIRE DIVISION
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years

	<u>2015</u>
Village's proportion of the net pension liability	0.0099%
Village's proportionate share of the net pension liability	41,323
Village's covered-employee payroll	8,617
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	479.55%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

See Notes to Required Supplementary Information

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF CONTRIBUTIONS OF
PERA MUNICIPAL GENERAL DIVISION
Last 10 Fiscal Years

	<u>2015</u>
Contractually required contribution	\$ 50,139
Contributions in relation to the contractually required contribution	50,139
Contribution excess	<u>\$ -</u>
Village's covered-employee payroll	265,788
Contributions as a percentage of covered-employee payroll	18.86%

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

See Notes to Required Supplementary Information

**VILLAGE OF PECOS, NEW MEXICO
 SCHEDULE OF CONTRIBUTIONS OF
 PERA MUNICIPAL FIRE DIVISION
 Last 10 Fiscal Years**

	<u>2015</u>
Contractually required contribution	\$ 2,896
Contributions in relation to the contractually required contribution	2,896
Contribution excess	<u>\$ -</u>
Village's covered-employee payroll	8,617
Contributions as a percentage of covered-employee payroll	33.61%

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

See Notes to Required Supplementary Information

VILLAGE OF PECOS, NEW MEXICO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf. The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.

VILLAGE OF PECOS, NEW MEXICO
NON-MAJOR SPECIAL REVENUE AND CAPITAL PROJECT FUNDS
DESCRIPTIONS
June 30, 2015

SPECIAL REVENUE FUNDS

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.

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.

CAPITAL PROJECT FUND

Capital Project Rincon Road Fund. To account for the expenditures to construct improvements along Rincon Road.

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING BALANCE SHEETS
 NONMAJOR FUNDS
 June 30, 2015**

	Special Revenue		
	Environmental Gross Receipts Tax	Emergency Medical Services	Law Enforcement Protection
ASSETS			
Cash	\$ 75,096	5,665	10,061
Receivables			
Taxes			
Gross receipts	1,431	-	-
Gasoline	-	-	-
Cigarette	-	-	-
Grant	-	-	-
Due from other state agencies	-	-	-
Prepaid expense	-	-	-
Due from other funds	-	-	-
Total assets	\$ 76,527	5,665	10,061
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,709	-	-
Due to other funds	-	-	32,285
Total liabilities	1,709	-	32,285
Fund Balances			
Restricted for special revenues	-	5,665	-
Restricted for capital projects	-	-	-
Assigned to special revenues	74,818	-	-
Unassigned	-	-	(22,224)
Total fund balances	74,818	5,665	(22,224)
Total liabilities and fund balances	\$ 76,527	5,665	10,061

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING BALANCE SHEETS
 NONMAJOR FUNDS
 June 30, 2015**

	Special Revenue	
	Recreation	Senior Citizen Center
ASSETS		
Cash	\$ 4,594	3,491
Receivables		
Taxes		
Gross receipts	-	-
Gasoline	-	-
Cigarette	-	-
Grant	-	-
Due from other state agencies	-	
Prepaid expense	-	
Due from other funds	-	-
Total assets	\$ 4,594	3,491
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ -	-
Due to other funds	-	-
Total liabilities	-	-
 Fund Balances		
Restricted for special revenues	-	3,491
Restricted for capital projects	-	-
Assigned to special revenues	4,594	-
Unassigned	-	-
Total fund balances	4,594	3,491
 Total liabilities and fund balances	\$ 4,594	3,491

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING BALANCE SHEETS
 NONMAJOR FUNDS
 June 30, 2015**

	Total Special Revenue	Capital Project Rincon Rd	Total Nonmajor
ASSETS			
Cash	\$ 98,907	4,371	103,278
Receivables			
Taxes			
Gross receipts	1,431	-	1,431
Gasoline	-	-	-
Cigarette	-	-	-
Grant	-	-	-
Due from other state agencies	-	-	-
Prepaid expense	-	-	-
Due from other funds	-	-	-
	<hr/>		
Total assets	\$ 100,338	4,371	104,709
<hr/>			
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,709	759	2,468
Due to other funds	32,285	20,460	52,745
Total liabilities	33,994	21,219	55,213
<hr/>			
Fund Balances			
Restricted for special revenues	9,156	-	9,156
Restricted for capital projects	-	-	-
Assigned to special revenues	79,412	-	79,412
Unassigned	(22,224)	(16,848)	(39,072)
Total fund balances	66,344	(16,848)	49,496
<hr/>			
Total liabilities and fund balances	\$ 100,338	4,371	104,709
<hr/>			

**VILLAGE OF PECOS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2015**

	<u>Special Revenue</u>	
	Environmental Gross Receipts Tax	Emergency Medical Services
Revenues		
Taxes	\$ 8,995	-
From State Government:		
Grants	-	-
In-kind revenue	-	-
Other	-	-
	<hr/>	<hr/>
Total revenues	8,995	-
	<hr/>	<hr/>
Expenditures		
Current		
General government	-	-
Public safety	-	-
Health and welfare	4,208	-
Highways and streets	-	-
Capital outlay	-	-
	<hr/>	<hr/>
Total expenditures	4,208	-
	<hr/>	<hr/>
Excess of revenues over expenditures	4,787	-
	<hr/>	<hr/>
Other Financing Sources (Uses)		
Transfers in: Severance tax bond proceeds	-	-
Transfers out: Reversions to state	-	-
Total other financing (uses) sources	-	-
	<hr/>	<hr/>
Net change in fund balances	4,787	-
	<hr/>	<hr/>
Fund balance, beginning	70,031	5,665
	<hr/>	<hr/>
Fund balance, end of year	\$ 74,818	5,665
	<hr/> <hr/>	<hr/> <hr/>

**VILLAGE OF PECOS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2015**

	Special Revenue		
	Law Enforcement Protection	Recreation	Senior Citizen Center
Revenues			
Taxes	\$ -	-	-
From State Government:			
Grants	20,000	-	13,441
In-kind revenue	-	-	-
Other	-	-	591
Total revenues	20,000	-	14,032
Expenditures			
Current			
General government	-	-	-
Public safety	16,565	-	-
Health and welfare	-	-	10,541
Highways and streets	-	-	-
Capital outlay	-	-	-
Total expenditures	16,565	-	10,541
Excess of revenues over expenditures	3,435	-	3,491
Other Financing Sources (Uses)			
Transfers in: Severance tax bond proceeds	-	-	-
Transfers out: Reversions to state	(10,365)	-	-
Total other financing (uses) sources	(10,365)	-	-
Net change in fund balances	(6,930)	-	3,491
Fund balance, beginning	(15,294)	4,594	-
Fund balance, end of year	\$ (22,224)	4,594	3,491

**VILLAGE OF PECOS, NEW MEXICO
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2015**

	Total Special Revenue	Capital Project Rincon Rd	Total Non-major
Revenues			
Taxes	\$ 8,995	-	8,995
From State Government:			
Grants	33,441	-	33,441
In-kind revenue	-	-	-
Other	591	-	591
	<hr/>		
Total revenues	43,027	-	43,027
	<hr/>		
Expenditures			
Current			
General government	-	-	-
Public safety	16,565	-	16,565
Health and welfare	14,749	-	14,749
Highways and streets	-	11,931	11,931
Capital outlay	-	34,137	34,137
	<hr/>		
Total expenditures	31,314	46,068	77,382
	<hr/>		
Excess of revenues over expenditures	11,713	(46,068)	(34,355)
	<hr/>		
Other Financing Sources (Uses)			
Transfers in: Severance tax bond proceeds	-	25,234	25,234
Transfers out: Reversions to state	(10,365)	-	(10,365)
Total other financing (uses) sources	(10,365)	25,234	14,869
	<hr/>		
Net change in fund balances	1,348	(20,834)	(19,486)
	<hr/>		
Fund balance, beginning	64,996	3,986	68,982
	<hr/>		
Fund balance, end of year	\$ 66,344	(16,848)	49,496
	<hr/>		

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 8,000	8,000	8,738	738
Other	-	-	-	-
Total revenues	8,000	8,000	8,738	738
Expenditures				
Health and welfare	8,000	8,000	4,208	3,792
Total expenditures	8,000	8,000	4,208	3,792
Excess of revenues over expenditures	-	-	4,530	4,530
Other financing uses				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing uses	-	-	-	-
Net change in fund balance	-	-	4,530	4,530
Fund balance, beginning of year	64,976	64,976	70,043	-
Fund balance, end of year	\$ 64,976	64,976	74,573	4,530
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 8,738	
Changes in accounts receivable			257	
Revenues, GAAP basis			<u>\$ 8,995</u>	
Expenses, budgetary basis			\$ 2,500	
Changes in accounts payable			1,708	
Expenses, GAAP basis			<u>\$ 4,208</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ -	-	-	-
Total revenues	-	-	-	-
Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Other financing uses				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing uses	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	5,665	5,665	5,665	-
Fund balance, end of year	\$ 5,665	5,665	5,665	-

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT PROTECTION
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
From State government				
Grants	\$ 20,000	20,000	20,000	-
Total revenues	20,000	20,000	20,000	-
Expenditures				
Public safety	20,000	20,000	16,565	3,435
Capital outlay	-	-	-	-
Total expenditures	20,000	20,000	16,565	3,435
Excess (deficiency) of revenues over expenditures	-	-	3,435	3,435
Other financing sources (uses)				
Transfers out: Reversions to State	(10,365)	(10,365)	(10,365)	-
Total other financing uses	(10,365)	(10,365)	(10,365)	-
Net change in fund balance	(10,365)	(10,365)	(6,930)	3,435
Fund balance, beginning of year	9,140	9,140	(15,294)	-
Fund balance, end of year	(1,225)	(1,225)	(22,224)	3,435
Prior year cash appropriated	1,225	1,225		
	<u>\$ -</u>	<u>-</u>		
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 20,000	
Changes in accounts receivable			-	
Revenues, GAAP basis			<u>\$ 20,000</u>	
Expenses, budgetary basis			\$ 16,565	
Changes in accounts payable			-	
Capital outlay paid out of general fund			-	
Expenses, GAAP basis			<u>\$ 16,565</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
RECREATION
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Cigarette tax	\$ -	-	-	-
Interest	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in				
Operating transfers out	-	-	-	-
Total other financing uses	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	4,594	4,594	4,594	-
Fund balance, end of year	\$ 4,594	4,594	4,594	-

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
SENIOR CITIZEN CENTER
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ -	-	13,441	13,441
Other	-	-	591	591
Total revenues	-	-	14,032	14,032
Expenditures				
Health and welfare	-	34,079	10,541	23,538
Total expenditures	-	34,079	10,541	23,538
Excess of revenues over expenditures	-	(34,079)	3,491	37,570
Other financing uses				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing uses	-	-	-	-
Net change in fund balance	-	(34,079)	3,491	37,570
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	(34,079)	3,491	37,570
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 14,032	
Changes in accounts receivable			-	
Revenues, GAAP basis			<u>\$ 14,032</u>	
Expenses, budgetary basis			\$ 10,541	
Changes in accounts payable			-	
Expenses, GAAP basis			<u>\$ 10,541</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECT RINCON ROAD
Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Grants	\$ 2,044,254	2,044,254	-	(2,044,254)
	-	-	-	-
Total revenues	<u>2,044,254</u>	<u>2,044,254</u>	-	<u>(2,044,254)</u>
Expenditures				
Highways and streets	-	-	11,931	-
Infrastructure	2,044,254	2,044,254	-	2,044,254
Total expenditures	<u>2,044,254</u>	<u>2,044,254</u>	<u>11,931</u>	<u>2,044,254</u>
Excess of revenues over expenditures	-	-	(11,931)	-
Other financing sources				
Transfers in	-	-	-	-
Transfers in: Severance tax bond appropriation	-	-	25,234	25,234
Special Item:				
Contributed capital	-	-	-	-
Total other financing sources	-	-	<u>25,234</u>	<u>25,234</u>
Net change in fund balance	-	-	13,303	25,234
Fund balance, beginning of year	-	-	3,986	-
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>17,289</u>	<u>25,234</u>

Expenses, budgetary basis	\$ 11,172
Changes in accounts payable	759
Capital outlay budgeted in general fund	34,137
Expenses, GAAP basis	<u>\$ 46,068</u>
Other financing sources, budgetary basis	\$ 25,234
Changes in accounts receivable	-
Other financing sources, GAAP basis	<u>\$ 25,234</u>

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
WASTE WATER ENTERPRISE
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Sales, services and rents	\$ 100,000	100,000	103,993	3,993
Grant income	-	-	-	-
Other revenue	-	-	-	-
Interest	-	-	27	27
Total revenues	100,000	100,000	104,020	4,020
Expenses				
Operating	100,000	100,000	119,998	(19,998)
Capital outlay	-	-	-	-
Total expenditures	100,000	100,000	119,998	(19,998)
Excess of revenues over over expenditures before other financing uses	-	-	(15,978)	(15,978)
Nonoperating Revenues (Expenses)				
Interest income	-	-	27	27
Total nonoperating revenues (expenses)	-	-	27	27
Operating transfers out	-	-	-	-
Contributed capital	-	-	-	-
Total transfers and other	-	-	-	-
Net (loss) income	-	-	(15,951)	(15,951)
Net assets, beginning of year	6,699,416	6,699,416	7,002,969	303,553
Net assets, end of year	\$ 6,699,416	6,699,416	6,987,018	287,602
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 104,020	
Changes in accounts receivable			332	
Interest income, not budgeted			(27)	
Revenues, GAAP basis			<u>\$ 104,325</u>	
Expenses, budgetary basis			\$ 119,998	
Changes in accounts payable			(1,372)	
Depreciation expense, not budgeted			163,224	
Expenses, GAAP basis			<u>\$ 281,850</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
WATER ENTERPRISE
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Sales, services and rents	\$ 268,000	268,000	267,300	(700)
From local governments	-	-	-	-
State grant income	-	-	-	-
Other	464,941	464,941	-	(464,941)
Total revenues	732,941	732,941	267,300	(465,641)
Expenses				
Operating	1,030,699	1,030,699	199,620	831,079
Capital outlay	-	-	378,074	(378,074)
Debt service	22,300	22,300	22,400	(100)
Total expenditures	1,052,999	1,052,999	600,094	452,905
Excess (deficiency) of revenues over expenditures before other financing uses	(320,058)	(320,058)	(332,794)	(12,736)
Nonoperating Revenues (Expenses)				
Other income	-	-	(10)	(10)
Interest expense	(22,926)	(22,926)	(28,591)	(5,665)
Interest income	-	-	39	39
Bond proceeds	270,153	270,153	329,847	59,694
Total nonoperating revenues (expenses)	247,227	247,227	301,285	54,058
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributed Capital	-	-	-	-
Total transfers and other	-	-	-	-
Net (loss) income	(72,831)	(72,831)	(31,509)	41,322
Net assets, beginning of year	564,984	564,984	595,354	-
Net assets, end of year	\$ 492,153	492,153	563,845	41,322
Reconciliation to GAAP Basis				
Revenues, budgetary basis			\$ 267,300	
Changes in accounts receivable			27	
Revenues, GAAP basis			<u>\$ 267,327</u>	
Expenses, budgetary basis			\$ 600,094	
Changes in accounts payable			2,684	
Changes in accrued liabilities			1,573	
Capital outlay, not included in budget			(378,074)	
Debt service, principal payments			(22,400)	
Depreciation expense, not budgeted			33,231	
Expenses, GAAP basis			<u>\$ 237,108</u>	
Nonoperating Revenues (Expenses), budgetary basis			\$ 400,204	
Changes in accrued interest			3,000	
Bond proceeds			(329,847)	
Nonoperating Revenues (Expenses), GAAP basis			<u>\$ 73,357</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
HOUSING AUTHORITY ENTERPRISE
Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental - federal	\$ 71,430	71,430	77,752	6,322
Charges for services	98,580	98,580	99,125	545
Operating grants	49,457	96,347	64,732	(31,615)
Total revenues	219,467	266,357	241,609	(24,748)
Expenses				
Administration	71,946	78,746	72,992	5,754
Utilities	46,290	46,290	46,249	41
Maintenance	107,569	138,281	112,805	25,476
General	14,030	14,030	14,016	14
Total expenditures	239,835	277,347	246,062	31,285
Revenues less expenditures	(20,368)	(10,990)	(4,453)	6,537
Nonoperating revenues (expenses)				
Capital grants	-	-	6,648	6,648
Interest income	5	5	7	2
Total other financing sources (uses)	5	5	6,655	6,650
Net change in net assets	(20,363)	(10,985)	2,202	13,187
Net assets, beginning of year	808,800	824,709	792,199	-
Net assets, end of year	\$ 788,437	813,724	794,401	13,187
Expenses, budgetary basis			\$ 246,062	
Depreciation expense, not budgeted			50,459	
Expenses, GAAP basis			<u>\$ 296,521</u>	

VILLAGE OF PECOS, NEW MEXICO
AGENCY FUND DESCRIPTION
June 30, 2015

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, 2015

	Beginning Balance	Additions	Deductions	Ending Balance
MOTOR VEHICLE FUND				
Assets				
Cash	\$ 50	250,909	250,797	162
Total assets	\$ 50	250,909	250,797	162
Liabilities				
Due to other entities	\$ 50	250,909	250,797	162
Total liabilities	\$ 50	250,909	250,797	162

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF DEPOSIT ACCOUNTS
June 30, 2015

Type	Depository	Account Name	Depository Balance	Reconciled Balance
Interest bearing checking	Southwest Capital Bank	Allocated Cash	\$ 869,474	861,089
Interest bearing checking	Southwest Capital Bank	Fire Protection	88,301	87,334
Interest bearing checking	Southwest Capital Bank	Water and Sewer Enterprise	176,368	162,702
Interest bearing checking	Southwest Capital Bank	Payroll	26,275	21,736
Interest bearing checking	Southwest Capital Bank	Water Deposit	38,530	38,327
Interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	5,693	2,100
Interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	50	50
Interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	6,628	6,628
Money market	Southwest Capital Bank	Pecos Housing Authority	25,265	25,265
CD	Southwest Capital Bank	Water and Sewer Enterprise	49,403	49,403
			<u>1,285,987</u>	<u>1,254,634</u>
	Petty Cash	Utility Clerk	-	50
	Petty Cash	Pecos Housing Authority	-	50
	Total deposit accounts - non-agency		<u>\$ 1,285,987</u>	<u>1,254,734</u>
Agency funds cash accounts				
Petty Cash	MVD Clerk		\$ -	162
Total cash - agency funds			<u>\$ -</u>	<u>162</u>

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2015

	<u>Village</u> <u>Southwest</u> <u>Capital Bank</u>	<u>Housing</u> <u>Southwest</u> <u>Capital Bank</u>	<u>Total</u>
Deposits at June 30, 2014	\$ 1,248,351	37,636	1,285,987
Less: FDIC or NCUSIF coverage	<u>299,403</u>	<u>37,636</u>	<u>337,039</u>
Uninsured public funds	948,948	-	948,948
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	<u>884,198</u>	<u>-</u>	<u>884,198</u>
Uninsured and uncollateralized	<u>\$ 64,750</u>	<u>-</u>	<u>64,750</u>
50% pledged collateral requirement per statute	\$ 474,474	-	474,474
Total pledged collateral	<u>884,198</u>	<u>-</u>	<u>884,198</u>
Pledged collateral over the requirement	<u>\$ (409,724)</u>	<u>-</u>	<u>(409,724)</u>

Pledged collateral at June 30, 2015 consists of the following:

<u>Security</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Par or</u> <u>Fair Mkt. Value</u>
Carlsbad, NM 4.00%, bond	142723BA2	8/1/2018	\$ 109,040
Las Vegas, NM 2.25% bond	51778FCS6	8/15/2018	510,658
Bernalillo, NM 4.00% bond	085279NX1	8/1/2019	<u>264,500</u>
Total pledged collateral			<u>\$ 884,198</u>

The custodian of the pledged collateral securities for Southwest Capital Bank is the Federal Home Loan Bank in Dallas, Texas.

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
June 30, 2015

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)
Animal Control Services	San Miguel County Village of Pecos	San Miguel County	San Miguel County provide animal control services for the the Village of Pecos.	7/12/2012 No end date	The Village will pay the County \$75 for each separate service provided by the County. The Village is also required to pay any expense incurred by the County in providing shelter or other required services for the animals.	\$ -	Village of Pecos	San Miguel County
Senior Center Operations	City of Las Vegas Village of Pecos	Village of Pecos	The Village will provide space to th City of Las Vegas in order to operate the Senior Citizens Center.	10/1/2012 - 10/1/2013	The Village is responsible for overall upkeep of the facility, building and area maintenance, including all capital improvements.	\$ -	Village of Pecos	City of Las Vegas

VILLAGE OF PECOS, NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
FINANCIAL DATA SCHEDULE
June 30, 2015

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
ASSETS:				
111	Cash - Unrestricted	\$ 27,465	-	27,465
112	Cash - Restricted - Modernization and Development	-	-	-
113	Cash - Other Restricted	-	-	-
114	Cash - Tenant Security Deposits	6,628	-	6,628
115	Cash - Restricted for Payment of Current Liabilities	-	-	-
100	Total Cash	<u>34,093</u>	<u>-</u>	<u>34,093</u>
121	Accounts Receivable - PHA Projects	6,314	1,162	7,476
122	Accounts Receivable - HUD Other Projects	-	-	-
124	Accounts Receivable - Other Government	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants	50	-	50
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-
127	Notes, Loans and Mortgages Receivable - Current	-	-	-
128	Fraud Recovery	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-
129	Accrued Interest Receivable	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>6,364</u>	<u>1,162</u>	<u>7,526</u>
131	Investments - Unrestricted	-	-	-
132	Investments - Restricted	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-
142	Prepaid Expenses and Other Assets	321	-	321
143	Inventories	19,316	-	19,316
143.1	Allowance for Obsolete Inventories	-	-	-
144	Inter Program Due From	-	-	-
145	Assets Held for Sale	-	-	-
150	Total Current Assets	<u>60,094</u>	<u>1,162</u>	<u>61,256</u>
161	Land	14,400	-	14,400
162	Buildings	1,257,142	-	1,257,142
163	Furniture, Equipment and Machinery - Dwellings	52,561	-	52,561
164	Furniture, Equipment and Machinery - Administration	56,155	-	56,155
165	Leasehold Improvements	238,463	-	238,463
166	Accumulated Depreciation	(1,076,463)	-	(1,076,463)
167	Construction in Progress	-	-	-
168	Infrastructure	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	<u>542,258</u>	<u>-</u>	<u>542,258</u>
171	Notes, Loans and Mortgages Receivable - Noncurrent	-	-	-
172	Notes, Loans and Mortgages Receivable - Noncurrent - Past Due	-	-	-
173	Grants Receivable - Noncurrent	-	-	-
174	Other Assets	-	-	-
176	Investments in Joint Ventures	-	-	-
180	Total Non-Current Assets	<u>542,258</u>	<u>-</u>	<u>542,258</u>
190	Total Assets	<u>602,352</u>	<u>1,162</u>	<u>603,514</u>

VILLAGE OF PECOS, NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
FINANCIAL DATA SCHEDULE
June 30, 2015

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
LIABILITIES:				
311	Bank Overdraft	\$ -	-	-
312	Accounts Payable <= 90 Days	5,043	1,162	6,205
313	Accounts Payable >90 Days Past Due	-	-	-
321	Accrued Wage/Payroll Taxes Payable	4,997	-	4,997
322	Accrued Compensated Absences - Current Portion	517	-	517
324	Accrued Contingency Liability	-	-	-
325	Accrued Interest Payable	-	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-
332	Account Payable - PHA Projects	-	-	-
333	Accounts Payable - Other Government	-	-	-
341	Tenant Security Deposits	6,328	-	6,328
342	Deferred Revenues	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage	-	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-
345	Other Current Liabilities	-	-	-
346	Accrued Liabilities - Other	-	-	-
347	Inter Program - Due To	-	-	-
348	Loan Liability - Current	-	-	-
310	Total Current Liabilities	<u>16,885</u>	<u>1,162</u>	<u>18,047</u>
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-
353	Noncurrent Liabilities - Other	-	-	-
354	Accrued Compensated Absences - Noncurrent	-	-	-
355	Loan Liability - Noncurrent	-	-	-
356	FASB 5 Liabilities	-	-	-
357	Accrued Pension and OPEB Liabilities	-	-	-
350	Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
300	Total Liabilities	<u>16,885</u>	<u>1,162</u>	<u>18,047</u>
400	Deferred Inflow of Resources	-	-	-
508.1	Invested In Capital Assets, Net of Related Debt	542,258	-	542,258
511.1	Restricted Net Assets	-	-	-
512.1	Unrestricted Net Assets	43,209	-	43,209
513	Total Equity/Net Assets	<u>585,467</u>	<u>-</u>	<u>585,467</u>
600	Total Liabilities and Equity/Net Assets	<u>\$ 602,352</u>	<u>1,162</u>	<u>603,514</u>

VILLAGE OF PECOS, NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
FINANCIAL DATA SCHEDULE
June 30, 2015

FDS		Low Rent	Public Housing	
Line #	Accounts Description	Public Housing	Capital Fund	Total
			Program	
REVENUE:				
70300	Net Tenant Rental Revenue	\$ 87,532	-	87,532
70400	Tenant Revenue - Other	11,593	-	11,593
70500	Total Tenant Revenue	<u>99,125</u>	<u>-</u>	<u>99,125</u>
70600	HUD PHA Operating Grants	77,752	64,732	142,484
70610	Capital Grants	-	6,648	6,648
70710	Management Fee	-	-	-
70720	Asset Management Fee	-	-	-
70730	Bookkeeping Fee	-	-	-
70740	Front Line Service Fee	-	-	-
70750	Other Fees	-	-	-
70700	Total Fee Revenue	<u>77,752</u>	<u>71,380</u>	<u>149,132</u>
70800	Other Government Grants	-	-	-
71100	Investment Income - Unrestricted	7	-	7
71200	Mortgage Interest Income	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-
71310	Cost of Sale of Assets	-	-	-
71400	Fraud Recovery	-	-	-
71500	Other Revenue	-	-	-
71600	Gain or Loss on Sale of Capital Assets	-	-	-
72000	Investment Income - Restricted	-	-	-
70000	Total Revenue	<u>176,884</u>	<u>71,380</u>	<u>248,264</u>
EXPENSES:				
91100	Administrative Salaries	42,568	-	42,568
91200	Auditing Fees	4,691	-	4,691
91300	Management Fee	-	-	-
91310	Bookkeeping Fee	4,151	-	4,151
91400	Advertising and Marketing	-	-	-
91500	Employee Benefit Contributions - Administrative	6,663	-	6,663
91600	Office Expenses	3,059	-	3,059
91700	Legal Expense	-	-	-
91800	Travel	461	-	461
91810	Allocated Overhead	-	-	-
91900	Other	4,692	6,707	11,399
91000	Total Operating - Administrative	<u>66,285</u>	<u>6,707</u>	<u>72,992</u>
92000	Asset Management Fee	-	-	-
92100	Tenant Services - Salaries	-	-	-
92200	Relocation Costs	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-
92400	Tenant Services - Other	-	-	-
92500	Total Tenant Services	<u>-</u>	<u>-</u>	<u>-</u>

VILLAGE OF PECOS, NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
FINANCIAL DATA SCHEDULE
June 30, 2015

FDS		Low Rent	Public Housing	
Line #	Accounts Description	Public Housing	Capital Fund Program	Total
	EXPENSES:			
93100	Water	\$ 13,424	-	13,424
93200	Electricity	3,388	-	3,388
93300	Gas	22,784	-	22,784
93400	Fuel	-	-	-
93500	Labor	-	-	-
93600	Sewer	6,653	-	6,653
93700	Employee Benefit Contributions - Utilities	-	-	-
93800	Other Utilities Expense	-	-	-
93000	Total Utilities	<u>46,249</u>	<u>-</u>	<u>46,249</u>
94100	Ordinary Maintenance and Operations - Labor	29,533	-	29,533
94200	Ordinary Maintenance and Operations - Materials and Other	19,407	40,823	60,230
94300	Ordinary Maintenance and Operations Contracts	20,349	-	20,349
94500	Employee Benefit Contributions - Ordinary Maintenance	2,693	-	2,693
94000	Total Maintenance	<u>71,982</u>	<u>40,823</u>	<u>112,805</u>
95100	Protective Services - Labor	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-
95300	Protective Services - Other	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-
95000	Total Protective Services	<u>-</u>	<u>-</u>	<u>-</u>
96110	Property Insurance	-	-	-
96120	Liability Insurance	-	-	-
96130	Workmen's Compensation	-	-	-
96140	All Other Insurance	13,001	-	13,001
96100	Total insurance Premiums	<u>13,001</u>	<u>-</u>	<u>13,001</u>
96200	Other General Expenses	-	-	-
96210	Compensated Absences	-	-	-
96300	Payments in Lieu of Taxes	-	-	-
96400	Bad Debt - Tenant Rents	-	-	-
96500	Bad Debt - Mortgages	-	-	-
96600	Bad Debt - Other	1,015	-	1,015
96800	Severance Expense	-	-	-
96000	Total Other General Expenses	<u>1,015</u>	<u>-</u>	<u>1,015</u>
96710	Interest of Mortgage (or Bonds) Payable	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-
96700	Total Interest Expense and Amortization Cost	<u>-</u>	<u>-</u>	<u>-</u>
96900	Total Operating Expenses	<u>198,532</u>	<u>47,530</u>	<u>246,062</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>(21,648)</u>	<u>23,850</u>	<u>2,202</u>

VILLAGE OF PECOS, NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
FINANCIAL DATA SCHEDULE
June 30, 2015

FDS		Low Rent	Public Housing	
Line #	Accounts Description	Public Housing	Capital Fund	Total
			Program	
EXPENSES:				
97100	Extraordinary Maintenance	\$ -	-	-
97200	Casualty Losses - Non-capitalized	-	-	-
97300	Housing Assistance Payments	-	-	-
97350	HAP Portability-In	-	-	-
97400	Depreciation Expense	50,459	-	50,459
97500	Fraud Losses	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-
97800	Dwelling Units Rent Expense	-	-	-
90000	Total Expenses	<u>50,459</u>	<u>-</u>	<u>50,459</u>
OTHER FINANCING SOURCES (USES)				
10010	Operating Transfer In	17,202	-	17,202
10020	Operating Transfer Out	-	(17,202)	(17,202)
10030	Operating Transfers from/to Primary Government	-	-	-
10040	Operating Transfers from/to Component Unit	-	-	-
10050	Proceeds from Notes, Loans and Bonds	-	-	-
10060	Proceeds from Property Sales	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-
10093	Transfers between Program and Project - In	-	-	-
10094	Transfers between Project and Program - Out	-	-	-
10100	Total Other financing Sources (Uses)	<u>17,202</u>	<u>(17,202)</u>	<u>-</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total	<u>(54,905)</u>	<u>6,648</u>	<u>(48,257)</u>
11020	Required Annual Debt Principal Payments	-	-	-
11030	Beginning Equity	633,724	-	633,724
11040	Prior Period Adjustments, Equity Transfers and Correction of	6,648	(6,648)	-
11050	Changes in Compensated Absence Balance	-	-	-
11060	Changes in Contingent Liability Balance	-	-	-
11070	Changes in Unrecognized Pension Transition Liability	-	-	-
11080	Changes in Special Term/Severance Benefits Liability	-	-	-
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-
11100	Changes in Allowance for Doubtful Accounts - Other	-	-	-
11170	Administrative Fee Equity	-	-	-
11180	Housing Assistance Payments Equity	-	-	-
11190	Unit Months Available	-	-	-
11210	Number of Unit Months Leased	-	-	-
11270	Excess Cash	-	-	-
11610	Land Purchases	-	-	-
11620	Building Purchases	-	-	-
11630	Furniture and Equipment - Dwelling Purchases	-	-	-
11640	Furniture and Equipment - Administrative Purchases	-	-	-
11650	Leasehold Improvements Purchases	6,648	-	6,648
11660	Infrastructure Purchases	-	-	-
13510	CFFP Debt Service Payments	-	-	-
13901	Replacement Housing Factor Funds	-	-	-

Village of Pecos
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015
 Prepared by Arthur R. Varela Village Treasurer August 3, 2015

RFB#RFP# /State-Wide Price Agmt. #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendor(s) that responded	In-State/ Out-of- State Vendor (Y or N) Based on Statutory Definition	Was the vendor in- state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
RFP # 2014-01	Qualifications Based Bid	Montgomery & Andrews	N/A	N/A	325 Paseo de Peralta Santa Fe, NM 87507	Yes	No	Legal Services
RFP # 2014-01	Qualifications Based Bid	N/A	N/A	N/A	Sutin, Thayer & Brown 317 Paseo de Peralta Santa Fe, NM 87507	Yes	No	Legal Services
RFP # 2014-01	Qualifications Based Bid	Medina Consulting	N/A	N/A	6100 Seagull St. Suite 200 Albuq., NM 87109	Yes	No	Water Systems Engineering Services
RFP # 2014-01	Qualifications Based Bid	Forsgren Assoc. Inc.	N/A	N/A	4110 Cutler Ave. N.E. Suite 100 Albuq., NM 87110	Yes	No	Water Systems Engineering Services
RFP # 2014-01	Qualifications Based Bid	Wislon & Co.	N/A	N/A	2600 The American Road S.E. Suite 100 Rancho, NM 87124	Yes	No	Water Systems Engineering Services
RFB # 2014-01	Sealed Bid	Done Right Construction	\$128,656.00	N/A	11 Rancho de Valencia Pecos, NM 87552	Yes	No	Water Meter Upgrade Project
RFB # 2014-01	Sealed Bid	Morrow Enterprises LLC	N/A	N/A	18 La Luna Road Santa Fe, NM 87507	Yes	No	Water Meter Upgrade Project
RFB # 2014-01	Sealed Bid	File Const. LLC	N/A	N/A	119 Industrial N.E. Albuq. NM 87107	Yes	No	Water Meter Upgrade Project
RFB # 2014-01	Sealed Bid	Padilla Industrial, Inc.	N/A	N/A	11 Cuerno de Vaca Dr. Santa Fe, NM 87507	Yes	No	Water Meter Upgrade Project

Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS
6200 UPTOWN BLVD. NE - SUITE 400
ALBUQUERQUE, NM 87110

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*

Independent Auditor's Report

Mr. Timothy Keller, State Auditor and
Mr. Tony J. Roybal, Mayor and
The Village Trustees
Village of Pecos, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Village of Pecos, New Mexico (Village) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated December 8, 2015.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying *schedule of findings and responses* to be a material weakness, 2015-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any significant deficiencies.

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 which are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2015-001 and 2014-002.

The Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Ricci & Company LLC

Albuquerque, New Mexico
December 8, 2015

**VILLAGE OF PECOS, NEW MEXICO
SUMMARY OF AUDIT FINDINGS AND RESPONSES
Year Ended June 30, 2015**

A. PRIOR YEAR AUDIT FINDINGS

Village of Pecos

	STATUS
2014-001 Payroll Disbursements	Resolved
2014-002 Expenditures in Excess of Budget	Modified and repeated
2004-008 Travel and Per Diem Disbursements	Resolved
2004-011 Capital Asset Inventory	Resolved

Housing Authority

2014-003 Inventory Accounting	Resolved
2014-004 Travel and Per Diem Rates	Resolved
2013-002 Compensated Leave Accounting	Resolved
2012-002 Expenditures in Excess of Budget	Resolved

B. CURRENT YEAR AUDIT FINDINGS

Village of Pecos

2014-002 Expenditures in Excess of Budget

Housing Authority

2015-001 Improper Capitalization

**VILLAGE OF PECOS, NEW MEXICO
SUMMARY OF AUDIT FINDINGS AND RESPONSES
Year Ended June 30, 2015**

A. FINDINGS AND RESPONSES – FINANCIAL STATEMENT AUDIT

**HOUSING AUTHORITY
2015-001 CAPITAL ASSET ACCOUNTING – MATERIAL WEAKNESS**

CONDITION

As part of our audit, we performed a test of controls over expenditures that were capitalized. We found that seven expenditures out of nine expenditures tested, were under the State of New Mexico capitalization threshold of \$5,000 and had been incorrectly capitalized. We also found that one expenditure out of nine expenditures tested, that were purchased to re-stock the maintenance supply inventory had been capitalized in error.

CRITERIA

Per Section 12-6-10 of NMSA 1978, capital purchases in excess of \$5,000 are to be capitalized and inventoried each year. Additionally, only items having a useful life in excess of one year should be capitalized. Inventory item should be expensed in the year used.

EFFECT

Capital assets were overstated and operated expenses were understated.

CAUSE

There was confusion as to the statutory requirements for capitalization and supply expense.

RECOMMENDATION

We recommend that the Housing Authority capitalize in accordance with Section 12-6-12 of NMSA 1978.

MANAGEMENT RESPONSE

We agree that certain items were capitalized incorrectly and that going forward the Executive Director and the Fee Accountant will review the activity for capitalizing assets in accordance with our capitalization policy. Effective January 2016, as a situation or opportunity arises for a project or purchase meeting the criteria per our Capitalization and Procurement Policy the Executive Director will identify each capitalization asset per project proposed or CFP Obligation for said project or purchase with the Fee Accountant. This information will be brought to the attention of the Pecos Housing Authority Board at the next scheduled meeting thereafter for review and approval.

**VILLAGE OF PECOS, NEW MEXICO
SUMMARY OF AUDIT FINDINGS AND RESPONSES
Year Ended June 30, 2015**

B. FINDINGS AND RESPONSES – COMPLIANCE AND OTHER MATTERS

2014-002 EXPENDITURES IN EXCESS OF BUDGET – OTHER NONCOMPLIANCE

CONDITION

The Village of Pecos had expenditures in excess of the approved budget in the Waste Water Enterprise Fund during the year ended June 30, 2015 in the amount of \$19,998. Although it is management's policy to closely monitor transactions towards the end of the fiscal year, transactions are occasionally posted after the end of the fiscal year, which caused a repeat finding from prior year.

CRITERIA

State Statute 6-6-6, NMSA 1978 requires the expenditures of public bodies not to exceed budget authority, stating "When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof..." Further, NMAC 2.2.2.10 O(1)(a) states "If actual expenditures exceed budgeted expenditures at the legal level of budgetary control, that fact must be reported in a finding and disclosed..." The legal level of budgetary control for local governments is at the fund level.

EFFECT

The Village is in violation of regulation and policies established by the State of New Mexico and Department of Finance and Administration (DFA). Violating budget constraints may impact the availability of funds for operations in future years. In addition, expenditures in excess of budget may indicate a potential lack of controls in the purchasing process which could result in unauthorized purchases being initiated.

CAUSE

The Village did not submit budget adjustment requests to DFA when it was determined that expenditures in excess of budget in the Waste Water Fund were necessary.

RECOMMENDATION

The Village should monitor budgeted costs and, when it is anticipated that costs will exceed budgeted amounts, budget adjustment requests should be submitted for approval to DFA.

**VILLAGE OF PECOS, NEW MEXICO
SUMMARY OF AUDIT FINDINGS AND RESPONSES
Year Ended June 30, 2015**

**B. FINDINGS AND RESPONSES – COMPLIANCE AND OTHER MATTERS
(CONTINUED)**

**2014-002 EXPENDITURES IN EXCESS OF BUDGET – MATERIAL
NONCOMPLIANCE (CONTINUED)**

MANAGEMENT RESPONSE

The Village of Pecos was unaware of excess expenditures over budgeted amounts until after the fiscal year had closed. Should this deficiency been noted prior to actual expenditures exceeding budgeted amounts, the appropriate budget adjustment request would have been processed. Budgeted amounts versus anticipated expenditures will continue to be closely monitored to ensure expenditures do not exceed budget amounts. More importantly, excess cash balances will be budgeted upon submission of future budgets in these funds, even if projected revenues exceed projected expenditures, as a precaution to avoid budget deficits. The Waste Water Fund was \$85,324, therefore, there existed more than sufficient resources (although cash was not budgeted to cover the difference), to cover the deficit. The Village Treasurer is responsible to continue monitoring expenditures in excess of budget. The specific timeline for preventing this type of finding is subsequent to June 30 year end to evaluate the potential need for a budget adjustment request and then again prior to June 1, when the budget is prepared.

**VILLAGE OF PECOS, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2015**

EXIT CONFERENCE

An exit conference was held on December 8, 2015, to discuss the annual financial report. Attending were the following:

Representing the Village of Pecos, New Mexico:

Tony Jose Roybal, Mayor
Joe Modesto Benavides, Council Member
Mona Quintana, Village Clerk
Arthur R. Varela, Village Treasurer
Ricardo Valenzuela, Housing Authority Executive Director

Representing the Independent Auditor:

Michelle Martinez, CPA
Christina Cosme, CPA

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Management is responsible for the context of the report, even though the financial statements were prepared substantially by the independent auditor. It would be preferred and desirable for the Village to prepare its own financial statements and footnotes; although the Village is capable, with guidance, of preparing, reviewing and approving the financial statements and footnotes, it is felt that the Village's personnel do not have the time to prepare them.