

VILLAGE OF PECOS, NEW MEXICO

FINANCIAL STATEMENTS

JUNE 30, 2016

VILLAGE OF PECOS, NEW MEXICO

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VILLAGE OF PECOS, NEW MEXICO

List of Principal Officials

June 30, 2016

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

6200 Uptown Blvd NE
Suite 400
Albuquerque, NM 87110
505.338.0800

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, 2016, 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, 2016, 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 6 percent and 31 percent, respectively, of the related proprietary fund totals at June 30, 2016. 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, 2016, 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, 2016, 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.

Emphasis of a Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2016 the District adopted GASBS No. 82 *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73* which requires a restatement of employer “pickup” contributions that are now considered employee contributions for purposes of calculations of the employer allocation percentage. Our opinion is not modified with respect to this matter.

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 47-50 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 14, 2016 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 14, 2016

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 830,225	91,640	921,865
Cash and cash equivalents - restricted	-	97,812	97,812
Receivables			
Taxes			
Gross receipts	52,886	-	52,886
Gasoline	2,410	-	2,410
Motor vehicle	5,517	-	5,517
Property	290	-	290
Franchise	3,458	-	3,458
Grants	46,720	50,000	96,720
Accounts receivable, net of allowance	-	51,380	51,380
Deposits	-	-	-
Internal balances	-	48,893	48,893
Inventory	-	18,920	18,920
Prepaid expenses	169,976	-	169,976
Due from other funds	77,203	161,569	238,772
Total current assets	1,188,685	520,214	1,708,899
Noncurrent assets			
Capital assets, not depreciated	268,247	1,118,809	1,387,056
Capital assets, net of accumulated depreciation	2,961,777	7,282,382	10,244,159
Total noncurrent assets	3,230,024	8,401,191	11,631,215
Total assets	4,418,709	8,921,405	13,340,114
DEFERRED OULOWS OF RESOURCES			
Employer pension contributions subsequent to measurement date	17,980	11,648	29,628
Deferred outflows related to pensions	7,348	3,741	11,089
Total deferred outflows of resources	25,328	15,389	40,717
LIABILITIES			
Current liabilities			
Accounts payable	6,718	12,084	18,802
Accrued compensation and benefits	11,737	9,422	21,159
Interest payable	-	5,184	5,184
Deposits payable	-	40,977	40,977
Internal balances	-	48,893	48,893
Compensated absences, due in one year	11,317	5,536	16,853
Long-term liabilities, due in one year	-	38,009	38,009
Due from other funds	161,569	77,203	238,772
Total current liabilities	191,341	237,308	428,649
Noncurrent liabilities:			
Long-term liabilities, due in more than one year	-	771,778	771,778
Net pension liability	214,623	128,894	343,517
Total noncurrent liabilities	214,623	900,672	1,115,295
Total liabilities	405,964	1,137,980	1,543,944
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	14,206	3,313	17,519
NET POSITION			
Net investment in capital assets	3,230,024	7,591,404	10,821,428
Restricted for:			
Special Revenue	325,688	-	325,688
Capital Projects	-	-	-
Debt Service	-	90,040	90,040
Subsequent year's expenditures	67,618	-	67,618
Unrestricted	400,537	114,057	514,594
Total net position	\$ 4,023,867	7,795,501	11,819,368

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

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

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	\$ 719,050	\$ 16,059	244,395	-	\$ (458,596)	-	(458,596)
Public safety	79,099	-	219,910	-	140,811	-	140,811
Highways and streets	23,104	-	-	-	(23,104)	-	(23,104)
Health and welfare	9,557	-	-	-	(9,557)	-	(9,557)
Total governmental activities	830,810	16,059	464,305	-	(350,446)	-	(350,446)
Business-type activities							
Waste water	267,842	105,783	-	-	-	(162,059)	(162,059)
Water	310,250	264,228	-	270,000	-	223,978	223,978
Housing authority	240,282	101,913	97,411	-	-	(40,958)	(40,958)
Total business-type activities	818,374	471,924	97,411	270,000	-	20,961	20,961
Total primary government	\$ 1,649,184	\$ 487,983	561,716	270,000	\$ (350,446)	20,961	(329,485)
General Revenues							
Franchise taxes					\$ 14,730	-	14,730
Gasoline taxes					13,061	-	13,061
Gross receipts taxes					317,192	-	317,192
Property taxes					12,406	-	12,406
Motor vehicle tax					32,564	-	32,564
Transfers, net					(37,455)	37,455	-
Transfers in: General obligation					15,800	-	15,800
Debt forgiveness					-	-	-
Transfers in: Severance tax bond appropriation					107,168	50,000	157,168
Other					6,377	(2,500)	3,877
Gain on disposal of assets					-	-	-
Interest income					1,596	66	1,662
Contributed capital					-	-	-
Reversion to state					-	-	-
Total general revenues, special items and transfers					483,439	85,021	568,460
Change in net position					132,993	105,982	238,975
Net position, beginning of year					3,910,075	7,701,064	11,611,139
Restatement - GASBS 82 implementation					(19,201)	(11,545)	(30,746)
Net position, beginning of year, as restated					3,890,874	7,689,519	11,580,393
Net position, end of year					\$ 4,023,867	7,795,501	11,819,368

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

VILLAGE OF PECOS, NEW MEXICO
BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2016

	General	Fire Protection	Capital Projects	Nonmajor Governmental Funds	Total
ASSETS					
Cash	\$ 402,007	71,681	-	356,537	830,225
Receivables					
Taxes					
Gross receipts	51,672	-	-	1,214	52,886
Gasoline	-	-	-	2,410	2,410
Motor vehicle	5,517	-	-	-	5,517
Property	290	-	-	-	290
Franchise	3,458	-	-	-	3,458
Grant	-	-	31,873	14,847	46,720
Prepaid expenses	-	169,976	-	-	169,976
Due from other funds	182,355	-	-	2,456	184,811
Total assets	\$ 645,299	241,657	31,873	377,464	1,296,293
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	-	3,564	3,154	6,718
Accrued compensation and benefits	11,737	-	-	-	11,737
Due to other funds	161,325	539	52,544	54,769	269,177
Total liabilities	173,062	539	56,108	57,923	287,632
Fund Balances					
Nonspendable	-	169,976	-	-	169,976
Restricted for:					
Special revenue funds	-	71,142	-	254,546	325,688
Capital project fund	-	-	-	-	-
Subsequent years expenditures	67,618	-	-	-	67,618
Committed reported in:					
Special revenue funds	-	-	-	5,900	5,900
Assigned to:					
Special revenue funds	-	-	-	77,473	77,473
Unassigned:					
General fund	404,619	-	-	-	404,619
Special revenue fund	-	-	-	(18,378)	(18,378)
Capital project fund	-	-	(24,235)	-	(24,235)
Total fund balances	472,237	241,118	(24,235)	319,541	1,008,661
Total liabilities and fund balances	\$ 645,299	241,657	31,873	377,464	1,296,293

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, 2016

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

Total fund balance - governmental funds	\$ 1,008,661
Accrued compensated absences not payable from current revenues.	(11,317)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,230,024
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	(214,623)
Deferred outflows of resources related to pensions	25,328
Deferred inflows of resources related to pensions	<u>(14,206)</u>
Net position of governmental activities	<u><u>\$ 4,023,867</u></u>

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

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	General	Fire Protection	Capital Projects	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 369,442	-	-	20,511	389,953
From state government:					
Grants	244,395	199,910	-	20,000	464,305
Licenses, permits, fees and fines	3,115	-	-	-	3,115
Charges for services	12,944	-	-	-	12,944
Interest	1,533	63	-	-	1,596
Rents and royalties	-	-	-	-	-
In-kind revenue	-	-	-	-	-
Other	6,377	-	-	-	6,377
Total revenues	637,806	199,973	-	40,511	878,290
Expenditures					
Current					
General government	648,904	-	-	-	648,904
Public safety	-	30,831	-	8,174	39,005
Highways and streets	-	-	4,718	16,175	20,893
Health and welfare	-	-	-	8,167	8,167
Debt service - principal	-	-	-	-	-
Capital outlay	32,870	-	109,837	34,599	177,306
Total expenditures	681,774	30,831	114,555	67,115	894,275
Excess (deficiency) of revenues over expenditures before other financings sources	(43,968)	169,142	(114,555)	(26,604)	(15,985)
Other financing sources (uses)					
Operating transfers, in	-	-	-	-	-
Operating transfers, out	(37,455)	-	-	-	(37,455)
Transfers in: General obligation bond	-	-	-	15,800	15,800
In-kind expense	-	-	-	-	-
Transfers in: Severance tax appropriation	-	-	107,168	-	107,168
Transfers out: Reversion to State	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-
Special item:					
Contributed capital	-	-	-	-	-
Total other financing sources (uses)	(37,455)	-	107,168	15,800	85,513
Net change in fund balances	(81,423)	169,142	(7,387)	(10,804)	69,528
Fund balance, beginning	553,660	71,976	(16,848)	330,345	939,133
Fund balance, end of year	\$ 472,237	241,118	(24,235)	319,541	1,008,661

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, 2016**

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

Net changes in fund balances - governmental funds \$ 69,528

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	(127,521)	
Capital outlay	<u>177,306</u>	
Excess of depreciation expense over capital outlay		49,785

Village pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the Village's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District pension contributions		17,980
Pension expense		(3,858)

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.

	<u>(442)</u>
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Change in net position - governmental activities \$ 132,993

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, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 420,000	420,000	383,286	(36,714)
State grants	334,241	334,241	330,454	(3,787)
Licenses, permits, fees and fines	3,400	3,400	3,115	(285)
Charges for services	2,600	2,600	1,733	(867)
Interest	1,600	1,600	1,533	(67)
Other	10,400	10,400	8,777	(1,623)
Total revenues	772,241	772,241	728,898	(43,343)
Expenditures				
General government	842,331	842,331	672,887	169,444
Debt service - principal	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	842,331	842,331	672,887	169,444
Excess (deficiency) of revenues over expenditures	(70,090)	(70,090)	56,011	126,101
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(137,455)	(137,455)
Total other financing sources (uses)	-	-	(137,455)	(137,455)
Net change in fund balance	(70,090)	(70,090)	<u>(81,444)</u>	
Prior year cash appropriated	70,090	70,090		
	<u>\$ 70,090</u>	<u>70,090</u>		
Reconciliation to GAAP Basis				
Change in net position - budgetary basis			\$ (81,444)	
Increase (decrease) in assets:				
Taxes receivable			(8,764)	
(Increase) decrease in liabilities:				
Accounts payable			7,856	
Accrued compensation and benefits			(3,578)	
ULD			<u>4,507</u>	
Change in net position - GAAP basis			<u>\$ (81,423)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
From state government				
Grants	\$ 79,139	99,910	99,910	-
Interest income	-	-	-	-
Other	790	790	63	(727)
Total revenues	<u>79,929</u>	<u>100,700</u>	<u>99,973</u>	<u>(727)</u>
Expenditures				
Public safety	79,929	215,700	202,140	13,560
Capital outlay	-	-	-	-
Total expenditures	<u>79,929</u>	<u>215,700</u>	<u>202,140</u>	<u>13,560</u>
Excess (deficiency) of revenues over expenditures	-	(115,000)	(102,167)	12,833
Other financing sources (uses)				
Proceeds from long-term debt	-	-	-	-
Operating transfers in	-	100,000	100,000	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	-	(15,000)	<u>(2,167)</u>	
Prior year cash appropriated	-	-		
	<u>\$ -</u>	<u>(15,000)</u>		
Reconciliation to GAAP Basis				
Change in net position - budgetary basis			\$ (2,167)	
Increase (decrease) in assets:				
Prepaid expenses			169,975	
(Increase) decrease in liabilities:				
Accounts payable			<u>1,334</u>	
Change in net position - GAAP basis			<u>\$ 169,142</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, 2016

	Waste Water	Water	Housing Authority	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 63,912	50	27,678	91,640
Cash and cash equivalents - restricted	34,560	55,480	7,772	97,812
Accounts receivable, net of allowance	14,376	34,718	2,286	51,380
Grants receivable	-	50,000	-	50,000
Inventory	-	-	18,920	18,920
Due from other funds	132,628	77,834	-	210,462
Total current assets	245,476	218,082	56,656	520,214
Capital Assets				
Land	-	11,248	14,400	25,648
Water rights	-	238,636	-	238,636
Construction work in progress	44,949	809,576	-	854,525
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	(899,695)	(1,118,465)	(1,112,705)	(3,130,865)
Total capital assets, net of accumulated depreciation	6,086,354	1,808,821	506,016	8,401,191
Total assets	6,331,830	2,026,903	562,672	8,921,405
DEFERRED OUTFLOWS OF RESOURCES				
Employer pension contributions subsequent to measurement date	-	11,648	-	11,648
Deferred outflows related to pensions	-	3,741	-	3,741
Total deferred outflows of resources	-	15,389	-	15,389
LIABILITIES				
Current Liabilities				
Accounts payable	4,806	1,217	6,061	12,084
Accrued compensation and benefits	-	6,046	3,376	9,422
Interest payable	33	5,151	-	5,184
Deposits payable	570	32,818	7,589	40,977
Compensated absences	-	4,408	1,128	5,536
Loans payable - current	-	1,326	-	1,326
Bonds payable - current	-	36,683	-	36,683
Due to other funds	-	126,096	-	126,096
Total current liabilities	5,409	213,745	18,154	237,308
Noncurrent Liabilities				
Loans payable	-	10,470	-	10,470
Bonds payable	-	761,308	-	761,308
Net pension liability	-	128,894	-	128,894
Total noncurrent liabilities	-	900,672	-	900,672
Total liabilities	5,409	1,114,417	18,154	1,137,980
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	3,313	-	3,313
NET POSITION				
Invested in capital assets, net of related debt	6,086,354	999,034	506,016	7,591,404
Restricted for:				
Debt service	34,560	55,480	-	90,040
Unrestricted	205,507	(129,952)	38,502	114,057
Total net position	\$ 6,326,421	924,562	544,518	7,795,501

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, 2016

	Waste Water	Water	Housing Authority	Total
Operating Revenues				
Sales, services, and rents	\$ 105,783	264,228	101,913	471,924
From federal sources - operating grants	-	-	97,411	97,411
Total operating revenues	<u>105,783</u>	<u>264,228</u>	<u>199,324</u>	<u>569,335</u>
Operating Expenses				
Operating expenses	106,158	248,164	204,040	558,362
Depreciation	161,651	32,182	36,242	230,075
Total operating expenses	<u>267,809</u>	<u>280,346</u>	<u>240,282</u>	<u>788,437</u>
Operating (loss) income	<u>(162,026)</u>	<u>(16,118)</u>	<u>(40,958)</u>	<u>(219,102)</u>
Nonoperating Revenues (Expenses)				
Capital grants - federal	-	270,000	-	270,000
Transfers in: Severance tax appropriation	-	50,000	-	50,000
Interest income	22	35	9	66
Interest expense	(33)	(29,904)	-	(29,937)
Other income / (expense)	(2,400)	(100)	-	(2,500)
Total nonoperating revenues				
(expenses) before transfers	<u>(2,411)</u>	<u>290,031</u>	<u>9</u>	<u>287,629</u>
Transfers in	-	307,608	-	307,608
Transfers out	-	(270,153)	-	(270,153)
Contributed Capital	-	-	-	-
Total transfers and other, net	<u>-</u>	<u>37,455</u>	<u>-</u>	<u>37,455</u>
Change in net position	<u>(164,437)</u>	<u>311,368</u>	<u>(40,949)</u>	<u>105,982</u>
Net position, beginning of year	6,490,858	624,739	585,467	7,701,064
Restatement - GASBS 82 implementation	-	(11,545)	-	(11,545)
Net position, beginning of year as restated	<u>6,490,858</u>	<u>613,194</u>	<u>585,467</u>	<u>7,689,519</u>
Net position, end of year	<u>\$ 6,326,421</u>	<u>924,562</u>	<u>544,518</u>	<u>7,795,501</u>

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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, 2016

	Waste Water	Water	Housing Authority	Total
Cash Flows From Operating Activities				
Cash received from customers, tenants	\$ 107,023	271,197	101,913	480,133
Cash received from HUD for operations	-	-	97,411	97,411
Cash payments to and on behalf of employees	-	(157,426)	(65,448)	(222,874)
Cash payments to vendors for goods and services	(105,295)	(85,799)	(132,528)	(323,622)
Net cash (used) provided by operating activities	1,728	27,972	1,348	31,048
Cash Flows From Noncapital and Related Financing Activities				
Change in due to/from account	(73,620)	73,151	-	(469)
Other income	(2,400)	(100)	-	(2,500)
Net cash provided by noncapital financing activities	(76,020)	110,506	-	34,486
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(3,282)	(368,046)	-	(371,328)
Capital grants - federal	-	270,000	-	270,000
Principal payment on loans	-	(1,288)	-	(1,288)
Principal payment on bonds	-	(24,609)	-	(24,609)
Interest payment on bonds and loans	-	(33,499)	-	(33,499)
Net cash used by capital and related financing activities	(3,282)	(157,442)	-	(160,724)
Cash Flows From Investing Activities				
Interest income	22	35	9	66
Net cash provided by investing activities	22	35	9	66
Net change in cash and cash equivalents	(77,552)	(18,929)	1,357	(95,124)
Cash and cash equivalents, beginning of year	176,024	74,459	34,093	284,576
Cash and cash equivalents, end of year	\$ 98,472	55,530	35,450	189,452
Shown on the Balance sheet as:				
Cash and cash equivalents	\$ 63,912	50	27,678	91,640
Cash and cash equivalents - restricted	34,560	55,480	7,772	97,812
\$ 98,472	55,530	35,450	189,452	

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, 2016

	Waste Water	Water	Housing Authority	Total
Operating (loss) income	\$ (162,026)	(16,118)	(40,958)	(219,102)
Adjustments to reconcile operating income to net cash flows:				
Depreciation expense	161,651	32,182	36,242	230,075
Bad debt expense	-	-	-	-
Changes in assets and liabilities:				
Accounts receivable	1,240	2,577	4,078	7,895
Grants receivable	-	-	-	-
Prepaid expenses	-	-	321	321
Inventory	-	-	396	396
Accounts payable	293	(1,831)	1,018	(520)
Interest payable	-	-	-	-
Accrued expenses	-	2,118	(1,621)	497
Compensated absences	-	923	611	1,534
Deposits payable	570	4,392	1,261	6,223
Net pension liability	-	40,549	-	40,549
Deferred inflows (outflows) related to pensions	-	(36,820)	-	(36,820)
Insurance contract payable	-	-	-	-
Net cash (used) provided by operating activities	\$ 1,728	27,972	1,348	31,048

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, 2016

ASSETS

Cash	\$ 149
Total assets	\$ 149

LIABILITIES

Due to other entities	\$ 149
Total liabilities	\$ 149

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

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2016

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, 2016

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, 2016

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.

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

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, 2016

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, 2016

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 and Prepaids

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, 2016, inventory related entirely to the operations of the Housing Authority and consisted of \$929 for propane delivered, but unused, as well as \$17,991 in housing maintenance supplies not yet put in use. Maintenance inventory is valued using the first-in first-out method.

Prepaid expenses totaling \$169,976 consists of a down payment for a fire truck that the Village had not taken possession of at June 30, 2016.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 Village reports fund balance in the following classifications:

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, 2016

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 special revenue restricted balance of \$325,688 shown on the balance sheet of the fund financial statements includes \$320,023 restricted by enabling legislation and \$5,665 restricted by external resource providers.

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 environmental gross receipts fund balance consists of \$5,900 in committed fund balance as established through board resolution for the purpose of reserving an amount equal to the estimated costs of environmental monitoring, annual inspection and annual reporting relating to post-closure landfill requirements in accordance with NMAC 20.9.10.20. The remaining balance in the environmental gross receipts fund is classified as 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.

Nonspendable balance of \$169,976 in the fire fund consists of a prepaid expense.

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, 2016

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 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, 2016

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, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Implementation of New Accounting Standards

During the year ended June 30, 2016, the Village adopted the following Governmental Accounting Standards Board Statement (GASBS):

GASBS No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Effective for periods beginning after June 15, 2015. 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). 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. The statement did not have an impact on the Village’s financial statements.

GASBS No. 82 – *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. Effective for reporting periods beginning after June 15, 2016, with earlier implementation encouraged. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

As a result of implementing GASBS No. 82 *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*, the Village has restated beginning net position in the government-wide Statement of Activities for the year ended June 30, 2015. GASBS No. 82 requires a restatement of employer “pickup” contributions that are now considered employee contributions for purposes of calculations of the employer allocation percentage in GASBS No. 68 entries.

Prior period adjustment - Implementation of GASBS No. 82:

Beginning net position was impacted as follows:

Net position at June 30, 2015 as originally reported	\$ 11,611,139
Less: Employer “pickups” made in 2014 which were originally recorded as deferred outflows, but are required to be reported as expenditures under GASBS No. 82	<u>(30,746)</u>
Net position, beginning of year as restated	<u>\$ 11,580,393</u>

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2016, the Village's bank balances of \$1,166,339 were exposed to credit risk as follows:

Insured	\$ 338,672
Collateralized: collateral held by pledging bank's trust department or agent but not in the Village's name	800,000
Uninsured and uncollateralized	<u>27,667</u>
Total deposits	<u>\$ 1,166,339</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. Management estimates Housing Authority receivables to be fully collectible. 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, 2016:

	Waste Water	Water	Housing Authority
Accounts receivable	\$ 20,773	49,912	2,286
Allowance for uncollectible accounts	<u>(6,397)</u>	<u>(15,194)</u>	<u>-</u>
	<u>\$ 14,376</u>	<u>34,718</u>	<u>2,286</u>

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 4. CAPITAL ASSETS

Governmental Fund capital asset activity for the year ending June 30, 2016 is as follows:

	Balance, June 30, 2015	Additions	Rounding Differences	Transfers	Balance, June 30, 2016
Governmental Activities					
Capital assets, not depreciated					
Land	\$ 84,475	-	-	-	84,475
Construction in process	43,255	140,517	-	-	183,772
Total, not depreciated	\$ 127,730	140,517	-	-	268,247
Capital assets, depreciated					
Buildings and improvements	2,699,304	-	-	-	2,699,304
Infrastructure	592,641	-	-	-	592,641
Equipment	1,125,743	36,789	1	-	1,162,533
Total, depreciated	4,417,688	36,789	1	-	4,454,478
Accumulated depreciation for:					
Buildings and improvements	556,613	59,295	-	-	615,908
Infrastructure	63,949	13,648	-	-	77,597
Equipment	744,618	54,578	-	-	799,196
Total accumulated depreciation	1,365,180	127,521	-	-	1,492,701
Total capital assets, depreciated, net	\$ 3,052,508	(90,732)	1	-	2,961,777
Total capital assets, net	\$ 3,180,238	49,785	1	-	3,230,024

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

Governmental activities

General government	\$ 83,826
Public safety	40,094
Highway and streets	2,211
Health and Welfare	<u>1,390</u>
Total depreciation expense	\$ <u>127,521</u>

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 4. CAPITAL ASSETS (CONTINUED)

Enterprise Fund capital asset activity for the year ending June 20, 2016 is as follows:

	Balance, June 30, 2015	Additions	Rounding Differences	Transfers	Balance, June 30, 2016
Business-type Activities					
Capital assets, not depreciated					
Land	\$ 25,648	-	-	-	25,648
Water rights	238,636	-	-	-	238,636
Construction in progress	483,198	371,327	-	-	854,525
Total, not depreciated	\$ 747,482	371,327	-	-	1,118,809
Capital assets, depreciated					
Buildings and improvements	8,559,667	-	-	-	8,559,667
Equipment	629,153	-	-	-	629,153
Infrastructure	1,224,427	-	-	-	1,224,427
Total, depreciated	10,413,247	-	-	-	10,413,247
Accumulated depreciation for:					
Buildings and improvements	2,276,582	183,028	-	-	2,459,610
Equipment	403,535	16,436	-	-	419,971
Infrastructure	220,674	30,611	(1)	-	251,284
Total accumulated depreciation	2,900,791	230,075	(1)	-	3,130,865
Total capital assets, depreciated, net	\$ 7,512,456	(230,075)	1	-	7,282,382
Total capital assets, net	\$ 8,259,938	141,252	1	-	8,401,191

NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS

During the year ended June 30, 2016, the following changes occurred:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 10,874	8,935	(8,492)	11,317	11,317

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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

NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS

During the year ended June 30, 2016, the following changes occurred:

	Beginning Balance	Adjustments and Additions	Deletions	Ending Balance	Due Within One Year
Business-type activities:					
Compensated absences	\$ 4,002	8,569	(7,035)	5,536	5,536
Notes payable	13,084	-	(1,288)	11,796	1,327
Bonds payable	822,600	-	(24,609)	797,991	36,682
Total	<u>\$ 839,686</u>	<u>8,569</u>	<u>(32,932)</u>	<u>815,323</u>	<u>43,545</u>

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2016:

Rural infrastructure loan for \$25,000,
interest at 3%, payments of \$1,680 annually
in June, maturing June 14, 2024 \$ 11,796

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
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>\$ 11,796</u>	<u>1,644</u>	<u>13,440</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, 2016 was \$319,847.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2016, the Village drew \$0 on the financing. The principal balance at June 30, 2016 was \$295,647.

The future requirements for bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2017	36,682	24,205	60,887
2018	39,158	22,779	61,937
2019	40,508	21,215	61,723
2020	41,862	19,690	61,552
2021	44,221	18,002	62,223
2022 to 2026	174,674	65,546	240,220
2027 to 2031	113,483	46,265	159,748
2032 to 2036	126,548	35,134	161,682
2037 to 2041	47,000	22,100	69,100
2042 to 2046	53,000	15,300	68,300
2047 to 2051	62,000	7,500	69,500
2052 to 2053	18,855	493	19,348
	<u>\$ 797,991</u>	<u>298,229</u>	<u>1,096,220</u>

Bond agreements contain various reserve requirements which totaled \$48,803 at June 30, 2016. 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, 2016

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, 2016.

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, 2016 is as follows:

	Due from Receivable	Due to Payable
Governmental Funds		
Major Funds		
General Fund	\$ 182,355	161,325
Fire Fund	-	539
Capital Project Fund	-	52,544
Non-major Funds		
Law Enforcement Protection Fund	-	32,285
Street Fund	2,456	11,128
Senior Citizen Center	-	11,356
Business Type Funds		
Waste Water	132,628	
Water	77,834	126,096
	<u>395,273</u>	<u>395,273</u>
Total	\$ 395,273	395,273

NOTE 9. DEFICIT FUND BALANCES

The Village had the following deficit fund balance:

Law Enforcement Protection Fund	\$ 18,378
Capital Project Rincon Road Fund	24,235

The Village anticipates using future revenues to correct deficit fund balances.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2016.

The following is a schedule by years of future minimum rentals on operating leases as of June 30, 2016:

Year ending June 30:	
2017	\$ <u>1,200</u>
Total	\$ <u>1,200</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:	
2017	\$ 4,459
2018	4,459
2019	<u>371</u>
Total	\$ <u>9,289</u>

Lease expense for the year ended June 30, 2016 was \$4,459.

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).

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 12. PERA PENSION PLAN (CONTINUED)

Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (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 years ended June 30, 2015 available at <http://saonm.org/> using the Audit Report Search function for agency 366.

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 as of July 1, 2014 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 44 of the PERA FY15 annual audit report at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financialreports/CAFR-2015.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 \$29,628 and employer paid member benefits that were “picked up” by the employer were \$18,979 for the year ended June 30, 2016.

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, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

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, 2015.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 12. PERA PENSION PLAN (CONTINUED)

Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

Employer Pickup. During March 2016, Governmental Accounting Standards Board (GASB) issued Statement No.82, *Pension Issues*, which clarifies that payments made by an employer to satisfy member contribution requirements should be classified as member contributions for purposes of GASB (Governmental Accounting Standards Board) Statement No. 67. As encouraged by GASB No. 82, PERA has adopted the Statement as of June 30, 2015. As such, PERA’s FY15 financial statements no longer contain a line item for the employer paid member contributions that met the prior GASB No. 67 requirement and those member contributions that were required to be separately classified in FY14 as paid by the employer are included as member contributions for FY15. See Note 12 in PERA’s FY15 Financial Statements for detailed Net Pension Liability information.

For the Municipal General Division, at June 30, 2016, the Village reported a liability of \$307,905 for its proportionate share of the net pension liability. At June 30, 2015, the Village’s proportion was 0.03020%, which was a .00150% increase from its proportion of 0.02870% measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized Municipal General Division pension expense of \$21,799. At June 30, 2016, 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	\$ -	6,820
Changes of assumptions	-	120
Net difference between projected and actual earnings on pension plan investments	-	974
Changes in proportion and differences between Village contributions and proportionate share of contributions	8,936	-
Village contributions subsequent to the measurement date	<u>27,824</u>	<u>-</u>
Total	<u>\$ 36,760</u>	<u>7,914</u>

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 12. PERA PENSION PLAN (CONTINUED)

\$27,824 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:

2017	\$	(6,042)
2018		(6,042)
2019		(6,042)
2020		18,664
2021		486

For the Municipal Fire Division, at June 30, 2015, the Village reported a liability of \$35,612 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.00690%, which was a 0.00300% decrease from its proportion of .000990% measured as of June 30, 2014.

For the year ended June 30, 2016, the Village recognized Municipal Fire Division pension expense of \$(1,366). At June 30, 2016, 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	\$ 1,402	-
Changes of assumptions	751	-
Net difference between projected and actual earnings on pension plan investments	-	43
Changes in proportion and differences between Village contributions and proportionate share of contributions	-	9,562
Village contributions subsequent to the measurement date	1,804	-
Total	<u>\$ 2,153</u>	<u>9,605</u>

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 12. PERA PENSION PLAN (CONTINUED)

\$1,804 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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:	
2017	\$ (1,838)
2018	(1,838)
2019	(1,838)
2020	(1,419)
2021	(519)

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, 2014 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, 2015 using generally accepted actuarial principles. See discussion of any significant events or change in benefit provisions as of June 30, 2015 in the notes to the required supplementary information regarding pensions. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
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
• Projected benefit payment	100 years
• Payroll growth	3.50% annual rate
• Projected salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate
• Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
• Experience Study Dates	July 1, 2008 to June 30, 2013

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 12. PERA PENSION PLAN (CONTINUED)

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	4.0	4.15
Total	<u>100.0%</u>	

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.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 12. PERA PENSION PLAN (CONTINUED)

	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	\$ 524,257	307,905	128,041
	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	\$ 48,299	35,612	25,157

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net positions are available in the separately issued FY15 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. At June 30, 2016, the Village had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2016.

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.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 13. STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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.

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, 2016, 2015, and 2014 were \$5,592, \$5,042, and \$4,682, respectively, which equal the required contributions for each year.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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.

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, 2016, 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 \$18,533 in the year ended June 30, 2016. Amounts payable to the Village of Pecos for water and sewer at June 30, 2016 were \$1,544.

VILLAGE OF PECOS, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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.

NOTE 18. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through December 14, 2016, the date the financial statements were available to be issued.

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

	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability		
Municipal General Division	0.0302%	0.0287%
Municipal Fire Division	0.0069%	0.0099%
Village's proportionate share of the net pension liability		
Municipal General Division	\$ 307,915	223,891
Municipal Fire Division	35,612	41,323
Village's covered payroll		
Municipal General Division	\$ 258,565	232,928
Municipal Fire Division	8,668	10,997
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll		
Municipal General Division	119.09%	96.12%
Municipal Fire Division	410.84%	375.77%
Plan fiduciary net position as a percentage of the total pension liability		
Municipal General Division	76.99%	81.29%
Municipal Fire Division	76.99%	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. Amounts for covered payroll are imputed using the contribution rates for the various

See Notes to Required Supplementary Information

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>
Contractually required contribution		
Municipal General Division	\$ 27,824	24,693
Municipal Fire Division	1804	1842
Contributions in relation to the contractually required contribution		
Municipal General Division	\$ 27,824	24,693
Municipal Fire Division	1,804	1,842
Contribution excess		
Municipal General Division	\$ -	-
Municipal Fire Division	-	-
Village's covered payroll		
Municipal General Division	\$ 291,351	258,565
Municipal Fire Division	8,489	8,668
Contributions as a percentage of covered-employee payroll		
Municipal General Division	9.55%	9.55%
Municipal Fire Division	21.25%	21.25%

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. Amounts for covered payroll are imputed using the contribution rates for the various

See Notes to Required Supplementary Information

VILLAGE OF PECOS, NEW MEXICO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

Change in accounting principle. For the year ended June 30, 2016, the Village implemented the provisions of GASB Statement No. 82, Pension Issues. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Additionally, the statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits). Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.pdf

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. See appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2014 valuation.

VILLAGE OF PECOS, NEW MEXICO
 SCHEDULE OF APPROPRIATIONS
 Year Ended June 30, 2016

Appropriation	Type	Purpose	Period Beginning	Period Ending	Original Appropriation	Expenditures to Date	Outstanding Encumbrances	Reverted Balance	Unencumbered Balance
SAP-12-1188-GOB	GOB	Senior Center Equipment	7/1/2012	6/30/2016	\$ 15,800	15,800	-	-	-
SAP-12-1189-GOB	GOB	Senior Center Improvements	7/1/2012	6/30/2016	10,195	5,377	-	4,818	-
SAP-13-1494-STB	STB	Water and Wastewater system improvements	7/1/2013	6/30/2016	50,000	50,000	-	-	-
SAP-13-1495-STB	STB	Water system improvements: line connections	7/1/2013	6/30/2016	50,000	50,000	-	-	-
SAP-14-1685-STB	STB	Water and Wastewater system improvements	7/1/2014	6/30/2018	1,995,000	106,848	-	-	1,888,152
SAP-15-0543-STB	STB	Water system improvements: line connections	7/1/2014	6/30/2015	30,000	-	-	-	30,000

VILLAGE OF PECOS, NEW MEXICO
NON-MAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECT
DESCRIPTIONS
June 30, 2016

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.

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.

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.

Senior Citizen Center. To account for revenues and expenditures to plan, design, renovate and equip the Pecos Senior Center in San Miguel County. Authority is through laws of 2002, Chapter 54 in which appropriation was made by the legislature and agreement number 2013-1189 with New Mexico Aging and Long-term Services Department.

VILLAGE OF PECOS, NEW MEXICO
COMBINING BALANCE SHEETS
NONMAJOR FUNDS
June 30, 2016

	Special Revenue		
	Environmental Gross Receipts Tax	Emergency Medical Services	Law Enforcement Protection
ASSETS			
Cash	\$ 77,565	5,665	14,082
Receivables			
Taxes			
Gross receipts	1,214	-	-
Gasoline	-	-	-
Cigarette	-	-	-
Grant	-	-	-
Prepaid expense	-	-	-
Due from other state agencies	-	-	-
Due from other funds	-	-	-
Total assets	\$ 78,779	5,665	14,082
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	-	175
Due to other funds	-	-	32,285
Total liabilities	-	-	32,460
Fund Balances			
Restricted for special revenues	-	5,665	-
Restricted for capital projects	-	-	-
Committed to special revenues	5,900	-	-
Assigned to special revenues	72,879	-	-
Unassigned	-	-	(18,378)
Total fund balances	78,779	5,665	(18,378)
Total liabilities and fund balances	\$ 78,779	5,665	14,082

**VILLAGE OF PECOS, NEW MEXICO
 COMBINING BALANCE SHEETS
 NONMAJOR FUNDS
 June 30, 2016**

	Special Revenue			Total Nonmajor
	Street	Recreation	Senior Citizen Center	
ASSETS				
Cash	\$ 254,631	4,594	-	356,537
Receivables				
Taxes				
Gross receipts	-	-	-	1,214
Gasoline	2,410	-	-	2,410
Cigarette	-	-	-	-
Grant	-	-	14,847	14,847
Prepaid expense	-	-	-	-
Due from other state agencies	-	-	-	-
Due from other funds	2,456	-	-	2,456
Total assets	\$ 259,497	4,594	14,847	377,464
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 2,979	-	-	3,154
Due to other funds	11,128	-	11,356	54,769
Total liabilities	14,107	-	11,356	57,923
Fund Balances				
Restricted for special revenues	245,390	-	3,491	254,546
Restricted for capital projects	-	-	-	-
Committed to special revenues	-	-	-	5,900
Assigned to special revenues	-	4,594	-	77,473
Unassigned	-	-	-	(18,378)
Total fund balances	245,390	4,594	3,491	319,541
Total liabilities and fund balances	\$ 259,497	4,594	14,847	377,464

VILLAGE OF PECOS, NEW MEXICO
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND
 BALANCES - NONMAJOR FUNDS
 Year Ended June 30, 2016

	Special Revenue		
	Environmental Gross Receipts Tax	Emergency Medical Services	Law Enforcement Protection
Revenues			
Taxes	\$ 7,450	-	-
From State Government:			
Grants	-	-	20,000
In-kind revenue	-	-	-
Other	-	-	-
Total revenues	<u>7,450</u>	<u>-</u>	<u>20,000</u>
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	8,174
Health and welfare	3,489	-	-
Highways and streets	-	-	-
Capital outlay	-	-	7,980
Total expenditures	<u>3,489</u>	<u>-</u>	<u>16,154</u>
Excess of revenues over expenditures	<u>3,961</u>	<u>-</u>	<u>3,846</u>
Other Financing Sources (Uses)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Transfers in: General obligation bond	-	-	-
Transfers in: Severance tax bond proceeds	-	-	-
Transfers out: Reversions to state	-	-	-
Total other financing (uses) sources	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,961	-	3,846
Fund balance, beginning	<u>74,818</u>	<u>5,665</u>	<u>(22,224)</u>
Fund balance, end of year	<u>\$ 78,779</u>	<u>5,665</u>	<u>(18,378)</u>

VILLAGE OF PECOS, NEW MEXICO
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR FUNDS
Year Ended June 30, 2016

	Special Revenue			Total Non-major
	Street	Recreation	Senior Citizen Center	
Revenues				
Taxes	\$ 13,061	-	-	20,511
From State Government:				
Grants	-	-	-	20,000
In-kind revenue	-	-	-	-
Other	-	-	-	-
Total revenues	13,061	-	-	40,511
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	8,174
Health and welfare	-	-	4,678	8,167
Highways and streets	16,175	-	-	16,175
Capital outlay	15,497	-	11,122	34,599
Total expenditures	31,672	-	15,800	67,115
Excess of revenues over expenditures	(18,611)	-	(15,800)	(26,604)
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Transfers in: General obligation bond	-	-	15,800	15,800
Transfers in: Severance tax bond proceeds	-	-	-	-
Transfers out: Reversions to state	-	-	-	-
Total other financing (uses) sources	-	-	15,800	15,800
Net change in fund balances	(18,611)	-	-	(10,804)
Fund balance, beginning	264,001	4,594	3,491	330,345
Fund balance, end of year	\$ 245,390	4,594	3,491	319,541

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,000	8,000	7,424	(576)
Other	-	-	-	-
Total revenues	8,000	8,000	7,424	(576)
Expenditures				
Health and welfare	8,000	8,000	4,954	3,046
Total expenditures	8,000	8,000	4,954	3,046
Excess of revenues over expenditures	-	-	2,470	2,470
Net change in fund balance	-	-	2,470	2,470
Reconciliation to GAAP Basis				
Net change in fund balance - budgetary basis			\$ 2,470	
Increase (decrease) in assets:				
Taxes receivable			(217)	
(Increase) decrease in liabilities:				
Accounts payable			1,708	
Net change in fund balance - GAAP basis			\$ 3,961	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
EMERGENCY MEDICAL SERVICES
Year Ended June 30, 2016

	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	\$ -	-	-	-

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
LAW ENFORCEMENT PROTECTION
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
From State government				
Grants	\$ 20,000	20,000	20,000	-
Other income	-	-	-	-
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Expenditures				
Public safety	30,061	30,061	16,154	13,907
Capital outlay	-	-	-	-
Total expenditures	<u>30,061</u>	<u>30,061</u>	<u>16,154</u>	<u>13,907</u>
Net change in fund balance	(10,061)	(10,061)	<u>3,846</u>	
Prior year cash appropriated	10,061	10,061		
	<u>\$ 10,061</u>	<u>10,061</u>		

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
STREET
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Gasoline taxes	\$ 12,000	12,000	12,046	46
From local governments				
Grants	-	-	-	-
Total revenues	12,000	12,000	12,046	46
Expenditures				
Highways and streets	288,205	288,205	28,692	259,513
Capital outlay	-	-	-	-
Total expenditures	288,205	288,205	28,692	259,513
Excess of revenues over expenditures	(276,205)	(276,205)	(16,646)	259,559
Net change in fund balance	\$ (276,205)	(276,205)	<u>(16,646)</u>	
Prior year cash appropriated	<u>276,205</u>	<u>276,205</u>		
Reconciliation to GAAP Basis				
Change in net position - budgetary basis			\$ (16,646)	
Increase (decrease) in assets:				
Taxes receivable			1,014	
(Increase) decrease in liabilities:				
Accounts payable			<u>(2,979)</u>	
Change in net position - GAAP basis			<u>\$ (18,611)</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
RECREATION
Year Ended June 30, 2016

	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	-	-	-	-

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
SENIOR CITIZEN CENTER
Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Grants	\$ 15,800	15,800	953	(14,847)
Other	-	-	-	-
Total revenues	<u>15,800</u>	<u>15,800</u>	953	(14,847)
Expenditures				
Capital outlay	15,800	15,800	15,800	-
Total expenditures	<u>15,800</u>	<u>15,800</u>	15,800	-
Excess of revenues over expenditures	-	-	(14,847)	(14,847)
Other financing uses				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	-	-
Net change in fund balance	-	-	(14,847)	
Reconciliation to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (14,847)	
Increase (decrease) in assets:				
Grants receivable			<u>14,847</u>	
Net change in fund balance - GAAP basis			<u>\$ -</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, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 1,995,000	1,995,000	75,296	(1,919,704)
Miscellaneous	320	320	-	(320)
Total revenues	<u>1,995,320</u>	<u>1,995,320</u>	<u>75,296</u>	<u>(1,920,024)</u>
Expenditures				
Highways and streets	-	-	-	-
Capital outlay	1,982,722	1,982,722	111,751	1,870,971
Total expenditures	<u>1,982,722</u>	<u>1,982,722</u>	<u>111,751</u>	<u>1,870,971</u>
Excess of revenues over expenditures	<u>12,598</u>	<u>12,598</u>	<u>(36,455)</u>	<u>(49,053)</u>
Net change in fund balance	<u>12,598</u>	<u>12,598</u>	<u>(36,455)</u>	
Reconciliation to GAAP Basis				
Net change in fund balance - budgetary basis			\$ (36,455)	
Increase (decrease) in assets:				
Grants receivable			31,873	
(Increase) decrease in liabilities:				
Accounts payable			<u>(2,805)</u>	
Net change in fund balance - GAAP basis			<u>\$ (7,387)</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Sales, services and rents	\$ 102,815	102,815	105,877	3,062
Grant income	-	-	-	-
Other revenue	30	30	22	(8)
Interest	-	-	-	-
Total revenues	<u>102,845</u>	<u>102,845</u>	<u>105,899</u>	<u>3,054</u>
Expenses				
Operating	140,603	140,603	119,993	20,610
Capital outlay	-	-	-	-
Total expenditures	<u>140,603</u>	<u>140,603</u>	<u>119,993</u>	<u>20,610</u>
Excess of revenues over over expenditures before other financing uses	<u>(37,758)</u>	<u>(37,758)</u>	<u>(14,094)</u>	<u>23,664</u>
Change in net position	(37,758)	(37,758)	<u>(14,094)</u>	
Prior year cash to balance budget	<u>37,758</u>	<u>37,758</u>		
	<u>-</u>	<u>-</u>		
Reconciliation to GAAP Basis				
Change in net position - budgetary basis			\$ (14,094)	
Increase (decrease) in assets:				
Accounts receivable			(1,240)	
Depreciation			(161,651)	
(Increase) decrease in liabilities:				
Accounts payable			3,536	
Debt service principal payments, included in budget not GAAP			1,648	
Capital outlay, included in budget not GAAP			3,282	
Voided checks			<u>4,082</u>	
Change in net position - GAAP basis			<u>\$ (164,437)</u>	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
WATER ENTERPRISE
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Sales, services and rents	\$ 268,800	268,800	264,485	(4,315)
From local governments	-	-	-	-
State grant income	-	-	-	-
Other	25	25	22	(3)
Total revenues	268,825	268,825	264,507	(4,318)
Expenses				
Operating	588,978	676,433	665,094	11,339
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Total expenditures	588,978	676,433	665,094	11,339
Excess (deficiency) of revenues over expenditures before other financing uses	(320,153)	(407,608)	(400,587)	7,021
Nonoperating Revenues (Expenses)				
Other income	-	-	-	-
Capital grants - federal	-	-	-	-
Transfers in: Severance tax appropriation	50,000	50,000	-	(50,000)
Interest expense	-	-	-	-
Interest income	-	-	-	-
Bond proceeds	-	-	-	-
Total nonoperating revenues (expenses)	50,000	50,000	-	(50,000)
Transfers in	270,153	307,608	307,608	-
Transfers out	-	-	-	-
Total transfers and other	270,153	307,608	307,608	-
Change in net position	\$ -	(50,000)	(92,979)	
Reconciliation to GAAP Basis				
Change in net position - budgetary basis			\$ (92,979)	
Increase (decrease) in assets:				
Utility receivable			(4,208)	
Grants receivable			50,000	
Depreciation			(32,182)	
(Increase) decrease in liabilities:				
Accounts payable			1,879	
Accrued compensation and benefits			(2,119)	
Compensated absences			(923)	
Accrued interest			3,595	
Net pension liability			(40,549)	
Increase (decrease) in deferred inflows and outflows, not budgeted			31,310	
Debt service principal payments, included in budget not GAAP			24,609	
Capital outlay, included in budget not GAAP			368,046	
Interest and other income, not budgeted			3,863	
Federal capital grant, not budgeted			270,000	
Transfer out related to federal grant, not budgeted			(270,153)	
ULD			1,179	
Change in net position - GAAP basis			\$ 311,368	

VILLAGE OF PECOS, NEW MEXICO
STATEMENT OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)
HOUSING AUTHORITY ENTERPRISE
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
HUD grant and subsidy	\$ 78,600	78,600	72,285	(6,315)
HUD operating grants	73,528	73,528	25,126	(48,402)
Charges for services	101,840	101,840	101,913	73
Total revenues	253,968	253,968	199,324	(54,644)
Expenses				
Administration	77,610	78,816	63,834	14,982
Utilities	26,610	26,610	41,475	(14,865)
Maintenance	108,363	107,157	85,658	21,499
General	13,080	13,080	13,073	7
Total expenditures	225,663	225,663	204,040	21,623
Revenues less expenditures	28,305	28,305	(4,716)	(33,021)
Nonoperating revenues (expenses)				
Capital grants	-	-	-	-
Interest income	5	5	9	4
Operating transfers in	117	117	117	-
Operating transfers out	(9,680)	(9,680)	(117)	9,563
Total other financing sources (uses)	(9,558)	(9,558)	9	4
Change in net position	18,747	18,747	(4,707)	(33,017)
Reconciliation to GAAP Basis				
Change in net position - budgetary basis			\$ (4,707)	
Depreciation expense, not budgeted			(36,242)	
Change in net position - GAAP basis			<u>\$ (40,949)</u>	

VILLAGE OF PECOS, NEW MEXICO
AGENCY FUND DESCRIPTION
June 30, 2016

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, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
MOTOR VEHICLE FUND				
Assets				
Cash	\$ 162	195,587	195,600	149
Total assets	\$ 162	195,587	195,600	149
Liabilities				
Due to other entities	\$ 162	195,587	195,600	149
Total liabilities	\$ 162	195,587	195,600	149

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF DEPOSIT ACCOUNTS
June 30, 2016

Type	Depository	Account Name	Depository Balance	Reconciled Balance
Interest bearing checking	Southwest Capital Bank	Allocated Cash	\$ 791,095	722,109
Interest bearing checking	Southwest Capital Bank	Fire Protection	86,245	85,166
Interest bearing checking	Southwest Capital Bank	Water and Sewer Enterprise	131,831	63,759
Interest bearing checking	Southwest Capital Bank	Payroll	27,702	22,950
Interest bearing checking	Southwest Capital Bank	Water Deposit	40,794	40,790
Non-interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	7,484	9,425
Non-interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	5,860	50
Non-interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	7,772	7,772
Non-interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	18,153	18,153
CD	Southwest Capital Bank	Water and Sewer Enterprise	49,403	49,403
			<u>1,166,339</u>	<u>1,019,577</u>
	Petty Cash	Utility Clerk	-	50
	Petty Cash	Pecos Housing Authority	-	50
	Total deposit accounts - non-agency		<u>\$ 1,166,339</u>	<u>1,019,677</u>
Agency funds cash accounts				
Petty Cash	MVD Clerk		\$ -	149
Total cash - agency funds			<u>\$ -</u>	<u>149</u>

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2016

	<u>Village Southwest Capital Bank</u>	<u>Housing Southwest Capital Bank</u>	<u>Total</u>
Deposits at June 30, 2016	\$ 1,127,070	39,269	1,166,339
Less: FDIC or NCUSIF coverage	<u>299,403</u>	<u>39,269</u>	<u>338,672</u>
Uninsured public funds	827,667	-	827,667
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	<u>800,000</u>	<u>-</u>	<u>800,000</u>
Uninsured and uncollateralized	<u>\$ 27,667</u>	<u>-</u>	<u>27,667</u>
50% pledged collateral requirement per statute	\$ 413,834	-	413,834
Total pledged collateral	<u>800,000</u>	<u>-</u>	<u>800,000</u>
Pledged collateral over the requirement	<u>\$ (386,166)</u>	<u>-</u>	<u>(386,166)</u>

Pledged collateral at June 30, 2016 consists of the following:

<u>Security</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Par or Fair Mkt. Value</u>
FHLB-LC3649000101	N/A	1/25/2014	\$ 800,000
Total pledged collateral			<u>\$ 800,000</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, 2016

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, 2016

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Funds Program	Total
ASSETS:				
111	Cash - Unrestricted	\$ 27,678	-	27,678
112	Cash - Restricted - Modernization and Development	-	-	-
113	Cash - Other Restricted	-	-	-
114	Cash - Tenant security deposits	7,772	-	7,772
115	Cash - Restricted for payment of current liabilities	-	-	-
100	Total Cash	<u>35,450</u>	<u>-</u>	<u>35,450</u>
121	Accounts receivable - PHA projects	-	2,286	2,286
122	Accounts receivable - HUD other projects	-	-	-
124	Accounts receivable - other government	-	-	-
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable - tenants	-	-	-
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>-</u>	<u>2,286</u>	<u>2,286</u>
131	Investments - unrestricted	-	-	-
132	Investments - restricted	-	-	-
135	Investments - Restricted for payment of current liability	-	-	-
142	Prepaid expenses and other assets	-	-	-
143	Inventories	18,920	-	18,920
143.1	Allowance for obsolete inventories	-	-	-
144	Inter program due from	-	-	-
145	Assets held for sale	-	-	-
150	Total current assets	<u>54,370</u>	<u>-</u>	<u>56,656</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	(1,112,705)	-	(1,112,705)
167	Construction in progress	-	-	-
168	Infrastructure	-	-	-
160	Total capital assets, net of accumulated depreciation	<u>506,016</u>	<u>-</u>	<u>506,016</u>

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

VILLAGE OF PECOS, NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
FINANCIAL DATA SCHEDULE
June 30, 2016

176	Investments in joint ventures	-	-	-
180	Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>
190	Total assets	560,386	2,286	562,672
LIABILITIES:				
311	Bank overdraft	-	-	-
312	Accounts payable ≤ 90 days	3,775	2,286	6,061
313	Accounts payable > 90 days past due	-	-	-
321	Accrued wage/payroll taxes payable	3,376	-	3,376
322	Accrued compensated absences - current portion	1,128	-	1,128
324	Accrued contingency liability	-	-	-
325	Accrued interest payable	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-
332	Accounts payable - PHA projects	-	-	-
333	Accounts payable - other government	-	-	-
341	Tenant security deposits	7,589	-	7,589
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>15,868</u>	<u>2,286</u>	<u>18,154</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	15,868	2,286	18,154
400	Deferred inflow of resources	-	-	-
508.1	Invested in capital assets, net of related debt	506,016	-	506,016
511.1	Restricted net assets	-	-	-
512.1	Unrestricted net assets	<u>38,502</u>	<u>-</u>	<u>38,502</u>
513	Total equity/net assets	<u>544,518</u>	<u>-</u>	<u>544,518</u>
600	Total liabilities and equity/net assets	\$ <u>560,386</u>	<u>2,286</u>	<u>562,672</u>

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

**VILLAGE OF PECOS, NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
FINANCIAL DATA SCHEDULE
June 30, 2016**

70500	Total tenant revenue	<u>101,913</u>	<u>-</u>	<u>101,913</u>
70600	HUD PHA operating grants	72,285	25,126	97,411
70610	Capital grants	-	-	-
70710	Management fee	-	-	-
70720	Asset management fee	-	-	-
70730	Bookkeeping fee	-	-	-
70740	Front line service fee	-	-	-
70750	Other fees	-	-	-
70700	Total fee revenue	<u>72,285</u>	<u>25,126</u>	<u>97,411</u>
70800	Other government grants	-	-	-
71100	Investment income - unrestricted	9	-	9
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>174,207</u>	<u>25,126</u>	<u>199,333</u>
EXPENSES:				
91100	Administrative salaries	40,005	-	40,005
91200	Auditing fees	4,511	-	4,511
91300	Management fee	-	-	-
91310	Bookkeeping fee	2,689	-	2,689
91400	Advertising and marketing	-	-	-
91500	Employee benefit contributions - administrative	6,912	-	6,912
91600	Office expenses	2,930	-	2,930
91700	Legal expense	-	-	-
91800	Travel	1,607	-	1,607
91810	Allocated overhead	-	-	-
91900	Other	3,880	1,300	5,180
91000	Total operating - administrative	<u>62,534</u>	<u>1,300</u>	<u>63,834</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>

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

**VILLAGE OF PECOS, NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
FINANCIAL DATA SCHEDULE
June 30, 2016**

93400	Fuel	-	-	-
93500	Labor	-	-	-
93600	Sewer	-	-	-
93700	Employee benefit contributions - utilities	-	-	-
93800	Other utilities expense	-	-	-
93000	Total utilities	<u>41,475</u>	<u>-</u>	<u>41,475</u>
94100	Ordinary maintenance and operations - labor	22,480	-	22,480
94200	Ordinary maintenance and operations - materials and other	13,645	23,709	37,354
94300	Ordinary maintenance and operations contracts	24,161	-	24,161
94500	Employee benefit contributions - ordinary maintenance	1,663	-	1,663
94000	Total maintenance	<u>61,949</u>	<u>23,709</u>	<u>85,658</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	12,374	-	12,374
96100	Total insurance premiums	<u>12,374</u>	<u>-</u>	<u>12,374</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	699	-	699
96800	Severance expense	-	-	-
96000	Total other general expenses	<u>699</u>	<u>-</u>	<u>699</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>179,031</u>	<u>25,009</u>	<u>204,040</u>
97000	Excess of operating revenue over operating expenses	<u>(4,824)</u>	<u>117</u>	<u>(4,707)</u>
EXPENSES:				
97100	Extraordinary maintenance	-	-	-
97200	Casualty losses - non-capitalized	-	-	-
97300	Housing assistance payments	-	-	-
97350	HAP portability-in	-	-	-
37400	Depreciation expense	36,242	-	36,242
37500	Fraud losses	-	-	-
37600	Capital outlays - governmental funds	-	-	-
37700	Debt principal payment - governmental funds	-	-	-
37800	Dwelling units rent expense	-	-	-
90000	Total expenses	<u>36,242</u>	<u>-</u>	<u>36,242</u>

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

**VILLAGE OF PECOS, NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
FINANCIAL DATA SCHEDULE
June 30, 2016**

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>117</u>	<u>(117)</u>	<u>-</u>
10000	Excess (deficiency) of total revenue over (under) total	<u>(40,949)</u>	<u>-</u>	<u>(40,949)</u>
11020	Required annual debt principal payments	-	-	-
11030	Beginning equity	585,467	-	585,467
11040	Prior period adjustments, equity transfers and correction	-	-	-
11050	Changes in compensated absence balance	568	-	568
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	372	-	372
11210	Number of unit months leased	367	-	367
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	-	-	-
11660	Infrastructure purchases	-	-	-
13510	CFFP debt service payments	-	-	-
13901	Replacement housing factor funds	-	-	-

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

VILLAGE OF PECOS, NEW MEXICO
 VENDOR SCHEDULE
 JUNE 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
6134	Village of Pecos	Municipalities		Competitive (RFP or RFB)	D&R Tank Company, Inc.	Winner	\$357,608.22	\$337,143.70	1210 Prosperity N.E Albuquerque, NM 87105	Yes	Yes	Installation of Drinking Water Tank	None

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, 2016, 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 14, 2016.

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.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses and significant deficiencies may exist that have not been identified.

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 item 2016-001 and 2016-002 for the Village and as items 2016-003, 2016-004 and 2016-005 for the Housing Authority.

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 14, 2016

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF AUDIT FINDINGS
Year Ended June 30, 2016**

A. PRIOR YEAR AUDIT FINDINGS

Village of Pecos

	STATUS
2014-002 Expenditures in Excess of Budget	Resolved

Housing Authority

2015-001 Improper Capitalization	Resolved
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B. CURRENT YEAR AUDIT FINDINGS

Village of Pecos

2016-001 Unrecorded Financial Transactions	
2016-002 Contract Non-Compliance	

Housing Authority

2016-003 Controls Over Bank Reconciliations	
2016-004 Controls Over Fixed Assets	
2016-005 Expenditures in Excess of Budget	

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF AUDIT FINDINGS
Year Ended June 30, 2016**

A. FINDINGS AND RESPONSES – FINANCIAL STATEMENT AUDIT

NONE

B. FINDINGS AND RESPONSES – COMPLIANCE AND OTHER MATTERS

2016-001 – UNRECORDED FINANCIAL TRANSACTIONS - FINDING THAT DOES NOT RISE TO THE LEVEL OF A SIGNIFICANT DEFICIENCY

CONDITION

In the performance of our procedures over grant revenue and expense, we noted that the Village had under-recorded revenue and under-recorded expense by \$13,940 related to an economic development grant administered and funded through the New Mexico Finance Authority (NMFA).

CRITERIA

Concepts Statement of the Governmental Accounting Standards Board (GASBCS 1, paragraphs 62 and 64) state: “Financial reporting is the means of communicating financial information to users. For this communication to be effective, information in financial reports must have these basic characteristics: understandability, reliability, relevance, timeliness, consistency, and comparability...Financial reporting should be reliable; that is, the information presented should be verifiable and free from bias and should faithfully represent what it purports to represent. To be reliable, financial reporting needs to be comprehensive...”.

EFFECT

Before audit adjustment, grant revenue and expense were incorrectly reported on the Village’s financial statements. Incomplete financial statements may not provide users with reliable information, making it difficult to compare actual financial results with the legally adopted budget and to assess financial condition and results of operations.

CAUSE

We determined that the Village had submitted a properly authorized payment request in November 2015 indicating a disbursement of \$13,940 was to be made by NMFA from the Village’s grant award to the vendor directly. This disbursement was made and was reflected on subsequent NMFA statements provided to the Village. However, neither the revenue or expense activity was recorded in the Village’s accounting records because the actual funding activity was transacted through NMFA.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF AUDIT FINDINGS
Year Ended June 30, 2016**

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

**2016-001 – UNRECORDED FINANCIAL TRANSACTIONS - FINDING THAT DOES
NOT RISE TO THE LEVEL OF A SIGNIFICANT DEFICIENCY (CONTINUED)**

RECOMMENDATION

Reconciliations using third party statements from banks, funders, lenders and others are an effective tool to help determine the completeness of recorded transactions. We recommend that the Village review NMFA statements received and compare transaction activity reflected with the accounting records.

MANAGEMENT RESPONSE

The Village Management concurs with this finding. For future grant transactions we will ensure that all revenue and expenditure data is properly recorded although payments may be made directly to the vendor by the grantor. This policy is effective immediately and will be the responsibility of the Village Treasurer.

2016-002 – CONTRACT NON-COMPLIANCE

CONDITION

In the performance of our procedures over expense, we noted that the Village made a June 2016 disbursement to a vendor under the terms of a small purchase professional services contract that was not executed until July 2016. Upon inquiry of Village personnel and review of other supporting documentation, we concluded that the payment was made for services rendered prior to the disbursement date and under the terms of the July 2016 contract. It is important to note that the July 2016 contract was a continuation, extension and modification of an already existing contract with this same vendor.

CRITERIA

Internal controls over procurement are designed to ensure that unauthorized purchases are prevented, cost considerations are evaluated, and statutory requirements are followed to ensure transparency, accountability, fair and open competition in the purchasing process. Contracts can be an effective tool in the process, capturing the rights and obligations of each party and the terms and conditions of performance. However, to be effective contracts should be executed in advance of service and payment.

EFFECT

The Village was not in compliance with the terms of its contract with the vendor, and the public perception of accountability with respect to the Village's purchasing process may be impacted.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF AUDIT FINDINGS
Year Ended June 30, 2016**

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

2016-002 – CONTRACT NON-COMPLIANCE (CONTINUED)

CAUSE

It appears that the Village did not properly plan its procurement procedures, resulting in the performance of and payment for services in advance of an executed contract.

RECOMMENDATION

We recommend that the Village review its procedures over procurement and vendor contract payments. Vendor invoices should be examined for agreement with contract terms.

MANAGEMENT RESPONSE

We fully concur with this finding. Village Procurement and Accounts Payable staff have been made aware of potential serious implications of non-compliance with the Procurement Code, Generally Accepted Accounting Principles and Best Practices with respect to future acquisitions of Village assets and/or services. Closer review and scrutiny will be performed for future procurement transactions. Policies and Procedures are now being developed that will address stricter internal controls as they relate to procurement. This policy is effective immediately and will be the responsibility of the Village Clerk.

**2016-003 - HOUSING AUTHORITY– CONTROLS OVER BANK RECONCILIATION
FINDINGS THAT DO NOT RISE TO THE LEVEL OF A SIGNIFICANT
DEFICIENCY**

CONDITION

The Housing Authority has stale-dated checks in the amount of \$3,603.74 of which \$2,209 are stale-dated payroll checks and \$1,394 are stale-dated payroll tax deposits.

CRITERIA

NMAC 2.20.5 requires that model accounting practices established by the local government division are followed by authorized personnel. The Housing Authority does not have sufficient procedures to account for controls over bank reconciliations.

EFFECT

Bank reconciliations were not properly reviewed for stale-dated checks and stale-dated checks were not resolved in accordance with regulations.

**VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF AUDIT FINDINGS
Year Ended June 30, 2016**

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

CAUSE

The Housing Authority does not have adequate internal control procedures over the bank reconciliation process to determine if outstanding checks are stale-dated and to resolve the stale-dated checks in accordance with regulations.

RECOMMENDATION

The Housing Authority should establish and implement procedures over bank reconciliations to ensure that stale-dated checks are resolved in accordance with regulations.

MANAGEMENT RESPONSE

Management has initiated a review of stale items. In the future, outstanding items will be reviewed and investigated on a monthly basis. The Executive Director is responsible to implement these policies prior to next fiscal year.

**2016-004 - HOUSING AUTHORITY– CONTROLS OVER FIXED ASSETS - FINDINGS
THAT DO NOT RISE TO THE LEVEL OF A SIGNIFICANT DEFICIENCY**

CONDITION

The Housing Authority has the following deficiencies over fixed assets:

- No annual physical inventory performed at fiscal year-end and no required certification of the same.
- Items listed on the fixed assets listing which do not meet capitalization thresholds.
- Items listed on the fixed asset listing which have been disposed.
- Items listed on the fixed asset listing which are fully depreciated and not still in use
- Items listed on the fixed asset depreciation schedule have no depreciation calculated and are not fully depreciated.

CRITERIA

NMAC 2.20.5 requires that model accounting practices established by the local government division are followed by authorized personnel. Subsection A of Section 12-6-10 NMS 1978 requires an annual physical inventory of equipment on the inventory list and certification of the same. The Housing Authority does not have sufficient procedures to account for controls over fixed assets.

EFFECT

An annual inventory of fixed assets and a certification of the same was not conducted at June 30, 2016. Fixed assets was not reviewed to record dispositions, fully depreciated items or items which do not meet the capitalization thresholds.

VILLAGE OF PECOS, NEW MEXICO
SCHEDULE OF AUDIT FINDINGS
Year Ended June 30, 2016

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

CAUSE

The Housing Authority does not have adequate internal control procedures over the fixed assets.

RECOMMENDATION

The Housing Authority should establish and implement procedures over fixed assets to ensure that they are accounted for in accordance with regulations.

MANAGEMENT RESPONSE

Management will perform an annual fixed asset inventory going forward and will adjust the listing for disposals and items no longer in use. The Executive Director is responsible to implement these policies prior to next fiscal year.

2016-005 – HOUSING AUTHORITY - EXPENDITURES IN EXCESS OF BUDGET –
OTHER NON-COMPLIANCE

CONDITION

Expenditures exceeded the approved budget in the following funds:

<u>Proprietary Funds</u>	
Low Rent Housing Fund	\$17,216

CRITERIA

Per Section 6-6-6, NMSA 1978, any claims or warrants in excess of budget are a violation.

EFFECT

Any expenditure in excess of the approved budget shall be a liability against the officials so allowing or paying such claims or warrants, and recover of such excess amounts so allowed or paid may be had against the bondsmen of such official.

CAUSE

The Housing Authority does not have adequate monitoring of budgeting procedures at year end.

RECOMMENDATION

The Housing Authority should establish adequate procedures to monitor budget compliance with state statutes.

MANAGEMENT RESPONSE

Management will monitor on a quarterly basis and revise spending levels as needed in a proactive manner going forward. The Executive Director is responsible to implement these policies prior to next fiscal year.

**VILLAGE OF PECOS, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2016**

EXIT CONFERENCE

An exit conference was held on December 14, 2016, to discuss the annual financial report. Attending were the following:

Representing the Village of Pecos, New Mexico:

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

Representing the Independent Auditor:

Dock Livingston, CPA
Robert Koehler, CPA

A. AUDITOR PREPARED FINANCIAL STATEMENTS

The Village of Pecos is responsible for the form and content of the accompanying financial statements which have been prepared substantially by the independent auditor with the assistance and approval of Village personnel.