

**VILLAGE OF PECOS  
NEW MEXICO  
Agency #6134**

**FINANCIAL STATEMENTS**

**JUNE 30, 2017**

# VILLAGE OF PECOS, NEW MEXICO

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**VILLAGE OF PECOS, NEW MEXICO**

**List of Principal Officials**

**June 30, 2017**

**Elected Officials**

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

**Administrative Officials**

Ramona Quintana	Village Clerk
Arthur R. Varela	Village Treasurer

**Public Housing Authority Officials**

Ricardo Valenzuela	Executive Director
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## **Independent Auditor's Report**

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2017, and the related notes to the financial statements which collectively comprise the Village's basic financial statements 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 represent 100 percent of the balances and activities reported for the discretely presented component unit. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that GASBS 68 required supplementary pension schedules on pages 48-50 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements, and other schedules required by 2.2.2 NMAC, presented in the supplementary information section of the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017 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 11, 2017

VILLAGE OF PECOS, NEW MEXICO  
STATEMENT OF NET POSITION  
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pecos Housing Authority
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 548,491	174,534	723,025	56,626
Cash and cash equivalents - restricted	-	91,390	91,390	8,620
Receivables				
Taxes				
Gross receipts	43,099	-	43,099	-
Gasoline	3,135	-	3,135	-
Motor vehicle	7,187	-	7,187	-
Property	1,399	-	1,399	-
Franchise	3,399	-	3,399	-
Grants	-	30,000	30,000	-
Accounts receivable, net of allowance	-	53,221	53,221	411
Deposits	-	-	-	-
Internal balances	-	3,046	3,046	-
Inventory	-	-	-	17,389
Prepaid expenses	-	-	-	-
Due from other funds	64,507	93,024	157,531	-
<b>Total current assets</b>	<b>671,217</b>	<b>445,215</b>	<b>1,116,432</b>	<b>83,046</b>
Noncurrent assets				
Capital assets, not depreciated	288,329	1,134,416	1,422,745	14,400
Capital assets, net of accumulated depreciation	3,207,731	6,579,627	9,787,358	457,988
<b>Total noncurrent assets</b>	<b>3,496,060</b>	<b>7,714,043</b>	<b>11,210,103</b>	<b>472,388</b>
<b>Total assets</b>	<b>4,167,277</b>	<b>8,159,258</b>	<b>12,326,535</b>	<b>555,434</b>
<b>DEFERRED OUTLOWS OF RESOURCES</b>				
Employer pension contributions subsequent to measurement date	20,241	10,850	31,091	-
Deferred outflows related to pensions	121,481	65,768	187,249	-
<b>Total deferred outflows of resources</b>	<b>141,722</b>	<b>76,618</b>	<b>218,340</b>	<b>-</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	84,544	10,489	95,033	6,748
Accrued compensation and benefits	17,495	7,376	24,871	2,453
Interest payable	-	4,565	4,565	-
Deposits payable	-	34,813	34,813	8,620
Internal balances	-	3,046	3,046	-
Compensated absences, due in one year	11,755	4,591	16,346	483
Long-term liabilities, due in one year	10,027	42,687	52,714	-
Unearned revenue	1,295	-	1,295	-
Due to other funds	93,024	64,507	157,531	-
<b>Total current liabilities</b>	<b>218,140</b>	<b>172,074</b>	<b>390,214</b>	<b>18,304</b>
Noncurrent liabilities:				
Compensated absences, due in more than one year	-	-	-	203
Long-term liabilities, due in more than one year	40,351	735,187	775,538	-
Net pension liability	373,801	191,873	565,674	-
<b>Total noncurrent liabilities</b>	<b>414,152</b>	<b>927,060</b>	<b>1,341,212</b>	<b>203</b>
<b>Total liabilities</b>	<b>632,292</b>	<b>1,099,134</b>	<b>1,731,426</b>	<b>18,507</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	10,521	1,904	12,425	-
<b>NET POSITION</b>				
Net investment in capital assets	3,445,682	6,936,169	10,381,851	472,388
Restricted for:				
Special Revenue	228,185	-	228,185	-
Capital Projects	-	-	-	-
Debt Service	-	91,390	91,390	-
Subsequent year's expenditures	56,668	-	56,668	-
Unrestricted	(64,349)	107,279	42,930	64,539
<b>Total net position</b>	<b>\$ 3,666,186</b>	<b>7,134,838</b>	<b>10,801,024</b>	<b>536,927</b>

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



VILLAGE OF PECOS, NEW MEXICO  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>Primary government</b>								
Governmental activities								
General government	\$ 824,151	\$ 21,812	187,561	-	\$ (614,778)	-	(614,778)	-
Public safety	116,597	177	122,216	-	5,796	-	5,796	-
Highways and streets	43,337	-	-	-	(43,337)	-	(43,337)	-
Health and welfare	64,218	-	-	-	(64,218)	-	(64,218)	-
<b>Total governmental activities</b>	<u>1,048,303</u>	<u>21,989</u>	<u>309,777</u>	<u>-</u>	<u>(716,537)</u>	<u>-</u>	<u>(716,537)</u>	<u>-</u>
Business-type activities								
Waste water	259,342	101,405	-	-	-	(157,937)	(157,937)	-
Water	302,020	263,706	-	-	-	(38,314)	(38,314)	-
<b>Total business-type activities</b>	<u>561,362</u>	<u>365,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,251)</u>	<u>(196,251)</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 1,609,665</u>	<u>\$ 387,100</u>	<u>309,777</u>	<u>-</u>	<u>\$ (716,537)</u>	<u>(196,251)</u>	<u>(912,788)</u>	<u>-</u>
<b>Component unit:</b>								
Pecos Housing Authority	\$ 226,099	\$ 107,637	110,841	-	\$ -	-	-	(7,621)
General Revenues								
Franchise taxes					\$ 14,743	-	14,743	-
Gasoline taxes					14,473	-	14,473	-
Gross receipts taxes					296,125	-	296,125	-
Property taxes					13,091	-	13,091	-
Motor vehicle tax					37,362	-	37,362	-
Transfers, net					(68,638)	68,638	-	-
Transfers in: Severance tax bond appropriation					38,612	-	38,612	-
Other					12,515	11,416	23,931	-
Gain on disposal of assets					-	-	-	-
Interest income					573	52	625	30
Contributed capital					-	-	-	-
Reversion to state					-	-	-	-
<b>Total general revenues, special items and transfers</b>					<u>358,856</u>	<u>80,106</u>	<u>438,962</u>	<u>30</u>
<b>Change in net position</b>					<u>(357,681)</u>	<u>(116,145)</u>	<u>(473,826)</u>	<u>(7,591)</u>
Net position, beginning of year					<u>4,023,867</u>	<u>7,250,983</u>	<u>11,274,850</u>	<u>544,518</u>
<b>Net position, end of year</b>					<u>\$ 3,666,186</u>	<u>7,134,838</u>	<u>10,801,024</u>	<u>536,927</u>

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

**VILLAGE OF PECOS, NEW MEXICO**  
**BALANCE SHEET -**  
**GOVERNMENTAL FUNDS**  
**June 30, 2017**

	General	Fire Protection	Street	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash	\$ 170,607	178,280	113,018	86,586	548,491
Receivables					
Taxes					
Gross receipts	42,111	-	-	988	43,099
Gasoline	-	-	3,135	-	3,135
Motor vehicle	7,187	-	-	-	7,187
Property	1,399	-	-	-	1,399
Franchise	3,399	-	-	-	3,399
Grant	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Deposits	-	-	-	-	-
Due from other state agencies	-	-	-	-	-
Due from other funds	78,351	-	2,456	-	80,807
<b>Total assets</b>	<b>\$ 303,054</b>	<b>178,280</b>	<b>118,609</b>	<b>87,574</b>	<b>687,517</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 11,697	67,100	-	5,747	84,544
Accrued compensation and benefits	17,495	-	-	-	17,495
Unearned revenue	1,295	-	-	-	1,295
Due to other funds	44,913	539	11,127	52,745	109,324
<b>Total liabilities</b>	<b>75,400</b>	<b>67,639</b>	<b>11,127</b>	<b>58,492</b>	<b>212,658</b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Special revenue funds	-	110,641	107,482	10,062	228,185
Capital project fund	-	-	-	-	-
Subsequent years expenditures	56,668	-	-	-	56,668
Committed reported in:					
Special revenue funds	-	-	-	5,900	5,900
Assigned to:					
Special revenue funds	-	-	-	17,000	17,000
Unassigned:					
General fund	170,986	-	-	-	170,986
Special revenue fund	-	-	-	-	-
Unassigned deficit:					
Capital project fund	-	-	-	(3,880)	(3,880)
<b>Total fund balances</b>	<b>227,654</b>	<b>110,641</b>	<b>107,482</b>	<b>29,082</b>	<b>474,859</b>
<b>Total liabilities and fund balances</b>	<b>\$ 303,054</b>	<b>178,280</b>	<b>118,609</b>	<b>87,574</b>	<b>687,517</b>

*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, 2017**

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

<b>Total fund balance - governmental funds</b>	\$ 474,859
Accrued compensated absences not payable from current revenues.	(11,755)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	3,496,060
Long-term notes payable are not due and payable in the current period and therefore are not reported in the governmental funds.	(50,378)
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	(373,801)
Deferred outflows of resources related to pensions	141,722
Deferred inflows of resources related to pensions	<u>(10,521)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 3,666,186</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, 2017**

	General	Fire Protection	Street	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 354,372	-	14,473	6,949	375,794
From state government:					
Grants	187,561	102,216	-	20,000	309,777
Licenses, permits, fees and fines	4,172	-	-	-	4,172
Charges for services	17,640	177	-	-	17,817
Interest	202	371	-	-	573
Other	4,499	8,016	-	-	12,515
<b>Total revenues</b>	<b>568,446</b>	<b>110,780</b>	<b>14,473</b>	<b>26,949</b>	<b>720,648</b>
Expenditures					
Current					
General government	702,849	-	-	-	702,849
Public safety	-	85,144	-	716	85,860
Highways and streets	-	-	22,738	16,713	39,451
Health and welfare	-	-	-	62,828	62,828
Debt service - principal	-	-	-	-	-
Capital outlay	14,114	219,975	129,643	20,082	383,814
<b>Total expenditures</b>	<b>716,963</b>	<b>305,119</b>	<b>152,381</b>	<b>100,339</b>	<b>1,274,802</b>
Excess (deficiency) of revenues over expenditures before other financings sources	(148,517)	(194,339)	(137,908)	(73,390)	(554,154)
Other financing sources (uses)					
Operating transfers, in	50,179	13,484	-	18,538	82,201
Operating transfers, out	(146,245)	-	-	(4,594)	(150,839)
Transfers in: General obligation bond	-	-	-	-	-
In-kind expense	-	-	-	-	-
Transfers in: Severance tax appropriation	-	-	-	38,612	38,612
Transfers out: Reversion to State	-	-	-	-	-
Proceeds from long-term debt	-	50,378	-	-	50,378
Special item:					
Contributed capital	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(96,066)</b>	<b>63,862</b>	<b>-</b>	<b>52,556</b>	<b>20,352</b>
<b>Net change in fund balances</b>	<b>(244,583)</b>	<b>(130,477)</b>	<b>(137,908)</b>	<b>(20,834)</b>	<b>(533,802)</b>
Fund balance, beginning	472,237	241,118	245,390	49,916	1,008,661
<b>Fund balance, end of year</b>	<b>\$ 227,654</b>	<b>110,641</b>	<b>107,482</b>	<b>29,082</b>	<b>474,859</b>

*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, 2017**

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

**Net changes in fund balances - governmental funds** \$ (533,802)

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	(117,778)	
Capital outlay	<u>383,814</u>	
Excess of depreciation expense over capital outlay		266,036

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued or incurred		(50,378)
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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		20,241
Pension expense		(59,340)

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

	<u>(438)</u>
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**Change in net position - governmental activities** \$ (357,681)

*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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 378,119	378,119	361,213	(16,906)
State grants	200,047	200,047	187,561	(12,486)
Licenses, permits, fees and fines	2,900	2,900	4,172	1,272
Charges for services	1,800	1,800	17,640	15,840
Interest	1,600	1,600	202	(1,398)
Miscellaneous	56,900	56,900	4,499	(52,401)
<b>Total revenues</b>	<b>641,366</b>	<b>641,366</b>	<b>575,287</b>	<b>(66,079)</b>
Expenditures	811,411	811,411	698,213	113,198
Excess (deficiency) of revenues over expenditures	(170,045)	(170,045)	(122,926)	47,119
Other financing sources (uses)				
Operating transfers in	-	-	50,179	50,179
Operating transfers out	(75,426)	(75,426)	(146,245)	(70,819)
<b>Total other financing         sources (uses)</b>	<b>(75,426)</b>	<b>(75,426)</b>	<b>(96,066)</b>	<b>(20,640)</b>
Net change in fund balance	(245,471)	(245,471)	<u>(218,992)</u>	
Prior year cash appropriated	245,471	245,471		
	<u>\$ -</u>	<u>-</u>		
Reconciliation to GAAP Basis				
Change in net position - budgetary basis			\$ (218,992)	
Increase (decrease) in assets:				
Taxes receivable			(6,841)	
(Increase) decrease in liabilities:				
Accounts payable			(11,697)	
Accrued compensation and benefits			(5,758)	
Unearned revenue			<u>(1,295)</u>	
Change in net position - GAAP basis			<u>\$ (244,583)</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, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
From state government				
Grants	\$ 102,216	102,216	102,216	-
Charges for services	-	-	177	177
Interest income	-	-	371	371
Other	-	5,000	8,016	3,016
<b>Total revenues</b>	<u>102,216</u>	<u>107,216</u>	<u>110,780</u>	<u>3,564</u>
Expenditures	<u>166,691</u>	<u>171,691</u>	<u>68,045</u>	<u>103,646</u>
Excess (deficiency) of revenues over expenditures	<u>(64,475)</u>	<u>(64,475)</u>	<u>42,735</u>	<u>107,210</u>
Other financing sources (uses)				
Proceeds from long-term debt	50,000	50,000	50,378	378
Operating transfers in	-	-	13,484	13,484
<b>Total other financing         sources (uses)</b>	<u>50,000</u>	<u>50,000</u>	<u>63,862</u>	<u>13,862</u>
Net change in fund balance	(14,475)	(14,475)	<u>106,597</u>	
Prior year cash appropriated	<u>14,475</u>	<u>14,475</u>		
	<u>\$ -</u>	<u>-</u>		
Reconciliation to GAAP Basis				
Change in net position - budgetary basis			\$ 106,597	
Increase (decrease) in assets:				
Prepaid expenses			(169,975)	
(Increase) decrease in liabilities:				
Accounts payable			<u>(67,099)</u>	
Change in net position - GAAP basis			<u>\$ (130,477)</u>	

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

**VILLAGE OF PECOS, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**STREET FUND**  
**Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Gasoline taxes	\$ 12,000	12,000	13,748	1,748
From local governments				
Grants	-	-	-	-
<b>Total revenues</b>	<b>12,000</b>	<b>12,000</b>	<b>13,748</b>	<b>1,748</b>
Expenditures	266,631	266,631	155,360	111,271
Excess of revenues over expenditures	(254,631)	(254,631)	(141,612)	113,019
Net change in fund balance	\$ (254,631)	(254,631)	<u>(141,612)</u>	
Prior year cash appropriated	254,631	254,631		
	<u>\$ -</u>	<u>-</u>		
Reconciliation to GAAP Basis				
Change in net position - budgetary basis			\$ (141,612)	
Increase (decrease) in assets:				
Taxes receivable			725	
(Increase) decrease in liabilities:				
Accounts payable			<u>2,979</u>	
Change in net position - GAAP basis			<u>\$ (137,908)</u>	



**VILLAGE OF PECOS, NEW MEXICO**  
**STATEMENT OF NET POSITION –**  
**PROPRIETARY FUNDS**  
**June 30, 2017**

	Waste Water	Water	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 158,542	15,992	174,534
Cash and cash equivalents - restricted	34,561	56,829	91,390
Accounts receivable, net of allowance	15,754	37,467	53,221
Grants receivable	-	30,000	30,000
Due from other funds	16,482	79,588	96,070
<b>Total current assets</b>	<b>225,339</b>	<b>219,876</b>	<b>445,215</b>
Capital Assets			
Land	-	11,248	11,248
Water rights	-	238,636	238,636
Construction work in progress	44,949	839,583	884,532
Buildings and improvements	6,362,468	701,594	7,064,062
Equipment	163,321	357,116	520,437
Infrastructure	415,311	809,116	1,224,427
Accumulated depreciation	(1,078,652)	(1,150,647)	(2,229,299)
<b>Total capital assets, net of accumulated depreciation</b>	<b>5,907,397</b>	<b>1,806,646</b>	<b>7,714,043</b>
<b>Total assets</b>	<b>6,132,736</b>	<b>2,026,522</b>	<b>8,159,258</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Employer pension contributions subsequent to measurement date	-	10,850	10,850
Deferred outflows related to pensions	-	65,768	65,768
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>76,618</b>	<b>76,618</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	2,627	7,862	10,489
Accrued compensation and benefits	-	7,376	7,376
Interest payable	29	4,536	4,565
Deposits payable	570	34,243	34,813
Compensated absences	-	4,591	4,591
Loans payable - current	-	1,366	1,366
Bonds payable - current	-	41,321	41,321
Due to other funds	-	67,553	67,553
<b>Total current liabilities</b>	<b>3,226</b>	<b>168,848</b>	<b>172,074</b>
Noncurrent Liabilities			
Loans payable	-	9,064	9,064
Bonds payable	-	726,123	726,123
Net pension liability	-	191,873	191,873
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>927,060</b>	<b>927,060</b>
<b>Total liabilities</b>	<b>3,226</b>	<b>1,095,908</b>	<b>1,099,134</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	-	1,904	1,904
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	5,907,397	1,028,772	6,936,169
Restricted for:			
Debt service	34,561	56,829	91,390
Unrestricted	187,552	(80,273)	107,279
<b>Total net position</b>	<b>\$ 6,129,510</b>	<b>1,005,328</b>	<b>7,134,838</b>
<b>Total liabilities and net position</b>	<b>\$ 6,132,736</b>	<b>2,101,236</b>	<b>8,233,972</b>

*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, 2017**

	Waste Water	Water	Total
Operating Revenues			
Sales, services, and rents	\$ 101,405	263,706	365,111
<b>Total operating revenues</b>	<u>101,405</u>	<u>263,706</u>	<u>365,111</u>
Operating Expenses			
Operating expenses	80,074	238,374	318,448
Depreciation	178,957	32,182	211,139
<b>Total operating expenses</b>	<u>259,031</u>	<u>270,556</u>	<u>529,587</u>
Operating (loss) income	<u>(157,626)</u>	<u>(6,850)</u>	<u>(164,476)</u>
Nonoperating Revenues (Expenses)			
Interest income	19	33	52
Interest expense	(311)	(31,464)	(31,775)
Other income / (expense)	6,594	4,822	11,416
<b>Total nonoperating revenues</b> <b>(expenses) before transfers</b>	<u>6,302</u>	<u>(26,609)</u>	<u>(20,307)</u>
Transfers in	-	114,225	114,225
Transfers out	(45,587)	-	(45,587)
<b>Total transfers and other, net</b>	<u>(45,587)</u>	<u>114,225</u>	<u>68,638</u>
<b>Change in net position</b>	<u>(196,911)</u>	<u>80,766</u>	<u>(116,145)</u>
Net position, beginning of year	<u>6,326,421</u>	<u>924,562</u>	<u>7,250,983</u>
<b>Net position, end of year</b>	<u>\$ 6,129,510</u>	<u>1,005,328</u>	<u>7,134,838</u>

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

**VILLAGE OF PECOS, NEW MEXICO**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2017**

	Waste Water	Water	Total
Cash Flows From Operating Activities			
Cash received from customers, grantors, tenants	\$ 100,027	262,382	362,409
Cash payments to and on behalf of employees	-	(155,970)	(155,970)
Cash payments to vendors for goods and services	(82,253)	(73,905)	(156,158)
<b>Net cash (used) provided by</b> <b>operating activities</b>	<u>17,774</u>	<u>32,507</u>	<u>50,281</u>
Cash Flows From Noncapital and Related Financing Activities			
Change in due to/from account	116,146	(60,297)	55,849
Other income	6,594	4,822	11,416
Transfers, net	(45,587)	114,225	68,638
<b>Net cash provided by</b> <b>noncapital financing activities</b>	<u>77,153</u>	<u>58,750</u>	<u>135,903</u>
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	-	(30,007)	(30,007)
Capital grants - state	-	20,000	20,000
Principal payment on loans	-	(1,366)	(1,366)
Principal payment on bonds	-	(30,547)	(30,547)
Interest payment on bonds and loans	(315)	(32,079)	(32,394)
<b>Net cash used by capital</b> <b>and related financing activities</b>	<u>(315)</u>	<u>(73,999)</u>	<u>(74,314)</u>
Cash Flows From Investing Activities			
Interest income	19	33	52
<b>Net cash provided by</b> <b>investing activities</b>	<u>19</u>	<u>33</u>	<u>52</u>
<b>Net change in cash and cash equivalents</b>	94,631	17,291	111,922
Cash and cash equivalents, beginning of year	98,472	55,530	154,002
<b>Cash and cash equivalents, end of year</b>	<u>\$ 193,103</u>	<u>72,821</u>	<u>265,924</u>
<b>Shown on the Balance sheet as:</b>			
Cash and cash equivalents	\$ 158,542	15,992	174,534
Cash and cash equivalents - restricted	34,561	56,829	91,390
	<u>\$ 193,103</u>	<u>72,821</u>	<u>265,924</u>

*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, 2017**

	Waste Water	Water	Total
Operating (loss) income	\$ (157,626)	(6,850)	(164,476)
Adjustments to reconcile operating income to net cash flows:			
Depreciation expense	178,957	32,182	211,139
Changes in assets and liabilities:			
Accounts receivable	(1,378)	(2,749)	(4,127)
Accounts payable	(2,179)	6,645	4,466
Accrued expenses	-	1,330	1,330
Compensated absences	-	183	183
Deposits payable	-	1,425	1,425
Net pension liability	-	62,979	62,979
Deferred inflows (outflows) related to pensions	-	(62,638)	(62,638)
<b>Net cash (used) provided by operating activities</b>	<b>\$ 17,774</b>	<b>32,507</b>	<b>50,281</b>

*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, 2017**

**ASSETS**

Cash	\$ 170
<b>Total assets</b>	<u>\$ 170</u>

**LIABILITIES**

Due to other entities	\$ 170
<b>Total liabilities</b>	<u>\$ 170</u>

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

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**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) may be financially accountable for legally separate organizations if its elected officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units.

The Housing Authority of the Village of Pecos (Housing Authority) was organized pursuant to an agreement with the United States Department of Housing and Urban Development (HUD) in July 1970. The Village agreed to operate and maintain the Housing Authority in accordance with the requirements of HUD. The governing board of the Village has the power to appoint the members of the Housing Authority's governing board and to rescind the Housing Authority's power to operate as a public housing authority, therefore the Village has the potential to impose its will. The Housing Authority of Pecos is discretely presented in the component unit column of the government-wide financial statements. In the past, the Housing Authority was included in the Village's financial statements using a blended format, however effective in the year ending June 30, 2017, management has determined that the housing authority does not meet the GASBS 61 requirements for a blended presentation, and thus has changed to discrete presentation. 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.

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

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

**A. Financial Reporting Entity (Continued)**

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.

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, 2017**

**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 10<sup>th</sup> and April 10<sup>th</sup>. 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, 2017**

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

**A. Financial Reporting Entity (Continued)**

The Village reports the following major governmental funds:

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

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

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

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

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

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

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

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**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, 2017**

**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. Items on the capital asset listing that were capitalized under previous lower thresholds are not deleted from the capital asset listing until the Village disposes of them in accordance with applicable statute.

**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, 2017, inventory related entirely to the operations of the Housing Authority and consisted of \$1,751 for propane delivered, but unused, as well as \$15,638 in housing maintenance supplies not yet put in use. Maintenance inventory is valued using the first-in first-out method.

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**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, 2017**

**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. The special revenue restricted balance of \$228,185 shown on the balance sheet of the fund financial statements includes \$222,520 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 1/12<sup>th</sup> 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 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, 2017**

**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, 2017**

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

**K. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA's. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**L. 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.

**M. 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, 2017**

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

**N. Implementation of New Accounting Standards**

The Village did not adopt any new accounting standards in the year ended June 30, 2017. The following standards have been issued but have future implementation dates.

*GASBS No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. This statement applies to government employers who provide OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB 75 is effective for fiscal years beginning after June 15, 2017 (FY18). Management has not yet fully determined the impact of GASB 75.

*GASBS No. 87 – Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for fiscal years beginning after December 15, 2019 (FY21). Management has not yet fully determined the impact of GASB 87.

**O. Subsequent Events**

The Village has evaluated subsequent events through December 11, 2017, the date the financial statements were available to be issued.



**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**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, 2017, the Village's bank balances of \$873,422 were exposed to credit risk as follows:

Insured	\$ 349,709
Collateralized: collateral held by pledging bank's trust department or agent but not in the Village's name	800,000
Over collateralized	<u>(276,287)</u>
Total deposits	<u>\$ 873,422</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. 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, 2017:

	Waste Water	Water
Accounts receivable	\$ 22,879	54,301
Allowance for uncollectible accounts	<u>(7,125)</u>	<u>(16,834)</u>
	<u>\$ 15,754</u>	<u>37,467</u>

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 4. CAPITAL ASSETS**

Governmental Fund capital asset activity for the year ending June 30, 2017 is as follows:

	Balance, June 30, 2016	Additions	Deletions	Transfers	Balance, June 30, 2017
<b>Governmental Activities</b>					
Capital assets, not depreciated					
Land	\$ 84,475	-	-	-	84,475
Construction in process	183,772	149,725	-	(129,643)	203,854
<b>Total, not depreciated</b>	<b>\$ 268,247</b>	<b>149,725</b>	<b>-</b>	<b>(129,643)</b>	<b>288,329</b>
Capital assets, depreciated					
Buildings and improvements	2,699,304	-	-	-	2,699,304
Infrastructure	592,641	-	-	129,643	722,284
Equipment	1,162,533	234,089	-	-	1,396,622
<b>Total, depreciated</b>	<b>4,454,478</b>	<b>234,089</b>	<b>-</b>	<b>129,643</b>	<b>4,818,210</b>
Accumulated depreciation for:					
Buildings and improvements	615,908	59,296	-	-	675,204
Infrastructure	77,597	15,323	-	-	92,920
Equipment	799,196	43,159	-	-	842,355
<b>Total accumulated depreciation</b>	<b>1,492,701</b>	<b>117,778</b>	<b>-</b>	<b>-</b>	<b>1,610,479</b>
<b>Total capital assets, depreciated, net</b>	<b>\$ 2,961,777</b>	<b>116,311</b>	<b>-</b>	<b>129,643</b>	<b>3,207,731</b>
<b>Total capital assets, net</b>	<b>\$ 3,230,024</b>	<b>266,036</b>	<b>-</b>	<b>-</b>	<b>3,496,060</b>

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

Governmental activities

General government	\$ 81,765
Public safety	30,737
Highway and streets	3,886
Health and Welfare	1,390
<b>Total depreciation expense</b>	<b>\$ 117,778</b>

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 4. CAPITAL ASSETS (CONTINUED)**

Enterprise Fund capital asset activity for the year ending June 20, 2017 is as follows:

	Balance, June 30, 2016	Additions	Deletions	Remove Housing**	Balance, June 30, 2017
<b>Business-type Activities</b>					
Capital assets, not depreciated					
Land	\$ 25,648	-	-	(14,400)	<b>11,248</b>
Water rights	238,636	-	-	-	<b>238,636</b>
Construction in progress	854,525	30,007	-	-	<b>884,532</b>
<b>Total, not depreciated</b>	<b>\$ 1,118,809</b>	<b>30,007</b>	<b>-</b>	<b>(14,400)</b>	<b>1,134,416</b>
Capital assets, depreciated					
Buildings and improvements	8,559,667	-	-	(1,495,605)	<b>7,064,062</b>
Equipment	629,153	-	-	(108,716)	<b>520,437</b>
Infrastructure	1,224,427	-	-	-	<b>1,224,427</b>
<b>Total, depreciated</b>	<b>10,413,247</b>	<b>-</b>	<b>-</b>	<b>(1,604,321)</b>	<b>8,808,926</b>
Accumulated depreciation for:					
Buildings and improvements	2,459,610	147,260	-	(1,021,738)	<b>1,585,132</b>
Equipment	419,971	33,269	-	(90,967)	<b>362,273</b>
Infrastructure	251,284	30,610	-	-	<b>281,894</b>
<b>Total accumulated depreciation</b>	<b>3,130,865</b>	<b>211,139</b>	<b>-</b>	<b>(1,112,705)</b>	<b>2,229,299</b>
<b>Total capital assets, depreciated, net</b>	<b>\$ 7,282,382</b>	<b>(211,139)</b>	<b>-</b>	<b>(491,616)</b>	<b>6,579,627</b>
<b>Total capital assets, net</b>	<b>\$ 8,401,191</b>	<b>(181,132)</b>	<b>-</b>	<b>(506,016)</b>	<b>7,714,043</b>

\*\*The 2016 financial statements presented the housing authority as a blended component unit, and thus included the housing authority capital assets in the schedule above. In 2017 the housing authority balances have been removed in conformance with discrete presentation of the housing authority.

**NOTE 5. LONG-TERM OBLIGATIONS – GOVERNMENTAL FUNDS**

During the year ended June 30, 2017, the following changes occurred:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 11,317	9,319	(8,881)	11,755	11,755
Notes payable	-	50,378	-	50,378	10,027
<b>Total</b>	<b>\$ 11,317</b>	<b>59,697</b>	<b>(8,881)</b>	<b>62,133</b>	<b>21,782</b>

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

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

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

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

*Notes Payable.* The Village financed the purchase of a fire truck with a note payable to the New Mexico Finance Authority. The following note is outstanding at June 30, 2017:

NMFA Fire Truck loan for \$50,378, Blended interest at .1%, payments of \$10,113 annually, maturing May 2022	<u>\$ 50,378</u>
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The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$ 10,027	86	10,113
2019	10,072	41	10,113
2020	10,083	30	10,113
2021	10,093	20	10,113
2022	10,103	10	10,113
	<u>\$ 50,378</u>	<u>187</u>	<u>50,565</u>

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS**

During the year ended June 30, 2017, the following changes occurred:

	Beginning Balance	Additions	Deletions**	Ending Balance	Due Within One Year
Business-type activities:					
Compensated absences	\$ 5,536	5,383	(4,072)	4,591	4,591
Notes payable	11,796	-	(1,366)	10,430	1,407
Bonds payable	<u>797,991</u>	-	<u>(30,547)</u>	<u>767,444</u>	<u>41,280</u>
<b>Total</b>	<b>\$ <u>815,323</u></b>	<b><u>8,722</u></b>	<b><u>(40,894)</u></b>	<b><u>783,151</u></b>	<b><u>47,761</u></b>

\*\*The amount shown as deletions from compensated absences includes the removal of \$1,128 related to the beginning balance in compensated absences that relates to the housing authority. This was done to conform with the discrete presentation of the housing authority in 2017 versus blended presentation in 2016.

*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, 2017:

Rural infrastructure loan for \$25,000,  
interest at 3%, payments of \$1,680 annually  
in June, maturing June 14, 2024 \$ 10,430

The future requirements for notes payable are as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$ 1,366	314	1,680
2019	1,407	273	1,680
2020	1,450	230	1,680
2021	1,493	187	1,680
2022	1,538	142	1,680
2023 - 2024	<u>3,176</u>	<u>144</u>	<u>3,320</u>
	<u>\$ 10,430</u>	<u>1,290</u>	<u>11,720</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 principal balance at June 30, 2017 was \$157,808.

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

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

The Village issued \$35,000 in Water and Sewer System Revenue Bonds, Series 1984A. Interest is at 6.75% and the bonds mature January 1, 2024. The principal balance at June 30, 2017 was \$14,465.

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. The Village had no draws on the loan during the year and the principal balance at June 30, 2017 was \$310,613.

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. The Village had no draws on the loan during the year and the principal balance at June 30, 2017 was \$284,558.

The future requirements for bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
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	45,585	16,353	61,938
2023 to 2027	156,354	60,704	217,058
2028 to 2032	116,033	43,715	159,748
2033 to 2037	111,109	30,290	141,399
2038 to 2042	48,000	20,800	68,800
2043 to 2047	55,000	13,900	68,900
2048 to 2052	63,000	5,700	68,700
2053	6,614	100	6,714
	<u>\$ 767,444</u>	<u>273,248</u>	<u>1,040,692</u>

Bond agreements contain various reserve requirements which totaled \$48,803 at June 30, 2017. 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.

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**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.

**NOTE 8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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, 2017 is as follows:

	Due from Receivable	Due to Payable
Governmental Funds		
Major Funds		
General Fund	\$ 78,351	44,913
Fire Fund	-	539
Street Fund	2,456	11,127
Non-major Funds		
Law Enforcement Protection Fund	-	32,285
Capital Projects Fund	-	20,460
Business Type Funds		
Waste Water	16,482	-
Water	<u>79,588</u>	<u>67,553</u>
<b>Total</b>	<u>\$ 176,877</u>	<u>176,877</u>

Transfers have been recorded primarily to pay for capital outlay or cover operating expenses. The composition of interfund transfers as of June 30, 2017 is as follows:

	Transfer Out	Transfer In
Governmental Funds		
Major Funds		
General Fund	\$ 146,245	50,179
Fire Fund	-	13,484
Non-major Funds		
Recreation	4,594	-
Capital Projects Fund	-	18,538
Business Type Funds		
Waste Water	45,587	
Water	<u>-</u>	<u>114,225</u>
<b>Total</b>	<u>\$ 196,426</u>	<u>196,426</u>

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 9. DEFICIT FUND BALANCES**

The Village had the following deficit fund balance:

Capital Project Fund	\$ 3,880
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The Village anticipates using future revenues to correct deficit fund balances.

**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 after which the lease became a month to month rental. 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, 2017.

**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:

2018	\$ 4,459
2019	<u>371</u>
<b>Total</b>	<u><u>\$ 4,830</u></u>

Lease expense for the year ended June 30, 2017 was \$4,459.

**NOTE 12. PERA PENSION PLAN**

*Plan description.* *Public Employees Retirement 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 Officers, 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 Public Employees Retirement 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, 2017**

**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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

**Benefits Provided** –Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member’s final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors’ annuities are also available.

**TIER II** - The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member’s age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 12. PERA PENSION PLAN (CONTINUED)**

**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, 2016 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the FY 16 PERA Schedules of Employer Allocations and Pension Amounts at [www.nmpera.org](http://www.nmpera.org). The PERA coverage options that apply to the Village are the Municipal General Division Plan 3 and the Municipal Fire Division Plan 5.

**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. Statutorily required contributions to the pension plan from the Village were \$31,091 and employer paid member benefits that were "picked up" by the employer were \$34,089 for the year ended June 30, 2017. See PERA's comprehensive annual financial report for contribution provided description.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** – The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For the municipal general division, at June 30, 2017, the Village reported a liability of \$517,643 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.0324%, which was an increase of 0.0022% from its proportion measured as of June 30, 2015.

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 12. PERA PENSION PLAN (CONTINUED)**

For the municipal general division for the year ended June 30, 2017, the Village recognized pension expense of \$66,280. At June 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 25,864	5,052
Changes of assumptions	30,354	86
Net difference between projected and actual earnings on pension plan investments	95,245	-
Changes in proportion and differences between contributions and proportionate share of contributions	25,969	-
Employer contributions subsequent to the measurement date	<u>29,272</u>	<u>-</u>
Total	<u>\$ 206,704</u>	<u>5,138</u>

\$29,272 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	
2018	\$ 41,382
2019	41,382
2020	64,922
2021	24,608
2022	-

For the municipal fire division, at June 30, 2017, the Village reported a liability of \$48,031 for its proportionate share of the net pension liability. At June 30, 2016, the Village's proportion was 0.0072%, which was an increase of 0.0003% from its proportion measured as of June 30, 2015.

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 12. PERA PENSION PLAN (CONTINUED)**

For the municipal fire division for the year ended June 30, 2017, the Village recognized pension expense of \$4,241. At June 30, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 2,175	-
Changes of assumptions	2,541	-
Net difference between projected and actual earnings on pension plan investments	4,001	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,100	7,287
Employer contributions subsequent to the measurement date	<u>1,819</u>	<u>-</u>
Total	<u>\$ 11,636</u>	<u>7,287</u>

\$1,819 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	
2018	\$ (497)
2019	(497)
2020	2,455
2021	1,069
2022	-

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 12. PERA PENSION PLAN (CONTINUED)**

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

<b>PERA</b>	
<b>Actuarial valuation date</b>	June 30, 2015
<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization method</b>	Level Percentage of Pay, Open
<b>Amortization period</b>	Solved for based on statutory rates
<b>Asset valuation method</b>	Fair Value
<b>Actuarial Assumptions:</b>	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	2.75% for first 10 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 years
	2.75% all other years
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, 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 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 12. PERA PENSION PLAN (CONTINUED)**

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.50 %	7.39 %
Risk Reduction & Mitigation	21.50	1.79
Credit Oriented Fixed Income	15.00	5.77
Real Assets	<u>20.00</u>	7.35
Total	<u>100.00 %</u>	

**Discount rate:** A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016 which was a decrease of 0.27% from the discount rate used as of June 30, 2015. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

**Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the Village’s proportionate share of the net pension liability calculated using the discount rate of 7.48 percent, as well as what the Village’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

	<b>1% Decrease (6.48%)</b>	<b>Current Discount Rate (7.48%)</b>	<b>1% Increase (8.48%)</b>
<b>Municipal General Division:</b>			
Village’s proportionate share of the net pension liability	\$ 771,760	517,643	306,866
<b>Municipal Fire Division:</b>			
Village’s proportionate share of the net pension liability	\$ 62,824	48,031	35,880

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA financial report available at [www.nmpera.org](http://www.nmpera.org).

**Payables to the pension plan.** At June 30, 2017, the Village had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2017.

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 13. STATE RETIREE HEALTH CARE PLAN**

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

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

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

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for health care benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the Plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 13. STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, 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, 2013, 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, 2017, 2016, and 2015 were \$5,033, \$5,592, and \$5,042, respectively, which equal the required contributions for each year.

**NOTE 14. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Village participates in the New Mexico Self-Insurer's Fund risk pool.

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

At June 30, 2017, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance.



**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**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. The Housing Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of property, injury to staff or others, errors and omissions and natural disasters. The Housing Authority insures itself against these losses through commercial insurance carriers. The New Mexico Tort Claims Act limits the Housing Authority's risk for torts.

*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, 2017, 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. Receipt of these funds is contingent upon the Housing Authority's continued compliance with grant provision and the continuance of the grant programs by the United State Department of Housing and Urban Development.

**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, 2017. Amounts payable to the Village of Pecos for water and sewer at June 30, 2017 were \$1,544.

**NOTE 17. COMPONENT UNIT REVENUE RESTRICTIONS**

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

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

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

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**

**NOTE 18. COMPONENT UNIT INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Excess of expenditures over appropriations. Budgetary authority is at the fund level. The following funds exceeded approved budgetary authority for the year ended June 30, 2017:

Proprietary Fund:	
Low Rent Housing Fund	\$3,311

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

<b>Fiscal Year</b> <b>Measurement Date</b>	<b>June 30:</b>		
	<b>2017</b> <b>2016</b>	<b>2016</b> <b>2015</b>	<b>2015</b> <b>2014</b>
Village's proportion of the net pension liability			
Municipal General Division	0.0324%	0.0302%	0.0287%
Municipal Fire Division	0.0072%	0.0069%	0.0099%
Village's proportionate share of the net pension liability			
Municipal General Division	\$ 517,643	307,915	223,891
Municipal Fire Division	48,031	35,612	41,323
Village's covered payroll			
Municipal General Division	\$ 291,351	258,565	232,928
Municipal Fire Division	8,489	8,668	10,997
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll			
Municipal General Division	177.67%	119.09%	96.12%
Municipal Fire Division	565.80%	410.84%	375.77%
Plan fiduciary net position as a percentage of the total pension liability			
Municipal General Division	69.18%	76.99%	81.29%
Municipal Fire Division	69.18%	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 plans.

*See Notes to Required Supplementary Information*

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

	<b>June 30:</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Statutory required contributions			
Municipal General Division	\$ 29,272	27,824	24,693
Municipal Fire Division	1,819	1804	1842
Contributions in relation to the statutorily required contribution			
Municipal General Division	\$ 29,272	27,824	24,693
Municipal Fire Division	1,819	1,804	1,842
Annual contribution deficiency (excess)			
Municipal General Division	\$ -	-	-
Municipal Fire Division	-	-	-
Village's covered payroll			
Municipal General Division	\$ 306,513	291,351	258,565
Municipal Fire Division	8,400	8,489	8,668
Contributions as a percentage of covered-employee payroll			
Municipal General Division	9.55%	9.55%	9.55%
Municipal Fire Division	21.65%	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 plans.

*See Notes to Required Supplementary Information*

**VILLAGE OF PECOS, NEW MEXICO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2017**

*Changes of benefit terms.* The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR available at <http://saonm.org>

*Changes of assumptions.* The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://www.nmpera.org/>

VILLAGE OF PECOS, NEW MEXICO  
 SCHEDULE OF APPROPRIATIONS  
 Year Ended June 30, 2017

<u>Appropriation</u>	<u>Type</u>	<u>Purpose</u>	<u>Period Beginning</u>	<u>Period Ending</u>	<u>Original Appropriation</u>	<u>Expenditures to Date</u>	<u>Outstanding Encumbrances</u>	<u>Reverted Balance</u>	<u>Unencumbered Balance</u>
SAP-15-1154-STB	STB	Water and Wastewater system improvements	7/1/2015	6/30/2018	1,995,000	145,460	-	-	1,849,540
SAP-15-0543-STB	STB	Water system improvements: line connections	7/1/2015	6/30/2018	30,000	-	-	-	30,000

**VILLAGE OF PECOS, NEW MEXICO**  
**NON-MAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECT**  
**DESCRIPTIONS**  
**June 30, 2017**

**SPECIAL REVENUE FUNDS**

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

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

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

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

*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.

**CAPITAL PROJECT FUNDS**

*Capital Project WWTP III.* To account for the expenditures to construct improvements to the Waste Water Treatment Plant.

**VILLAGE OF PECOS, NEW MEXICO**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR FUNDS**  
**June 30, 2017**

	Special Revenue		
	Environmental Gross Receipts Tax	Emergency Medical Services	Law Enforcement Protection
<b>ASSETS</b>			
Cash	\$ 27,484	5,665	33,366
Receivables			
Taxes			
Gross receipts	988	-	-
Gasoline	-	-	-
Cigarette	-	-	-
Grant	-	-	-
Prepaid expense	-	-	-
Due from other state agencies	-	-	-
Due from other funds	-	-	-
<b>Total assets</b>	<b>\$ 28,472</b>	<b>5,665</b>	<b>33,366</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 5,572	-	175
Due to other funds	-	-	32,285
<b>Total liabilities</b>	<b>5,572</b>	<b>-</b>	<b>32,460</b>
<b>Fund Balances</b>			
Restricted for special revenues	-	5,665	906
Restricted for capital projects	-	-	-
Committed to special revenues	5,900	-	-
Assigned to special revenues	17,000	-	-
Unassigned - deficit	-	-	-
<b>Total fund balances</b>	<b>22,900</b>	<b>5,665</b>	<b>906</b>
<b>Total liabilities and fund balances</b>	<b>\$ 28,472</b>	<b>5,665</b>	<b>33,366</b>



**VILLAGE OF PECOS, NEW MEXICO**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR FUNDS**  
**June 30, 2017**

	Special Revenue		
	Recreation	Senior Citizen Center	Total Special Revenue
<b>ASSETS</b>			
Cash	\$ -	3,491	70,006
Receivables			
Taxes			
Gross receipts	-	-	988
Gasoline	-	-	-
Cigarette	-	-	-
Grant	-	-	-
Prepaid expense	-	-	-
Due from other state agencies	-	-	-
Due from other funds	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>3,491</b>	<b>70,994</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ -	-	5,747
Due to other funds	-	-	32,285
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>38,032</b>
<b>Fund Balances</b>			
Restricted for special revenues	-	3,491	10,062
Restricted for capital projects	-	-	-
Committed to special revenues	-	-	5,900
Assigned to special revenues	-	-	17,000
Unassigned - deficit	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>3,491</b>	<b>32,962</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>3,491</b>	<b>70,994</b>

**VILLAGE OF PECOS, NEW MEXICO**  
**COMBINING BALANCE SHEETS**  
**NONMAJOR FUNDS**  
**June 30, 2017**

	Capital Project WWTP III	Total Nonmajor
<b>ASSETS</b>		
Cash	\$ 16,580	86,586
Receivables		
Taxes		
Gross receipts	-	988
Gasoline	-	-
Cigarette	-	-
Grant	-	-
Prepaid expense	-	-
Due from other state agencies	-	-
Due from other funds	-	-
	<hr/>	<hr/>
<b>Total assets</b>	<b>\$ 16,580</b>	<b>87,574</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	5,747
Due to other funds	20,460	52,745
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>20,460</b>	<b>58,492</b>
	<hr/>	<hr/>
<b>Fund Balances</b>		
Restricted for special revenues	-	10,062
Restricted for capital projects	-	-
Committed to special revenues	-	5,900
Assigned to special revenues	-	17,000
Unassigned - deficit	(3,880)	(3,880)
	<hr/>	<hr/>
<b>Total fund balances</b>	<b>(3,880)</b>	<b>29,082</b>
	<hr/>	<hr/>
<b>Total liabilities and fund balances</b>	<b>\$ 16,580</b>	<b>87,574</b>
	<hr/> <hr/>	<hr/> <hr/>

**VILLAGE OF PECOS, NEW MEXICO  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR FUNDS  
Year Ended June 30, 2017**

	Special Revenue		
	Environmental Gross Receipts Tax	Emergency Medical Services	Law Enforcement Protection
Revenues			
Taxes	\$ 6,949	-	-
From State Government:			
Grants	-	-	20,000
Charges for services	-	-	-
Interest	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	<b>6,949</b>	<b>-</b>	<b>20,000</b>
	<hr/>	<hr/>	<hr/>
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	716
Health and welfare	62,828	-	-
Highways and streets	-	-	-
Capital outlay	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	<b>62,828</b>	<b>-</b>	<b>716</b>
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	(55,879)	-	19,284
	<hr/>	<hr/>	<hr/>
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	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total other financing (uses) sources</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(55,879)	-	19,284
	<hr/>	<hr/>	<hr/>
Fund balance, beginning	78,779	5,665	(18,378)
	<hr/>	<hr/>	<hr/>
<b>Fund balance, end of year</b>	<b>\$ 22,900</b>	<b>5,665</b>	<b>906</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**VILLAGE OF PECOS, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES**  
**EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - NONMAJOR FUNDS**  
**Year Ended June 30, 2017**

	Special Revenue		
	Recreation	Senior Citizen Center	Total Special Revenue
Revenues			
Taxes	\$ -	-	6,949
From State Government:			
Grants	-	-	20,000
Charges for services	-	-	-
Interest	-	-	-
Other	-	-	-
<b>Total revenues</b>	-	-	26,949
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	716
Health and welfare	-	-	62,828
Highways and streets	-	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	-	-	63,544
Excess of revenues over expenditures	-	-	(36,595)
Other Financing Sources (Uses)			
Operating transfers in	-	-	-
Operating transfers out	(4,594)	-	(4,594)
Transfers in: General obligation bond	-	-	-
Transfers in: Severance tax bond proceeds	-	-	-
Transfers out: Reversions to state	-	-	-
<b>Total other financing (uses) sources</b>	(4,594)	-	(4,594)
Net change in fund balances	(4,594)	-	(41,189)
Fund balance, beginning	4,594	3,491	74,151
<b>Fund balance, end of year</b>	\$ -	3,491	32,962

**VILLAGE OF PECOS, NEW MEXICO**  
**COMBINING STATEMENT OF REVENUES**  
**EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - NONMAJOR FUNDS**  
**Year Ended June 30, 2017**

	Capital Project WWTP III	Total Non-major
Revenues		
Taxes	\$ -	6,949
From State Government:		
Grants	-	20,000
Charges for services	-	-
Interest	-	-
Other	-	-
	<hr/>	<hr/>
<b>Total revenues</b>	-	26,949
	<hr/>	<hr/>
Expenditures		
Current		
General government	-	-
Public safety	-	716
Health and welfare	-	62,828
Highways and streets	16,713	16,713
Capital outlay	20,082	20,082
	<hr/>	<hr/>
<b>Total expenditures</b>	36,795	100,339
	<hr/>	<hr/>
Excess of revenues over expenditures	<hr/> (36,795)	<hr/> (73,390)
Other Financing Sources (Uses)		
Operating transfers in	18,538	18,538
Operating transfers out	-	(4,594)
Transfers in: General obligation bond	-	-
Transfers in: Severance tax bond proceeds	38,612	38,612
Transfers out: Reversions to state	-	-
	<hr/>	<hr/>
<b>Total other financing (uses) sources</b>	57,150	52,556
	<hr/>	<hr/>
Net change in fund balances	20,355	(20,834)
Fund balance, beginning	<hr/> (24,235)	<hr/> 49,916
<b>Fund balance, end of year</b>	<hr/> \$ (3,880)	<hr/> 29,082

**VILLAGE OF PECOS, NEW MEXICO**  
**AGENCY FUND DESCRIPTION**  
**June 30, 2017**

*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, 2017**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>MOTOR VEHICLE FUND</b>				
<b>Assets</b>				
Cash	\$ 149	134,044	134,023	170
<b>Total assets</b>	<u>\$ 149</u>	<u>134,044</u>	<u>134,023</u>	<u>170</u>
<b>Liabilities</b>				
Due to other entities	\$ 149	134,044	134,023	170
<b>Total liabilities</b>	<u>\$ 149</u>	<u>134,044</u>	<u>134,023</u>	<u>170</u>

**VILLAGE OF PECOS, NEW MEXICO**  
**SCHEDULE OF DEPOSIT ACCOUNTS**  
**June 30, 2017**

Type	Depository	Account Name	Depository Balance	Reconciled Balance
Interest bearing checking	Southwest Capital Bank	Allocated Cash	\$ 424,805	401,755
Interest bearing checking	Southwest Capital Bank	Fire Protection	128,689	127,975
Interest bearing checking	Southwest Capital Bank	Water and Sewer Enterprise	141,215	106,286
Interest bearing checking	Southwest Capital Bank	Payroll	36,865	36,501
Interest bearing checking	Southwest Capital Bank	Water Deposit	42,139	42,139
Interest bearing checking	Held by NMFA	Fire Truck - Program Acct	50,306	50,306
CD	Southwest Capital Bank	Water and Sewer Enterprise	49,403	49,403
			<u>873,422</u>	<u>814,365</u>
	Petty Cash	Utility Clerk	-	50
	<b>Total deposit accounts - non-agency</b>		<u>\$ 873,422</u>	<u>814,415</u>
<b>Component unit cash accounts:</b>				
Non-interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	4,656	4,498
Non-interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	40	40
Non-interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	8,620	8,620
Non-interest bearing checking	Southwest Capital Bank	Pecos Housing Authority	52,038	52,038
			<u>65,354</u>	<u>65,196</u>
	Petty Cash	Pecos Housing Authority	-	50
	<b>Total deposit accounts - component unit</b>		<u>\$ 65,354</u>	<u>65,246</u>
<b>Agency funds cash accounts:</b>				
Non-interest bearing checking	Bank of Las Vegas	MVD	1,610	120
	Petty Cash	MVD Clerk	-	50
	<b>Total cash - agency funds</b>		<u>\$ 1,610</u>	<u>170</u>



**VILLAGE OF PECOS, NEW MEXICO**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2017**

	Primary Government			Housing Authority
	Southwest Capital Bank	Held by NMFA	Total	Southwest Capital Bank
Deposits at June 30, 2017	\$ 823,116	50,306	873,422	65,354
Less: FDIC or NCUSIF coverage	299,403	50,306	349,709	65,354
Uninsured public funds	523,713	-	523,713	-
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	800,000	-	800,000	-
Uninsured and uncollateralized	<u>\$ (276,287)</u>	<u>-</u>	<u>(276,287)</u>	<u>-</u>
50% pledged collateral requirement per statute	\$ 261,857	-	261,857	-
Total pledged collateral	<u>800,000</u>	<u>-</u>	<u>800,000</u>	<u>-</u>
Pledged collateral over the requirement	<u>\$ (538,143)</u>	<u>-</u>	<u>(538,143)</u>	<u>-</u>

Pledged collateral at June 30, 2017 consists of the following:

Security	CUSIP	Maturity	Par or Fair Mkt. Value
Line of credit	N/A	8/1/2019	\$ 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, 2017**

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 the City of Las Vegas in order to operate the Senior Citizens Center.	7/1/2016 6/30/2017	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, 2017**

FDS		Low Rent	Public	
Line #	Accounts Description	Public	Housing	Total
		Housing	Capital Funds	
			Program	
	Assets:			
111	Cash - Unrestricted	\$ 56,626	-	56,626
112	Cash - Restricted - Modernization and Development	-	-	-
113	Cash - Other Restricted	-	-	-
114	Cash - Tenant security deposits	8,620	-	8,620
115	Cash - Restricted for payment of current liabilities	-	-	-
100	Total Cash	<u>65,246</u>	<u>-</u>	<u>65,246</u>
121	Accounts receivable - PHA projects	-	-	-
122	Accounts receivable - HUD other projects	-	-	-
124	Accounts receivable - other government	-	-	-
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable - tenants	411	-	411
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>411</u>	<u>-</u>	<u>411</u>
131	Investments - unrestricted	-	-	-
132	Investments - restricted	-	-	-
135	Investments - Restricted for payment of current liability	-	-	-
142	Prepaid expenses and other assets	-	-	-
143	Inventories	17,389	-	17,389
143.1	Allowance for obsolete inventories	-	-	-
144	Inter program due from	-	-	-
145	Assets held for sale	-	-	-
150	Total current assets	<u>17,389</u>	<u>-</u>	<u>17,389</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, 2017**

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Funds Program	Total
161	Land	14,400	-	14,400
162	Buildings	1,257,142	-	1,257,142
163	Furniture, equipment and machinery - dwellings	60,444	-	60,444
164	Furniture, equipment and machinery - administration	50,419	-	50,419
165	Leasehold improvements	238,463	-	238,463
166	Accumulated depreciation	(1,148,480)	-	(1,148,480)
167	Construction in progress	-	-	-
168	Infrastructure	-	-	-
160	Total capital assets, net of accumulated depreciation	<u>472,388</u>	<u>-</u>	<u>472,388</u>
171	Notes, loans and mortgages receivable - noncurrent	-	-	-
172	Notes, loans and mortgages receivable - noncurrent - past due	-	-	-
173	Grants receivable - noncurrent	-	-	-
174	Other assets	-	-	-
176	Investments in join ventures	-	-	-
180	Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>
190	Total assets	555,434	-	555,434
Liabilities:				
311	Bank overdraft	-	-	-
312	Accounts payable < 90 days	5,204	-	5,204
313	Accounts payable > 90 days past due	-	-	-
321	Accrued wage/payroll taxes payable	2,453	-	2,453
322	Accrued compensated absences - current portion	686	-	686
324	Accrued contingency liability	-	-	-
325	Accrued interest payable	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-
332	Accounts payable - PHA projects	-	-	-
333	Accounts payable - other government	1,544	-	1,544
341	Tenant security deposits	8,620	-	8,620
342	Deferred revenues	-	-	-

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, 2017**

FDS		Low Rent	Public	
Line #	Accounts Description	Public	Housing	Total
		Housing	Capital Funds	
			Program	
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>18,507</u>	<u>-</u>	<u>18,507</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	18,507	-	18,507
400	Deferred inflow of resources	-	-	-
508.1	Invested in capital assets, net of related debt	472,388	-	472,388
511.1	Restricted net assets	-	-	-
512.1	Unrestricted net assets	<u>64,539</u>	<u>-</u>	<u>64,539</u>
513	Total equity/net assets	<u>536,927</u>	<u>-</u>	<u>536,927</u>
600	Total liabilities and equity/net assets	\$ <u>555,434</u>	<u>-</u>	<u>555,434</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, 2017**

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Funds Program	Total
Revenue:				
70300	Net tenant rental revenue	\$ 98,267	-	98,267
70400	Tenant revenue - other	9,370	-	9,370
70500	Total tenant revenue	<u>107,637</u>	<u>-</u>	<u>107,637</u>
70600	HUD PHA operating grants	69,596	41,245	110,841
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>69,596</u>	<u>41,245</u>	<u>110,841</u>
70800	Other government grants	-	-	-
71100	Investment income - unrestricted	30	-	30
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>177,263</u>	<u>41,245</u>	<u>218,508</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, 2017**

FDS		Low Rent	Public	
Line #	Accounts Description	Public	Housing	Total
		Housing	Capital Funds	
			Program	
	Expenses:			
91100	Administrative salaries	41,151	-	41,151
91200	Auditing fees	4,517	4,600	9,117
91300	Management fee	-	-	-
91310	Bookkeeping fee	3,037	-	3,037
91400	Advertising and marketing	-	-	-
91500	Employee benefit contributions - administrative	5,674	-	5,674
91600	Office expenses	2,912	-	2,912
91700	Legal expense	-	-	-
91800	Travel	-	-	-
91810	Allocated overhead	-	-	-
91900	Other	2,941	7,630	10,571
91000	Total operating - administrative	<u>60,232</u>	<u>12,230</u>	<u>72,462</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>
	Expenses:			
93100	Water	11,880	-	11,880
93200	Electricity	3,043	-	3,043
93300	Gas	15,654	-	15,654
93400	Fuel	-	-	-
93500	Labor	-	-	-
93600	Sewer	6,653	-	6,653
93700	Employee benefit contributions - utilities	-	-	-
93800	Other utilities expense	-	-	-
93000	Total utilities	<u>37,230</u>	<u>-</u>	<u>37,230</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, 2017**

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Funds Program	Total
94100	Ordinary maintenance and operations - labor	15,616	-	15,616
94200	Ordinary maintenance and operations - materials and other	8,712	11,568	20,280
94300	Ordinary maintenance and operations contracts	22,600	-	22,600
94500	Employee benefit contributions - ordinary maintenance	2,382	-	2,382
94000	Total maintenance	<u>49,310</u>	<u>11,568</u>	<u>60,878</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	14,018	-	14,018
96100	Total insurance premiums	<u>14,018</u>	<u>-</u>	<u>14,018</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	-	-	-
96800	Severance expense	-	-	-
96000	Total other general expenses	<u>-</u>	<u>-</u>	<u>-</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>160,790</u>	<u>23,798</u>	<u>184,588</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, 2017**

FDS		Low Rent	Public	
Line #	Accounts Description	Public	Housing	Total
		Housing	Capital Funds	
			Program	
97000	Excess of operating revenue over operating expenses	16,473	17,447	33,920
	Expenses:			
97100	Extraordinary maintenance	-	-	-
97200	Casualty losses - non-capitalized	-	-	-
97300	Housing assistance payments	-	-	-
97350	HAP portability-in	-	-	-
37400	Depreciation expense	41,511	-	41,511
37500	Fraud losses	-	-	-
37600	Capital outlays - governmental funds	-	-	-
37700	Debt principal payment - governmental funds	-	-	-
37800	Dwelling units rent expense	-	-	-
90000	Total expenses	<u>41,511</u>	<u>-</u>	<u>41,511</u>
	Other financing sources (uses):			
10010	Operating transfer in	9,565	-	9,565
10020	Operating transfer out	-	(9,565)	(9,565)
10030	Operating transfers from/to primary government	-	-	-
10040	Operating transfers from/to component unit	-	-	-
10050	Proceeds from notes, loans and bonds	-	-	-
10060	Proceeds from property sales	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-
10080	Special items (net gain/loss)	-	-	-
10091	Inter project excess cash transfer in	-	-	-
10092	Inter project excess cash transfer out	-	-	-
10093	Transfers between program and project - in	-	-	-
10094	Transfers between project and program - out	-	-	-
10100	Total other financing sources (uses)	<u>9,565</u>	<u>(9,565)</u>	<u>-</u>
10000	Excess (deficiency) of total revenue over (under) total	<u>(15,473)</u>	<u>7,882</u>	<u>(7,591)</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, 2017**

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Funds Program	Total
11020	Required annual debt principal payments	-	-	-
11030	Beginning equity	544,518	-	544,518
11040	Prior period adjustments, equity transfers and correction	7,882	(7,882)	-
11050	Changes in compensated absence balance	(442)	-	(442)
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.



Service plus value, it all adds up.

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Albuquerque, NM 87110  
505 338 0800 office www.riccicpa.com

**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. Wayne Johnson, 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, the discretely presented component unit, each major fund, the aggregate remaining fund information, and 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, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 11, 2017.

**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. Wayne Johnson, 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 limitation, 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 Housing Authority items 2017-001, 2017-002 and 2017-003.

### **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 11, 2017

**VILLAGE OF PECOS, NEW MEXICO  
SCHEDULE OF AUDIT FINDINGS  
Year Ended June 30, 2017**

**A. PRIOR YEAR AUDIT FINDINGS**

**Village of Pecos**

		<b>STATUS</b>
2016-001	Unrecorded Financial Transactions	Resolved
2016-002	Contract Non-Compliance	Resolved

**Housing Authority**

2016-003	Controls Over Bank Reconciliations	Resolved
2016-004	Controls Over Fixed Assets	Resolved
2016-005	Expenditures in Excess of Budget	Repeated as 2017-003

**B. CURRENT YEAR AUDIT FINDINGS**

**Village of Pecos**

None

**Housing Authority**

2017-001	Form 1099 Noncompliance
2017-002	Controls Over Revenue
2017-003 [2016-005]	Expenditures in Excess of Budget

**VILLAGE OF PECOS, NEW MEXICO  
SCHEDULE OF AUDIT FINDINGS  
Year Ended June 30, 2017**

**A. FINDINGS AND RESPONSES – FINANCIAL STATEMENT AUDIT**

**NONE**

**B. FINDINGS AND RESPONSES – COMPLIANCE AND OTHER MATTERS**

**2017-001 - HOUSING AUTHORITY– FORM 1099 NON-COMPLIANCE – OTHER  
NON-COMPLIANCE**

**CONDITION**

The Housing Authority did not file Form 1099 for tax year 2016 for payments to vendors in excess of \$600 in accordance with IRS regulations.

**CRITERIA**

IRS regulations require that Form 1099 be issued to vendors for payments in excess of \$600. The Housing Authority does not have sufficient procedures to ensure compliance with IRS regulations.

**EFFECT**

Form 1099s were not filed for tax year 2016.

**CAUSE**

The Housing Authority does not have sufficient procedures over Form 1099 compliance to determine if filings were made in accordance with IRS regulations.

**RECOMMENDATION**

The Housing Authority should establish and implement procedures over Form 1099 compliance.

**MANAGEMENT RESPONSE**

This finding was corrected immediately during the audit. It was found that the Fee Accountant, Quality Accounts did not have this detail in her contract with the Pecos Housing Authority. The Executive Director has assured our Auditor Ronald E. Schranz, CPA, CVA with Burt & Company, that we the Housing Administration Staff would from here on out accept the full responsibility for ensuring all Form 1099s are completed in a timely manner. In addition, the Executive Director has reviewed our 1099 Summary per our Quick Books software and has ensured that the three (3) tenants that have assisted us during the year have completed and prepared Form I-9 and have been issued a Form 1099. The Executive Director is responsible for implementation and expects this to be fully corrected in FY18.

**VILLAGE OF PECOS, NEW MEXICO  
SCHEDULE OF AUDIT FINDINGS  
Year Ended June 30, 2017**

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

**2017-002 - HOUSING AUTHORITY– CONTROLS OVER REVENUE – OTHER NON-  
COMPLIANCE**

**CONDITION**

The Housing Authority has the following deficiencies over revenues:

- One tenant tested did not report all sources of income in the amount of \$6,876 for the fiscal year.
- Income thresholds and program rent amounts were not updated for current HUD amounts.

**CRITERIA**

HUD regulations require that all sources of income, monetary and nonmonetary be included in the process of determining eligibility for public housing. HUD regulations specify the income thresholds and the related program rent amounts to be used to determine eligibility for each year.

**EFFECT**

The Housing Authority is not in compliance with HUD regulations for tenant income reporting and program eligibility.

**CAUSE**

The Housing Authority does not have sufficient procedures over the income determination process and the HUD income and program thresholds for program compliance.

**RECOMMENDATION**

The Housing Authority should establish and implement procedures over the income determination process and the HUD income and program thresholds to ensure program compliance on an annual basis.

**MANAGEMENT RESPONSE**

This finding was corrected immediately during the audit. The Executive Director has updated our FY-17 Fair Market Rent figures to include our FY-17 Income Limits for our area with in the San Miguel County of New Mexico. In addition, the Executive Director will ensure that these figures are updated each year from here on out. The Executive Director is responsible for implementation and expects this to be fully corrected in FY18

**VILLAGE OF PECOS, NEW MEXICO  
SCHEDULE OF AUDIT FINDINGS  
Year Ended June 30, 2017**

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

**2017-003 [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	\$3,311

Management has made significant progress toward the resolution of this finding and expects to have this finding fully resolved in FY18.

**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**

The Executive Director will monitor the budget on a quarterly basis and revise spending levels as needed in a proactive manner going forward. The Executive Director is responsible for implementation and expects this to be fully corrected in FY18.



**VILLAGE OF PECOS, NEW MEXICO**  
**EXIT CONFERENCE**  
**Year Ended June 30, 2017**

**EXIT CONFERENCE**

An exit conference was held on December 13, 2017, 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  
Herman Gallegos, Trustee

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.