

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2019**



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**Village of Pecos**  
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**Village of Pecos**  
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**STATE OF NEW MEXICO  
Village of Pecos  
Official Roster  
June 30, 2019**

**CITY COUNCIL**

Ted Benavidez ..... Mayor  
Ralph Lopez..... Trustee  
Herman Gallegos ..... Trustee  
Brian Sandoval ..... Trustee  
Armando Gabaldon..... Trustee

**ADMINISTRATIVE OFFICIALS**

Ramona Quintana..... Village Clerk  
Jeannette Bowles ..... Administrative Assistant  
Corrine Varela.....Utility Clerk/MVD Manager

## **FINANCIAL SECTION**



Auditors~Consultants~CPA

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, ESQ  
New Mexico State Auditor  
Santa Fe, New Mexico

and

To the Honorable Mayor and Village Trustees of  
Village of Pecos  
Pecos, New Mexico

**Report on the 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 (the Village), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

**Management's Responsibility**

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 responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in Governmental 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, and accordingly, no such opinion is expressed.

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



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, as of June 30, 2019, 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 the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America required 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 Schedules I, II, III IV, and the Notes to Required Supplementary Information on pages 64-70 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 inquires, the basic financial statements, and other knowledge 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 (Statement A-1 and Statement A-2) and Supporting Schedules V, VI and VII required by Section 2.2.2 NMAC and the Financial Data Schedule, Schedule VIII, which is required by the U.S. Department of Housing and Urban Development, 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 Supporting Schedules V, VI, VII and VIII, is the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, Supporting Schedules V, VI VII, and VIII are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 18, 2019 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.

*Southwest Accounting Solutions, LLC*

Southwest Accounting Solutions, LLC

Albuquerque, New Mexico

November 18, 2019

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing Authority
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 160,184	\$ 249,859	\$ 410,043	\$ 179,407
Restricted Cash		62,566	62,566	8,152
Receivables:				
Taxes Receivable	77,823	-	77,823	-
Customer receivables, net	-	18,106	18,106	5,472
Prepaid Expenses	2,360	1,430	3,790	-
Inventory				14,844
Due from other funds	178,047	-	178,047	-
<b>Total current assets</b>	418,414	331,961	750,375	207,875
<b>Noncurrent assets</b>				
Capital assets	5,583,288	9,944,417	15,527,705	1,627,361
Less: Accumulated Depreciation	(1,854,797)	(2,658,122)	(4,512,919)	(1,199,640)
<b>Total noncurrent assets</b>	3,728,491	7,286,295	11,014,786	427,721
<b>Deferred outflows of resources</b>				
Deferred outflows related to pension	103,454	50,955	154,409	-
Deferred outflows related to OPEB	7,056	3,475	10,531	-
<b>Total deferred outflows</b>	110,510	54,430	164,940	-
<b>Total assets, and deferred outflows of resources</b>	\$ 4,257,415	\$ 7,672,686	\$ 11,930,101	\$ 635,596

See Independent Auditors' Report and Notes to Financial Statements

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing Authority
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 9,297	\$ 8,788	\$ 18,085	\$ 7,042
Accrued salaries and benefits	11,296	5,390	16,686	3,501
Unearned revenue	630		630	
Accrued interest	-	4,507	4,507	-
Loans payable	-	47,272	47,272	-
Compensated absences	11,915	1,965	13,880	880
Due to other funds	92,778	85,704	178,482	-
<b>Total current liabilities</b>	<b>125,916</b>	<b>153,626</b>	<b>279,542</b>	<b>11,423</b>
<b>Noncurrent liabilities</b>				
Loans payable	-	645,212	645,212	-
Customer deposits	-	10,395	10,395	8,152
Net pension liability	380,819	187,567	568,386	-
Net OPEB liability	191,119	94,133	285,252	-
<b>Total noncurrent liabilities</b>	<b>571,938</b>	<b>937,307</b>	<b>1,509,245</b>	<b>8,152</b>
<b>Total Liabilities</b>	<b>697,854</b>	<b>1,090,933</b>	<b>1,788,787</b>	<b>19,575</b>
<b>Deferred inflows of resources</b>				
Deferred inflows related to pension	17,218	8,481	25,699	-
Deferred inflows related to OPEB	58,301	28,716	87,017	-
<b>Total deferred inflows of resources</b>	<b>75,519</b>	<b>37,197</b>	<b>112,716</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	3,728,491	6,593,811	10,322,302	427,721
<b>Restricted for:</b>				
Debt Service	-	52,171	52,171	-
Special Revenue	111,671	-	111,671	-
Unrestricted	(356,120)	(101,426)	(457,546)	188,300
<b>Total net position</b>	<b>3,484,042</b>	<b>6,544,556</b>	<b>10,028,598</b>	<b>616,021</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 4,257,415</b>	<b>\$ 7,672,686</b>	<b>\$ 11,930,101</b>	<b>\$ 635,596</b>

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

<u>Functions and Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 818,867	\$ 47,771	\$ 307,719	\$ -
Public Safety	255,099	-	109,730	-
Public Works	56,180	-	-	120,596
Health and welfare	11,662	-	-	-
<b>Total Governmental Activities</b>	<u>1,141,808</u>	<u>47,771</u>	<u>417,449</u>	<u>120,596</u>
<b>Business-Type Activities</b>				
Waste Water	312,362	94,558	-	-
Water	370,169	254,112	-	-
<b>Total Business-Type Activities</b>	<u>682,531</u>	<u>348,670</u>	<u>-</u>	<u>\$ -</u>
<b>Total primary government</b>	<u>\$ 1,824,339</u>	<u>\$ 396,441</u>	<u>\$ 417,449</u>	<u>\$ 120,596</u>
<b>Component Unit:</b>				
Housing Authority	<u>\$ 229,464</u>	<u>\$ 247,687</u>	<u>\$ -</u>	<u>37,885</u>

**General Revenues:**

Taxes:

    Property taxes levied for general purposes

    Gross receipt taxes

    Gas taxes

    Franchise taxes

Interest income

Miscellaneous Income

**Subtotal, General Revenues**

**Change in Net Position**

Net Position - beginning

**Net Position - ending**

See Independent Auditors' Report and Notes to Financial Statements

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Government Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>	<b>Housing Authority</b>
\$ (463,377)	\$ -	\$ (463,377)	\$ -
(145,369)	-	(145,369)	-
64,416	-	64,416	-
(11,662)	-	(11,662)	-
<u>(555,992)</u>	<u>-</u>	<u>(555,992)</u>	<u>-</u>
-	(217,804)	(217,804)	-
-	(116,057)	(116,057)	-
<u>\$ -</u>	<u>(333,861)</u>	<u>(333,861)</u>	<u>\$ -</u>
<u>\$ (555,992)</u>	<u>\$ (333,861)</u>	<u>\$ (889,853)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>56,108</u>
14,079	-	14,079	-
373,054	-	373,054	-
16,471	-	16,471	-
14,568	-	14,568	-
1,186	207	1,393	88
33,113	30,000	63,113	2,576
<u>452,471</u>	<u>30,207</u>	<u>482,678</u>	<u>2,664</u>
(103,521)	(303,654)	(407,175)	58,772
<u>3,587,563</u>	<u>6,848,210</u>	<u>10,435,773</u>	<u>557,249</u>
<u>\$ 3,484,042</u>	<u>\$ 6,544,556</u>	<u>\$ 10,028,598</u>	<u>\$ 616,021</u>

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<u>General Fund</u>	<u>Fire Protection</u>	<u>Law Enforcement</u>	<u>Street</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 8,256	\$ 38,742	\$ 20,572	\$ 65,455
Taxes receivable	73,349	-	-	3,014
Prepaid expense	2,360	-	-	-
'Due from other funds	156,284	19,307	-	2,456
<b>Total assets</b>	<u>\$ 240,249</u>	<u>\$ 58,049</u>	<u>\$ 20,572</u>	<u>\$ 70,925</u>
<b>Liabilities and fund balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,256	\$ 3,574	175	\$ -
Accrued salaries and benefits	11,296	-	-	-
Due to other funds	22,198	-	32,285	8,697
Unearned Revenue	630	-	-	-
<b>Total liabilities</b>	<u>38,380</u>	<u>3,574</u>	<u>32,460</u>	<u>8,697</u>
<b>Fund balance</b>				
Nonspendable				
Interfund loans	156,284	19,307	-	2,456
Spendable				
Restricted for:				
Public safety	-	35,168	(11,888)	-
Public works	-	-	-	59,772
Health and welfare	-	-	-	-
Minimum fund balance	57,393	-	-	-
Unassigned	(11,808)	-	-	-
<b>Total fund balances</b>	<u>201,869</u>	<u>54,475</u>	<u>(11,888)</u>	<u>62,228</u>
<b>Total liabilities and fund balances</b>	<u>\$ 240,249</u>	<u>\$ 58,049</u>	<u>\$ 20,572</u>	<u>\$ 70,925</u>

See Independent Auditors' Report and Notes to Financial Statements



<b>Capital Projects WWTP III</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ -	\$ 27,159	\$ 160,184
-	1,460	77,823
-	-	2,360
-	-	178,047
<u>\$ -</u>	<u>\$ 28,619</u>	<u>\$ 418,414</u>
\$ 1,292	\$ -	\$ 9,297
-	-	11,296
25,166	4,432	92,778
-	-	630
<u>26,458</u>	<u>4,432</u>	<u>114,001</u>
-	-	178,047
-	5,665	28,945
-	-	59,772
-	22,954	22,954
-	-	57,393
(26,458)	(4,432)	(42,698)
<u>(26,458)</u>	<u>24,187</u>	<u>304,413</u>
<u>\$ -</u>	<u>\$ 28,619</u>	<u>\$ 418,414</u>

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**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**Governmental Funds**  
**June 30, 2019**

Exhibit B-1  
Page 2 of 2

**Total Fund Balance - Governmental Funds**

Amounts reported for governmental activities in the statement of net position are different because: \$ 304,413

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

Capital assets	5,583,288
Less: Accumulated depreciation	(1,854,797)

Deferred outflows and inflows relating to pension and OPEB liabilities are not payable / collectible in the current period and therefore are not reported in the fund financial statements. Deferred outflows and inflows reported on the Statement of Net Position are as follows:

Deferred Outflows	110,510
Deferred Inflows	(75,519)

Long-term and certain other liabilities, including loans payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Accrued compensated absences	(11,915)
Pension liability	(380,819)
OPEB Liability	(191,119)
	(583,853)

<b>Total net position of governmental activities</b>	<b>\$ 3,484,042</b>
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**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Statement of Revenues, Expenses, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>General Fund</b>	<b>Fire Protection</b>	<b>Law Enforcement</b>	<b>Street</b>
<b>Revenues</b>				
Property taxes	\$ 14,079	\$ -	\$ -	\$ -
Gross receipt taxes	364,302	-	-	-
Gas tax	-	-	-	16,471
Franchise taxes	14,568	-	-	-
State operating grants	307,719	109,730	-	-
State capital grants	-	-	-	-
Charges for services	7,631	-	-	-
Licenses and fees	40,140	-	-	-
Interest income	1,138	48	-	-
Miscellaneous income	8,935	-	-	-
<b>Total revenue</b>	<b>758,512</b>	<b>109,778</b>	<b>-</b>	<b>16,471</b>
<b>Expenditures</b>				
Current:				
General government	684,625	-	-	-
Public safety	4,093	189,728	19,458	-
Public works	-	-	-	30,838
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	40,351	-	-
<b>Total expenditures</b>	<b>688,718</b>	<b>230,079</b>	<b>19,458</b>	<b>30,838</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>69,794</b>	<b>(120,301)</b>	<b>(19,458)</b>	<b>(14,367)</b>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	24,069	-	-	-
<b>Total other financing sources (uses)</b>	<b>24,069</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	93,863	(120,301)	(19,458)	(14,367)
<b>Fund balance - beginning of year</b>	<b>108,006</b>	<b>174,776</b>	<b>7,570</b>	<b>76,595</b>
<b>Fund balance - end of year</b>	<b>\$ 201,869</b>	<b>\$ 54,475</b>	<b>\$ (11,888)</b>	<b>\$ 62,228</b>

<b>Capital Projects WWTP III</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ -	\$ -	\$ 14,079
-	8,752	373,054
-	-	16,471
-	-	14,568
-	-	417,449
120,596	-	120,596
-	-	7,631
-	-	40,140
-	-	1,186
24,178	-	33,113
<u>144,774</u>	<u>8,752</u>	<u>1,038,287</u>
-	-	684,625
-	-	213,279
16,132	-	46,970
-	9,750	9,750
147,200	-	147,200
-	-	40,351
<u>163,332</u>	<u>9,750</u>	<u>1,142,175</u>
<u>(18,558)</u>	<u>(998)</u>	<u>(103,888)</u>
-	-	24,069
-	-	24,069
<u>(18,558)</u>	<u>(998)</u>	<u>(79,819)</u>
<u>(7,900)</u>	<u>25,185</u>	<u>384,232</u>
<u>\$ (26,458)</u>	<u>\$ 24,187</u>	<u>\$ 304,413</u>

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**Reconciliation of the Statement of Revenues, Expenses and Changes in Fund  
Balances - Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2019**

**Net Change in Fund Balance - Governmental Funds** \$ (79,819)

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

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:

Capital Expenditures recorded in capital outlay	147,200
Depreciation expense	(134,257)

Governmental funds report proceeds received from the sale of capital assets as revenues. However, in the statement of activities, revenues or expenses from these transactions are reported net of the asset cost minus accumulative depreciation.

Loss on disposal of capital asset	(23,253)
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Governmental funds report Village pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Change in net pension and OPEB liability	(50,919)
--	----------

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, changes in accrued compensated absences does not consume current financial resources in governmental funds but does affect net position.

Decrease in accrued compensated absences	(2,824)
Principal payments on bonds and loans payable	40,351

<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (103,521)</u></b>
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**STATE OF NEW MEXICO**  
**Village of Pecos**  
**General Fund**

Exhibit C-1

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ 10,139	\$ 13,831	\$ 14,079	\$ 248
Gross receipts	262,340	357,877	364,302	6,425
Gasoline and Motor vehicle	-	-	-	-
Franchise tax	10,491	14,311.00	14,568	257
<b>Intergovernmental income:</b>				
Federal capital grants	-	-	-	-
State operating grants	221,594	302,292	307,719	5,427
State capital grants	-	-	-	-
Charges for services	5,495	7,496	7,631	135
Licenses and fees	28,906	39,432	40,140	708
Interest income (loss)	819	1,118	1,138	20
Miscellaneous	23,767	32,422	33,004	582
<b>Total revenue</b>	<b>563,551</b>	<b>768,779</b>	<b>782,581</b>	<b>13,802</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	641,654	754,642	690,125	64,517
Public safety	-	-	4,093	(4,093)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>641,654</b>	<b>754,642</b>	<b>694,218</b>	<b>60,424</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(78,103)</b>	<b>14,137</b>	<b>88,363</b>	<b>74,226</b>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	78,103	(14,137)		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in fund balance	(78,103)	14,137	88,363	
Fund balance - beginning of year			21,821	
<b>Fund balance - end of year</b>			<b>\$ 110,184</b>	
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			<b>88,363</b>	
Adjustments to revenue			-	
Adjustment to expenditures for changes in liabilities			5,500	
<b>Net Change in fund balance (GAAP basis)</b>			<b>\$ 93,863</b>	

See Independent Auditors' Report and Notes to Financial Statements



STATE OF NEW MEXICO

Exhibit C-2

Village of Pecos

Fire Protection

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
Federal capital grants	-	-	-	-
State operating grants	107,259	99,279	109,730	10,451
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	48	48
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>107,259</u>	<u>99,279</u>	<u>109,778</u>	<u>10,499</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	126,452	185,060	189,728	(4,668)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	29,853	40,351	(10,498)
Interest	-	-	-	-
<b>Total expenditures</b>	<u>126,452</u>	<u>214,913</u>	<u>230,079</u>	<u>(15,166)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(19,193)</u>	<u>(115,634)</u>	<u>(120,301)</u>	<u>(4,667)</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	19,193	115,634	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(19,193)	(115,634)	(120,301)	
Fund balance - beginning of year			175,896	
<b>Fund balance - end of year</b>			<u>\$ 55,595</u>	
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			(120,301)	
Adjustments to revenue			-	
Adjustment to expenditures			-	
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ (120,301)</u>	

See Independent Auditors' Report and Notes to Financial Statements

STATE OF NEW MEXICO

Exhibit C-3

Village of Pecos

Law Enforcement

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	-	-	-	-
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	20,000	19,458	19,458	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>20,000</u>	<u>19,458</u>	<u>19,458</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(20,000)</u>	<u>(19,458)</u>	<u>(19,458)</u>	<u>-</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	20,000	19,458		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance			(19,458)	
Fund balance - beginning of year			40,030	
<b>Fund balance - end of year</b>			<u>\$ 20,572</u>	
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			(19,458)	
Adjustments to revenue			-	
Adjustment to expenditures			-	
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ (19,458)</u>	

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Streets**

Exhibit C-4

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final	Non-GAAP Basis	Favorable (Unfavorable) Final to actual
<b>Revenues</b>				
<b>Taxes:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and Motor vehicle	11,000	15,558	16,471	913
Franchise tax	-	-	-	-
<b>Intergovernmental income:</b>				
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenue</b>	<u>11,000</u>	<u>15,558</u>	<u>16,471</u>	<u>913</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	86,000	33,107	30,838	2,269
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>86,000</u>	<u>33,107</u>	<u>30,838</u>	<u>2,269</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(75,000)</u>	<u>(17,549)</u>	<u>(14,367)</u>	<u>3,182</u>
<b>Other financing resources (uses)</b>				
Designated cash (budgeted increase in cash)	75,000	17,549		
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balance	(75,000)	(17,549)	(14,367)	
Fund balance - beginning of year			<u>83,003</u>	
<b>Fund balance - end of year</b>			<u>\$ 68,636</u>	
<b>Net change in fund balance (non-GAAP budgetary basis)</b>			<u>(14,367)</u>	
Adjustments to revenue				
Adjustment to expenditures				
<b>Net Change in fund balance (GAAP basis)</b>			<u>\$ (14,367)</u>	

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

Exhibit D-1

	<b>Waste Water</b>	<b>Water</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 135,024	\$ 114,835	\$ 249,859
Restricted cash and cash equivalents	33,206	29,360	62,566
Accounts receivable, net	5,419	12,687	18,106
Prepaid expense	-	1,430	1,430
<b>Total current assets</b>	<b>173,649</b>	<b>158,312</b>	<b>331,961</b>
<b>Noncurrent assets</b>			
Capital Assets	6,987,124	2,957,293	9,944,417
Less: Accumulated depreciation	(1,405,838)	(1,252,284)	(2,658,122)
<b>Total noncurrent assets</b>	<b>5,581,286</b>	<b>1,705,009</b>	<b>7,286,295</b>
<b>Deferred outflows of resources</b>			
Deferred outflows related to pension	-	50,955	50,955
Deferred outflows related to OPEB	-	3,475	3,475
<b>Total deferred outflows</b>	<b>-</b>	<b>54,430</b>	<b>54,430</b>
<b>Total assets, and deferred outflows of resources</b>	<b>\$ 5,754,935</b>	<b>\$ 1,917,751</b>	<b>\$ 7,672,686</b>
<b>Liabilities, deferred inflows and net position</b>			
<b>Liabilities</b>			
Accounts payable	\$ 4,396	\$ 4,392	\$ 8,788
Accrued salaries and benefits	-	5,390	5,390
Accrued interest	-	4,507	4,507
Loans payable	-	47,272	47,272
Compensated absences	-	1,965	1,965
Due to other funds	1,536	84,168	85,704
<b>Total current liabilities</b>	<b>5,932</b>	<b>147,694</b>	<b>153,626</b>
<b>Noncurrent liabilities</b>			
Loans payable	-	645,212	645,212
Customer deposits	570	9,825	10,395
Net pension liability	-	187,567	187,567
Net OPEB liability	-	94,133	94,133
<b>Total noncurrent liabilities</b>	<b>570</b>	<b>936,737</b>	<b>937,307</b>
<b>Total Liabilities</b>	<b>6,502</b>	<b>1,084,431</b>	<b>1,090,933</b>
<b>Deferred inflows of resources</b>			
Deferred inflows related to pension	-	8,481	8,481
Deferred inflows of related to OPEB	-	28,716	28,716
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>37,197</b>	<b>37,197</b>
<b>Net position</b>			
Net investment in capital asset	5,581,286	1,012,525	6,593,811
Restricted for:			
Debt service	32,636	19,535	52,171
Unrestricted	134,511	(235,937)	(101,426)
<b>Total net position</b>	<b>5,748,433</b>	<b>796,123</b>	<b>6,544,556</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 5,754,935</b>	<b>\$ 1,917,751</b>	<b>\$ 7,672,686</b>

See Independent Auditors' Report and Notes to Financial Statements

## STATE OF NEW MEXICO

Exhibit D-2

## Village of Pecos

**Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2019**

	<u>Waste Water</u>	<u>Water</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 94,558	\$ 254,112	\$ 348,670
<b>Total operating revenues</b>	<u>94,558</u>	<u>254,112</u>	<u>348,670</u>
<b>Operating expenses:</b>			
Depreciation and amortization	161,588	50,818	212,406
Personnel services	49,336	138,102	187,438
Contractual services	38,940	4,196	43,136
Supplies	1,295	24,049	25,344
Maintenance and Materials	25,661	56,178	81,839
Utilities	27,510	36,189	63,699
Miscellaneous	7,759	38,993	46,752
<b>Total operating expense</b>	<u>312,089</u>	<u>348,525</u>	<u>660,614</u>
<b>Operating income (loss)</b>	<u>(217,531)</u>	<u>(94,413)</u>	<u>(311,944)</u>
<b>Non-operating revenues (expense):</b>			
Interest income	18	189	207
Other Income	-	30,000	30,000
Interest expense	(273)	(21,644)	(21,917)
<b>Total non-operating revenues (expense)</b>	<u>(255)</u>	<u>8,545</u>	<u>8,290</u>
<b>Change in Net Position</b>	<u>(217,786)</u>	<u>(85,868)</u>	<u>(303,654)</u>
Net Position - beginning of the year	<u>5,966,219</u>	<u>881,991</u>	<u>6,848,210</u>
Net Position - as restated	<u>5,966,219</u>	<u>881,991</u>	<u>6,848,210</u>
<b>Net Position - end of the year</b>	<u>\$ 5,748,433</u>	<u>\$ 796,123</u>	<u>\$ 6,544,556</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

Exhibit D-3

	<u>Waste Water</u>	<u>Water</u>	<u>Total</u>
<b>Cash flow from operating activities</b>			
Cash received from customers	\$ 100,598	\$ 274,211	\$ 374,809
Cash payments to employees for services	(49,336)	(134,398)	(183,734)
Cash payments to suppliers for goods and services	(98,973)	(158,794)	(257,767)
<b>Net cash provided by operating activities</b>	<u>(47,711)</u>	<u>(18,981)</u>	<u>(66,692)</u>
<b>Cash flow from noncapital financing activities</b>			
Miscellaneous	-	30,000	30,000
Governmental contributions	-	-	-
Transfers	18,163	94,604	112,767
<b>Net cash flows provided by noncapital financing activities</b>	<u>18,163</u>	<u>124,604</u>	<u>142,767</u>
<b>Cash Flows from capital and related financing activities:</b>			
Interest paid	(272)	(20,729)	(21,001)
Principal payments	-	(39,608)	(39,608)
Acquisition of capital assets	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(272)</u>	<u>(60,337)</u>	<u>(60,609)</u>
<b>Cash flows from investing activities</b>			
Interest income	18	189	207
<b>Net cash provided by investing activities</b>	<u>18</u>	<u>189</u>	<u>207</u>
Net increase (decrease) in cash and cash equivalents	(29,802)	45,475	15,673
Cash & cash equivalents - beginning of year	198,032	98,720	296,752
<b>Cash &amp; cash equivalents - end of year</b>	<u>\$ 168,230</u>	<u>\$ 144,195</u>	<u>\$ 312,425</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ (217,531)	\$ (94,413)	\$ (311,944)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>			
Depreciation	161,588	50,818	212,406
Pension expense	-	7,593	7,593
OPEB Expense	-	(2,590)	(2,590)
<b>Changes in assets &amp; liabilities:</b>			
Receivables	6,040	21,524	27,564
Prepaid expense	-	119	119
Accounts payable	2,192	692	2,884
Accrued salaries and benefits	-	(509)	(509)
Compensated absences	-	(790)	(790)
Customer deposits	-	(1,425)	(1,425)
<b>Net cash provided (used) by operating activities</b>	<u>\$ (47,711)</u>	<u>\$ (18,981)</u>	<u>\$ (66,692)</u>

See Independent Auditors' Report and Notes to Financial Statements

## **FIDUCIARY FUNDS**

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Statement of Fiduciary Net Position**  
**Agency Funds**  
**For the Year Ended June 30, 2019**

Exhibit E

<b>Assets</b>	
Cash	<u>\$        293</u>
<b>Total assets</b>	<u>\$        293</u>
<b>Liabilities</b>	
Due to other entities	<u>\$        293</u>
<b>Total liabilities</b>	<u>\$        293</u>

See Independent Auditors' Report and Notes to Financial Statements



**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1. Summary of Significant Accounting Policies**

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 Village is a body politic and corporate under the name and form of government selected by its qualified electors. The Village may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have a common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

This summary of significant accounting policies of the Village is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management who are responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

***A. Financial Reporting Entity***

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, though legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Village has one discretely presented component unit.

The Pecos Housing Authority (the Authority) has been determined to be a component unit of the Village that should be discretely presented in the Village's financial statements pursuant to the criteria described above. The Authority has issued separately stated financial statements. Additional information regarding the Authority may be obtained from their administrative office as follows: Pecos Housing Authority, PO BOX 904, Pecos, New Mexico, 87552.

***B. Government-wide and fund financial statements***

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. 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 Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations. The Village's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

***B. Government-wide and fund financial statements (continued)***

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

***C. Measurement focus, basis of accounting, and financial statement presentation***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 of time, reimbursement and contingencies imposed by the provider are met.

Governmental 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 compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

***C. Measurement focus, basis of accounting, and financial statement presentation (continued)***

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Village facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Under the requirements of GASB Statement No. 34, the Village is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

Fire Protection Fund accounts 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.

Law Enforcement accounts for funds received from the state for law enforcement purposes. The fund was created by the authority of state grant provisions NMSA 29-13-4.

Street Fund accounts 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.

Capital Project WWTP III accounts for the expenditures to construct improvements to the Waste Water Treatment Plant.

The Village reports the following major enterprise funds:

Waste Water accounts 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.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

***C. Measurement focus, basis of accounting, and financial statement presentation (continued)***

The Water Fund accounts for the provision of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including administration, operations, billing, and maintenance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services for water and waste water. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position**

**Deposits and Investments:** The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Village are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables:** Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)**

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources in the event they are not received within 60 days of year end.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered 100% collectible. The allowance for doubtful accounts for customer receivables is calculated based on the aging of the customer accounts receivable and the Village's historical experience with these receivables.

Property taxes are levied on November 1st based on the assessed value of property as listed on the previous January 1st and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the Village may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

**Restricted Assets:** Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

**Capital Assets:** Capital assets, which include 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. State law sets a capitalization threshold of \$5,000 for acquisitions of property and equipment (12-10-10 NMSA 1978). Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1980) are included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was included as part of the cost of capital assets under construction.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)**

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Buildings	10-50
Equipment	3-20
Infrasructure	50

Property, plant, and equipment of the proprietary funds are depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Buildings	25-50
Equipment	10-50
Infrasructure	50

**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, 2019, inventory related entirely to the operations of the Housing Authority and consisted of \$14,844 in housing maintenance supplies not yet put in use. Maintenance inventory is valued using the first-in first-out method.

**Accrued Expenses:** Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2019, along with the applicable PERA and Retiree Health Care (RHCA).

**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 recognized consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Pensions:** The Government wide financial statements and proprietary type funds report deferred outflows and deferred inflows 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 New Mexico 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, on the economic resources measurement focus and accrual basis of accounting. 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.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)**

**Compensated Absences:** 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:

<u>Total Years of Service</u>	<u>Annual Accumulation</u>
0-5	96 Hours
6-10	120 Hours
11 or More	144 Hours

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Village. Accumulated unused vacation up to a maximum of 212 hours is payable upon termination from employment. The Village maintains vacation leave as of the employee's hire date anniversary.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**Net Position:** The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets - Net investment in capital assets consist of 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 - Consist of net position with 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.

Unrestricted Net Position - All other net position that do not meet the definition of "restricted" or "investment in capital assets, net of related debt."



**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)**

**Fund Balance:** During 2009, GASB adopted Statement No. 54 to clarify the fund balance reporting guidelines of GASB 54. The fund balance reporting established by GASB 54 must be followed by all five of the governmental-type funds used by state and local governments. Based on the requirements of GASB 54, the total fund balance can be conceptually separated into two primary components: 1) Non-spendable fund balance and 2) Spendable fund balance. Fund balance is reported in these five classifications:

Non-spendable – the non-spendable balance includes amounts that cannot be spent because they are not in spendable form or legally, contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash; it also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance amount has spending limitations that are constrained by the government’s highest level of decision-making authority.

At June 30, 2019, the Village has presented restricted fund balance on the governmental funds balance sheet in the amount of \$186,395 for various Village operations as restricted by enabling legislation in the special revenue funds, debt service, and for capital projects. The details of these fund balance items are located on the governmental funds balance sheet as detailed on pages 16 and 17.

Assigned – The assigned fund balance classification is intended to be used for specific purposes such as special revenue funds, capital project funds, debt service funds, and permanent funds.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amount not contained in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

Minimum Fund Balance Policy: The Village’s policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the Village holds cash reserves of 1/12th the General Fund expenditures for the upcoming budget year. The Village has presented restricted fund balance on the governmental funds balance sheet in the amount of \$57,393 to meet minimum fund balance requirements for the General Fund.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (continued)**

The Village applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, and expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Village's financial statements consist of depreciation, estimated useful lives of capital assets, the allowance for doubtful accounts of sewer, water, ambulance, solid waste receivables, and net pension liability.

**NOTE 2. Stewardship, Compliance and Accountability**

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Councilors and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Funds. The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The Village Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2019 is presented as part of the budgetary statements.

**NOTE 3. Deposits and Investments**

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2019.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralization as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States Treasury Bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

All of the Village's accounts at an insured depository institution, including time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978) that require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least one half the amount in excess of FDIC coverage on deposit with the institution.

At June 30, 2019, \$280,267 of the Village's bank balance of \$530,267 was exposed to custodial credit risk. \$280,267 of the Village's cash deposits were uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Village's name, and \$0 was uninsured and uncollateralized at June 30, 2019.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 3. Deposits and Investments (continued)**

**Custodial Credit Risk – Deposits: Village**

	Southwest Capital Bank
Deposits	\$ 530,267
Less: FDIC Coverage	(250,000)
Total uninsured public funds	280,267
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name	280,276
Uninsured and uncollateralized	-
Collateral requirements (50% of uninsured funds)	\$ 140,134
Pledged Collateral	300,000
Over (under) collateralized	\$ 159,867

The Carrying Amount of deposits and investments shown above are included in the Village's Statement of Net position as follows:

Cash and cash equivalents - Governmental Activities per Exhibit A-1	160,184
Cash and cash equivalents - Business-type Activities per Exhibit A-1	249,859
Restricted cash and cash equivalents - Business-type Activities per Exhibit A-1	62,566
Cash and cash equivalents - Agency Funds per Exhibit E	293
Total cash and cash equivalents	472,902
Add: outstanding checks	60,833
Less: outstanding deposits	(60)
Less: Petty cash	(100)
Less: cash held at the NMFA	(3,308)
Bank balance of deposits	\$ 530,267

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 4. Receivables**

Receivables as of June 30, 2019, are as follows:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Gross receipts taxes	\$ 73,349	\$ -
Other taxes	1,460	-
Gas taxes	3,014	-
<b>Other receivables:</b>		
Customer Receivables, Net	-	18,106
<b>Total Receivables, Net</b>	<u>\$ 77,823</u>	<u>\$ 18,106</u>

The above governmental receivables are deemed 100% collectible. In accordance with GASB 33, property tax revenues receivables not collected within the period of availability was determined to be immaterial to the financial statements and was not reclassified as deferred inflow of resources in the governmental fund financial statements. All account receivables older than 90 days were immaterial and accordingly the Village did not accrue an allowance for doubtful accounts.

**NOTE 5. Interfund Receivables, Payables and Transfers**

The Village records interfund receivables and payables to enable the funds to operate until grant monies are available.

The composition of interfund balances during the year ended June 30, 2019 is as follows:

<u>Due To</u>	<u>Due Form</u>	<u>Amount</u>
General Fund	Water	84,168
General Fund	Waste Water	1,536
General Fund	Law Enforcement	32,285
General Fund	Senior Center	4,432
General Fund	Street	8,697
General Fund	CP WWTP	25,166
Fire	General	19,307
Street	General	2,456
MVD	General	435

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6. Capital Assets**

A summary of capital assets and changes for the Village occurring during the year ended June 30, 2019 follows.

<b>Governmental Activities:</b>	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
Capital assets not being depreciated:				
Land	\$ 84,475	\$ -	\$ -	\$ 84,475
Construction in Progress (CIP)	583,713	147,200	-	730,913
Total capital assets, not depreciated	<u>668,188</u>	<u>147,200</u>	<u>-</u>	<u>815,388</u>
Capital assets depreciated:				
Buildings	2,699,304	-	71,330	2,627,974
Equipment	1,396,622	-	-	1,396,622
Infrastructure	743,304	-	-	743,304
Total capital assets, depreciated	<u>4,839,230</u>	<u>-</u>	<u>71,330</u>	<u>4,767,900</u>
Total capital assets	<u>5,507,418</u>			<u>5,583,288</u>
Less accumulated depreciation:				
Buildings	734,499	59,295	24,008	769,786
Equipment	899,714	57,547	-	957,261
Infrastructure	110,335	17,415	-	127,750
Total accumulated depreciation	<u>1,744,548</u>	<u>134,257</u>	<u>24,008</u>	<u>1,854,797</u>
Capital Assets, Net	<u>\$ 3,762,870</u>			<u>\$ 3,728,491</u>

There were no deletions of capital assets in the fiscal year 2019. Depreciation expense for the year ended June 30, 2019 was charged to governmental activities as follows:

General Government	\$ 96,285
Public Safety	29,995
Public Works	6,606
Health and welfare	1,371
Total depreciation expense, governmental activities	<u>\$ 134,257</u>

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 6. Capital Assets (continued)**

<b>Business-type activities:</b>	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2019</b>
Capital assets not depreciated:				
Construction in progress	\$ 139,061	\$ -	\$ -	\$ 139,061
Land and Water Rights	249,884	-	-	249,884
Total capital assets not depreciated	<u>388,945</u>	<u>-</u>	<u>-</u>	<u>388,945</u>
Capital asset depreciated:				
Buildings	7,064,062	-	-	7,064,062
Equipment	520,437	-	-	520,437
Infrastructure	1,970,973	-	-	1,970,973
Total capital assets, depreciated	<u>9,555,472</u>	<u>-</u>	<u>-</u>	<u>9,555,472</u>
Total capital assets	<u>9,944,417</u>			<u>9,944,417</u>
Less accumulated depreciation:				
Buildings	1,732,394	147,260	-	1,879,654
Equipment	382,155	15,872	-	398,027
Infrastructure	331,167	49,274	-	380,441
Total accumulated depreciation	<u>2,445,716</u>	<u>212,406</u>	<u>-</u>	<u>2,658,122</u>
Capital Assets, Net	<u>\$ 7,498,701</u>			<u>\$ 7,286,295</u>

**NOTE 7. Long-term Debt**

During the year ended June 30, 2019 the following changes occurred in the long term debt reported in the Government-Wide Statement of Net Position:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Governmental Funds					
Notes Payable	\$ 40,351	\$ -	\$ 40,351	\$ -	\$ -
Compensated Absences	9,091	10,406	7,582	11,915	11,915
Total Long Term Debt	<u>\$ 49,442</u>	<u>\$ 10,406</u>	<u>\$ 47,933</u>	<u>\$ 11,915</u>	<u>\$ 11,915</u>

**Governmental Activities**

**Notes Payable:** The Village financed the purchase of a fire truck with a note payable to the New Mexico Finance Authority. Terms were: blended interest at .1%. payments of \$10,113 annually, maturing May 22, 2022 however the Village pay the balance in full \$40,351 on January 25, 2019.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 7. Long-term Debt (continued)**

**Business-Type Activities**

Bonds and notes payables for the Business-Type Activities as of June 30, 2019 are comprised of the following:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
Bonds Payable	\$ 724,396	-	\$ 39,608	\$ 684,788	\$ 45,823
Notes Payable	7,696	-	-	7,696	1,449
Compensated Absences	2,755	4,025	4,815	1,965	1,965
<b>Total Long Term Debt</b>	<b>\$ 734,847</b>	<b>\$ 4,025</b>	<b>\$ 44,423</b>	<b>\$ 694,449</b>	<b>\$ 49,237</b>

**Notes Payable:** The Village financed the construction of the water plant and distribution system with notes payable to the New Mexico Environmental Department. Terms were: 3% interest, payments of \$1,680 annually in June, maturing June 14, 2024. Future payments at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 1,449	\$ 231	\$ 1,680
2021	1,493	187	1,680
2022	1,538	143	1,681
2023	1,584	96	1,680
2024	1,632	49	1,681
Total	<u>\$ 7,696</u>	<u>\$ 706</u>	<u>\$ 8,402</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, 2019 was \$115,000. The Bonds are secured by the net revenues of the sewer and water system.

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, 2019 was \$10,396. These bonds are secured and payable for the net revenues of the sewer and water system.

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 Principal Balance outstanding at June 30, 2019 was \$300,000.



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**NOTE 7. Long-term Debt (continued)**

**Business-Type Activities (continued)**

On June 27, 2014 the Village entered into a loan agreement with New Mexico Finance Authority to finance the renovation of the Village's water meters. Under the terms of the agreement, the maximum principal amount of \$463,000 was issued at an interest rate of 2% with a maturity date of May 1, 2033. The loan is secured by pledged revenues which consist of those revenues derived from the operation of the Village's water system. The principal balance outstanding at June 30, 2019 was \$259,392.

The annual requirements to amortize the bonds and loans as of June 30, 2019 including interest payments are follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 45,823	\$ 19,564	\$ 65,387
2021	47,407	17,852	65,259
2022	49,002	16,072	65,074
2023	50,708	14,223	64,931
2024-2028	147,407	51,921	199,328
2029-2033	131,543	36,391	167,934
2034-2038	42,104	25,855	67,959
2039-2043	48,303	19,656	67,959
2044-2048	55,414	12,545	67,959
2049-2053	67,077	4391	71,468
	<u>\$ 684,788</u>	<u>\$ 218,470</u>	<u>\$ 903,258</u>

**NOTE 8. 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, 2019, 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.

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**NOTE 9. Pension Plan- Public Employees Retirement Association**

**General Information about the Pension Plan**

Plan description:

The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C- 1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund. PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/>.

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2018 available at: [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2018.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2018.pdf).

**Contributions**

The contribution requirements of defined benefit plan members are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY19 for the various PERA coverage options, for both Tier I and Tier II, see the tables at: [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2018.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2018.pdf).

The PERA coverage options that apply to the Village are: Municipal General, Statutorily required contributions to the pension plan from the Village were \$35,806 and Village paid no employee contributions for Year end June 30, 2019.

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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

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

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2018. Only employer contributions for the pay period end dates that fell within the period of July 1, 2017 to June 30, 2018 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2018 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

**Contributions:** PERA contribution rates and pension factors as of July 1, 2018 are as follows:

<b>PERA Contribution Rates and Pension Factors as of July 1, 2018</b>						
Coverage Plan	Employee Contribution		Employer Contribution Percentage	Pension Factor per		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
<b>STATE PLAN</b>						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
<b>MUNICIPAL PLANS 1 - 4</b>						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
<b>MUNICIPAL POLICE PLANS 1 - 5</b>						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
<b>MUNICIPAL FIRE PLANS 1 - 5</b>						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
<b>MUNICIPAL DETENTION OFFICER PLAN 1</b>						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
<b>STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.</b>						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

For PERA Fund Division Municipal General, at June 30, 2019, the Village reported a liability of \$526,142 for its proportionate share of the net pension liability. At June 30, 2019, the Village's proportion was .0330% percent, which was changed slightly from its proportion measured as of June 30, 2018, which was .0331%.

For the year ended June 30, 2019, the Village recognized PERA Fund Division Municipal General pension expense of \$36,131. At June 30, 2019, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,207	\$ 13,814
Changes of assumptions	47,702	3,025
Net difference between projected and actual earnings on pension plan investments	39,021	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	10,893	923
Village's contributions subsequent to the measurement date	<u>32,583</u>	<u>-</u>
Total	<u><u>145,406</u></u>	<u><u>17,762</u></u>

\$32,583 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2020	\$ 61,184
2021	24,097
2022	4,827
2023	1,953
Thereafter	-
Total	<u><u>\$ 92,061</u></u>

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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

For PERA Fund Division Municipal Fire, at June 30, 2019, the Village reported a liability of \$42,244 for its proportionate share of the net pension liability. At June 30, 2019, the City's proportion was .0066 percent, which was slightly changed from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Village recognized PERA Fund Division Municipal Fire pension expense of \$3,467. At June 30, 2018, the City reported PERA Fund Division Municipal Fire deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 679	\$ 3,081
Changes of assumptions	2,440	154
Net difference between projected and actual earnings on pension plan investments	1,481	-
Changes in proportion and differences between Village's contributions and proportionate share of contributions	1,180	4,702
Village's contributions subsequent to the measurement date	<u>3,223</u>	<u>-</u>
Total	<u>\$ 9,003</u>	<u>\$ 7,937</u>

\$9,003 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2020	\$ (81)
2021	(1,146)
2022	(991)
2023	61
Thereafter	-
Total	<u>\$ (2,157)</u>

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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

**Actuarial Assumptions:** The total pension liability at June 30, 2019 was determined using the following actuarial assumptions:

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, Open
Asset valuation method	4 year smoothed Market Value
Retirement	Changes to current assumed rates of
Disability	Lower rates for State police, Muni Male
Remaining Amortization Period	30 Years
Administrative Expenses	.5% of Payroll
Actuarial assumptions:	Fair value
Investment rate of return	7.25% Static
Payroll growth	3.00% Static
Projected salary increases	3.25%-13.5%
Real investment Return	4.75% above inflation.
Mortality assumption	RPH-2014 Blue Collar Mortality

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

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	43.5%	7.48%
Risk Reduction	21.5%	2.37%
Credit Oriented	15.0%	5.47%
Real Assets	20.0%	6.48%
Total	<u>100%</u>	

**Discount rate**

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.25 percent assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**NOTE 9. Pension Plan- Public Employees Retirement Association (continued)**

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption; as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

<b>PERA Fund Division Municipal Government</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Village's proportionate share of the net pension liability	\$ 810,750	\$ 526,142	\$ 290,868

  

<b>PERA Fund Division Municipal Fire</b>	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Village's proportionate share of the net pension liability	\$ 56,393	\$ 42,244	\$ 30,654

Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2018 restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan.** There were no amounts owed to PERA at June 30, 2019. Contractually required contributions are remitted to PERA monthly for the previous month's withholdings. Accrued payroll includes the employer's portion of retirement contributions related to employee services rendered as of June 30, 2019 but paid in July 2020.

**NOTE 10. Other Post-Employment Benefits – State Retiree Health Care Plan**

**Plan Description:** Employees of the Village are provided with OPEB through the Retiree Health Care Fund (the Fund) - a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.



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**NOTE 10. Other Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**Contributions**

**Benefits Provided:** The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and

dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

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

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

Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the Village were \$5,925 for the year ending June 30, 2019.

At June 30, 2019, the Village reported a liability of \$285,252 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Village's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2019. At June 30, 2019, the Village's proportion was 0.0656% percent.

For the year ended June 30, 2019, the Village recognized OPEB expense of \$(7,851). At June 30, 2019 the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**NOTE 10. Other Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**Contributions**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 16,889
Changes of assumptions	-	53,255
Net difference between projected and actual earnings on OPEB plan investments	-	3,560
Changes in Proportion		13,313
Village's contributions subsequent to the measurement date	10,531	-
<b>Total</b>	<u>\$ 10,531</u>	<u>\$ 87,017</u>

Deferred outflows of resources totaling \$10,531 represent the Village's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2019	\$ (21,548)
2020	(21,548)
2021	(21,548)
2022	(17,283)
Thereafter	(5,090)
<b>Total</b>	<u>\$ (87,017)</u>

The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.5% for ERB; 2.25% for PERA
Projected payroll increase	3.50%
Investment rate of return	margin for adverse deviation including inflation
Health care cost trend	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years
Mortality assumption	RP-2000 Combined mortality table with white collar adjustment (males) and GRS Southwest Regional Teacher Mortality Tables (females) PERA members: RP-

**Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the

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**NOTE 10. Other Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**Discount Rate**

target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized are as follows:

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Core Fixed Income	20.0%	4.10%
US Equity-Large Cap	20.0%	9.10%
Non US Emerging	15.0%	12.20%
NON US Developed	12.0%	9.80%
Private Equity	10.0%	13.80%
Credit and Structured	21.5%	1.79%
Real Estate	5.0%	6.90%
Absolute Return	5.0%	6.10%
Real Assets	3.0%	9.10%
<b>Total</b>	<u>100%</u>	

The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, thus, 4.08% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.**

The following presents the net OPEB liability of the Village, as well as what the Village's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

**OPEB plan fiduciary net position.** Detailed information about the OPEB plan's fiduciary net position is available in the NMRHCA's audited financial statements for the year ended June 30, 2018.

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**NOTE 11. Federal and State Grants**

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

**NOTE 12. 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.

**NOTE 13. Related Party**

The Village Housing Authority is considered a related party of the Village. For the year ended June 30, 2019 the Village took in \$18,399 in revenues from the Authority for water and waste water fees.

**NOTE 14. Leases**

Future lease obligations for the Village were zero at June 30, 2019, the Village has a copier lease in which it pays per copy, and therefore there is no committed amount.

**NOTE 15. Concentrations**

The Village depends on financial resources flowing from, or associated with, property taxes, gross receipts taxes, the Federal Government and the State of New Mexico. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations; changes in gross receipts tax rates, collections, tourism, and property values.

**NOTE 16. Subsequent Events**

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 18, 2019, which is the date on which the financial statements were available to be issued.

**NOTE 17. GASB 77 Disclosures (Tax Abatements)**

Management of the Village is not aware of any tax abatement agreements that existed as of June 30, 2019.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 18. Restricted Net Position**

The government-wide statement of Net Position reports \$107,239 of restricted amounts in governmental activities, all of which is restricted by enabling legislation. For a description of the related enabling legislation for special revenue funds and capital project funds, see pages 36 and 73. The government-wide statement of net position reports \$52,171 of restricted amounts in business-type activities, all of which is restricted for debt service.

**NOTE 19. Other Required Fund Disclosures**

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

- A. Deficit fund balance/net position of individual funds. The deficit fund balances as of June 30, 2019 were as follows:

<b>Fund</b>	<b>Amount</b>
Law Enforcement	\$ (11,888)
Capital Projects WWTP III	\$ (26,458)
Senior Citizen Center	\$ (4,432)

- B. 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, 2019:

<b>Fund</b>	<b>Amount</b>
Fire Protection	\$ 15,166

**NOTE 20. Joint Powers**

**NM State Police**

Participants:	New Mexico State Police Village of Pecos
Responsible Party:	Village of Pecos
Description:	Provide Law enforcement and police protection within the Pecos Village limits.
Period:	7/14/2000 No End Date
Village Contribution:	The Village must provide office space for the NMSP. The Village was also required to provide a four-wheel drive Jeep Grand Cherokee. There were no monetary contributions made by the Village in fiscal year 2018.
Audit Responsibility:	Village of Pecos

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 20. Joint Power Agreements (continued)**

**Wildland Fire Suppression**

Participants: New Mexico Energy/EMNRD  
Village of Pecos

Responsible Party: New Mexico Energy, Minerals and Natural Resource Department  
(EMNRD)

Description: The Village and EMNRD coordinate to commit to mutual wildland fire  
management

Period: 12/27/2007 no end date

Fiscal Agent: EMNRD

Village Contribution: The Village will be reimbursed at established rates for providing  
firefighting resources as requested by EMNRD outside the Villages  
Municipal Limits.

Audit Responsibility: EMNRD

**Animal Control**

Participants: San Miguel County and the Village of Pecos

Responsible Party: Village of San Miguel County

Description: San Miguel provides animal control services to the Village of Pecos

Period: 7/12/2012 no end date

Village Contribution: 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. Total Cost in fiscal year 2018 are undetermined.

Audit Responsibility: Village of Pecos

**Senior Center Operations**

Participants: City of Las Vegas and Village of Pecos

Responsible Party: Village of Pecos

Description: The Village provides space to the City of Las Vegas to operate a  
Senior Center

Period: 7/1/2016 renewed annually

Village Contribution: The Village is responsible for overall maintenance and upkeep of the  
facility, building, and area, including capital improvements.

Audit Responsibility: Village of Pecos

**REQUIRED SUPPLEMENTAY INFORMATION**

## Village of Pecos

**Schedule of the Village's Proportionate Share of the Net Pension Liability of  
PERA Fund – Municipal General  
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years\***

**MUNICIPAL GENERAL FUND**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0330%	0.0331%	0.0324%	0.0302%	0.0330%
Village's proportionate share of the net pension liability (asset)	\$ 526,142	\$ 454,822	\$ 517,643	\$ 307,915	\$ 223,891
Village's covered-employee payroll	\$ 341,155	\$ 295,805	\$ 306,513	\$ 291,351	\$ 258,565
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	154.22%	153.76%	168.88%	105.69%	86.59%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

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



## Village of Pecos

**Schedule of the Village's Proportionate Share of the Net Pension Liability of  
PERA Fund – Municipal Fire  
Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years\***

**MUNICIPAL FIRE FUND**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability (asset)	0.0066%	0.0075%	0.0072%	0.0069%	0.0099%
Village's proportionate share of the net pension liability (asset)	\$ 42,244	\$ 42,244	\$ 48,031	\$ 35,612	\$ 41,323
Village's covered-employee payroll	\$ 15,005	\$ 8,785	\$ 8,400	\$ 8,489	\$ 8,668
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	281.53%	480.87%	571.80%	419.51%	476.73%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%	69.18%	76.99%	81.29%

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

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Schedules of Employer Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA - Municipal General**  
**Last 10 Years\***

Schedule II

**MUNICIPAL GENERAL FUND**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 32,583	\$ 28,327	\$ 29,272	\$ 27,824	\$ 24,693
Contributions in relation to the contractually required contribution	\$ 32,583	\$ 28,237	\$ 29,272	\$ 27,824	\$ 24,693
Contribution deficiency (excess)	\$ -	\$ 90	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 295,805	\$ 295,805	\$ 306,513	\$ 291,351	\$ 258,565
Contributions as a percentage of covered-employee payroll	9.55%	9.55%	9.55%	9.55%	9.55%

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

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Schedules of Employer Contributions**  
**Public Employees Retirement Association (PERA) Plan**  
**PERA - Municipal Fire**  
**Last 10 Years\***

Schedule II

**MUNICIPAL FIRE FUND**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,189	\$ 1,911	\$ 1,819	\$ 1,804	\$ 1,842
Contributions in relation to the contractually required contribution	\$ 3,223	\$ 1,911	\$ 1,819	\$ 1,804	\$ 1,842
Contribution deficiency (excess)	\$ (34)	\$ -	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 15,005	\$ 8,785	\$ 8,400	\$ 8,489	\$ 8,668
Contributions as a percentage of covered-employee payroll	21.48%	21.75%	21.65%	21.25%	21.25%

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

See Independent Auditors' Report

Village of Pecos

Schedules of Required Supplementary Information

Schedule of the City's Proportionate Share of the Net OPEB Liability  
Retiree Health Care Last 10 Fiscal Years\*

VILLAGE IN SUMMATION

	<u>2019</u>	<u>2018</u>
Village's proportion of the net OPEB liability (asset)	0.0656%	0.0685%
Villages proportionate share of the net OPEB liability (asset)	\$ 285,252	\$ 310,420
Village's covered-employee payroll	\$ 297,555	\$ 277,908
Village's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	105.06%	105.06%

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

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Schedules of Contributions**  
**Retirement Healthcare**  
**Last 10 Fiscal Years\***

Schedule IV

	<b>2019</b>	<b>2018</b>
Village's proportion of the net OPEB liability (asset)	0.0656%	0.0685%
Villages proportionate share of the net OPEB liability (asset)	\$ 285,252	\$ 310,420
Village's covered-employee payroll	\$ 297,555	\$ 277,908
Village's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	105.06%	105.06%

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

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2019**

**Changes of benefit terms**

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY18 audit available at:

[http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2018.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2018.pdf).

There were no major changes to the benefit terms which impact the measurements provided in the Retiree Health Care Fund. The 2018 report can be found at:

[http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/RHCA\\_Final\\_Employer\\_Allocation\\_Schedules\\_6.30.18.pdf](http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/RHCA_Final_Employer_Allocation_Schedules_6.30.18.pdf)

**Changes of assumptions**

The PERA salary scale, inflation and payroll assumptions were updated to reflect assumptions used in the PERA June 30, 2018 pension valuation. Assumptions including the following were updated: Per capita costs, future trend for health costs and medical election assumptions. The actuarial assumptions are contained in section 3 of the RHCA GASB 74 Actuarial Report.

See Independent Auditors' Report

## **SUPPLEMENTARY INFORMATION**

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**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Nonmajor Fund Description**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS**

**Environmental Tax Fund** – 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 the joint powers agreement.

**Emergency Medical Services** – To account for state and county proceeds provided for operations of the Village’s emergency medical services. Authority – NMSA 24-10A.

**Senior Citizen’s** – to account for funds used for the Senior Citizen Center-Pecos Senior Center, San Miguel County. Authority is through laws established 2002, chapter 54, agreement 2013-1189, New Mexico Aging and Long Term Services Department.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

Statement A-1

	<u>Special Revenue</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Enviornmental GRT</b>	<b>Emergency Medical Services</b>	<b>Senior Citizen Center</b>	
<b>Assets</b>				
Cash and cash equivalent	\$ 21,494	\$ 5,665	\$ -	\$ 27,159
Gross receipt taxes receivable	1,460	-	-	1,460
<b>Total assets</b>	<b>\$ 22,954</b>	<b>\$ 5,665</b>	<b>\$ -</b>	<b>28,619</b>
<b>Liabilities and fund balance</b>				
<b>Liabilities</b>				
Due to other funds	\$ -	\$ -	\$ 4,432	\$ 4,432
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>4,432</b>	<b>4,432</b>
<b>Fund balance</b>				
Spendable:				
Restricted for:				
Public safety	-	5,665	-	5,665
Health and welfare	22,954	-	(4,432)	18,522
<b>Total fund balance</b>	<b>22,954</b>	<b>5,665</b>	<b>(4,432)</b>	<b>24,187</b>
<b>Total liabilities and fund balance</b>	<b>\$ 22,954</b>	<b>\$ 5,665</b>	<b>\$ -</b>	<b>28,619</b>

## STATE OF NEW MEXICO

Statement A-2

## Village of Pecos

**Combining Statement of Revenues, Expenses, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2019**

	Special Revenue			Total Nonmajor Governmental Funds
	Enviornmental GRT	Emergency Medical Services	Senior Citizen Center	
<b>Revenues</b>				
Gross receipt taxes	\$ 8,752	\$ -	\$ -	\$ 8,752
<b>Total revenue</b>	<u>8,752</u>	<u>-</u>	<u>-</u>	<u>8,752</u>
<b>Expenditures</b>				
Current:				
Health and welfare	9,750	-	-	9,750
<b>Total expenditures</b>	<u>9,750</u>	<u>-</u>	<u>-</u>	<u>9,750</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(998)</u>	<u>-</u>	<u>-</u>	<u>(998)</u>
Net change in fund balance	(998)	-	-	(998)
<b>Fund balance - beginning of year</b>	<u>23,952</u>	<u>5,665</u>	<u>(4,432)</u>	<u>25,185</u>
<b>Fund balance - end of year</b>	<u>\$ 22,954</u>	<u>\$ 5,665</u>	<u>\$ (4,432)</u>	<u>\$ 24,187</u>

See Independent Auditors' Report and Notes to Financial Statements

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## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Schedule of Deposits and Investments**  
**June 30, 2019**

Schedule V

Bank Name/Account Name	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
<b>Southwest Capital Bank</b>					
Operating	Checking	\$ 278,832	\$ 60	\$ (44,654)	\$ 234,238
Payroll	Checking	43,045	-	(2,207)	40,838
Fire Department	Checking	48,572	-	(9,830)	38,742
Sewer & Water	Checking	97,361	-	(1,460)	95,901
Water Deposit	Checking	10,060	-	(207)	9,853
Certificate of Deposit	CD	49,403	-	-	49,403
Motor Vehicle/Enterprise	Checking	2,994	-	(2,475)	519
<b>Total Southwest Capital Bank</b>		<u>\$ 530,267</u>	<u>\$ 60</u>	<u>\$ (60,833)</u>	<u>\$ 469,494</u>
<b>Other Cash Accounts</b>					
NMFA Water Meter Cash (Pecos 4)	Debt Service	\$ 3,308	\$ -	\$ -	\$ 3,308
Petty cash		100	-	-	100
		<u>\$ 3,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,408</u>
		<u>\$ 533,675</u>	<u>\$ 60</u>	<u>\$ (60,833)</u>	472,902
Cash and cash equivalents - Exhibit A-1					534,897
Restricted cash and cash equivalents - Exhibit A-1					-
Cash and cash equivalents - Exhibit E					(386)
Reconciled deposits and investments					<u>534,511</u>

See Independent Auditors' Report

STATE OF NEW MEXICO

Schedule VI

Village of Pecos

Schedule of Collateral Pledged by Depository for Public Funds

June 30, 2019

<u>Name of Depository</u>	<u>Security</u>	<u>Maturity Date</u>	<u>CUSIP</u>	<u>Fair Market Value</u>
Federal Home Loan Bank	Line of Credit	8/1/2020	NA	\$ 300,000
Total pledged collateral				<u>\$ 300,000</u>

See Independent Auditors' Report

STATE OF NEW MEXICO

Schedule VII

Village of Pecos

Agency Funds

Schedule of Changes in Assets and Liabilities

June 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Motor Vehicle Fund</b>				
<b>Assets</b>				
Cash	-	-	386	(386)
<b>Total Assets</b>	<u>-</u>	<u>-</u>	<u>386</u>	<u>(386)</u>
<b>Liabilities</b>				
Due to other entities	-	-	386	(386)
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>386</u>	<u>(386)</u>

See Independent Auditors' Report



**STATE OF NEW MEXICO**  
**Village of Pecos Housing Authority**  
**(A Component Unit of the Village of Pecos)**  
**Financial Data Schedule**  
**June 30, 2019**

Schedule VIII  
Page 1 of 5

<u>Line Item #</u>	<u>Description</u>	<u>Low Rent Public Housing</u>	<u>Capital Funds Program</u>	<u>Total</u>
111	Cash - unrestricted	\$ 179,407	\$ -	\$ 179,407
114	Cash - tenant security deposits	8,152	-	8,152
	<b>Total Cash</b>	<b>187,559</b>	<b>\$ -</b>	<b>187,559</b>
	<b>Accounts Receivable - HUD Other</b>			
126	Accounts receivable - tenants - dwelling rents	5,472	-	5,472
	Total Receivables	5,472	-	5,472
143	Inventories	14,844	-	14,844
	Total Other Current Assets	14,844	-	14,844
	Total Current Assets	207,875	-	207,875
142.1	Deferred outflows	-	-	-
161	Land	14,400	-	14,400
162	Buildings	1,257,143	-	1,257,143
163	Furniture equipment and machinery - dwellings	60,445	-	60,445
164	Furniture equipment and machinery - administration	50,418	-	50,418
165	Leasehold Improvements	244,955	-	244,955
166	Accumulated depreciation	(1,199,640)	-	(1,199,640)
	Total Fixed Assets	427,721	-	427,721
	<b>Total Assets and deferred outflows of resources</b>	<b>\$ 635,596</b>	<b>\$ -</b>	<b>\$ 635,596</b>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Village of Pecos Housing Authority**  
**(A Component Unit of the Village of Pecos)**  
**Financial Data Schedule**  
**June 30, 2019**

Schedule VIII  
Page 2 of 5

<u>Line Item #</u>	<u>Description</u>	<u>Low Rent Public Housing</u>	<u>Capital Funds Program</u>	<u>Total</u>
312	Accounts payable <=90 Days	\$ 7,042	\$ -	\$ 7,042
321	Accrued Liabilities (other)	3,501	-	3,501
322	Compensated absences - current portion	880	-	880
310	<b>Total Current Liabilities</b>	<u>11,423</u>	<u>-</u>	<u>11,423</u>
341	Tenant security deposits	8,152	-	8,152
	<b>Total Noncurrent Liabilities</b>	<u>8,152</u>	<u>-</u>	<u>8,152</u>
	<b>Total Liabilities</b>	<u>19,575</u>	<u>-</u>	<u>19,575</u>
508.1	Net investment in capital assets	427,721	-	427,721
512.1	Unrestricted net position	188,300	-	188,300
513	<b>Total Equity/Net Position</b>	<u>616,021</u>	<u>-</u>	<u>616,021</u>
	<b>Total Liabilities and Equity/Net Position</b>	<u>\$ 635,596</u>	<u>\$ -</u>	<u>\$ 635,596</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Village of Pecos Housing Authority**  
**(A Component Unit of the Village of Pecos)**  
**Financial Data Schedule**  
**June 30, 2019**

Schedule VIII  
Page 3 of 5

Line Item #	Description	Public Housing	Program	Total
70300	Net tenant rental revenue	\$ 130,261	\$ -	\$ 130,261
70400	Tenant revenue - other	4,078	-	4,078
70500	<b>Total Tenant Revenue</b>	<u>134,339</u>	<u>-</u>	<u>134,339</u>
70600	HUD PHA operating grants	80,555	70,678	151,233
70610	Capital Grants	-	-	-
71100	Investment income - unrestricted	88	-	88
71500	Other Revenue	2,576	-	2,576
70000	<b>Total Other Revenue</b>	<u>83,219</u>	<u>70,678</u>	<u>153,897</u>
91100	Administrative salaries	43,346	-	43,346
91200	Auditing fees	10,723	-	10,723
91500	Advertising	198	-	198
91600	Employee benefits	4,092	-	4,092
91700	Office exepense	4,175	-	4,175
91800	Travel	246	-	246
91900	Other operating - administrative	5,889	-	5,889
	<b>Total Operating - Administrative</b>	<u>68,669</u>	<u>-</u>	<u>68,669</u>
93100	Water	11,880	-	11,880
93200	Electric	3,056	-	3,056
93300	Gas	16,392	-	16,392
93600	Sewer	6,653	-	6,653
93000	<b>Total Utilities</b>	<u>\$ 37,981</u>	<u>\$ -</u>	<u>\$ 37,981</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Village of Pecos Housing Authority**  
**(A Component Unit of the Village of Pecos)**  
**Financial Data Schedule**  
**June 30, 2019**

Schedule VIII  
Page 4 of 5

Line Item #	Description	Public Housing	Program	Total
94100	Ordinary maintenance and operation - labor	\$ 17,821	\$ -	\$ 17,821
94200	Ordinary maintenance and operation - materials	11,522	37,885	49,407
94300	Ordinary maintenance and operation - contracts	16,990	-	16,990
94500	Employee benefits - administrative	1,730	-	1,730
94000	<b>Total Maintenance</b>	<u>48,063</u>	<u>37,885</u>	<u>85,948</u>
96110	Property insurance	7,745	-	7,745
96120	Liability insurance	303	-	303
96130	Workman's compensation	2,010	-	2,010
96140	All other insurance	1,809	-	1,809
96100	<b>Total Insurance Premiums</b>	<u>11,867</u>	<u>-</u>	<u>11,867</u>
96210	Compensated absences	-	-	-
96300	Other	-	-	-
96400	Bad debt tenant rents	-	-	-
96000	<b>Total Other General</b>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total Operating Expenses</b>	<u>166,580</u>	<u>37,885</u>	<u>204,465</u>
	<b>Excess of Operating Revenues over Operating Expenses</b>	<u>\$ 50,978</u>	<u>\$ 32,793</u>	<u>\$ 83,771</u>
97400	Depreciation expense	24,999	-	24,999
	<b>Total Other Expenses</b>	<u>24,999</u>	<u>-</u>	<u>24,999</u>
10010	Operating transfers In	-	-	-
10020	Operating transfers out	-	-	-
10092	Equity transfer	32,793	(32,793)	-
10100	<b>Total Other Financing Sources (Uses)</b>	<u>32,793</u>	<u>(32,793)</u>	<u>-</u>
	<b>Excess of Revenue over Expenses</b>	<u>\$ 58,772</u>	<u>\$ -</u>	<u>\$ 58,772</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**Village of Pecos Housing Authority**  
**(A Component Unit of the Village of Pecos)**  
**Financial Data Schedule**  
**June 30, 2019**

Line Item #	Description	Public Housing	Program	Total
11030	Beginning Equity	\$ 557,249	\$ -	\$ 557,249
	<b>Ending Equity</b>	<b>\$ 616,021</b>	<b>\$ -</b>	<b>\$ 616,021</b>
11190	Unit months available	372	-	372
11210	Number of unit months leased	369	-	369
11620	Building purchases	-	-	-
11621	Furniture	-	-	-

See Independent Auditors' Report

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## **COMPLIANCE SECTION**



Auditors~Consultants~CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Brian S. Colón, ESQ  
New Mexico State Auditor  
Santa Fe, New Mexico

and

To the Honorable Mayor and Village Councilors of  
Village of Pecos  
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 aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Village of Pecos, New Mexico (the Village), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated November 18, 2019.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of X, State Y'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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items FS 2019-001 and FSHA 2018-001.



**Purpose of this Report**

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

*Southwest Accounting Solutions, LLC*

Southwest Accounting Solutions, LLC  
Albuquerque, New Mexico  
November 18, 2019

**STATE OF NEW MEXICO  
Village of Pecos  
Schedule of Findings and Responses  
June 30, 2019**

**SECTION II – SUMMARY OF AUDIT RESULTS**

***Financial Statements:***

- |  |            |
|--|------------|
| 1. Type of auditors' report issued:                    |            |
| Village of Pecos                                       | Unmodified |
| Pecos Housing Authority                                | Unmodified |
| 2. Internal control over financial reporting:          |            |
| a. Material weakness identified?                       | No         |
| b. Significant deficiencies identified?                | No         |
| c. Noncompliance material to the financial statements? | No         |

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Schedule of Findings and Responses**  
**June 30, 2019**

**SECTION II – PRIOR YEAR AUDIT FINDINGS**

**Village of Pecos**

**No Prior year audit findings**

**Village of Pecos Housing Authority**

**FSHA 2017-002: Controls over Revenue — Other Non-Compliance – Resolved**

**FSHA 2018-001: Deposit of Public Funds — Significant Deficiency – Repeated and Modified**

**FSHA 2018-002: Internal Controls over Disbursements — Significant Deficiency – Resolved**

**FSHA 2018-003: Payroll Disbursement and Related Polices — Significant Deficiency – Resolved**

**FSHA 2018-004: Compliance with I-9 Requirements — Other Non-Compliance – Resolved**

**SECTION III – FINDINGS AND RESPONSES, VILLAGE OF PECOS**

**FS 2019-001 Lack of Budgetary Control – Non-compliance**

**Condition:** Village had expenditures in excess of budgetary expenditures in the following funds:

- Fire Protection: \$15,166

**Criteria:** All Village funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Department of Finance and Administration – Local Government Division for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, NMSA 1978.

**Effect:** The Village is not in compliance with Mexico State Statute 6-6-6, NMSA 1978.

**Cause:** The Village made full payment of a loan outstanding in the fund listed above without a budget adjustment for the full amount remitted for FY 2019.

**Auditor Recommendation:** We recommend the Village monitor actual expenditures to the actual expenditures reported to the DFA on a continuous basis.

**Management Response:** Management will ensure all expenses are monitored/reconciled to DFA balances timely. The Village is reviewing its Accounting Software to utilize additional modules which will also assist with the accurate monitoring, reconciling, and reporting of revenues and expenditures.

**Responsible Party:** Treasurer

**Timeline:** January 2020

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Schedule of Findings and Responses**  
**June 30, 2019**

**SECTION IV –FINDINGS AND RESPONSES, VILLAGE OF PECOS HOUSING**  
**AUTHORITY A COMPONENT UNIT OF THE VILLAGE OF PECOS**

**FSHA 2019-001 (2018-001) – Deposit of Public Funds– Non-compliance-Repeated/Modified**

**Condition:** During our internal control test-work over cash receipts, we noted that 5 out of 70 cash receipts tested, totaling \$1,603.02, were not deposited by the next business day; rather they were deposited within 72 hours of receipt. The Authority did not make adequate progress to remove this finding.

**Criteria:** The state statute 6-10-3 NMSA requires all money collected to be deposited by the following business days, and in addition internal policy requires timely deposits as well.

**Effect:** The Authority is not in compliance section 6-10-3 NMSA.

**Cause:** Housing Authority Staff maintains they were not aware of the requirements prior to the previous audit, and thereby the cause would be oversight.

**Auditors' Recommendations:** We recommend the Housing Authority continue to train employees on the State and internal policies surrounding cash handling.

**Management's Response:** Management is now aware of the issue and has begun depositing funds the next business day.

**Responsible Party:** Executive Director.

**Timeline:** By December 2019.

**STATE OF NEW MEXICO**  
**Village of Pecos**  
**Exit Conference**  
**June 30, 2019**

**Exit Conference**

An exit conference was held on November 18, 2019. In attendance were the following:

Representing the Village of Pecos:

Telesfor Benavidez	Mayor
Herman Gallegos	Councilor
Kathy Romero	Village Treasurer
Ramona Quintana	Village Clerk

Representing Southwest Accounting Solutions, LLC:

Geoff Mamerow	Audit Manager
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**Auditor Prepared Financial Statements**

Southwest Accounting Solutions, LLC assisted the Village in the preparation of the GAAP-based financial statements and notes to the financial statements. The financial statements were prepared using the original books and records provided by the management of the Village. The responsibility for the financial statements remains with the Village.