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***State of New Mexico
Village of Cloudcroft
Annual Financial Report
June 30, 2014***

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
ANNUAL FINANCIAL REPORT
JUNE 30, 2014

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STATE OF NEW MEXICO
Village of Cloudcroft
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June 30, 2014

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STATE OF NEW MEXICO
Village of Cloudcroft
Official Roster
June 30, 2014

<u>Name</u>	<u>Village Council</u>	<u>Title</u>
David C. Venable		Mayor
Bradley Rasch		Mayor Pro Tem
James Maynard		Trustee
W.A. (Andy) Olsen		Trustee
Bruce A. Smaga		Trustee
	<u>Administration</u>	
Jini S. Turri		Village Clerk/Treasurer/Administrator
Anne Turri		Accounting/Payroll Clerk

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Village Council
Village of Cloudcroft
Cloudcroft, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Cloudcroft, New Mexico (the "Village"), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons of all nonmajor funds and the proprietary fund presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2014, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for all nonmajor funds and the proprietary fund 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 not presented the *Management's Discussion and Analysis* that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 introductory section and the additional schedules listed as schedules I through IV in the table of contents are required by 2.2.2 NMAC and are presented for purposes of additional analysis. They are not a required part of the basic financial statements.

The additional schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 additional schedules 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 20, 2014 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.

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
November 20, 2014

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

Village of Cloudcroft

Statement of Net Position

June 30, 2014

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Assets			
Current assets			
Cash and cash equivalents	\$ 1,817,667	\$ 501,236	\$ 2,318,903
Receivables			
Taxes	127,189	-	127,189
Intergovernmental	66,428	-	66,428
Other	9,813	153,859	163,672
Total current assets	<u>2,021,097</u>	<u>655,095</u>	<u>2,676,192</u>
Noncurrent assets			
Restricted cash	-	94,227	94,227
Capital assets	9,377,020	9,382,080	18,759,100
Less: accumulated depreciation	<u>(7,558,688)</u>	<u>(4,920,623)</u>	<u>(12,479,311)</u>
Total noncurrent assets	<u>1,818,332</u>	<u>4,555,684</u>	<u>6,374,016</u>
Total assets	<u>\$ 3,839,429</u>	<u>\$ 5,210,779</u>	<u>\$ 9,050,208</u>

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 41,214	\$ 63,319	\$ 104,533
Accrued payroll	20,622	14,223	34,845
Current portion of accrued compensated absences	10,816	6,136	16,952
Deposits	-	5,875	5,875
Accrued interest	1,221	8,510	9,731
Current portion of loans payable	-	376,461	376,461
Total current liabilities	<u>73,873</u>	<u>474,524</u>	<u>548,397</u>
Noncurrent liabilities			
Accrued compensated absences	904	153	1,057
Loans payable	584,383	193,503	777,886
Total noncurrent liabilities	<u>585,287</u>	<u>193,656</u>	<u>778,943</u>
Total liabilities	<u>659,160</u>	<u>668,180</u>	<u>1,327,340</u>
Net position			
Net investment in capital assets	1,233,949	3,891,493	5,125,442
Restricted for			
Special revenue	864,421	-	864,421
Capital projects	293,103	-	293,103
Unrestricted	788,796	651,106	1,439,902
Total net position	<u>3,180,269</u>	<u>4,542,599</u>	<u>7,722,868</u>
Total liabilities and net position	<u>\$ 3,839,429</u>	<u>\$ 5,210,779</u>	<u>\$ 9,050,208</u>

STATE OF NEW MEXICO
Village of Cloudcroft
Statement of Activities
For the Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government				
Governmental activities				
General government	\$ 584,948	\$ 28,948	\$ 100,398	\$ -
Public safety	614,643	70,101	238,789	121,800
Public works	158,421	-	-	-
Health and welfare	523	-	-	-
Culture and recreation	77,947	1,000	-	3,107
Conservation and development	27,125	-	-	-
Interest on long-term debt	1,221	-	-	-
<i>Total governmental activities</i>	<u>1,464,828</u>	<u>100,049</u>	<u>339,187</u>	<u>124,907</u>
Business-type activities				
Water and sewer	1,864,404	982,882	-	423,894
<i>Total business-type activities</i>	<u>1,864,404</u>	<u>982,882</u>	<u>-</u>	<u>423,894</u>
<i>Total primary government</i>	<u>\$ 3,329,232</u>	<u>\$ 1,082,931</u>	<u>\$ 339,187</u>	<u>\$ 548,801</u>

General revenues

Taxes

Property taxes, levied for general purposes

Gross receipts taxes

Gasoline and motor vehicle taxes

Other taxes

Investment income

Fines and forfeitures

Miscellaneous income

Transfers

Total general revenues

Change in net position

Net position, beginning

Restatement (Note 17)

Net position, beginning as restated

Net position, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Change in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (455,602)	\$ -	\$ (455,602)
(183,953)	-	(183,953)
(158,421)	-	(158,421)
(523)	-	(523)
(73,840)	-	(73,840)
(27,125)	-	(27,125)
(1,221)	-	(1,221)
<u>(900,685)</u>	<u>-</u>	<u>(900,685)</u>
-	(457,628)	(457,628)
-	(457,628)	(457,628)
<u>(900,685)</u>	<u>(457,628)</u>	<u>(1,358,313)</u>
54,670	-	54,670
607,300	12,521	619,821
31,184	-	31,184
128,905	-	128,905
3,917	1,302	5,219
7,173	-	7,173
136,668	3,461	140,129
43,877	(43,877)	-
<u>1,013,694</u>	<u>(26,593)</u>	<u>987,101</u>
<u>113,009</u>	<u>(484,221)</u>	<u>(371,212)</u>
8,034,901	5,237,147	13,272,048
(4,967,641)	(210,327)	(5,177,968)
<u>3,067,260</u>	<u>5,026,820</u>	<u>8,094,080</u>
<u>\$ 3,180,269</u>	<u>\$ 4,542,599</u>	<u>\$ 7,722,868</u>

STATE OF NEW MEXICO

Village of Cloudcroft

Balance Sheet

Governmental Funds

June 30, 2014

	<u>General Fund</u>	<u>Fire Protection</u>	<u>EMS</u>
<i>Assets</i>			
Cash	\$ 174,833	\$ 690,267	\$ 510,225
Receivables			
Taxes	105,626	-	-
Intergovernmental	-	-	-
Other	8,361	8	453
<i>Total assets</i>	<u>\$ 288,820</u>	<u>\$ 690,275</u>	<u>\$ 510,678</u>
 <i>Liabilities</i>			
Accounts payable	\$ 14,340	\$ 2,812	\$ 1,189
Accrued payroll	20,622	-	-
<i>Total liabilities</i>	<u>34,962</u>	<u>2,812</u>	<u>1,189</u>
 <i>Deferred inflows of resources</i>			
Property taxes	3,269	-	-
<i>Total deferred inflows of resources</i>	<u>3,269</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>			
Spendable			
Restricted	-	687,463	509,489
Unassigned	250,589	-	-
<i>Total fund balances</i>	<u>250,589</u>	<u>687,463</u>	<u>509,489</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 288,820</u>	<u>\$ 690,275</u>	<u>\$ 510,678</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ 442,342	\$ 1,817,667
21,563	127,189
66,428	66,428
991	9,813
<u>\$ 531,324</u>	<u>\$ 2,021,097</u>
\$ 22,873	\$ 41,214
-	20,622
<u>22,873</u>	<u>61,836</u>
-	3,269
<u>-</u>	<u>3,269</u>
508,451	1,705,403
-	250,589
<u>508,451</u>	<u>1,955,992</u>
<u>\$ 531,324</u>	<u>\$ 2,021,097</u>

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STATE OF NEW MEXICO

Village of Cloudcroft

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2014

Exhibit B-1

Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Fund balances- total governmental funds	\$	1,955,992
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		1,818,332
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows of resources in the fund financial statements, but are considered revenue in the Statement of Activities		3,269
Certain liabilities, including loans payable and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable		(1,221)
Accrued compensated absences not due and payable at year end		(11,720)
Loans payable		<u>(584,383)</u>
Total net position of governmental activities	\$	<u><u>3,180,269</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Cloudcroft
Statement of Revenues, Expenditures, and Change in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Fire Protection</u>	<u>EMS</u>
<i>Revenues</i>			
Taxes			
Property	\$ 55,688	\$ -	\$ -
Gross receipts	557,201	-	-
Gasoline and motor vehicle taxes	11,146	-	-
Other	15,928	-	-
Intergovernmental income			
State operating grants	103,052	156,634	22,830
State capital grants	-	100,000	-
Charges for services	41,098	-	70,101
Investment income	405	424	1,103
Fines and forfeitures	5,733	-	-
Miscellaneous	32,951	-	70,000
<i>Total revenues</i>	<u>823,202</u>	<u>257,058</u>	<u>164,034</u>
<i>Expenditures</i>			
Current			
General government	314,229	-	-
Public safety	299,810	124,753	91,393
Public works	138,460	-	-
Health and welfare	2,360	-	-
Culture and recreation	66,957	-	-
Conservation and development	27,125	-	-
Capital outlay	14,378	84,677	74,253
<i>Total expenditures</i>	<u>863,319</u>	<u>209,430</u>	<u>165,646</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(40,117)</u>	<u>47,628</u>	<u>(1,612)</u>
<i>Other financing sources (uses)</i>			
Operating transfers in	-	-	-
Operating transfers (out)	(13,001)	(16,327)	(37,200)
Proceeds from debt issuance	-	584,383	-
<i>Total other financing sources (uses)</i>	<u>(13,001)</u>	<u>568,056</u>	<u>(37,200)</u>
<i>Net change in fund balances</i>	<u>(53,118)</u>	<u>615,684</u>	<u>(38,812)</u>
<i>Fund balances, beginning</i>	261,710	71,779	548,301
<i>Restatement (Note 17)</i>	41,997	-	-
<i>Fund balances, beginning as restated</i>	<u>303,707</u>	<u>71,779</u>	<u>548,301</u>
<i>Fund balance, ending</i>	<u>\$ 250,589</u>	<u>\$ 687,463</u>	<u>\$ 509,489</u>

The accompanying notes are an integral part of these financial statements

Other Governmental Funds	Total
\$ -	\$ 55,688
50,099	607,300
20,038	31,184
112,977	128,905
78,471	360,987
3,107	103,107
1,000	112,199
1,985	3,917
1,440	7,173
21,567	124,518
<u>290,684</u>	<u>1,534,978</u>
146,350	460,579
93,938	609,894
25,360	163,820
-	2,360
10,990	77,947
-	27,125
22,197	195,505
<u>298,835</u>	<u>1,537,230</u>
<u>(8,151)</u>	<u>(2,252)</u>
145,812	145,812
(35,407)	(101,935)
-	584,383
<u>110,405</u>	<u>628,260</u>
<u>102,254</u>	<u>626,008</u>
401,994	1,283,784
4,203	46,200
<u>406,197</u>	<u>1,329,984</u>
<u>\$ 508,451</u>	<u>\$ 1,955,992</u>

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STATE OF NEW MEXICO
Village of Cloudcroft
Reconciliation of the Statement of Revenues, Expenditures, and Change
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

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

Net change in fund balances- total governmental funds	\$ 626,008
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Governmental funds report capital outlays 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 outlay	195,505
Depreciation expense	(121,873)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds:

Decrease in deferred inflows of resources	(1,018)
---	---------

Expenditures in the Statement of Activities that do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Increase in accrued compensated absences	(9)
Increase in accrued interest	(1,221)

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, governmental funds report the effect premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Loan proceeds	<u>(584,383)</u>
---------------	------------------

Change in net position of governmental activities	<u><u>\$ 113,009</u></u>
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STATE OF NEW MEXICO

Exhibit C-1

Village of Cloudcroft

General Fund

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
<i>Taxes</i>				
Property taxes	\$ 51,533	\$ 56,198	\$ 56,197	\$ (1)
Gross receipts	565,250	545,478	545,477	(1)
Gasoline and motor vehicle	11,500	11,146	11,146	-
Other	25,000	27,763	27,762	(1)
<i>Intergovernmental income</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	154,500	103,052	103,052	-
State capital grants	-	-	-	-
Charges for services	45,990	41,009	41,009	-
Investment income	600	392	392	-
Fines and forfeitures	8,000	5,957	5,957	-
Miscellaneous income	21,250	28,391	28,392	1
<i>Total revenues</i>	<u>883,623</u>	<u>819,386</u>	<u>819,384</u>	<u>(2)</u>
<i>Expenditures</i>				
<i>Current</i>				
General government	319,084	323,383	307,650	15,733
Public safety	319,660	319,497	306,069	13,428
Public works	150,971	144,926	133,243	11,683
Health and welfare	4,240	4,240	2,360	1,880
Culture and recreation	83,749	77,262	67,482	9,780
Conservation and development	27,000	30,400	26,711	3,689
Capital outlay	22,100	20,355	18,062	2,293
<i>Total expenditures</i>	<u>926,804</u>	<u>920,063</u>	<u>861,577</u>	<u>58,486</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(43,181)</u>	<u>(100,677)</u>	<u>(42,193)</u>	<u>58,484</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	43,181	100,677	-	(100,677)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	(13,001)	(13,001)
<i>Total other financing sources (uses)</i>	<u>43,181</u>	<u>100,677</u>	<u>(13,001)</u>	<u>(113,678)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(55,194)</u>	<u>(55,194)</u>
<i>Fund balance, beginning</i>	-	-	234,705	234,705
<i>Restatement (Note 17)</i>	-	-	(4,678)	(4,678)
<i>Fund balance, beginning as restated</i>	<u>-</u>	<u>-</u>	<u>230,027</u>	<u>230,027</u>
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,833</u>	<u>\$ 174,833</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (55,194)
Adjustments to revenues for taxes and other receivables				3,818
Adjustments to expenditures for accounts payable and accrued payroll				(1,742)
Net change in fund balance (GAAP basis)				<u>\$ (53,118)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

Village of Cloudcroft

Fire Protection Special Revenue Fund

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
<i>Taxes</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
<i>Intergovernmental income</i>				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	156,634	156,634	156,634	-
State capital grants	-	100,000	100,000	-
Charges for services	-	-	-	-
Investment income	500	360	416	56
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>157,134</u>	<u>256,994</u>	<u>257,050</u>	<u>56</u>
<i>Expenditures</i>				
<i>Current</i>				
General government	-	-	-	-
Public safety	134,025	136,803	126,652	10,151
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	90,000	188,122	84,754	103,368
<i>Total expenditures</i>	<u>224,025</u>	<u>324,925</u>	<u>211,406</u>	<u>113,519</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(66,891)</u>	<u>(67,931)</u>	<u>45,644</u>	<u>113,575</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	66,891	67,931	-	(67,931)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	(16,327)	(16,327)
Proceeds from debt issuance	-	-	584,383	584,383
<i>Total other financing sources (uses)</i>	<u>66,891</u>	<u>67,931</u>	<u>568,056</u>	<u>500,125</u>
<i>Net change in fund balance</i>	-	-	613,700	613,700
<i>Fund balance, beginning</i>	-	-	76,567	76,567
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 690,267</u>	<u>\$ 690,267</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 613,700
Adjustments to revenues for other receivables				8
Adjustments to expenditures for accounts payable				1,976
Net change in fund balance (GAAP basis)				<u>\$ 615,684</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-3

Village of Cloudcroft

EMS Special Revenue Fund

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	23,251	22,830	22,830	-
State capital grants	-	-	-	-
Charges for services	113,000	77,741	77,741	-
Investment income	1,520	1,067	1,067	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	10,000	70,000	70,000	-
<i>Total revenues</i>	<u>147,771</u>	<u>171,638</u>	<u>171,638</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	150,321	155,983	94,057	61,926
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	105,500	99,838	74,330	25,508
<i>Total expenditures</i>	<u>255,821</u>	<u>255,821</u>	<u>168,387</u>	<u>87,434</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(108,050)</u>	<u>(84,183)</u>	<u>3,251</u>	<u>87,434</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	108,050	84,183	-	(84,183)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	(37,200)	(37,200)
<i>Total other financing sources (uses)</i>	<u>108,050</u>	<u>84,183</u>	<u>(37,200)</u>	<u>(121,383)</u>
<i>Net change in fund balance</i>	-	-	(33,949)	(33,949)
<i>Fund balance, beginning</i>	-	-	544,174	544,174
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 510,225</u>	<u>\$ 510,225</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (33,949)
Adjustments to revenues for other receivables				(7,604)
Adjustments to expenditures for accounts payable				2,741
Net change in fund balance (GAAP basis)				<u>\$ (38,812)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Cloudcroft
 Statement of Net Position
 Proprietary Fund
 June 30, 2014

Exhibit D-1

	<u>Proprietary Fund</u>
	<u>Water and Sewer</u>
<i>Assets</i>	
<i>Current assets</i>	
Cash	\$ 501,236
Accounts receivable	153,859
<i>Total current assets</i>	655,095
 <i>Noncurrent assets</i>	
Restricted cash	94,227
Capital assets	9,382,080
Less: accumulated depreciation	(4,920,623)
<i>Total noncurrent assets</i>	4,555,684
<i>Total assets</i>	\$ 5,210,779
 <i>Liabilities and net position</i>	
<i>Liabilities</i>	
<i>Current liabilities</i>	
Accounts payable	\$ 63,319
Accrued payroll	14,223
Current portion of accrued compensated absences	6,136
Deposits	5,875
Accrued interest	8,510
Current portion of loans payable	376,461
<i>Total current liabilities</i>	474,524
 <i>Noncurrent liabilities</i>	
Accrued compensated absences	153
Loans payable	193,503
<i>Total noncurrent liabilities</i>	193,656
<i>Total liabilities</i>	668,180
 <i>Net position</i>	
Net investment in capital assets	3,891,493
Unrestricted	651,106
<i>Total net position</i>	4,542,599
<i>Total liabilities and net position</i>	\$ 5,210,779

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Cloudcroft
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

Exhibit D-2

	<u>Proprietary Fund</u>
	<u>Water and Sewer</u>
<i>Operating revenues</i>	
Charges for services	\$ 995,403
<i>Total operating revenues</i>	<u>995,403</u>
<i>Operating expenses</i>	
Personnel services	329,122
Contractual services	532,500
Supplies	13,047
Maintenance and materials	205,506
Utilities	98,251
Depreciation	289,222
Other operating expenditures	394,946
<i>Total operating expenses</i>	<u>1,862,594</u>
<i>Operating income (loss)</i>	<u>(867,191)</u>
<i>Nonoperating revenues (expenses)</i>	
Investment income	1,302
Miscellaneous income	3,461
Interest expense	(1,810)
<i>Total nonoperating revenues (expenses)</i>	<u>2,953</u>
Capital grants and contributions	423,894
Operating transfers in	3,086
Operating transfers (out)	(46,963)
<i>Capital grants and net transfers</i>	<u>380,017</u>
<i>Change in net position</i>	<u>(484,221)</u>
<i>Total net position, beginning</i>	5,237,147
<i>Restatement (Note 17)</i>	(210,327)
<i>Total net position, beginning as restated</i>	<u>5,026,820</u>
<i>Total net position, ending</i>	<u>\$ 4,542,599</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Cloudcroft
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

Exhibit D-3

	<u>Proprietary Fund</u>
	<u>Water and Sewer</u>
<i>Cash flows from operating activities</i>	
Cash received from user charges	\$ 1,045,325
Cash payments to employees for services	(857,410)
Cash payments to suppliers for goods and services	(738,889)
<i>Net cash provided (used) by operating activities</i>	(550,974)
 <i>Cash flows from noncapital financing activities</i>	
Miscellaneous income	3,461
Change in noncurrent accrued compensated absences	(144)
Interfund advances (payments) and transfers	(43,877)
<i>Net cash provided (used) by noncapital financing activities</i>	(40,560)
 <i>Cash flows from capital and related financing activities</i>	
Capital grants and contributions	423,894
Interest paid	(539)
Proceeds from issuance of long-term debt	94,227
Principal payments on long-term debt	(5,838)
Acquisition of capital assets	(41,809)
<i>Net cash provided (used) by capital and related financing activities</i>	469,935
 <i>Cash flows from investing activities</i>	
Interest on investments	1,302
<i>Net cash provided (used) by investing activities</i>	1,302
 <i>Net increase (decrease) in cash and cash equivalents</i>	(120,297)
 <i>Cash and cash equivalents- beginning of year</i>	715,760
 <i>Cash and cash equivalents- end of year</i>	\$ 595,463
 <i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>	
Operating income (loss)	\$ (867,191)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	289,222
Changes in assets and liabilities	
Receivables	49,922
Accounts payable	(33,014)
Accrued payroll expenses	4,033
Current accrued compensated absences	179
Customer deposits	5,875
<i>Net cash provided (used) by operating activities</i>	\$ (550,974)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Cloudcroft
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

Exhibit E-1

Assets

Cash	\$ -
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Total assets	<u>\$ -</u>
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Liabilities

Accounts payable	\$ -
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Total liabilities	<u>\$ -</u>
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The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies

The Village of Cloudcroft (the “Village”) was incorporated in 1948 under the laws of the State of New Mexico. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, ambulance, and fire), streets, sanitation, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The Village of Cloudcroft 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 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 Village’s financial statements. The financial statements and notes are the representation of Village’s management who is 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.

During the year ended June 30, 2014, the Village adopted Governmental Accounting Standards Board (GASB) Statements No. 65, 66 and 67. GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The implementation of GASB 65 is not expected to have a significant impact on the Village’s financial statements. GASB Statement No. 66, Technical Corrections-2012-An Amendment of GASB Statements No. 10 and No. 62. This objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54 and No. 62. The implementation of GASB 66 is not expected to have a significant impact on the Village’s financial statements. GASB Statement No. 67, Financial Reporting for Pension Plans-An Amendment of GASB Statement No. 25. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The implementation of GASB 67 is not expected to have a significant impact on the Village’s financial statements.

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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, although 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 Cloudcroft
Notes to Financial Statements
June 30, 2014

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 does not have any component units required to be reported under GASB Statements No. 14, No. 39, or No. 61.

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 nonfiduciary 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) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts- net investment in capital assets; restricted net assets; and unrestricted net assets.

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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

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 fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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, subject to the availability criterion. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 such as small cities assistance 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.

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. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village's utilities. 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 nonoperating revenues and expenses.

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.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Under the requirements of GASB Statement No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include the following, which includes funds that were not required to be presented as major but were at the discretion of management:

The Village reports the following major governmental funds:

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.

The *Fire Protection Special Revenue Fund* was created to account for the operations and maintenance of the fire department. (Village Ordinance)

The *EMS Special Revenue Fund* was created to account for monies received for providing emergency medical services to the residents of the Village. (Village Ordinance)

The Village reports its proprietary fund as a major fund. The proprietary fund includes:

The *Water and Sewer Fund* is used to account for the activities of the Village's water and sewer operations.

Additionally, the government reports the following fund types:

The *Special Revenue Funds* account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Fiduciary Funds* account for resources held for others. They are purely custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds are used to account for assets that the Village holds for others in an agency capacity.

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 in the Statement of Activities.

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 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.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Equity

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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 to be 100% collectible.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 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. Property taxes are collected by Otero County and remitted monthly to the Village.

Prepaid Expenses: Prepaid expenses include insurance and contract payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund 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 used.

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. 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 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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. The total interest expense capitalized by the Village during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30-50
Equipment	5-15
Infrastructure	20

Accrued Expenses: Accrued expenses are comprised of the payroll expenditures based on amounts earned by the employees through June 30, 2014, along with applicable PERA, FICA, and Medicare payable.

Deferred Inflows of Resources: Deferred inflows of resources is an acquisition of net position by the Village that is applicable to a future reporting period. The only deferred inflows of resources applicable to the Village on the modified accrual basis of accounting are property taxes received and receivable for the next fiscal year's property tax levy.

Compensated Absences: The Village's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion on this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule depending on length of service. No more than twenty (20) working days, or one hundred sixty (160) hours of annual leave, may be carried forward from one calendar year to the next. All excess annual leave shall be forfeited, if not used, unless extenuating circumstances warrant approval of an extension by the Village Council of the Village of Cloudcroft.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary 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 assets.

Long-term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts 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. For fund financial reporting, bond premiums and discounts are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. With the adoption of GASB Statement No. 65, debt issuance costs are no longer amortized over the life of the related. Debt issuance costs not related to prepaid insurance are recognized as an expense in the period incurred.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

Net Position or Fund Equity:

Fund Balance Classification Policies and Procedures: For restricted fund balances, the Village includes amounts that can be spent only for the specific purposes stipulated by Statute, Ordinance, Resolutions, or enabling Legislation. Fund balances in this category represent the remaining amount that is restricted for future use in the specific fund.

For committed fund balances, the Village includes amounts for specific purposes by formal action of the Village Council of the Village of Cloudcroft.

For assigned fund balances, the Village includes amounts that are intended to be spent for specific purposes, but are not restricted or committed.

Regarding the Village's spending policies, in all cases, restricted, then committed, and then assigned fund balances are to be expended in that order, prior to infusion and expenditures of any general (unassigned) funds designated for supplementing any given department. In this manner, only after restricted, committed, or assigned funds are expended will the Village Council permit general unassigned funds be spent to meet a specific fund's objectives.

Restricted Fund Balance: At June 30, 2014, the restricted fund balance on the governmental funds balance sheet is made up of \$1,705,403 for the restricted purposes as defined by each fund.

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets:*
This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.
- b. *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.
- c. *Unrestricted net position:*
All other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

Interfund Transactions: Quasi-external transactions are accounted for as revenues, 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 nonroutine 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 include depreciation on capital assets and the current portion of compensated absences.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Council, 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 Council Members 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 by fund.

These budgets are prepared on the GAAP 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 properly amended by Village Council in accordance with the above procedures. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds		
Governmental Funds		
General Fund	\$ (43,181)	\$ (100,677)
Fire Protection Special Revenue Fund	(66,891)	(67,931)
EMS Special Revenue Fund	(108,050)	(84,183)
Other Governmental Funds	(12,208)	(341,520)
Change in Net Position		
	Original Budget	Final Budget
Proprietary Fund		
Water and Sewer Fund	\$ -	\$ -

The accompanying Statements of Revenues, Expenditures, and Change in Fund Balances- Budget (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 accounting principles generally accepted in the United States of America (GAAP), 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, 2014 is presented. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on each individual budgetary statement.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

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. The Village is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2014.

Deposits of funds may be made in interest or noninterest 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 collateralized as required by statute. The financial institution must provide pledged collateral or 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in nondemand 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.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits and negotiable order of withdrawal (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-Deposits 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 set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2014, \$1,301,066 of the Village's deposits of \$1,761,701 was exposed to custodial credit risk. \$1,301,066 was 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.

	First National Bank	Western Bank	Total
Amount of deposits	\$ 1,666,260	\$ 95,441	\$ 1,761,701
FDIC Coverage	(365,194)	(95,441)	(460,635)
Total uninsured public funds	<u>1,301,066</u>	<u>-</u>	<u>1,301,066</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Village's name	<u>1,310,291</u>	<u>-</u>	<u>1,310,291</u>
Uninsured and uncollateralized	<u>\$ (9,225)</u>	<u>\$ -</u>	<u>\$ (9,225)</u>
Collateral requirement (50% of uninsured funds)	\$ 650,533	\$ -	\$ 650,533
Pledged Collateral	<u>1,310,291</u>	<u>-</u>	<u>1,310,291</u>
Over (Under) collateralized	<u>\$ 659,758</u>	<u>\$ -</u>	<u>\$ 659,758</u>

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 3. Deposits and Investments (continued)

The collateral pledged is listed on Schedule II in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico.

NOTE 4. Receivables

Receivables as of June 30, 2014, are as follows:

Governmental Activities:

	<u>General</u>	<u>Fire Protection</u>	<u>EMS</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes	\$ 5,652	\$ -	\$ -	\$ -	\$ 5,652
Other taxes					
Gross receipts taxes	99,623	-	-	8,963	108,586
Gasoline and oil taxes	-	-	-	1,534	1,534
Other taxes	351	-	-	11,066	11,417
Other receivables					
Charges for services	-	-	417	-	417
Intergovernmental					
State	-	-	-	66,428	66,428
Federal	-	-	-	-	-
Miscellaneous	8,361	8	36	991	9,396
Totals by category	<u>\$ 113,987</u>	<u>\$ 8</u>	<u>\$ 453</u>	<u>\$ 88,982</u>	<u>\$ 203,430</u>

Receivables for governmental activities are considered to be 100% collectible.

Business-type Activities:

	<u>Water and Sewer</u>	<u>Total</u>
Charges for services	\$ 153,859	\$ 153,859
Totals by category	<u>\$ 153,859</u>	<u>\$ 153,859</u>

Receivables for business-type activities are considered to be 100% collectible.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 5. Interfund Transfers

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations, were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Primary Government		
General Fund	Tree Thinning Fund	\$ 13,001
Local Government Corrections Fund	Tree Thinning Fund	577
Fire Protection Fund	Tree Thinning Fund	16,327
Law Enforcement Protection Fund	Tree Thinning Fund	1,691
Lodger's Tax Fund	Tree Thinning Fund	5,624
Municipal Streets Fund	Tree Thinning Fund	7,120
Recreation Fund	Tree Thinning Fund	4,741
Fire Department Fund	Tree Thinning Fund	11,144
Infrastructure Fund	Tree Thinning Fund	4,510
EMS Fund	Tree Thinning Fund	37,200
Water and Sewer Fund	Tree Thinning Fund	43,877
	Total	<u>\$ 145,812</u>

There were no interfund balances at June 30, 2014.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2014, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Balance June 30, 2013	Restatement	Restated Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Governmental activities						
Capital assets not being depreciated						
Land	\$ 3,196,455	\$ (3,119,116)	\$ 77,339	\$ 75,000	\$ -	\$ 152,339
Construction in progress	412,625	(402,625)	10,000	-	-	10,000
Total capital assets not being depreciated	<u>3,609,080</u>	<u>(3,521,741)</u>	<u>87,339</u>	<u>75,000</u>	<u>-</u>	<u>162,339</u>
Capital assets being depreciated						
Buildings and improvements	3,107,855	(844,822)	2,263,033	98,127	-	2,361,160
Equipment	3,050,175	(1,991,949)	1,058,226	8,000	-	1,066,226
Infrastructure	4,971,471	801,446	5,772,917	14,378	-	5,787,295
Total capital assets being depreciated	<u>11,129,501</u>	<u>(2,035,325)</u>	<u>9,094,176</u>	<u>120,505</u>	<u>-</u>	<u>9,214,681</u>
Less accumulated depreciation						
Buildings and improvements	1,358,458	(298,729)	1,059,729	61,602	-	1,121,331
Equipment	1,801,733	(902,305)	899,428	41,195	-	940,623
Infrastructure	4,819,849	657,809	5,477,658	19,076	-	5,496,734
Total accumulated depreciation	<u>7,980,040</u>	<u>(543,225)</u>	<u>7,436,815</u>	<u>121,873</u>	<u>-</u>	<u>7,558,688</u>
Total capital assets, net of depreciation	<u>\$ 6,758,541</u>	<u>\$ (5,013,841)</u>	<u>\$ 1,744,700</u>	<u>\$ 73,632</u>	<u>\$ -</u>	<u>\$ 1,818,332</u>

Depreciation expense for the year ended June 30, 2014 was charged to governmental activities as follows:

General government	\$ 30,848
Public safety	53,985
Public works	21,791
Culture & recreation	15,249
	<u>\$ 121,873</u>

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 6. Capital Assets (continued)

	Balance June 30, 2013	Restatement	Restated Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Business-type activities						
Capital assets not being depreciated						
Land	\$ 723,545	\$ (551,300)	\$ 172,245	\$ -	\$ -	\$ 172,245
Construction in progress	3,091,674	(3,091,674)	-	8,500	-	8,500
Total capital assets not being depreciated	<u>3,815,219</u>	<u>(3,642,974)</u>	<u>172,245</u>	<u>8,500</u>	<u>-</u>	<u>180,745</u>
Capital assets being depreciated						
Buildings and improvements	182,500	(139,257)	43,243	-	-	43,243
Equipment	608,140	(95,647)	512,493	-	-	512,493
Infrastructure	2,110,146	6,502,144	8,612,290	33,309	-	8,645,599
Total capital assets being depreciated	<u>2,900,786</u>	<u>6,267,240</u>	<u>9,168,026</u>	<u>33,309</u>	<u>-</u>	<u>9,201,335</u>
Less accumulated depreciation						
Buildings and improvements	77,312	(67,736)	9,576	1,895	-	11,471
Equipment	440,585	(127,109)	313,476	44,963	-	358,439
Infrastructure	1,327,679	2,980,670	4,308,349	242,364	-	4,550,713
Total accumulated depreciation	<u>1,845,576</u>	<u>2,785,825</u>	<u>4,631,401</u>	<u>289,222</u>	<u>-</u>	<u>4,920,623</u>
Total capital assets, net of depreciation	<u>\$ 4,870,429</u>	<u>\$ (161,559)</u>	<u>\$ 4,708,870</u>	<u>\$ (247,413)</u>	<u>\$ -</u>	<u>\$ 4,461,457</u>

NOTE 7. Long-term Debt

Governmental Activities: During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
Loans payable	\$ -	\$ 584,383	\$ -	\$ 584,383	\$ -
Compensated absences	11,711	15,004	14,995	11,720	10,816
Total long-term debt	<u>\$ 11,711</u>	<u>\$ 599,387</u>	<u>\$ 14,995</u>	<u>\$ 596,103</u>	<u>\$ 10,816</u>

Typically, the general fund has been used to liquidate the compensated absences.

Loans:

On July 1, 2013, the Village entered into a loan agreement with the New Mexico Finance Department to borrow an amount not exceeding \$282,116 for the purchase of a fire protection vehicle. The loan is a draw down loan and does not become due and payable until the entire amount has been drawn down. The loan is financed over a period of 10 years at a 2.38% interest rate. None of the balance has been drawn down as of June 30, 2014.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 7. Long-term Debt (continued)

On May 23, 2014, the Village entered into a loan agreement with the New Mexico Finance Department to borrow an amount not exceeding \$302,267 for the purpose of upgrading their main fire department. The loan is a draw down loan and does not become due and payable until the entire amount has been drawn down. The loan is financed over a period of 25 years at a 2.69% interest rate. None of the balance has been drawn down as of June 30, 2014.

Debt service requirements on long-term debt for governmental activities at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2015	\$ -	\$ -	\$ -
2016	23,530	27,464	50,994
2017	36,949	14,044	50,993
2018	37,267	13,728	50,995
2019	37,711	13,286	50,997
2020-2024	200,339	54,638	254,977
2025-2029	93,272	30,928	124,200
2030-2034	71,742	19,762	91,504
2035-2039	83,573	7,930	91,503
	<u>\$ 584,383</u>	<u>\$ 181,780</u>	<u>\$ 766,163</u>

Business-Type Activities: During the year ended June 30, 2014, the following changes occurred in the liabilities reported in the business-type statement of net assets:

	Balance June 30, 2013	Restatement	Restated Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
Loans payable	\$ 419,857	\$ 61,718	\$ 481,575	\$ 94,227	\$ 5,838	\$ 569,964	\$ 376,461
Compensated absences	6,254	-	6,254	10,034	9,999	6,289	6,136
Total long-term debt	<u>\$ 426,111</u>	<u>\$ 61,718</u>	<u>\$ 487,829</u>	<u>\$ 104,261</u>	<u>\$ 15,837</u>	<u>\$ 576,253</u>	<u>\$ 382,597</u>

Loans:

On July 1, 2009, the Village entered into a loan agreement with the New Mexico Environment Department's Rural Infrastructure Program to borrow an amount not exceeding \$682,000 for their PURe Water Project. The loan is a draw down loan and does not become due and payable until the entire amount has been drawn down. The loan is financed over a period of 20 years at a 3.00% interest rate. The entire balance that has been drawn down as of June 30, 2014 is considered due and payable in the next fiscal year because the agreement is not fully executed until the project is complete.

On August 20, 2010, the Village received a loan from the New Mexico Finance Authority in the amount of \$59,394 for the upgrade of the Village's water utility system. The loan is financed over a period of 20 years at 1.13-3.48% interest rate.

On April 12, 2014, the Village entered into a loan agreement with the New Mexico Finance Department to borrow an amount not exceeding \$61,718 for the design and construction of a replacement for the existing water tank that feeds the entire Village. The loan is a draw down loan and does not become due and payable until the entire amount has been drawn down. The loan is financed over a period of 20 years with no interest.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 7. Long-term Debt (continued)

Debt service requirements on long-term debt for business-type activities at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2015	\$ 376,461	\$ 540	\$ 377,001
2016	10,605	512	11,117
2017	10,633	484	11,117
2018	10,661	456	11,117
2019	10,690	414	11,104
2020-2024	53,886	1,629	55,515
2025-2029	54,646	875	55,521
2030-2034	42,382	130	42,512
	<u>\$ 569,964</u>	<u>\$ 5,040</u>	<u>\$ 575,004</u>

NOTE 8. Risk Management

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The Village has obtained insurance through a commercial carrier to insure against potential losses and claims. The premiums are based on the payroll and other expenditures, and are not directly related to claims filed. The policies are retrospectively rated and premiums may be adjusted after year end, based on the ultimate level of expenditures.

NOTE 9. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. The Village had no deficit fund balances as of June 30, 2014.
- B. Actual expenditures in excess of amount budgeted at the budgetary authority level. Budgetary level is fund level. The Village had no actual expenditures in excess of approved budgetary authority for the year ended June 30, 2014.
- C. Designated cash appropriations in excess of available balances. The Village had no cash appropriations in excess of available balances for the year ended June 30, 2014.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 10. PERA Pension Plan

Plan Description. Substantially all of the Village of Cloudcroft's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute the following percentages of their gross salary: 8.50% for law enforcement employees; 10.65% for municipal employees with an annual salary greater than \$20,000, and 9.15% for municipal employees with an annual salary of \$20,000 or less. The Village is required to contribute the following percentages of the gross covered salary: 10.00% for law enforcement plan members; and 9.15% for municipal plan members. The contribution requirements of plan members and the Village are established in State Statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the fiscal years ended June 30, 2014, 2013, and 2012 were \$43,075, \$42,966, and \$45,194, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. Post-Employment Benefits– State Retiree Health Care Plan

The Village did not participate in the Retiree Health Care Plan provided under the Retiree Health Care Act (10-7c-1 to 10-7c-17, NMSA 1978) during the year ended June 30, 2014.

NOTE 12. Contingent Liabilities

There is not any pending litigation that would warrant disclosure in the notes to the financial statements.

NOTE 13. 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 14. Commitments

The Village entered into a contracts with New Mexico Energy, Minerals, and Natural Resources Department- Forestry Division in the amount of \$182,120; with Colonias Infrastructure in the amount of \$497,235; with the State Fire Marshall to purchase a fire truck in the amount of \$100,000; with Otero County Grant to purchase a new ambulance in the amount of \$70,000; and with the New Mexico Department of Transportation in the amount of \$62,809. The total amount of these commitments is \$912,164.

NOTE 15. Restricted Net Position

The government-wide statement of net position reports \$1,157,524 of restricted net position, all of which is restricted by enabling legislation or for future debt service payments. For descriptions of the related enabling legislation and future debt service payments for special revenue, debt service, and capital projects funds, see pages 34 and 53.

NOTE 16. Concentrations

The Village depends on financial resources flowing from, or associated with, both 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.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 17. Restatements

The Village has restated budgetary, modified accrual fund balances and government wide net position. These are due to incorrectly recorded balances in the prior year as follows:

Budgetary Level Restatements

Fund Name	Fund Balance/Net Position Originally Reported 6/30/13	Restate Prior Year Accrued Expenses	Restate Prior Year Taxes Receivable	Restate Prior Year Loans Payable	Restate Capital Assets	Fund Balance/Net Position Restated 6/30/13
General Fund	\$ 234,705	\$ (4,678)	\$ -	\$ -	\$ -	\$ 230,027
Water and Sewer Fund	5,237,147	11,899	1,051	(61,718)	(161,559)	5,026,820
	<u>\$ 27,315,083</u>	<u>\$ 3,177</u>	<u>\$ 69,958</u>	<u>\$ 69,958</u>	<u>\$ 69,958</u>	<u>\$ 27,388,218</u>

Fund Level Restatements

Fund Name	Fund Balance/Net Position Originally Reported 6/30/13	Budgetary Basis Restatement	Restate Prior Year Taxes Receivable	Fund Balance/Net Position Restated 6/30/13
General Fund	\$ 261,710	\$ (4,678)	\$ 46,675	\$ 303,707
Infrastructure Fund	36,926	-	4,203	41,129
Water and Sewer Fund	5,237,147	(210,327)	-	5,026,820
	<u>\$ 5,535,783</u>	<u>\$ (215,005)</u>	<u>\$ 50,878</u>	<u>\$ 5,371,656</u>

Government-Wide Restatements

Fund Name	Fund Balance/Net Position Originally Reported 6/30/13	Budgetary Basis Restatement	Fund Restatement	Restate Capital Assets	Fund Balance/Net Position Restated 6/30/13
Governmental Activities	\$ 8,034,901	\$ (4,678)	\$ 50,878	\$(5,013,841)	\$ 3,067,260
Business-Type Activities	5,237,147	(210,327)	-	-	5,026,820
	<u>\$ 13,272,048</u>	<u>\$ (215,005)</u>	<u>\$ 50,878</u>	<u>\$(5,013,841)</u>	<u>\$ 8,094,080</u>

NOTE 18. Subsequent Pronouncements

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. This statement will be implemented during the fiscal year ending June 30, 2015.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013. Earlier application is encouraged. The Village is analyzing the effects that this statement will have on their financial statements.

STATE OF NEW MEXICO
Village of Cloudcroft
Notes to Financial Statements
June 30, 2014

NOTE 18. Subsequent Pronouncements (continued)

In April 2013, GASB Statement No. 70 *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The Village is analyzing the effects that this statement will have on their financial statements.

In November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*. Effective Date: The provisions of this statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. This statement will be implemented during the fiscal year ending June 30, 2015.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
Village of Cloudcroft
Nonmajor Governmental Funds Descriptions
June 30, 2014

Special Revenue Funds

Local Government Corrections

Accounts for the operational and maintenance of the public holding cells and corrections facilities. Finances are provided by an assessment on all traffic violations within the city limits. (NMSA 35-14-11)

Federal Disaster Relief

Accounts for reimbursement from the Federal Emergency Management Assistance for damage to Village Infrastructure. (City Ordinance)

Law Enforcement Protection

To account for the receipts and expenditures of a special state grant for the police department. The fund is used to account for advanced law enforcement training, and the purchase of law enforcement equipment and vehicles. (NMSA 29-13-4)

Lodger's Tax

Accounts for lodger's tax received and various activities to promote tourism in the Village. (City Ordinance)

Recreation

Accounts for the operation and maintenance of recreational facilities in the Village. Financing is provided by rental fees of public facilities. (City Ordinance)

Fire Department

Accounts for all other monies (i.e. State Forestry reimbursements) other than those received from the State Fire Marshall and is used for the maintenance and repairs to firefighting equipment and for firefighting training. (City Ordinance)

Tree Thinning Project

Accounts for a hazardous fuels reduction project (tree thinning within the Village limits). Funding provided by the Energy, Minerals and Natural Resources Department – Forestry Division on a reimbursement basis. (City Ordinance)

Capital Projects Funds

Municipal Streets

To account for the repair, maintenance, and construction of municipal streets and the purchase of road maintenance equipment. (NMSA 7-1-6.26 & 27)

Infrastructure

To account for the repair, maintenance, construction, and improvements to water, sewer, road systems, buildings, and grounds. (City Ordinance)

82nd Street Station & Training Fire Station

To account for the repair, maintenance, construction, and improvements to an existing fire station and construction of a new training fire station. Funding provided by a loan from the NM Finance Authority (NMFA). (City Ordinance)

STATE OF NEW MEXICO
Village of Cloudcroft
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue			
	Local Government Corrections	Federal Disaster Relief	Law Enforcement Protection	Lodger's Tax
<i>Assets</i>				
Cash	\$ 7,460	\$ -	\$ 21,800	\$ 7,214
Receivables				
Taxes	-	-	-	11,066
Intergovernmental	-	-	-	-
Other	61	-	-	-
<i>Total assets</i>	\$ 7,521	\$ -	\$ 21,800	\$ 18,280
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 12,167
<i>Total liabilities</i>	-	-	-	12,167
<i>Fund balances</i>				
Spendable				
Restricted	7,521	-	21,800	6,113
<i>Total fund balances</i>	7,521	-	21,800	6,113
<i>Total liabilities and fund balances</i>	\$ 7,521	\$ -	\$ 21,800	\$ 18,280

The accompanying notes are an integral part of these financial statements

Special Revenue			Capital Projects				Total Nonmajor Governmental Funds
Recreation	Fire Department	Tree Thinning Project	Municipal Streets	Infrastructure	82nd Street Station & Training Fire Station		
\$ 57,550	\$ 118,189	\$ 81,013	\$ 71,242	\$ 77,874	\$ -	\$ 442,342	
-	-	-	1,534	8,963	-	21,563	
-	8	56,680	-	-	9,740	66,428	
930	-	-	-	-	-	991	
<u>\$ 58,480</u>	<u>\$ 118,197</u>	<u>\$ 137,693</u>	<u>\$ 72,776</u>	<u>\$ 86,837</u>	<u>\$ 9,740</u>	<u>\$ 531,324</u>	
\$ 861	\$ 105	\$ -	\$ -	\$ -	\$ 9,740	\$ 22,873	
<u>861</u>	<u>105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,740</u>	<u>22,873</u>	
<u>57,619</u>	<u>118,092</u>	<u>137,693</u>	<u>72,776</u>	<u>86,837</u>	<u>-</u>	<u>508,451</u>	
<u>57,619</u>	<u>118,092</u>	<u>137,693</u>	<u>72,776</u>	<u>86,837</u>	<u>-</u>	<u>508,451</u>	
<u>\$ 58,480</u>	<u>\$ 118,197</u>	<u>\$ 137,693</u>	<u>\$ 72,776</u>	<u>\$ 86,837</u>	<u>\$ 9,740</u>	<u>\$ 531,324</u>	

STATE OF NEW MEXICO
Village of Cloudcroft
Combining Statement of Revenues, Expenditures, and Change in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue			
	Local Government Corrections	Federal Disaster Relief	Law Enforcement Protection	Lodger's Tax
<i>Revenues</i>				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	112,977
Intergovernmental				
State operating grants	-	-	21,800	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	16	-	997	129
Fines and forfeitures	1,440	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,456</u>	<u>-</u>	<u>22,797</u>	<u>113,106</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	146,350
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,350</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,456</u>	<u>-</u>	<u>22,797</u>	<u>(33,244)</u>
<i>Other financing sources (uses)</i>				
Operating transfers in	-	-	-	-
Operating transfers (out)	(577)	-	(1,691)	(5,624)
<i>Total other financing sources (uses)</i>	<u>(577)</u>	<u>-</u>	<u>(1,691)</u>	<u>(5,624)</u>
<i>Net change in fund balances</i>	879	-	21,106	(38,868)
<i>Fund balances, beginning</i>	6,642	-	694	44,981
<i>Restatement (Note 17)</i>	-	-	-	-
<i>Fund balances- beginning of year, restated</i>	<u>6,642</u>	<u>-</u>	<u>694</u>	<u>44,981</u>
<i>Fund balances, ending</i>	<u>\$ 7,521</u>	<u>\$ -</u>	<u>\$ 21,800</u>	<u>\$ 6,113</u>

The accompanying notes are an integral part of these financial statements

Special Revenue			Capital Projects			82nd Street Station & Training Fire Station	Total Nonmajor Governmental Funds
Recreation	Fire Department	Tree Thinning Project	Municipal Streets	Infrastructure			
\$ -	\$ -	\$ -	\$ -	\$ 50,099	\$ -	\$ 50,099	
-	-	-	20,038	-	-	20,038	
-	-	-	-	-	-	112,977	
-	-	56,671	-	-	-	78,471	
3,107	-	-	-	-	-	3,107	
1,000	-	-	-	-	-	1,000	
133	303	90	198	119	-	1,985	
-	-	-	-	-	-	1,440	
3,827	8,000	-	-	-	9,740	21,567	
8,067	8,303	56,761	20,236	50,218	9,740	290,684	
-	-	-	-	-	-	146,350	
-	19,318	64,880	-	-	9,740	93,938	
-	-	-	25,360	-	-	25,360	
10,990	-	-	-	-	-	10,990	
-	22,197	-	-	-	-	22,197	
10,990	41,515	64,880	25,360	-	9,740	298,835	
(2,923)	(33,212)	(8,119)	(5,124)	50,218	-	(8,151)	
-	-	145,812	-	-	-	145,812	
(4,741)	(11,144)	-	(7,120)	(4,510)	-	(35,407)	
(4,741)	(11,144)	145,812	(7,120)	(4,510)	-	110,405	
(7,664)	(44,356)	137,693	(12,244)	45,708	-	102,254	
65,283	162,448	-	85,020	36,926	-	401,994	
-	-	-	-	4,203	-	4,203	
65,283	162,448	-	85,020	41,129	-	406,197	
\$ 57,619	\$ 118,092	\$ 137,693	\$ 72,776	\$ 86,837	\$ -	\$ 508,451	

STATE OF NEW MEXICO

Statement B-1

Village of Cloudcroft

Local Government Corrections Special Revenue Fund
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	25	15	15	-
Fines and forfeitures	1,176	1,520	1,520	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>1,201</u>	<u>1,535</u>	<u>1,535</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	550	550	-	550
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>550</u>	<u>550</u>	<u>-</u>	<u>550</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>651</u>	<u>985</u>	<u>1,535</u>	<u>550</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(651)	(985)	-	985
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	(577)	(577)
<i>Total other financing sources (uses)</i>	<u>(651)</u>	<u>(985)</u>	<u>(577)</u>	<u>408</u>
<i>Net change in fund balance</i>	-	-	958	958
<i>Fund balance, beginning</i>	-	-	6,502	6,502
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,460</u>	<u>\$ 7,460</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 958
Adjustments to revenues for other receivables				(79)
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 879</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

Village of Cloudcroft

Federal Disaster Relief Special Revenue Fund

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance, beginning</i>	-	-	-	-
<i>Restatement (Note 17)</i>	-	-	-	-
<i>Fund balance, beginning, restated</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

Village of Cloudcroft

Law Enforcement Protection Special Revenue Fund
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	21,800	21,800	21,800	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	75	37	997	960
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>21,875</u>	<u>21,837</u>	<u>22,797</u>	<u>960</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>21,875</u>	<u>21,837</u>	<u>22,797</u>	<u>960</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(21,875)	(21,837)	-	21,837
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	(1,691)	(1,691)
<i>Total other financing sources (uses)</i>	<u>(21,875)</u>	<u>(21,837)</u>	<u>(1,691)</u>	<u>20,146</u>
<i>Net change in fund balance</i>	-	-	21,106	21,106
<i>Fund balance, beginning</i>	-	-	694	694
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,800</u>	<u>\$ 21,800</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 21,106
No adjustments to revenues				-
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 21,106</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

Village of Cloudcroft

Lodger's Tax Special Revenue Fund

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	112,415	112,415	112,415	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	128	128	128	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>112,543</u>	<u>112,543</u>	<u>112,543</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	146,672	146,672	134,183	12,489
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>146,672</u>	<u>146,672</u>	<u>134,183</u>	<u>12,489</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(34,129)</u>	<u>(34,129)</u>	<u>(21,640)</u>	<u>12,489</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	34,137	34,137	-	(34,137)
Operating transfers in	(8)	(8)	-	8
Operating transfers (out)	-	-	(5,624)	(5,624)
<i>Total other financing sources (uses)</i>	<u>34,129</u>	<u>34,129</u>	<u>(5,624)</u>	<u>(39,753)</u>
<i>Net change in fund balance</i>	-	-	(27,264)	(27,264)
<i>Fund balance, beginning</i>	-	-	34,478	34,478
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,214</u>	<u>\$ 7,214</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (27,264)
Adjustments to revenues for taxes receivables				563
Adjustments to expenditures for accounts payable				(12,167)
Net change in fund balance (GAAP basis)				<u>\$ (38,868)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

Village of Cloudcroft

Recreation Special Revenue Fund

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	3,400	2,177	2,177	-
Charges for services	1,000	1,000	1,000	-
Investment income	150	133	133	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	5,300	4,415	4,414	(1)
<i>Total revenues</i>	<u>9,850</u>	<u>7,725</u>	<u>7,724</u>	<u>(1)</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	9,850	10,591	10,524	67
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>9,850</u>	<u>10,591</u>	<u>10,524</u>	<u>67</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,866)</u>	<u>(2,800)</u>	<u>66</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	2,866	-	(2,866)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	(4,741)	(4,741)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,866</u>	<u>(4,741)</u>	<u>(7,607)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(7,541)</u>	<u>(7,541)</u>
<i>Fund balance, beginning</i>	<u>-</u>	<u>-</u>	<u>65,091</u>	<u>65,091</u>
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,550</u>	<u>\$ 57,550</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (7,541)
Adjustments to revenues for other receivables				343
Adjustments to expenditures for accounts payable				(466)
Net change in fund balance (GAAP basis)				<u>\$ (7,664)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

Village of Cloudcroft

Fire Department Special Revenue Fund

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	250	295	295	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	50,000	42,342	42,342	-
<i>Total revenues</i>	<u>50,250</u>	<u>42,637</u>	<u>42,637</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	55,000	55,000	16,796	38,204
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	30,000	38,000	24,614	13,386
<i>Total expenditures</i>	<u>85,000</u>	<u>93,000</u>	<u>41,410</u>	<u>51,590</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(34,750)</u>	<u>(50,363)</u>	<u>1,227</u>	<u>51,590</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	34,750	50,363	-	(50,363)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	(11,144)	(11,144)
<i>Total other financing sources (uses)</i>	<u>34,750</u>	<u>50,363</u>	<u>(11,144)</u>	<u>(61,507)</u>
<i>Net change in fund balance</i>	-	-	(9,917)	(9,917)
<i>Fund balance, beginning</i>	-	-	128,106	128,106
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,189</u>	<u>\$ 118,189</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (9,917)
Adjustments to revenues for other receivables				(34,334)
Adjustments to expenditures for accounts payable				(105)
Net change in fund balance (GAAP basis)				<u>\$ (44,356)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

Village of Cloudcroft

Tree Thinning Special Revenue Fund

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	247,000	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	81	81	81	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>247,081</u>	<u>81</u>	<u>81</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	247,000	247,000	64,880	182,120
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>247,000</u>	<u>247,000</u>	<u>64,880</u>	<u>182,120</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>81</u>	<u>(246,919)</u>	<u>(64,799)</u>	<u>182,120</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(81)	246,919	-	(246,919)
Operating transfers in	-	-	145,812	145,812
Operating transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(81)</u>	<u>246,919</u>	<u>145,812</u>	<u>(101,107)</u>
<i>Net change in fund balance</i>	-	-	81,013	81,013
<i>Fund balance, beginning</i>	-	-	-	-
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,013</u>	<u>\$ 81,013</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 81,013
Adjustments to revenues for taxes receivables				56,680
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 137,693</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

Village of Cloudcroft

Municipal Streets Capital Projects Fund

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	20,000	19,672	19,672	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	62,809	-	-	-
Charges for services	-	-	-	-
Investment income	250	192	192	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>83,059</u>	<u>19,864</u>	<u>19,864</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	83,745	83,745	25,360	58,385
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>83,745</u>	<u>83,745</u>	<u>25,360</u>	<u>58,385</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(686)</u>	<u>(63,881)</u>	<u>(5,496)</u>	<u>58,385</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(20,250)	63,881	-	(63,881)
Operating transfers in	20,936	-	-	-
Operating transfers (out)	-	-	(7,120)	(7,120)
<i>Total other financing sources (uses)</i>	<u>686</u>	<u>63,881</u>	<u>(7,120)</u>	<u>(71,001)</u>
<i>Net change in fund balance</i>	-	-	(12,616)	(12,616)
<i>Fund balance, beginning</i>	-	-	83,858	83,858
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,242</u>	<u>\$ 71,242</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (12,616)
Adjustments to revenues for taxes receivables				372
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ (12,244)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

Village of Cloudcroft

Infrastructure Capital Projects Fund

Statement of Revenues, Expenditures, and Change in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	50,000	49,053	49,053	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	100	113	113	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>50,100</u>	<u>49,166</u>	<u>49,166</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	15,350	15,350	-	15,350
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Debt issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>15,350</u>	<u>15,350</u>	<u>-</u>	<u>15,350</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>34,750</u>	<u>33,816</u>	<u>49,166</u>	<u>15,350</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	(13,814)	(33,816)	-	33,816
Operating transfers in	-	-	-	-
Operating transfers (out)	(20,936)	-	(4,510)	(4,510)
<i>Total other financing sources (uses)</i>	<u>(34,750)</u>	<u>(33,816)</u>	<u>(4,510)</u>	<u>29,306</u>
<i>Net change in fund balance</i>	-	-	44,656	44,656
<i>Fund balance, beginning</i>	-	-	33,218	33,218
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,874</u>	<u>\$ 77,874</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 44,656
Adjustments to revenues for taxes receivable				1,052
No adjustments to expenditures				-
Net change in fund balance (GAAP basis)				<u>\$ 45,708</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

Village of Cloudcroft

82nd Street Station & Training Fire Station Capital Projects Fund
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
<i>Revenues</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Debt issuance costs	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance, beginning</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balance, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
Adjustments to revenues for other receivables				9,740
Adjustments to expenditures for accounts payable				(9,740)
Net change in fund balance (GAAP basis)				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

Village of Cloudcroft

Water and Sewer Fund

Statement of Revenues, Expenses, and Change in Net Position
Budget (GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2014

	Budget Amounts		Actual	Variations
	Original	Final		Favorable (Unfavorable)
<i>Operating revenues</i>				
Charges for services	\$ 1,061,700	\$ 1,006,452	\$ 995,403	\$ (11,049)
<i>Total operating revenues</i>	<u>1,061,700</u>	<u>1,006,452</u>	<u>995,403</u>	<u>(11,049)</u>
<i>Operating expenses</i>				
Personnel services	318,200	325,591	329,122	(3,531)
Contractual services	472,440	616,330	532,500	83,830
Supplies	17,800	13,316	13,047	269
Maintenance and materials	191,300	179,203	205,506	(26,303)
Utilities	96,900	98,526	98,251	275
Capital outlay	332,185	554,587	-	554,587
Other operating expenditures	1,232,041	1,223,311	394,946	828,365
<i>Total operating expenses</i>	<u>2,660,866</u>	<u>3,010,864</u>	<u>1,573,372</u>	<u>1,437,492</u>
<i>Operating income (loss)</i>	<u>(1,599,166)</u>	<u>(2,004,412)</u>	<u>(577,969)</u>	<u>1,426,443</u>
<i>Non-operating revenues (expenses)</i>				
Designated cash (budgeted increase in cash)	39,368	1,579,895	-	(1,579,895)
Gross receipts taxes	12,500	12,261	-	(12,261)
Government contributions	1,568,376	451,910	423,894	(28,016)
Investment income	1,525	1,263	1,302	39
Miscellaneous income	2,750	3,461	3,461	-
Principal expenses	(24,238)	(24,238)	-	24,238
Interest expenses	(1,115)	(1,140)	(1,810)	(670)
Operating transfers in	3,086	3,086	3,086	-
Operating transfers (out)	(3,086)	(22,086)	(46,963)	(24,877)
<i>Total non-operating revenues (expenses)</i>	<u>1,599,166</u>	<u>2,004,412</u>	<u>382,970</u>	<u>(1,621,442)</u>
<i>Change in net position</i>	<u>-</u>	<u>-</u>	<u>(194,999)</u>	<u>(194,999)</u>
<i>Total net position, beginning</i>	-	-	5,237,147	5,237,147
<i>Restatement (Note 17)</i>	-	-	(210,327)	(210,327)
<i>Total net position, beginning as restated</i>	<u>-</u>	<u>-</u>	<u>5,026,820</u>	<u>5,026,820</u>
<i>Total net position, ending</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,831,821</u>	<u>\$ 5,042,148</u>
Changes in net position above			\$ (194,999)	
Depreciation			(289,222)	
Change in net position per Exhibit D-2			<u>\$ (484,221)</u>	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
Village of Cloudcroft
Schedule of Deposit and Investment Accounts
June 30, 2014

Schedule I

Account Name	Account Type	Deposits		Investments	Total
		First National Bank	Western Bank	NMFA	
Deposits					
General	Checking-interest bearing	\$ 1,065,625	\$ -	\$ -	\$ 1,065,625
Public Funds	Checking-interest bearing	404,555	-	-	404,555
Tree Thinning Project	Checking-interest bearing	80,886	-	-	80,886
Certificate of deposit	Certificate of deposit	50,029	-	-	50,029
Certificate of deposit	Certificate of deposit	65,165	-	-	65,165
Certificate of deposit	Certificate of deposit	-	87,154	-	87,154
Certificate of deposit	Certificate of deposit	-	8,287	-	8,287
NMFA-Fire Protection Fund	Checking-interest bearing	-	-	580,000	580,000
NMFA-Enterprise Funds	Checking-interest bearing	-	-	94,227	94,227
Total amount of deposit in bank		1,666,260	95,441	674,227	2,435,928
Less: FDIC coverage		(365,194)	(95,441)	-	(460,635)
Total uninsured public funds		1,301,066	-	674,227	1,975,293
50% collateral requirements		650,533	-	-	650,533
Pledged securities		1,310,291	-	-	1,310,291
Over/(Under) Collateralized		659,758	-	-	659,758
Bank balance		1,666,260	95,441	674,227	2,435,928
Outstanding items		(22,923)	-	-	(22,923)
Deposits in transit		-	-	-	-
Book balance		<u>\$ 1,643,337</u>	<u>\$ 95,441</u>	<u>\$ 674,227</u>	<u>\$ 2,413,005</u>
Petty cash					125
Total deposits and investments					<u>\$ 2,413,130</u>
Total cash, cash equivalents, and investments per Exhibit A-1					<u>\$ 2,413,130</u>

See independent auditors' report

STATE OF NEW MEXICO
 Village of Cloudcroft
 Schedule of Collateral Pledged by Depository for Public Funds
 June 30, 2014

Schedule II

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value at June 30, 2014</u>	<u>Name and Location of Safekeeper</u>
First National Bank					
	FHLMC Pool #D96030	5/1/2023	3128E2VX1	\$ 95,966	Federal Home Loan Bank - Dallas, TX
	FHLB Pool #MA0949	1/1/2032	31418ABT4	674,325	Federal Home Loan Bank - Dallas, TX
	BERNALILLO N MEX STATE-SHARED	6/1/2021	085281AG8	<u>540,000</u> **	Federal Home Loan Bank - Dallas, TX
Total First National Bank				<u>1,310,291</u>	
Total Pledged Collateral				<u><u>\$ 1,310,291</u></u>	

** As per NMAC 2.2.2.10 (N)(4)(e), the value of collateral consisting of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities, or other subdivisions, shall be par value

STATE OF NEW MEXICO
Village of Cloudcroft
Schedule of Change in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

Schedule III

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<i>Assets</i>				
Cash	\$ -	\$ 198,975	\$ 198,975	\$ -
Total assets	<u>\$ -</u>	<u>\$ 198,975</u>	<u>\$ 198,975</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts Payable	\$ -	\$ 198,975	\$ 198,975	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 198,975</u>	<u>\$ 198,975</u>	<u>\$ -</u>

See independent auditors' report

STATE OF NEW MEXICO
 Village of Cloudcroft
 Schedule of Joint Powers Agreements and
 Memorandums of Understanding
 June 30, 2014

Participants	Responsible Party	Description
Joint Powers Agreements		
Village of Cloudcroft and the Board of County Commissioners of Otero County, New Mexico	Both	To establish a Regional Emergency Communications Center and provide for dispatch services
Village of Cloudcroft; Energy, Minerals, and Natural Resources Department; and Forestry Division	Both	To establish the responsibilities of all parties for wildland fire protection and suppression.
Memorandums of Understanding		
Village of Cloudcroft and the Board of County Commissioners of Otero County, New Mexico	Both	To provide recycling collection services to residents of rural and undeserved communities in New Mexico for the following materials: cardboard (OCC), mixed paper (ONP#7), aluminum cans (UBC), tin cans, and plastic bottles (#1 and #2).
Village of Cloudcroft and the New Mexico Energy, Minerals and Natural Resources Department	Both	To reimburse the Village for efforts to improve watershed areas on public and private land, the development of defensible space for individual homeowners, the development of fuel breaks along common boundaries between public and private land, and assisting with thinning of individual lots and subdivision groups.

<u>Begin Date</u>	<u>End Date</u>	<u>Estimated Amount of Project</u>	<u>Amount Contributed in Fiscal Year</u>	<u>Audit Responsibility</u>	<u>Fiscal Agent</u>	<u>Name of Govt Agency Report Rev & Exp</u>
7/2/2007	Indefinitely	Unknown	Unknown	Both	Otero County	Department of Finance and Administration
11/2/2007	Indefinitely	Unknown	Unknown	Both	None	Department of Finance and Administration
8/7/2012	Indefinitely	Unknown	Unknown	Both	None	Department of Finance and Administration
12/3/2013	Indefinitely	Unknown	Unknown	Both	None	New Mexico Energy, Minerals and Natural Resources Department

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COMPLIANCE SECTION

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

Hector H. Balderas
New Mexico State Auditor
The Village Council
Village of Cloudcroft
Cloudcroft, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Village of Cloudcroft, New Mexico (the "Village"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplementary information, and have issued our report thereon dated November 20, 2014.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item FS 2014-002 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item FS 2014-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with

which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or an other matter that are required to be reported under *Government Auditing Standards*.

The Village's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly this communication is not suitable for any other purpose. This report is intended solely for the information and use of management, others within the Village, the Village Council, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration and applicable federal grantors, and is not intended to be and should not be used by anyone other than these parties.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, New Mexico
November 20, 2014

STATE OF NEW MEXICO
Village of Cloudcroft
Schedule of Findings and Responses
June 30, 2014

Section I- Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |

Section II- Prior Year Audit Findings

- | | |
|---|----------|
| FS 2005-002 (2005-02) Reconciliation of Capital Outlay to Capital Asset Inventory Additions | Resolved |
| FS 2010-001 (2010-01) Deficiencies in Internal Control Structure Design, Operation, and Oversight | Resolved |
| FS 2012-001 (2012-01) Purchasing Act Compliance | Resolved |
| FS 2013-001 (2013-01) DFA Cash Report Does not Reconcile to the Village's Cash by Fund | Resolved |
| FS 2013-002 (2013-02) Capital Asset Certification | Resolved |

Section III- Financial Statement Findings

FS 2014-001 Inaccurate Accounts Receivable and Accounts Payable Listings (Significant Deficiency)

Condition: The Village did not provide accurate accounts receivable and accounts payable listings. During subsequent receipts and disbursements testwork, material journal entries in the amount of \$56,671 were needed for accounts receivable and \$25,424 for accounts payable to reasonably state accounts receivable and accounts payable at year end.

Criteria: *The Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Effect: Because the Village did not provide accurate listings, it creates the possibility that accounts receivable and accounts payable could be materially misstated for the current year end.

Cause: The Village did not properly identify receivable and payable items at year end.

Auditors' Recommendations: ACG recommends that the Village perform a careful review at year end when looking through subsequent receipts and disbursements to correctly identify items that are considered to be accruals at year end.

Views of Responsible Officials and Planned Corrective Actions: The Village will implement a system to track receivables and payables of services and designate such as an accrual or a liability at year end.

STATE OF NEW MEXICO
Village of Cloudcroft
Schedule of Findings and Responses
June 30, 2014

Section III- Financial Statement Findings (continued)

FS 2014-002 Restatement (Material Weakness)

Condition: During our testwork over accrued expenses, receivables, long-term debt, and capital assets we became aware of materially incorrect balances reported in prior years.

Restatements were noted as follows:

Budgetary Basis

Fund Name	Fund Balance/Net Position Originally Reported 6/30/13	Restate Prior Year Accrued Expenses	Restate Prior Year Taxes Receivable	Restate Prior Year Loans Payable	Restate Capital Assets	Fund Balance/Net Position Restated 6/30/13
General Fund	\$ 234,705	\$ (4,678)	\$ -	\$ -	\$ -	\$ 230,027
Water and Sewer Fund	5,237,147	11,899	1,051	(61,718)	(161,559)	5,026,820
	<u>\$ 27,315,083</u>	<u>\$ 3,177</u>	<u>\$ 69,958</u>	<u>\$ 69,958</u>	<u>\$ 69,958</u>	<u>\$ 27,388,218</u>

Fund Level

Fund Name	Fund Balance/Net Position Originally Reported 6/30/13	Budgetary Basis Restatement	Restate Prior Year Taxes Receivable	Fund Balance/Net Position Restated 6/30/13
General Fund	\$ 261,710	\$ (4,678)	\$ 46,675	\$ 303,707
Infrastructure Fund	36,926	-	4,203	41,129
Water and Sewer Fund	5,237,147	(210,327)	-	5,026,820
	<u>\$ 5,535,783</u>	<u>\$ (215,005)</u>	<u>\$ 50,878</u>	<u>\$ 5,371,656</u>

Net Position

Fund Name	Fund Balance/Net Position Originally Reported 6/30/13	Budgetary Basis Restatement	Fund Restatement	Restate Capital Assets	Fund Balance/Net Position Restated 6/30/13
Governmental Activities	\$ 8,034,901	\$ (4,678)	\$ 50,878	\$(5,013,841)	\$ 3,067,260
Business-Type Activities	5,237,147	(210,327)	-	-	5,026,820
	<u>\$ 13,272,048</u>	<u>\$ (215,005)</u>	<u>\$ 50,878</u>	<u>\$(5,013,841)</u>	<u>\$ 8,094,080</u>

Criteria: New Mexico Statutes, Section 6-5-2, NMSA 1978, requires local public bodies to implement internal accounting controls designed to prevent accounting errors and violations of state and federal laws and rules related to financial matters.

The Codification of Statements on Auditing Standards (SAS AU) paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. Good accounting policies require accurate records be kept and be able to be substantiated.

Section III- Financial Statement Findings (continued)

FS 2014-002 Restatement (Material Weakness) - continued

Effect: Prior year balances were not reported accurately.

Cause: The Village of Cloudcroft worked hard to correct misstatements arising from prior years. These corrections resulted in restatements to fund balance and net position that were material and unavoidable.

Auditors' Recommendation: We recommend that the Village establish a quality control process for verifying year end balances and the accuracy of underlying reports.

Views of Responsible Officials and Planned Corrective Action: The Village will verify all year end balances before preparation of financials and submission to auditors.

OTHER DISCLOSURES

STATE OF NEW MEXICO
Village of Cloudcroft
Other Disclosures
June 30, 2014

Exit Conference

An exit conference was held on November 20, 2014. In attendance were the following:

Representing the Village of Cloudcroft

Bradley Rasch
Jini Turri
Anne Turri

Mayor Pro Tem
Village Clerk/Treasurer/Administrator
Accounting/Payroll Clerk

Representing Accounting & Consulting Group, LLP

Shelley Olson, CPA
Jessica Huff, CPA

Manager
In-charge Senior

Auditor Prepared Financial Statements

Although it would be preferred and desirable for the Village to prepare its own financial statements, the Village's personnel did not have the time to prepare them. Accounting & Consulting Group, LLP prepared the financial statements of the Village of Cloudcroft from the original books and records provided to them by the management of the Village. Management is responsible for the financial statements.