

# Village of Cloudcroft



## State of New Mexico Village of Cloudcroft Annual Financial Report June 30, 2015



**Mexican Canyon Trestle**  
For 50 years the Alamogordo-Sacramento Mountain Railroad carried passengers and freight from the desert floor into the tall pine country of Cloudcroft, climbing 6,000 feet. The train line was abandoned in 1948.



## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
 Village of Cloudcroft  
 Table of Contents  
 June 30, 2015

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**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Official Roster  
June 30, 2015

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

**FINANCIAL SECTION**

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**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Timothy Keller  
New Mexico State Auditor  
The Village Council  
Village of Cloudcroft  
Cloudcroft, New Mexico

### Report on the 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 (the "Village") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds and the budgetary comparisons for the major capital project fund and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 auditors' 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 Village'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 Village's internal control. Accordingly, we express no such opinion.

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

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

### Opinions

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

## Other Matters

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the Schedules I through II and the Notes to the Required Supplementary Information on pages 56 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The supporting Schedules III through VI required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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, Schedules III through VI required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and Schedule VII have 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 them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2015 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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  
October 22, 2015

**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**

Village of Cloudcroft

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Current assets			
Cash and cash equivalents	\$ 1,093,185	\$ 609,005	\$ 1,702,190
Receivables			
Taxes	169,550	-	169,550
Intergovernmental	83,509	-	83,509
Other	6,167	182,802	188,969
Total current assets	1,352,411	791,807	2,144,218
Noncurrent assets			
Restricted cash	-	100,877	100,877
Capital assets	10,552,055	10,059,465	20,611,520
Less: accumulated depreciation	(7,707,394)	(5,062,524)	(12,769,918)
Total noncurrent assets	2,844,661	5,097,818	7,942,479
Total assets	4,197,072	5,889,625	10,086,697
Deferred outflows of resources			
Employer contributions subsequent to the measurement date	34,079	17,331	51,410
Total deferred outflows of resources	34,079	17,331	51,410
Total assets and deferred outflows of resources	\$ 4,231,151	\$ 5,906,956	\$ 10,138,107

The accompanying notes are an integral part of these financial statements

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current liabilities			
Accounts payable	\$ 20,992	\$ 298,098	\$ 319,090
Accrued payroll	24,983	16,269	41,252
Current portion of accrued compensated absences	11,699	6,435	18,134
Deposits held in trust	-	6,650	6,650
Accrued interest	6,794	9,115	15,909
Current portion of loans payable	23,530	376,489	400,019
Total current liabilities	<u>87,998</u>	<u>713,056</u>	<u>801,054</u>
Noncurrent liabilities			
Accrued compensated absences	718	1,001	1,719
Loans payable	560,853	182,898	743,751
Net pension liability	286,455	145,678	432,133
Total noncurrent liabilities	<u>848,026</u>	<u>329,577</u>	<u>1,177,603</u>
Total liabilities	<u>936,024</u>	<u>1,042,633</u>	<u>1,978,657</u>
Deferred inflows of resources			
Change in experience	7,731	3,932	11,663
Net difference between projected and actual investment earnings	110,255	56,071	166,326
Total deferred inflows of resources	<u>117,986</u>	<u>60,003</u>	<u>177,989</u>
Net position			
Net investment in capital assets	2,260,278	4,437,554	6,697,832
Restricted for			
Special revenue	1,396,451	-	1,396,451
Capital projects	523,256	-	523,256
Unrestricted	(1,002,844)	366,766	(636,078)
Total net position	<u>3,177,141</u>	<u>4,804,320</u>	<u>7,981,461</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,231,151</u>	<u>\$ 5,906,956</u>	<u>\$ 10,138,107</u>

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government				
Governmental activities				
General government	\$ 483,061	\$ 38,185	\$ 151,155	\$ -
Public safety	694,020	70,509	342,202	74,160
Public works	96,998	-	-	-
Health and welfare	3,691	-	-	-
Culture and recreation	85,933	1,000	-	-
Conservation and development	20,060	-	-	-
Interest on long-term debt	5,573	-	-	-
	1,389,336	109,694	493,357	74,160
Total governmental activities				
Business-type activities				
Water and sewer	1,305,885	1,063,288	-	457,244
	1,305,885	1,063,288	-	457,244
Total business-type activities				
Total primary government	\$ 2,695,221	\$ 1,172,982	\$ 493,357	\$ 531,404

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 of year

Restatement (Note 9)

Net position- beginning of year, restated

Net position- end of year

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Change in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (293,721)	\$ -	\$ (293,721)
(207,149)	-	(207,149)
(96,998)	-	(96,998)
(3,691)	-	(3,691)
(84,933)	-	(84,933)
(20,060)	-	(20,060)
(5,573)	-	(5,573)
<u>(712,125)</u>	<u>-</u>	<u>(712,125)</u>
<u>-</u>	<u>214,647</u>	<u>214,647</u>
<u>-</u>	<u>214,647</u>	<u>214,647</u>
<u>(712,125)</u>	<u>214,647</u>	<u>(497,478)</u>
57,906	-	57,906
753,757	15,527	769,284
32,043	-	32,043
161,450	-	161,450
1,602	576	2,178
2,779	-	2,779
78,632	1,796	80,428
10,939	(10,939)	-
<u>1,099,108</u>	<u>6,960</u>	<u>1,106,068</u>
<u>386,983</u>	<u>221,607</u>	<u>608,590</u>
3,180,269	4,542,599	7,722,868
(390,111)	40,114	(349,997)
<u>2,790,158</u>	<u>4,582,713</u>	<u>7,372,871</u>
<u>\$ 3,177,141</u>	<u>\$ 4,804,320</u>	<u>\$ 7,981,461</u>

**STATE OF NEW MEXICO**

Village of Cloudcroft

Balance Sheet

Governmental Funds

June 30, 2015

	<u>Special Revenue</u>		
	<u>General Fund</u>	<u>Fire Protection</u>	<u>EMS</u>
Assets			
Cash and cash equivalents	\$ 323,970	\$ 6,068	\$ 458,547
Receivables			
Taxes	145,105	-	-
Intergovernmental	-	-	43,000
Other	2,284	-	2,714
	<u>471,359</u>	<u>6,068</u>	<u>504,261</u>
Total assets	<u>\$ 471,359</u>	<u>\$ 6,068</u>	<u>\$ 504,261</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 10,321	\$ 3,859	\$ 6,559
Accrued payroll	24,983	-	-
	<u>35,304</u>	<u>3,859</u>	<u>6,559</u>
Total liabilities	<u>35,304</u>	<u>3,859</u>	<u>6,559</u>
Deferred inflows of resources			
Property taxes	2,033	-	-
	<u>2,033</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>2,033</u>	<u>-</u>	<u>-</u>
Fund balances			
Spendable			
Restricted	-	2,209	497,702
Unassigned	434,022	-	-
	<u>434,022</u>	<u>2,209</u>	<u>497,702</u>
Total fund balances	<u>434,022</u>	<u>2,209</u>	<u>497,702</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 471,359</u>	<u>\$ 6,068</u>	<u>\$ 504,261</u>

The accompanying notes are an integral part of these financial statements



<u>Capital Projects</u>		
<u>82nd Street Station &amp; Training Fire Station</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ 304,600	\$ 1,093,185
-	24,445	169,550
-	40,509	83,509
-	1,169	6,167
<u>\$ -</u>	<u>\$ 370,723</u>	<u>\$ 1,352,411</u>
\$ -	\$ 253	\$ 20,992
-	-	24,983
-	253	45,975
-	-	2,033
-	-	2,033
-	370,470	870,381
-	-	434,022
-	370,470	1,304,403
<u>\$ -</u>	<u>\$ 370,723</u>	<u>\$ 1,352,411</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, 2015

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	\$	1,304,403
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		2,844,661
Deferred outflows and inflows or resources related to pension are applicable to future periods and, therefore, are not reported in the funds		
Employer contributions subsequent to the measurement date		34,079
Change in experience		(7,731)
Net difference between projected and actual investment earnings		(110,255)
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		2,033
Certain liabilities, including loans payable, net pension liability, 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		(6,794)
Accrued compensated absences not due and payable at year end		(12,417)
Loans payable		(584,383)
Net pension liability		(286,455)
		(889,949)
Total net position of governmental activities	\$	3,177,141

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Statement of Revenues, Expenditures, and Change in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	<u>Special Revenue</u>		
	<u>General Fund</u>	<u>Fire Protection</u>	<u>EMS</u>
Revenues			
Taxes			
Property	\$ 59,142	\$ -	\$ -
Gross receipts	691,629	-	-
Gasoline and motor vehicle taxes	11,170	-	-
Other	40,971	-	-
Intergovernmental income			
State operating grants	148,124	163,540	9,715
State capital grants	-	74,160	-
Local operating grants	-	-	-
Charges for services	38,185	-	70,509
Investment income	194	389	504
Fines and forfeitures	2,219	-	-
Miscellaneous	45,755	-	-
<b>Total revenues</b>	<b><u>1,037,389</u></b>	<b><u>238,089</u></b>	<b><u>80,728</u></b>
Expenditures			
Current			
General government	357,935	-	-
Public safety	324,937	74,907	69,843
Public works	87,467	-	-
Health and welfare	4,709	-	-
Culture and recreation	58,848	-	-
Conservation and development	20,060	-	-
Capital outlay	-	559,291	22,672
<b>Total expenditures</b>	<b><u>853,956</u></b>	<b><u>634,198</u></b>	<b><u>92,515</u></b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b><u>183,433</u></b>	<b><u>(396,109)</u></b>	<b><u>(11,787)</u></b>
Other Financing Sources (Uses)			
Operating transfers in	-	-	-
Operating transfers (out)	-	(289,145)	-
<b>Total other financing sources (uses)</b>	<b><u>-</u></b>	<b><u>(289,145)</u></b>	<b><u>-</u></b>
<b>Net change in fund balances</b>	<b>183,433</b>	<b>(685,254)</b>	<b>(11,787)</b>
<b>Fund balances- beginning of year</b>	<b><u>250,589</u></b>	<b><u>687,463</u></b>	<b><u>509,489</u></b>
<b>Fund balance- end of year</b>	<b><u>\$ 434,022</u></b>	<b><u>\$ 2,209</u></b>	<b><u>\$ 497,702</u></b>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>		
<u>82nd Street Station &amp; Training Fire Station</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 59,142
-	62,128	753,757
-	20,873	32,043
-	120,479	161,450
-	168,603	489,982
-	-	74,160
-	3,375	3,375
-	1,000	109,694
-	515	1,602
-	560	2,779
-	3,390	49,145
<u>-</u>	<u>380,923</u>	<u>1,737,129</u>
-	99,397	457,332
-	143,140	612,827
-	-	87,467
-	-	4,709
-	8,269	67,117
-	-	20,060
<u>300,084</u>	<u>268,098</u>	<u>1,150,145</u>
<u>300,084</u>	<u>518,904</u>	<u>2,399,657</u>
<u>(300,084)</u>	<u>(137,981)</u>	<u>(662,528)</u>
300,084	53,651	353,735
-	(53,651)	(342,796)
<u>300,084</u>	<u>-</u>	<u>10,939</u>
-	(137,981)	(651,589)
-	508,451	1,955,992
<u>\$ -</u>	<u>\$ 370,470</u>	<u>\$ 1,304,403</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, 2015

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

Net change in fund balances- total governmental funds	\$ (651,589)
---	--------------

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	1,150,145
Depreciation expense	(148,706)
Donated capital assets	24,890

Governmental funds report pension contributions as expenditures.  
However, in the Statement of Activities, the cost of pension benefits  
earned net of employee contributions is reported as pension expense:

Employer contributions	34,079
Pension expense	(14,330)

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 property taxes	(1,236)
-------------------------------------	---------

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	(697)
Increase in accrued interest	(5,573)

Change in net position of governmental activities	<u>\$ 386,983</u>
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## STATE OF NEW MEXICO

Exhibit C-1

## Village of Cloudcroft

## Statement of Revenues, Expenditures, and Change in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

## General Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 53,616	\$ 60,225	\$ 60,226	\$ 1
Gross receipts	560,000	656,574	656,576	2
Gasoline and motor vehicle	11,500	11,034	11,036	2
Other	27,800	35,309	35,310	1
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	153,398	148,122	148,124	2
State capital grants	-	-	-	-
Charges for services	42,000	38,241	38,242	1
Investment income	550	206	207	1
Fines and forfeitures	6,000	2,473	2,473	-
Miscellaneous income	34,350	50,557	50,557	-
Total revenues	889,214	1,002,741	1,002,751	10
Expenditures				
Current				
General government	336,357	365,959	358,901	7,058
Public safety	314,245	317,703	317,561	142
Public works	111,721	96,766	93,864	2,902
Health and welfare	3,640	4,642	4,633	9
Culture and recreation	73,682	64,557	58,181	6,376
Conservation and development	26,400	20,530	20,474	56
Capital outlay	-	-	-	-
Total expenditures	866,045	870,157	853,614	16,543
Excess (deficiency) of revenues over expenditures	23,169	132,584	149,137	16,553
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	(23,169)	(132,584)	-	132,584
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	(23,169)	(132,584)	-	132,584
Net change in fund balance	-	-	149,137	149,137
Fund balances- beginning of year	-	-	174,833	174,833
Fund balances- end of year	\$ -	\$ -	\$ 323,970	\$ 323,970
Net change in fund balance (non-GAAP budgetary basis)				\$ 149,137
Adjustments to revenues for taxes and other receivables				34,638
Adjustments to expenditures for accounts payable and accrued payroll				(342)
Net change in fund balance (GAAP basis)				\$ 183,433

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Exhibit C-2

## Village of Cloudcroft

## Statement of Revenues, Expenditures, and Change in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

## Fire Protection Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	282,116	280,104	-	(280,104)
State operating grants	163,540	163,540	163,540	-
State capital grants	-	74,160	74,160	-
County operating grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	375	209	397	188
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	<u>446,031</u>	<u>518,013</u>	<u>238,097</u>	<u>(279,916)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	516,241	626,382	73,860	552,522
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	-	-	559,291	(559,291)
Total expenditures	<u>516,241</u>	<u>626,382</u>	<u>633,151</u>	<u>(6,769)</u>
Excess (deficiency) of revenues over expenditures	<u>(70,210)</u>	<u>(108,369)</u>	<u>(395,054)</u>	<u>(286,685)</u>
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	(129,790)	108,369	-	(108,369)
Operating transfers in	100,000	100,000	380,104	280,104
Operating transfers (out)	<u>100,000</u>	<u>(100,000)</u>	<u>(669,249)</u>	<u>(569,249)</u>
Total other financing sources (uses)	<u>70,210</u>	<u>108,369</u>	<u>(289,145)</u>	<u>(397,514)</u>
Net change in fund balance	-	-	(684,199)	(684,199)
Fund balances- beginning of year	-	-	690,267	690,267
Fund balances- end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,068</u>	<u>\$ 6,068</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (684,199)
Adjustments to revenues for other receivables				(8)
Adjustments to expenditures for accounts payable				<u>(1,047)</u>
Net change in fund balance (GAAP basis)				<u>\$ (685,254)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Exhibit C-3

## Village of Cloudcroft

## Statement of Revenues, Expenditures, and Change in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

## EMS Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	11,000	9,715	9,715	-
State capital grants	-	-	-	-
County operating grants	-	-	-	-
Charges for services	50,000	25,211	25,212	1
Investment income	1,100	540	540	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	10,000	-	-	-
<b>Total revenues</b>	<b>72,100</b>	<b>35,466</b>	<b>35,467</b>	<b>1</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	133,350	132,066	64,473	67,593
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	-	-	22,672	(22,672)
<b>Total expenditures</b>	<b>133,350</b>	<b>132,066</b>	<b>87,145</b>	<b>44,921</b>
Excess (deficiency) of revenues over expenditures	(61,250)	(96,600)	(51,678)	44,922
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	61,250	96,600	-	(96,600)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>61,250</b>	<b>96,600</b>	<b>-</b>	<b>(96,600)</b>
Net change in fund balance	-	-	(51,678)	(51,678)
Fund balances- beginning of year	-	-	510,225	510,225
Fund balances- end of year	\$ -	\$ -	\$ 458,547	\$ 458,547
Net change in fund balance (non-GAAP budgetary basis)				\$ (51,678)
Adjustments to revenues for other receivables				45,261
Adjustments to expenditures for accounts payable				(5,370)
<b>Net change in fund balance (GAAP basis)</b>				<b>\$ (11,787)</b>

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, 2015

	<u>Water and Sewer</u>
Assets and Deferred Outflows of Resources	
Assets	
Current assets	
Cash and cash equivalents	\$ 609,005
Receivables	
Other	<u>182,802</u>
Total current assets	<u>791,807</u>
Noncurrent assets	
Restricted cash	100,877
Capital assets	10,059,465
Less: accumulated depreciation	<u>(5,062,524)</u>
Total noncurrent assets	<u>5,097,818</u>
Total assets and deferred outflows of resources	<u>5,889,625</u>
Deferred outflows of resources	
Employer contributions subsequent to the measurement date	<u>17,331</u>
Total deferred outflows of resources	<u>17,331</u>
Total assets and deferred outflows of resources	<u>\$ 5,906,956</u>

	<u>Water and Sewer</u>
Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities	
Current liabilities	
Accounts payable	\$ 298,098
Accrued payroll	16,269
Current portion of accrued compensated absences	6,435
Deposits held in trust	6,650
Accrued interest	9,115
Current portion of loans payable	<u>376,489</u>
Total current liabilities	<u>713,056</u>
Noncurrent liabilities	
Accrued compensated absences	1,001
Loans payable	182,898
Net pension liability	<u>145,678</u>
Total noncurrent liabilities	<u>329,577</u>
Total liabilities	<u>1,042,633</u>
Deferred inflows of resources	
Change in assumptions	3,932
Net difference between projected and actual investment earnings	<u>56,071</u>
Total deferred inflows of resources	<u>60,003</u>
Net position	
Net investment in capital assets	4,437,554
Unrestricted	<u>366,766</u>
Total net position	<u>4,804,320</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 5,906,956</u>

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Statement of Revenues, Expenses, and Change in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2015

Exhibit D-2

	<u>Water and Sewer</u>
Operating Revenues	
Charges for services	\$ 1,063,288
Total operating revenues	<u>1,063,288</u>
Operating Expenses	
Personnel services	319,294
Contractual services	208,349
Supplies	18,028
Maintenance and materials	112,738
Utilities	92,757
Depreciation	223,901
Other operating expenses	<u>329,702</u>
Total operating expenses	<u>1,304,769</u>
Operating income (loss)	<u>(241,481)</u>
Nonoperating Revenues (Expenses)	
Gross receipts taxes	15,527
Investment income	576
Miscellaneous income	1,796
Interest expense	<u>(1,116)</u>
Total nonoperating revenues (expenses)	<u>16,783</u>
Income (loss) before contributions and transfers	<u>(224,698)</u>
Capital Grants and Net Transfers	
Capital grants and contributions	457,244
Operating transfers (out)	<u>(10,939)</u>
Capital grants and net transfers	<u>446,305</u>
Change in net position	<u>221,607</u>
Net position- beginning of year	4,542,599
Restatement (Note 9)	<u>40,114</u>
Net position- beginning of year, restated	<u>4,582,713</u>
Net position- end of year	<u><u>\$ 4,804,320</u></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, 2015

Exhibit D-3

	<u>Water and Sewer</u>
Cash Flows From Operating Activities	
Cash received from user charges	\$ 1,034,345
Cash payments to employees for services	(306,059)
Cash payments to suppliers for goods and services	(546,104)
	182,182
 Cash Flows From Investing Activities	
Interest on investments	576
	576
 Cash Flows From Noncapital Financing Activities	
Miscellaneous income	1,796
Net transfers	(10,939)
	6,384
 Cash Flows From Capital and Related Financing Activities	
Capital grants and contributions	457,244
Interest paid	(511)
Principal payments on long-term debt	(10,577)
Acquisition of capital assets	(520,879)
	(74,723)
Net increase (decrease) in cash and cash equivalents	114,419
Cash and cash equivalents- beginning of year	595,463
Cash and cash equivalents- end of year	\$ 709,882
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (241,481)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	223,901
Pension expense	7,289
Changes in assets and liabilities	
Receivables	(28,943)
Employer contributions subsequent to the measurement date	(17,331)
Accounts payable	234,779
Accrued payroll	2,894
Current portion of accrued compensated absences	299
Deposits held in trust	775
	182,182
Net cash provided (used) by operating activities	\$ 182,182

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, 2015

Exhibit E-1

Assets		
Cash		<u>\$ -</u>
Total assets		<u><u>\$ -</u></u>
Liabilities		
Accounts payable		<u>\$ -</u>
Total liabilities		<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

**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 the 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, 2015, the Village adopted GASB Statements No. 68, *Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement No. 27* (“GASB 68”), and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an Amendment of GASB Statement No. 68* (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

1. Contributions from employers and nonemployer contributing entities to the pension plan, and earnings on those contributions are irrevocable.
2. Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
3. Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources. In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation. This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

During the year ended June 30, 2015, the Village also adopted GASB Statements No. 69 and 70. GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* ("GASB 69") establishes accounting and financial reporting standards related to government combinations (including mergers, acquisitions, and transfers of operations), and disposals of government operations. GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB 70") improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. Neither of these pronouncements have materially impacted 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.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Village has no 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. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities* (also known as *proprietary or enterprise funds*), which rely to a significant extent on fees and charges for support.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

***B. Government-wide and Fund Financial Statement (continued)***

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 nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange 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, and (b) 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 position, and unrestricted net position.

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.

***C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds (business-type activities and enterprise) 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 sixty (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. All other revenue items are considered to be measurable and available only when cash is received by the government.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Village facilities, etc., (b) program-specific operating grants, which include 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 include activities that have the characteristics of an exchange transaction, such as a) sales and services and b) contracts and grants. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as a) investment income and b) miscellaneous.

Operating expenses include activities that have the characteristics of an exchange transaction, such as a) employee salaries, benefits, and related expenses; b) utilities, supplies, and other services; c) professional fees; d) repairs and maintenance; and e) depreciation expenses related to Village capital assets and long-term debt. Nonoperating expenses include activities that have the characteristics of nonexchange transactions, such as interest on capital assets-related debt that are defined as nonoperating expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34. 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.

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 include 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 *82<sup>nd</sup> Street Station & Training Fire Station Capital Projects Fund* was created to account for the repair, maintenance, construction, and improvements to an existing fire station and construction of a new training fire station. (Village Ordinance)

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

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.

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position or Fund Balance**

**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. Both unrestricted and restricted cash are included in the Statement of Cash Flows.

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 market value, which is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Income, gains, and losses on investments are reported as a component of investment income on the Statement of Activities.

**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 sixty (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. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100.00% collectible.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

***D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position or Fund Balance (continued)***

Property taxes are levied on November 1<sup>st</sup> based on the assessed value of property as listed on the previous January 1<sup>st</sup> and are due in two payments by November 10<sup>th</sup> and April 10<sup>th</sup>. Property taxes uncollected after November 10<sup>th</sup> and April 10<sup>th</sup> 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 that reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. For the year ended June 30, 2015, there were none.

**Restricted assets:** Restricted assets consist of those funds expendable for operating purposes but restricted by donors or outside agencies as to the specific purpose for which they may be used and restricted for future debt service payments.

**Capital assets:** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are defined by the Village 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. The Village of Cloudcroft was a Phase III government for purposes of implementing GASB Statement No. 34, and therefore, was not required to include the historical cost of infrastructure assets retroactive to 1980. Information technology equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9C(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.

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

Buildings and improvements	30-50
Equipment	5-15
Infrastructure	10-50

**Accrued expenses:** Accrued expenses are comprised of accrued payroll and payroll expenditures based on amounts earned by the employees through June 30, 2015, along with the applicable Public Employees Retirement Association (PERA) and other pension costs.

**Deferred outflows of resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Village has one type of item that qualifies for reporting in this category: employer contributions subsequent to the measurement date in the amount of \$51,410. This amount is reported in the Statement of Net Position. This amount is deferred and recognized as an outflow of resources in the next period and will reduce the net pension liability in the next period.

**Deferred inflows of resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Village has one item, which arises under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, property taxes, is reported

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

***D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position or Fund Balance (continued)***

only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The Village has recorded \$2,033 related to property taxes considered “unavailable”. In addition, the Village has two types of items presented on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, change in experience in the amount of \$11,663 and net difference between projected and actual investment earnings in the amount of \$166,326, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Compensated absences:** The Village permits employees to accumulate a limited amount of earned but unused vacation leave based on employment classification and length of employment. The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. Proprietary funds report the liability as incurred.

Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule depending on the 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 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.

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 and proprietary fund. Amounts vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statement of Net Position.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the New Mexico PERA and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Long-term obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or proprietary activity. 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.

**Net position or fund balance classification policies and procedures:**

*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, resolution, 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.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

***D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position or Fund Balance (continued)***

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 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, 2015, the restricted fund balance on the governmental funds balance sheet is made up of \$870,381 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:*  
Consists 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 position 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 or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

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

***E. 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 the depreciation on capital assets, the net pension liability and related items, and the current portion of compensated absences.

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

*Budgetary Information*

Budgets are prepared annually by Village personnel and include a proposed operating budget of estimated revenues and expenditures for the ensuing fiscal year. The budget and subsequent revisions are presented to the Village's Council and the Department of Finance and Administration for approval. 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.

The governmental fund budgets are prepared on a non-GAAP basis while business-type fund budgets are prepared on a 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.



**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

*Budgetary Information (continued)*

The budgetary information presented in these financial statements has been properly amended by the Village Council in accordance with the above procedures. These amendments resulted in the following changes:

<b>Budgeted Funds</b>	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
	Governmental funds	
General Fund	\$ 23,169	\$ 132,584
Fire Protection Special Revenue Fund	(70,210)	(108,369)
EMS Special Revenue Fund	(61,250)	(96,600)
82nd Street Station & Training Fire Station Capital Projects Fund	-	(2,184)
Nonmajor governmental funds	64,869	(267,572)
	Change in Net Position	
	Original Budget	Final Budget
Proprietary fund		
Water and Sewer Fund	\$ -	\$ -

The accompanying Statements of Revenues, Expenditures, and Change in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual and Statement of Revenues, Expenses, and Change in Net Position Budget (GAAP Budgetary Basis) and Actual present 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 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, 2015 is presented. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund can be found on the budgetary statements.

**NOTE 3. Deposit 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 investments that did not meet the State investment requirements as of June 30, 2015.

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 for 50.00% 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 100.00% of the asking price on United States treasury bills of the same maturity on the day of deposit.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

Excess 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 or 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 demands 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). As of June 30, 2015 \$1,265,395 of the Village's bank balances of \$1,726,958 was exposed to custodial credit risk. \$1,177,363 was uninsured and collateralized by securities held by the pledging bank's trust department, but not in the Village's name, and \$88,032 was uninsured and uncollateralized.

	First National Bank
Amount of deposits	\$ 1,726,958
FDIC coverage	(461,563)
Total uninsured public funds	1,265,395
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Village's name	1,177,363
Uninsured and uncollateralized	\$ 88,032
Collateral requirement (50.00% of uninsured funds)	\$ 632,698
Pledged collateral	1,177,363
Over (under) collateralized	\$ 544,665

The collateral pledged is listed on Schedule IV of 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.

The Village also has \$94,227 in NMFA reserve cash that is not included as an investment but instead as restricted cash in the Statement of Net Position.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

**Reconciliation to the Statement of Net Position**

Cash and cash equivalents per Exhibit A-1	\$ 1,702,190
Restricted cash and cash equivalents per Exhibit A-1	<u>100,877</u>
 Total cash and cash equivalents	 <u>1,803,067</u>
Less: NMFA cash	94,227
Add: outstanding checks	19,543
Less: deposits in transit	1,300
Less: petty cash	<u>125</u>
 Bank balance of deposits	 <u><u>\$ 1,726,958</u></u>

**NOTE 4. Receivables**

At June 30, 2015, receivables consisted of the following:

**Governmental Activities**

	General	EMS	Other Governmental Funds	Total
Taxes				
Property	\$ 3,332	\$ -	\$ -	\$ 3,332
Gross receipts	134,676	-	12,101	146,777
Gasoline and motor vehicle	-	-	1,669	1,669
Other	7,097	-	10,675	17,772
Intergovernmental				
State capital grants	-	-	37,134	37,134
Local operating grants	-	43,000	3,375	46,375
Charges for services	-	2,714	-	2,714
Miscellaneous	<u>2,284</u>	<u>-</u>	<u>1,169</u>	<u>3,453</u>
 Totals by category	 <u><u>\$ 147,389</u></u>	 <u><u>\$ 45,714</u></u>	 <u><u>\$ 66,123</u></u>	 <u><u>\$ 259,226</u></u>

Receivables for governmental activities are considered to be 100.00% collectible.

**Business-type Activities**

	Water and Sewer
 Totals by category	 <u><u>\$ 182,802</u></u>

Receivables for business-type activities are considered to be 100.00% collectible.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

**NOTE 5. Interfund Transfers**

Net operating transfers, made to close out funds and to supplement other funding sources in the normal course of operations for the year ended June 30, 2015 were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
<b>Primary Government</b>		
Fire Protection Fund	82nd Street Station & Training Fire Station Fund	\$ 289,145
Infrastructure Fund	Municipal Streets Project Fund	53,651
Water and Sewer Fund	82nd Street Station & Training Fire Station Fund	<u>10,939</u>
	Total	<u>\$ 353,735</u>

**NOTE 6. Capital Assets**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2015. Land and construction in progress are not subject to depreciation.

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 152,339	\$ -	\$ -	\$ 152,339
Construction in progress	<u>10,000</u>	<u>174,401</u>	<u>-</u>	<u>184,401</u>
Total capital assets not being depreciated	<u>162,339</u>	<u>174,401</u>	<u>-</u>	<u>336,740</u>
Capital assets being depreciated				
Buildings and improvements	2,361,160	453,826	-	2,814,986
Equipment	1,066,226	535,870	-	1,602,096
Infrastructure	<u>5,787,295</u>	<u>10,938</u>	<u>-</u>	<u>5,798,233</u>
Total capital assets being depreciated	<u>9,214,681</u>	<u>1,000,634</u>	<u>-</u>	<u>10,215,315</u>
Less: accumulated depreciation				
Buildings and improvements	1,121,331	68,608	-	1,189,939
Equipment	940,623	57,318	-	997,941
Infrastructure	<u>5,496,734</u>	<u>22,780</u>	<u>-</u>	<u>5,519,514</u>
Total accumulated depreciation	<u>7,558,688</u>	<u>148,706</u>	<u>-</u>	<u>7,707,394</u>
Total capital assets, net of depreciation	<u>\$ 1,818,332</u>	<u>\$ 1,026,329</u>	<u>\$ -</u>	<u>\$ 2,844,661</u>

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

Depreciation expense for the year ended June 30, 2015 was charged to governmental activities as follows:

General government	\$ 29,791
Public safety	85,065
Public works	19,631
Culture & recreation	<u>14,219</u>
	<u>\$ 148,706</u>

	Balance June 30, 2014	Restatement	Restated Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Business-type Activities</b>						
Capital assets not being depreciated						
Land	\$ 172,245	\$ (645)	\$ 171,600	\$ -	\$ -	\$ 171,600
Construction in progress	<u>8,500</u>	<u>230,651</u>	<u>239,151</u>	<u>508,000</u>	<u>-</u>	<u>747,151</u>
Total capital assets not being	<u>180,745</u>	<u>230,006</u>	<u>410,751</u>	<u>508,000</u>	<u>-</u>	<u>918,751</u>
Capital assets being depreciated						
Buildings and improvements	43,243	-	43,243	-	-	43,243
Equipment	512,493	(82,000)	430,493	7,036	-	437,529
Infrastructure	<u>8,645,599</u>	<u>8,500</u>	<u>8,654,099</u>	<u>5,843</u>	<u>-</u>	<u>8,659,942</u>
Total capital assets being depreciated	<u>9,201,335</u>	<u>(73,500)</u>	<u>9,127,835</u>	<u>12,879</u>	<u>-</u>	<u>9,140,714</u>
Less: accumulated depreciation						
Buildings and improvements	11,471	-	11,471	1,894	-	13,365
Equipment	358,439	(82,000)	276,439	38,520	-	314,959
Infrastructure	<u>4,550,713</u>	<u>-</u>	<u>4,550,713</u>	<u>183,487</u>	<u>-</u>	<u>4,734,200</u>
Total accumulated depreciation	<u>4,920,623</u>	<u>(82,000)</u>	<u>4,838,623</u>	<u>223,901</u>	<u>-</u>	<u>5,062,524</u>
Total capital assets, net of depreciation	<u>\$ 4,461,457</u>	<u>\$ 238,506</u>	<u>\$ 4,699,963</u>	<u>\$ 296,978</u>	<u>\$ -</u>	<u>\$ 4,996,941</u>

Depreciation expense of \$223,901 for the year ended June 30, 2015 was charged to the Water and Sewer proprietary fund.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

**NOTE 7. Long-term Liabilities**

Long-term liabilities for the year ended June 30, 2015 are summarized as follows:

**Governmental Activities**

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Loans payable	\$ 584,383	\$ -	\$ -	\$ 584,383	\$ 23,530
Compensated absences	11,720	15,515	14,818	12,417	11,699
<b>Total long-term debt</b>	<b>\$ 596,103</b>	<b>\$ 15,515</b>	<b>\$ 14,818</b>	<b>\$ 596,800</b>	<b>\$ 35,229</b>

On May 23, 2014, the Village entered into a loan agreement with the New Mexico Finance Department to borrow an amount of \$282,116 for the purchase of a fire protection vehicle. The loan is financed over a period of ten (10) years in equal annual amounts of \$32,694 between a 0.51% and a 3.10% interest rate.

On May 23, 2014, the Village entered into a loan agreement with the New Mexico Finance Department to borrow an amount of \$302,267 for the purpose of upgrading their main fire department. The loan is financed over a period of twenty-five (25) years in equal annual amounts of \$18,300 between a 0.51% and 3.10% interest rate.

Debt service requirements on long-term debt for governmental activities at June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 23,530	\$ 27,465	\$ 50,995
2017	36,949	14,045	50,994
2018	37,267	13,728	50,995
2019	37,711	13,284	50,995
2020	38,303	12,692	50,995
2021-2025	205,312	49,662	254,974
2026-2030	63,482	28,021	91,503
2031-2035	73,966	17,538	91,504
2036-2039	67,863	5,340	73,203
	<b>\$ 584,383</b>	<b>\$ 181,775</b>	<b>\$ 766,158</b>

**Business-type Activities**

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
Loans payable	\$ 569,964	\$ -	\$ 10,577	\$ 559,387	\$ 376,489
Compensated absences	6,289	11,589	10,442	7,436	6,435
<b>Total long-term debt</b>	<b>\$ 576,253</b>	<b>\$ 11,589</b>	<b>\$ 21,019</b>	<b>\$ 566,823</b>	<b>\$ 382,924</b>

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 twenty (20) years in equal annual amounts of \$45,841 at a 3.00% interest rate. The entire balance that has been drawn down as of June 30, 2015 is considered due and payable in the next fiscal year because the agreement is not fully executed until the project is complete.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

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

On August 20, 2010, the Village entered into a loan agreement with the New Mexico Finance Department to borrow an amount of \$59,394 for the purpose of upgrading the water utility system. The loan is financed over a period of twenty (20) years in equal annual amounts of \$3,291 at a 1.00% interest rate.

On April 12, 2013, the Village entered into a loan agreement with the New Mexico Finance Department to borrow an amount of \$61,718 to be used in the Village's Colonias Infrastructure Project. The loan is financed over a period of twenty (20) years in equal annual amounts of \$3,086 at a 0.00% interest rate.

On May 16, 2014, the Village entered into a loan agreement with the New Mexico Finance Department to borrow an amount of \$94,227 to be used in the Village's Colonias Infrastructure Project. The loan is financed over a period of twenty (20) years in equal annual amounts of \$4,712 at a 0.00% interest rate.

Debt service requirements on long-term debt for business-type activities at June 30, 2015 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2016	\$ 376,489	\$ 484	\$ 376,973
2017	10,633	456	11,089
2018	10,661	428	11,089
2019	10,690	399	11,089
2020	10,719	370	11,089
2021-2025	54,034	1,408	55,442
2026-2030	54,803	641	55,444
2031-2034	31,358	33	31,391
	<u>\$ 559,387</u>	<u>\$ 4,219</u>	<u>\$ 563,606</u>

**NOTE 8. Restricted Net Position**

The government-wide statement of net position reports \$1,919,707 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 36-37 and 65.

**NOTE 9. Restatements**

The Village has restated modified accrual and government-wide net position as a result of the following:

**Fund Level Restatements**

<u>Fund Name</u>	<u>Fund Balance/Net Position Originally Reported 6/30/14</u>	<u>Restate Capital Assets</u>	<u>Restate Net Pension Liability</u>	<u>Fund Balance/Net Position Restated 6/30/14</u>
Water and Sewer Fund	<u>\$ 4,542,599</u>	<u>\$ 238,506</u>	<u>\$ (198,392)</u>	<u>\$ 4,582,713</u>

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
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**NOTE 9. Restatements (continued)**

**Government-wide Restatements**

Fund Name	Fund Balance/Net Position Originally Reported 6/30/14	Fund Restatement	Restate Net Pension Liability	Fund Balance/Net Position Restated 6/30/14
Governmental activities	\$ 3,180,269	\$ -	\$ (390,111)	\$ 2,790,158
Business-type activities	4,542,599	40,114	-	4,582,713
	<u>\$ 7,722,868</u>	<u>\$ 40,114</u>	<u>\$ (390,111)</u>	<u>\$ 7,372,871</u>

The Village has restated capital assets at the fund level for the Water and Sewer fund as a result of incorrectly recorded balances in the prior year. In addition, the Village has restated government-wide net position in the amount of \$588,503 for the implementation of GASB Statement No. 68 and GASB Statement No. 71. The adjustment on the fund level and government-wide level reflects a beginning net pension liability of \$631,636 and deferred outflows of resources for employer contributions subsequent to the measurement date of \$43,133.

**NOTE 10. Pension Plan- Public Employee Retirement Association**

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

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.saonm.org](http://www.saonm.org) using the Audit Report Search function for agency #366.

**Benefits Provided.** For a description of the benefits provided and recent changes to the benefits, see Note 1 in the PERA audited financial statements for the fiscal year end June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution requirements in effect for fiscal year 2014 for the various PERA coverage options, for both Tier 1 and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA 2014 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to the Village are Municipal General and Municipal Police. Statutorily required contributions to the pension plan from the Village were \$51,410 there were no employer paid member benefits that were “picked up” by the employer were for the year ended June 30, 2015.



**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

**NOTE 10. Pension Plan- Public Employee Retirement Association (continued)**

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

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members, and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11, NMSA 1978. Therefore, the calculations of the net pension liability, pension expense, and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members, municipal police members, municipal fire members, state general members, state police members, and legislative members. The Village’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013 to June 30, 2014 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2014 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2015, the Village reported a liability of \$290,981 for its proportionate share of the net pension liability. At June 30, 2014, the Village’s proportion was 0.0373%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal General pension expense of \$12,140. At June 30, 2015, the Village reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**PERA Fund Municipal General**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 197
Net difference between projected and actual earnings on pension plan investments	-	113,839
Employer contributions subsequent to the measurement date	30,897	-
Total	\$ 30,897	\$ 114,036

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

**NOTE 10. Pension Plan- Public Employee Retirement Association (continued)**

For PERA Fund Division Municipal General, \$30,897 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>General Fund Municipal General</b>		
<u>Year ended June 30,</u>		
2016	\$	(28,509)
2017		(28,509)
2018		(28,509)
2019		(28,509)
2020		(1)
Thereafter		-

For PERA Fund Division Municipal Police, at June 30, 2015, the Village reported a liability of \$141,153 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0433%, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the Village recognized PERA Fund Division Municipal Police pension expense of \$9,479. At June 30, 2015, the Village reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**PERA Fund Municipal Police**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 11,466
Net difference between projected and actual earnings on pension plan investments	-	52,487
Employer contributions subsequent to the measurement date	20,513	-
<b>Total</b>	<b>\$ 20,513</b>	<b>\$ 63,953</b>

For PERA Fund Division Municipal Police, \$20,513 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>General Fund Municipal Police</b>		
<u>Year ended June 30,</u>		
2016	\$	(15,974)
2017		(15,974)
2018		(15,974)
2019		(15,974)
2020		(57)
Thereafter		-

**Actuarial Assumptions.** As described above, the PERA fund member group pension liabilities and net pension liabilities are based on an actuarial valuation performed as of June 30, 2013 for each of the membership groups. Then, each PERA fund member group pension liability was rolled forward from the valuation date to the Plan year ending June

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

**NOTE 10. Pension Plan- Public Employee Retirement Association (continued)**

These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Equity	21.10%	5.00%
International Equity	24.80%	5.20%
Private Equity	7.00%	8.20%
Core and Global Fixed Income	26.10%	1.85%
Fixed Income Plus Sectors	5.00%	4.80%
Real Estate	5.00%	5.30%
Real Assets	7.00%	5.70%
Absolute Return	4.00%	4.15%
Total	<u>100.00%</u>	

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

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

**NOTE 10. Pension Plan- Public Employee Retirement Association (continued)**

**Sensitivity of the Village’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village’s net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption, as of it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

**PERA Fund Municipal General**

	1.00% Decrease (6.75%)	Current Discount Rate (7.75%)	1.00% Increase (8.75%)
Proportionate share of the net pension liability	\$ 548,563	\$ 290,980	\$ 91,985

**PERA Fund Municipal Police**

	1.00% Decrease (6.75%)	Current Discount Rate (7.75%)	1.00% Increase (8.75%)
Proportionate share of the net pension liability	\$ 269,180	\$ 141,153	\$ 45,558

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in the separately issued fiscal year 2014 restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the Pension Plan.** The Village had an outstanding balance of \$4,826 as of June 30, 2015 for legally required contributions to the pension plan.

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

As authorized under Chapter 6, Section 9D, Laws of 1990, the Village has elected not to participate in the Retiree Health Care Plan provided under the Retiree Health Care Act (Chapter 10, Article 7c, NMSA 1978) during the year ended June 30, 2015.

**NOTE 12. 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; injuries to employees; and natural disasters. The Village participates in the State of New Mexico Risk Management Program (Risk Management), which provides liability and physical damage insurance for the Village, for the risks of loss mentioned above, except for injuries to employees. For risks of loss related to injuries to employees, the Village has not obtained coverage from a commercial insurance company but has effectively managed risk through various employee education and prevention programs. The premiums for Risk Management are based on 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 13. Contingent Liabilities**

The Village is party to various litigation and other claims in the ordinary course of business. Management and the Village’s attorney are unaware of any material pending or threatened litigation, claims, or assessments against the Village that are not covered by the Village’s insurance.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

**NOTE 14. 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 15. Commitments**

The Village entered into agreements with contractors and architects for various construction projects. As of June 30, 2015, the Village had an obligation of \$1,770,470 for these contracts.

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
PURe Water Project	2016	\$ 1,297,598
Water Tank Project	2016	223,495
Community Center	2016	150,000
Streets Project	2017	<u>99,377</u>
		<u>\$ 1,770,470</u>

**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. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

**NOTE 17. Subsequent Events**

The Village has evaluated events subsequent to June 30, 2015 that would possibly require adjustment or disclosure in these financial statements, through October 22, 2015, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2015 that would require adjustment or modification to the contents of these statements.

**NOTE 18. Other Required Individual Fund Disclosures**

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

- A. Deficit fund balance of individual funds. The Village had no deficit fund balances as of June 30, 2015.
- B. Excess of expenditures over budgeted amounts. The following fund exceeded approved budgetary authority for the year ended June 30, 2015:

**Governmental Funds**

Fire Protection Fund	<u>\$ 6,769</u>
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**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to the Financial Statements  
June 30, 2015

**NOTE 18. Other Required Individual Fund Disclosures (continued)**

- C. Designated cash appropriations exceeding prior year available balances. The following fund exceeded approved budgetary authority for the year ended June 30, 2015:

**Governmental Funds**

Municipal Streets Fund	\$ 68,063
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**NOTE 19. Subsequent Pronouncements**

In February 2015, GASB Statement No. 72 *Fair Value Measurement and Application*, was issued. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015 with earlier application being encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016 with earlier application being encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015 with earlier application being encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015 with earlier application being encouraged. The Village is still evaluating how this pronouncement will affect the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	2015 Measurement Date (as of and for the year ended June 30, 2014)
Proportion of the net pension liability (asset)	0.0373%
Proportionate share of the net pension liability (asset)	\$ 290,981
Covered employee payroll	324,476
Proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	89.68%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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



**STATE OF NEW MEXICO**  
 Village of Cloudcroft  
 Schedule of the Village's Proportionate Share of the  
 Net Pension Liability of PERA Fund  
 Public Employees Retirement Association (PERA) Plan  
 Municipal Police Division  
 Last 10 Fiscal Years\*

	2015 Measurement Date (as of and for the year ended June 30, 2014)
Proportion of the net pension liability (asset)	0.0433%
Proportionate share of the net pension liability (asset)	\$ 141,153
Covered employee payroll	154,100
Proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	91.60%
Plan fiduciary net position as a percentage of the total pension liability	81.29%

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

**STATE OF NEW MEXICO**  
 Village of Cloudcroft  
 Schedule of the Village's Contributions  
 Public Employees Retirement Association (PERA) Plan  
 Municipal General Division  
 Last 10 Fiscal Years\*

	As of and for the year ended <u>June 30, 2015</u>
Contractually required contribution	\$ 30,897
Contributions in relation to the contractually required contribution	<u>30,897</u>
Contribution deficiency (excess)	-
Covered employee payroll	<u>289,814</u>
Contributions as a percentage of covered employee payroll	10.66%

\* This schedule is presented to illustrate the requirement to show information for ten (10) years. However, until a full ten (10) year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
 Village of Cloudcroft  
 Schedule of the Village's Contributions  
 Public Employees Retirement Association (PERA) Plan  
 Municipal Police Division  
 Last 10 Fiscal Years\*

	As of and for the year ended <u>June 30, 2015</u>
Contractually required contribution	\$ 20,513
Contributions in relation to the contractually required contribution	<u>20,513</u>
Contribution deficiency (excess)	-
Covered employee payroll	<u>154,100</u>
Contributions as a percentage of covered employee payroll	13.31%

\* This schedule is presented to illustrate the requirement to show information for ten (10) years. However, until a full ten (10) year trend is compiled, the Village will present information for those years for which information is available.

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Notes to Required Supplementary Information  
June 30, 2015

**Changes of Benefit Terms.** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA fiscal year 2014 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

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

**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, 2015

**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 Village limits. (35-14-11 NMSA, 1978)

*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. (29-13-4 NMSA, 1978)

*Lodger's Tax*

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

*Recreation*

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

*Intergovernmental Fund*

Accounts for all grants received for the Michael Nivison Public Library to ensure that the funds received are expended for use of the library as outlined in each grant agreement. (Village 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. (Village 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. (Village Ordinance)

**Capital Projects Funds**

*Municipal Streets*

To account for the repair, maintenance, and construction of municipal streets and the purchase of road maintenance equipment. (7-1-6.26 & 27, NMSA 1978)

*Infrastructure*

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

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue				
	Local Government Corrections	Law Enforcement Protection	Lodger's Tax	Recreation	Intergovernmental
Assets					
Cash and cash equivalents	\$ 8,028	\$ -	\$ 16,544	\$ 52,947	\$ -
Receivables					
Taxes	-	-	10,675	-	-
Intergovernmental	-	-	-	-	3,375
Other	60	-	-	1,109	-
Total assets	<u>\$ 8,088</u>	<u>\$ -</u>	<u>\$ 27,219</u>	<u>\$ 54,056</u>	<u>\$ 3,375</u>
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 253	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>253</u>	<u>-</u>
Fund balances					
Spendable					
Restricted	8,088	-	27,219	53,803	3,375
Total fund balances	<u>8,088</u>	<u>-</u>	<u>27,219</u>	<u>53,803</u>	<u>3,375</u>
Total liabilities and fund balances	<u>\$ 8,088</u>	<u>\$ -</u>	<u>\$ 27,219</u>	<u>\$ 54,056</u>	<u>\$ 3,375</u>

The accompanying notes are an integral part of these financial statements

Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
Fire Department	Tree Thinning Project	Municipal Streets	Infrastructure	
\$ 36,610	\$ 106,352	\$ 794	\$ 83,325	\$ 304,600
-	-	1,669	12,101	24,445
-	37,134	-	-	40,509
-	-	-	-	1,169
<u>\$ 36,610</u>	<u>\$ 143,486</u>	<u>\$ 2,463</u>	<u>\$ 95,426</u>	<u>\$ 370,723</u>
\$ -	\$ -	\$ -	\$ -	\$ 253
-	-	-	-	253
<u>36,610</u>	<u>143,486</u>	<u>2,463</u>	<u>95,426</u>	<u>370,470</u>
<u>36,610</u>	<u>143,486</u>	<u>2,463</u>	<u>95,426</u>	<u>370,470</u>
<u>\$ 36,610</u>	<u>\$ 143,486</u>	<u>\$ 2,463</u>	<u>\$ 95,426</u>	<u>\$ 370,723</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, 2015

	Special Revenue				
	Local Government Corrections	Law Enforcement Protection	Lodger's Tax	Recreation	Intergovernmental
Revenues					
Taxes					
Gross receipts	\$ -	\$ -	\$ -	\$ -	\$ -
Gasoline and motor vehicle	-	-	-	-	-
Other	-	-	120,479	-	-
Intergovernmental income					
State operating grants	-	21,800	-	-	-
Local operating grants	-	-	-	-	3,375
Charges for services	-	-	-	1,000	-
Investment income	7	-	24	63	-
Fines and forfeitures	560	-	-	-	-
Miscellaneous	-	-	-	3,390	-
Total revenues	<u>567</u>	<u>21,800</u>	<u>120,503</u>	<u>4,453</u>	<u>3,375</u>
Expenditures					
Current					
General government	-	-	99,397	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	8,269	-
Capital outlay	-	43,600	-	-	-
Total expenditures	<u>-</u>	<u>43,600</u>	<u>99,397</u>	<u>8,269</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>567</u>	<u>(21,800)</u>	<u>21,106</u>	<u>(3,816)</u>	<u>3,375</u>
Other Financing Sources (Uses)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	567	(21,800)	21,106	(3,816)	3,375
Fund balances- beginning of year	<u>7,521</u>	<u>21,800</u>	<u>6,113</u>	<u>57,619</u>	<u>-</u>
Fund balances- end of year	<u>\$ 8,088</u>	<u>\$ -</u>	<u>\$ 27,219</u>	<u>\$ 53,803</u>	<u>\$ 3,375</u>

The accompanying notes are an integral part of these financial statements

Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
Fire Department	Tree Thinning Project	Municipal Streets	Infrastructure	
\$ -	\$ -	\$ -	\$ 62,128	\$ 62,128
-	-	20,873	-	20,873
-	-	-	-	120,479
-	146,803	-	-	168,603
-	-	-	-	3,375
-	-	-	-	1,000
111	121	77	112	515
-	-	-	-	560
-	-	-	-	3,390
<u>111</u>	<u>146,924</u>	<u>20,950</u>	<u>62,240</u>	<u>380,923</u>
-	-	-	-	99,397
2,009	141,131	-	-	143,140
-	-	-	-	8,269
<u>79,584</u>	<u>-</u>	<u>144,914</u>	<u>-</u>	<u>268,098</u>
<u>81,593</u>	<u>141,131</u>	<u>144,914</u>	<u>-</u>	<u>518,904</u>
<u>(81,482)</u>	<u>5,793</u>	<u>(123,964)</u>	<u>62,240</u>	<u>(137,981)</u>
-	-	53,651	-	53,651
-	-	-	(53,651)	(53,651)
-	-	53,651	(53,651)	-
(81,482)	5,793	(70,313)	8,589	(137,981)
<u>118,092</u>	<u>137,693</u>	<u>72,776</u>	<u>86,837</u>	<u>508,451</u>
<u>\$ 36,610</u>	<u>\$ 143,486</u>	<u>\$ 2,463</u>	<u>\$ 95,426</u>	<u>\$ 370,470</u>

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## STATE OF NEW MEXICO

Statement B-1

## Village of Cloudcroft

## Statement of Revenues, Expenditures, and Change in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

## Local Government Corrections Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
County operating grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	20	8	8	-
Fines and forfeitures	1,600	560	560	-
Miscellaneous income	-	-	-	-
Total revenues	1,620	568	568	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	1,620	568	568	-
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	(1,620)	(568)	-	568
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	(1,620)	(568)	-	568
Net change in fund balance	-	-	568	568
Fund balances- beginning of year	-	-	7,460	7,460
Fund balances- end of year	\$ -	\$ -	\$ 8,028	\$ 8,028
Net change in fund balance (non-GAAP budgetary basis)				\$ 568
Adjustments to revenues for other receivables				(1)
No adjustments to expenditures for accounts payable				-
Net change in fund balance (GAAP basis)				\$ 567

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-2

## Village of Cloudcroft

Statement of Revenues, Expenditures, and Change in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 Law Enforcement Protection Special Revenue Fund  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
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	-	-	-	-
County operating grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	21,800	21,800	21,800	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	43,600	43,600	43,600	-
Total expenditures	43,600	43,600	43,600	-
Excess (deficiency) of revenues over expenditures	(21,800)	(21,800)	(21,800)	-
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	21,800	21,800	-	(21,800)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	21,800	21,800	-	(21,800)
Net change in fund balance	-	-	(21,800)	(21,800)
Fund balances- beginning of year	-	-	21,800	21,800
Fund balances- end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (non-GAAP budgetary basis)				\$ (21,800)
No adjustments to revenues for other receivables				-
No adjustments to expenditures for accounts payable				-
Net change in fund balance (GAAP basis)				\$ (21,800)

The accompanying notes are an integral part of these financial statements



## STATE OF NEW MEXICO

Statement B-3

## Village of Cloudcroft

## Statement of Revenues, Expenditures, and Change in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

## Lodger's Tax Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	115,000	120,869	120,869	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
County operating grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	200	24	25	1
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	115,200	120,893	120,894	1
Expenditures				
Current				
General government	115,000	115,000	111,564	3,436
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	115,000	115,000	111,564	3,436
Excess (deficiency) of revenues over expenditures	200	5,893	9,330	3,437
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	(200)	(5,893)	-	5,893
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	(200)	(5,893)	-	5,893
Net change in fund balance	-	-	9,330	9,330
Fund balances- beginning of year	-	-	7,214	7,214
Fund balances- end of year	\$ -	\$ -	\$ 16,544	\$ 16,544
Net change in fund balance (non-GAAP budgetary basis)				\$ 9,330
Adjustments to revenues for taxes and other receivables				(391)
Adjustments to expenditures for accounts payable				12,167
Net change in fund balance (GAAP basis)				\$ 21,106

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-4

## Village of Cloudcroft

## Statement of Revenues, Expenditures, and Change in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

## Recreation Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	1,223	929	930	1
County operating grants	-	-	-	-
Charges for services	1,000	1,000	1,000	-
Investment income	150	62	63	1
Fines and forfeitures	-	-	-	-
Miscellaneous income	5,400	2,279	2,281	2
<b>Total revenues</b>	<b>7,773</b>	<b>4,270</b>	<b>4,274</b>	<b>4</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	7,773	8,883	8,877	6
Conservation and development	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>7,773</b>	<b>8,883</b>	<b>8,877</b>	<b>6</b>
Excess (deficiency) of revenues over expenditures	-	(4,613)	(4,603)	10
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	-	4,613	-	(4,613)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>4,613</b>	<b>-</b>	<b>(4,613)</b>
Net change in fund balance	-	-	(4,603)	(4,603)
Fund balances- beginning of year	-	-	57,550	57,550
Fund balances- end of year	\$ -	\$ -	\$ 52,947	\$ 52,947
Net change in fund balance (non-GAAP budgetary basis)				\$ (4,603)
Adjustments to revenues for other receivables				179
Adjustments to expenditures for accounts payable				608
Net change in fund balance (GAAP basis)				\$ (3,816)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

Village of Cloudcroft

Statement of Revenues, Expenditures, and Change in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 Intergovernmental Special Revenue Fund  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
County operating grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balances- beginning of year	-	-	-	-
Fund balances- end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (non-GAAP budgetary basis)				\$ -
Adjustments to revenues for other receivables				3,375
No adjustments to expenditures for accounts payable				-
Net change in fund balance (GAAP basis)				\$ 3,375

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-6

## Village of Cloudcroft

## Statement of Revenues, Expenditures, and Change in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

## Fire Department Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
County operating grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	300	118	119	1
Fines and forfeitures	-	-	-	-
Miscellaneous income	40,000	-	-	-
Total revenues	40,300	118	119	1
Expenditures				
Current				
General government	-	-	-	-
Public safety	22,100	2,117	2,114	3
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	-	79,585	79,584	1
Total expenditures	22,100	81,702	81,698	4
Excess (deficiency) of revenues over expenditures	18,200	(81,584)	(81,579)	5
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	(18,200)	81,584	-	(81,584)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	(18,200)	81,584	-	(81,584)
Net change in fund balance	-	-	(81,579)	(81,579)
Fund balances- beginning of year	-	-	118,189	118,189
Fund balances- end of year	\$ -	\$ -	\$ 36,610	\$ 36,610
Net change in fund balance (non-GAAP budgetary basis)				\$ (81,579)
Adjustments to revenues for other receivables				(8)
Adjustments to expenditures for accounts payable				105
Net change in fund balance (GAAP basis)				\$ (81,482)

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-7

## Village of Cloudcroft

## Statement of Revenues, Expenditures, and Change in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

## Tree Thinning Special Revenue Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	247,000	166,339	166,340	1
State capital grants	-	-	-	-
County operating grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	130	130	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	247,000	166,469	166,470	1
Expenditures				
Current				
General government	-	-	-	-
Public safety	182,120	182,120	141,131	40,989
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	182,120	182,120	141,131	40,989
Excess (deficiency) of revenues over expenditures	64,880	(15,651)	25,339	40,990
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	(64,880)	15,651	-	(15,651)
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	(64,880)	15,651	-	(15,651)
Net change in fund balance	-	-	25,339	25,339
Fund balances- beginning of year	-	-	81,013	81,013
Fund balances- end of year	\$ -	\$ -	\$ 106,352	\$ 106,352
Net change in fund balance (non-GAAP budgetary basis)				\$ 25,339
Adjustments to revenues for other receivables				(19,546)
No adjustments to expenditures for accounts payable				-
Net change in fund balance (GAAP basis)				\$ 5,793

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-8

## Village of Cloudcroft

## Statement of Revenues, Expenditures, and Change in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

## Municipal Streets Capital Projects Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	20,100	20,029	20,732	703
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	160,953	-	-	-
County operating grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	200	85	83	(2)
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	<u>181,253</u>	<u>20,114</u>	<u>20,815</u>	<u>701</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	<u>214,604</u>	<u>214,604</u>	<u>144,914</u>	<u>69,690</u>
Total expenditures	<u>214,604</u>	<u>214,604</u>	<u>144,914</u>	<u>69,690</u>
Excess (deficiency) of revenues over expenditures	<u>(33,351)</u>	<u>(194,490)</u>	<u>(124,099)</u>	<u>70,391</u>
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	(20,300)	140,839	-	(140,839)
Operating transfers in	53,651	53,651	53,651	-
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>33,351</u>	<u>194,490</u>	<u>53,651</u>	<u>(140,839)</u>
Net change in fund balance	-	-	(70,448)	(70,448)
Fund balances- beginning of year	-	-	71,242	71,242
Fund balances- end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794</u>	<u>\$ 794</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (70,448)
Adjustments to revenues for taxes and other receivables				135
No adjustments to expenditures for accounts payable				-
Net change in fund balance (GAAP basis)				<u>\$ (70,313)</u>

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-9

## Village of Cloudcroft

## Statement of Revenues, Expenditures, and Change in Fund Balance

## Budget (Non-GAAP Budgetary Basis) and Actual

## Infrastructure Capital Projects Fund

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	50,000	58,985	58,984	(1)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
County operating grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	120	120	118	(2)
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	50,120	59,105	59,102	(3)
Expenditures				
Current				
General government	15,000	15,000	-	15,000
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	15,000	15,000	-	15,000
Excess (deficiency) of revenues over expenditures	35,120	44,105	59,102	14,997
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	18,531	9,546	-	(9,546)
Operating transfers in	-	-	-	-
Operating transfers (out)	(53,651)	(53,651)	(53,651)	-
Total other financing sources (uses)	(35,120)	(44,105)	(53,651)	(9,546)
Net change in fund balance	-	-	5,451	5,451
Fund balances- beginning of year	-	-	77,874	77,874
Fund balances- end of year	\$ -	\$ -	\$ 83,325	\$ 83,325
Net change in fund balance (non-GAAP budgetary basis)				\$ 5,451
Adjustments to revenues for taxes and other receivables				3,138
No adjustments to expenditures for accounts payable				-
Net change in fund balance (GAAP basis)				\$ 8,589

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Statement B-10

## Village of Cloudcroft

Statement of Revenues, Expenditures, and Change in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 82nd Street Station & Training Fire Station Capital Projects Fund  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variances Favorable (Unfavorable) Final to Actual
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income				
Federal operating grants	-	-	-	-
Federal capital grants	302,267	300,083	-	(300,083)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
County operating grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	<u>302,267</u>	<u>300,083</u>	<u>-</u>	<u>(300,083)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation and development	-	-	-	-
Capital outlay	302,267	302,267	300,084	2,183
Total expenditures	<u>302,267</u>	<u>302,267</u>	<u>300,084</u>	<u>2,183</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,184)</u>	<u>(300,084)</u>	<u>(297,900)</u>
Other Financing Sources (Uses)				
Designated cash (budgeted increase in cash)	-	2,184	-	(2,184)
Operating transfers in	-	-	300,084	300,084
Operating transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,184</u>	<u>300,084</u>	<u>297,900</u>
Net change in fund balance	-	-	-	-
Fund balances- beginning of year	-	-	-	-
Fund balances- end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ -
No adjustments to revenues for other receivables				-
No adjustments to expenditures for accounts payable				-
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

## Statement of Revenues, Expenses, and Change in Net Position

## Budget (GAAP Budgetary Basis) and Actual

## Water and Sewer Fund

For the Year Ended June 30, 2015

	Budget Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Charges for services	\$ 1,039,950	\$ 1,021,626	\$ 1,063,288	\$ 41,662
Total operating revenues	1,039,950	1,021,626	1,063,288	41,662
Operating Expenses				
Personnel services	331,211	332,383	319,294	13,089
Contractual services	960,063	982,633	208,349	774,284
Supplies	14,950	19,725	18,028	1,697
Maintenance and materials	198,800	189,760	112,738	77,022
Utilities	102,400	97,294	92,757	4,537
Acquisition of capital assets	35,000	35,000	-	35,000
Other operating expenses	1,918,343	1,929,192	329,702	1,599,490
Total operating expenses	3,560,767	3,585,987	1,080,868	2,505,119
Operating income (loss)	(2,520,817)	(2,564,361)	(17,580)	2,546,781
Nonoperating Revenues (Expenses)				
Designated cash (budgeted increase in cash)	(36,503)	1,989,819	-	(1,989,819)
Gross receipts taxes	12,500	14,740	15,527	787
Investment income	1,500	613	576	(37)
Miscellaneous income	2,750	1,796	1,796	-
Principal expenses	(28,977)	(28,977)	-	28,977
Interest expense	(1,114)	(1,114)	(1,116)	(2)
Total nonoperating revenues (expenses)	(49,844)	1,976,877	16,783	(1,960,094)
Income (loss) before contributions and transfers	(2,570,661)	(587,484)	(797)	586,687
Capital Grants and Net Transfers				
Capital grants and contributions	2,570,661	606,484	457,244	(149,240)
Operating transfers in	65,143	46,143	-	(46,143)
Operating transfers (out)	(65,143)	(65,143)	(10,939)	54,204
Capital grants and net transfers	2,570,661	587,484	446,305	(141,179)
Change in net position	-	-	445,508	445,508
Net position- beginning of year	-	-	4,831,821	4,831,821
Restatement (Note 9)	-	-	40,114	40,114
Net position- beginning of year, restated	-	-	4,871,935	4,871,935
Net position- end of year	\$ -	\$ -	\$ 5,317,443	\$ 5,277,329
Changes in net position above Depreciation			\$ 445,508 (223,901)	
Change in net position per Exhibit D-2			\$ 221,607	

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Schedule of Deposit and Investment Accounts  
June 30, 2015

Schedule III

Account Name	Account Type	First National Bank	NMFA	Total
Deposits				
General	Checking-interest bearing	\$ 1,003,912	\$ -	\$ 1,003,912
Public funds	Checking-interest bearing	405,121	-	405,121
Tree Thinning Project	Checking-interest bearing	106,362	-	106,362
Certificate of deposit	Certificate of deposit	87,184	-	87,184
Certificate of deposit	Certificate of deposit	65,924	-	65,924
Certificate of deposit	Certificate of deposit	50,147	-	50,147
Certificate of deposit	Certificate of deposit	8,308	-	8,308
NMFA- enterprise fund	Checking-interest bearing	-	94,227	94,227
Bank balance		1,726,958	94,227	1,821,185
Outstanding items		(19,543)	-	(19,543)
Deposits in transit		1,300	-	1,300
Book balance		<u>\$ 1,708,715</u>	<u>\$ 94,227</u>	1,802,942
Petty cash				<u>125</u>
Deposits and investments per Schedule III				<u>\$ 1,803,067</u>
Cash and cash equivalents per Exhibit A-1				\$ 1,702,190
Restricted cash per Exhibit A-1				<u>100,877</u>
Cash, cash equivalents, and investments per Exhibit A-1				<u>\$ 1,803,067</u>

See independent auditors' report

STATE OF NEW MEXICO

Schedule IV

Village of Cloudcroft

Schedule of Collateral Pledged by Depository for Public Funds

June 30, 2015

<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, 2015</u>	<u>Name and Location of Safekeeper</u>
First National Bank					
	FHLMC Pool #D96030	5/1/2023	3128E2VX1	\$ 70,496	Federal Home Loan Bank- Dallas, TX
	FNMA Pool #MA0949	1/1/2032	31418ABT4	565,258	Federal Home Loan Bank- Dallas, TX
	BERNALILLO N MEX STATE-SHARED	6/1/2021	085281AG8	<u>541,609</u>	Federal Home Loan Bank- Dallas, TX
	Total pledged collateral			<u>\$ 1,177,363</u>	

See independent auditors' report

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**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Schedule of Change in Fiduciary Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015

Schedule V

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Assets				
Cash	\$ -	\$ 213,525	\$ 213,525	\$ -
Total assets	<u>\$ -</u>	<u>\$ 213,525</u>	<u>\$ 213,525</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ 213,525	\$ 213,525	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 213,525</u>	<u>\$ 213,525</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Schedule of Joint Powers Agreements and  
Memorandums of Understanding  
June 30, 2015

Participants	Responsible Party	Description
<b>Joint Powers Agreements</b>		
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	All	To establish the responsibilities of all parties for wildland fire protection and suppression
<b>Memorandums of Understanding</b>		
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 underserved 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. &amp; Exp.</u>
7/2/2007	Indefinitely	Unknown	Unknown	Both	Otero County	Both
11/2/2007	Indefinitely	Unknown	Unknown	All	None	Both
8/7/2012	Indefinitely	Unknown	Unknown	Both	None	Both
12/3/2013	Indefinitely	Unknown	Unknown	Both	None	Both

**STATE OF NEW MEXICO**  
 Village of Cloudercroft  
 Schedule of Vendor Information for Purchases  
 Exceeding \$60,000 (Excluding GRT)  
 June 30, 2015

Prepared by Agency Staff Name: Jini Turri (Chief Procurement Officer) on August 26, 2015

<u>RFB#/ RFP#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>
N/A	Request for bid	Preslar's Dirtworks, LLC	\$ 146,469	\$ 215,752
N/A	Request for bid	White Cloud Pipeline, Corp.	541,458	N/A
N/A	Sole-source	Siddons Martin Emegency Group	399,997	N/A
N/A	Sole-source	Municipal Emergency Services	92,273	N/A

Name and Physical Address of <u>ALL</u> Vendor(s) That Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N)	Description of Work
Preslar's Dirtworks 78 Highway 82 Alamogordo, NM 88310 Mesa Verde Enterprises 396 La Luz Gate Road, NM Alamogordo, NM 88310	Y	N	Pavement rehabilitation and drainage improvements
White Cloud Pipeline Corp. 4002 W. Pine Lodge Rd. Roswell, NM 88201 File Construction, LLC 116 Industrial Ave. NE Albuquerque, NM 87107	Y	Y	Furnish and install a new 500,000 gallon steel water storage tank
Siddons Martin Emergency Group 4214 2nd St. Albuquerque, NM 87107	Y	N/A	Purchase of a pierce wildland pumper type three (3) fire truck
Municipal Emergency Services 2330 W. University Dr. Unit #10 Tempe, AZ 85281	N	N	Purchase of eighteen (18) self contained breathing apparatus' for fire fighters

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**COMPLIANCE SECTION**

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Accounting & Consulting Group, LLP  
Certified Public Accountants

**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*  
INDEPENDENT AUDITORS' REPORT**

Timothy Keller  
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 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 (the "Village") as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplementary information, and have issued our report thereon dated October 22, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items FS 2015-001 and FS 2015-002.

The Village's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Village'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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Roswell, New Mexico  
October 22, 2015



**STATE OF NEW MEXICO**  
Village of Cloudcroft  
Schedule of Findings and Responses  
June 30, 2015

**Section I- Summary of Auditors' Results**

Financial Statements:

- |  |            |
|--|------------|
| 1. Type of auditors' report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                     | None noted |

**Section II- Prior Year Audit Findings**

- |  |          |
|--|----------|
| FS 2014-001 Inaccurate Accounts Receivable and Accounts Payable Listings | Resolved |
| FS 2014-002 Restatement  | Resolved |

**Section III- Financial Statement Findings**

**FS 2015-001 Budget Exceeding Approved Balances (Finding That Does Not Rise to Significant Deficiency)**

*Condition:* The Village over expended its budget in the following fund:

**Governmental Funds**

Fire Protection Fund	\$ <u>6,769</u>
----------------------	-----------------

In addition, the Village had cash appropriations in excess of available balances for the following fund:

**Governmental Funds**

Municipal Streets Fund	\$ <u>68,063</u>
------------------------	------------------

*Criteria:* Section 2.2.2.10(O)(1) of the New Mexico Administrative Code states that if actual expenditures exceed budgeted expenditures at the legal level of budgetary control, that fact must be reported in a finding and disclosed in the notes to the financial statements. It also states that if budgeted expenditures exceed budgeted revenues after prior year cash balances and applicable receivables required to balance the budget, that fact must also be reported as a finding.

*Effect:* Any expenditure in excess of the approved budget or budgeted decrease in cash in excess of appropriated amounts indicates a lack of controls in the purchasing process which leads to unauthorized purchases being made with Village money or the possibility of creating a negative fund balance.

*Cause:* The Village over expended its budget in the above fund and over appropriated its cash in the above fund because of inadequate monitoring of the budget.

*Auditors' Recommendations:* We recommend the Village establish policies and procedures governing the budgetary process and monitoring of the budget in order to properly prepare and adjust the budget in order to properly authorize all expenditures and not exceed prior year available balances.

*Views of Responsible Officials and Planned Corrective Action:* Beginning immediately, the Village Administrator/Clerk/Treasurer will strictly monitor expenditures in all funds monthly to ensure that they are not in excess of the approved budget or appropriated amounts.

**Section III- Financial Statement Findings (continued)**

**FS 2015-002 Travel and Per Diem (Finding That Does Not Rise to Significant Deficiency)**

*Condition:* During testwork regarding compliance with the Per Diem and Mileage Act, the following issues for the five items tested were noted:

- In one instance, the travel advance was calculated at 80.00% of a rate that exceeded the allowable limit per day by \$10. This resulted in the advance being \$8 higher than the law permits.
- In one instance, the travel reimbursement for meals was \$10 higher than the amount permitted in a 24 hour period.
- In four instances, receipts did not accompany meal expenses.

*Criteria:* Auditing Standards state that the 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.

The New Mexico Administrative Code, Section 2.42.2.9(B) and (C) documents the requirements required by the Per Diem and Mileage Act. Such requirements include:

B. Overnight travel: For overnight travel for state officers and employees where overnight lodging is required, the public officer or employee will be reimbursed as follows:

- 1) Actual reimbursement for lodging- A public officer or an employee may elect to be reimbursed actual expenses for lodging not exceeding the single occupancy room charge (including tax) in lieu of the per diem rate set forth in this Section. Whenever possible, public officers and employees should stay in hotels which offer government rates. Agencies, public officers, or employees who incur lodging expenses in excess of \$215 per night must obtain the signature of the agency head or chairperson of the governing board on the travel voucher prior to requesting reimbursement and on the encumbering document at the time of encumbering the expenditure.
- 2) Actual reimbursement for meals- Actual expenses for meals are limited by Section 10-8-4(K)(2), NMSA 1978 to a maximum of \$30 for in-state travel and \$45 for out-of-state travel for a 24-hour period.
- 3) Receipts required- The public officer or employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing board.

C. Return from overnight travel: On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed on the travel. Divide the total number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:

- 1) For less than 2 hours, none;
- 2) For 2 hours but less than 6 hours, \$12;
- 3) For 6 hours or more, but less than 12 hours, \$20;
- 4) For 12 hours or more, \$30
- 5) No reimbursement for actual expenses will be granted in lieu of partial day per diem rates.

*Effect:* The Village is at risk of being fined and/or otherwise penalized for not complying with government regulations, and the Village is reimbursing more travel expense than is allowed.

*Cause:* The Village did not understand that the meal limits were for actual expenses not per diem rates and, therefore, required accompanying receipts. In addition, it was not understood that the 24-hour period meant from the time the travel started.

*Auditors' Recommendations:* We recommend the Village implement a written policy documenting that actual expenses will be taken in lieu of per diem rates and that travel advances will not exceed 80.00% of the allowable limits set forth in the Act and Village policy. In addition, we recommend that the Village keep track of time spent on travel on an hourly basis to better calculate partial day rates.

*Views of Responsible Officials and Planned Corrective Actions:* By the end of December of 2015, the Village Administrator/Clerk/Treasurer will implement a written policy explaining the rules, regulations, and procedures concerning the Per Diem and Mileage Act and provide training to all departments. Changes will also be made to the existing travel advance and reimbursement form to reflect time periods of travel on an hourly basis.

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**OTHER DISCLOSURES**

**STATE OF NEW MEXICO**

Village of Cloudcroft

Other Disclosures

June 30, 2015

**Exit Conference**

An exit conference was held on October 22, 2015. In attendance were the following:

**Representing the Village of Cloudcroft**

Dave Venable

Jini Turri

Anne Turri

Mayor

Village Administrator/Clerk/Treasurer

Accounting/Payroll Clerk

**Representing Accounting & Consulting Group, LLP**

Jessica Huff, CPA

In-charge Senior Auditor

**Auditor Prepared Financial Statements**

Accounting & Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes for the Village of Cloudcroft from the original books and records provided to them by the management of the Village. The responsibility for the financial statements remains with the Village.