

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT

Financial Statements with Independent
Auditor's Report

June 30, 2016



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VILLAGE OF CLOUDCROFT
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**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
OFFICIAL ROSTER
JUNE 30, 2016**

Name

Title

Village Council

David C. Venable
Bruce A. Smaga
Jame Maynard
Bill Denney
Cindy Voight

Mayor
Mayor Pro Tem
Trustee
Trustee
Trustee

Administration

Jini S. Turri
Anne Turri
Sheila Tanner

Village Administrator/Clerk/Treasurer
Accounting/Payroll Clerk
Deputy Clerk/ MVD Manager

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To Mr. Timothy Keller
New Mexico State Auditor
and the Village of Cloudcroft Council Members
of the Village of Cloudcroft

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of the Village of Cloudcroft, New Mexico (the "Village"), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds, fiduciary fund and the budgetary comparisons for the major enterprise funds and major debt service 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, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the general fund, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2016, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison 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 and fiduciary fund of the Village as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the major enterprise funds and major debt service 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 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 Schedule of the Village's Proportionate Share of the Net Pension Liability, and the Schedule of the Village's Contributions on pages 49 and 52, respectively, be presented to supplement the basic financial statements. Such information, although not a part 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 financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules 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 other schedules 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by Section 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Additional Other Supplementary Schedules section of the table of contents 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 December 8, 2016 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Albuquerque, New Mexico
December 8, 2016

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 1,191,535	682,730	1,874,265
Receivables:			
Taxes	176,563	-	176,563
Intergovernmental	16,632	-	16,632
Other	8,547	158,954	167,501
Total current assets	<u>1,393,277</u>	<u>841,684</u>	<u>2,234,961</u>
Noncurrent assets			
Capital assets	10,956,079	12,006,926	22,963,005
Less: Accumulated Depreciation	(8,036,016)	(5,292,154)	(13,328,170)
Total noncurrent assets	<u>2,920,063</u>	<u>6,714,772</u>	<u>9,634,835</u>
Total assets	<u>4,313,340</u>	<u>7,556,456</u>	<u>11,869,796</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	86,208	39,209	125,417
Total deferred outflows of resources	<u>86,208</u>	<u>39,209</u>	<u>125,417</u>
LIABILITIES			
Current liabilities			
Accounts payable	18,785	33,686	52,471
Accrued payroll liabilities	31,212	235	31,447
Current portion of compensated absences	4,782	4,791	9,573
Deposits held in trust	-	6,358	6,358
Accrued interest	2,247	5,976	8,223
Current portion of long-term debt	36,949	123,309	160,258
Total current liabilities	<u>93,975</u>	<u>174,355</u>	<u>268,330</u>
Noncurrent liabilities			
Accrued compensated absences	3,323	5,027	8,350
Noncurrent portion of long-term debt	523,904	867,925	1,391,829
Net pension liability	463,866	210,977	674,843
Total noncurrent liabilities	<u>991,093</u>	<u>1,083,929</u>	<u>2,075,022</u>
Total liabilities	<u>1,085,068</u>	<u>1,258,284</u>	<u>2,343,352</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	15,385	6,997	22,382
Total deferred inflows of resources	<u>15,385</u>	<u>6,997</u>	<u>22,382</u>
NET POSITION			
Net investment in capital assets	2,359,210	5,723,538	8,082,748
Restricted for:			
Special revenues	470,078	-	470,078
Capital projects	56,815	-	56,815
Unrestricted	412,992	606,846	1,019,838
Total net position	<u>\$ 3,299,095</u>	<u>6,330,384</u>	<u>9,629,479</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 751,537	39,101	99,220	-	(613,216)	-	(613,216)
Public safety	720,593	36,287	275,703	-	(408,603)	-	(408,603)
Public works	160,529	-	-	259,284	98,755	-	98,755
Public health and welfare	1,445	-	-	-	(1,445)	-	(1,445)
Culture and recreation	103,689	1,000	-	-	(102,689)	-	(102,689)
Conservation and development	10,127	-	-	-	(10,127)	-	(10,127)
Interest on long-term debt	21,785	-	-	-	(21,785)	-	(21,785)
Total governmental activities	1,769,705	76,388	374,923	259,284	(1,059,110)	-	(1,059,110)
Business-Type Activities:							
Water and sewer	711,815	744,627	-	1,363,384	-	1,396,196	1,396,196
Sanitation and environmental solid waste	173,090	182,786	-	-	-	9,696	9,696
Water replacement	34,368	66,236	-	-	-	31,868	31,868
Total business-type activities	919,273	993,649	-	1,363,384	-	1,437,760	1,437,760
Total primary government	\$ 2,688,978	1,070,037	374,923	1,622,668	(1,059,110)	1,437,760	378,650
General revenues:							
Taxes							
Property taxes				\$ 57,157	-		57,157
Gross receipts tax				856,447	72,699		929,146
Gasoline and motor vehicle taxes				37,780	-		37,780
Other taxes				146,836	-		146,836
Investment income				1,510	747		2,257
Fines and forfeitures				974	-		974
Miscellaneous income				102,269	4,946		107,215
Loss on disposal of asset				(11,997)	-		(11,997)
Transfers				(9,912)	9,912		-
Total general revenues and transfers				1,181,064	88,304		1,269,368
Change in net position				121,954	1,526,064		1,648,018
Net position, beginning				3,177,141	4,804,320		7,981,461
Net position, ending				\$ 3,299,095	6,330,384		9,629,479

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund 100	Special Revenue			Total Governmental Funds
		EMS 206	Fire Protection 209	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 603,878	282,898	61,444	243,315	1,191,535
Receivables					
Taxes	150,471	-	-	26,092	176,563
Intergovernmental	-	-	-	16,632	16,632
Other	8,312	235	-	-	8,547
Total assets	\$ 762,661	283,133	61,444	286,039	1,393,277
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 11,066	4,410	2,968	341	18,785
Accrued payroll	30,943	-	-	269	31,212
Total liabilities	42,009	4,410	2,968	610	49,997
DEFERRED INFLOWS					
Property taxes	5,984	-	-	-	5,984
Total deferred inflows	5,984	-	-	-	5,984
FUND BALANCES					
Spendable					
Restricted	-	278,723	58,476	285,429	622,628
Unassigned	714,668	-	-	-	714,668
Total fund balances	714,668	278,723	58,476	285,429	1,337,296
Total liabilities, deferred inflows and fund balances	\$ 762,661	283,133	61,444	286,039	1,393,277

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

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

Fund balances - total governmental funds	\$ 1,337,296
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,920,063
Delinquent property taxes not collected within sixty days after year end are not available to pay for current period expenditures and, therefore, are deferred in the funds	5,984
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to employer contributions subsequent to measurement date	86,208
Deferred inflows of resources related to pension	(15,385)
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	(2,247)
Accrued compensated absences not due and payable at year end	(8,105)
Loans payable	(560,853)
Net pension liability	<u>(463,866)</u>
Net position of governmental activities (Statement of Net Position)	<u>\$ 3,299,095</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund 100	Special Revenue		Other Governmental Funds	Total Governmental Funds
		EMS 206	Fire Protection 209		
Revenues					
Taxes:					
Property	\$ 53,206	-	-	-	53,206
Gross receipts	785,084	-	-	71,363	856,447
Gasoline and motor vehicle taxes	12,849	-	-	24,931	37,780
Other	36,609	-	-	110,227	146,836
Intergovernmental income					
State operating grants	90,000	8,664	245,239	31,020	374,923
State capital grants	-	-	-	259,284	259,284
Charges for services	39,101	36,287	-	1,000	76,388
Investment income	584	527	-	399	1,510
Fines and forfeitures	834	-	-	140	974
Miscellaneous	23,280	42,196	-	36,793	102,269
Total revenues	1,041,547	87,674	245,239	535,157	1,909,617
Expenditures					
Current					
General government	403,492	8,664	48,272	202,315	662,743
Public safety	320,643	73,134	63,120	610	457,507
Public works	93,742	-	-	9,041	102,783
Health and welfare	1,445	-	-	-	1,445
Culture and recreation	50,015	-	-	9,463	59,478
Conservation and development	10,127	-	-	-	10,127
Capital outlay	21,585	224,855	26,584	249,843	522,867
Debt service					
Principal	-	-	-	23,530	23,530
Interest and administrative fees	-	-	-	26,332	26,332
Total expenditures	901,049	306,653	137,976	521,134	1,866,812
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	140,498	(218,979)	107,263	14,023	42,805
Other Financing Sources (Uses)					
Operating transfers in	140,148	-	-	59,775	199,923
Operating transfers (out)	-	-	(50,996)	(158,839)	(209,835)
Total other financing sources (uses)	140,148	-	(50,996)	(99,064)	(9,912)
Net change in fund balances	280,646	(218,979)	56,267	(85,041)	32,893
Fund balances, beginning of year	434,022	497,702	2,209	370,470	1,304,403
Fund balances, end of year	\$ 714,668	278,723	58,476	285,429	1,337,296

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

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

Net change in fund balances- total governmental funds \$ 32,893

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	522,867
Depreciation expense	(435,468)
Loss on disposal of asset	(11,997)

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:

Pension expense	(22,681)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds:

Increase in deferred property taxes	3,951
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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	4,312
Increase in accrued interest	4,547
Principal payments on notes	<u>23,530</u>

Change in net position of governmental activities	\$ <u><u>121,954</u></u>
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See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
GENERAL FUND 100
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property	\$ 55,087	55,662	55,662	-
Gross receipts	650,000	785,849	785,849	-
Gasoline and motor vehicle	30,000	31,223	11,850	(19,373)
Other taxes	35,000	29,948	29,948	-
State operating grants	90,000	90,000	90,000	-
Charges for services	29,755	27,192	39,781	12,589
Investment income	350	497	497	-
Fines and forfeitures	3,500	1,044	834	(210)
Miscellaneous income	23,129	12,708	21,657	8,949
Total revenues	916,821	1,034,123	1,036,078	1,955
Expenditures				
Current				
General government	354,086	379,079	370,113	8,966
Public safety	326,494	355,117	346,317	8,800
Public works	117,837	128,287	99,551	28,736
Health and welfare	2,769	2,769	1,445	1,324
Culture and recreation	55,002	52,782	47,870	4,912
Conservation and Development	-	-	21,344	(21,344)
Total expenditures	856,188	918,034	886,640	31,394
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	60,633	116,089	149,438	33,349
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)	-	(279,707)	-	279,707
Transfers, in	53,176	130,270	130,270	-
Transfers, out	(113,809)	-	-	-
Total other financing sources (uses)	(60,633)	(149,437)	130,270	279,707
Net changes in fund balances	\$ -	(33,348)	279,708	313,056
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ 15,346	
Adjustments to expenditures			(14,408)	
Net Change in Fund Balances (GAAP Basis)			\$ 280,646	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
EMS SPECIAL REVENUE FUND 206
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State operating grants	\$ 8,664	8,664	8,664	-
Charges for services	-	-	38,766	38,766
Investment Income	-	-	85,196	85,196
Miscellaneous income	-	-	527	527
<i>Total revenues</i>	<u>8,664</u>	<u>8,664</u>	<u>133,153</u>	<u>124,489</u>
Expenditures				
Current				
Public safety	<u>8,664</u>	<u>8,664</u>	<u>8,664</u>	<u>-</u>
<i>Total expenditures</i>	<u>8,664</u>	<u>8,664</u>	<u>8,664</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>124,489</u>	<u>124,489</u>
Net changes in fund balances	<u>\$ -</u>	<u>-</u>	<u>124,489</u>	<u>124,489</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ (45,479)	
Adjustments to expenditures			<u>(297,989)</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (218,979)</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
FIRE PROTECTION SPECIAL REVENUE FUND 209
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State operating grants	\$ 245,310	245,238	245,238	-
<i>Total revenues</i>	<u>245,310</u>	<u>245,238</u>	<u>245,238</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	61,385	(61,385)
Public safety	175,275	175,275	77,482	97,793
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>175,275</u>	<u>175,275</u>	<u>138,867</u>	<u>36,408</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>70,035</u>	<u>69,963</u>	<u>106,371</u>	<u>36,408</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)	(19,039)	(18,967)	-	18,967
Transfers, in	-	-	-	-
Transfers, out	<u>(50,996)</u>	<u>(50,996)</u>	<u>(50,995)</u>	<u>1</u>
<i>Total other financing sources (uses)</i>	<u>(70,035)</u>	<u>(69,963)</u>	<u>(50,995)</u>	<u>18,968</u>
Net changes in fund balances	<u>\$ -</u>	<u>-</u>	<u>55,376</u>	<u>55,376</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>891</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 56,267</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

	Water and Sewer 500	Sanitation and Environmental Solid Waste 503	Water Replacement 506	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 416,818	188,226	77,686	682,730
Receivables				
Other	120,967	29,210	8,777	158,954
Total current assets	<u>537,785</u>	<u>217,436</u>	<u>86,463</u>	<u>841,684</u>
Noncurrent assets				
Capital assets	12,006,926	-	-	12,006,926
Less: accumulated depreciation	(5,292,154)	-	-	(5,292,154)
Total noncurrent assets	<u>6,714,772</u>	<u>-</u>	<u>-</u>	<u>6,714,772</u>
Total assets	<u>7,252,557</u>	<u>217,436</u>	<u>86,463</u>	<u>7,556,456</u>
Deferred Outflows				
Employer contributions subsequent to the measurement date	39,209	-	-	39,209
Total assets and deferred outflows of resources	<u>\$ 7,291,766</u>	<u>217,436</u>	<u>86,463</u>	<u>7,595,665</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 18,822	14,864	-	33,686
Accrued payroll	235	-	-	235
Current portion of accrued compensated absences	4,791	-	-	4,791
Deposits held in trust	6,358	-	-	6,358
Accrued interest	5,976	-	-	5,976
Current portion of loans payable	123,309	-	-	123,309
Total current liabilities	<u>159,491</u>	<u>14,864</u>	<u>-</u>	<u>174,355</u>
Noncurrent Liabilities				
Accrued compensated absences	5,027	-	-	5,027
Loans payable	867,925	-	-	867,925
Net Pension Liability	210,977	-	-	210,977
Total noncurrent liabilities	<u>1,083,929</u>	<u>-</u>	<u>-</u>	<u>1,083,929</u>
Total Liabilities	<u>1,243,420</u>	<u>14,864</u>	<u>-</u>	<u>1,258,284</u>
Deferred inflows of resources				
Pension related	6,997	-	-	6,997
Total deferred inflows of resources	<u>6,997</u>	<u>-</u>	<u>-</u>	<u>6,997</u>
Net Position				
Net investment in capital assets	5,723,538	-	-	5,723,538
Unrestricted	317,811	202,572	86,463	606,846
Total Net Position	<u>6,041,349</u>	<u>202,572</u>	<u>86,463</u>	<u>6,330,384</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 7,291,766</u>	<u>217,436</u>	<u>86,463</u>	<u>7,595,665</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Water and Sewer 500	Sanitation and Environmental Solid Waste 503	Water Replacement 506	Total
<i>Operating Revenues</i>				
Charges for Services	\$ 744,627	182,786	66,236	993,649
Total operating revenues	744,627	182,786	66,236	993,649
<i>Operating Expenses</i>				
Personnel services	218,049	-	-	218,049
Contractual services	27,167	163,334	-	190,501
Supplies	14,380	-	-	14,380
Maintenance and materials	81,352	-	-	81,352
Utilities	99,458	-	-	99,458
Depreciation	229,630	-	-	229,630
Other operating expenses	-	9,756	34,368	44,124
<i>Total operating expenses</i>	670,036	173,090	34,368	877,494
<i>Operation income</i>	74,591	9,696	31,868	116,155
<i>Non-operating revenues (expenses)</i>				
Interest income	413	236	98	747
Interest expense	(41,779)	-	-	(41,779)
Gross receipts tax revenue	41,647	31,052	-	72,699
Miscellaneous	4,946	-	-	4,946
Total non-operating revenues	5,227	31,288	98	36,613
Income Before Contributions and Transfers	79,818	40,984	31,966	152,768
<i>Other Financing Sources (Uses)</i>				
Capital grants and contributions	1,363,384	-	-	1,363,384
Operating transfers (in)	189,658	-	-	189,658
Operating transfers (out)	(106,561)	(5,000)	(68,185)	(179,746)
<i>Net transfers</i>	1,446,481	(5,000)	(68,185)	1,373,296
Change in net position	1,526,299	35,984	(36,219)	1,526,064
<i>Beginning net position</i>	4,515,050	166,588	122,682	4,804,320
<i>Net position, end of year</i>	\$ 6,041,349	202,572	86,463	6,330,384

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016

	Water and Sewer 500	Sanitation and Environmental Solid Waste 503	Water Replacement 506	Total
Cash Flows From Operating Activities				
Cash received from customers and others	\$ 778,660	175,643	63,194	1,017,497
Cash payments to vendors and employees	(731,943)	(172,633)	(34,368)	(938,944)
Net cash provided by operating activities	<u>46,717</u>	<u>3,010</u>	<u>28,826</u>	<u>78,553</u>
Cash Flows From Investing Activities				
Interest income	413	236	98	747
Purchases of capital assets	(1,947,461)	-	-	(1,947,461)
Net cash provided by investing activities	<u>(1,947,048)</u>	<u>236</u>	<u>98</u>	<u>(1,946,714)</u>
Cash Flows From Non-Capital Financing				
Gross receipts taxes and other income received	46,593	31,052	-	77,645
Net transfers	83,097	(5,000)	(68,185)	9,912
Net cash provided (used) by non-capital financing activities	<u>129,690</u>	<u>26,052</u>	<u>(68,185)</u>	<u>87,557</u>
Cash Flows From Capital and Related Financing Activities				
Capital grants and contributions	1,363,384	-	-	1,363,384
Loan Proceeds	442,452	-	-	442,452
Principal payments on long-term debt	(10,605)	-	-	(10,605)
Interest paid	(41,779)	-	-	(41,779)
Net cash used by capital and related financing activities	<u>1,753,452</u>	<u>-</u>	<u>-</u>	<u>1,753,452</u>
Net increase in cash and cash equivalents	(17,189)	29,298	(39,261)	(27,152)
Cash and restricted cash and cash equivalents, beginning of year	434,007	158,928	116,947	709,882
Cash and restricted cash and cash equivalents, end of year	<u>\$ 416,818</u>	<u>188,226</u>	<u>77,686</u>	<u>682,730</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 74,591	9,696	31,868	116,155
Adjustments to operating (loss) income to net cash provided by operating activities:				
Depreciation	229,630	-	-	229,630
Pension Expense	(9,585)	-	-	(9,585)
Change in assets and liabilities:				
Receivables	34,033	(7,143)	(3,042)	23,848
Accounts payable	(264,869)	457	-	(264,412)
Accrued Payroll	(16,034)	-	-	(16,034)
Accrued compensated absences	2,382	-	-	2,382
Accrued interest	(3,139)	-	-	(3,139)
Deposits held in trust	(292)	-	-	(292)
Net cash used by operating activities	<u>\$ 46,717</u>	<u>3,010</u>	<u>28,826</u>	<u>78,553</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016**

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, 2016**

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.

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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

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

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

Based upon the application of these criteria, the Village has 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 non-fiduciary 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.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, 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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, 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, 2016

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 *non-operating* items. Operating revenues include activities that have the characteristics of an exchange transaction, such as a) sales and services and b) contracts and grants. Non-operating revenues include activities that have the characteristics of non-exchange 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. Non-operating expenses include activities that have the characteristics of non-exchange transactions, such as interest on capital assets-related debt that are defined as non-operating 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 non-operating 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:

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 \$60,173. 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 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 \$5,984 related to property taxes considered "unavailable". In addition, the Village has an item 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 pension related item in the amount of \$22,383 is 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

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Restricted Fund Balance: At June 30, 2016, the restricted fund balance on the governmental funds balance sheet is made up of \$622,628 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.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

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.

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, 2016 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: DEPOSITS AND INVESTMENTS

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The Village is not aware of any investments that did not meet the State investment requirements as of June 30, 2016.

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 non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than 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, 2016

NOTE 3: DEPOSITS 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, 2016 \$1,424,899 of the Village's bank balances of \$1,924,899 was exposed to custodial credit risk. \$1,073,455 was uninsured and collateralized by securities held by the pledging bank's trust department, but not in the Village's name, and \$351,444 was uninsured and uncollateralized.

	FIRST NATIONAL BANK
Amount of deposits	\$ 1,924,899
FDIC coverage	(500,000)
Total uninsured public funds	1,424,899
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Village's name	1,073,455
Uninsured and uncollateralized	\$ 351,444
Collateral requirement (50% of uninsured funds)	\$ 712,450
Pledged collateral	1,073,455
Over (under) collateralized	\$ 361,005

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

The collateral pledged is listed on page 77 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 \$60 in NMFA reserve cash that is not included as an investment but instead as restricted cash in the Statement of Net Position.

Reconciliation to the Statement of Net Position

Cash and cash equivalents	<u>\$ 1,874,265</u>
Less: NMFA cash	60
Add: outstanding checks	51,740
Less: deposits in transit	921
Less: petty cash	<u>125</u>
Bank balance of deposits	<u><u>\$ 1,924,899</u></u>

NOTE 4: RECEIVABLES

At June 30, 2016, receivables consisted of the following:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Water and Sewer</u>	<u>Sanitation and Solid Waste</u>	<u>Water Replacement</u>
Taxes:					
Property	\$ 6,860		-	-	-
Gross receipts	41,008	12,704	-	3,176	-
Gasoline	-	3,701	-	-	-
Franchise	6,661	-	-	-	-
Lodgers	-	9,687	-	-	-
MVD	2,631	-	-	-	-
Other	377	-	-	-	-
Intergovernmental:					
State	1,224	16,632	-	-	-
Charges for services	22	235	120,967	26,034	8,777
Totals by category	<u>\$ 158,783</u>	<u>42,959</u>	<u>120,967</u>	<u>29,210</u>	<u>8,777</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4: RECEIVABLES (CONTINUED)

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

Business-type Activities

	Water and Sewer
Charges for services	\$ <u>158,954</u>

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

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, 2016 were as follows:

Transfers Out:

Local Government Correction Fund	\$ 7,000
Fire Protection Fund	50,995
Infrastructure Fund	13,235
Tree Thinning Project Fund	138,604
Water and Sewer Fund	106,561
Sanitation and Environmental Solid Waste Fund	5,000
Water Replacement Fund	68,185
Total Transfers Out	<u>389,580</u>

Transfers In:

General Fund	140,147
Fire Protection Fund	50,996
Lodger's Tax Fund	2,457
Infrastructure Fund	6,322
Water and Sewer Fund	189,658
Total Transfers In	<u>389,580</u>
Total Governmental Activities Transfers	\$ <u>-</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2016. Land and construction in progress are not subject to depreciation.

	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2016</u>
Governmental Activities				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 152,339	-	-	152,339
Construction in progress	184,401	-	-	184,401
Total Not Depreciated:	<u>336,740</u>	<u>-</u>	<u>-</u>	<u>336,740</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	2,814,986	19,976	5,922	2,829,040
Equipment	1,602,096	369,352	111,090	1,860,358
Infrastructure	5,798,233	133,539	1,831	5,929,941
Total Being Depreciated	<u>10,215,315</u>	<u>522,867</u>	<u>118,843</u>	<u>10,619,339</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	1,189,939	155,871	3,923	1,341,887
Equipment	997,941	123,016	101,092	1,019,865
Infrastructure	5,519,514	156,581	1,831	5,674,264
Total accumulated depreciation	<u>7,707,394</u>	<u>435,468</u>	<u>106,846</u>	<u>8,036,016</u>
Net Capital Assets being depreciated:	<u>2,507,921</u>	<u>87,399</u>	<u>11,997</u>	<u>2,583,323</u>
Net Capital Assets:	<u>\$ 2,844,661</u>	<u>87,399</u>	<u>11,997</u>	<u>2,920,063</u>

Depreciation expense for the year ended June 30, 2016 was charged to governmental activities as follows:

General government	\$ 87,094
Public safety	248,217
Public works	56,610
Culture and recreation	43,547
	<u>\$ 435,468</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>06/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2016</u>
Business Type Activities				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 171,600	-	-	171,600
Construction in progress	747,151	1,400,334	-	2,147,485
Total Not Depreciated:	<u>918,751</u>	<u>1,400,334</u>	<u>-</u>	<u>2,319,085</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	43,243	-	-	43,243
Equipment	437,529	31,090	-	468,619
Infrastructure	8,659,942	516,037	-	9,175,979
Total Being Depreciated	<u>9,140,714</u>	<u>547,127</u>	<u>-</u>	<u>9,687,841</u>
<i>Less accumulated depreciation:</i>				
Buildings and Improvements	13,365	13,017	-	26,382
Equipment	314,959	31,878	-	346,837
Infrastructure	4,734,200	184,735	-	4,918,935
Total accumulated depreciation	<u>5,062,524</u>	<u>229,630</u>	<u>-</u>	<u>5,292,154</u>
Net Capital Assets being depreciated:	<u>4,078,190</u>	<u>317,497</u>	<u>-</u>	<u>4,395,687</u>
Net Capital Assets:	<u>\$ 4,996,941</u>	<u>1,717,831</u>	<u>-</u>	<u>6,714,772</u>

Depreciation expense of \$229,630 for the year ended June 30, 2016 was charged to the Water and Sewer proprietary fund.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7. LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2016 are summarized as follows:

Governmental Activities

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Loans Payable	\$ 584,383	-	23,530	560,853	36,949
Compensated absences	<u>12,417</u>	<u>16,220</u>	<u>20,532</u>	<u>8,105</u>	<u>4,782</u>
Total long-term debt	<u>\$ 596,800</u>	<u>16,220</u>	<u>44,062</u>	<u>568,958</u>	<u>41,731</u>

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, 2016 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2017	\$ 36,949	14,045	50,994
2018	37,267	13,728	50,995
2019	37,711	13,283	50,994
2020	38,303	12,693	50,996
2021	39,057	11,938	50,995
2022-2026	178,178	44,105	222,283
2027-2031	65,463	26,040	91,503
2032-2036	76,259	15,242	91,501
2037-2039	<u>51,666</u>	<u>3,236</u>	<u>54,902</u>
	<u>\$ 560,853</u>	<u>154,310</u>	<u>715,163</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Loans Payable	\$ 559,387	442,452	10,605	991,234	123,309
Compensated absences	<u>7,436</u>	<u>16,416</u>	<u>14,034</u>	<u>9,818</u>	<u>4,791</u>
Total long-term debt	<u>\$ 566,823</u>	<u>458,868</u>	<u>24,639</u>	<u>1,001,052</u>	<u>128,100</u>

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.

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.

On January 4, 2016, the Village entered into a loan agreement with the New Mexico Environmental Department's (NMED) Rural Infrastructure Program (RIP) to borrow an amount not exceeding \$250,000 to complete the construction of the PURe Water Project-Membrane Bioreactor Wastewater Treatment Plant, including engineering services and equipment purchase and installation. The loan is a draw down loan and does not become due and payable until the entire amount has been drawn down. The final loan amount will be amortized for a period not to exceed twenty (20) years in equal annual payments of \$15,848.04 at a 2.375% interest rate; or may be paid in full by the Village prior to the Village agreeing to the final amount once the project is completed and accepted by the Village and

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

NMED. As of June 30, 2016, \$85,786 of the loan agreement amount of \$250,000 has been drawn down by the Village and is considered due and payable in the next fiscal year because the loan agreement is not fully executed until the project is complete.

Debt service requirements on long-term debt for business-type activities at June 30, 2016 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2017	\$ 123,309	22,021	145,330
2018	38,358	21,192	59,550
2019	39,218	20,339	59,557
2020	40,103	19,461	59,564
2021	41,012	18,558	59,570
2022-2026	219,688	78,273	297,961
2027-2031	246,821	51,330	298,151
2032-2036	242,725	20,413	263,138
2037-2039	-	-	-
	\$ 991,234	251,587	1,242,821

NOTE 8. Restricted Net Position

The government-wide statement of net position reports \$526,893 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 25 and 54-55.

NOTE 9. 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

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9. PENSION PLAN – PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONTINUED)

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 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, 2016 available at <http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.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 2015 annual audit report at http://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2015.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 \$52,159 there were no employer paid member benefits that were “picked up” by the employer were for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The PERA pension liability, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted accounting principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members, and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11, NMSA 1978. Therefore, the calculations of the net pension liability, pension expense, and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members, municipal police members, municipal fire

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9. PENSION PLAN- PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONTINUED)

members, state general members, state police members, and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015.

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

For PERA Fund Division Municipal General, at June 30, 2016, the Village reported a liability of \$401,717 for its proportionate share of the net pension liability. At June 30, 2014, the Village's proportion was 0.0394%, which was unchanged its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal General pension expense of \$41,392. At June 30, 2016, 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

For PERA Fund Division Municipal General, \$33,083 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:

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9. PENSION PLAN- PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	8,898
Changes in assumptions	-	156
Net difference between projected and actual earnings on pension plan investments	-	1,271
Changes in proportion and differences between Village's contributions and proportionate share of contributions	12,509	-
Village's contributions subsequent to the measurement date	<u>33,083</u>	<u>-</u>
Total	<u>\$ 45,592</u>	<u>10,325</u>

General Fund Municipal General

Year Ended June 30,	
2017	\$ (6,767)
2018	(6,767)
2019	(6,767)
2020	22,485
2021	-
Total:	<u>\$ 2,184</u>

For PERA Fund Division Municipal Police, at June 30, 2016, the Village reported a liability of \$273,126 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.0568%, which was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal Police pension expense of \$18,826. At June 30, 2016, the Village reported PERA Fund Division Municipal Police deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9. PENSION PLAN- PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONTINUED)

PERA Fund Municipal Police

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,085	-
Changes in assumptions	-	11,299
Net difference between projected and actual earnings on pension plan investments	-	758
Changes in proportion and differences between Village's contributions and proportionate share of contributions	33,605	-
Village's contributions subsequent to the measurement date	<u>27,135</u>	<u>-</u>
Total	<u>\$ 79,825</u>	<u>12,057</u>

For PERA Fund Division Municipal Police, \$27,135 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:

General Fund Municipal Police

<u>Year Ended June 30,</u>	
2017	\$ 8,079
2018	8,079
2019	8,079
2020	16,396
2021	-
Total:	<u>40,633</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9. PENSION PLAN- PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONTINUED)

Actuarial assumptions: As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level of percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions	
Investment rate of return	7.75% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.50% annual rate
Projected salary increases	3.50% to 14.25% annual rate
Includes inflation at	3.00% annual rate
Mortality assumption	RP-2000 Mortality Tables (Combined table for health post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience study dates	July 1, 2008 to June 30, 2013

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:

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9. PENSION PLAN- PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
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	100.00%	

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.

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	\$ 683,965	\$ 401,717	\$ 167,047

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	\$ 451,052	\$ 273,126	\$ 127,167

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9. PENSION PLAN- PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONTINUED)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2015 restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

NOTE 10. 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, 2016.

NOTE 11. 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 12. 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.

NOTE 13. FEDERAL AND STATE GRANTS

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

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14. COMMITMENTS

The Village entered into agreements with contractors and architects for various construction projects. As of June 30, 2016, the Village had an obligation of \$314,214 for these contracts.

<u>Contract</u>	<u>Year Ending</u>		<u>Amount</u>
PURe Water Project	2017	\$	164,214
Community Center	2018		150,000
		\$	<u>314,214</u>

NOTE 15. 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 16. SUBSEQUENT EVENTS

The Village has evaluated events subsequent to June 30, 2016 that would possibly require adjustment or disclosure in these financial statements, through December 8, 2016, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2016 that would require adjustment or modification to the contents of these statements.

NOTE 17. SUBSEQUENT PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

GASB Statement No. 77, *Tax Abatement Disclosures*

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 17. SUBSEQUENT PRONOUNCEMENTS (CONTINUED)

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

GASB Statement No. 80, Blending Requirements for Certain Units – an amendment to GASB Statement No. 14

GASB Statement No. 81, Irrevocable Split-Interest Agreements

GASB Statement No. 82, Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)

The Village will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The County believes that the above listed new GASB pronouncements will not have a significant financial impact to the District or in issuing its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Village's Proportion of the Net Pension Liability (Asset)	0.01%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Village's Proportionate Share of Net Pension Liability (Asset)	\$ 432	675	-	-	-	-	-	-	-	-
Village's Covered-Employee Payroll	\$ 479	470	-	-	-	-	-	-	-	-
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	90.30%	143.65%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	76.99%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30, 2015

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF VILLAGE CONTRIBUTIONS
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
General, Police and Fire Divisions Combined Summary
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 51,410	52,159	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	51,410	52,159	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 180	5		\$ 45	45	45	45	-				
2015	(41)	5			(1)	(1)	(1)	(38)	-			
2016	-	5				-	-	-	-	-		
2017	-	5				-	-	-	-	-	-	
2018	-	5				-	-	-	-	-	-	-
2019	-	5				-	-	-	-	-	-	-
2020	-	5				-	-	-	-	-	-	-
2021	-	5				-	-	-	-	-	-	-
2022	-	5				-	-	-	-	-	-	-
2023	-	5				-	-	-	-	-	-	-
	\$ 139			\$ 45	44	44	44	(38)	-	-	-	-

*Excess contributions represent the employee portion covered by the employer

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF VILLAGE CONTRIBUTIONS
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
General Division
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 30,897	31,118	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	30,897	31,118	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 116	5		\$ 29	29	29	29	-				
2015	(1)	5			7	7	7	(22)	-			
2016	-	5				-	-	-	-	-		
2017	-	5					-	-	-	-	-	
2018	-	5						-	-	-	-	-
2019	-	5							-	-	-	-
2020	-	5								-	-	-
2021	-	5									-	-
2022	-	5										-
2023	-	5										
	\$ 115			\$ 29	36	36	36	(22)	-	-	-	-

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF VILLAGE CONTRIBUTIONS
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
Police Division
(Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 20,513	21,041	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	20,513	21,041	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 64	5		\$ 16	16	16	16	-				
2015	(40)	5			(8)	(8)	(8)	(16)	-			
2016	-	5				-	-	-	-	-		
2017	-	5					-	-	-	-	-	
2018	-	5						-	-	-	-	-
2019	-	5							-	-	-	-
2020	-	5								-	-	-
2021	-	5									-	-
2022	-	5										-
2023	-	5										
	\$ 24			\$ 16	8	8	8	(16)	-	-	-	-

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

Changes of Benefit Terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 (pages 48-50). This report is available at:

<http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/CAFR-2015.pdf>

Assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at:

<http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>

The assumptions can be found in Appendix B on page 53 of the report.

Other. The pension schedules in the required supplementary information are intended to show information for ten years. Additional information will be presented as it becomes available.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS
JUNE 30, 2016**

Special Revenue Funds

Local Government Corrections

To account for the operations 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
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS
JUNE 30, 2016**

Capital Projects Funds (Continued)

Heavy Equipment

To account for funds appropriated to the Village from the State for the purchase of heavy equipment needed to complete local projects and ongoing maintenance of facilities.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue			
	Local Government Corrections 201	Law Enforcement Protection 211	Lodger's Tax 214	Recreation 217
	<u>201</u>	<u>211</u>	<u>214</u>	<u>217</u>
Assets				
Cash and cash equivalents	\$ 1,236	21,065	7,943	57,063
Receivables:				
Taxes	-	-	9,687	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Total assets	\$ <u>1,236</u>	<u>21,065</u>	<u>17,630</u>	<u>57,063</u>
Liabilities				
Accounts payable	\$ -	-	-	341
Accrued payroll	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>341</u>
Deferred inflows				
Property taxes	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable				
Spendable				
Restricted	1,236	21,065	17,630	56,722
Unassigned	-	-	-	-
Total fund balances	<u>1,236</u>	<u>21,065</u>	<u>17,630</u>	<u>56,722</u>
Total liabilities, deferred inflows and fund balances	\$ <u>1,236</u>	<u>21,065</u>	<u>17,630</u>	<u>57,063</u>

The accompanying notes are an integral part of these financial statements

Special Revenue			Capital Projects	
Intergovernmental Grants 218	Fire Department 226	Tree Thinning Project 330	Municipal Streets 216	Infrastructure 295
7,624	7,223	5,016	53,114	83,031
-	-	-	3,701	12,704
-	16,632	-	-	-
-	-	-	-	-
<u>7,624</u>	<u>23,855</u>	<u>5,016</u>	<u>56,815</u>	<u>95,735</u>
-	-	-	-	-
-	269	-	-	-
-	269	-	-	-
-	-	-	-	-
-	-	-	-	-
7,624	23,586	5,016	56,815	95,735
-	-	-	-	-
<u>7,624</u>	<u>23,586</u>	<u>5,016</u>	<u>56,815</u>	<u>95,735</u>
<u>7,624</u>	<u>23,855</u>	<u>5,016</u>	<u>56,815</u>	<u>95,735</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30,2016

	<u>Capital Projects</u>	<u>Debt Service</u>	
	Heavy Equipment 325	Debt Service 405	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ -	-	243,315
Receivables:			
Taxes	-	-	26,092
Intergovernmental	-	-	16,632
Other	-	-	-
Total assets	<u>\$ -</u>	<u>-</u>	<u>286,039</u>
Liabilities			
Accounts payable	\$ -	-	341
Accrued payroll	-	-	269
Total liabilities	<u>-</u>	<u>-</u>	<u>610</u>
Deferred Inflows			
Property taxes	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable			
Spendable			
Restricted	-	-	285,429
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>285,429</u>
Total liabilities, deferred inflows and fund balances	<u>\$ -</u>	<u>-</u>	<u>286,039</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue		
	Local		
	Government Corrections 201	Law Enforcement Protection 211	Lodger's Tax 214
Revenues			
Taxes:			
Property	\$ -	-	-
Gross Receipts	-	-	-
Gasoline and motor vehicle tax	-	-	-
Other	-	-	110,227
Intergovernmental			
State operating grants	-	21,800	-
State capital grants	-	-	-
Charges for services	-	-	-
Investment income	8	-	47
Fines and forfeitures	140	-	-
Miscellaneous	-	-	1,497
Total revenues	<u>148</u>	<u>21,800</u>	<u>111,771</u>
Expenditures:			
Current:			
General government	-	735	118,131
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Conservation and development	-	-	-
Capital outlay	-	-	5,686
Debt service			
Principal	-	-	-
Interest and administrative fees	-	-	-
Total expenditures	<u>-</u>	<u>735</u>	<u>123,817</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>148</u>	<u>21,065</u>	<u>(12,046)</u>
Other Financing Sources (Uses)			
Operating transfers in	-	-	2,457
Operating transfers (out)	(7,000)	-	-
Total other financing sources (uses)	<u>(7,000)</u>	<u>-</u>	<u>2,457</u>
Net change in fund balances	(6,852)	21,065	(9,589)
Fund balances - beginning of year	<u>8,088</u>	<u>-</u>	<u>27,219</u>
Fund balances, end of year	<u>\$ 1,236</u>	<u>21,065</u>	<u>17,630</u>

The accompanying notes are an integral part of these financial statements

Special Revenue				Capital Projects	
Recreation 217	Intergovernmental Grants 218	Fire Department 226	Tree Thinning Project 330	Municipal Streets 216	Infrastructure 295
-	-	-	-	-	-
-	-	-	-	-	71,363
-	-	-	-	24,931	-
-	-	-	-	-	-
-	9,220	-	-	-	-
-	-	-	-	159,284	-
1,000	-	-	-	-	-
66	-	22	134	41	81
-	-	-	-	-	-
11,739	6,750	16,807	-	-	-
12,805	15,970	16,829	134	184,256	71,444
6,657	2,258	9,853	-	-	63,547
-	-	610	-	-	-
-	-	-	-	9,041	-
-	-	-	-	-	-
-	9,463	-	-	-	-
-	-	-	-	-	-
3,229	-	19,390	-	120,863	675
-	-	-	-	-	-
-	-	-	-	-	-
9,886	11,721	29,853	-	129,904	64,222
2,919	4,249	(13,024)	134	54,352	7,222
-	-	-	-	-	6,322
-	-	-	(138,604)	-	(13,235)
-	-	-	(138,604)	-	(6,913)
2,919	4,249	(13,024)	(138,470)	54,352	309
53,803	3,375	36,610	143,486	2,463	95,426
56,722	7,624	23,586	5,016	56,815	95,735

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Capital Projects</u>	<u>Debt Service</u>	
	Heavy Equipment 325	Debt Service 405	Total Nonmajor Governmental Funds
Revenues			
Taxes:			
Property	\$ -	-	-
Gross Receipts	-	-	71,363
Gasoline and motor vehicle tax	-	-	24,931
Other	-	-	110,227
Intergovernmental			
State operating grants	-	-	31,020
State capital grants	100,000	-	259,284
Charges for services	-	-	1,000
Investment income	-	-	399
Fines and forfeitures	-	-	140
Miscellaneous	-	-	36,793
Total revenues	<u>100,000</u>	<u>-</u>	<u>535,157</u>
Expenditures:			
Current:			
General government	-	1,134	202,315
Public safety	-	-	610
Public works	-	-	9,041
Health and welfare	-	-	-
Culture and recreation	-	-	9,463
Conservation and development	-	-	-
Capital outlay	100,000	-	249,843
Debt service			
Principal	-	23,530	23,530
Interest and administrative fees	-	26,332	26,332
Total expenditures	<u>100,000</u>	<u>50,996</u>	<u>521,134</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(50,996)</u>	<u>14,023</u>
Other Financing Sources (Uses)			
Operating transfers in	-	50,996	59,775
Operating transfers (out)	-	-	(158,839)
Total other financing sources (uses)	<u>-</u>	<u>50,996</u>	<u>(99,064)</u>
Net change in fund balances	-	-	(85,041)
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>370,470</u>
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>285,429</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
LOCAL GOVERNMENT CORRECTIONS SPECIAL REVENUE FUND 201
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 1,000	200	-	(200)
Fines and forfeitures	-	-	200	200
Miscellaneous income	10	7	8	1
<i>Total revenues</i>	<u>1,010</u>	<u>207</u>	<u>208</u>	<u>1</u>
Expenditures				
Current				
Public safety	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>1,010</u>	<u>207</u>	<u>208</u>	<u>1</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)	(1,010)	6,793	-	(6,793)
Transfers, in	-	-	-	-
Transfers, out	-	(7,000)	(7,000)	-
<i>Total other financing sources (uses)</i>	<u>(1,010)</u>	<u>(207)</u>	<u>(7,000)</u>	<u>(6,793)</u>
Net changes in fund balances	\$ <u>-</u>	<u>-</u>	(6,792)	<u>(6,792)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ (60)	
Adjustments to expenditures			-	
Net Change in Fund Balances (GAAP Basis)			\$ <u>(6,852)</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND 211
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State operating grants	\$ 21,800	21,800	21,800	-
<i>Total revenues</i>	<u>21,800</u>	<u>21,800</u>	<u>21,800</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	735	(735)
Public safety	21,800	21,800	-	21,800
<i>Total expenditures</i>	<u>21,800</u>	<u>21,800</u>	<u>735</u>	<u>21,065</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>21,065</u>	<u>21,065</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)				-
Transfers, in	-	-	-	-
Transfers, out				-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>-</u>	<u>21,065</u>	<u>21,065</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>-</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 21,065</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
LODGER'S TAX SPECIAL REVENUE FUND 214
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Other taxes	\$ 118,000	111,215	111,215	-
Miscellaneous income	100	1,544	1,544	-
<i>Total revenues</i>	<u>118,100</u>	<u>112,759</u>	<u>112,759</u>	<u>-</u>
Expenditures				
Current				
General government	118,000	130,701	121,360	9,341
<i>Total expenditures</i>	<u>118,000</u>	<u>130,701</u>	<u>121,360</u>	<u>9,341</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>100</u>	<u>(17,942)</u>	<u>(8,601)</u>	<u>9,341</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)	(100)	17,942	-	(17,942)
Transfers, in	93,250	95,234	-	(95,234)
Transfers, out	<u>(93,250)</u>	<u>(95,234)</u>	<u>-</u>	<u>95,234</u>
<i>Total other financing sources (uses)</i>	<u>(100)</u>	<u>17,942</u>	<u>-</u>	<u>(17,942)</u>
Net changes in fund balances	<u>\$ -</u>	<u>-</u>	<u>(8,601)</u>	<u>(8,601)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ (988)	
Adjustments to expenditures			<u>-</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (9,589)</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
RECREATION SPECIAL REVENUE FUND 217
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ -	-	1,000	1,000
Miscellaneous income	6,550	7,365	12,914	5,549
<i>Total revenues</i>	<u>6,550</u>	<u>7,365</u>	<u>13,914</u>	<u>6,549</u>
Expenditures				
Current				
General government	-	-	6,569	(6,569)
Culture and recreation	6,550	9,905	3,229	6,676
<i>Total expenditures</i>	<u>6,550</u>	<u>9,905</u>	<u>9,798</u>	<u>107</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>(2,540)</u>	<u>4,116</u>	<u>6,656</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)		(4,010)		4,010
Transfers, in	-	-	-	-
Transfers, out			-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(4,010)</u>	<u>-</u>	<u>4,010</u>
Net changes in fund balances	<u>\$ -</u>	<u>(6,550)</u>	<u>4,116</u>	<u>10,666</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ (1,109)	
Adjustments to expenditures			<u>(88)</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 2,919</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
INTERGOVERNMENTAL SPECIAL REVENUE FUND 218
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State operating grants	\$ 10,398	12,596	12,595	(1)
Miscellaneous income	6,750	6,750	6,750	-
<i>Total revenues</i>	<u>17,148</u>	<u>19,346</u>	<u>19,345</u>	<u>(1)</u>
Expenditures				
Current				
General government	12,375	12,375	2,258	10,117
Culture and recreation	-	-	9,463	(9,463)
<i>Total expenditures</i>	<u>12,375</u>	<u>12,375</u>	<u>11,721</u>	<u>654</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>4,773</u>	<u>6,971</u>	<u>7,624</u>	<u>653</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)	(4,773)	(6,971)	-	6,971
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(4,773)</u>	<u>(6,971)</u>	<u>-</u>	<u>6,971</u>
Net changes in fund balances	<u>\$ -</u>	<u>-</u>	<u>7,624</u>	<u>7,624</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ (3,375)	
Adjustments to expenditures			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 4,249</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
FIRE DEPARTMENT SPECIAL REVENUE FUND 226
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous income	\$ 25	197	197	-
<i>Total revenues</i>	<u>25</u>	<u>197</u>	<u>197</u>	<u>-</u>
Expenditures				
Current				
General government	-	-	9,853	(9,853)
Public safety	24,100	30,872	20,000	10,872
<i>Total expenditures</i>	<u>24,100</u>	<u>30,872</u>	<u>29,853</u>	<u>1,019</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(24,075)</u>	<u>(30,675)</u>	<u>(29,656)</u>	<u>1,019</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)	24,075	30,675	-	(30,675)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>24,075</u>	<u>30,675</u>	<u>-</u>	<u>(30,675)</u>
Net changes in fund balances	<u>\$ -</u>	<u>-</u>	<u>(29,656)</u>	<u>(29,656)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ 16,632	
Adjustments to expenditures			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ (13,024)</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
TREE THINNING SPECIAL REVENUE FUND 330
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				-
State operating grants	\$ -	-	37,134	37,134
Miscellaneous income	-	-	134	134
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>37,268</u>	<u>37,268</u>
Expenditures				
Current				
Conservation and Development	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>37,268</u>	<u>37,268</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)				
Transfers, out			<u>(138,604)</u>	<u>(138,604)</u>
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(138,604)</u>	<u>(138,604)</u>
Net changes in fund balances	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u>(101,336)</u>	<u>(101,336)</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ (37,134)	
Adjustments to expenditures			<u>-</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u><u>(138,470)</u></u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
MUNICIPAL STREETS CAPITAL PROJECTS FUND 216
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Gross receipts	\$ 68,000	83,715	-	(83,715)
Gasoline and motor vehicle	8,000	8,275	21,230	12,955
Intergovernmental				
State operating grants	258,491	160,953	160,953	-
Miscellaneous income	320	121	41	(80)
<i>Total revenues</i>	<u>334,811</u>	<u>253,064</u>	<u>182,224</u>	<u>(70,840)</u>
Expenditures				
Current				
Public works	187,051	239,646	129,904	109,742
<i>Total expenditures</i>	<u>187,051</u>	<u>239,646</u>	<u>129,904</u>	<u>109,742</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>147,760</u>	<u>13,418</u>	<u>52,320</u>	<u>38,902</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)	(200,936)	(59,498)	-	59,498
Transfers, in	85,689	92,011	-	(92,011)
Transfers, out	(32,513)	(32,513)	-	32,513
<i>Total other financing sources (uses)</i>	<u>(147,760)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>-</u>	<u>52,320</u>	<u>38,902</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ 2,032	
Adjustments to expenditures			-	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 54,352</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
INFRASTRUCTURE CAPITAL PROJECTS FUND 295
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Gross receipts	\$ -	-	70,760	70,760
Intergovernmental				-
State operating grants	1,804,776	1,518,836	-	(1,518,836)
Miscellaneous income	566,142	402,036	81	-
<i>Total revenues</i>	<u>2,370,918</u>	<u>1,920,872</u>	<u>70,841</u>	<u>(1,448,076)</u>
Expenditures				
Current				
General government	262,105	125,349	76,782	48,567
Capital outlay	2,071,654	1,992,063	-	1,992,063
<i>Total expenditures</i>	<u>2,333,759</u>	<u>2,117,412</u>	<u>76,782</u>	<u>2,040,630</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>37,159</u>	<u>(196,540)</u>	<u>(5,941)</u>	<u>592,554</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)	69,193	-	-	-
Transfers, in	-	335,143	6,322	(328,821)
Transfers, out	<u>(106,352)</u>	<u>(138,603)</u>	<u>-</u>	<u>138,603</u>
<i>Total other financing sources (uses)</i>	<u>(37,159)</u>	<u>196,540</u>	<u>6,322</u>	<u>(190,218)</u>
Net changes in fund balances	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u>381</u>	<u>402,336</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ 603	
Adjustments to expenditures			<u>(675)</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u><u>309</u></u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
HEAVY EQUIPMENT CAPITAL PROJECTS FUND 325
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State capital grants	\$ -	-	100,000	100,000
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Expenditures				
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net changes in fund balances	\$ <u><u>-</u></u>	<u><u>-</u></u>	100,000	<u><u>100,000</u></u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>(100,000)</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u><u>-</u></u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
DEBT SERVICE FUND 405
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Income	\$ 2,000	-	-	-
<i>Total revenues</i>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current				
General government	1,255	1,255	1,134	121
Debt service				
Principal	60,830	60,830	23,530	37,300
Interest	-	-	26,332	(26,332)
<i>Total expenditures</i>	<u>62,085</u>	<u>62,085</u>	<u>1,134</u>	<u>11,089</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(60,085)</u>	<u>(62,085)</u>	<u>(1,134)</u>	<u>11,089</u>
Other Financing Sources (Uses):				
Designated cash (budgeted increase in cash)	1,291	3,291	-	(3,291)
Transfers, in	58,794	58,794	50,996	(7,798)
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>60,085</u>	<u>62,085</u>	<u>50,996</u>	<u>(11,089)</u>
Net changes in fund balances	<u>\$ -</u>	<u>-</u>	<u>49,862</u>	<u>-</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			(49,862)	
Net Change in Fund Balances (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
WATER AND SEWER FUND 500
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 736,700	758,659	744,627	(14,032)
Total operating revenues	<u>736,700</u>	<u>758,659</u>	<u>744,627</u>	<u>(14,032)</u>
Operating Expenses				
Personnel services	784,018	784,018	218,049	565,969
Contractual services	-	-	27,167	(27,167)
Supplies	-	-	14,380	(14,380)
Maintenance and materials	-	-	81,352	(81,352)
Utilities	-	-	99,458	(99,458)
Acquisition of capital asset	-	-	-	-
Other operating expenses	-	-	-	-
Total operating expenses	<u>784,018</u>	<u>784,018</u>	<u>440,406</u>	<u>343,612</u>
Operating income (loss)	<u>(47,318)</u>	<u>(25,359)</u>	<u>304,221</u>	<u>(357,644)</u>
Nonoperating Revenue (Expenses)				
Gross receipts taxes	35,000	36,035	41,647	(5,612)
Investment income	500	412	413	(1)
Miscellaneous income	-	4,947	4,946	1
Principal expenses	-	-	(41,779)	41,779
Designated cash (budgeted increase in cash)	<u>(13,182)</u>	<u>(50,046)</u>	<u>-</u>	<u>(50,046)</u>
Total nonoperating revenues (expenses)	<u>22,318</u>	<u>(8,652)</u>	<u>5,227</u>	<u>(13,879)</u>
Income (loss) before contributions and transfers	<u>(25,000)</u>	<u>(34,011)</u>	<u>309,448</u>	<u>343,765</u>
Capital Grants and Net Transfers				
Capital grants and contributions	-	-	1,363,384	(1,363,384)
Operating transfers in	25,000	34,011	189,658	(155,647)
Operating transfers out	<u>-</u>	<u>-</u>	<u>(106,561)</u>	<u>106,561</u>
Capital grants and net transfers	<u>25,000</u>	<u>34,011</u>	<u>1,446,481</u>	<u>(1,412,470)</u>
Change in net position	<u>-</u>	<u>-</u>	<u>1,755,929</u>	<u>(1,068,705)</u>
Net Position, beginning of year	<u>-</u>	<u>-</u>	<u>4,515,050</u>	<u>4,515,050</u>
Net Position, end of year	<u>\$ -</u>	<u>-</u>	<u>6,270,979</u>	<u>(1,068,705)</u>
Change in net position per above			\$ 1,755,929	
Depreciation			<u>229,630</u>	
Change in net position per statement of revenues, expenses and net changes in fund			\$ <u>1,526,299</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
SANITATION AND ENVIRONMENTAL SOLID WASTE FUND 503
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 195,000	180,052	182,786	2,734
Total operating revenues	<u>195,000</u>	<u>180,052</u>	<u>182,786</u>	<u>2,734</u>
Operating Expenses				
Personnel services	174,700	174,700	-	174,700
Contractual services	-	-	163,334	(163,334)
Supplies	-	-	-	-
Maintenance and materials	-	-	-	-
Utilities	-	-	-	-
Acquisition of capital asset	-	-	-	-
Other operating expenses	-	-	9,756	(9,756)
Total operating expenses	<u>174,700</u>	<u>174,700</u>	<u>173,090</u>	<u>1,610</u>
Operating income (loss)	<u>20,300</u>	<u>5,352</u>	<u>9,696</u>	<u>1,124</u>
Nonoperating Revenue (Expenses)				
Gross receipts taxes	12,500	17,688	31,052	(13,364)
Investment income	200	237	236	1
Miscellaneous income	9,500	8,954	-	8,954
Principal expenses	-	-	-	-
Designated cash (budgeted increase in cash)	<u>(17,500)</u>	<u>(7,231)</u>	<u>-</u>	<u>(7,231)</u>
Total nonoperating revenues (expenses)	<u>4,700</u>	<u>19,648</u>	<u>31,288</u>	<u>(11,640)</u>
Income (loss) before contributions and transfers	25,000	25,000	40,984	(12,764)
Capital Grants and Net Transfers				
Capital grants and contributions	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(5,000)</u>	<u>(20,000)</u>
Capital grants and net transfers	<u>(25,000)</u>	<u>(25,000)</u>	<u>(5,000)</u>	<u>(20,000)</u>
Change in net position	<u>-</u>	<u>-</u>	<u>35,984</u>	<u>(32,764)</u>
Net Position, beginning of year	<u>-</u>	<u>-</u>	<u>166,588</u>	<u>166,588</u>
Net Position, end of year	<u>\$ -</u>	<u>-</u>	<u>202,572</u>	<u>133,824</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
WATER REPLACEMENT FUND 506
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 63,500	63,193	66,236	3,043
Total operating revenues	<u>63,500</u>	<u>63,193</u>	<u>66,236</u>	<u>3,043</u>
Operating Expenses				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Supplies	-	-	-	-
Maintenance and materials	-	-	-	-
Utilities	-	-	-	-
Acquisition of capital asset	55,902	94,756	34,368	60,388
Other operating expenses	-	-	-	-
Total operating expenses	<u>55,902</u>	<u>94,756</u>	<u>34,368</u>	<u>60,388</u>
Operating income (loss)	<u>7,598</u>	<u>(31,563)</u>	<u>31,868</u>	<u>(57,345)</u>
Nonoperating Revenue (Expenses)				
Gross receipts taxes	-	-	-	-
Investment income	200	97	98	(1)
Miscellaneous income	-	-	-	-
Principal expenses	-	-	-	-
Designated cash (budgeted increase in cash)	-	39,264	-	39,264
Total nonoperating revenues (expenses)	<u>200</u>	<u>39,361</u>	<u>98</u>	<u>39,263</u>
Income (loss) before contributions and tranfers	<u>7,798</u>	<u>7,798</u>	<u>31,966</u>	<u>96,608</u>
Capital Grants and Net Transfers				
Capital grants and contributions	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	<u>(7,798)</u>	<u>(7,798)</u>	<u>(68,185)</u>	<u>60,387</u>
Capital grants and net transfers	<u>(7,798)</u>	<u>(7,798)</u>	<u>(68,185)</u>	<u>60,387</u>
Change in net position	<u>-</u>	<u>-</u>	<u>(36,219)</u>	<u>156,995</u>
Net Position, beginning of year	<u>-</u>	<u>-</u>	<u>122,682</u>	<u>122,682</u>
Net Position, end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>86,463</u></u>	<u><u>279,677</u></u>

See Notes to Financial Statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS
YEAR ENDED JUNE 30, 2016

Account Name	Account Type	First National		Total
		Bank	NMFA	
Deposits in Bank	Checking NOW -interest bearing	\$ 421	\$ -	\$ 421
	Money Market Account	5,016	-	5,016
	Checking NOW-interest bearing	1,301,240	-	1,301,240
	Money Market Account	405,690	-	405,690
	Certificate of deposit	50,252	-	50,252
	Certificate of deposit	66,693	-	66,693
	Certificate of deposit	87,274	-	87,274
	Certificate of deposit	8,313	-	8,313
		-	60	60
Total bank balance		\$ <u>1,924,899</u>	<u>60</u>	<u>1,924,959</u>
Reconciling items				
Outstanding items		\$ (51,740)	-	(51,740)
Deposits in transit		921	-	921
Total adjustments		<u>(50,819)</u>	<u>-</u>	<u>(50,819)</u>
Total book balance		\$ <u>1,874,080</u>	<u>60</u>	1,874,140
Petty Cash				\$ <u>125</u>
Deposits and investments				\$ <u>1,874,265</u>
Financial Statements:				
Cash, investments and cash equivalents				
Governmental funds				\$ 1,191,535
Business-type funds				682,730
Agency funds				<u>-</u>
Total per financial statements				\$ <u>1,874,265</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF PLEDGED COLLATERAL
YEAR ENDED JUNE 30, 2016

<u>Bank:</u>	<u>First National Bank</u>	<u>Totals</u>
Checking NOW-interest bearing	\$ 1,301,240	1,301,240
Checking NOW -interest bearing	421	421
Money Market Account	405,690	405,690
Money Market Account	5,016	5,016
Certificate of deposit	50,252	50,252
Certificate of deposit	66,693	66,693
Certificate of deposit	87,274	87,274
Certificate of deposit	8,313	8,313
Total Deposits	<u>1,924,899</u>	<u>1,924,899</u>
(Less) FDIC Insurance (Time and Savings):	(250,000)	
(Less) FDIC Insurance (Demand):	<u>(250,000)</u>	
	(500,000)	
Total uninsured public funds:	1,424,899	
Collateral Requirement (50% of Deposits):	<u>712,450</u>	
Cash held at NMFA		<u>60</u>
Total Bank cash and Investments per Schedule of Bank Accounts	\$	<u><u>1,924,959</u></u>

Pledged Collateral:		
Held at	CUSIP#	
FHLMC Pool #D96030 Maturity 5/1/2023	#3128E2VX1	\$ 56,540
FNMA Pool #MA0949 Maturity 1/1/2032	#31418ABT4	475,025
Bernalillo N Mex State-Shared	#3130A3KM5	<u>531,565</u>
Total Pledged Collateral:		1,063,130
Excess (Deficiency):	\$	<u><u>350,680</u></u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

	Balance			Balance
	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
ASSETS				
Cash	\$ -	51,858	51,858	-
Total Assets	<u>\$ -</u>	<u>51,858</u>	<u>51,858</u>	<u>-</u>
LIABILITIES				
Accounts Payable	\$ -	51,858	51,858	-
Total Liabilities	<u>\$ -</u>	<u>51,858</u>	<u>51,858</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 VILLAGE OF CLOUDCROFT
 SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
 YEAR ENDED JUNE 30, 2016

<u>Participants</u>	<u>Responsible Party</u>	<u>Description</u>	<u>Begin Date</u>	<u>End Date</u>	<u>Estimated Amount of Project</u>	<u>Amount Contributed in Fiscal Year</u>	<u>Audit Responsibility</u>	<u>Fiscal Agent</u>	<u>Name of Govt. Agency Report Rev. & Exp.</u>
<i>Joint Powers Agreements</i>									
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	11/2/2007	Indefinitely	Unknown	Unknown	All	None	Both
<i>Memorandums of Understanding</i>									
Village of Cloudcroft and the Board of County Commissioners of Otero County, New Mexico	Both	To provide recycling collection services to residents of rural and undeserved communities in New Mexico for the following materials: cardboard (OCC), mixed paper (ONP#7), aluminum cans (UBC), tin cans, and plastic bottles (#1 and #2)	8/7/2012	Indefinitely	Unknown	Unknown	Both	None	Both

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF VENDORS
(EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2016

Agency Number	Agency Name	Agency Type	RFB#/RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
6036	Village of Cloudcroft	Municipalities		State Price Agreement	4 Rivers Equipment, LLC		\$100,000.00	\$109,755.00	11323 Rojas Dr. El Paso, TX 79936			Purchase Road Maintenance Equip	
6036	Village of Cloudcroft	Municipalities		H-GAC Price Agreement	Siddons-Martin Emergency Group		\$224,856.00		14233 Interdrive West Houston, TX 77032-3323			Purchase New Ambulance	
6036	Village of Cloudcroft	Municipalities		Competitive (RFP or RFB)	Preslar's Dirtworks, LLC	Winner	\$146,469.28	\$215,752.18	PO Box 214 Cloudcroft, NM 88317	No	No	Roadway & Drainage Improvements	
6036	Village of Cloudcroft	Municipalities	RFP# 2015-01	Competitive (RFP or RFB)	Mesa Verde	Loser			396 La Luz Gate Rd. Alamogordo, NM 88311	Yes	No	Engineering Services for Final Phase of Wastewater Treatment Plant	
6036	Village of Cloudcroft	Municipalities		Competitive (RFP or RFB)	Livingston Assoc., P.C	Winner	\$84,759.00		500 10th St. Suite 300 Alamogordo, NM 88310			Membrane Bioreactor Wastewater Treatment Plant Completion	
					Lancon Construction	Winner	\$777,910.00		501 Central Tularosa, NM	No	No		
					Smithco Construction, Inc.	Loser			6 King Canyon Loop Caballo, NM 87931	Yes	No		
					RMCI, Inc.	Loser			6211 Chappell Rd., NE Albuquerque, NM 87113	Yes	No		

COMPLIANCE SECTION

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

To Mr. Timothy Keller
New Mexico State Auditor
and the Village of Cloudcroft Council Members
of the Village of Cloudcroft

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 comparison of the general fund of the Village of Cloudcroft, New Mexico (the “Village”) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated December 8, 2016.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2016-003 and 2016-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items: 2016-001 and 2016-002.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Albuquerque, New Mexico
December 8, 2016

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2016**

A – AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

2016-001: JOURNAL ENTRY PROCESS (Other Matters)

CONDITION: Through testing procedures performed over internal controls, we noted that four out of five manual journal entries tested did not have evidence of review or approval. The Village failed to adhere to its internal control policy surrounding the posting of manual journal entries.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

EFFECT: Lack of a review and approval over manual journal entries may result in accounting errors, which could further result in unreliable financial information generated from the accounting system.

CAUSE: The Village did not document review and approval of manual journal entries booked to the general ledger.

RECOMMENDATION: The Village should establish policies and procedures to ensure evidence of review and approval exists for all manual journal entries.

RESPONSE: At the time the Accounting Clerk turns in the end of the month reports to the Village Clerk / Treasurer, she will also turn in all manual journal entries or adjustments for approval by the Village Clerk. This process will be implemented in January of 2017.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2016**

A – AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

2016-002: RECEIVING DOCUMENTATION (Other Matters)

CONDITION: Through our testing procedures it was noted that in 5 out of 50 transactions tested lacked documentation indicating receipt of goods for purchases made by the Village. These transactions totaled to an amount of \$2,354.

CRITERIA: 13-1-157 NMSA 1978 states that the using agency is responsible for inspecting and accepting or rejecting deliveries. If inspection reveals that the delivery does not conform to the quantity or quality specified in the purchase order or contract, the using agency shall immediately notify the central purchasing office.

EFFECT: The Village is in violation of 13-1-157 NMSA 1978 and is at the risk of paying for goods that have not been received.

CAUSE: The Village did not follow its policy surrounding purchase and receipt of goods. There was a lack of documentation certifying receipt of goods.

RECOMMENDATION: The Village should establish policies and procedures to ensure evidence of receipt and inspection of all goods delivered exists for every delivery received.

RESPONSE: The Village Clerk/Treasurer will train all departments as to procedures of receipts of goods and will not pay the invoice for the goods until the formal acceptance of receipt of goods has been completed. This finding will be resolved as soon as management conducts a staff training concerning the subject. The training will be held in February of 2017.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2016**

A – AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

2016-003: INTERNAL CONTROLS OVER CASH RECIEPTS (Significant Deficiency)

CONDITION: During our review of the Village’s internal control procedures over cash receipts we noted the following issues regarding segregation of duties:

The Village does not utilize a log for incoming mail and does not require more than one individual to open the mail. The employee receiving and opening the mail has the ability to post checks and other adjustments against customer utility accounts.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. Furthermore, adequate segregation of duties shall be considered for all internal control implementations in that no single individual has the authority to initiate or conduct a transaction process and record transactions, and maintain custody of an asset.

EFFECT: Access to physical checks or cash and the ability to post transactions to customer accounts is considered a segregation of duties violation and causes risk of occurrences of fraud.

CAUSE: The Village has not implemented internal controls surrounding the receipt of customer payments on utility accounts.

RECOMMENDATION: It is recommended that the Village implement policies and procedures surrounding intake of the mail in which all incoming mail is logged and opened by more than one individual. Additionally, the employee opening and logging the mail shall not have the ability to make adjustments to customer accounts.

RESPONSE: The Village of Cloudcroft will change duties of staff as follows: the Utility Billing Clerk will not open mail and receipt payments of cash or check. The MVD Clerk, the Village Clerk, the Municipal Court Clerk or the Mayor will be designated the duty of opening the mail, making receipts for all cash or checks received and entering such into the daily mail log. After proper receipts of all cash or checks, they will then submit to the Utility Billing Clerk for posting to utility accounts or the daily transaction sheet, whichever is applicable. This issue will is expected to be corrected in January of 2017.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2016**

A – AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

2016-004: INEFFECTIVE OVERSIGHT OVER UTILITY CUSTOMER ACCOUNTS (Significant Deficiency)

CONDITION: During our review of the Village's controls surrounding utility customer accounts we noted the following issues:

- Garbage billing rates charged customers were incorrect. It was noted that one customer was charged an amount of \$50 when the customer should have been billed \$59 based on rates set by section 4-1-2 of the Village Code.
- 8 out of 10 outstanding utility security deposits tested for accounts that no longer active had not been returned to either the customer or the New Mexico Taxation and Revenue Department. These eight deposits totaled to \$652.
- 5 out of 5 adjustments to customer utility accounts tested did not have proper documentation indicating approval.

CRITERIA: 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. Additionally, Village Code 4-1-2 establishes the Village's utility rates.

EFFECT: The Village is in violation of its own code and is not providing adequate oversight over utility customer accounts. This creates risk for the Village in the form of both liability with customers and misstatement of financial information surrounding utility balances.

CAUSE: The Village did not has not implemented controls surrounding the billing and maintaining of customer utility accounts.

RECOMMENDATION: It is recommended that the Village should establish policies and procedures to update and maintain rates being charged to customers. The Village should also conduct timely reconciliations of outstanding deposits on closed accounts and remit those amounts in a timely manner. Additionally, it is recommended that the Village establish a process in which all customer account adjustments are approved by an individual that is independent of the utility billing function.

RESPONSE: The Village Clerk will conduct monthly audits of the utility billing program, for verification of correct rates, approval of all adjustments and return of customer deposits in a timely manner on all utility accounts. The Village Clerk will also establish a more detailed process and add to the existing operating policy. The Village Clerk will be diligent in training the Utility Billing Clerk in attention to detail. This process is expected to be implemented in January of 2017.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2016**

STATUS OF PRIOR YEAR FINDINGS

2015-001	Budget Exceeding Approved Balances	Resolved
2015-002	Travel and Per Diem	Resolved

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
EXIT CONFERENCE
JUNE 30, 2016**

An exit conference was held on December 8, 2016. In attendance were the following:

Representing the Village of Cloudcroft:

Dave Venable, Mayor

Jini Turri, Village Administrator/Clerk/Treasurer

Anne Turri, Accounting/Payroll Clerk

Representing Axiom Certified Public Accountants and Business Advisors LLC:

Chris Garner, Partner

Auditor Prepared Financial Statements

Axiom Certified Public Accountants and Business Advisors LLC 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.