

**Village of Cloudcroft,
New Mexico**

**Financial Statements with Independent
Auditor's Report**

June 30, 2019



AXIOM

*Certified Public Accountants
and Business Advisors LLC*

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
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June 30, 2019

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VILLAGE OF CLOUDCROFT
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**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Official Roster
June 30, 2019**

Name

Title

Village Council

David C. Venable
William Denney
Cynthia Voight
John Tieman
George Mitchell

Mayor
Mayor Pro Tem
Trustee
Trustee
Trustee

Administration

Jini S. Turri
Barbara K. Garcia
Sheila Tanner

Village Administrator
Village Clerk/Treasurer
Accounting/Payroll/Accounts Payable

INDEPENDENT AUDITOR'S REPORT

Mr. Brian Colón,
New Mexico State Auditor
and
The Village Council
Village of Cloudcroft, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village Cloudcroft, New Mexico (the "Village"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility 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, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 42-46, 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 that collectively comprise the Village basic financial statements. The combining individual non-major fund financial statements, budgetary comparison schedules and 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 combining individual non-major fund financial statements, budgetary comparison schedules and 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 combining individual non-major fund financial statements, budgetary comparison schedules and 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2019 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Albuquerque, New Mexico
December 15, 2019

FINANCIAL SECTION

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Net Position
June 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and investments	\$ 1,545,545	819,964	2,365,509
Receivables:			
Taxes	229,771	-	229,771
Other	3,541	156,135	159,676
Total current assets	<u>1,778,857</u>	<u>976,099</u>	<u>2,754,956</u>
Noncurrent assets			
Capital assets	12,562,116	12,236,351	24,798,467
Less: Accumulated Depreciation	(8,775,086)	(5,870,982)	(14,646,068)
Total noncurrent assets	<u>3,787,030</u>	<u>6,365,369</u>	<u>10,152,399</u>
Total assets	<u>5,565,887</u>	<u>7,341,468</u>	<u>12,907,355</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	212,444	100,148	312,592
Asset Retirement Obligation related	-	745,762	745,762
Total deferred outflows of resources	<u>212,444</u>	<u>845,910</u>	<u>1,058,354</u>
LIABILITIES			
Current liabilities			
Accounts payable	82,179	47,430	129,609
Accrued payroll liabilities	42,987	10,709	53,696
Current portion of compensated absences	10,536	5,711	16,247
Accrued interest	1,043	47,919	48,962
Current portion of long-term debt	38,303	50,407	88,710
Total current liabilities	<u>175,048</u>	<u>162,176</u>	<u>337,224</u>
Noncurrent liabilities			
Accrued compensated absences	7,321	5,992	13,313
Noncurrent portion of long-term debt	410,623	983,796	1,394,419
Net pension liability	663,072	376,791	1,039,863
Asset retirement obligation	-	765,387	765,387
Total noncurrent liabilities	<u>1,081,016</u>	<u>2,131,966</u>	<u>3,212,982</u>
Total liabilities	<u>1,256,064</u>	<u>2,294,142</u>	<u>3,550,206</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	93,589	13,678	107,267
Total deferred inflows of resources	<u>93,589</u>	<u>13,678</u>	<u>107,267</u>
NET POSITION			
Net investment in capital assets	3,338,104	5,331,166	8,669,270
Restricted for:			
Special revenues	630,802	-	630,802
Capital projects	94,226	-	94,226
Debt Services	1,174	-	1,174
Unrestricted	364,372	548,392	912,764
Total net position	<u>\$ 4,428,678</u>	<u>5,879,558</u>	<u>10,308,236</u>

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Activities
For the Year Ended June 30, 2019

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	\$ 770,086	23,175	104,047	-	(642,864)	-	(642,864)
Public safety	587,184	63,925	324,047	-	(199,212)	-	(199,212)
Public works	285,421	-	-	231,791	(53,630)	-	(53,630)
Health and welfare	75,357	-	-	-	(75,357)	-	(75,357)
Culture and recreation	139,863	-	-	-	(139,863)	-	(139,863)
Interest on long-term debt	12,843	-	-	-	(12,843)	-	(12,843)
Total governmental activities	1,870,754	87,100	428,094	231,791	(1,123,769)	-	(1,123,769)
Business-Type Activities:							
Water and sewer	1,127,502	872,642	-	-	-	(254,860)	(254,860)
Sanitation and environmental solid waste	266,460	186,505	-	-	-	(79,955)	(79,955)
Water replacement	2,225	64,120	-	-	-	61,895	61,895
Total business-type activities	1,396,187	1,123,267	-	-	-	(272,920)	(272,920)
Total primary government	\$ 3,266,941	1,210,367	428,094	231,791	(1,123,769)	(272,920)	(1,396,689)
Taxes							
Property taxes					\$ 65,296	-	65,296
Gross receipts tax					970,255	42,193	1,012,448
Gasoline and motor vehicle taxes					58,546	-	58,546
Other taxes					150,499	29,488	179,987
Investment income					2,738	1,703	4,441
Fines and forfeitures					7,381	-	7,381
Miscellaneous income					276,816	128	276,944
Total general revenues					1,531,531	73,512	1,605,043
Transfers in/out					(180,977)	180,977	-
Change in net position					226,785	(18,431)	208,354
Net position, beginning					4,201,893	5,897,989	10,099,882
Net position, ending					\$ 4,428,678	5,879,558	10,308,236

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Balance Sheet - Governmental Funds
June 30, 2019

	General Fund 100	Special Revenue		Capital Projects		Other Non-Major Funds	Total Governmental Funds
		EMS 206	Fire Protection 209	PURE Projects 315			
ASSETS							
Cash and cash equivalents	\$ 793,115	229,925	165,810	22,720	333,975		1,545,545
Receivables							
Taxes	196,852	-	-	-	32,919		229,771
Other	3,541	-	-	-	-		3,541
Total assets	\$ 993,508	229,925	165,810	22,720	366,894		1,778,857
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 34,358	11,773	18,331	15,769	1,948		82,179
Accrued payroll	26,350	1,179	998	12,262	2,198		42,987
Total liabilities	60,708	12,952	19,329	28,031	4,146		125,166
DEFERRED INFLOWS							
Property taxes	7,247	-	-	-	-		7,247
Total deferred inflows	7,247	-	-	-	-		7,247
FUND BALANCES							
Restricted for:							
Special revenue funds	-	216,973	146,481	-	267,348		630,802
Capital project funds	-	-	-	-	94,226		94,226
Debt services	-	-	-	-	1,174		1,174
Unassigned	925,553	-	-	(5,311)	-		920,242
Total fund balances	925,553	216,973	146,481	(5,311)	362,748		1,646,444
Total liabilities, deferred inflows and fund balances	\$ 993,508	229,925	165,810	22,720	366,894		1,778,857

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
June 30, 2019

Fund balances - total governmental funds	\$ 1,646,444
Amounts reported for governmental activities in the statement of net position different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,787,030
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	7,247
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 pension	212,444
Deferred inflows of resources related to pension	(93,589)
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	(1,043)
Accrued compensated absences not due and payable at year end	(17,857)
Loans payable	(448,926)
Net pension liability	<u>(663,072)</u>
Net position of governmental activities (Statement of Net Position)	\$ <u><u>4,428,678</u></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, 2019

	General Fund 100	Special Revenue		Capital Projects	Other Non-Major Funds	Total Governmental Funds
		EMS 206	Fire Protection 209	PURE Projects 315		
Revenues						
Taxes:						
Property	\$ 65,296	-	-	-	-	65,296
Gross receipts	889,549	-	-	-	80,706	970,255
Gasoline and motor vehicle taxes	34,797	-	-	-	23,749	58,546
Other	35,738	-	-	-	114,761	150,499
Intergovernmental income						
State operating grants	91,295	8,397	293,850	-	34,552	428,094
State capital grants	-	-	-	52,864	178,927	231,791
Charges for services	23,175	63,925	-	-	-	87,100
Investment income	1,587	465	-	-	686	2,738
Fines and forfeitures	-	-	-	-	7,381	7,381
Miscellaneous	252,073	185	-	-	24,558	276,816
Total revenues	1,393,510	72,972	293,850	52,864	465,320	2,278,516
Expenditures						
Current						
General government	453,932	1,817	75,158	-	134,762	665,669
Public safety	294,971	-	82,886	-	71,588	449,445
Public works	184,081	-	-	68,619	1,307	254,007
Health and welfare	-	67,563	-	-	7,794	75,357
Culture and recreation	74,653	-	-	-	41,045	115,698
Capital outlay	83,383	-	102,161	-	184,459	370,003
Debt service						
Principal	-	-	-	-	37,711	37,711
Interest and administrative fees	-	-	-	-	12,892	12,892
Total expenditures	1,091,020	69,380	260,205	68,619	491,558	1,980,782
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	302,490	3,592	33,645	(15,755)	(26,238)	297,734
Other Financing Sources (Uses)						
Operating transfers in	(258,823)	-	(50,604)	-	(305,888)	(615,315)
Operating transfers (out)	32,335	-	-	-	402,003	434,338
Total other financing sources (uses)	(226,488)	-	(50,604)	-	96,115	(180,977)
Net change in fund balances	76,002	3,592	(16,959)	(15,755)	69,877	116,757
Fund balances, beginning of year	849,551	213,381	163,440	10,444	292,871	1,529,687
Fund balances, end of year	\$ 925,553	216,973	146,481	(5,311)	362,748	1,646,444

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
Funds to the Statement of Activities
For the Year Ended June 30, 2019**

Net change in fund balances- total governmental funds	\$	116,757
Amounts reported for governmental activities in the Statement of Activities are different because:		
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		370,003
Depreciation expense		(241,648)
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		(52,889)
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		-
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		(3,198)
Decrease in accrued interest		49
Principal payments on loans payable		37,711
		<hr/>
Change in net position of governmental activities	\$	<u><u>226,785</u></u>

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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property	\$ 59,060	67,545	67,545	-
Gross receipts	675,000	834,725	834,725	-
Gasoline and motor vehicle	31,000	34,867	34,867	-
Other taxes	40,000	43,613	43,613	-
State operating grants	90,000	91,295	91,295	-
Charges for services	22,725	20,175	23,175	3,000
Investment income	550	1,587	1,587	-
Fines and forfeitures	5,385	-	-	-
Miscellaneous income	21,150	252,073	252,073	-
Total revenues	944,870	1,345,880	1,348,880	3,000
Expenditures				
Current				
General government	422,344	464,993	434,350	30,643
Public safety	384,217	384,217	370,300	13,917
Public works	91,820	91,820	178,785	(86,965)
Health and welfare	-	-	-	-
Culture and recreation	115,326	115,826	73,373	42,453
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,013,707	1,056,856	1,056,808	48
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(68,837)	289,024	292,072	3,048
Other Financing Sources (Uses):				
Transfers, in	-	(226,488)	(258,823)	(32,335)
Transfers, out	-	-	32,335	32,335
Total other financing sources (uses)	-	(226,488)	(226,488)	-
Net changes in fund balances	\$ (68,837)	62,536	65,584	3,048
Reconciliation to GAAP basis:				
Adjustments to revenues			\$ 44,630	
Adjustments to expenditures			(34,212)	
Net Change in Fund Balances (GAAP Basis)			\$ 76,002	

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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State operating grants	\$ 8,446	8,397	8,397	-
Charges for services	-	-	63,925	63,925
Investment Income	-	-	185	185
Miscellaneous income	-	-	465	465
<i>Total revenues</i>	<u>8,446</u>	<u>8,397</u>	<u>72,972</u>	<u>64,575</u>
Expenditures				
Current				
Public safety	8,446	8,397	1,817	6,580
<i>Total expenditures</i>	<u>8,446</u>	<u>8,397</u>	<u>1,817</u>	<u>6,580</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>-</u>	<u>-</u>	<u>71,155</u>	<u>71,155</u>
Net changes in fund balances	<u>\$ -</u>	<u>-</u>	<u>71,155</u>	<u>71,155</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>(67,563)</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 3,592</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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State operating grants	\$ 212,757	293,850	293,850	-
<i>Total revenues</i>	<u>212,757</u>	<u>293,850</u>	<u>293,850</u>	<u>-</u>
Expenditures				
Current				
General government	-	73,897	73,897	-
Public safety	246,373	167,977	167,977	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>246,373</u>	<u>241,874</u>	<u>241,874</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(33,616)</u>	<u>51,976</u>	<u>51,976</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers, in	(50,996)	(50,604)	(50,604)	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(50,996)</u>	<u>(50,604)</u>	<u>(50,604)</u>	<u>-</u>
Net changes in fund balances	\$ <u><u>(84,612)</u></u>	<u><u>1,372</u></u>	<u>1,372</u>	<u>-</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>(18,331)</u>	
Net Change in Fund Balances (GAAP Basis)			\$ <u><u>(16,959)</u></u>	

See Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Net Position
Proprietary Funds
June 30, 2019**

	Business-Type Activities			Total
	Enterprise Funds			
	Water and Sewer 500	Sanitation and Environmental Solid Waste 503	Water Replacement 506	
Assets				
Current Assets				
Cash and cash equivalents	\$ 569,852	103,656	146,456	819,964
Receivables				
Other	118,724	28,423	8,988	156,135
Total current assets	<u>688,576</u>	<u>132,079</u>	<u>155,444</u>	<u>976,099</u>
Noncurrent assets				
Capital assets	11,887,967	-	348,384	12,236,351
Less: accumulated depreciation	(5,870,766)	-	(216)	(5,870,982)
Total noncurrent assets	<u>6,017,201</u>	<u>-</u>	<u>348,168</u>	<u>6,365,369</u>
Total assets	<u>6,705,777</u>	<u>132,079</u>	<u>503,612</u>	<u>7,341,468</u>
Deferred Outflows				
Pension related	100,148	-	-	100,148
Asset retirement obligation related	745,762	-	-	745,762
Total deferred outflows of resources	<u>845,910</u>	<u>-</u>	<u>-</u>	<u>845,910</u>
Liabilities				
Current Liabilities				
Accounts payable	\$ 27,225	20,205	-	47,430
Accrued payroll	10,709	-	-	10,709
Current portion of accrued compensated absences	5,711	-	-	5,711
Accrued interest	32,275	14,048	1,596	47,919
Current portion of loans payable	43,768	-	6,638	50,406
Total current liabilities	<u>119,688</u>	<u>34,253</u>	<u>8,234</u>	<u>162,175</u>
Noncurrent Liabilities				
Accrued compensated absences	5,992	-	-	5,992
Loans payable	917,140	-	66,657	983,797
Net pension liability	376,791	-	-	376,791
Asset retirement obligation	765,387	-	-	765,387
Total noncurrent liabilities	<u>2,065,310</u>	<u>-</u>	<u>66,657</u>	<u>2,131,967</u>
Total Liabilities	<u>2,184,998</u>	<u>34,253</u>	<u>74,891</u>	<u>2,294,142</u>
Deferred inflows of resources				
Pension related	13,678	-	-	13,678
Total deferred inflows of resources	<u>13,678</u>	<u>-</u>	<u>-</u>	<u>13,678</u>
Net Position				
Net investment in capital assets	5,056,293	-	274,873	5,331,166
Unrestricted	296,718	97,826	153,848	548,392
Total Net Position	<u>\$ 5,353,011</u>	<u>97,826</u>	<u>428,721</u>	<u>5,879,558</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Total
	Enterprise Funds			
	Water and Sewer 500	Sanitation and Environmental Solid Waste 503	Water Replacement 506	
<i>Operating Revenues</i>				
Charges for services	\$ 872,642	186,505	64,120	1,123,267
Total operating revenues	872,642	186,505	64,120	1,123,267
<i>Operating Expenses</i>				
Personnel services	592,224	-	-	592,224
Contractual services	71,627	196,129	-	267,756
Supplies	3,035	-	-	3,035
Maintenance and materials	59,972	-	-	59,972
Utilities	155,189	-	-	155,189
Depreciation	197,420	-	-	197,420
Other operating expenses	19,625	70,331	-	89,956
<i>Total operating expenses</i>	1,099,092	266,460	-	1,365,552
<i>Operating income (loss)</i>	(226,450)	(79,955)	64,120	(242,285)
<i>Non-operating revenues</i>				
Interest income	1,176	251	276	1,703
Interest expense	(28,410)	-	(2,225)	(30,635)
Gross receipts tax revenue	42,193	-	-	42,193
Other taxes	-	29,488	-	29,488
Miscellaneous	128	-	-	128
Total non-operating revenues	15,087	29,739	(1,949)	42,877
Income Before Contributions and Transfers	(211,363)	(50,216)	62,171	(199,408)
<i>Other Financing Sources (Uses)</i>				
Operating transfers (out)	(43,000)	-	(23,895)	(66,895)
Operating transfers in	70,185	-	177,687	247,872
<i>Net transfers</i>	27,185	-	153,792	180,977
Change in net position	(184,178)	(50,216)	215,963	(18,431)
<i>Net position, beginning of year</i>	5,537,189	148,042	212,758	5,897,989
<i>Net position, end of year</i>	\$ 5,353,011	97,826	428,721	5,879,558

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Total
	Enterprise Funds			
	Water and Sewer 500	Sanitation and Environmental Solid Waste 503	Water Replacement 506	
Cash Flows From Operating Activities				
Cash received from customers and others	\$ 872,642	185,034	64,120	1,121,796
Cash payments to vendors and employees	(824,768)	(246,255)	144	(1,070,879)
Net cash provided (used) by operating activities	<u>47,874</u>	<u>(61,221)</u>	<u>64,264</u>	<u>50,917</u>
Cash Flows From Non-Capital Financing				
Gross receipts tax	42,193	-	-	42,193
Other taxes	-	29,488	-	29,488
Transfer and interfund balance settlement	207,081	-	(25,888)	181,193
Miscellaneous income	128	-	-	128
Net cash provided (used) by non-capital financing activities	<u>249,402</u>	<u>29,488</u>	<u>(25,888)</u>	<u>253,002</u>
Cash Flows From Capital and Related Financing Activities				
Principal payments on long-term debt	(46,014)	-	(3,270)	(49,284)
Interest paid	(28,410)	-	(2,225)	(30,635)
Purchases of capital assets	(226,376)	-	-	(226,376)
Net cash provided by capital and related financing activities	<u>(300,800)</u>	<u>-</u>	<u>(5,495)</u>	<u>(306,295)</u>
Cash Flows From Investing Activities				
Interest income	1,176	251	276	1,703
Net cash provided (used) by investing activities	<u>1,176</u>	<u>251</u>	<u>276</u>	<u>1,703</u>
Net increase (decrease) in cash and cash equivalents	(2,348)	(31,482)	33,157	(673)
Cash and cash equivalents, beginning of year	572,200	135,138	113,299	820,637
Cash and cash equivalents, end of year	<u>\$ 569,852</u>	<u>103,656</u>	<u>146,456</u>	<u>819,964</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities				
Operating income (loss)	\$ (226,450)	(79,955)	64,120	(242,285)
Adjustments to operating (loss) income to net cash provided by operating activities:				
Depreciation	197,420	-	216	197,636
Pension expense	25,462	-	-	25,462
Amortization expense	19,625	-	-	19,625
Change in assets and liabilities:				
Receivables	-	(1,471)	-	(1,471)
Accounts payable	12,103	6,157	-	18,260
Accrued payroll	(206)	-	-	(206)
Deposit payable	-	-	-	-
Accrued compensated absences	559	-	-	559
Accrued interest	19,361	14,048	(72)	33,337
Net cash provided (used) by operating activities	<u>\$ 47,874</u>	<u>(61,221)</u>	<u>64,264</u>	<u>50,917</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

ASSETS	
Cash	\$ <u>5,921</u>
Total Assets	\$ <u><u>5,921</u></u>
LIABILITIES	
Accounts Payable	\$ <u>5,921</u>
Total Liabilities	\$ <u><u>5,921</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, 2019**

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, 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.

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.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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.

During fiscal year 2017, GASB Statement No. 77, Tax Abatement Disclosures, became effective. The Village does not have any agreements that require disclosure under the standards.

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.

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.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The Village reports the following major governmental funds:

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

The *Emergency Medical Services 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)

PURE Project Fund Capital Project Fund to accounts for all other monies received from Rural Infrastructure revolving loan fund, the loan will be available for a period of three years from the date of the agreement.

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.

The *Solid Waste Fund* was created to track revenues from Environmental taxes, gross receipts tax and charges for trash pickup services and used to pay for trash pickup services and sludge hauling from the water/sewer plant.

The *Water Replacement Fund* was created to track revenue from a \$5 monthly utility account fee to fund water and sewer infrastructure improvements.

Additionally, the government reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes.

The *Capital Projects Funds* are used to account for financial resources to be used for the acquisition.

The *Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, general long-term obligation bond principal, interest and related costs.

The *Fiduciary Funds* account for resources held for others by the Village in a capacity as an agent for various organizations and other outside parties. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

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

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Property taxes are 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 County 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.

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% collectible.

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, 2019, there were none.

Capital assets: Capital assets, which include property, water/sewer, 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.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, water/sewer, 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, 2019, along with the applicable Public Employees Retirement Association (PERA) and other pension costs.

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

Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule depending on the length of service. No more than twenty (20) working days, or one hundred sixty (160) hours of annual leave, may be carried forward from one year to the next. All excess annual leave shall be forfeited if not used, unless extenuating circumstances warrant approval of an extension by the Village Council. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental or proprietary fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund and proprietary fund. Amounts vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide Statement of Net Position.

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

Deferred outflows of resources: In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate 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 reports deferred outflows in both governmental and business-type activities. Accordingly, employer contributions made to PERA subsequent to the measurement date has been reported as a deferred outflow of resources. These amounts will directly reduce the net pension liability in the next fiscal year. Other deferred outflows represent other pension activities which arise under GASB No. 68 and are amortized into pension expense over five years or the average remaining service life of employees.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

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 inflows of resources: In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. These deferred inflows of resources represent 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 deferred inflows of resources on the statement of net position for both the governmental and business-type activities, which arise due to the implementation of GASB No. 68 and related pension activities. These amounts are reported as a deferred inflow and amortized into pension expense over the average remaining service life of employees.

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.

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, 2019**

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, 2019, the restricted fund balance on the governmental funds balance sheet is made up of \$726,202 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:* Net position invested in 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.”

By state statute, the Village must maintain a minimum fund balance in the General Fund equal to 8.33% of 1/12th of budgeted expenditures. This amount totals \$84,476 at June 30, 2019.

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, 2019**

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

These budgets are prepared on the Non-GAAP budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Proprietary Funds.

The accompanying statements of revenues, expenditures and changes in fund balance-budget (non-GAAP budgetary basis) and actual and statement of revenues, expenses and changes in net position (non-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 generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2019 is presented.

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, 2019.

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

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.

All of the Village's accounts are at an insured depository institution, including all noninterest-bearing transaction accounts, which will be insured by the FDIC up to the Standard Maximum Deposit Insurance Amount of \$250,000.

The collateral pledged is listed in the supplementary information. 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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2019 \$1,961,263 of the Village's bank balances of \$2,461,263 was exposed to custodial credit risk, however all of the amount exposed was uninsured and collateralized by securities held by the pledging bank's trust department, but not in the Village's name, and \$722,977 was uninsured and uncollateralized.

	FIRST NATIONAL BANK
Amount of deposits	\$ 2,461,263
FDIC coverage	(500,000)
Total uninsured public funds	1,961,263
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Village's name	1,238,286
Uninsured and uncollateralized	\$ 722,977
Collateral requirement (50% of uninsured funds)	\$ 980,632
Pledged collateral	1,238,286
Over (under) collateralized	\$ 257,654

Reconciliation to the Statement of Net Position

Cash and cash equivalents	\$ 2,365,509
Add: outstanding checks	90,758
Add: Agency fund	5,921
Less: deposits in transit	-
Less: NMFA cash	800
Less: petty cash	125
Bank balance of deposits	\$ 2,461,263

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 4. RECEIVABLES

At June 30, 2019, 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	\$ 6,489	-	-	-	-
Gross receipts	183,989	17,463	-	4,366	-
Gasoline	-	4,175	-	-	-
Franchise	3,513	-	-	-	-
Lodgers	-	11,280	-	-	-
MVD	6,374	-	-	-	-
Charges for services	28	-	118,724	24,057	8,988
Totals by category	\$ <u>200,393</u>	<u>32,919</u>	<u>118,724</u>	<u>28,423</u>	<u>8,988</u>

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

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

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, 2019 were as follows:

Transfers Out:

General Fund	\$ 32,335
Lodger's Tax Fund	95,866
Intergovernmental Grants- Library	10,668
Community Center Project	61,868
Museum Fence	19,435
Museum Tack	34,750
Colonias Project 4115-CIF	132,122
Debt Service	<u>47,314</u>
Total Transfers Out	<u>434,338</u>

Transfer In:

General Fund	258,823
Fire Protection Fund	50,604
Lodger's Tax Fund	95,866
Community Center Project	32,335
Colonias Project 4114-CIF	<u>177,687</u>
Total Transfers In	<u>615,315</u>
Total Transfers	<u>180,977</u>

Reconciliation to Government Wide

Transfer Out:

Water and Sewer Fund	70,185
Water Replacement Fund	<u>177,687</u>
Total Transfers Out	<u>247,872</u>

Transfers In:

Water and Sewer Fund	43,000
Water Replacement Fund	<u>23,895</u>
Total Transfers In	<u>66,895</u>
Total Transfers	<u>\$ (180,977)</u>

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 6. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2019. Land and construction in progress are not subject to depreciation.

	<u>Balance 6/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2019</u>
Governmental Activities				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 152,339	-	-	152,339
Construction in progress	512,169	-	(15,000)	497,169
Total Not Depreciated:	<u>664,508</u>		<u>(15,000)</u>	<u>649,508</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	3,900,141	335,538	15,000	4,250,679
Equipment	2,151,873	6,096	-	2,157,969
Infrastructure	5,475,591	28,369	-	5,503,960
Total Being Depreciated	<u>11,527,605</u>	<u>370,003</u>	<u>15,000</u>	<u>11,912,608</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	2,088,464	134,501	-	2,222,965
Equipment	1,485,655	99,380	-	1,585,035
Infrastructure	4,959,319	7,767	-	4,967,086
Total accumulated depreciation	<u>8,533,438</u>	<u>241,648</u>	<u>-</u>	<u>8,775,086</u>
Net Capital Assets being depreciated:	<u>2,994,167</u>	<u>128,355</u>	<u>15,000</u>	<u>3,137,522</u>
Net Capital Assets:	<u>\$ 3,658,675</u>	<u>128,355</u>	<u>-</u>	<u>3,787,030</u>

Depreciation expense for the year ended June 30, 2019 was charged to governmental activities as follows:

General government	\$ 48,330
Public safety	137,739
Public works	31,414
Culture and recreation	24,165
	<u>\$ 241,648</u>

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 6 CAPITAL ASSETS (CONTINUED)

	<u>Balance 06/30/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/2019</u>
Business Type Activities				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 171,600	-	-	171,600
Construction in progress	2,530,053	179,464	-	2,709,517
Total Not Depreciated:	<u>2,701,653</u>	<u>179,464</u>	<u>-</u>	<u>2,881,117</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	234,423	41,808	-	276,231
Equipment	396,256	5,104	-	401,360
Infrastructure	8,677,643	-	-	8,677,643
Total Being Depreciated	<u>9,308,322</u>	<u>46,912</u>	<u>-</u>	<u>9,355,234</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	35,466	8,472	-	43,938
Equipment	357,299	8,665	-	365,964
Infrastructure	5,280,365	180,715	-	5,461,080
Total accumulated depreciation	<u>5,673,130</u>	<u>197,852</u>	<u>-</u>	<u>5,870,982</u>
Net Capital Assets being depreciated:	<u>3,635,192</u>	<u>(150,724)</u>	<u>-</u>	<u>3,484,982</u>
Net Capital Assets:	<u>\$ 6,336,845</u>	<u>28,524</u>	<u>-</u>	<u>6,365,369</u>

Depreciation expense of \$197,852 for the year ended June 30, 2019 was charged to the Water and Sewer proprietary fund.

During the year, due to extensive review of all governmental and business type assets, the Village re-categorized some buildings and improvements, equipment, and infrastructure assets between governmental and business type funds. This re-categorization had no net effect on total assets at the asset category level, however this did cause a change in assets at the total governmental and business type fund level.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 7. LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2019 are summarized as follows:

Governmental Activities

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Loans Payable	\$ 486,637	-	37,711	448,926	38,303
Compensated absences	14,659	21,627	18,429	17,857	10,536
Total long-term debt	\$ <u>501,296</u>	<u>21,627</u>	<u>56,140</u>	<u>466,783</u>	<u>49,839</u>

<u>Description</u>	<u>Date of</u> <u>Issue</u>	<u>Due</u> <u>Date</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>of Issue</u>	<u>Outstanding</u> <u>June 30, 2019</u>	<u>Pledged Revenues</u>
NMFA – Fire Protection Vehicle	7/1/2015	5/1/2025	0.51%- 3.10%	\$ 282,116	\$ 178,513	State Fire Protection Allotment
NMFA – Fire Station	7/1/2015	5/1/2039	0.51%- 3.10%	302,267	270,413	State Fire Protection Allotment
					<u>\$ 448,926</u>	

Debt service requirements on long-term debt for governmental activities at June 30, 2019 are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2020	\$ 38,303	12,692	50,995
2021	39,057	11,937	50,994
2022	39,948	11,047	50,995
2023	40,959	10,036	50,995
2024	42,072	8,922	50,994
2025-2029	93,272	30,925	124,197
2030-2034	71,742	19,762	91,504
2035-2039	83,573	7,930	91,503
	<u>\$ 448,926</u>	<u>113,251</u>	<u>562,177</u>

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Loans Payable	\$ 1,083,487	-	49,284	1,034,203	50,407
Compensated absences	11,144	14,567	14,008	11,703	5,711
Total long-term debt	\$ <u>1,094,631</u>	<u>14,567</u>	<u>63,292</u>	<u>1,045,906</u>	<u>56,118</u>

<u>Description</u>	<u>Date of Issue</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Outstanding June 30, 2019</u>	<u>Pledged Revenues</u>
NMED – RIP 2009-005	7/1/2009	10/8/2036	3.00%	\$ 722,551	\$ 639,435	N/A
NMFA – Water Utility	8/20/2010	5/1/2031	1.00%	59,394	37,045	Joint Utility System
NMFA – Water Tank	4/12/2013	5/1/2025	0.00%	617,185	43,202	Joint Utility System
NMFA	5/16/2014	6/1/2034	0.00%	94,227	70,667	Joint Utility System
NMED – RIP 0005	1/4/2016	9/11/2037	2.375%	253,920	243,854	N/A
					\$ <u>1,034,203</u>	

Debt service requirements on long-term debt for business-type activities at June 30, 2019 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2020	\$ 50,407	25,345	75,752
2021	51,562	24,190	75,752
2022	52,750	23,002	75,752
2023	53,971	21,780	75,751
2024	55,228	20,524	75,752
2025-2029	296,255	82,505	378,760
2030-2034	320,362	45,435	365,797
2035-2038	153,668	7,851	161,519
	\$ <u>1,034,203</u>	<u>250,632</u>	<u>1,284,835</u>

NOTE 8. RESTRICTED NET POSITION

The government-wide statement of net position reports \$726,202 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 21 and 47-48.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

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 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978); the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978); the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978, and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

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

TIER II

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

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

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

Contributions. See PERA’s compressive annual financial report for Contribution provided description.

PERA Contribution Rates and Pension Factors in effect during FY18						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019

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

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

For PERA Fund Division Municipal General, at June 30, 2019, the Village reported a liability of \$644,126 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Village’s proportion of the net pension liability was based on a projection of the Village’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Village’s proportion was 0.0404%, which was an increase of 0.0005% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized pension expense of \$84,147. At June 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,616	16,912
Changes in assumptions	58,399	3,703
Net difference between projected and actual earnings on pension plan investments	47,772	-
Changes in proportion and differences between Village’s contributions and proportionate share of contributions	8,635	2,768
Village’s contributions subsequent to the measurement date	<u>37,780</u>	<u>-</u>
Total	\$ <u>171,202</u>	<u>23,383</u>

\$37,782 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ 72,291
2021	27,521
2022	7,816
2023	2,411
2024	-
Total:	\$ <u>110,039</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019

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

For PERA Fund Division Municipal Police, at June 30, 2019, the Village reported a liability of \$395,737 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. The Village’s proportion of the net pension liability was based on a projection of the Village’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the Village’s proportion was 0.0580%, which was a decrease of 0.0043% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized pension expense of \$56,810. At June 30, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,374	39,228
Changes in assumptions	45,154	2,419
Net difference between projected and actual earnings on pension plan investments	27,232	-
Changes in proportion and differences between Village’s contributions and proportionate share of contributions	22,079	42,237
Village’s contributions subsequent to the measurement date	<u>27,551</u>	<u>-</u>
Total	\$ <u>141,390</u>	<u>83,884</u>

\$27,551 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2020	\$ 33,876
2021	(8,502)
2022	3,217
2023	1,364
2024	-
Total:	\$ <u>29,955</u>

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

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

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Asset valuation method	

Actuarial Assumptions:

Investment rate of return	7.25% annual rate, net of investment expense
Projected benefits	100 years
Payroll Growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50% 2.75% all other years
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

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

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets	20.00%	6.48%
Total	100.00%	

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

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

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate. The following presents the *Village’s* proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the *Village’s* proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

PERA Fund Municipal General

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 992,555	644,126	356,094

PERA Fund Municipal Police

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Proportionate share of the net pension liability	\$ 608,480	395,737	222,300

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

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, 2019.

NOTE 11—ASSET RETIREMENT OBLIGATION

The Village accounts for certain costs associated with the future dismantling and removal of the Waste Water Treatment Plant in accordance with GASB Statement No. 83, Certain Asset Retirement Obligations. Under Statement No. 83, the act of placing the plant into operation required the Village to recognize a liability and corresponding deferred outflow of resources equal to the estimated current cost of activities that state and federal laws requires the Village to perform upon future retirement of the plant. The plant currently has an estimated 39-year remaining life.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 11—ASSET RETIREMENT OBLIGATION (CONTINUED)

The \$765,387 reported as a liability and deferred outflow of resources at June 30, 2019 was determined based on probability-weighted engineering estimates of what it would cost to perform all dismantling and removal tasks. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

NOTE 12. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of property; errors and omissions; injuries to employees; and natural disasters. The Village participates in the State of New Mexico Risk Management Program (Risk Management), which provides liability and physical damage insurance for the Village, for the risks of loss mentioned above, except for injuries to employees. For risks of loss related to injuries to employees, the Village has not obtained coverage from a commercial insurance company but has effectively managed risk through various employee education and prevention programs. The premiums for Risk Management are based on payroll and other expenditures, and are not directly related to claims filed. The policies are retrospectively rated and premiums may be adjusted after year end, based on the ultimate level of expenditures.

NOTE 13. CONTINGENT LIABILITIES

The Village is party to various claims and lawsuits in the normal 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 14. FEDERAL AND STATE GRANTS

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management believes any liability resulting from these audits would be immaterial.

NOTE 15. COMMITMENTS

The Village entered into agreements with contractors and architects to plan, design and construct a water treatment and recycling facility, including purchase and installation of equipment in Village and Otero County. As of June 30, 2019, the Village had an obligation of \$582,000 for these contracts.

NOTE 16. CONCENTRATIONS

The Village depends on financial resources flowing from, or associated with, both the federal government and the State of New Mexico. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2019**

NOTE 17. SUBSEQUENT EVENTS

The Village has evaluated events subsequent to June 30, 2019 that would possibly require adjustment or disclosure in these financial statements, through December 15, 2019, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2019 that would require adjustment or modification to the contents of these 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, 2019**

**Public Employees Retirement Association of New Mexico
For last Ten Fiscal Year *
General Division
(Dollars amounts in thousands)**

	Fiscal Year					
	Measurement Date	2019	2018	2017	2016	2015
Village's Proportion of the Net Pension Liability (Asset)		0.0404%	0.0399%	0.0404%	0.0394%	0.0373%
Village's Proportionate Share of Net Pension Liability (Asset)	\$	644	548	645	402	291
Village's Covered-Employee Payroll	\$	396	366	350	346	324
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		162.63%	149.73%	184.29%	116.18%	89.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.13%	73.74%	69.18%	76.99%	81.29%

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village of Cloudcroft is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2019**

**Public Employees Retirement Association of New Mexico
For last Ten Fiscal Year *
Police Division
(Dollars amounts in thousands)**

	Fiscal Year					
	Measurement Date	2019	2018	2017	2016	2015
Village's Proportion of the Net Pension Liability (Asset)		0.0580%	0.0623%	0.0717%	0.0568%	0.0433%
Village's Proportionate Share of Net Pension Liability (Asset)	\$	396	346	529	273	141
Village's Covered-Employee Payroll	\$	146	124	127	142	154
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		271.23%	279.03%	416.54%	192.25%	91.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.13%	73.74%	69.18%	76.99%	81.29%

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village of Cloudcroft is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
JUNE 30, 2019**

**Public Employees Retirement Association of New Mexico
Last Ten Fiscal Year*
General Division
(Dollars amounts in thousands)**

	2019	2018	2017	2016	2015
Statutory Required Contribution	\$ 38	\$ 35	35	31	31
Contributions in Relation to the Statutorily Required Contribution	38	35	35	31	31
Annual Contribution Deficiency (Excess)	-	-	-	-	-

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village of Cloudcroft is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
 VILLAGE OF CLOUDCROFT
 SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS
 JUNE 30, 2019

Public Employees Retirement Association of New Mexico
 Last Ten Fiscal Year*
 Police Division
 (Dollars amounts in thousands)

	2019	2018	2017	2016	2015
Statutory Required Contribution	\$ 28	\$ 24	25	21	21
Contributions in Relation to the Statutorily Required Contribution	28	24	25	21	21
Annual Contribution Deficiency (Excess)	-	-	-	-	-

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village of Cloudcroft is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

Changes of Benefit Terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

Assumptions.The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2018 report is available at <http://www.nmpera.org/>

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Nonmajor Governmental Funds Descriptions
June 30, 2019**

Special Revenue Funds

Local Government Corrections - 201

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 - 211

Accounts for an annual grant issued by the State of New Mexico under the Law Enforcement Grant Act. This grant is used to purchase equipment and supplies not otherwise budgeted for police personnel protection. (29-13-4 NMSA, 1978)

Lodger's Tax - 214

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

Recreation - 217

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 - 218

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 - 226

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)

Infrastructure Fund - 295

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

The Municipal Streets - 216

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)

Capital Projects Funds

Community Center Project – 322

To construct and track the costs for the community center and other costs related to this project.

Museum Fence Fund – 328

To construct and track the costs for the museum fence and other costs related to this project.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Nonmajor Governmental Funds Descriptions
June 30, 2019**

Capital Projects Funds (Continued)

Tack Barn Fund – 329

To construct and track the costs for the tack barn and other costs related to this project.

Capital Projects Fund – 330

Fund used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Colonias 4115-CIF - 331

Fund used to account for financial resources to be used for the acquisition or construction of capital facilities.

Tree Thinning Fund – 332

To track the costs for the tree thinning project and other costs related to this project.

Debt Service Funds

Debt Service - 405

To account for accumulation of monies and payment of interest, principal & required reserves on loans held.

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019**

	Special Revenue			
	Local Government Corrections 201	Law Enforcement Protection 211	Lodger's Tax 214	Recreation 217
Assets				
Cash and cash equivalents	\$ 10,836	-	8,358	36,765
Receivables:				
Taxes	-	-	11,280	-
Total assets	\$ 10,836	-	19,638	36,765
Liabilities				
Accounts payable	-	-	-	1,663
Accrued payroll	-	-	-	337
Total liabilities	-	-	-	2,000
Deferred Inflows				
Property taxes	-	-	-	-
Total deferred inflows	-	-	-	-
Fund balances				
Nonspendable				
Spendable				
Restricted	10,836	-	19,638	34,765
Unassigned	-	-	-	-
Total fund balances	10,836	-	19,638	34,765
Total liabilities, deferred inflows and fund balances	\$ 10,836	-	19,638	36,765

The accompanying notes are an integral part of these financial statements

Special Revenue				Capital Projects
Intergovernmental Grants 218	Fire Department 226	Infrastructure 295	Municipal Streets Project 216	Community Center Project 322
7,762	42,110	135,252	86,688	-
-	-	17,463	4,176	-
<u>7,762</u>	<u>42,110</u>	<u>152,715</u>	<u>90,864</u>	<u>-</u>
4	-	281	-	-
193	-	-	1,668	-
<u>197</u>	<u>-</u>	<u>281</u>	<u>1,668</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
7,565	42,110	152,434	89,196	-
-	-	-	-	-
<u>7,565</u>	<u>42,110</u>	<u>152,434</u>	<u>89,196</u>	<u>-</u>
<u>7,762</u>	<u>42,110</u>	<u>152,715</u>	<u>90,864</u>	<u>-</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Capital Projects			
	Museum Fence 328	Tack Barn #A2470 329	Capital Projects 330	Colonias 4115-CIF 331
Assets				
Cash and cash equivalents	\$ -	-	5,030	-
Receivables:				
Taxes	-	-	-	-
Total assets	\$ -	-	5,030	-
Liabilities				
Accounts payable	\$ -	-	-	-
Accrued payroll	-	-	-	-
Total liabilities	-	-	-	-
Deferred Inflows				
Property taxes	-	-	-	-
Total deferred inflows	-	-	-	-
Fund balances				
Nonspendable				
Spendable				
Restricted	-	-	5,030	-
Unassigned	-	-	-	-
Total fund balances	-	-	5,030	-
Total liabilities, deferred inflows and fund balances	\$ -	-	5,030	-

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	<u>Debt Service</u>	
Tree Thinning 332	Debt Service 405	Total Nonmajor Governmental Funds
-	1,174	333,975
-	-	32,919
-	1,174	366,894
-	-	1,948
-	-	2,198
-	-	4,146
-	-	-
-	-	-
-	1,174	362,748
-	-	-
-	1,174	362,748
-	1,174	366,894

**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, 2019**

	Special Revenue			
	Local Government Corrections 201	Law Enforcement Protection 211	Lodger's Tax 214	Recreation 217
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle tax	-	-	-	-
Other	-	-	114,761	-
Intergovernmental				
State operating grants	-	21,800	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	15	-	71	79
Fines and forfeitures	7,381	-	-	-
Miscellaneous	-	-	-	20,348
Total revenues	<u>7,396</u>	<u>21,800</u>	<u>114,832</u>	<u>20,427</u>
Expenditures:				
Current:				
General government	-	-	112,605	-
Public safety	-	23,588	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	27,649
Capital outlay	-	-	-	7,309
Debt service				
Principal	-	-	-	-
Interest and administrative fees	-	-	-	-
Total expenditures	<u>-</u>	<u>23,588</u>	<u>112,605</u>	<u>34,958</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>7,396</u>	<u>(1,788)</u>	<u>2,227</u>	<u>(14,531)</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	(95,866)	-
Operating transfers (out)	-	-	95,866	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,396	(1,788)	2,227	(14,531)
Fund balances - beginning of year	<u>3,440</u>	<u>1,788</u>	<u>17,411</u>	<u>49,296</u>
Fund balances, end of year	<u>\$ 10,836</u>	<u>-</u>	<u>19,638</u>	<u>34,765</u>

The accompanying notes are an integral part of these financial statements

	Special Revenue			Capital Projects	
Intergovernmental Grants 218	Fire Department 226	Infrastructure 295	Municipal Streets Project 216	Community Center Project 322	
-	-	-	-	-	-
-	-	80,706	-	-	-
-	-	-	23,749	-	-
-	-	-	-	-	-
12,752	-	-	-	-	-
-	-	-	-	85,362	-
-	-	-	-	-	-
-	93	257	159	-	-
-	-	-	-	-	-
-	325	-	-	-	-
<u>12,752</u>	<u>418</u>	<u>80,963</u>	<u>23,908</u>	<u>85,362</u>	
40	2,351	19,766	-	-	-
-	-	-	-	-	-
-	-	2,976	(1,669)	-	-
7,794	-	-	-	-	-
13,396	-	-	-	-	-
-	-	-	-	122,965	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>21,230</u>	<u>2,351</u>	<u>22,742</u>	<u>(1,669)</u>	<u>122,965</u>	
<u>(8,478)</u>	<u>(1,933)</u>	<u>58,221</u>	<u>25,577</u>	<u>(37,603)</u>	
-	-	-	-	(32,335)	-
<u>10,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,848</u>	
<u>10,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,513</u>	
2,190	(1,933)	58,221	25,577	(8,090)	
<u>5,375</u>	<u>44,043</u>	<u>94,213</u>	<u>63,619</u>	<u>8,090</u>	
<u>7,565</u>	<u>42,110</u>	<u>152,434</u>	<u>89,196</u>	<u>-</u>	

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, 2019

	Capital Projects			
	Museum Fence 328	Tack Barn #A2470 329	Capital Projects 330	Colonias 4115-CIF 331
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle tax	-	-	-	-
Other	-	-	-	-
Intergovernmental				
State operating grants	-	-	-	-
State capital grants	-	-	-	45,565
Charges for services	-	-	-	-
Investment income	-	-	12	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>12</u>	<u>45,565</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	19,435	34,750	-	-
Debt service				
Principal	-	-	-	-
Interest and administrative fees	-	-	-	-
Total expenditures	<u>19,435</u>	<u>34,750</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(19,435)</u>	<u>(34,750)</u>	<u>12</u>	<u>45,565</u>
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	(177,687)
Operating transfers (out)	19,435	34,750	-	132,122
Total other financing sources (uses)	<u>19,435</u>	<u>34,750</u>	<u>-</u>	<u>(45,565)</u>
Net change in fund balances	-	-	12	-
Fund balances - beginning of year	-	-	5,018	-
Fund balances, end of year	<u>\$ -</u>	<u>-</u>	<u>5,030</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

<u>Capital Projects</u>	<u>Debt Service</u>	
<u>Tree Thinning 332</u>	<u>Debt Service 405</u>	<u>Total Nonmajor Governmental Funds</u>
-	-	-
-	-	80,706
-	-	23,749
-	-	114,761
-	-	34,552
48,000	-	178,927
-	-	-
-	-	686
-	-	7,381
-	3,885	24,558
<u>48,000</u>	<u>3,885</u>	<u>465,320</u>
-	-	134,762
48,000	-	71,588
-	-	1,307
-	-	7,794
-	-	41,045
-	-	184,459
-	37,711	37,711
-	12,892	12,892
<u>48,000</u>	<u>50,603</u>	<u>491,558</u>
-	(46,718)	(26,238)
-	-	(305,888)
-	47,314	402,003
-	47,314	96,115
-	596	69,877
-	578	292,871
-	1,174	362,748

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual
Water and Sewer Fund 500
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 828,753	981,314	872,642	(108,672)
Total operating revenues	<u>828,753</u>	<u>981,314</u>	<u>872,642</u>	<u>(108,672)</u>
Operating Expenses				
Personnel services	635,531	924,491	592,224	332,267
Contractual services	32,486	-	71,627	(71,627)
Supplies	4,250	-	3,035	(3,035)
Maintenance and materials	55,900	-	59,972	(59,972)
Utilities	116,500	-	155,189	(155,189)
Other operating expenses	-	-	19,625	(19,625)
Total operating expenses	<u>844,667</u>	<u>924,491</u>	<u>901,672</u>	<u>22,819</u>
Operating income (loss)	<u>(15,914)</u>	<u>56,823</u>	<u>(29,030)</u>	<u>(85,853)</u>
Nonoperating Revenue (Expenses)				
Gross receipts taxes	37,000	37,000	42,193	5,193
Investment income	800	800	1,176	376
Miscellaneous income	-	-	128	128
Interest expenses	-	-	(28,410)	(28,410)
Designated cash (budgeted increase in cash)	-	-	-	-
Total nonoperating revenues (expenses)	<u>37,800</u>	<u>37,800</u>	<u>15,087</u>	<u>(22,713)</u>
Income (loss) before contributions and transfers	21,886	94,623	(13,943)	(108,566)
Capital Grants and Net Transfers				
Capital grants and contributions	-	-	-	-
Operating transfers in	(45,000)	(43,000)	(43,000)	-
Operating transfers out	-	-	70,185	70,185
Capital grants and net transfers	<u>(45,000)</u>	<u>(43,000)</u>	<u>27,185</u>	<u>70,185</u>
Change in net position	<u>(23,114)</u>	<u>51,623</u>	<u>13,242</u>	<u>(38,381)</u>
Net Position, beginning of year	<u>-</u>	<u>-</u>	<u>5,188,080</u>	<u>5,188,080</u>
Net Position, end of year	<u><u>\$ (23,114)</u></u>	<u><u>51,623</u></u>	<u><u>5,201,322</u></u>	<u><u>5,149,699</u></u>
Change in net position per above			\$ 13,242	
Depreciation			<u>197,420</u>	
Change in net position per statement of revenues, expenses and net changes in fund			<u><u>\$ (184,178)</u></u>	

See Notes to Financial Statements

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual
Sanitation and Environmental Solid Waste Fund 503
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 188,190	214,773	186,505	(28,268)
Total operating revenues	<u>188,190</u>	<u>214,773</u>	<u>186,505</u>	<u>(28,268)</u>
Operating Expenses				
Personnel services	-	-	-	-
Contractual services	277,190	266,460	196,129	70,331
Supplies	-	-	-	-
Maintenance and materials	-	-	-	-
Utilities	-	-	-	-
Acquisition of capital asset	-	-	-	-
Other operating expenses	-	-	70,331	(70,331)
Total operating expenses	<u>277,190</u>	<u>266,460</u>	<u>266,460</u>	<u>-</u>
Operating income (loss)	<u>(89,000)</u>	<u>(51,687)</u>	<u>(79,955)</u>	<u>(28,268)</u>
Nonoperating Revenue (Expenses)				
Gross receipts taxes	-	-	-	-
Investment income	200	200	251	51
Other taxes	23,500	23,500	29,488	5,988
Miscellaneous income	-	-	-	-
Interest expenses	-	-	-	-
Total nonoperating revenues (expenses)	<u>23,700</u>	<u>23,700</u>	<u>29,739</u>	<u>6,039</u>
Income (loss) before contributions and transfers	<u>(65,300)</u>	<u>(27,987)</u>	<u>(50,216)</u>	<u>(22,229)</u>
Capital Grants and Net Transfers				
Capital grants and contributions	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Capital grants and net transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(65,300)</u>	<u>(27,987)</u>	<u>(50,216)</u>	<u>(22,229)</u>
Net Position, beginning of year	<u>-</u>	<u>-</u>	<u>170,801</u>	<u>170,801</u>
Net Position, end of year	<u><u>\$ (65,300)</u></u>	<u><u>(27,987)</u></u>	<u><u>120,585</u></u>	<u><u>148,572</u></u>
			Change in net position per above \$	(50,216)
			Depreciation	-
			Change in net position per statement of revenues, expenses and net changes in fund \$	<u><u>(50,216)</u></u>

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual
Water Replacement Fund 506
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 418	418	64,120	63,702
Total operating revenues	<u>418</u>	<u>418</u>	<u>64,120</u>	<u>63,702</u>
Operating Expenses				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
Supplies	-	-	-	-
Maintenance and materials	-	-	-	-
Utilities	-	-	-	-
Acquisition of capital asset	-	-	-	-
Other operating expenses	2,350	2,350	2,225	125
Total operating expenses	<u>2,350</u>	<u>2,350</u>	<u>2,225</u>	<u>125</u>
Operating income (loss)	<u>(1,932)</u>	<u>(1,932)</u>	<u>61,895</u>	<u>63,827</u>
Nonoperating Revenue (Expenses)				
Gross receipts taxes	-	-	-	-
Investment income	275	275	276	1
Miscellaneous income	-	-	-	-
Interest expenses	-	-	-	-
Total nonoperating revenues (expenses)	<u>275</u>	<u>275</u>	<u>276</u>	<u>1</u>
Income (loss) before contributions and transfers	<u>(1,657)</u>	<u>(1,657)</u>	<u>62,171</u>	<u>63,828</u>
Capital Grants and Net Transfers				
Operating transfers in	-	-	(23,895)	23,895
Operating transfers out	-	-	177,687	(177,687)
Capital grants and net transfers	<u>-</u>	<u>-</u>	<u>153,792</u>	<u>(153,792)</u>
Change in net position	<u>(1,657)</u>	<u>(1,657)</u>	<u>215,963</u>	<u>(89,964)</u>
Net Position, beginning of year	<u>-</u>	<u>-</u>	<u>165,133</u>	<u>165,133</u>
Net Position, end of year	<u>\$ (1,657)</u>	<u>(1,657)</u>	<u>381,096</u>	<u>75,169</u>
Change in net position per above			\$ 215,963	
Depreciation			-	
Change in net position per statement of revenues, expenses and net changes in fund			\$ <u>215,963</u>	

See Notes to Financial Statements

SUPPORTING SCHEDULES

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Schedule of Deposits and Investment Accounts
For the Year Ended June 30, 2019**

Account Name	Account Type	First National Bank	NMFA	Total
Deposits in Bank	Checking NOW -interest bearing	\$ 1,831,444	\$ -	\$ 1,831,444
	Checking NOW-interest bearing	1,619	-	1,619
	CDBG Account	50	-	50
	Money Market Account	408,647	-	408,647
	Money Market Account	5,030	-	5,030
	Certificate of deposit	50,554	-	50,554
	Certificate of deposit	67,842	-	67,842
	Certificate of deposit	87,727	-	87,727
	Certificate of deposit	8,350	-	8,350
	Cash held at NMFA	-	800	800
Total bank balance		<u>\$ 2,461,263</u>	<u>\$ 800</u>	<u>\$ 2,462,063</u>
Reconciling items				
Outstanding items		\$ (90,758)	-	(90,758)
Deposits in transit		-	-	-
Total adjustments		<u>(90,758)</u>	<u>-</u>	<u>(90,758)</u>
Total book balance		<u>\$ 2,370,505</u>	<u>\$ 800</u>	<u>2,371,305</u>
Petty Cash				\$ 125
Deposits and investments				<u>\$ 2,371,430</u>
Financial Statements:				
Cash, investments and cash equivalents				
Governmental funds			\$	1,545,545
Business-type funds				819,964
Agency funds				<u>5,921</u>
Total per financial statements			\$	<u>2,371,430</u>

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Schedule of Pledged Collateral
For the Year Ended June 30, 2019**

Bank:	First National Bank	New Mexico Finance Authority	Totals
Checking NOW-interest bearing	\$ 1,831,444	\$ -	1,831,444.00
Checking NOW -interest bearing	1,619	-	1,619.00
CDBG Account	50	-	50.00
Money Market Account	408,647	-	408,647.00
Money Market Account	5,030	-	5,030.00
Certificate of deposit	50,554	-	50,554.00
Certificate of deposit	67,842	-	67,842.00
Certificate of deposit	87,727	-	87,727.00
Certificate of deposit	8,350	-	8,350.00
Cash held at NMFA	-	800	800.00
Pretty cash funds	-	125	125.00
Total Deposits	2,461,263	925	2,462,188
(Less) FDIC Insurance (Time and Savings):	(250,000)	(250,000)	
(Less) FDIC Insurance (Demand):	(250,000)	(250,000)	
	(500,000)	(500,000)	
Total uninsured public funds:	1,961,263	(499,075)	
Collateral Requirement (50% of Deposits):	980,632	(249,538)	
Total Bank cash and Investments per Schedule of Bank Accounts			\$ 2,462,188

Pledged Collateral (Fair Market Value):			
Held at	CUSIP#		
FHLMC Pool #D96030 Maturity 5/1/2023	#3128E2VX1	\$ 17,907	
FNMA Pool #MA1018 Maturity 3/1/2027	#31418ADY1	297,442	
FNMA Pool #MA0443 Maturity 5/1/2030	#31417YP50	54,532	
FNMA Pool #MA0949 Maturity 1/1/2032	#31418ABT4	263,351	
FNMA Pool #MA1275 Maturity 12/1/2032	#31418AMZ8	605,054	
Total Pledged Collateral:		1,238,286	
Excess (Deficiency):		\$ 257,654	

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Changes In Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019**

		Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS					
	Cash	\$ 6,264	133,266	133,609	5,921
	Total Assets	<u>\$ 6,264</u>	<u>133,266</u>	<u>133,609</u>	<u>5,921</u>
LIABILITIES					
	Accounts Payable	\$ 6,264	133,266	133,609	5,921
	Total Liabilities	<u>\$ 6,264</u>	<u>133,266</u>	<u>133,609</u>	<u>5,921</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
 For the Year Ended June 30, 2019

<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	N/A	N/A	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	N/A	N/A	Both	None	Both

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

Mr. Brian Colón
New Mexico State Auditor
and
The Village Council
Village of Cloudcroft, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type-activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of the Village of Cloudcroft, New Mexico (the “Village”) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements, and have issued our report thereon dated December 15, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-001, 2019-002, and 2019-003.

The Village's Response to Findings

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

Purpose of this Report

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



Albuquerque, New Mexico
December 15, 2019

**STATE OF NEW MEXICO
 VILLAGE OF CLOUDCROFT
 Schedule of Findings and Responses
 June 30, 2019**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency identified that are not considered to be material weakness(es)? Yes X None Reported

Non-compliance material to financial statements noted? Yes X No

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Schedule of Findings and Responses
June 30, 2019**

B – AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

2019-001: ACCOUNTS RECEIVABLE IN REGARDS TO LATE PENALTY ASSESSMENT (Other Non-Compliance)

CONDITION: Based on our review of Accounts Receivable transactions in regards to late payment assessments we noted the following:

- In 5 of 5 transactions tested, late payments are not being properly assessed. After carefully reviewing customer account accounts, we noted the Village is assessing a penalty of 10% based on the previous month's bill as opposed to the entire amount past due as of the 26th day of the month.

CRITERIA: According to the Village's City Ordinance, a penalty of 10% shall be assessed on all bills paid after the 25th day of the month immediately after the due date.

EFFECT: The Village is incorrectly assessing the late penalty fee and is not in compliance its City Ordinance.

CAUSE: The Village's billing system (RVS) does not have the capability to apply the penalty assessments on the total balance due.

RECOMMENDATION: The Village should contact the billing software company to have them assist in correcting the way the system is calculating the late assessment fee or have the Governing Board approve a change to the City Ordinance stating late penalties will be based on the previous month's bill.

MANAGEMENT RESPONSE: The Village Clerk has corrected the RVS Utility Billing Software to be in compliance with Village Ordinance 7-1A-2: C, "a penalty of ten percent (10%) of the amount of the bill shall be added thereto and paid by the water user in addition to the basic charge". The process was put into effect as of 11:45 am on December 9, 2019 as can be seen by Appendix A.

PERSON RESPONSIBLE: Administrator, Village Clerk/Treasurer

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Schedule of Findings and Responses
June 30, 2019**

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

2019-002: INTERNAL CONTROL OVER TRAVEL AND PER DIEM (Other Non-Compliance)

CONDITION: Based on our review of travel and per diem expenditures we noted the following:

- In 1 of 5 transactions tested, employee was reimbursed for purchasing four early flight check-ins at a cost of \$20.00 each for a total amount of \$80.00.
- In 1 of 5 transactions tested, two employees from the Public Works Department utilized the Village's credit for travel and did not submit receipts for multiple charges made to the credit card for a total amount of \$445.86.

CRITERIA: NMAC 2.42.2 provides criteria and controls as to travel and per diem. Additionally, the Village's Policies and Procedures Manual states that "extra cost/fees outside the basic fees required for the course/training meeting will not be reimbursed".

EFFECT: The Village is not in compliance with New Mexico State Statutes and the Village's Policies and Procedures in regards travel and per diem transactions.

CAUSE: The Department Head of Public Works and the Village do not have proper oversight over travel and per diem transactions

RECOMMENDATION: The Department Head of Public Works and Village should closely review all travel and per diem transactions prior to issuing reimbursement and should not reimburse employees for travel expenses outside of the basic fees required.

MANAGEMENT RESPONSE:

1. A meeting with the Village Clerk/Treasurer and all Department Heads will be held on December 11, 2019 and this will be brought to the attention of all Department Heads to disseminate to staff so that there is appropriate compliance to NMAC 2.42.2.12 Section B-1 actual costs for travel by common carrier, provided such travel is accomplished in the most economical manner practical. After review of the finding it was determined that one (1) twenty dollar charge was billed to the Village Credit Card, and that one (1) sixty dollar charge was reimbursed to the employee. Accounting Clerk will review all Village Credit Cards for payment of any such fees. Procurement Officer will review the full detail of all receipts for airline and hotel accommodations to capture any further non-compliance and seek reimbursement from the Village employee for any fees charged.
2. A meeting with the Village Clerk/Treasurer and the Public Works Department Head will be held on December 11, 2019 where he/she will be provided with Appendix B: Affidavit for Lost Receipts and discussion will ensue on the need to make sure that all receipts are captured and turned in appropriately with the Travel Reimbursement/Expenditure & Report Form currently in use by the Village. The accounting clerk has been advised to review any billings via Village credit card for such charges and to bring to the attention of the Village Clerk/Treasurer for seeking reimbursement from employee if this should happen in the future.

PERSON RESPONSIBLE: Administrator, Village Clerk/Treasurer, Department Head, Accounting

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Schedule of Findings and Responses
June 30, 2019**

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

2019-003: INTERNAL CONTROL OVER FUEL CARDS (Other Non-Compliance)

CONDITION: Based on our review of fuel card expenditures, we noted the following:

- In 1 out of 10 transactions, the employee filled up the vehicle with premium gasoline.

CRITERIA: NMAC 1.5.4.12 provides criteria and controls as to fuel cards purchases.

EFFECT: The Village is not in compliance with New Mexico State Statutes in regards to fuel card purchases.

CAUSE: The Village does not have proper oversight over fuel card purchases.

RECOMMENDATION: The Village should implement a procedure to ensure that only allowable fuel is being purchased.

MANAGEMENT RESPONSE: The Village Clerk/Treasurer will hold a full staff meeting to address the following statute: 1.5.4.12 CREDIT CARD COVERAGE: State of New Mexico credit cards shall be used only for official business and only to furnish state-owned vehicles with:

- A. regular gasoline;
- B. unleaded gasoline;
- C. diesel fuel;
- D. lubrication;
- E. motor oil;
- F. car wash; and
- G. emergency purchases not exceeding \$100.00 in total.

[3/1/88; Recompiled 11/30/01]

Compliance with the State Statute will begin immediately.

The Village Clerk/Treasurer will also begin implementation of a new Village Procurement Policies & Procedures Manual to be completed by June 01, 2020

PERSON RESPONSIBLE: Administrator, Village Clerk/Treasurer, Department Heads

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Status of Prior Year Findings
June 30, 2019**

C – PRIOR YEAR FINDINGS

2018-001	Internal Control Over Cash Disbursements	Resolved
2018-002	Internal Control Over Cash Receipts Reconciliation	Resolved
2017-001	Internal Control Structure Surrounding Payroll	Resolved

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Exit Conference
June 30, 2019**

EXIT CONFERENCE

An exit conference was held on December 9, 2019. In attendance were the following:

Representing the Village of Cloudcroft:

John Tieman, Trustee Governing Body
Dave C. Venable, Mayor
Jini Turri, Village Administrator
Sheila Tanner, Accounting/Payroll/Accounts Payable
Barbara K. Garcia, Village Clerk/Treasurer

Representing Axiom Certified Public Accountants and Business Advisors LLC:

Jaime Rumbaoa, CPA, CITP, CFE, CISA, 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.