

**Village of Cloudcroft  
New Mexico**

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

**June 30, 2020**



**AXIOM**  
*Certified Public Accountants  
and Business Advisors LLC*

**STATE OF NEW MEXICO**  
**VILLAGE OF CLOUDCROFT**  
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**June 30, 2020**

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**VILLAGE OF CLOUDCROFT**  
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**STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Official Roster  
June 30, 2020**

**Name**

**Title**

**Village Council**

William Denney  
John Tieman  
James Maynard  
George Mitchell  
Bruce Smaga

Mayor  
Mayor Pro Tem  
Trustee  
Trustee  
Trustee

**Administration**

Jini S. Turri  
Barbara K. Garcia  
Sheila Tanner

Village Administrator  
Village Clerk/Treasurer, CPO  
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 fund of the Village Cloudcroft, New Mexico (the "Village"), as of and for the year ended June 30, 2020, 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, 2020, 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 fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Management has 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 41-45, 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 14, 2020 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.

A handwritten signature in blue ink that reads "Axiom".

Albuquerque, New Mexico  
December 14, 2020

## **FINANCIAL SECTION**



STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Statement of Net Position  
June 30, 2020

|   | Governmental<br>Activities | Business-Type<br>Activities | Total             |
|---|----------------------------|-----------------------------|-------------------|
| <b>ASSETS</b>                               |                            |                             |                   |
| <b>Current assets</b>                       |                            |                             |                   |
| Cash and investments                        | \$ 1,712,845               | 747,996                     | 2,460,841         |
| Receivables:                                |                            |                             |                   |
| Taxes                                       | 179,968                    | -                           | 179,968           |
| Other                                       | 3,079                      | 190,000                     | 193,079           |
| <b>Total current assets</b>                 | <b>1,895,892</b>           | <b>937,996</b>              | <b>2,833,888</b>  |
| <b>Noncurrent assets</b>                    |                            |                             |                   |
| Capital assets                              | 13,213,335                 | 13,056,015                  | 26,269,350        |
| Less: Accumulated Depreciation              | (9,232,359)                | (6,678,207)                 | (15,910,566)      |
| <b>Total noncurrent assets</b>              | <b>3,980,976</b>           | <b>6,377,808</b>            | <b>10,358,784</b> |
| <b>Total assets</b>                         | <b>5,876,868</b>           | <b>7,315,804</b>            | <b>13,192,672</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                             |                   |
| Pension related                             | 205,106                    | 85,939                      | 291,045           |
| Asset Retirement Obligation related         | -                          | 726,137                     | 726,137           |
| <b>Total deferred outflows of resources</b> | <b>205,106</b>             | <b>812,076</b>              | <b>1,017,182</b>  |
| <b>LIABILITIES</b>                          |                            |                             |                   |
| <b>Current liabilities</b>                  |                            |                             |                   |
| Accounts payable                            | 44,730                     | 32,865                      | 77,595            |
| Accrued payroll liabilities                 | 43,180                     | 10,800                      | 53,980            |
| Current portion of compensated absences     | 13,100                     | 7,461                       | 20,561            |
| Accrued interest                            | 981                        | 61,285                      | 62,266            |
| Current portion of long-term debt           | 39,057                     | 52,950                      | 92,007            |
| <b>Total current liabilities</b>            | <b>141,048</b>             | <b>165,361</b>              | <b>306,409</b>    |
| <b>Noncurrent liabilities</b>               |                            |                             |                   |
| Accrued compensated absences                | 9,104                      | 7,827                       | 16,931            |
| Noncurrent portion of long-term debt        | 371,566                    | 959,550                     | 1,331,116         |
| Net pension liability                       | 829,895                    | 405,230                     | 1,235,125         |
| Asset retirement obligation                 | -                          | 765,387                     | 765,387           |
| <b>Total noncurrent liabilities</b>         | <b>1,210,565</b>           | <b>2,137,994</b>            | <b>3,348,559</b>  |
| <b>Total liabilities</b>                    | <b>1,351,613</b>           | <b>2,303,355</b>            | <b>3,654,968</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                             |                   |
| Pension related                             | 50,346                     | 6,077                       | 56,423            |
| <b>Total deferred inflows of resources</b>  | <b>50,346</b>              | <b>6,077</b>                | <b>56,423</b>     |
| <b>NET POSITION</b>                         |                            |                             |                   |
| Net investment in capital assets            | 3,570,353                  | 5,365,308                   | 8,935,661         |
| Restricted for:                             |                            |                             |                   |
| Special revenues                            | 935,853                    | -                           | 935,853           |
| Capital projects                            | 5,088                      | -                           | 5,088             |
| Debt Services                               | 1,174                      | -                           | 1,174             |
| Unrestricted                                | 167,547                    | 453,140                     | 620,687           |
| <b>Total net position</b>                   | <b>\$ 4,680,015</b>        | <b>5,818,448</b>            | <b>10,498,463</b> |

See Notes to Financial Statements

STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Statement of Activities  
For the Year Ended June 30, 2020

| 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       |
| <b>Primary government:</b>               |              |                      |                                    |                                  |   |                          |             |
| Governmental activities:                 |              |                      |                                    |                                  |   |                          |             |
| General government                       | \$ 963,656   | 16,805               | 99,404                             | -                                | (847,447)   | -                        | (847,447)   |
| Public safety                            | 674,766      | 4,653                | 486,281                            | -                                | (183,832)   | -                        | (183,832)   |
| Public works                             | 335,797      | -                    | -                                  | 298,076                          | (37,721)  | -                        | (37,721)    |
| Health and welfare                       | 65,541       | -                    | -                                  | -                                | (65,541)  | -                        | (65,541)    |
| Culture and recreation                   | 127,826      | -                    | -                                  | -                                | (127,826)   | -                        | (127,826)   |
| Interest on long-term debt               | 11,922       | -                    | -                                  | -                                | (11,922)  | -                        | (11,922)    |
| Total governmental activities            | 2,179,508    | 21,458               | 585,685                            | 298,076                          | (1,274,289)                                       | -                        | (1,274,289) |
| Business-Type Activities:                |              |                      |                                    |                                  |   |                          |             |
| Water and sewer                          | 1,085,648    | 930,056              | -                                  | -                                | -   | (155,592)                | (155,592)   |
| Sanitation and environmental solid waste | 252,532      | 197,359              | -                                  | -                                | -   | (55,173)                 | (55,173)    |
| Water replacement                        | 3,728        | 34,339               | -                                  | -                                | -   | 30,611                   | 30,611      |
| Total business-type activities           | 1,341,908    | 1,161,754            | -                                  | -                                | -   | (180,154)                | (180,154)   |
| Total primary government                 | \$ 3,521,416 | 1,183,212            | 585,685                            | 298,076                          | (1,274,289)                                       | (180,154)                | (1,454,443) |
| Taxes                                    |              |                      |                                    |                                  |   |                          |             |
| Property taxes                           |              |                      |                                    |                                  | \$ 70,342   | -                        | 70,342      |
| Gross receipts tax                       |              |                      |                                    |                                  | 981,934   | 44,248                   | 1,026,182   |
| Gasoline and motor vehicle taxes         |              |                      |                                    |                                  | 49,009  | -                        | 49,009      |
| Other taxes                              |              |                      |                                    |                                  | 152,804   | 34,165                   | 186,969     |
| Investment income                        |              |                      |                                    |                                  | 3,957   | 2,021                    | 5,978       |
| Fines and forfeitures                    |              |                      |                                    |                                  | 7,709   | -                        | 7,709       |
| Miscellaneous income                     |              |                      |                                    |                                  | 259,871   | 38,610                   | 298,481     |
| Total general revenues                   |              |                      |                                    |                                  | 1,525,626   | 119,044                  | 1,644,670   |
| Transfers in/out                         |              |                      |                                    |                                  | -   | -                        | -           |
| Change in net position                   |              |                      |                                    |                                  | 251,337   | (61,110)                 | 190,227     |
| Net position, beginning                  |              |                      |                                    |                                  | 4,428,678   | 5,879,558                | 10,308,236  |
| Net position, ending                     |              |                      |                                    |                                  | \$ 4,680,015                                      | 5,818,448                | 10,498,463  |

See Notes to Financial Statements.

STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Balance Sheet - Governmental Funds  
June 30, 2020

|  | General<br>Fund<br>100 | Special Revenue<br>Fire<br>Protection<br>209 | Capital Projects<br>PURE<br>Projects<br>315 | Other<br>Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|--|------------------------|--|---|-----------------------------|--------------------------------|
| <b>ASSETS</b>  |                        |  |   |                             |                                |
| Cash and cash equivalents  | \$ 788,000             | 381,361                                      | -   | 543,484                     | 1,712,845                      |
| Receivables  |                        |  |   |                             |                                |
| Taxes  | 153,372                | -  | -   | 26,596                      | 179,968                        |
| Other  | 3,079                  | -  | -   | -                           | 3,079                          |
| <b>Total assets</b>  | <b>\$ 944,451</b>      | <b>381,361</b>                               | <b>-</b>                                    | <b>570,080</b>              | <b>1,895,892</b>               |
| <b>LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCES</b>       |                        |  |   |                             |                                |
| <b>LIABILITIES</b>   |                        |  |   |                             |                                |
| Accounts payable   | \$ 16,587              | 2,944  | 23,193                                      | 2,006                       | 44,730                         |
| Accrued payroll  | 26,542                 | 998  | 12,262                                      | 3,378                       | 43,180                         |
| <b>Total liabilities</b>   | <b>43,129</b>          | <b>3,942</b>                                 | <b>35,455</b>                               | <b>5,384</b>                | <b>87,910</b>                  |
| <b>DEFERRED INFLOWS</b>  |                        |  |   |                             |                                |
| Property taxes   | 2,474                  | -  | -   | -                           | 2,474                          |
| <b>Total deferred inflows</b>                                    | <b>2,474</b>           | <b>-</b>                                     | <b>-</b>                                    | <b>-</b>                    | <b>2,474</b>                   |
| <b>FUND BALANCES</b>   |                        |  |   |                             |                                |
| Restricted for:  |                        |  |   |                             |                                |
| Special revenue funds  | -                      | 377,419                                      | -   | 558,434                     | 935,853                        |
| Capital project funds  | -                      | -  | -   | 5,088                       | 5,088                          |
| Debt services  | -                      | -  | -   | 1,174                       | 1,174                          |
| Unassigned   | 898,848                | -  | (35,455)                                    | -                           | 863,393                        |
| <b>Total fund balances</b>                                       | <b>898,848</b>         | <b>377,419</b>                               | <b>(35,455)</b>                             | <b>564,696</b>              | <b>1,805,508</b>               |
| <b>Total liabilities, deferred inflows<br/>and fund balances</b> | <b>\$ 944,451</b>      | <b>381,361</b>                               | <b>-</b>                                    | <b>570,080</b>              | <b>1,895,892</b>               |

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, 2020**

|   |                                   |
|---|-----------------------------------|
| Fund balances - total governmental funds  | \$ 1,805,508                      |
| 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  | 3,980,976                         |
| 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   | 2,474                             |
| 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   | 205,106                           |
| Deferred inflows of resources related to pension  | (50,346)                          |
| 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  | (981)                             |
| Accrued compensated absences not due and payable at year end  | (22,204)                          |
| Loans payable   | (410,623)                         |
| Net pension liability   | <u>(829,895)</u>                  |
| <b>Net position of governmental activities (Statement of Net Position)</b>  | <b>\$ <u><u>4,680,015</u></u></b> |

*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, 2020**

|  | General<br>Fund<br>100 | Special Revenue<br>Fire<br>Protection<br>209 | Capital Projects<br>PURE<br>Projects<br>315 | Other<br>Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|--|------------------------|--|---|-----------------------------|--------------------------------|
| <b>Revenues</b>  |                        |  |   |                             |                                |
| Taxes:   |                        |  |   |                             |                                |
| Property   | \$ 70,342              | -  | -   | -                           | 70,342                         |
| Gross receipts   | 900,926                | -  | -   | 81,008                      | 981,934                        |
| Gasoline and motor vehicle taxes   | 26,647                 | -  | -   | 22,362                      | 49,009                         |
| Other  | 48,483                 | -  | -   | 104,321                     | 152,804                        |
| Intergovernmental income   |                        |  |   |                             |                                |
| State operating grants   | 90,000                 | 456,255                                      | -   | 39,430                      | 585,685                        |
| State capital grants   | -                      | -  | 134,406                                     | 163,670                     | 298,076                        |
| Charges for services   | 16,805                 | -  | -   | 4,653                       | 21,458                         |
| Investment income  | 2,464                  | -  | -   | 1,493                       | 3,957                          |
| Fines and forfeitures  | -                      | -  | -   | 7,709                       | 7,709                          |
| Miscellaneous  | 230,096                | -  | -   | 29,775                      | 259,871                        |
| <b>Total revenues</b>  | <b>1,385,763</b>       | <b>456,255</b>                               | <b>134,406</b>                              | <b>454,421</b>              | <b>2,430,845</b>               |
| <b>Expenditures</b>  |                        |  |   |                             |                                |
| Current  |                        |  |   |                             |                                |
| General government   | 520,210                | 71,361                                       | -   | 155,442                     | 747,013                        |
| Public safety  | 396,888                | 35,466                                       | -   | 24,089                      | 456,443                        |
| Public works   | 117,203                | -  | 140,541                                     | 28,260                      | 286,004                        |
| Health and welfare   | -                      | -  | -   | 65,541                      | 65,541                         |
| Culture and recreation   | 61,650                 | -  | -   | 27,874                      | 89,524                         |
| Capital outlay   | 153,103                | 68,203                                       | 54,806                                      | 300,857                     | 576,969                        |
| Debt service   |                        |  |   |                             |                                |
| Principal  | -                      | -  | -   | 38,303                      | 38,303                         |
| Interest and administrative fees   | -                      | -  | -   | 11,984                      | 11,984                         |
| <b>Total expenditures</b>  | <b>1,249,054</b>       | <b>175,030</b>                               | <b>195,347</b>                              | <b>652,350</b>              | <b>2,271,781</b>               |
| Excess (deficiency) of revenues<br>over (under) expenditures<br>before other financings sources (uses) | 136,709                | 281,225                                      | (60,941)                                    | (197,929)                   | 159,064                        |
| Other Financing Sources (Uses)   |                        |  |   |                             |                                |
| Operating transfers in   | (210,380)              | (50,287)                                     | -   | (133,543)                   | (394,210)                      |
| Operating transfers (out)  | 46,966                 | -  | 30,797                                      | 316,447                     | 394,210                        |
| <b>Total other financing<br/>sources (uses)</b>  | <b>(163,414)</b>       | <b>(50,287)</b>                              | <b>30,797</b>                               | <b>182,904</b>              | <b>-</b>                       |
| <b>Net change in fund balances</b>   | <b>(26,705)</b>        | <b>230,938</b>                               | <b>(30,144)</b>                             | <b>(15,025)</b>             | <b>159,064</b>                 |
| Fund balances, beginning of year   | 925,553                | 146,481                                      | (5,311)                                     | 579,721                     | 1,646,444                      |
| <b>Fund balances, end of year</b>  | <b>\$ 898,848</b>      | <b>377,419</b>                               | <b>(35,455)</b>                             | <b>564,696</b>              | <b>1,805,508</b>               |

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, 2020**

|   |    |         |
|---|----|---------|
| Net change in fund balances- total governmental funds | \$ | 159,064 |
|---|----|---------|

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       | 576,969   |
| Depreciation expense | (383,023) |

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 | (130,918) |
|-----------------|-----------|

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 | (4,773) |
|-------------------------------------|---------|

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

|  |         |
|--|---------|
| Increase in accrued compensated absences | (4,347) |
| Decrease in accrued interest             | 62      |
| Principal payments on loans payable      | 38,303  |

|   |    |                |
|---|----|----------------|
| Change in net position of governmental activities | \$ | <u>251,337</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, 2020**

|   | Budgeted Amounts   |                  | Actual             | Variance with  |
|---|--------------------|------------------|--------------------|----------------|
|   | Original           | Final            | Amounts            | Final Budget   |
|   |                    |                  |                    | Positive       |
|   |                    |                  |                    | (Negative)     |
| <b>Revenues</b>   |                    |                  |                    |                |
| Taxes   |                    |                  |                    |                |
| Property  | \$ 1,088,475       | 1,424,931        | 70,369             | (1,354,562)    |
| Gross receipts  | -                  | -                | 939,166            | 939,166        |
| Gasoline and motor vehicle  | -                  | -                | 27,086             | 27,086         |
| Other taxes   | -                  | -                | 48,945             | 48,945         |
| State operating grants  | -                  | -                | 90,000             | 90,000         |
| Charges for services  | -                  | -                | 16,805             | 16,805         |
| Investment income   | -                  | -                | 2,464              | 2,464          |
| Fines and forfeitures   | -                  | -                | -                  | -              |
| Miscellaneous income  | -                  | -                | 230,096            | 230,096        |
| <b>Total revenues</b>   | <b>1,088,475</b>   | <b>1,424,931</b> | <b>1,424,931</b>   | <b>-</b>       |
| <b>Expenditures</b>   |                    |                  |                    |                |
| Current   |                    |                  |                    |                |
| General government  | 1,119,792          | 1,267,838        | 681,625            | 586,213        |
| Public safety   | -                  | -                | 405,649            | (405,649)      |
| Public works  | -                  | -                | 118,850            | (118,850)      |
| Health and welfare  | -                  | -                | -                  | -              |
| Culture and recreation  | -                  | -                | 60,846             | (60,846)       |
| Miscellaneous   | -                  | -                | -                  | -              |
| Capital outlay  | -                  | -                | -                  | -              |
| <b>Total expenditures</b>   | <b>1,119,792</b>   | <b>1,267,838</b> | <b>1,266,970</b>   | <b>868</b>     |
| Excess (deficiency) of revenues<br>over (under) expenditures before<br>other financing sources (uses) | <b>(31,317)</b>    | <b>157,093</b>   | <b>157,961</b>     | <b>868</b>     |
| <b>Other Financing Sources (Uses):</b>  |                    |                  |                    |                |
| Transfers, in   | -                  | (163,414)        | (210,380)          | (46,966)       |
| Transfers, out  | 7,000              | 7,000            | 46,966             | 39,966         |
| <b>Total other financing sources (uses)</b>   | <b>7,000</b>       | <b>(156,414)</b> | <b>(163,414)</b>   | <b>(7,000)</b> |
| <b>Net changes in fund balances</b>   | <b>\$ (24,317)</b> | <b>679</b>       | <b>(5,453)</b>     | <b>(6,132)</b> |
| <b>Reconciliation to GAAP basis:</b>  |                    |                  |                    |                |
| Adjustments to revenues   |                    |                  | \$ (39,168)        |                |
| Adjustments to expenditures   |                    |                  | 17,916             |                |
| <b>Net Change in Fund Balances (GAAP Basis)</b>   |                    |                  | <b>\$ (26,705)</b> |                |

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, 2020**

|   | Budgeted Amounts   |                 | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|--------------------|-----------------|-------------------|---|
|   | Original           | Final           |                   |   |
| <b>Revenues</b>   |                    |                 |                   |   |
| Intergovernmental   |                    |                 |                   |   |
| State operating grants  | \$ 212,757         | 456,477         | 456,255           | (222)   |
| <i>Total revenues</i>   | <u>212,757</u>     | <u>456,477</u>  | <u>456,255</u>    | <u>(222)</u>  |
| <b>Expenditures</b>   |                    |                 |                   |   |
| Current   |                    |                 |                   |   |
| General government  | -                  | -               | 72,224            | (72,224)  |
| Public safety   | 244,095            | 190,639         | 118,193           | 72,446  |
| Debt service  |                    |                 |                   |   |
| Principal   | -                  | -               | -                 | -   |
| Interest  | -                  | -               | -                 | -   |
| <i>Total expenditures</i>   | <u>244,095</u>     | <u>190,639</u>  | <u>190,417</u>    | <u>222</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures before<br>other financing sources (uses) | <u>(31,338)</u>    | <u>265,838</u>  | <u>265,838</u>    | <u>-</u>  |
| <b>Other Financing Sources (Uses):</b>  |                    |                 |                   |   |
| Transfers, in   | (50,996)           | (50,287)        | (50,287)          | -   |
| Transfers, out  | <u>-</u>           | <u>-</u>        | <u>-</u>          | <u>-</u>  |
| <i>Total other financing sources (uses)</i>   | <u>(50,996)</u>    | <u>(50,287)</u> | <u>(50,287)</u>   | <u>-</u>  |
| <b>Net changes in fund balances</b>   | <u>\$ (82,334)</u> | <u>215,551</u>  | <u>215,551</u>    | <u>-</u>  |
| <i>Reconciliation to GAAP basis:</i>  |                    |                 |                   |   |
| Adjustments to revenues   |                    |                 | \$ -              |   |
| Adjustments to expenditures   |                    |                 | <u>15,387</u>     |   |
| <b>Net Change in Fund Balances (GAAP Basis)</b>   |                    |                 | <u>\$ 230,938</u> |   |

See Notes to Financial Statements



STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Statement of Net Position  
Proprietary Funds  
June 30, 2020

|   | Business-Type Activities  |   |                             |                  |
|---|---------------------------|---|-----------------------------|------------------|
|   | Enterprise Funds          |   |                             |                  |
|   | Water and<br>Sewer<br>500 | Sanitation and<br>Environmental<br>Solid Waste<br>503 | Water<br>Replacement<br>506 | Total            |
| <b>Assets</b>                                   |                           |   |                             |                  |
| Current Assets                                  |                           |   |                             |                  |
| Cash and cash equivalents                       | \$ 477,142                | 90,542  | 180,312                     | 747,996          |
| Receivables                                     |                           |   |                             |                  |
| Other   | 141,657                   | 39,203  | 9,140                       | 190,000          |
| <b>Total current assets</b>                     | <b>618,799</b>            | <b>129,745</b>  | <b>189,452</b>              | <b>937,996</b>   |
| Noncurrent assets                               |                           |   |                             |                  |
| Capital assets                                  | 12,887,095                | -   | 168,920                     | 13,056,015       |
| Less: accumulated depreciation                  | (6,677,991)               | -   | (216)                       | (6,678,207)      |
| <b>Total noncurrent assets</b>                  | <b>6,209,104</b>          | <b>-</b>  | <b>168,704</b>              | <b>6,377,808</b> |
| <b>Total assets</b>                             | <b>6,827,903</b>          | <b>129,745</b>  | <b>358,156</b>              | <b>7,315,804</b> |
| <b>Deferred Outflows</b>                        |                           |   |                             |                  |
| Pension related                                 | 85,939                    | -   | -                           | 85,939           |
| Asset retirement obligation related             | 726,137                   | -   | -                           | 726,137          |
| <b>Total deferred outflows of resources</b>     | <b>812,076</b>            | <b>-</b>  | <b>-</b>                    | <b>812,076</b>   |
| <b>Liabilities</b>                              |                           |   |                             |                  |
| Current Liabilities                             |                           |   |                             |                  |
| Accounts payable                                | \$ 32,865                 | -   | -                           | 32,865           |
| Accrued payroll                                 | 10,800                    | -   | -                           | 10,800           |
| Current portion of accrued compensated absences | 7,461                     | -   | -                           | 7,461            |
| Accrued interest                                | 44,112                    | 14,048  | 3,125                       | 61,285           |
| Current portion of loans payable                | 48,093                    | -   | 4,857                       | 52,950           |
| <b>Total current liabilities</b>                | <b>143,331</b>            | <b>14,048</b>   | <b>7,982</b>                | <b>165,361</b>   |
| Noncurrent Liabilities                          |                           |   |                             |                  |
| Accrued compensated absences                    | 7,827                     | -   | -                           | 7,827            |
| Loans payable                                   | 865,775                   | -   | 93,775                      | 959,550          |
| Net pension liability                           | 405,230                   | -   | -                           | 405,230          |
| Asset retirement obligation                     | 765,387                   | -   | -                           | 765,387          |
| <b>Total noncurrent liabilities</b>             | <b>2,044,219</b>          | <b>-</b>  | <b>93,775</b>               | <b>2,137,994</b> |
| <b>Total Liabilities</b>                        | <b>2,187,550</b>          | <b>14,048</b>   | <b>101,757</b>              | <b>2,303,355</b> |
| <b>Deferred inflows of resources</b>            |                           |   |                             |                  |
| Pension related                                 | 6,077                     | -   | -                           | 6,077            |
| <b>Total deferred inflows of resources</b>      | <b>6,077</b>              | <b>-</b>  | <b>-</b>                    | <b>6,077</b>     |
| <b>Net Position</b>                             |                           |   |                             |                  |
| Net investment in capital assets                | 5,295,236                 | -   | 70,072                      | 5,365,308        |
| Unrestricted                                    | 151,116                   | 115,697   | 186,327                     | 453,140          |
| <b>Total Net Position</b>                       | <b>\$ 5,446,352</b>       | <b>115,697</b>  | <b>256,399</b>              | <b>5,818,448</b> |

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, 2020**

|  | Business-Type Activities<br>Enterprise Funds |   |                             |                  |
|--|--|---|-----------------------------|------------------|
|  | Water and Sewer<br>500                       | Sanitation and<br>Environmental<br>Solid Waste<br>503 | Water<br>Replacement<br>506 | Total            |
| <i>Operating Revenues</i>                    |  |   |                             |                  |
| Charges for services                         | \$ 930,056                                   | 197,359   | 34,339                      | 1,161,754        |
| <b>Total operating revenues</b>              | <b>930,056</b>                               | <b>197,359</b>  | <b>34,339</b>               | <b>1,161,754</b> |
| <i>Operating Expenses</i>                    |  |   |                             |                  |
| Personnel services                           | 436,025                                      | -   | -                           | 436,025          |
| Contractual services                         | 85,917                                       | 169,023   | -                           | 254,940          |
| Supplies                                     | 2,712  | -   | -                           | 2,712            |
| Maintenance and materials                    | 13,901                                       | -   | -                           | 13,901           |
| Utilities                                    | 160,532                                      | -   | -                           | 160,532          |
| Depreciation                                 | 331,955                                      | -   | -                           | 331,955          |
| Other operating expenses                     | 19,625                                       | 83,509  | -                           | 103,134          |
| <b>Total operating expenses</b>              | <b>1,050,667</b>                             | <b>252,532</b>  | <b>-</b>                    | <b>1,303,199</b> |
| <i>Operating income (loss)</i>               | <b>(120,611)</b>                             | <b>(55,173)</b>                                       | <b>34,339</b>               | <b>(141,445)</b> |
| <i>Non-operating revenues</i>                |  |   |                             |                  |
| Interest income                              | 1,326  | 269   | 426                         | 2,021            |
| Interest expense                             | (34,981)                                     | -   | (3,728)                     | (38,709)         |
| Gross receipts tax revenue                   | 44,248                                       | -   | -                           | 44,248           |
| Other taxes                                  | -  | 34,165  | -                           | 34,165           |
| Miscellaneous                                | -  | 38,610  | -                           | 38,610           |
| <b>Total non-operating revenues</b>          | <b>10,593</b>                                | <b>73,044</b>   | <b>(3,302)</b>              | <b>80,335</b>    |
| Income Before Contributions and<br>Transfers | (110,018)                                    | 17,871  | 31,037                      | (61,110)         |
| <i>Other Financing Sources (Uses)</i>        |  |   |                             |                  |
| Operating transfers (out)                    | (46,289)                                     | -   | (203,359)                   | (249,648)        |
| Operating transfers in                       | 249,648                                      | -   | -                           | 249,648          |
| <i>Net transfers</i>                         | <b>203,359</b>                               | <b>-</b>  | <b>(203,359)</b>            | <b>-</b>         |
| <b>Change in net position</b>                | <b>93,341</b>                                | <b>17,871</b>   | <b>(172,322)</b>            | <b>(61,110)</b>  |
| <i>Net position, beginning of year</i>       | <b>5,353,011</b>                             | <b>97,826</b>   | <b>428,721</b>              | <b>5,879,558</b> |
| <i>Net position, end of year</i>             | <b>\$ 5,446,352</b>                          | <b>115,697</b>  | <b>256,399</b>              | <b>5,818,448</b> |

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF CLOUDCROFT**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2020**

|   | Business-Type Activities  |   |                             |                  |
|---|---------------------------|---|-----------------------------|------------------|
|   | Enterprise Funds          |   |                             |                  |
|   | Water and<br>Sewer<br>500 | Sanitation and<br>Environmental<br>Solid Waste<br>503 | Water<br>Replacement<br>506 | Total            |
| <b>Cash Flows From Operating Activities</b>   |                           |   |                             |                  |
| Cash received from customers and others   | \$ 907,123                | 186,579   | 34,187                      | 1,127,889        |
| Cash payments to vendors and employees  | (642,887)                 | (272,737)   | 1,529                       | (914,095)        |
| <b>Net cash provided (used) by operating activities</b>                                       | <u>264,236</u>            | <u>(86,158)</u>                                       | <u>35,716</u>               | <u>213,794</u>   |
| <b>Cash Flows From Non-Capital Financing</b>  |                           |   |                             |                  |
| Gross receipts tax  | 44,248                    | -   | -                           | 44,248           |
| Other taxes   | -                         | 34,165  | -                           | 34,165           |
| Transfer and interfund balance settlement   | 23,895                    | -   | (23,895)                    | -                |
| Miscellaneous income  | -                         | 38,610  | -                           | 38,610           |
| <b>Net cash provided (used) by non-capital financing activities</b>                           | <u>68,143</u>             | <u>72,775</u>   | <u>(23,895)</u>             | <u>117,023</u>   |
| <b>Cash Flows From Capital and Related Financing Activities</b>                               |                           |   |                             |                  |
| Principal payments on long-term debt  | (47,040)                  | -   | (4,757)                     | (51,797)         |
| Interest paid   | (34,981)                  | -   | (3,728)                     | (38,709)         |
| Proceeds from issuance of long-term debt  | -                         | -   | 30,094                      | 30,094           |
| Purchases of capital assets   | (344,394)                 | -   | -                           | (344,394)        |
| <b>Net cash provided by capital and related financing activities</b>                          | <u>(426,415)</u>          | <u>-</u>  | <u>21,609</u>               | <u>(404,806)</u> |
| <b>Cash Flows From Investing Activities</b>   |                           |   |                             |                  |
| Interest income   | 1,326                     | 269   | 426                         | 2,021            |
| <b>Net cash provided (used) by investing activities</b>                                       | <u>1,326</u>              | <u>269</u>  | <u>426</u>                  | <u>2,021</u>     |
| Net increase (decrease) in cash and cash equivalents  | (92,710)                  | (13,114)  | 33,856                      | (71,968)         |
| Cash and cash equivalents, beginning of year  | 569,852                   | 103,656   | 146,456                     | 819,964          |
| <b>Cash and cash equivalents, end of year</b>   | <u>\$ 477,142</u>         | <u>90,542</u>   | <u>180,312</u>              | <u>747,996</u>   |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities |                           |   |                             |                  |
| Operating income (loss)   | \$ (120,611)              | (55,173)  | 34,339                      | (141,445)        |
| Adjustments to operating (loss) income to net cash provided by operating activities:          |                           |   |                             |                  |
| Depreciation  | 331,955                   | -   | -                           | 331,955          |
| Pension expense   | 35,047                    | -   | -                           | 35,047           |
| Amortization expense  | 19,625                    | -   | -                           | 19,625           |
| Change in assets and liabilities:   |                           |   |                             |                  |
| Receivables   | (22,933)                  | (10,780)  | (152)                       | (33,865)         |
| Accounts payable  | 5,640                     | (20,205)  | -                           | (14,565)         |
| Accrued payroll   | 91                        | -   | -                           | 91               |
| Deposit payable   | -                         | -   | -                           | -                |
| Accrued compensated absences  | 3,585                     | -   | -                           | 3,585            |
| Accrued interest  | 11,837                    | -   | 1,529                       | 13,366           |
| <b>Net cash provided (used) by operating activities</b>                                       | <u>\$ 264,236</u>         | <u>(86,158)</u>                                       | <u>35,716</u>               | <u>213,794</u>   |

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF CLOUDCROFT**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2020**

**ASSETS**

|      |                 |
|------|-----------------|
| Cash | \$ <u>6,414</u> |
|------|-----------------|

|              |                        |
|--------------|------------------------|
| Total Assets | \$ <u><u>6,414</u></u> |
|--------------|------------------------|

**LIABILITIES**

|                  |                 |
|------------------|-----------------|
| Accounts Payable | \$ <u>6,414</u> |
|------------------|-----------------|

|                   |                        |
|-------------------|------------------------|
| Total Liabilities | \$ <u><u>6,414</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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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 *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, 2020**

**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, 2020, 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**  
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**Notes to the Financial Statements**  
**June 30, 2020**

**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, 2020, 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, 2020**

**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, 2020**

**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, 2020, the restricted fund balance on the governmental funds balance sheet is made up of \$942,115 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 1/12<sup>th</sup> of budgeted expenditures. This amount totals \$91,936 at June 30, 2020.

**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, 2020**

**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, 2020 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, 2020.

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, 2020**

**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, 2020, \$1,981,968 of the Village's bank balances of \$2,481,968 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 \$452,576 was uninsured and uncollateralized.

|   |    | FIRST<br>NATIONAL<br>BANK |
|---|----|---------------------------|
| Amount of deposits  | \$ | 2,481,968                 |
| FDIC coverage   |    | (500,000)                 |
| Total uninsured public funds  |    | 1,981,968                 |
| Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Village's name |    | 1,529,392                 |
| Uninsured and uncollateralized  | \$ | 452,576                   |
| Collateral requirement (50% of uninsured funds)   | \$ | 990,984                   |
| Pledged collateral  |    | 1,529,392                 |
| Over (under) collateralized   | \$ | 538,408                   |

**Reconciliation to the Statement of Net Position**

|                           |    |           |
|---------------------------|----|-----------|
| Cash and cash equivalents | \$ | 2,460,841 |
| Add: outstanding checks   |    | 15,579    |
| Add: Agency fund          |    | 6,414     |
| Less: deposits in transit |    | 122       |
| Less: NMFA cash           |    | 619       |
| Less: petty cash          |    | 125       |
| Bank balance of deposits  | \$ | 2,481,968 |

**STATE OF NEW MEXICO**  
**VILLAGE OF CLOUDCROFT**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 4. RECEIVABLES**

At June 30, 2020, receivables consisted of the following:

|                      | <u>General</u>    | <u>Other<br/>Governmental<br/>Funds</u> | <u>Water and<br/>Sewer</u> |
|----------------------|-------------------|---|----------------------------|
| Taxes:               |                   |   |                            |
| Property             | \$ 3,937          | -                                       | -                          |
| Gross receipts       | 143,500           | 12,763                                  | -                          |
| Gasoline             | -                 | 3,945                                   | -                          |
| Franchise            | 3,051             | -                                       | -                          |
| Lodgers              | -                 | 9,888                                   | -                          |
| MVD                  | 5,935             | -                                       | -                          |
| Charges for services | 28                | -                                       | 141,657                    |
| Totals by category   | <u>\$ 156,451</u> | <u>26,596</u>                           | <u>141,657</u>             |

  

|                      | <u>Sanitation and<br/>Solid Waste</u> | <u>Water<br/>Replacement</u> | <u>Total</u>   |
|----------------------|---------------------------------------|------------------------------|----------------|
| Taxes:               |                                       |                              |                |
| Property             | \$ -                                  | -                            | 3,937          |
| Gross receipts       | 3,190                                 | -                            | 159,453        |
| Gasoline             | -                                     | -                            | 3,945          |
| Franchise            | -                                     | -                            | 3,051          |
| Lodgers              | -                                     | -                            | 9,888          |
| MVD                  | -                                     | -                            | 5,935          |
| Charges for services | 36,013                                | 9,140                        | 186,838        |
| Totals by category   | <u>\$ 39,203</u>                      | <u>9,140</u>                 | <u>373,047</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, 2020**

**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, 2020 were as follows:

**Transfers Out:**

|  |    |                |
|--|----|----------------|
| General Fund                             | \$ | 46,966         |
| Lodger's Tax Fund                        |    | 86,577         |
| Intergovernmental Grants – Senior Center |    | 2,380          |
| Senior Center Proj CDBG                  |    | 18,662         |
| PURE Project                             |    | 30,797         |
| Heavy Equipment                          |    | 158,541        |
| Debt Service                             |    | 50,287         |
| Total Transfers Out                      |    | <u>394,210</u> |

**Transfer In:**

|                              |                |
|------------------------------|----------------|
| General Fund                 | 210,380        |
| Local Government Corrections | 7,000          |
| Fire Protection Fund         | 50,287         |
| Colonias Project 4114-CIF    | 39,966         |
| Lodger's Tax Fund            | 86,577         |
| Total Transfers In           | <u>394,210</u> |
| Total Transfers              | <u>-</u>       |

**Reconciliation to Government Wide**

**Transfer Out:**

|                      |                |
|----------------------|----------------|
| Water and Sewer Fund | 46,289         |
| Water a Replacement  | <u>203,359</u> |
| Total Transfers Out  | <u>249,648</u> |

**Transfers In:**

|                      |                |
|----------------------|----------------|
| Water and Sewer Fund | <u>249,648</u> |
| Total Transfers In   | <u>249,648</u> |
| Total Transfers      | <u>\$ -</u>    |



**STATE OF NEW MEXICO**  
**VILLAGE OF CLOUDCROFT**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 6. CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2020. Land and construction in progress are not subject to depreciation.

|  | <b>Balance<br/>6/30/2019</b> | <b>Additions</b> | <b>Deletions/<br/>Transfers</b> | <b>Balance<br/>06/30/2020</b> |
|--|------------------------------|------------------|---------------------------------|-------------------------------|
| <b>Governmental Activities</b>               |                              |                  |                                 |                               |
| <i>Capital Assets Not Being Depreciated:</i> |                              |                  |                                 |                               |
| Land \$                                      | 152,339                      | -                | -                               | 152,339                       |
| Construction in progress                     | 497,169                      | 103,976          | -                               | 601,145                       |
| <b>Total Not Depreciated:</b>                | <b>649,508</b>               | <b>103,976</b>   | <b>-</b>                        | <b>753,484</b>                |
| <i>Capital assets being depreciated:</i>     |                              |                  |                                 |                               |
| Buildings and improvements                   | 4,349,929                    | 324,085          | -                               | 4,674,014                     |
| Equipment                                    | 2,157,969                    | 148,908          | (25,000)                        | 2,281,877                     |
| Infrastructure                               | 5,503,960                    | -                | -                               | 5,503,960                     |
| <b>Total Being Depreciated</b>               | <b>12,011,858</b>            | <b>472,993</b>   | <b>(25,000)</b>                 | <b>12,459,851</b>             |
| <i>Less accumulated depreciation:</i>        |                              |                  |                                 |                               |
| Buildings and improvements                   | (2,322,215)                  | (295,435)        | -                               | (2,617,650)                   |
| Equipment                                    | (1,585,035)                  | (79,190)         | 25,000                          | (1,639,225)                   |
| Infrastructure                               | (4,967,086)                  | (8,398)          | -                               | (4,975,484)                   |
| <b>Total accumulated depreciation</b>        | <b>(8,874,336)</b>           | <b>(383,023)</b> | <b>-</b>                        | <b>(9,232,359)</b>            |
| <i>Net Capital Assets being depreciated:</i> | <b>3,137,522</b>             | <b>89,970</b>    | <b>-</b>                        | <b>3,227,492</b>              |
| <b>Net Capital Assets:</b> \$                | <b>3,787,030</b>             | <b>193,946</b>   | <b>-</b>                        | <b>3,980,976</b>              |

Depreciation expense for the year ended June 30, 2020 was charged to governmental activities as follows:

|                        |                   |
|------------------------|-------------------|
| General government     | \$ 76,605         |
| Public safety          | 218,323           |
| Public works           | 49,793            |
| Culture and recreation | 38,302            |
|                        | <u>\$ 383,023</u> |

STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Notes to the Financial Statements  
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NOTE 6 CAPITAL ASSETS (CONTINUED)

|  | Balance<br>06/30/2019 | Additions        | Deletions/<br>Transfers | Balance<br>06/30/2020 |
|--|-----------------------|------------------|-------------------------|-----------------------|
| <b>Business Type Activities</b>              |                       |                  |                         |                       |
| <i>Capital Assets Not Being Depreciated:</i> |                       |                  |                         |                       |
| Land \$                                      | 171,600               | -                | -                       | 171,600               |
| Construction in progress                     | 2,709,517             | -                | (179,464)               | 2,530,053             |
| <b>Total Not Depreciated:</b>                | <u>2,881,117</u>      | <u>-</u>         | <u>(179,464)</u>        | <u>2,701,653</u>      |
| <i>Capital assets being depreciated:</i>     |                       |                  |                         |                       |
| Buildings and improvements                   | 751,501               | 182,814          | 179,464                 | 1,113,779             |
| Equipment                                    | 401,360               | 161,580          | -                       | 562,940               |
| Infrastructure                               | 8,677,643             | -                | -                       | 8,677,643             |
| <b>Total Being Depreciated</b>               | <u>9,830,504</u>      | <u>344,394</u>   | <u>179,464</u>          | <u>10,354,362</u>     |
| <i>Less accumulated depreciation:</i>        |                       |                  |                         |                       |
| Buildings and improvements                   | (519,208)             | (132,512)        | -                       | (651,720)             |
| Equipment                                    | (365,964)             | (18,728)         | -                       | (384,692)             |
| Infrastructure                               | (5,461,080)           | (180,715)        | -                       | (5,641,795)           |
| <b>Total accumulated depreciation</b>        | <u>(6,346,252)</u>    | <u>(331,955)</u> | <u>-</u>                | <u>(6,678,207)</u>    |
| <b>Net Capital Assets being depreciated:</b> | <u>3,484,252</u>      | <u>12,439</u>    | <u>179,464</u>          | <u>3,676,155</u>      |
| <b>Net Capital Assets:</b> \$                | <u>6,365,369</u>      | <u>12,439</u>    | <u>-</u>                | <u>6,377,808</u>      |

Depreciation expense of \$331,955 for the year ended June 30, 2020 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**  
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**NOTE 7. LONG-TERM LIABILITIES**

Long-term liabilities for the year ended June 30, 2020 are summarized as follows:

**Governmental Activities**

|                      | <u>Balance</u><br><u>June 30, 2019</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u><br><u>June 30, 2020</u> | <u>Due Within</u><br><u>One Year</u> |
|----------------------|--|------------------|--------------------|--|--------------------------------------|
| Loans Payable        | \$ 448,926                             | -                | 38,303             | 410,623                                | 39,057                               |
| Compensated absences | 17,857                                 | 21,878           | 17,531             | 22,204                                 | 13,100                               |
| Total long-term debt | \$ <u>466,783</u>                      | <u>21,878</u>    | <u>55,834</u>      | <u>432,827</u>                         | <u>52,157</u>                        |

| <u>Description</u>             | <u>Date of Issue</u> | <u>Due Date</u> | <u>Interest Rate</u> | <u>Amount of Issue</u> | <u>Outstanding</u><br><u>June 30, 2020</u> | <u>Pledged Revenues</u>         |
|--------------------------------|----------------------|-----------------|----------------------|------------------------|--|---------------------------------|
| NMFA – Fire Protection Vehicle | 7/1/2015             | 5/1/2025        | 0.51%-3.10%          | \$ 282,116             | \$ 150,446                                 | State Fire Protection Allotment |
| NMFA – Fire Station            | 7/1/2015             | 5/1/2039        | 0.51%-3.10%          | 302,267                | 260,177                                    | State Fire Protection Allotment |
|                                |                      |                 |                      |                        | <u>\$ 410,623</u>                          |                                 |

Debt service requirements on long-term debt for governmental activities at June 30, 2020 are as follows:

| <u>Fiscal Year</u><br><u>Ending June 30</u> | <u>Principal</u>  | <u>Interest</u> | <u>Total Debt Service</u> |
|---|-------------------|-----------------|---------------------------|
| 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  | 43,276            | 7,719           | 50,995                    |
| 2026-2030                                   | 63,482            | 28,021          | 91,503                    |
| 2031-2035                                   | 73,966            | 17,538          | 91,504                    |
| 2036-2039                                   | 67,863            | 5,340           | 73,203                    |
|   | <u>\$ 410,623</u> | <u>100,560</u>  | <u>511,183</u>            |

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**NOTE 7. LONG-TERM LIABILITIES (CONTINUED)**

**Business-type Activities**

|                      | <u>Balance</u><br><u>June 30, 2019</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u><br><u>June 30, 2020</u> | <u>Due Within</u><br><u>One Year</u> |
|----------------------|--|------------------|--------------------|--|--------------------------------------|
| Loans Payable        | \$ 1,034,203                           | 30,094           | 51,797             | 1,012,500                              | 52,950                               |
| Compensated absences | 11,703                                 | 16,233           | 12,648             | 15,288                                 | 7,461                                |
| Total long-term debt | <u>\$ 1,045,906</u>                    | <u>46,327</u>    | <u>64,445</u>      | <u>1,027,788</u>                       | <u>60,411</u>                        |

| <u>Description</u>  | <u>Date of</u><br><u>Issue</u> | <u>Due Date</u> | <u>Interest</u><br><u>Rate</u> | <u>Amount</u><br><u>of Issue</u> | <u>Outstanding</u><br><u>June 30,</u><br><u>2020</u> | <u>Pledged</u><br><u>Revenues</u> |
|---------------------|--------------------------------|-----------------|--------------------------------|----------------------------------|--|-----------------------------------|
| NMED – RIP 2009-005 | 7/1/2009                       | 10/8/2036       | 3.00%                          | \$ 722,551                       | \$ 610,051   | N/A                               |
| NMED – RIP 0005     | 1/4/2016                       | 9/11/2037       | 2.375%                         | 253,920                          | 233,549  | N/A                               |
| NMFA – 2387-ADW     | 8/20/2010                      | 5/1/2031        | 1.00%                          | 59,394                           | 34,124   | Joint Utility<br>System           |
| NMFA – 2784-CIF     | 4/12/2013                      | 5/1/2025        | 0.00%                          | 617,185                          | 40,116   | Joint Utility<br>System           |
| NMFA – 2977-CIF     | 5/16/2014                      | 6/1/2034        | 0.00%                          | 94,227                           | 65,955   | Joint Utility<br>System           |
| NMFA – 4115-CIF     | 7/9/2019                       | 6/1/2039        | 0.00%                          | 30,394                           | 28,705   | Joint Utility<br>System           |
|                     |                                |                 |                                |                                  | <u>\$ 1,012,500</u>                                  |                                   |

Debt service requirements on long-term debt for business-type activities at June 30, 2020 are as follows:

| <u>Fiscal Year</u><br><u>Ending June 30</u> | <u>Principal</u>    | <u>Interest</u> | <u>Total Debt</u><br><u>Service</u> |
|---|---------------------|-----------------|-------------------------------------|
| 2021  | \$ 52,950           | 24,190          | 77,140                              |
| 2022  | 54,138              | 23,002          | 77,140                              |
| 2023  | 55,359              | 21,780          | 77,139                              |
| 2024  | 56,616              | 20,524          | 77,140                              |
| 2025  | 57,907              | 19,233          | 77,140                              |
| 2026-2030                                   | 310,220             | 75,480          | 385,700                             |
| 2031-2035                                   | 324,190             | 37,457          | 361,647                             |
| 2036-2039                                   | 101,120             | 3,621           | 104,741                             |
|   | <u>\$ 1,012,500</u> | <u>225,287</u>  | <u>1,237,787</u>                    |

**NOTE 8. RESTRICTED NET POSITION**

The government-wide statement of net position reports \$942,115 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 20 and 46-47.

**STATE OF NEW MEXICO  
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**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**  
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**June 30, 2020**

**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 FY19 |                                  |                                     |                                  |                                    |        |   |
|---|----------------------------------|-------------------------------------|----------------------------------|------------------------------------|--------|---|
| 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<br>(plan open to new employers )                 | 7.0%                             | 8.5%                                | 7.4%                             | 2.0%                               | 2.0%   | 90%   |
| Municipal Plan 2<br>(plan open to new employers )                 | 9.15%                            | 10.65%                              | 9.55%                            | 2.5%                               | 2.0%   | 90%   |
| Municipal Plan 3<br>(plan closed to new employers 6/95)           | 13.15%                           | 14.65%                              | 9.55%                            | 3.0%                               | 2.5%   | 90%   |
| Municipal Plan 4<br>(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   | 16.30%                           | 17.80%                              | 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   | 16.20%                           | 17.70%                              | 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%   |

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**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, 2020, the Village reported a liability of \$751,297 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2019. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2019. 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, 2019, the Village's proportion was 0.0434%, which was an increase of 0.0030% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Village recognized pension expense of \$151,800. At June 30, 2030, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ 22,525                                     | 8,128  |
| Changes in assumptions   | 33,500  | 1,850  |
| Net difference between projected and actual earnings on pension plan investments                               | 25,317  | -  |
| Changes in proportion and differences between Village's contributions and proportionate share of contributions | 33,149  | 1,287  |
| Village's contributions subsequent to the measurement date   | 44,839  | -  |
| Total  | \$ 159,330                                    | 11,265                                       |

\$44,839 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, |                   |
|---------------------|-------------------|
| 2021                | \$ 49,558         |
| 2022                | 28,311            |
| 2023                | 21,191            |
| 2025                | 4,166             |
| 2026                | -                 |
| <b>Total:</b>       | <b>\$ 103,226</b> |

**STATE OF NEW MEXICO**  
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**NOTE 9. PENSION PLAN – PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONTINUED)**

*For PERA Fund Division Municipal Police*, at June 30, 2020, the Village reported a liability of \$483,828 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2019. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2019. 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, 2019, the Village's proportion was 0.0655%, which was an increase of 0.0075% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Village recognized pension expense of \$93,176. At June 30, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ 20,212                                     | 20,610                                       |
| Changes in assumptions   | 27,444  | 1,231  |
| Net difference between projected and actual earnings on pension plan investments                               | 15,109  | -  |
| Changes in proportion and differences between Village's contributions and proportionate share of contributions | 34,799  | 23,317                                       |
| Village's contributions subsequent to the measurement date   | <u>34,151</u>                                 | <u>-</u>                                     |
| Total  | \$ <u>131,715</u>                             | <u>45,158</u>                                |

\$34,151 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, 2021. 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> |                  |
|----------------------------|------------------|
| 2021                       | \$ 10,063        |
| 2022                       | 22,044           |
| 2023                       | 17,819           |
| 2024                       | 2,480            |
| 2025                       | -                |
| <b>Total:</b>              | \$ <u>52,406</u> |



**STATE OF NEW MEXICO**  
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**NOTE 9. PENSION PLAN- PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONTINUED)**

*Actuarial assumptions.* The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

**PERA**

|                          |                                     |
|--------------------------|-------------------------------------|
| Actuarial valuation date | June 30, 2018                       |
| 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, 2017 (economic)  |

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2019. These assumptions were adopted by the Board use in the June 30, 2018 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:

| <b>ALL FUNDS – Asset Class</b> | <b>Target Allocation</b> | <b>Long-Term Expected Real Rate of Return</b> |
|--------------------------------|--------------------------|---|
| Global Equity                  | 42.33%                   | 7.48%   |
| Risk Reduction & Mitigation    | 21.37%                   | 2.37%   |
| Credit Oriented Fixed Income   | 15.00%                   | 5.47%   |
| Real Assets                    | 20.00%                   | 6.48%   |
| Multi-Risk Allocation          | 1.30%                    |   |
| Total                          | 100.00%                  |   |

**STATE OF NEW MEXICO**  
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**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, 2019. 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<br>(6.25%) | Current Discount Rate<br>(7.25%) | 1% Increase<br>(8.25%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of the net pension liability | \$ 1,136,292           | 751,297                          | 432,766                |

**PERA Fund Municipal Police**

|  | 1.00% Decrease<br>(6.25%) | Current Discount Rate<br>(7.25%) | 1.00% Increase<br>(8.25%) |
|--|---------------------------|----------------------------------|---------------------------|
| Proportionate share of the net pension liability | \$ 732,186                | 483,828                          | 281,215                   |

*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, 2020.

**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 38-year remaining life.

**STATE OF NEW MEXICO**  
**VILLAGE OF CLOUDCROFT**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 11—ASSET RETIREMENT OBLIGATION (CONTINUED)**

The \$765,387 reported as a liability and deferred outflow of resources at June 30, 2020 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. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

- A. Deficit fund balance and net position of individual funds. The following fund reflected a deficit fund balance or net position as of June 30, 2020:

**Governmental Funds**

Major Funds

|                          |                    |
|--------------------------|--------------------|
| PURE Projects Fund       | \$ <u>(34,455)</u> |
| Total Governmental Funds | \$ <u>(34,455)</u> |

**STATE OF NEW MEXICO**  
**VILLAGE OF CLOUDCROFT**  
**Notes to the Financial Statements**  
**June 30, 2020**

**NOTE 16. COMMITMENTS**

The Village has various construction and purchase commitments as of June 30, 2020. The funding to cover the various commitments was grant funding, bond and/or note proceeds, including bonds, grants, and cash reserves.

**NOTE 17. CONCENTRATIONS**

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

**NOTE 18. SUBSEQUENT EVENTS**

The Village has evaluated events subsequent to June 30, 2020 that would possibly require adjustment or disclosure in these financial statements, through December 14, 2020, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2020 that would require adjustment or modification to the contents of these statements.

**NOTE 19. RISK AND ECONOMIC UNCERTAINTIES**

On March 11, 2020, the World Health Organization characterized coronavirus (COVID-19) as a pandemic, and on March 13, the President of the United States declared a national emergency relating to the disease. In addition to the President's declaration, state and local authorities have recommended social distancing and have imposed quarantine and isolation measures on large portions of the population, including mandatory business closures. These measures are designed to protect the overall public health, however are expected to impact domestic and foreign economies. These events have had an impact on the Village's employees and the community members that the Village serves. While the disruption is expected to be temporary, there is considerable uncertainty regarding the duration and ultimate financial impact. The Village management is unable to estimate the financial impact the pandemic will have on operations.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**VILLAGE OF CLOUDCROFT**  
**SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2020**

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

|  | Fiscal Year<br>Measurement Date | 2020    | 2019    | 2018    | 2017    | 2016    | 2015    |
|--|---------------------------------|---------|---------|---------|---------|---------|---------|
| Village's Proportion of the Net Pension Liability (Asset)  |                                 | 0.0434% | 0.0404% | 0.0399% | 0.0404% | 0.0394% | 0.0373% |
| Village's Proportionate Share of Net Pension Liability (Asset)   | \$                              | 751     | 644     | 548     | 645     | 402     | 291     |
| Village's Covered-Employee Payroll   | \$                              | 457     | 396     | 366     | 350     | 346     | 324     |
| Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll |                                 | 164.33% | 162.63% | 149.73% | 184.29% | 116.18% | 89.81%  |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   |                                 | 70.52%  | 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, 2020**

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

|  | Fiscal Year<br>Measurement Date | 2020    | 2019    | 2018    | 2017    | 2016    | 2015    |
|--|---------------------------------|---------|---------|---------|---------|---------|---------|
| Village's Proportion of the Net Pension Liability (Asset)  |                                 | 0.0655% | 0.0580% | 0.0623% | 0.0717% | 0.0568% | 0.0433% |
| Village's Proportionate Share of Net Pension Liability (Asset)   | \$                              | 484     | 396     | 346     | 529     | 273     | 141     |
| Village's Covered-Employee Payroll   | \$                              | 178     | 146     | 124     | 127     | 142     | 154     |
| Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll |                                 | 271.91% | 271.23% | 279.03% | 416.54% | 192.25% | 91.56%  |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability   |                                 | 70.52%  | 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, 2020

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

|  | 2020  | 2019  | 2018  | 2017 | 2016 | 2015 |
|--|-------|-------|-------|------|------|------|
| Statutory Required Contribution                                    | \$ 45 | \$ 38 | \$ 35 | 35   | 31   | 31   |
| Contributions in Relation to the Statutorily Required Contribution | 45    | 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, 2020

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

|  | 2020  | 2019  | 2018  | 2017 | 2016 | 2015 |
|--|-------|-------|-------|------|------|------|
| Statutory Required Contribution                                    | \$ 34 | \$ 28 | \$ 24 | 25   | 21   | 21   |
| Contributions in Relation to the Statutorily Required Contribution | 34    | 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, 2020**

**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 2019 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, 2020**

**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)

*Emergency Medical Services - 206*

Accounts for monies received for providing emergency medical services to the residents of the Village. (Village Ordinance)

*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)

*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)

*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)

**Capital Projects Funds**

*Senior Center Project CDBG – 313*

To account for the current project in progress with CDBG to renovate the Senior Center in the Village of Cloudcroft.

**STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Nonmajor Governmental Funds Descriptions  
June 30, 2020**

**Capital Projects Funds (Continued)**

*Museum Fence Fund – 328*

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

*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.

*Heavy Equipment Fund – 333*

To account for purchases of heavy equipment funded through a state agreement.

**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, 2020**

|  | Special Revenue                           |                |                                      |                     |
|--|---|----------------|--------------------------------------|---------------------|
|  | Local<br>Government<br>Corrections<br>201 | EMS<br>206     | Law Enforcement<br>Protection<br>211 | Lodger's Tax<br>214 |
| <b>Assets</b>  |   |                |                                      |                     |
| Cash and cash equivalents  | \$ 11,576                                 | 170,101        | -                                    | 11,491              |
| Receivables:   |   |                |                                      |                     |
| Taxes  | -   | -              | -                                    | 9,888               |
| <b>Total assets</b>  | <b>\$ 11,576</b>                          | <b>170,101</b> | <b>-</b>                             | <b>21,379</b>       |
| <b>Liabilities</b>   |   |                |                                      |                     |
| Accounts payable   | \$ -                                      | 578            | -                                    | 549                 |
| Accrued payroll  | -   | 1,179          | -                                    | -                   |
| <b>Total liabilities</b>   | <b>-</b>                                  | <b>1,757</b>   | <b>-</b>                             | <b>549</b>          |
| <b>Deferred Inflows</b>  |   |                |                                      |                     |
| Property taxes   | -   | -              | -                                    | -                   |
| <b>Total deferred inflows</b>                                    | <b>-</b>                                  | <b>-</b>       | <b>-</b>                             | <b>-</b>            |
| <b>Fund balances</b>   |   |                |                                      |                     |
| Nonspendable   |   |                |                                      |                     |
| Spendable  |   |                |                                      |                     |
| Restricted   | 11,576                                    | 168,344        | -                                    | 20,830              |
| Unassigned   | -   | -              | -                                    | -                   |
| <b>Total fund balances</b>                                       | <b>11,576</b>                             | <b>168,344</b> | <b>-</b>                             | <b>20,830</b>       |
| <b>Total liabilities, deferred inflows<br/>and fund balances</b> | <b>\$ 11,576</b>                          | <b>170,101</b> | <b>-</b>                             | <b>21,379</b>       |

*The accompanying notes are an integral part of these financial statements*

| Special Revenue                     |                   |                                    |                           |                       |
|-------------------------------------|-------------------|------------------------------------|---------------------------|-----------------------|
| Municipal<br>Streets Project<br>216 | Recreation<br>217 | Intergovernmental<br>Grants<br>218 | Fire<br>Department<br>226 | Infrastructure<br>295 |
| 83,459                              | 41,376            | 5,190                              | 37,550                    | 176,479               |
| 3,945                               | -                 | -                                  | -                         | 12,763                |
| <u>87,404</u>                       | <u>41,376</u>     | <u>5,190</u>                       | <u>37,550</u>             | <u>189,242</u>        |
| -                                   | 879               | -                                  | -                         | -                     |
| <u>1,669</u>                        | <u>337</u>        | <u>193</u>                         | <u>-</u>                  | <u>-</u>              |
| <u>1,669</u>                        | <u>1,216</u>      | <u>193</u>                         | <u>-</u>                  | <u>-</u>              |
| -                                   | -                 | -                                  | -                         | -                     |
| <u>-</u>                            | <u>-</u>          | <u>-</u>                           | <u>-</u>                  | <u>-</u>              |
| 85,735                              | 40,160            | 4,997                              | 37,550                    | 189,242               |
| -                                   | -                 | -                                  | -                         | -                     |
| <u>85,735</u>                       | <u>40,160</u>     | <u>4,997</u>                       | <u>37,550</u>             | <u>189,242</u>        |
| <u>87,404</u>                       | <u>41,376</u>     | <u>5,190</u>                       | <u>37,550</u>             | <u>189,242</u>        |



STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020

| Capital Projects   |                                   |                        |                            |                            |
|--|-----------------------------------|------------------------|----------------------------|----------------------------|
|  | Senior Center<br>Proj CDBG<br>313 | Museum<br>Fence<br>328 | Tack Barn<br>#A2470<br>329 | Capital<br>Projects<br>330 |
| <b>Assets</b>  |                                   |                        |                            |                            |
| Cash and cash equivalents  | \$ 50                             | -                      | -                          | 5,038                      |
| Receivables:   |                                   |                        |                            |                            |
| Taxes  | -                                 | -                      | -                          | -                          |
| <b>Total assets</b>  | <b>\$ 50</b>                      | <b>-</b>               | <b>-</b>                   | <b>5,038</b>               |
| <b>Liabilities</b>   |                                   |                        |                            |                            |
| Accounts payable   | \$ -                              | -                      | -                          | -                          |
| Accrued payroll  | -                                 | -                      | -                          | -                          |
| <b>Total liabilities</b>   | <b>-</b>                          | <b>-</b>               | <b>-</b>                   | <b>-</b>                   |
| <b>Deferred Inflows</b>  |                                   |                        |                            |                            |
| Property taxes   | -                                 | -                      | -                          | -                          |
| <b>Total deferred inflows</b>                                    | <b>-</b>                          | <b>-</b>               | <b>-</b>                   | <b>-</b>                   |
| <b>Fund balances</b>   |                                   |                        |                            |                            |
| Nonspendable   |                                   |                        |                            |                            |
| Spendable  |                                   |                        |                            |                            |
| Restricted   | 50                                | -                      | -                          | 5,038                      |
| Unassigned   | -                                 | -                      | -                          | -                          |
| <b>Total fund balances</b>                                       | <b>50</b>                         | <b>-</b>               | <b>-</b>                   | <b>5,038</b>               |
| <b>Total liabilities, deferred inflows<br/>and fund balances</b> | <b>\$ 50</b>                      | <b>-</b>               | <b>-</b>                   | <b>5,038</b>               |

*The accompanying notes are an integral part of these financial statements*

| Capital Projects            |                           | Debt Service           |   |
|-----------------------------|---------------------------|------------------------|---|
| Colonias<br>4115-CIF<br>331 | Heavy<br>Equipment<br>333 | Debt<br>Service<br>405 | Total Nonmajor<br>Governmental<br>Funds |
| -                           | -                         | 1,174                  | 543,484                                 |
| -                           | -                         | -                      | 26,596                                  |
| -                           | -                         | 1,174                  | 570,080                                 |
| -                           | -                         | -                      | 2,006                                   |
| -                           | -                         | -                      | 3,378                                   |
| -                           | -                         | -                      | 5,384                                   |
| -                           | -                         | -                      | -                                       |
| -                           | -                         | -                      | -                                       |
| -                           | -                         | 1,174                  | 564,696                                 |
| -                           | -                         | -                      | -                                       |
| -                           | -                         | 1,174                  | 564,696                                 |
| -                           | -                         | 1,174                  | 570,080                                 |

**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, 2020**

|  | Special Revenue                           |                 |                                      |                     |
|--|---|-----------------|--------------------------------------|---------------------|
|  | Local<br>Government<br>Corrections<br>201 | EMS<br>206      | Law Enforcement<br>Protection<br>211 | Lodger's Tax<br>214 |
| <b>Revenues</b>  |   |                 |                                      |                     |
| Taxes:   |   |                 |                                      |                     |
| Property   | \$ -                                      | -               | -                                    | -                   |
| Gross Receipts   | -   | -               | -                                    | -                   |
| Gasoline and motor vehicle tax                                       | -   | -               | -                                    | -                   |
| Other  | -   | -               | -                                    | 104,321             |
| Intergovernmental  |   |                 |                                      |                     |
| State operating grants   | -   | 8,226           | 21,800                               | -                   |
| State capital grants   | -   | -               | -                                    | -                   |
| Charges for services   | -   | 4,653           | -                                    | -                   |
| Investment income  | 31  | 537             | -                                    | 83                  |
| Fines and forfeitures  | 7,709                                     | -               | -                                    | -                   |
| Miscellaneous  | -   | -               | -                                    | -                   |
| <b>Total revenues</b>  | <b>7,740</b>                              | <b>13,416</b>   | <b>21,800</b>                        | <b>104,404</b>      |
| <b>Expenditures:</b>   |   |                 |                                      |                     |
| Current:   |   |                 |                                      |                     |
| General government   | -   | -               | -                                    | 103,212             |
| Public safety  | -   | -               | 21,800                               | -                   |
| Public works   | -   | -               | -                                    | -                   |
| Health and welfare   | -   | 62,045          | -                                    | -                   |
| Culture and recreation   | -   | -               | -                                    | -                   |
| Capital outlay   | -   | -               | -                                    | -                   |
| Debt service   |   |                 |                                      |                     |
| Principal  | -   | -               | -                                    | -                   |
| Interest and administrative fees                                     | -   | -               | -                                    | -                   |
| <b>Total expenditures</b>  | <b>-</b>                                  | <b>62,045</b>   | <b>21,800</b>                        | <b>103,212</b>      |
| <i>Excess (deficiency) of revenues<br/>over (under) expenditures</i> | <b>7,740</b>                              | <b>(48,629)</b> | <b>-</b>                             | <b>1,192</b>        |
| Other Financing Sources (Uses)                                       |   |                 |                                      |                     |
| Operating transfers in   | (7,000)                                   | -               | -                                    | (86,577)            |
| Operating transfers (out)  | -   | -               | -                                    | 86,577              |
| <b>Total other financing sources (uses)</b>                          | <b>(7,000)</b>                            | <b>-</b>        | <b>-</b>                             | <b>-</b>            |
| <b>Net change in fund balances</b>                                   | <b>740</b>                                | <b>(48,629)</b> | <b>-</b>                             | <b>1,192</b>        |
| Fund balances - beginning of year                                    | 10,836                                    | 216,973         | -                                    | 19,638              |
| <b>Fund balances, end of year</b>                                    | <b>\$ 11,576</b>                          | <b>168,344</b>  | <b>-</b>                             | <b>20,830</b>       |

*The accompanying notes are an integral part of these financial statements*

| Special Revenue                     |                   |                                    |                           |                       |
|-------------------------------------|-------------------|------------------------------------|---------------------------|-----------------------|
| Municipal<br>Streets Project<br>216 | Recreation<br>217 | Intergovernmental<br>Grants<br>218 | Fire<br>Department<br>226 | Infrastructure<br>295 |
| -                                   | -                 | -                                  | -                         | -                     |
| -                                   | -                 | -                                  | -                         | 81,008                |
| 22,362                              | -                 | -                                  | -                         | -                     |
| -                                   | -                 | -                                  | -                         | -                     |
| -                                   | -                 | 9,404                              | -                         | -                     |
| -                                   | -                 | -                                  | -                         | -                     |
| -                                   | -                 | -                                  | -                         | -                     |
| 225                                 | 100               | -                                  | 107                       | 402                   |
| -                                   | -                 | -                                  | -                         | -                     |
| -                                   | 25,065            | 860                                | 2,350                     | 1,500                 |
| 22,587                              | 25,165            | 10,264                             | 2,457                     | 82,910                |
| -                                   | -                 | 3,612                              | 4,728                     | 43,890                |
| -                                   | -                 | -                                  | 2,289                     | -                     |
| 26,048                              | -                 | -                                  | -                         | 2,212                 |
| -                                   | -                 | 3,496                              | -                         | -                     |
| -                                   | 19,770            | 8,104                              | -                         | -                     |
| -                                   | -                 | -                                  | -                         | -                     |
| -                                   | -                 | -                                  | -                         | -                     |
| 26,048                              | 19,770            | 15,212                             | 7,017                     | 46,102                |
| (3,461)                             | 5,395             | (4,948)                            | (4,560)                   | 36,808                |
| -                                   | -                 | -                                  | -                         | -                     |
| -                                   | -                 | 2,380                              | -                         | -                     |
| -                                   | -                 | 2,380                              | -                         | -                     |
| (3,461)                             | 5,395             | (2,568)                            | (4,560)                   | 36,808                |
| 89,196                              | 34,765            | 7,565                              | 42,110                    | 152,434               |
| 85,735                              | 40,160            | 4,997                              | 37,550                    | 189,242               |

**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, 2020**

|  | Capital Projects                  |                        |                            |                            |
|--|-----------------------------------|------------------------|----------------------------|----------------------------|
|  | Senior Center<br>Proj CDBG<br>313 | Museum<br>Fence<br>328 | Tack Barn<br>#A2470<br>329 | Capital<br>Projects<br>330 |
| <b>Revenues</b>  |                                   |                        |                            |                            |
| Taxes:   |                                   |                        |                            |                            |
| Property   | \$ -                              | -                      | -                          | -                          |
| Gross Receipts   | -                                 | -                      | -                          | -                          |
| Gasoline and motor vehicle tax                                   | -                                 | -                      | -                          | -                          |
| Other  | -                                 | -                      | -                          | -                          |
| Intergovernmental  |                                   |                        |                            |                            |
| State operating grants   | -                                 | -                      | -                          | -                          |
| State capital grants   | -                                 | -                      | -                          | -                          |
| Charges for services   | -                                 | -                      | -                          | -                          |
| Investment income  | -                                 | -                      | -                          | 8                          |
| Fines and forfeitures  | -                                 | -                      | -                          | -                          |
| Miscellaneous  | -                                 | -                      | -                          | -                          |
| <b>Total revenues</b>  | <b>-</b>                          | <b>-</b>               | <b>-</b>                   | <b>8</b>                   |
| <b>Expenditures:</b>   |                                   |                        |                            |                            |
| Current:   |                                   |                        |                            |                            |
| General government   | -                                 | -                      | -                          | -                          |
| Public safety  | -                                 | -                      | -                          | -                          |
| Public works   | -                                 | -                      | -                          | -                          |
| Health and welfare   | -                                 | -                      | -                          | -                          |
| Culture and recreation   | -                                 | -                      | -                          | -                          |
| Capital outlay   | 18,612                            | -                      | -                          | -                          |
| Debt service   |                                   |                        |                            |                            |
| Principal  | -                                 | -                      | -                          | -                          |
| Interest and administrative fees                                 | -                                 | -                      | -                          | -                          |
| <b>Total expenditures</b>  | <b>18,612</b>                     | <b>-</b>               | <b>-</b>                   | <b>-</b>                   |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <b>(18,612)</b>                   | <b>-</b>               | <b>-</b>                   | <b>8</b>                   |
| Other Financing Sources (Uses)                                   |                                   |                        |                            |                            |
| Operating transfers in   | -                                 | -                      | -                          | -                          |
| Operating transfers (out)  | 18,662                            | -                      | -                          | -                          |
| <b>Total other financing sources (uses)</b>                      | <b>18,662</b>                     | <b>-</b>               | <b>-</b>                   | <b>-</b>                   |
| <b>Net change in fund balances</b>                               | <b>50</b>                         | <b>-</b>               | <b>-</b>                   | <b>8</b>                   |
| Fund balances - beginning of year                                | -                                 | -                      | -                          | 5,030                      |
| <b>Fund balances, end of year</b>                                | <b>\$ 50</b>                      | <b>-</b>               | <b>-</b>                   | <b>5,038</b>               |

*The accompanying notes are an integral part of these financial statements*

| Capital Projects            |                           | Debt Service           |   |
|-----------------------------|---------------------------|------------------------|---|
| Colonias<br>4115-CIF<br>331 | Heavy<br>Equipment<br>333 | Debt<br>Service<br>405 | Total Nonmajor<br>Governmental<br>Funds |
| -                           | -                         | -                      | -                                       |
| -                           | -                         | -                      | 81,008                                  |
| -                           | -                         | -                      | 22,362                                  |
| -                           | -                         | -                      | 104,321                                 |
| -                           | -                         | -                      | 39,430                                  |
| 39,966                      | 123,704                   | -                      | 163,670                                 |
| -                           | -                         | -                      | 4,653                                   |
| -                           | -                         | -                      | 1,493                                   |
| -                           | -                         | -                      | 7,709                                   |
| -                           | -                         | -                      | 29,775                                  |
| 39,966                      | 123,704                   | -                      | 454,421                                 |
| -                           | -                         | -                      | 155,442                                 |
| -                           | -                         | -                      | 24,089                                  |
| -                           | -                         | -                      | 28,260                                  |
| -                           | -                         | -                      | 65,541                                  |
| -                           | -                         | -                      | 27,874                                  |
| -                           | 282,245                   | -                      | 300,857                                 |
| -                           | -                         | 38,303                 | 38,303                                  |
| -                           | -                         | 11,984                 | 11,984                                  |
| -                           | 282,245                   | 50,287                 | 652,350                                 |
| 39,966                      | (158,541)                 | (50,287)               | (197,929)                               |
| (39,966)                    | -                         | -                      | (133,543)                               |
| -                           | 158,541                   | 50,287                 | 316,447                                 |
| (39,966)                    | 158,541                   | 50,287                 | 182,904                                 |
| -                           | -                         | -                      | (15,025)                                |
| -                           | -                         | 1,174                  | 579,721                                 |
| -                           | -                         | 1,174                  | 564,696                                 |

**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, 2020**

|  | Budgeted Amounts    |                 | Actual           | Variance with    |
|--|---------------------|-----------------|------------------|------------------|
|  | Original            | Final           | Amounts          | Final Budget     |
|  |                     |                 |                  | Positive         |
|  |                     |                 |                  | (Negative)       |
| Operating Revenues   |                     |                 |                  |                  |
| Charges for services   | \$ 906,800          | 952,697         | 930,056          | (22,641)         |
| Total operating revenues   | 906,800             | 952,697         | 930,056          | (22,641)         |
| Operating Expenses   |                     |                 |                  |                  |
| Personnel services   | 1,034,468           | 999,209         | 436,025          | 563,184          |
| Contractual services   | -                   | -               | 85,917           | (85,917)         |
| Supplies   | -                   | -               | 2,712            | (2,712)          |
| Maintenance and materials  | -                   | -               | 13,901           | (13,901)         |
| Utilities  | -                   | -               | 160,532          | (160,532)        |
| Other operating expenses   | -                   | -               | 19,625           | (19,625)         |
| Total operating expenses   | 1,034,468           | 999,209         | 718,712          | 280,497          |
| Operating income (loss)  | (127,668)           | (46,512)        | 211,344          | 257,856          |
| Nonoperating Revenue (Expenses)  |                     |                 |                  |                  |
| Gross receipts taxes   | -                   | -               | 44,248           | 44,248           |
| Investment income  | -                   | -               | 1,326            | 1,326            |
| Miscellaneous income   | -                   | -               | -                | -                |
| Interest expenses  | -                   | -               | (34,981)         | (34,981)         |
| Designated cash (budgeted increase in cash)  | -                   | -               | -                | -                |
| Total nonoperating revenues (expenses)   | -                   | -               | 10,593           | 10,593           |
| Income (loss) before contributions and transfers                                   | (127,668)           | (46,512)        | 221,937          | 268,449          |
| Capital Grants and Net Transfers   |                     |                 |                  |                  |
| Capital grants and contributions   | -                   | -               | -                | -                |
| Operating transfers in   | (43,000)            | (46,289)        | (46,289)         | -                |
| Operating transfers out  | -                   | -               | 249,648          | 249,648          |
| Capital grants and net transfers   | (43,000)            | (46,289)        | 203,359          | 249,648          |
| Change in net position   | (170,668)           | (92,801)        | 425,296          | 518,097          |
| Net Position, beginning of year  | -                   | -               | 5,201,322        | 5,201,322        |
| <b>Net Position, end of year</b>   | <b>\$ (170,668)</b> | <b>(92,801)</b> | <b>5,626,618</b> | <b>5,719,419</b> |
| Change in net position per above   |                     |                 | \$ 425,296       |                  |
| Depreciation   |                     |                 | 331,955          |                  |
| Change in net position per statement of revenues, expenses and net changes in fund |                     |                 | \$ 93,341        |                  |

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, 2020**

|   | Budgeted Amounts       |                        | Actual                | Variance with         |
|---|------------------------|------------------------|-----------------------|-----------------------|
|   | Original               | Final                  | Amounts               | Final Budget          |
|   |                        |                        |                       | Positive              |
|   |                        |                        |                       | (Negative)            |
| Operating Revenues  |                        |                        |                       |                       |
| Charges for services  | \$ 266,250             | 259,623                | 197,359               | (62,264)              |
| Total operating revenues  | <u>266,250</u>         | <u>259,623</u>         | <u>197,359</u>        | <u>(62,264)</u>       |
| Operating Expenses  |                        |                        |                       |                       |
| Personnel services  | -                      | -                      | -                     | -                     |
| Contractual services  | 264,909                | 272,737                | 169,023               | 103,714               |
| Supplies  | -                      | -                      | -                     | -                     |
| Maintenance and materials   | -                      | -                      | -                     | -                     |
| Utilities   | -                      | -                      | -                     | -                     |
| Acquisition of capital asset  | -                      | -                      | -                     | -                     |
| Other operating expenses  | -                      | -                      | 83,509                | (83,509)              |
| Total operating expenses  | <u>264,909</u>         | <u>272,737</u>         | <u>252,532</u>        | <u>20,205</u>         |
| Operating income (loss)   | <u>1,341</u>           | <u>(13,114)</u>        | <u>(55,173)</u>       | <u>(42,059)</u>       |
| Nonoperating Revenue (Expenses)   |                        |                        |                       |                       |
| Gross receipts taxes  | -                      | -                      | -                     | -                     |
| Investment income   | -                      | -                      | 269                   | 269                   |
| Other taxes   | -                      | -                      | 34,165                | 34,165                |
| Miscellaneous income  | -                      | -                      | 38,610                | (38,610)              |
| Interest expenses   | -                      | -                      | -                     | -                     |
| Total nonoperating revenues (expenses)  | <u>-</u>               | <u>-</u>               | <u>73,044</u>         | <u>(4,176)</u>        |
| Income (loss) before contributions and transfers                                      | <u>1,341</u>           | <u>(13,114)</u>        | <u>17,871</u>         | <u>30,985</u>         |
| Capital Grants and Net Transfers  |                        |                        |                       |                       |
| Capital grants and contributions  | -                      | -                      | -                     | -                     |
| Operating transfers in  | -                      | -                      | -                     | -                     |
| Operating transfers out   | <u>-</u>               | <u>-</u>               | <u>-</u>              | <u>-</u>              |
| Capital grants and net transfers  | <u>-</u>               | <u>-</u>               | <u>-</u>              | <u>-</u>              |
| Change in net position  | <u>1,341</u>           | <u>(13,114)</u>        | <u>17,871</u>         | <u>30,985</u>         |
| Net Position, beginning of year   | <u>-</u>               | <u>-</u>               | <u>170,801</u>        | <u>170,801</u>        |
| <b>Net Position, end of year</b>  | <u><u>\$ 1,341</u></u> | <u><u>(13,114)</u></u> | <u><u>188,672</u></u> | <u><u>201,786</u></u> |
| Change in net position per above \$   |                        |                        | 17,871                |                       |
| Depreciation  |                        |                        | <u>-</u>              |                       |
| Change in net position per statement of revenues, expenses and net changes in fund \$ |                        |                        | <u><u>17,871</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, 2020**

|   | Budgeted Amounts        |                      | Actual                | Variance with                          |
|---|-------------------------|----------------------|-----------------------|--|
|   | Original                | Final                | Amounts               | Final Budget<br>Positive<br>(Negative) |
| Operating Revenues  |                         |                      |                       |  |
| Charges for services  | \$ 61,040               | 62,540               | 34,339                | (28,201)                               |
| Total operating revenues  | <u>61,040</u>           | <u>62,540</u>        | <u>34,339</u>         | <u>(28,201)</u>                        |
| Operating Expenses  |                         |                      |                       |  |
| Personnel services  | -                       | -                    | -                     | -                                      |
| Contractual services  | -                       | -                    | -                     | -                                      |
| Supplies  | -                       | -                    | -                     | -                                      |
| Maintenance and materials   | -                       | -                    | -                     | -                                      |
| Utilities   | -                       | -                    | -                     | -                                      |
| Acquisition of capital asset  | -                       | -                    | -                     | -                                      |
| Other operating expenses  | 4,500                   | 4,500                | 3,728                 | 772                                    |
| Total operating expenses  | <u>4,500</u>            | <u>4,500</u>         | <u>3,728</u>          | <u>772</u>                             |
| Operating income (loss)   | <u>56,540</u>           | <u>58,040</u>        | <u>30,611</u>         | <u>(27,429)</u>                        |
| Nonoperating Revenue (Expenses)   |                         |                      |                       |  |
| Gross receipts taxes  | -                       | -                    | -                     | -                                      |
| Investment income   | 275                     | 275                  | 426                   | 151                                    |
| Miscellaneous income  | -                       | -                    | -                     | -                                      |
| Interest expenses   | -                       | -                    | -                     | -                                      |
| Total nonoperating revenues (expenses)  | <u>275</u>              | <u>275</u>           | <u>426</u>            | <u>151</u>                             |
| Income (loss) before contributions and transfers                                      | 56,815                  | 58,315               | 31,037                | (27,278)                               |
| Capital Grants and Net Transfers  |                         |                      |                       |  |
| Operating transfers in  | (31,265)                | (29,462)             | (203,359)             | 173,897                                |
| Operating transfers out   | <u>-</u>                | <u>-</u>             | <u>-</u>              | <u>-</u>                               |
| Capital grants and net transfers  | <u>(31,265)</u>         | <u>(29,462)</u>      | <u>(203,359)</u>      | <u>173,897</u>                         |
| Change in net position  | <u>25,550</u>           | <u>28,853</u>        | <u>(172,322)</u>      | <u>146,619</u>                         |
| Net Position, beginning of year   | <u>-</u>                | <u>-</u>             | <u>165,133</u>        | <u>165,133</u>                         |
| <b>Net Position, end of year</b>  | <u><b>\$ 25,550</b></u> | <u><b>28,853</b></u> | <u><b>(7,189)</b></u> | <u><b>311,752</b></u>                  |
| Change in net position per above \$   |                         |                      |                       | (172,322)                              |
| Depreciation  |                         |                      |                       | <u>-</u>                               |
| Change in net position per statement of revenues, expenses and net changes in fund \$ |                         |                      |                       | <u><u>(172,322)</u></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, 2020**

| <b>Account Name</b>                    | <b>Account Type</b>            | <b>First National Bank</b> | <b>NMFA</b>   | <b>Total</b>        |
|--|--------------------------------|----------------------------|---------------|---------------------|
| Deposits in Bank                       | Checking NOW -interest bearing | \$ 1,850,787               | \$ -          | \$ 1,850,787        |
|  | Checking NOW-interest bearing  | 189                        | -             | 189                 |
|  | CDBG Account                   | 50                         | -             | 50                  |
|  | Money Market Account           | 410,435                    | -             | 410,435             |
|  | Money Market Account           | 5,038                      | -             | 5,038               |
|  | Certificate of deposit         | 50,819                     | -             | 50,819              |
|  | Certificate of deposit         | 68,148                     | -             | 68,148              |
|  | Certificate of deposit         | 88,116                     | -             | 88,116              |
|  | Certificate of deposit         | 8,386                      | -             | 8,386               |
|  | Cash held at NMFA              | -                          | 619           | 619                 |
| Total bank balance                     |                                | <u>\$ 2,481,968</u>        | <u>619</u>    | <u>2,482,587</u>    |
| Reconciling items                      |                                |                            |               |                     |
| Outstanding items                      |                                | \$ (15,579)                | -             | (15,579)            |
| Deposits in transit                    |                                | 122                        | -             | 122                 |
| Total adjustments                      |                                | <u>(15,457)</u>            | <u>-</u>      | <u>(15,457)</u>     |
| Total book balance                     |                                | <u>\$ 2,466,511</u>        | <u>\$ 619</u> | <u>2,467,130</u>    |
| Petty Cash                             |                                |                            |               | \$ 125              |
| Deposits and investments               |                                |                            |               | <u>\$ 2,467,255</u> |
| <b>Financial Statements:</b>           |                                |                            |               |                     |
| Cash, investments and cash equivalents |                                |                            |               |                     |
| Governmental funds                     |                                |                            | \$            | 1,712,845           |
| Business-type funds                    |                                |                            |               | 747,996             |
| Agency funds                           |                                |                            |               | <u>6,414</u>        |
| Total per financial statements         |                                |                            | \$            | <u>2,467,255</u>    |

**STATE OF NEW MEXICO**  
**VILLAGE OF CLOUDCROFT**  
**Schedule of Pledged Collateral**  
**For the Year Ended June 30, 2020**

| <b>Bank:</b>   | <b>First National<br/>Bank</b> | <b>New Mexico<br/>Finance Authority</b> | <b>Totals</b>           |
|--|--------------------------------|---|-------------------------|
| Checking NOW-interest bearing  | \$ 1,850,787                   | \$ -                                    | 1,850,787               |
| Checking NOW -interest bearing                                       | 189                            | -                                       | 189                     |
| CDBG Account   | 50                             | -                                       | 50                      |
| Money Market Account   | 410,435                        | -                                       | 410,435                 |
| Money Market Account   | 5,038                          | -                                       | 5,038                   |
| Certificate of deposit   | 50,819                         | -                                       | 50,819                  |
| Certificate of deposit   | 68,148                         | -                                       | 68,148                  |
| Certificate of deposit   | 88,116                         | -                                       | 88,116                  |
| Certificate of deposit   | 8,386                          | -                                       | 8,386                   |
| Cash held at NMFA  | -                              | 619                                     | 619                     |
| Pretty cash funds  | -                              | 125                                     | 125                     |
| <b>Total Deposits</b>  | <b>2,481,968</b>               | <b>744</b>                              | <b>2,482,712</b>        |
| (Less) FDIC Insurance (Time and Savings):                            | (250,000)                      | -                                       | (250,000)               |
| (Less) FDIC Insurance (Demand):                                      | (250,000)                      | -                                       | (250,000)               |
|  | (500,000)                      | -                                       | (500,000)               |
| <b>Total uninsured public funds:</b>                                 | <b>1,981,968</b>               | <b>-</b>                                | <b>1,981,968</b>        |
| <b>Collateral Requirement (50% of Deposits):</b>                     | <b>990,984</b>                 | <b>-</b>                                | <b>990,984</b>          |
| <b>Total Bank cash and Investments per Schedule of Bank Accounts</b> |                                | <b>\$</b>                               | <b><u>2,482,712</u></b> |

| <b>Held at</b>                       | <b>Pledged Collateral (Fair Market Value):</b> | <b>CUSIP#</b> |                          |
|--------------------------------------|--|---------------|--------------------------|
| FNMA Pool #MA1018 Maturity 3/1/2027  |  | #31418ADY1    | \$ 228,084               |
| FNMA Pool #MA0949 Maturity 1/1/2032  |  | #31418ABT4    | 220,039                  |
| FNMA Pool #MA1275 Maturity 12/1/2032 |  | #31418AMZ8    | 529,744                  |
| FNMA Pool #MA3489 Maturity 10/1/2033 |  | #31418C2X1    | 551,525                  |
| <b>Total Pledged Collateral:</b>     |  |               | <b><u>1,529,392</u></b>  |
| <b>Excess (Deficiency):</b>          |  |               | <b>\$ <u>538,408</u></b> |

**STATE OF NEW MEXICO**  
**VILLAGE OF CLOUDCROFT**  
**Statement of Changes In Fiduciary Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2020**

|                    |                   | Balance<br>June 30, 2019 | Additions | Deletions | Balance<br>June 30, 2020 |
|--------------------|-------------------|--------------------------|-----------|-----------|--------------------------|
| <b>ASSETS</b>      |                   |                          |           |           |                          |
|                    | Cash              | \$ 5,921                 | 60,287    | 59,794    | 6,414                    |
|                    | Total Assets      | \$ 5,921                 | 60,287    | 59,794    | 6,414                    |
| <b>LIABILITIES</b> |                   |                          |           |           |                          |
|                    | Accounts Payable  | \$ 5,921                 | 60,287    | 59,794    | 6,414                    |
|                    | Total Liabilities | \$ 5,921                 | 60,287    | 59,794    | 6,414                    |

*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, 2020

| Participants   | Responsible Party | Description   | Begin Date | End Date     | Estimated Amount of Project | Amount Contributed in Fiscal Year | Audit Responsibility | Fiscal Agent | Name of Govt. Agency Report Rev. & Exp. |
|--|-------------------|---|------------|--------------|-----------------------------|-----------------------------------|----------------------|--------------|---|
| <b><i>Joint Powers Agreements</i></b>  |                   |   |            |              |                             |                                   |                      |              |   |
| 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                                    |
| <b><i>Memorandums of Understanding</i></b>   |                   |   |            |              |                             |                                   |                      |              |   |
| Village of Cloudcroft and the Board of County Commissioners of Otero County, New Mexico          | Both              | To provide recycling collection services to residents of rural and 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, 2020, 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 14, 2020.

**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 2020-001 and 2020-002.

## **The Village's Response to Findings**

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

## **Purpose of this Report**

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



Albuquerque, New Mexico  
December 14, 2020

**STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Schedule of Findings and Responses  
June 30, 2020**

**A. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted?      ☐ Yes    ☒ No

**STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Schedule of Findings and Responses  
June 30, 2020**

**B – AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS**

**2020-001 (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 1 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.

The Village did make progress for the year ended June 30, 2020. However, one customer's account was not corrected in the billing system.

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) settings were not setup to apply the penalty assessments on the total balance due on all customers.

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 is in contact with software vendor to find out why this account was not set correctly as all the others have been.

CURRENT STATUS/PLAN OF ACTION: We are also doing an audit of the 1000+ meters to make sure that they are set correctly to charge the 10% on the entire past due balance per the ordinance.

PERSON RESPONSIBLE: Clerk/Treasurer and Utility Billing Clerk

TIMELINE: December 31, 2020

**STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Schedule of Findings and Responses  
June 30, 2020**

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

**2020-002 (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 two early flight check-ins at a cost of \$20.00 each for a total amount of \$40.00.
- In 1 of 5 transactions tested, the employee utilized the Village's credit for travel and did not check out the card before using it for purchases.

The Village did not make progress for the year ended June 30, 2020.

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 Village does not have proper oversight over travel and per diem transactions

RECOMMENDATION: The 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: The instances occurred by the retired Mayor of the Village.

CURRENT STATUS/PLAN OF ACTION: All current employees have been advised and the credit card charges are being reviewed and if this happens, they have been advised they will repay the Village. This has been addressed in our Procurement Policy Manual page 10 which each employee has been given a copy as of March 10, 2020.

PERSON RESPONSIBLE: Village Clerk/Treasurer and Accounting

TIMELINE: June 30, 2021

**STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Status of Prior Year Findings  
June 30, 2020**

**C – PRIOR YEAR FINDINGS**

|          |   |                       |
|----------|---|-----------------------|
| 2019-001 | Accounts Receivable in Regards to Late Penalty Assessment | Repeated and Modified |
| 2019-002 | Internal Control Over Travel and Per Diem                 | Repeated and Modified |
| 2019-003 | Internal Control Over Fuel Cards                          | Resolved              |

**STATE OF NEW MEXICO  
VILLAGE OF CLOUDCROFT  
Exit Conference  
June 30, 2020**

**EXIT CONFERENCE**

An exit conference was held on December 8, 2020. In attendance were the following:

**Representing the Village of Cloudcroft:**

William Denney, Mayor  
John Tieman, Mayor Pro Tem  
Jini Turri, Village Administrator  
Barbara K. Garcia, Village Clerk/Treasurer, CPO  
Sheila Tanner, Accounting/Payroll/Accounts Payable

**Representing Axiom Certified Public Accountants and Business Advisors LLC:**

Jaime Rumbaoa, CPA, CITP, CFE, CISA, Partner  
Francisco Teran, Senior Associate

**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.