

**Village of Cloudcroft
New Mexico**

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

June 30, 2022



AXIOM
*Certified Public Accountants
and Business Advisors LLC*

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
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VILLAGE OF CLOUDCROFT
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**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Official Roster
June 30, 2022**

Name

Title

Village Council

William Denney
John Tieman
James Maynard
George Mitchell
Gail McCoy

Mayor
Mayor Pro Tem
Trustee
Trustee
Trustee

Administration

Barbara K. Garcia
Shae Hemphill

Village Clerk/Treasurer, CPO
Deputy Clerk/Accounting/Payroll

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village Cloudcroft, New Mexico (the "Village"), as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the Management 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 the 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 43-47, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic

financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying combining and individual non-major fund financial statements, budget 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, budget comparison schedules and other schedules required by Section 2.2.2.NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022 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 effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Albuquerque, New Mexico
December 12, 2022

FINANCIAL SECTION

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and investments	\$ 2,005,380	718,837	2,724,217
Receivables:			
Taxes	296,906	-	296,906
Other	6,103	252,257	258,360
Total current assets	2,308,389	971,094	3,279,483
Noncurrent assets			
Capital assets	13,679,555	13,457,568	27,137,123
Less: Accumulated depreciation	(9,516,063)	(7,183,368)	(16,699,431)
Total noncurrent assets	4,163,492	6,274,200	10,437,692
Total assets	6,471,881	7,245,294	13,717,175
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	237,583	85,044	322,627
Asset retirement obligation related	-	686,887	686,887
Total deferred outflows of resources	237,583	771,931	1,009,514
LIABILITIES			
Current liabilities			
Accounts payable	174,502	41,898	216,400
Accrued payroll liabilities	37,109	14,342	51,451
Current portion of compensated absences	13,510	6,378	19,888
Accrued interest	1,704	44,343	46,047
Current portion of long-term debt	40,959	55,773	96,732
Total current liabilities	267,784	162,734	430,518
Noncurrent liabilities			
Accrued compensated absences	9,388	6,691	16,079
Noncurrent portion of long-term debt	290,659	849,393	1,140,052
Net pension liability	670,719	364,053	1,034,772
Asset retirement obligation	-	765,387	765,387
Total noncurrent liabilities	970,766	1,985,524	2,956,290
Total liabilities	1,238,550	2,148,258	3,386,808
DEFERRED INFLOWS OF RESOURCES			
Pension related	253,716	150,851	404,567
Total deferred inflows of resources	253,716	150,851	404,567
NET POSITION			
Net investment in capital assets	3,831,874	5,457,602	9,289,476
Restricted for:			
Special revenues	1,044,265	-	1,044,265
Capital projects	61,691	-	61,691
Debt Services	4,086	-	4,086
Unrestricted	275,282	260,514	535,796
Total net position	\$ 5,217,198	5,718,116	10,935,314

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 730,025	37,930	117,541	-	(574,554)	-	(574,554)
Public safety	876,477	401	589,309	-	(286,767)	-	(286,767)
Public works	650,403	31,296	185,000	130,197	(303,910)	-	(303,910)
Health and welfare	15,884	-	-	-	(15,884)	-	(15,884)
Culture and recreation	122,356	-	-	-	(122,356)	-	(122,356)
Interest on long-term debt	14,762	-	-	-	(14,762)	-	(14,762)
Total governmental activities	2,409,907	69,627	891,850	130,197	(1,318,233)	-	(1,318,233)
Business-Type Activities:							
Water and sewer	1,339,649	1,004,638	-	-	-	(335,011)	(335,011)
Sanitation and environmental solid waste	222,108	208,448	-	-	-	(13,660)	(13,660)
Water replacement	5,983	81,011	-	-	-	75,028	75,028
Total business-type activities	1,567,740	1,294,097	-	-	-	(273,643)	(273,643)
Total primary government	\$ 3,977,647	1,363,724	891,850	130,197	(1,318,233)	(273,643)	(1,591,876)
General revenues:							
Taxes							
Property taxes					\$ 71,186	-	71,186
Gross receipts tax					1,334,401	-	1,334,401
Gasoline and motor vehicle taxes					57,009	-	57,009
Other taxes					209,896	770	210,666
Investment income					1,636	811	2,447
Fines and forfeitures					6,540	-	6,540
Miscellaneous income					89,200	127	89,327
Total general revenues					1,769,868	1,708	1,771,576
Transfers in/out					(277,533)	277,533	-
Change in net position					174,102	5,598	179,700
Net position, beginning					5,043,096	5,712,518	10,755,614
Net position, ending					\$ 5,217,198	5,718,116	10,935,314

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Balance Sheet - Governmental Funds
June 30, 2022

	General Fund 100	Special Revenue Fire Protection 209	Municipal Street Projects 216	Capital Projects PURE Projects 315	Other Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 872,029	356,925	168,603	-	607,823	2,005,380
Receivables						
Taxes	266,448	-	19,641	-	10,817	296,906
Other	6,103	-	-	-	-	6,103
Total assets	\$ 1,144,580	356,925	188,244	-	618,640	2,308,389
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 73,689	7,693	10,251	47,239	35,630	174,502
Accrued payroll	36,916	-	-	-	193	37,109
Total liabilities	110,605	7,693	10,251	47,239	35,823	211,611
DEFERRED INFLOWS						
Property taxes	2,798	-	-	-	-	2,798
Total deferred inflows	2,798	-	-	-	-	2,798
FUND BALANCES						
Restricted for:						
Special revenue funds	-	349,232	177,993	-	517,040	1,044,265
Capital project funds	-	-	-	-	61,691	61,691
Debt services	-	-	-	-	4,086	4,086
Committed	143,625	-	-	-	-	143,625
Unassigned	887,552	-	-	(47,239)	-	840,313
Total fund balances	1,031,177	349,232	177,993	(47,239)	582,817	2,093,980
Total liabilities, deferred inflows and fund balances	\$ 1,144,580	356,925	188,244	-	618,640	2,308,389

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, 2022

Fund balances - total governmental funds	\$	2,093,980
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		4,163,492
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		2,798
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		237,583
Deferred inflows of resources related to pension		(253,716)
Certain liabilities, including loans payable, net pension liability, and current and long term portions of accrued compensated absences, are not due and payable in the current period and , therefore, are not reported in the funds		
Accrued interest payable		(1,704)
Accrued compensated absences not due and payable at year end		(22,898)
Loans payable		(331,618)
Net pension liability		<u>(670,719)</u>
Net position of governmental activities (Statement of Net Position)	\$	<u><u>5,217,198</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund 100	Special Revenue Fire Protection 209	Municipal Street Projects 216	Capital Projects PURE Projects 315	Other Non-Major Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 71,186	-	-	-	-	71,186
Gross receipts	1,331,319	-	-	-	3,082	1,334,401
Gasoline and motor vehicle taxes	28,883	-	28,126	-	-	57,009
Other	49,553	-	-	-	160,343	209,896
Intergovernmental income						
Federal operating grants	-	-	-	-	224,407	224,407
State operating grants	90,000	335,241	185,000	-	57,202	667,443
State capital grants	-	-	-	116,029	14,168	130,197
Charges for services	37,930	-	31,296	-	401	69,627
Investment income	991	-	177	-	468	1,636
Fines and forfeitures	-	-	-	-	6,540	6,540
Miscellaneous	47,349	-	-	-	41,851	89,200
Total revenues	1,657,211	335,241	244,599	116,029	508,462	2,861,542
Expenditures						
Current						
General government	409,041	64,512	-	-	178,049	651,602
Public safety	518,038	175,482	-	-	19,702	713,222
Public works	87,979	-	268,366	40,858	215,966	613,169
Health and welfare	-	-	-	-	15,884	15,884
Culture and recreation	61,289	-	-	-	32,426	93,715
Capital outlay	147,866	-	-	-	-	147,866
Debt service						
Principal	-	-	-	-	39,948	39,948
Interest	-	-	-	-	14,934	14,934
Total expenditures	1,224,213	239,994	268,366	40,858	516,909	2,290,340
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	432,998	95,247	(23,767)	75,171	(8,447)	571,202
Other Financing Sources (Uses)						
Operating transfers in	26,295	-	135,000	166,157	319,743	647,195
Operating transfers (out)	(444,655)	(45,329)	-	(278,030)	(156,714)	(924,728)
Total other financing sources (uses)	(418,360)	(45,329)	135,000	(111,873)	163,029	(277,533)
Net change in fund balances	14,638	49,918	111,233	(36,702)	154,582	293,669
Fund balances, beginning of year	1,016,539	299,314	66,760	(10,537)	428,235	1,800,311
Fund balances, end of year	\$ 1,031,177	349,232	177,993	(47,239)	582,817	2,093,980

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, 2022

Net change in fund balances- total governmental funds	\$	293,669
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		147,866
Depreciation expense		(286,413)
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		(24,207)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds:		
Decrease in deferred property taxes		1,277
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		1,790
Increase in accrued interest		172
Principal payments on loans payable		39,948
Change in net position of governmental activities	\$	<u>174,102</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Taxes				
Property	\$ 65,159	65,159	70,726	5,567
Gross receipts	935,200	1,285,200	1,258,767	(26,433)
Gasoline and motor vehicle	25,000	25,000	29,872	4,872
Other taxes	40,000	44,800	50,165	5,365
State operating grants	90,000	90,600	90,000	(600)
Charges for services	24,225	24,225	37,930	13,705
Investment income	1,850	1,850	991	(859)
Fines and forfeitures	42,550	42,550	-	(42,550)
Miscellaneous income	156,500	156,500	47,349	(109,151)
Total revenues	1,380,484	1,735,884	1,585,800	(150,084)
Expenditures				
Current				
General government	331,590	704,274	463,383	240,891
Public safety	914,493	914,493	534,461	380,032
Public works	25,768	25,768	129,911	(104,143)
Health and welfare	-	-	-	-
Culture and recreation	78,960	78,960	57,033	21,927
Miscellaneous	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,350,811	1,723,495	1,184,788	538,707
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	29,673	12,389	401,012	388,623
Other Financing Sources (Uses):				
Transfers, in	-	13,814	26,295	12,481
Transfers, out	(10,000)	(641,751)	(444,655)	197,096
Total other financing sources (uses)	(10,000)	(627,937)	(418,360)	209,577
Net changes in fund balances	\$ 19,673	(615,548)	(17,348)	598,200
Reconciliation to GAAP basis:				
Adjustments to revenues			\$ 71,411	
Adjustments to expenditures			(39,425)	
Net Change in Fund Balances (GAAP Basis)			\$ 14,638	

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State operating grants	\$ 287,850	287,850	335,241	47,391
<i>Total revenues</i>	<u>287,850</u>	<u>287,850</u>	<u>335,241</u>	<u>47,391</u>
Expenditures				
Current				
General government	85,600	85,600	58,819	26,781
Public safety	290,139	290,139	212,950	77,189
<i>Total expenditures</i>	<u>375,739</u>	<u>375,739</u>	<u>271,769</u>	<u>103,970</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(87,889)</u>	<u>(87,889)</u>	<u>63,472</u>	<u>151,361</u>
Other Financing Sources (Uses):				
Transfers, in	-	-	-	-
Transfers, out	-	2	(45,329)	(45,331)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2</u>	<u>(45,329)</u>	<u>(45,331)</u>
Net changes in fund balances	<u>\$ (87,889)</u>	<u>(87,887)</u>	<u>18,143</u>	<u>106,030</u>
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>31,775</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 49,918</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Municipal Street Projects Fund 216
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Taxes				
Gasoline and motor vehicle	\$ 23,000	23,000	27,657	4,657
Intergovernmental				
State operating grants	500,250	500,250	185,000	(315,250)
Charges for services	-	15,330	15,583	253
Miscellaneous income	150	150	177	27
Total revenues	523,400	515,730	228,417	(310,313)
Expenditures				
Current				
Public safety	570,549	580,289	265,040	315,249
Total expenditures	570,549	580,289	265,040	315,249
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(47,149)	(64,559)	(36,623)	4,936
Other Financing Sources (Uses):				
Transfers, in	-	135,000	135,000	-
Transfers, out	-	-	-	-
Total other financing sources (uses)	-	135,000	135,000	-
Net changes in fund balances	\$ (47,149)	(64,559)	98,377	4,936
<i>Reconciliation to GAAP basis:</i>				
Adjustments to revenues			\$ 16,182	
Adjustments to expenditures			(3,326)	
Net Change in Fund Balances (GAAP Basis)			\$ 111,233	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-Type Activities Enterprise Funds			
	Water and Sewer 500	Sanitation and Environmental Solid Waste 503	Water Replacement 506	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 480,724	8,887	229,226	718,837
Receivables				
Other	189,572	45,560	17,125	252,257
Total current assets	670,296	54,447	246,351	971,094
Noncurrent assets				
Capital assets	13,457,568	-	-	13,457,568
Less: accumulated depreciation	(7,183,368)	-	-	(7,183,368)
Total noncurrent assets	6,274,200	-	-	6,274,200
Total assets	6,944,496	54,447	246,351	7,245,294
Deferred outflows of resources				
Pension related	85,044	-	-	85,044
Asset retirement obligation related	686,887	-	-	686,887
Total deferred outflows of resources	771,931	-	-	771,931
Liabilities				
Current Liabilities				
Accounts payable	\$ 27,803	13,147	948	41,898
Accrued payroll	14,342	-	-	14,342
Current portion of accrued compensated absences	6,378	-	-	6,378
Accrued interest	39,828	-	4,515	44,343
Current portion of loans payable	50,291	-	5,482	55,773
Total current liabilities	138,642	13,147	10,945	162,734
Noncurrent Liabilities				
Accrued compensated absences	6,691	-	-	6,691
Loans payable	766,307	-	83,086	849,393
Net pension liability	364,053	-	-	364,053
Asset retirement obligation	765,387	-	-	765,387
Total noncurrent liabilities	1,902,438	-	83,086	1,985,524
Total Liabilities	2,041,080	13,147	94,031	2,148,258
Deferred inflows of resources				
Pension related	150,851	-	-	150,851
Total deferred inflows of resources	150,851	-	-	150,851
Net Position				
Net investment in capital assets	5,457,602	-	-	5,457,602
Unrestricted	66,894	41,300	152,320	260,514
Total Net Position	\$ 5,524,496	41,300	152,320	5,718,116

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, 2022

	Business-Type Activities Enterprise Funds			
	Water and Sewer 500	Sanitation and Environmental Solid Waste 503	Water Replacement 506	Total
<i>Operating Revenues</i>				
Charges for services	\$ 1,004,638	208,448	81,011	1,294,097
Total operating revenues	1,004,638	208,448	81,011	1,294,097
<i>Operating Expenses</i>				
Personnel services	770,372	-	-	770,372
Contractual services	82,753	171,294	3,312	257,359
Supplies	2,106	-	-	2,106
Maintenance and materials	30,082	-	-	30,082
Utilities	144,183	-	-	144,183
Depreciation	264,240	-	-	264,240
Other operating expenses	19,625	50,814	-	70,439
Total operating expenses	1,313,361	222,108	3,312	1,538,781
<i>Operating income (loss)</i>	(308,723)	(13,660)	77,699	(244,684)
<i>Non-operating revenues (expenses)</i>				
Interest income	556	33	222	811
Interest expense	(26,288)	-	(2,671)	(28,959)
Other taxes	-	770	-	770
Miscellaneous	127	-	-	127
Total non-operating revenues (expenses)	(25,605)	803	(2,449)	(27,251)
Income Before Contributions and Transfers	(334,328)	(12,857)	75,250	(271,935)
Other Financing Sources (Uses)				
Operating transfers in	351,269	-	-	351,269
Operating transfers (out)	(49,674)	-	(24,062)	(73,736)
Net transfers	301,595	-	(24,062)	277,533
Change in net position	(32,733)	(12,857)	51,188	5,598
<i>Net position, beginning of year</i>	5,557,229	54,157	101,132	5,712,518
<i>Net position, end of year</i>	\$ 5,524,496	41,300	152,320	5,718,116

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2022

	Business-Type Activities Enterprise Funds			
	Water and Sewer 500	Sanitation and Environmental Solid Waste 503	Water Replacement 506	Total
Cash Flows From Operating Activities				
Cash received from customers and others	\$ 950,812	200,054	72,743	1,223,609
Cash payments to vendors and employees	(976,424)	(248,465)	(4,053)	(1,228,942)
Net cash provided (used) by operating activities	<u>(25,612)</u>	<u>(48,411)</u>	<u>68,690</u>	<u>(5,333)</u>
Cash Flows From Non-Capital Financing				
Other taxes	-	770	-	770
Transfer and interfund balance settlement	301,595	-	(24,062)	277,533
Miscellaneous income	127	-	-	127
Net cash provided (used) by non-capital financing activities	<u>301,722</u>	<u>770</u>	<u>(24,062)</u>	<u>278,430</u>
Cash Flows From Capital and Related Financing Activities				
Principal payments on long-term debt	(52,127)	-	(5,207)	(57,334)
Interest paid	(26,288)	-	(2,671)	(28,959)
Purchases of capital assets	(288,396)	-	-	(288,396)
Net cash provided by capital and related financing activities	<u>(366,811)</u>	<u>-</u>	<u>(7,878)</u>	<u>(374,689)</u>
Cash Flows From Investing Activities				
Interest income	556	33	222	811
Net cash provided (used) by investing activities	<u>556</u>	<u>33</u>	<u>222</u>	<u>811</u>
Net increase (decrease) in cash and cash equivalents	(90,145)	(47,608)	36,972	(100,781)
Cash and cash equivalents, beginning of year	570,869	56,495	192,254	819,618
Cash and cash equivalents, end of year	<u><u>\$ 480,724</u></u>	<u><u>8,887</u></u>	<u><u>229,226</u></u>	<u><u>718,837</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities				
Operating income (loss)	\$ (308,723)	(13,660)	77,699	(244,684)
Adjustments to operating (loss) income to net cash provided by operating activities:				
Depreciation	264,240	-	-	264,240
Pension expense	86,378	-	-	86,378
Amortization expense	19,625	-	-	19,625
Change in assets and liabilities:				
Receivables	(53,826)	(8,394)	(8,268)	(70,488)
Accounts payable	(17,705)	(12,309)	(1,418)	(31,432)
Accrued payroll	(3,632)	-	-	(3,632)
Accrued compensated absences	(2,127)	-	-	(2,127)
Accrued interest	(9,842)	(14,048)	677	(23,213)
Net cash provided (used) by operating activities	<u><u>\$ (25,612)</u></u>	<u><u>(48,411)</u></u>	<u><u>68,690</u></u>	<u><u>(5,333)</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Fiduciary Net Position
June 30, 2022

	Custodial Funds
ASSETS	
Cash	\$ <u>13,964</u>
Total Assets	<u>13,964</u>
LIABILITIES	
Accounts Payable	<u>-</u>
Total Liabilities	<u>-</u>
NET POSITION	
Restricted for:	
MVD collections	<u>13,964</u>
Total net position	\$ <u><u>13,964</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	Custodial Funds
	<hr/>
ADDITIONS	
MVD revenues	\$ 96,443
Sales tax	56,297
Customer deposits	1,675
Total additions	<hr/> 154,415 <hr/>
DEDUCTIONS	
MVD state remittance	96,443
Gross receipts tax	51,632
Operating expenses	69
Total deductions	<hr/> 148,144 <hr/>
Net increase in fiduciary net position	6,271
NET POSITION	
Beginning of year	<hr/> 7,693
End of year	\$ <hr/> <hr/> 13,964

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, 2022

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, 2022

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.¹⁰⁻¹²

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, 2022

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, 2022

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)

The *Municipal Streets Special Revenue Fund* was created to account for the repair, maintenance, and construction of municipal streets and the purchase of road maintenance equipment.

The *PURE Project Capital Projects Fund* was created to account 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. The Village has Custodial Funds that report resources held by the Village in a custodial capacity for MVD collections. Short term deposits (less than 3 months) are excluded from the fiduciary fund statements.

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, 2022

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, 2022, there were none.

Capital assets: Capital assets, which include property, water/sewer, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are defined by the Village as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Village of Cloudcroft was a Phase III government for purposes of implementing GASB Statement No. 34, and therefore, was not required to include the historical cost of infrastructure assets retroactive to 1980. Information technology equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9C(5). Donated capital assets are recorded at estimated fair market value at the date of donation.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2022

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, 2022, 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, 2022

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. By state statute, the Village must maintain a minimum fund balance in the General Fund equal to 8.33% of 1/12th of budgeted expenditures. This amount totals \$143,625 at June 30, 2022.

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, 2022**

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, 2022, the restricted fund balance on the governmental funds balance sheet is made up of \$1,110,042 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.”

Interfund transactions: Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

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

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Village’s financial statements include the depreciation on capital assets, the net pension liability and related items, and the current portion of compensated absences.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2022

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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, 2022 is presented.

New Accounting Pronouncements

During the year, GASB Statement No. 87 (Leases) became effective. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Village did not have any leases for the year ended June 30, 2022.

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, 2022.

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, 2022

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, 2021, \$2,276,783 of the Village's bank balances of \$2,776,783 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 \$0 was uninsured and uncollateralized.

		FIRST NATIONAL BANK
Amount of deposits	\$	2,776,783
FDIC coverage		(500,000)
Total uninsured public funds		2,276,783
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Village's name		2,317,391
Uninsured and uncollateralized	\$	-
Collateral requirement (50% of uninsured funds)	\$	1,138,392
Pledged collateral		2,317,391
Over (under) collateralized	\$	1,178,999

Reconciliation to the Statement of Net Position

Cash and cash equivalents	\$	2,724,217
Add: outstanding checks		42,805
Add: Agency fund		13,964
Less: Deposits in transit		485
Less: NMFA cash		3,593
Less: petty cash		125
Bank balance of deposits	\$	2,776,783

STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2022

NOTE 4. RECEIVABLES

At June 30, 2022, receivables consisted of the following:

	General	Other Governmental Funds	Water and Sewer
Taxes:			
Property	\$ 4,688	-	-
Gross receipts	256,546	764	-
Gasoline	-	3,928	-
Franchise	6,075	-	-
Lodgers	-	10,053	-
MVD	5,214	-	-
Charges for services	28	15,713	189,572
Totals by category	\$ 272,551	30,458	189,572

	Sanitation and Solid Waste	Water Replacement	Total
Taxes:			
Property	\$ -	-	4,688
Gross receipts	191	-	257,501
Gasoline	-	-	3,928
Franchise	-	-	6,075
Lodgers	-	-	10,053
MVD	-	-	5,214
Charges for services	45,369	17,125	267,807
Totals by category	\$ 45,560	17,125	555,266

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, 2022

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, 2022 were as follows:

Transfers In:

General Fund	\$	26,295
Lodger's Tax Fund		124,706
Municipal Streets		135,000
Senior Center Project CDBG		37,428
PURE Project		166,157
Recreational Improvements		106,100
Debt Service		51,509
Total Transfers In		<u>647,195</u>

Transfer Out:

General Fund	444,655
Local Government Corrections	15,668
Fire Protection Fund	45,329
Lodger's Tax Fund	124,706
Intergovernmental Grants	30
Senior Center Project CDBG	10,237
PURE Project	278,030
Recreational Improvements	6,073
Total Transfers Out	<u>924,728</u>
Total Transfers	<u>277,533</u>

Reconciliation to Government Wide

Transfer In:

Water Replacement	<u>351,269</u>
Total Transfers In	<u>351,269</u>

Transfers Out:

Water and Sewer Fund	49,674
Water Replacement	<u>24,062</u>
Total Transfers Out	<u>73,736</u>
Total Transfers	\$ <u><u>277,533</u></u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
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NOTE 6. CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the year ended June 30, 2022. Land and construction in progress are not subject to depreciation.

	Balance 6/30/2021	Additions	Deletions/ Transfers	Balance 06/30/2022
Governmental Activities				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 152,339	-	-	152,339
Construction in progress	806,269	-	(180,770)	625,499
Total Not Depreciated:	<u>958,608</u>	<u>-</u>	<u>(180,770)</u>	<u>777,838</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	4,734,727	14,733	180,770	4,930,230
Equipment	2,382,053	133,133	-	2,515,186
Infrastructure	5,456,301	-	-	5,456,301
Total Being Depreciated	<u>12,573,081</u>	<u>147,866</u>	<u>180,770</u>	<u>12,901,717</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(2,151,516)	(174,972)	-	(2,326,488)
Equipment	(1,700,473)	(104,936)	-	(1,805,409)
Infrastructure	(5,377,661)	(6,505)	-	(5,384,166)
Total accumulated depreciation	<u>(9,229,650)</u>	<u>(286,413)</u>	<u>-</u>	<u>(9,516,063)</u>
Net Capital Assets being depreciated:	<u>3,343,431</u>	<u>(138,547)</u>	<u>180,770</u>	<u>3,385,654</u>
Net Capital Assets:	<u>\$ 4,302,039</u>	<u>(138,547)</u>	<u>-</u>	<u>4,163,492</u>

Depreciation expense for the year ended June 30, 2022 was charged to governmental activities as follows:

General government	\$ 57,283
Public safety	163,255
Public works	37,234
Culture and recreation	28,641
	<u>\$ 286,413</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2022

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Balance 06/30/2021	Additions	Deletions/ Transfers	Balance 06/30/2022
Business Type Activities				
<i>Capital Assets Not Being Depreciated:</i>				
Land \$	171,600	-	-	171,600
Construction in progress	2,530,053	-	-	2,530,053
Total Not Depreciated:	<u>2,701,653</u>	<u>-</u>	<u>-</u>	<u>2,701,653</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,124,717	278,135	-	1,402,852
Equipment	665,159	10,261	-	675,420
Infrastructure	8,677,643	-	-	8,677,643
Total Being Depreciated	<u>10,467,519</u>	<u>288,396</u>	<u>-</u>	<u>10,755,915</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(683,767)	(44,330)	-	(728,097)
Equipment	(412,850)	(39,194)	-	(452,044)
Infrastructure	(5,822,511)	(180,716)	-	(6,003,227)
Total accumulated depreciation	<u>(6,919,128)</u>	<u>(264,240)</u>	<u>-</u>	<u>(7,183,368)</u>
Net Capital Assets being depreciated:	<u>3,548,391</u>	<u>24,156</u>	<u>-</u>	<u>3,572,547</u>
Net Capital Assets: \$	<u>6,250,044</u>	<u>24,156</u>	<u>-</u>	<u>6,274,200</u>

Depreciation expense of \$264,240 for the year ended June 30, 2022 was charged to the Water and Sewer proprietary fund.

STATE OF NEW MEXICO
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Notes to the Financial Statements
June 30, 2022

NOTE 7. LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2022 are summarized as follows:

Governmental Activities

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Loans Payable	\$ 371,566	-	39,948	331,618	40,959
Compensated absences	24,688	25,154	26,944	22,898	13,510
Total long-term debt	\$ 396,254	25,154	66,892	354,516	54,469

Description	Date of Issue	Due Date	Interest Rate	Amount of Issue	Outstanding June 30, 2022	Pledged Revenues
NMFA – Fire Protection Vehicle	7/1/2015	5/1/2025	0.51%- 3.10%	\$ 282,116	\$ 92,553	State Fire Protection Allotment
NMFA – Fire Station	7/1/2015	5/1/2039	0.51%- 3.10%	302,267	239,065	State Fire Protection Allotment
					\$ 331,618	

Debt service requirements on long-term debt for governmental activities at June 30, 2022 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2023	\$ 40,959	10,036	50,995
2024	42,072	8,922	50,994
2025	43,276	7,719	50,995
2026	11,923	6,377	18,300
2027	12,306	5,995	18,301
2028-2032	67,492	24,011	91,503
2033-2037	78,623	12,881	91,504
2038-2039	34,967	1,634	36,601
	\$ 331,618	77,575	409,193

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2022

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activities

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Loans Payable	\$ 962,500	-	57,334	905,166	55,773
Compensated absences	15,196	17,701	19,828	13,069	6,378
Total long-term debt	<u>\$ 977,696</u>	<u>17,701</u>	<u>77,162</u>	<u>918,235</u>	<u>62,151</u>

Description	Date of Issue	Due Date	Interest Rate	Amount of Issue	Outstanding June 30, 2022	Pledged Revenues
NMED – RIP 2009-005	7/1/2009	10/8/2036	3.00%	\$ 722,551	\$ 548,613	N/A
NMED – RIP 0005	1/4/2016	9/11/2037	2.375%	253,920	212,199	N/A
NMFA – 2387-ADW	8/20/2010	5/1/2031	1.00%	59,394	28,194	Joint Utility System
NMFA – 2784-CIF	4/12/2013	5/1/2025	0.00%	617,185	33,944	Joint Utility System
NMFA – 2977-CIF	5/16/2014	6/1/2034	0.00%	94,227	56,533	Joint Utility System
NMFA – 4115-CIF	7/9/2019	6/1/2039	0.00%	30,394	25,683	Joint Utility System
					<u>\$ 905,166</u>	

Debt service requirements on long-term debt for business-type activities at June 30, 2022 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2023	\$ 55,773	21,780	77,553
2024	56,616	20,524	77,140
2025	57,907	19,233	77,140
2026	59,235	17,905	77,140
2027	60,600	16,540	77,140
2028-2032	321,576	60,828	382,404
2033-2037	273,287	20,912	294,199
2038-2039	20,172	374	20,546
	<u>\$ 905,166</u>	<u>178,096</u>	<u>1,083,262</u>

NOTE 8. RESTRICTED NET POSITION

The government-wide statement of net position reports \$1,110,042 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 22 and 48-49.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2022

NOTE 9. PENSION PLAN – PUBLIC EMPLOYEE RETIREMENT ASSOCIATION

Plan Description

Public Employees Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, 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 Public Employees Retirement 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), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded. PERA issues a publicly available annual comprehensive financial report that can be obtained at <https://www.nmpera.org/financial-overview/>.

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.

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VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2022

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

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

PERA Contribution Rates and Pension Factors in effect during FY21						
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%	9.42%	17.74%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.65%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.80%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.80%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.30%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.00%	8.5%	10.65%	2.0%	2.0%	90%
Municipal Police Plan 2	7.00%	8.5%	15.65%	2.5%	2.0%	90%
Municipal Police Plan 3	7.00%	8.5%	19.15%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	19.15%	3.0%	2.5%	90%
Municipal Police Plan 5	16.30%	17.80%	19.15%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.00%	9.50%	11.65%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.00%	9.50%	18.15%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.00%	9.50%	21.90%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.80%	14.30%	21.90%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.20%	17.70%	21.90%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.3%	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%	25.5%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	17.24%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.37%	3.0%	3.0%	90%

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Notes to the Financial Statements
June 30, 2022

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, 2022, the Village reported a liability of \$566,984 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2021 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2020. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2021. 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, 2021, the Village's proportion was 0.0503%, which was an increase of 0.0019% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Village recognized pension expense of \$89,913. At June 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,114	1,941
Changes in assumptions	186	-
Net difference between projected and actual earnings on pension plan investments	-	232,998
Changes in proportion and differences between Village's contributions and proportionate share of contributions	68,408	-
Village's contributions subsequent to the measurement date	49,741	-
Total	\$ 132,449	234,939

\$49,741 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, 2023. 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,	
2024	\$ 5,905
2024	(17,935)
2025	(44,425)
2026	(95,776)
2027	-
Total:	\$ (152,231)

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Notes to the Financial Statements
June 30, 2022

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

For PERA Fund Division Municipal Police, at June 30, 2022, the Village reported a liability of \$467,788 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2021 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2020. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2021. 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, 2021, the Village's proportion was 0.0905%, which was an increase of 0.0150% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Village recognized pension expense of \$112,465. At June 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,366	-
Changes in assumptions	182	-
Net difference between projected and actual earnings on pension plan investments	-	169,567
Changes in proportion and differences between Village's contributions and proportionate share of contributions	112,579	61
Village's contributions subsequent to the measurement date	42,051	-
Total	\$ 190,178	169,628

\$42,051 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, 2023. 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>	
2023	\$ 42,491
2024	18,999
2025	(14,047)
2026	(68,944)
2027	-
Total:	\$ (21,501)

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Notes to the Financial Statements
June 30, 2022

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

Actuarial assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA FUND

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Amortization period	Level Percentage of Pay
Asset valuation method	Solved for based on statutory rates

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, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2021. These assumptions were adopted by the Board use in the June 30, 2020 actuarial valuation.

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

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.50%	5.90%
Risk Reduction & Mitigation	19.50%	1.00%
Credit Oriented Fixed Income	15.00%	4.20%
Real Assets	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
Total	100.00%	

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2022

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, 2021. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

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

PERA Fund Municipal General

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 1,017,045	566,984	193,646

PERA Fund Municipal Police

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Proportionate share of the net pension liability	\$ 818,971	467,788	180,404

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

Payables to the pension plan. The Village remits the legally required employer and employee contributions on a monthly basis to PERA. At June 30, 2022, there were no contributions due and payable to PERA for the Village.

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, 2022.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2022

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 36-year remaining life. The \$765,387 reported as a liability and \$686,887 reported as deferred outflow of resources at June 30, 2022 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. The funding for the asset retirement obligation is from the fund balance of the Water and Sewer fund. There will not be any restricted assets for the payment of the liability as it is able to be fully funded with the resources of the Water and Sewer fund or as necessary through transfer from General fund.

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Notes to the Financial Statements
June 30, 2022

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, 2022:

Governmental Funds

Major Funds

PURE Projects Fund (315)	\$ <u>(47,239)</u>
Total Governmental Funds	\$ <u>(47,239)</u>

NOTE 16. COMMITMENTS

The Village has various construction and purchase commitments as of June 30, 2022. 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, 2022 that would possibly require adjustment or disclosure in these financial statements, through December 14, 2022, the date that these financial statements were available to be issued.

No events have occurred subsequent to June 30, 2022 that would require adjustment or modification to the contents of these statements.

NOTE 19. RISK AND UNCERTAINTIES

The COVID-19 and the ongoing war in Ukraine caused supply chain and labor issues, which resulted to a high inflation rate in the United States. To fight inflation, the Federal Reserve has raised interest rate few times and plans to do so until it reached its target inflation rate. The Village could not estimate impact of these uncertainties but believes it will significantly affect the Pension and OPEB liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2022

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

	Fiscal Year Measurement Date	2022	2021	2020	2019	2018	2017	2016	2015
Village's Proportion of the Net Pension Liability (Asset)		0.0503%	0.0484%	0.0434%	0.0404%	0.0399%	0.0404%	0.0394%	0.0373%
Village's Proportionate Share of Net Pension Liability (Asset)	\$	567	979	751	644	548	645	402	291
Village's Covered-Employee Payroll	\$	507	474	457	396	366	350	346	324
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		111.83%	206.54%	164.33%	162.63%	149.73%	184.29%	116.18%	89.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		77.25%	66.36%	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, 2022

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

	Fiscal Year Measurement Date	2022	2021	2020	2019	2018	2017	2016	2015
Village's Proportion of the Net Pension Liability (Asset)		0.0905%	0.0755%	0.0655%	0.0580%	0.0623%	0.0717%	0.0568%	0.0433%
Village's Proportionate Share of Net Pension Liability (Asset)	\$	468	648	484	396	346	529	273	141
Village's Covered-Employee Payroll	\$	220	218	178	146	124	127	142	154
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll		212.73%	297.25%	271.91%	271.23%	279.03%	416.54%	192.25%	91.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		77.25%	66.36%	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, 2022

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

	2022	2021	2020	2019	2018	2017	2016	2015
Statutory Required Contribution	\$ 42	42	45	38	35	35	31	31
Contributions in Relation to the Statutorily Required Contribution	42	42	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, 2022

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

	2022	2021	2020	2019	2018	2017	2016	2015
Statutory Required Contribution	\$ 50	46	34	28	24	25	21	21
Contributions in Relation to the Statutorily Required Contribution	50	46	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, 2022**

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

Assumptions. The Public Employees Retirement Association of New Mexico Annual Actuarial Valuations as of June 2020 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, 2022

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)

Federal Disaster Relief - 205

Accounts for monies received for Federal Disaster Relief to the residents of the Village. (Village Ordinance)

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)

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)

Cannabis GRT - 360

To account for gross receipt tax received from the sale of cannabis. (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, 2022**

Capital Projects Funds (Continued)

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.

Museum Improvements – 334

To construct and track the costs for the Museum Improvement and other costs related to this project.

Recreation Improvements – 335

To account funds received and track costs related to recreational improvements.

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, 2022

	Special Revenue			
	Local Government Corrections 201	Federal Disaster Relief 205	EMS 206	Law Enforcement Protection 211
Assets				
Cash and cash equivalents	\$ 3,850	59,248	139,953	2,698
Receivables:				
Taxes	-	-	-	-
Total assets	<u>\$ 3,850</u>	<u>59,248</u>	<u>139,953</u>	<u>2,698</u>
Liabilities				
Accounts payable	\$ -	-	-	-
Accrued payroll	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows				
Property taxes	-	-	-	-
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable				
Spendable				
Restricted	3,850	59,248	139,953	2,698
Unassigned	-	-	-	-
Total fund balances	<u>3,850</u>	<u>59,248</u>	<u>139,953</u>	<u>2,698</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,850</u>	<u>59,248</u>	<u>139,953</u>	<u>2,698</u>

The accompanying notes are an integral part of these financial statements

Special Revenue				
Lodger's Tax 214	Recreation 217	Intergovernmental Grants 218	Fire Department 226	Infrastructure 295
49,950	72,020	18,041	36,050	137,893
10,053	-	-	-	764
60,003	72,020	18,041	36,050	138,657
1,950	1,944	2,065	-	7,358
-	-	193	-	-
1,950	1,944	2,258	-	7,358
-	-	-	-	-
-	-	-	-	-
58,053	70,076	15,783	36,050	131,299
-	-	-	-	-
58,053	70,076	15,783	36,050	131,299
60,003	72,020	18,041	36,050	138,657

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue	Capital Projects		
	Cannabis GRT 360	Senior Center Proj CDBG 313	Tack Barn #A2470 329	Colonias 4115-CIF 331
Assets				
Cash and cash equivalents	\$ 30	31,529	-	-
Receivables:				
Taxes	-	-	-	-
Total assets	\$ 30	31,529	-	-
Liabilities				
Accounts payable	\$ -	14,600	-	-
Accrued payroll	-	-	-	-
Total liabilities	-	14,600	-	-
Deferred Inflows				
Property taxes	-	-	-	-
Total deferred inflows	-	-	-	-
Fund balances				
Nonspendable				
Spendable				
Restricted	30	16,929	-	-
Unassigned	-	-	-	-
Total fund balances	30	16,929	-	-
Total liabilities, deferred inflows and fund balances	\$ 30	31,529	-	-

The accompanying notes are an integral part of these financial statements

Capital Projects		Debt Service	Total Nonmajor Governmental Funds
Museum Equipment 334	Recreational Equipment 335	Debt Service 405	
-	52,475	4,086	607,823
-	-	-	10,817
-	52,475	4,086	618,640
-	7,713	-	35,630
-	-	-	193
-	7,713	-	35,823
-	-	-	-
-	-	-	-
-	44,762	4,086	582,817
-	-	-	-
-	44,762	4,086	582,817
-	52,475	4,086	618,640

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, 2022

	Special Revenue			
	Local Government Corrections 201	Federal Disaster Relief 205	EMS 206	Law Enforcement Protection 211
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross Receipts	-	-	-	-
Gasoline and motor vehicle tax	-	-	-	-
Other	-	-	-	-
Intergovernmental				
Federal operating grants	-	88,262	-	-
State operating grants	-	-	7,261	22,400
State capital grants	-	-	-	-
Charges for services	-	-	401	-
Investment income	9	-	164	-
Fines and forfeitures	6,540	-	-	-
Miscellaneous	-	-	993	-
Total revenues	6,549	88,262	8,819	22,400
Expenditures:				
Current:				
General government	-	29,014	3,228	-
Public safety	-	-	-	19,702
Public works	-	-	-	-
Health and welfare	-	-	15,884	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and administrative fees	-	-	-	-
Total expenditures	-	29,014	19,112	19,702
<i>Excess (deficiency) of revenues over (under) expenditures</i>	6,549	59,248	(10,293)	2,698
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	-
Operating transfers (out)	(15,668)	-	-	-
Total other financing sources (uses)	(15,668)	-	-	-
Net change in fund balances	(9,119)	59,248	(10,293)	2,698
Fund balances - beginning of year	12,969	-	150,246	-
Fund balances, end of year	\$ 3,850	59,248	139,953	2,698

The accompanying notes are an integral part of these financial statements

Special Revenue				
Lodger's Tax 214	Recreation 217	Intergovernmental Grants 218	Fire Department 226	Infrastructure 295
-	-	-	-	-
-	-	-	-	3,052
-	-	-	-	-
160,343	-	-	-	-
-	-	-	-	-
-	-	27,541	-	-
-	-	-	-	-
-	-	-	-	-
44	61	-	39	151
-	-	-	-	-
-	34,475	2,552	725	-
160,387	34,536	30,093	764	3,203
138,449	-	-	-	7,358
-	-	-	-	-
-	-	-	-	76
-	-	-	-	-
-	12,328	20,098	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
138,449	12,328	20,098	-	7,434
21,938	22,208	9,995	764	(4,231)
124,706	-	-	-	-
(124,706)	-	(30)	-	-
-	-	(30)	-	-
21,938	22,208	9,965	764	(4,231)
36,115	47,868	5,818	35,286	135,530
58,053	70,076	15,783	36,050	131,299

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, 2022

	Special Revenue	Capital Projects		
	Cannabis GRT 360	Senior Center Proj CDBG 313	Capital Projects 330	Colonias 4115-CIF 331
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross Receipts	30	-	-	-
Gasoline and motor vehicle tax	-	-	-	-
Other	-	-	-	-
Intergovernmental				
Federal operating grants	-	136,145	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	30	136,145	-	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	146,457	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and administrative fees	-	-	-	-
Total expenditures	-	146,457	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	30	(10,312)	-	-
Other Financing Sources (Uses)				
Operating transfers in	-	37,428	-	-
Operating transfers (out)	-	(10,237)	-	-
Total other financing sources (uses)	-	27,191	-	-
Net change in fund balances	30	16,879	-	-
Fund balances - beginning of year	-	50	-	-
Fund balances, end of year	\$ 30	16,929	-	-

The accompanying notes are an integral part of these financial statements

Capital Projects		Debt Service	
Museum Improvements 334	Recreational Improvements 335	Debt Service 405	Total Nonmajor Governmental Funds
-	-	-	-
-	-	-	3,082
-	-	-	-
-	-	-	160,343
-	-	-	224,407
-	-	-	57,202
8,095	6,073	-	14,168
-	-	-	401
-	-	-	468
-	-	-	6,540
-	-	3,106	41,851
8,095	6,073	3,106	508,462
-	-	-	178,049
-	-	-	19,702
8,095	61,338	-	215,966
-	-	-	15,884
-	-	-	32,426
-	-	-	-
-	-	39,948	39,948
-	-	14,934	14,934
8,095	61,338	54,882	516,909
-	(55,265)	(51,776)	(8,447)
-	106,100	51,509	319,743
-	(6,073)	-	(156,714)
-	100,027	51,509	163,029
-	44,762	(267)	154,582
-	-	4,353	428,235
-	44,762	4,086	582,817

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues				
Charges for services	\$ 926,275	926,275	1,004,638	78,363
Total operating revenues	<u>926,275</u>	<u>926,275</u>	<u>1,004,638</u>	<u>78,363</u>
Operating Expenses				
Personnel services	492,848	617,848	770,372	(152,524)
Contractual services	53,000	53,000	82,753	(29,753)
Supplies	77,400	77,400	2,106	75,294
Maintenance and materials	56,900	56,900	30,082	26,818
Utilities	220,520	220,520	144,183	76,337
Other operating expenses	48,000	48,000	19,625	28,375
Total operating expenses	<u>948,668</u>	<u>1,073,668</u>	<u>1,049,121</u>	<u>24,547</u>
Operating income (loss)	<u>(22,393)</u>	<u>(147,393)</u>	<u>(44,483)</u>	<u>102,910</u>
Nonoperating Revenue (Expenses)				
Gross receipts taxes	-	-	-	-
Investment income	-	-	556	556
Miscellaneous income	-	-	127	127
Interest expenses	-	-	(26,288)	(26,288)
Designated cash (budgeted increase in cash)	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(25,605)</u>	<u>(25,605)</u>
Income (loss) before contributions and transfers	<u>(22,393)</u>	<u>(147,393)</u>	<u>(70,088)</u>	<u>77,305</u>
Capital Grants and Net Transfers				
Capital grants and contributions	-	-	-	-
Operating transfers in	-	-	351,269	351,269
Operating transfers out	<u>(49,584)</u>	<u>(54,521)</u>	<u>(49,674)</u>	<u>4,847</u>
Capital grants and net transfers	<u>(49,584)</u>	<u>(54,521)</u>	<u>301,595</u>	<u>356,116</u>
Change in net position	<u>(71,977)</u>	<u>(201,914)</u>	<u>231,507</u>	<u>433,421</u>
Net Position, beginning of year	<u>-</u>	<u>-</u>	<u>5,542,182</u>	<u>5,542,182</u>
Net Position, end of year	<u>\$ (71,977)</u>	<u>(201,914)</u>	<u>5,773,689</u>	<u>5,975,603</u>
Change in net position per above \$			231,507	
Depreciation			<u>264,240</u>	
Change in net position per statement of revenues, expenses and net changes in fund \$			<u>(32,733)</u>	

See Notes to Financial Statements

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Statement of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual
Sanitation and Environmental Solid Waste Fund 503
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues				
Charges for services	\$ 221,250	221,250	208,448	(12,802)
Total operating revenues	<u>221,250</u>	<u>221,250</u>	<u>208,448</u>	<u>(12,802)</u>
Operating Expenses				
Personnel services	-	-	-	-
Contractual services	187,000	187,000	171,294	15,706
Supplies	-	-	-	-
Maintenance and materials	-	-	-	-
Utilities	-	-	-	-
Acquisition of capital asset	-	-	-	-
Other operating expenses	69,000	69,000	50,814	18,186
Total operating expenses	<u>256,000</u>	<u>256,000</u>	<u>222,108</u>	<u>33,892</u>
Operating income (loss)	<u>(34,750)</u>	<u>(34,750)</u>	<u>(13,660)</u>	<u>21,090</u>
Nonoperating Revenue (Expenses)				
Gross receipts taxes	-	-	-	-
Investment income	-	-	33	33
Other taxes	-	-	770	770
Miscellaneous income	-	-	-	-
Interest expenses	-	-	-	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>803</u>	<u>803</u>
Income (loss) before contributions and transfers	<u>(34,750)</u>	<u>(34,750)</u>	<u>(12,857)</u>	<u>21,893</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>(34,750)</u>	<u>(34,750)</u>	<u>(12,857)</u>	<u>21,893</u>
Net Position, beginning of year	<u>-</u>	<u>-</u>	<u>109,261</u>	<u>109,261</u>
Net Position, end of year	<u>\$ (34,750)</u>	<u>(34,750)</u>	<u>96,404</u>	<u>131,154</u>
Change in net position per above \$			(12,857)	
Depreciation			<u>-</u>	
Change in net position per statement of revenues, expenses and net changes in fund \$			<u>(12,857)</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Operating Revenues				
Charges for services	\$ 5,982	5,982	81,011	75,029
Total operating revenues	<u>5,982</u>	<u>5,982</u>	<u>81,011</u>	<u>75,029</u>
Operating Expenses				
Personnel services	-	-	-	-
Contractual services	25,000	12,399	3,312	9,087
Supplies	-	-	-	-
Maintenance and materials	-	-	-	-
Utilities	-	-	-	-
Acquisition of capital asset	-	-	-	-
Other operating expenses	59,900	72,501	2,671	69,830
Total operating expenses	<u>84,900</u>	<u>84,900</u>	<u>5,983</u>	<u>78,917</u>
Operating income (loss)	<u>(78,918)</u>	<u>(78,918)</u>	<u>75,028</u>	<u>153,946</u>
Nonoperating Revenue (Expenses)				
Gross receipts taxes	-	-	-	-
Investment income	318	318	222	(96)
Miscellaneous income	-	-	-	-
Interest expenses	-	-	-	-
Total nonoperating revenues (expenses)	<u>318</u>	<u>318</u>	<u>222</u>	<u>(96)</u>
Income (loss) before contributions and transfers	<u>(78,600)</u>	<u>(78,600)</u>	<u>75,250</u>	<u>153,850</u>
Capital Grants and Net Transfers				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(31,265)</u>	<u>(31,272)</u>	<u>(24,062)</u>	<u>(7,210)</u>
Capital grants and net transfers	<u>(31,265)</u>	<u>(31,272)</u>	<u>(24,062)</u>	<u>(7,210)</u>
Change in net position	<u>(109,865)</u>	<u>(109,872)</u>	<u>51,188</u>	<u>146,640</u>
Net Position, beginning of year	<u>-</u>	<u>-</u>	<u>9,866</u>	<u>9,866</u>
Net Position, end of year	<u><u>\$ (109,865)</u></u>	<u><u>(109,872)</u></u>	<u><u>61,054</u></u>	<u><u>156,506</u></u>
Change in net position per above \$			51,188	
Depreciation			<u>-</u>	
Change in net position per statement of revenues, expenses and net changes in fund \$			<u><u>51,188</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, 2022

Account Name	Account Type	First National Bank	NMFA	Total
Deposits in Bank	Checking NOW -interest bearing	\$ 2,497,422	\$ -	\$ 2,497,422
	Checking NOW-interest bearing	363	-	363
	CDBG Account	50	-	50
	Money Market Account	61,983	-	61,983
	Certificate of deposit	51,220	-	51,220
	Certificate of deposit	68,943	-	68,943
	Certificate of deposit	88,382	-	88,382
	Certificate of deposit	8,420	-	8,420
	Cash held at NMFA	-	3,593	3,593
Total bank balance		\$ 2,776,783	3,593	2,780,376
Reconciling items				
Outstanding checks		\$ (42,805)	-	(42,805)
Outstanding deposits		485	-	485
Total adjustments		(42,320)	-	(42,320)
Total book balance		\$ 2,734,463	\$ 3,593	2,738,056
Petty Cash				\$ 125
Deposits and investments				\$ 2,738,181
Financial Statements:				
Cash, investments and cash equivalents				
Governmental funds			\$	2,005,380
Business-type funds				718,837
Agency funds				13,964
Total per financial statements			\$	2,738,181

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Schedule of Pledged Collateral
For the Year Ended June 30, 2022

<u>Location</u>	<u>Description</u>	<u>Maturity</u>	<u>CUSIP</u>	<u>Coupon</u>	<u>Market Value</u>
Federal Home Loan Bank	FNMA Pool #MA1018	3/1/2027	#31418ADY1	3.00	\$ 96,287
Federal Home Loan Bank	FNMA Pool #MA4448	10/1/1931	#31418D5J7	1.50	1,229,833
Federal Home Loan Bank	FNMA Pool #MA0949	1/1/2032	#31418ABT4	3.50	101,653
Federal Home Loan Bank	FNMA Pool #MA1275	12/1/2032	#31418AMZ8	3.00	244,281
Federal Home Loan Bank	FNMA Pool #MA3247	1/1/2033	#31418CTD6	3.00	502,097
Federal Home Loan Bank	FNMA Pool #MA3489	10/1/2033	#31418C2X1	3.50	143,240
Total Pledged Collateral:					\$ <u>2,317,391</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Schedule of Joint Powers Agreements and Memorandums of Understanding
For the Year Ended June 30, 2022

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.
<i>Joint Powers Agreements</i>									
Village of Cloudcroft; Energy, Minerals, and Natural Resources Department; and Forestry Division	All	To establish the responsibilities of all parties for wildland fire protection and suppression	11/2/2007	Indefinitely	N/A	N/A	All	None	Both
<i>Memorandums of Understanding</i>									
Village of Cloudcroft and the Board of County Commissioners of Otero County, New Mexico	Both	To provide recycling collection services to residents of rural and underserved communities in New Mexico for the following materials: cardboard (OCC), mixed paper (ONP#7), aluminum cans (UBC), tin cans, and plastic bottles (#1 and #2)	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 S. Colón, Esq.
New Mexico State Auditor
and
The Village Council
Village of Cloudcroft, New Mexico

We have audited, 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, 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, 2022, 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 12, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 12, 2022

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Schedule of Findings and Responses
June 30, 2022**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

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

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

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Schedule of Findings and Responses
June 30, 2022**

SECTION II – FINANCIAL STATEMENTS AUDIT

No matters were reported

SECTION III – FINDINGS REQUIRED BY SECTION 12-6-5 NMSA 1978 (2.2.2.10 (L) (1) (c) NMAC

No matters were reported

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Status of Prior Year Findings
June 30, 2022

2021-001	Internal Control Over Cash Disbursements (Significant Deficiency)	Resolved
2021-002	Reconciliation of Capital Assets (Significant Deficiency)	Resolved

**STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
Exit Conference
June 30, 2022**

EXIT CONFERENCE

An exit conference was held on December 9, 2022. In attendance were the following:

Representing the Village of Cloudcroft:

William Denney, Mayor

Gail McCoy, Trustee

Shae Hemphill, Deputy Clerk/Accounting/Payroll

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.