

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
FOR THE YEAR ENDED JUNE 30, 2023

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 VILLAGE OF CLOUDCROFT
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VILLAGE OF CLOUDCROFT
FOR THE YEAR ENDED JUNE 30, 2023

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STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
OFFICIAL ROSTER
JUNE 30, 2023

<u>Elected Officials</u>	<u>Title</u>
Vincent C. Turner	Mayor
James R. Maynard	Mayor Pro Tem
Gail McCoy	Trustee
Tabitha Foster	Trustee
Timoty King	Trustee

<u>Department Heads</u>	<u>Title</u>
Julie Pinson	Village Clerk/Treasurer
Suzanne Peralta	Deputy Clerk



Beasley, Mitchell & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Mr. Joseph M. Maestas, P.E., New Mexico State Auditor
and the Mayor and Trustees of the
Village of Cloudcroft, New Mexico

Opinion

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Cloudcroft, New Mexico (the "Village"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

We do not express an opinion on the financial statements of the Village of Cloudcroft's. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Government-Wide Financial Statements and Proprietary Fund section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Government-Wide Financial Statements and Proprietary Fund.

Basis for Disclaimer of Opinion

We were not able to verify balances due to inadequate accounting records relating to the Village's cash assets as reconciliations were not performed. We were not able to verify book cash balances for the year ended June 30, 2023. We were unable to determine these amounts through the use of alternative procedures and, as such, are unable to express an opinion on cash assets as of June 30, 2023.

We were not able to verify balances due to inadequate accounting records relating to the Village's capital assets, accumulated depreciation, and depreciation expense accounts as of and for the year ended June 30, 2023. We were not able to verify accumulated depreciation at June 30, 2023 or the depreciation expense for the fiscal year ended June 30, 2023. We were unable to determine these amounts through the use of alternative procedures and, as such, are unable to express an opinion on capital assets as of June 30, 2023 and the depreciation accrual for the year then ended.

We were not able to verify balances due to inadequate accounting records relating to the Village's revenue and accounts receivable as requested records could not be provided. We were not able to verify revenue and accounts receivable for the year ended June 30, 2023. We were unable to determine these amounts through the use of alternative procedures and, as such, are unable to express an opinion on cash assets as of June 30, 2023.

The effect on assets, net position, and expenses of the governmental and business-type activities is not readily determinable.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Village's financial statements in accordance with GAAS and *Government Auditing Standards* and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that schedules related to net pension liability, pages 62 - 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis which is required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Cloudcroft, New Mexico's, the combining and individual fund financial statements, and the budgetary comparisons, Schedule of Pledged Collateral, Schedule of Deposits, and the Schedule of Joint Power Agreements and Memorandum of Understanding are presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, Schedule of Pledged Collateral, Schedule of Deposits, the Combining and Individual Financial Statements and the Schedule of Joint Power Agreements and Memorandum of Understanding is 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 September 30, 2024 on our consideration of Village of Cloudcroft, New Mexico'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 in internal control over financial reporting and compliance and the results of that testing, and not to provide and opinion on the internal; control over financial accordance with Government Auditing Standards in considering Village of Cloudcroft, New Mexico's internal control over financial reporting and compliance.

Beasley, Mitchell & Co. LLP
Beasley, Mitchell & Co., LLP
Las Cruces, New Mexico
September 30, 2024

GOVERNMENT - WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current assets			
Cash and cash equivalents (note 3)	\$ 1,946,957	\$ 542,125	\$ 2,489,082
Accounts receivable (net of allowance)(note 4)	-	252,257	252,257
Due from other funds	199,875	-	199,875
Taxes receivable	303,009	-	303,009
Investments (note 3)	<u>233,592</u>	<u>46,011</u>	<u>279,603</u>
Total current assets	2,683,433	840,393	3,523,826
Non-current assets			
Restricted assets - cash (note 3)	108,111	-	108,111
Capital assets (note 5)	13,679,555	13,457,568	27,137,123
Less accumulated depreciation (note 5)	<u>(10,102,711)</u>	<u>(7,453,365)</u>	<u>(17,556,076)</u>
Total non-current assets	<u>3,684,955</u>	<u>6,004,203</u>	<u>9,689,158</u>
Total assets	6,368,388	6,844,596	13,212,984
Deferred outflows (note 9)			
Deferred outflows, PERA	169,374	215,634	385,008
Asset retirement obligation (note 12)	<u>-</u>	<u>686,887</u>	<u>686,887</u>
Total deferred outflows	<u>169,374</u>	<u>902,521</u>	<u>1,071,895</u>
Total assets and deferred outflows	<u>\$ 6,537,762</u>	<u>\$ 7,747,117</u>	<u>\$ 14,284,879</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Current liabilities			
Accounts payable	\$ 125,298	\$ 41,898	\$ 167,196
Accrued expenses	36,916	44,343	81,259
Current portion of loan payable (note 6)	42,869	77,512	120,381
Due to other funds	154,556	45,319	199,875
Compensated absences - current (note 6)	<u>13,510</u>	<u>-</u>	<u>13,510</u>
Total current liabilities	373,149	209,072	582,221
Non-current liabilities			
Compensated absences - net of current (note 6)	9,388	-	9,388
Loan payable (note 6)	250,047	750,438	1,000,485
Net pension liability (note 9)	941,319	708,453	1,649,772
Asset retirement obligations (note 12)	<u>-</u>	<u>765,387</u>	<u>765,387</u>
Total non-current liabilities	<u>1,200,754</u>	<u>2,224,278</u>	<u>3,425,032</u>
Total liabilities	1,573,903	2,433,350	4,007,253
Deferred inflows			
Deferred inflows of resources - PERA (note 9)	<u>22,504</u>	<u>1,496</u>	<u>24,000</u>
Total deferred inflows	<u>22,504</u>	<u>1,496</u>	<u>24,000</u>
Total liabilities and deferred inflows	1,596,407	2,434,846	4,031,253
NET POSITION			
Net investment in capital assets	3,283,928	5,253,510	8,537,438
Restricted for:			
Special revenue fund	1,303,631	-	1,303,631
General fund	108,111	-	108,111
Capital projects	44,792	-	44,792
Debt service	65,955	-	65,955
Unrestricted	<u>134,938</u>	<u>58,761</u>	<u>193,699</u>
Total net position	<u>4,941,355</u>	<u>5,312,271</u>	<u>10,253,626</u>
Total liabilities, deferred inflows and net position	<u>\$ 6,537,762</u>	<u>\$ 7,747,117</u>	<u>\$ 14,284,879</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

FUNCTIONAL/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,461,038	\$ 114,809	\$ 178,263	\$ 702,001	\$ (1,465,965)	\$ -	\$ (1,465,965)
Highways and streets	1,132,582	-	-	-	(1,132,582)	-	(1,132,582)
Public safety	293,305	11,476	345,826	-	63,997	-	63,997
Culture and recreation	105,650	40,823	10,255	-	(54,572)	-	(54,572)
Interest	<u>9,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,680)</u>	<u>-</u>	<u>(9,680)</u>
Total governmental activities	4,002,255	167,108	534,344	702,001	(2,598,802)	-	(2,598,802)
Business-type activities:							
Water/Sewer Services	1,400,106	1,022,404	-	-	-	(377,702)	(377,702)
Sanitation/Environmental	199,015	217,101	-	-	-	18,086	18,086
Ambulance	57,969	23,741	-	-	-	(34,228)	(34,228)
Fire Enterprise	<u>475</u>	<u>767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>292</u>	<u>292</u>
Total business-type activities	<u>1,657,565</u>	<u>1,264,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(393,552)</u>	<u>(393,552)</u>
Total primary government	<u>\$ 5,659,820</u>	<u>\$ 1,431,121</u>	<u>\$ 534,344</u>	<u>\$ 702,001</u>	<u>(2,598,802)</u>	<u>(393,552)</u>	<u>(2,992,354)</u>
General Revenues and Transfers:							
Property taxes					73,594	-	73,594
Lodgers tax					176,382	-	176,382
Gross receipts taxes					1,507,074	-	1,507,074
Franchise taxes					43,942	-	43,942
Gasoline taxes					25,477	-	25,477
Motor vehicle taxes					27,927	-	27,927
Investment earnings					508	-	508
Misc. revenues					426,407	-	426,407
Licenses and fees					29,355	-	29,355
Transfers					<u>12,293</u>	<u>(12,293)</u>	<u>-</u>
Total general revenues and transfers					<u>2,322,959</u>	<u>(12,293)</u>	<u>2,310,666</u>
Changes in net position					(275,843)	(405,845)	(681,688)
Net position, beginning of year					<u>5,217,198</u>	<u>5,718,116</u>	<u>10,935,314</u>
Net position, end of year					<u>\$ 4,941,355</u>	<u>\$ 5,312,271</u>	<u>\$ 10,253,626</u>

See independent auditors' report and accompanying notes to financial statements.

MAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>CBDG Project Fund</u>	<u>State Legislative Fund</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 586,839	\$ 365,680	\$ -	\$ -	\$ 994,438	\$ 1,946,957
Restricted cash	108,111	-	-	-	-	108,111
Accounts receivable	272,551	-	-	-	30,458	303,009
Investments	135,641	33,248	-	-	64,703	233,592
Due from other funds	199,875	-	-	-	-	199,875
	<u>1,303,017</u>	<u>398,928</u>	<u>-</u>	<u>-</u>	<u>1,089,599</u>	<u>2,791,544</u>
Total assets	<u>\$ 1,303,017</u>	<u>\$ 398,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089,599</u>	<u>\$ 2,791,544</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 73,689	\$ 7,693	\$ -	\$ -	\$ 43,916	\$ 125,298
Accrued salaries	36,916	-	-	-	-	36,916
Due to other funds	-	-	32,302	52,475	69,779	154,556
	<u>110,605</u>	<u>7,693</u>	<u>32,302</u>	<u>52,475</u>	<u>113,695</u>	<u>316,770</u>
Total liabilities	<u>110,605</u>	<u>7,693</u>	<u>32,302</u>	<u>52,475</u>	<u>113,695</u>	<u>316,770</u>
Fund balances:						
Restricted for special revenue	-	391,235	-	-	912,396	1,303,631
Restricted for general	108,111	-	-	-	-	108,111
Restricted for capital projects	-	-	-	-	44,792	44,792
Restricted for debt service	-	-	-	-	65,955	65,955
Unrestricted for special revenue	-	-	-	-	(47,239)	(47,239)
Unassigned	1,084,301	-	(32,302)	(52,475)	-	999,524
	<u>1,192,412</u>	<u>391,235</u>	<u>(32,302)</u>	<u>(52,475)</u>	<u>975,904</u>	<u>2,474,774</u>
Total fund balances	<u>1,192,412</u>	<u>391,235</u>	<u>(32,302)</u>	<u>(52,475)</u>	<u>975,904</u>	<u>2,474,774</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,303,017</u>	<u>\$ 398,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089,599</u>	<u>\$ 2,791,544</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental funds \$ 2,474,774

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:

The cost of capital assets	13,679,555	
Accumulated depreciation	<u>(10,102,711)</u>	3,576,844

Deferred outflows - are resources related to net pension liability that are applicable to future periods and therefore not reported in the fund level	169,374
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Other long-term liabilities and certain other liabilities, including bonds payable and net pension obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of:

Net pension liability	(941,319)	
Loans payable	(292,916)	
Compensated absences	<u>(22,898)</u>	(1,257,133)

Deferred inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds	<u>(22,504)</u>
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Total net position - governmental activities \$ 4,941,355

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>CBDG Project Fund</u>	<u>State Legislative Fund</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
GRT taxes	\$ 1,467,378	\$ -	\$ -	\$ -	\$ 35,982	\$ 1,503,360
Lodgers tax	-	-	-	-	176,382	176,382
Franchise tax	43,942	-	-	-	-	43,942
Gas Tax	-	-	-	-	25,477	25,477
MVD	27,927	-	-	-	-	27,927
Property tax	80,106	-	-	-	-	80,106
Charges for services	14,739	-	-	-	123,772	138,511
Fines and forfeitures	19,303	-	-	-	-	19,303
License and permits	14,616	-	-	-	-	14,616
State sources	-	296,826	-	263,582	66,691	627,099
Federal source	-	-	438,419	-	88,263	526,682
Small city assistance	90,000	-	-	-	-	90,000
Interest income	990	-	-	-	482	1,472
Miscellaneous	324,094	-	-	-	117,946	442,040
Total revenues	2,083,095	296,826	438,419	263,582	634,995	3,716,917
EXPENDITURES						
Current						
General government	460,611	54,473	470,721	562,599	513,417	2,061,821
Public works	729,578	-	-	-	168,345	897,923
Public safety	-	167,655	-	-	66,985	234,640
Culture and recreation	105,650	-	-	-	-	105,650
Debt service:						
Principal payment	-	-	-	-	38,702	38,702
NMFA interest	-	-	-	-	9,680	9,680

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Fire Protection Fund	CBDG Project Fund	State Legislative Fund	Non Major Funds	Total Governmental Funds
Total expenditures	<u>1,295,839</u>	<u>222,128</u>	<u>470,721</u>	<u>562,599</u>	<u>797,129</u>	<u>3,348,416</u>
Excess (deficiency) of revenues over expenditures	787,256	74,698	(32,302)	(299,017)	(162,134)	368,501
OTHER FINANCING SOURCES (USES)						
Transfers in	6,000	-	-	246,542	561,730	814,272
Transfers out	<u>(632,021)</u>	<u>(32,695)</u>	<u>-</u>	<u>-</u>	<u>(137,263)</u>	<u>(801,979)</u>
Total other financing sources (uses)	<u>(626,021)</u>	<u>(32,695)</u>	<u>-</u>	<u>246,542</u>	<u>424,467</u>	<u>12,293</u>
Net change in fund balance	161,235	42,003	(32,302)	(52,475)	262,333	380,794
Fund balance at beginning of year	<u>1,031,177</u>	<u>349,232</u>	<u>-</u>	<u>-</u>	<u>713,571</u>	<u>2,093,980</u>
Fund balance at end of year	<u>\$ 1,192,412</u>	<u>\$ 391,235</u>	<u>\$ (32,302)</u>	<u>(52,475)</u>	<u>975,904</u>	<u>2,474,774</u>

See independent auditors' report and accompanying 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, 2023

Net change in fund balances - total governmental funds \$ 380,794

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense	<u>(586,648)</u>	(586,648)
Change in deferred outflows		(68,209)
Change in deferred inflows		231,212
Change in net pension liability		(270,600)
Property taxes do not provide current financial resources, made available to pay for current period's expenditures, reported as deferred inflows in funds		(2,798)
Change in accrued interest		1,704
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		<u>38,702</u>
Change in net position of governmental activities		<u>\$ (275,843)</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Taxes local effort	\$ 137,500	\$ 137,500	\$ 43,942	\$ (93,558)
Taxes state shared	452,000	452,000	1,575,411	1,123,411
Licenses and permits	9,725	9,725	14,616	4,891
Charges for services	20,400	20,400	14,739	(5,661)
Fines and forfeits	40,000	40,000	19,303	(20,697)
Intergovernmental grants	84,000	84,000	90,000	6,000
Earnings from investments	-	-	990	990
Miscellaneous	-	-	324,094	324,094
Total revenues	<u>743,625</u>	<u>743,625</u>	<u>2,083,095</u>	<u>1,339,470</u>
EXPENDITURES:				
General government	654,685	654,685	460,611	194,074
Public safety	899,370	899,370	1,067,892	(168,522)
Culture and recreation	<u>70,807</u>	<u>154,237</u>	<u>105,650</u>	<u>48,587</u>
Total expenditures	<u>1,624,862</u>	<u>1,708,292</u>	<u>1,634,153</u>	<u>74,139</u>
Excess (deficiency) of revenues over expenditures	<u>(881,237)</u>	<u>(964,667)</u>	<u>448,942</u>	<u>1,413,609</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	6,000	6,000
Transfers out	<u>(140,000)</u>	<u>(140,000)</u>	<u>(632,021)</u>	<u>(492,021)</u>
Total other financing sources (uses)	<u>(140,000)</u>	<u>(140,000)</u>	<u>(626,021)</u>	<u>(486,021)</u>
Net changes in fund balance Non-GAAP basis	(1,021,237)	(1,104,667)	(177,079)	927,588
Cash fund balance - beginning	<u>872,029</u>	<u>872,029</u>	<u>872,029</u>	<u>-</u>
Cash fund balance - ending	<u>\$ (149,208)</u>	<u>\$ (232,638)</u>	<u>\$ 694,950</u>	<u>\$ 927,588</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			\$ (177,079)	
Revenue accrual			-	
Expenditure accrual			<u>338,314</u>	
Net change in fund balance - GAAP basis			<u>\$ 161,235</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BUDGET AND ACTUAL ON BUDGETARY BASIS
FIRE FUND
For the YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental grants	\$ 315,241	\$ 315,241	\$ 296,826	\$ (18,415)
Total revenues	315,241	315,241	296,826	(18,415)
EXPENDITURES:				
General government	115,220	115,220	54,473	60,747
Public safety	518,298	518,298	167,655	350,643
Total expenditures	633,518	633,518	222,128	411,390
Excess (deficiency) of revenues over expenditures	(318,277)	(318,277)	74,698	392,975
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(32,695)	(32,695)
Total other financing sources (uses)	-	-	(32,695)	(32,695)
Net changes in fund balance Non-GAAP basis	(318,277)	(318,277)	42,003	360,280
Cash fund balance - beginning	356,925	356,925	356,925	-
Cash fund balance - ending	\$ 38,648	\$ 38,648	\$ 398,928	\$ 360,280
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			\$ 42,003	
Revenue accrual			-	
Expenditure accrual			-	
Net change in fund balance - GAAP basis			\$ 42,003	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
CDBG PROJECT FUND
For the YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Federal sources	\$ 317,221	317,221	470,721	153,500
Total revenues	317,221	317,221	470,721	153,500
EXPENDITURES:				
General government	349,513	349,513	470,721	(121,208)
Total expenditures	349,513	349,513	470,721	(121,208)
Excess (deficiency) of revenues over expenditures	(32,292)	(32,292)	-	32,292
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net changes in fund balance Non-GAAP basis	(32,292)	(32,292)	-	32,292
Cash fund balance - beginning	-	-	-	-
Cash fund balance - ending	<u>\$ (32,292)</u>	<u>\$ (32,292)</u>	<u>\$ -</u>	<u>\$ 32,292</u>
Reconciliation in fund balance - budgetary basis				
Net change in fund balance - budgetary basis			\$ -	
Revenue accrual			-	
Expenditure accrual			<u>(32,302)</u>	
Net change in fund balance - GAAP basis			<u>\$ (32,302)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
STATE LEGISLATIVE FUND
For the YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
State sources	\$ 1,728,197	\$ 1,728,197	\$ 263,582	\$ (1,464,615)
Total revenues	1,728,197	1,728,197	263,582	(1,464,615)
EXPENDITURES:				
General government	<u>1,684,100</u>	<u>1,684,100</u>	<u>510,124</u>	<u>1,173,976</u>
Total expenditures	<u>1,684,100</u>	<u>1,684,100</u>	<u>510,124</u>	<u>1,173,976</u>
Excess (deficiency) of revenues over expenditures	<u>44,097</u>	<u>44,097</u>	<u>(246,542)</u>	<u>(290,639)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>-</u>	<u>-</u>	<u>246,542</u>	<u>246,542</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>246,542</u>	<u>246,542</u>
Net changes in fund balance Non-GAAP basis	44,097	44,097	-	(44,097)
Cash fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash fund balance - ending	<u>\$ 44,097</u>	<u>\$ 44,097</u>	<u>\$ -</u>	<u>\$ (44,097)</u>

Reconciliation in fund balance - budgetary basis

Net change in fund balance - budgetary basis	\$ (44,097)
Revenue accrual	-
Expenditure accrual	<u>(8,378)</u>
Net change in fund balance - GAAP basis	<u>\$ (52,475)</u>

See independent auditors' report and accompanying notes to financial statements.

PROPRIETARY FUND

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	<u>Water and Sewer</u>	<u>Sanitation and Environmental Solid Waste</u>	<u>Ambulance Enterprise</u>	<u>Water Replacement</u>	<u>Fire Enterprise</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS						
Current assets						
Cash and cash equivalents	\$ 299,429	\$ 24,781	\$ -	\$ 217,915	\$ -	\$ 542,125
Restricted cash	-	-	-	-	-	-
Accounts receivable, net	189,572	45,560	-	17,125	-	252,257
Investments	<u>32,436</u>	<u>2,192</u>	<u>8,556</u>	<u>-</u>	<u>2,827</u>	<u>46,011</u>
Total current assets	521,437	72,533	8,556	235,040	2,827	840,393
Non-current assets						
Capital assets, net	13,457,568	-	-	-	-	13,457,568
Accumulated depreciation	<u>(7,453,365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,453,365)</u>
Total non-current assets	<u>6,004,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,004,203</u>
Total assets	6,525,640	72,533	8,556	235,040	2,827	6,844,596
Deferred outflows						
Deferred outflows, PERA	215,634	-	-	-	-	215,634
Asset retirement obligation	<u>686,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows	<u>902,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>902,521</u>
Total assets and deferred outflows	<u>\$ 7,428,161</u>	<u>\$ 72,533</u>	<u>\$ 8,556</u>	<u>\$ 235,040</u>	<u>\$ 2,827</u>	<u>\$ 7,747,117</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2023

LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>Water and Sewer</u>	<u>Sanitation and Environmental Solid Waste</u>	<u>Ambulance Enterprise</u>	<u>Water Replacement</u>	<u>Fire Enterprise</u>	<u>Total</u>
Current liabilities						
Accounts payable	\$ 27,803	\$ 13,147	\$ -	\$ 948	\$ -	\$ 41,898
Accrued salaries	-	-	-	-	-	-
Accrued interest	39,828	-	-	4,515	-	44,343
Current portion of long term debt	42,199	-	-	35,313	-	77,512
Due to other governments	-	-	42,784	-	2,535	45,319
Compensated absences, current	-	-	-	-	-	-
Total current liabilities	<u>109,830</u>	<u>13,147</u>	<u>42,784</u>	<u>40,776</u>	<u>2,535</u>	<u>209,072</u>
Non-current liabilities						
Long term debt, net of current	708,494	-	-	41,944	-	750,438
Net pension liability	708,453	-	-	-	-	708,453
Asset retirement obligation	<u>765,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>765,387</u>
Total non-current liabilities	<u>2,182,334</u>	<u>-</u>	<u>-</u>	<u>41,944</u>	<u>-</u>	<u>2,224,278</u>
Total liabilities	2,292,164	13,147	42,784	82,720	2,535	2,433,350
Deferred inflows, PERA	<u>1,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,496</u>
Total deferred inflows	<u>1,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,496</u>
Total liabilities and deferred inflows	<u>2,293,660</u>	<u>13,147</u>	<u>42,784</u>	<u>82,720</u>	<u>2,535</u>	<u>2,434,846</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2023

	<u>Water and Sewer</u>	<u>Sanitation and Environmental Solid Waste</u>	<u>Ambulance Enterprise</u>	<u>Water Replacement</u>	<u>Fire Enterprise</u>	<u>Total</u>
NET POSITION						
Net investment in capital assets	5,253,510	-	-	-	-	5,253,510
Unrestricted	<u>(119,009)</u>	<u>59,386</u>	<u>(34,228)</u>	<u>152,320</u>	<u>292</u>	<u>58,761</u>
Total net position	<u>5,134,501</u>	<u>59,386</u>	<u>(34,228)</u>	<u>152,320</u>	<u>292</u>	<u>5,312,271</u>
Total liabilities, deferred inflows and net position	<u>\$ 7,428,161</u>	<u>\$ 72,533</u>	<u>\$ 8,556</u>	<u>\$ 235,040</u>	<u>\$ 2,827</u>	<u>\$ 7,747,117</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS (GASBS 34.91b)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Water and Sewer</u>	<u>Sanitation and Environmental Solid Waste</u>	<u>Ambulance Enterprise</u>	<u>Water Replacement</u>	<u>Fire Enterprise</u>	<u>Total</u>
OPERATING REVENUES						
Charges in services	\$ 1,022,122	\$ 216,318	\$ -	\$ -	\$ -	\$ 1,238,440
Other Income	<u>282</u>	<u>783</u>	<u>23,741</u>	<u>-</u>	<u>767</u>	<u>25,573</u>
Total operating revenues	1,022,404	217,101	23,741	-	767	1,264,013
OPERATING EXPENSES						
Public works	538,826	199,015	40,874	-	-	778,715
Maintenance and operations	-	-	10,746	-	475	11,221
Depreciation expense	269,997	-	-	-	-	269,997
Personal services	<u>591,283</u>	<u>-</u>	<u>6,349</u>	<u>-</u>	<u>-</u>	<u>597,632</u>
Total operating expenses	<u>1,400,106</u>	<u>199,015</u>	<u>57,969</u>	<u>-</u>	<u>475</u>	<u>1,657,565</u>
Operating income (loss)	(377,702)	18,086	(34,228)	-	292	(393,552)
OTHER FINANCING SOURCES						
Transfers in	34,000	-	-	-	-	34,000
Transfers out	<u>(46,293)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,293)</u>
Total other financing sources (uses)	<u>(12,293)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,293)</u>
Change in net position	(389,995)	18,086	(34,228)	-	292	(405,845)
Net position, beginning of year	5,524,496	41,300	-	152,320	-	5,718,116
Net position, end of year	<u>\$ 5,134,501</u>	<u>\$ 59,386</u>	<u>\$ (34,228)</u>	<u>\$ 152,320</u>	<u>\$ 292</u>	<u>\$ 5,312,271</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Water and Sewer	Sanitation and Environmental Solid Waste	Ambulance Enterprise	Water Replacement	Fire Enterprise	Total
Cash flows from operating activities:						
Cash received from customers	\$ 1,022,404	\$ 217,101	\$ 23,741	\$ -	\$ 767	\$ 1,264,013
Cash payments to employees for services	(553,463)	-	(6,349)	-	-	(559,812)
Cash payments to employees and to suppliers for goods and services	<u>(551,895)</u>	<u>(199,015)</u>	<u>(51,620)</u>	<u>(11,311)</u>	<u>(475)</u>	<u>(814,316)</u>
Net cash provided by (used in) operating activities	<u>(82,954)</u>	<u>18,086</u>	<u>(34,228)</u>	<u>(11,311)</u>	<u>292</u>	<u>(110,115)</u>
Cash flows from investing activities:						
Investment income	<u>(32,436)</u>	<u>(2,192)</u>	<u>(8,556)</u>	<u>-</u>	<u>(2,827)</u>	<u>(46,011)</u>
Net cash used in investing activities	<u>(32,436)</u>	<u>(2,192)</u>	<u>(8,556)</u>	<u>-</u>	<u>(2,827)</u>	<u>(46,011)</u>
Cash flows from financing activities:						
Principal paid	(65,905)	-	-	-	-	(65,905)
Net cash used by capital and related financing activities	<u>(65,905)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,905)</u>
Operating transfers to other funds	-	-	42,784	-	2,535	45,319
Net cash used by noncapital financing activities	<u>-</u>	<u>-</u>	<u>42,784</u>	<u>-</u>	<u>2,535</u>	<u>-</u>
Net increase (decrease) in cash	<u>(181,295)</u>	<u>15,894</u>	<u>-</u>	<u>(11,311)</u>	<u>-</u>	<u>(176,712)</u>
CASH, Beginning of year	<u>480,724</u>	<u>8,887</u>	<u>-</u>	<u>229,226</u>	<u>-</u>	<u>718,837</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

CASH, End of year \$ 299,429 \$ 24,781 \$ - \$ 217,915 \$ - \$ 542,125

Reconciliation of operating income to net cash provided (used in) by operating activities:

	<u>Water and Sewer</u>	<u>Sanitation and Environmental Solid Waster</u>	<u>Ambulance Enterprise</u>	<u>Water Replacement</u>	<u>Fire Enterprise</u>	<u>Total</u>
Cash flows from operating activities						
Operating income (loss)	\$ (377,702)	\$ 18,086	\$ (34,228)	\$ -	\$ 292	\$ (393,552)
Depreciation	269,997	-	-	-	-	269,997
Changes in working capital components:						
(Increase) Decrease in:						
Other assets	(130,500)	-	-	-	-	(130,500)
Increase (Decrease) in:						
Other liabilities	182,662	-	-	(11,311)	-	171,351
Compensated absences	(13,069)	-	-	-	-	(13,069)
Customer deposits	-	-	-	-	-	-
Accrued expenses and other liabilities	<u>(14,342)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,342)</u>
Net cash provided by operating activities	<u>\$ (82,954)</u>	<u>\$ 18,086</u>	<u>\$ (34,228)</u>	<u>\$ (11,311)</u>	<u>\$ 292</u>	<u>\$ (110,115)</u>

See independent auditors' report and accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Cloudcroft, a political subdivision of the State of New Mexico, operates under the Council-mayor form of government. The Village provides the following authorized services: public safety, highways and streets, sanitation, health and welfare, social services, culture-recreation, public improvements, planning and zoning, and general and administrative services.

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds (business-type activities and enterprise) and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of estimated refunds, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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:

1. 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.
2. The *Fire Protection Special Revenue Fund* was created to account for the operations and maintenance of the fire department. (Village Ordinance)
3. The *CDBG Project Fund* was created to account for the repair, maintenance, and construction of senior center.
4. The *State Legislative Project Projects Fund* was created to account for all other monies received from the state for the use of youth services and purchase of vehicles for the Village.

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

1. The *Water and Sewer Fund* is used to account for the activities of the Village's water and sewer operations.
2. The *Sanitation and Environmental 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.
3. The *Water Replacement Fund* was created to track revenue from a \$5 monthly utility account fee to fund water and sewer infrastructure improvements.
4. The *Ambulance Fund* is used to account for the activities of the Village's ambulance service to include salary, training, and updating equipment and supplies.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

5. The *Fire Enterprise Fund* is used to account for the activities of the Village's Fire Enterprise service to include salary, training, and updating equipment and supplies.

Additionally, the government reports the following fund types:

1. 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.
2. The *Capital Projects Funds* are used to account for financial resources to be used for the acquisition.
3. 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.
4. The *Custodial 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.

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 governmentwide 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 Village may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Otero County and remitted monthly to the Village.

STATE OF NEW MEXICO
 VILLAGE OF CLOUDCROFT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2023, 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.

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:

Asset Type	Years
Buildings	30 - 50
Improvements	30 - 50
Machinery and Equipment	05 - 15
Infrastructure	10 - 50

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Accrued expenses: Accrued expenses are comprised of accrued payroll and payroll expenditures based on amounts earned by the employees through June 30, 2023, 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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Deferred outflows of resources: In addition to assets, the 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.

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 \$108,111 at June 30, 2023.

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.

Restricted Fund Balance: At June 30, 2023, the restricted fund balance on the governmental funds balance sheet is made up of \$108,111 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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (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, 2023 is presented.

Implementation of New Accounting Pronouncements

In May 2019, GASB Statement No. 91, Conduit Debt Obligations, was issued. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirement of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged. The implementation of GASB 91 has not had an effect on the Village's financial statements.

In March 2020, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements was issued. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). The Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for periods beginning after June 15, 2022. The implementation of GASB 94 has not had an effect on the Village's financial statements.

In May, 2020 GASB Statement No. 96, Subscription-Based Information Technology Arrangements, was issued. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability;

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Implementation of New Accounting Pronouncements (Continued)

(3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB 96 has not had an effect on the Village's financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. GASB Statement No. 96, Subscription-Based Information Technology Arrangements, has had no effect on the financial statements of the Village.

In April, 2022 GASB Statement No. 99, OMNIBUS was issued. The requirements of this Statement are as follows: The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance; The requirements related to leases, PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter; The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The implementation of GASB 99 has not had an effect on the Village's financial statements.

In June 2022, GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62 was issued. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. The Village is still evaluating how this pronouncement will affect the financial statements.

In June 2022 GASB Statement No. 101, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Implementation of New Accounting Pronouncements (Continued)

A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The Village is still evaluating how this pronouncement will affect the financial statements.

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, 2023.

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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

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.

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, 2023, \$3,366,821 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.

The following is the Cash on Deposit at each financial institution.

	First National Bank
Cash on deposit at June 30	\$ 3,616,821
Less: FDIC	<u>(250,000)</u>
Uninsured funds	3,366,821
Pledge collateral at June 30	<u>1,890,058</u>
Uninsured and Uncollateralized	<u>\$ 1,476,763</u>
Funds needing collateralization at 50% (required by State Law)	\$ 1,683,411
Pledged Collateral	<u>1,890,058</u>
Over (Under) Collateralized	<u>\$ 206,647</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3. DEPOSITS AND INVESTMENTS (CONTINUED)

Reconciliation to the Statement of Net Position

Cash and cash equivalents - Governmental Activities	\$	1,946,957
Cash and cash equivalents - Business-type Activities		542,125
Restricted cash and cash equivalents		108,111
Investments		<u>279,603</u>
 Total cash and cash equivalents		 <u>2,876,796</u>
 Add: outstanding checks		 <u>730,218</u>
 Bank balance of deposits	\$	 <u>3,607,014</u>

4. ACCOUNTS RECEIVABLES

Accounts receivable as of June 30, 2023 consists of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts receivable	\$ -	\$ 252,257	\$ 252,257
Gross receipt taxes receivable	273,315	-	273,315
Lodger's Tax	10,053	-	10,053
Municipal Streets	<u>19,641</u>	<u>-</u>	<u>19,641</u>
 Net receivables	 <u>\$ 303,009</u>	 <u>\$ 252,257</u>	 <u>\$ 555,266</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

5. CAPITAL ASSETS

The amount of property, plant and equipment in the Governmental-Type Activities consists of the following.

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 152,339	\$ -	\$ -	\$ 152,339
Construction in progress	<u>625,499</u>	<u>-</u>	<u>-</u>	<u>625,499</u>
Total	<u>777,838</u>	<u>-</u>	<u>-</u>	<u>777,838</u>
Other capital assets being depreciated				
Buildings and improvements	4,930,230	-	-	4,930,230
Machinery and Equipment	2,515,186	-	-	2,515,186
Infrastructure	<u>5,456,301</u>	<u>-</u>	<u>-</u>	<u>5,456,301</u>
Total	<u>12,901,717</u>	<u>-</u>	<u>-</u>	<u>12,901,717</u>
Accumulated depreciation				
Buildings and Improvements	(2,326,488)	(254,285)	-	(2,580,773)
Machinery and Equipment	(1,805,409)	(145,567)	-	(1,950,976)
Infrastructure	<u>(5,384,166)</u>	<u>(186,796)</u>	<u>-</u>	<u>(5,570,962)</u>
Accumulated depreciation	<u>(9,516,063)</u>	<u>(586,648)</u>	<u>-</u>	<u>(10,102,711)</u>
Total capital assets	<u>\$ 4,163,492</u>	<u>\$ (586,648)</u>	<u>\$ -</u>	<u>\$ 3,576,844</u>

Depreciation expense, for the year ended June 30, 2023 was charged as follows:

General government	\$ 117,330
Public safety	334,389
Public works	76,265
Culture and recreation	<u>58,664</u>
Total depreciation expense	<u>\$ 586,648</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

5. CAPITAL ASSETS (CONTINUED)

The amount of property, plant and equipment in the Business-type Activities consists of the following:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land/Improvements	\$ 171,600	\$ -	\$ -	\$ 171,600
Construction in progress	<u>2,530,053</u>	<u>-</u>	<u>-</u>	<u>2,530,053</u>
Total	<u>2,701,653</u>	<u>-</u>	<u>-</u>	<u>2,701,653</u>
Capital assets being depreciated				
Building Improvements	\$ 1,402,852	\$ -	\$ -	\$ 1,402,852
Equipment	675,420	-	-	675,420
Infrastructure	<u>8,677,643</u>	<u>-</u>	<u>-</u>	<u>8,677,643</u>
Total	<u>10,755,915</u>	<u>-</u>	<u>-</u>	<u>10,755,915</u>
Accumulated depreciation				
Building Improvements	(728,097)	(57,569)	-	(785,666)
Equipment	(452,044)	(31,713)	-	(483,757)
Infrastructure	<u>(6,003,227)</u>	<u>(180,715)</u>	<u>-</u>	<u>(6,183,942)</u>
Accumulated depreciation	<u>(7,183,368)</u>	<u>(269,997)</u>	<u>-</u>	<u>(7,453,365)</u>
Total capital assets	<u>\$ 6,274,200</u>	<u>\$ (269,997)</u>	<u>\$ -</u>	<u>\$ 6,004,203</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6. LONG TERM DEBT

Below are the terms, amounts due within one year, and maturity dates of the Village's outstanding long-term debt:

Governmental Funds	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Compensated absences payable	\$ 22,898	\$ -	\$ -	\$ 22,898	\$ 13,510
Loans payable	<u>331,618</u>	<u>-</u>	<u>(38,702)</u>	<u>292,916</u>	<u>42,869</u>
Total	<u>\$ 354,516</u>	<u>\$ -</u>	<u>\$ (38,702)</u>	<u>\$ 315,814</u>	<u>\$ 56,379</u>

Description	Date of Issue	Maturity Date	Interest Rate	Amount of Issue	Outstanding June 30, 2023	Pledged Revenues
NMFA - Fire Protection Vehicle	7/1/2015	5/1/2025	0.51% - 3.10%	\$282,116	\$ 63,621	State Fire Allotment
NMFA - Fire Station	7/1/2015	5/1/2036	0.51% - 3.10%	302,267	<u>229,295</u>	State Fire Allotment
					<u>\$ 292,916</u>	

June 30:	Principal	Interest	Total
2024	\$ 42,869	\$ 8,323	\$ 51,192
2025	41,440	6,975	48,415
2026	11,721	6,150	17,871
2027	12,089	5,781	17,870
2028	12,470	5,401	17,871
2029-2033	68,482	20,872	89,354
2034-2038	79,947	9,406	89,353
2039-2043	<u>23,898</u>	<u>344</u>	<u>24,242</u>
	<u>\$ 292,916</u>	<u>\$ 63,252</u>	<u>\$ 356,168</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6. LONG TERM DEBT (CONTINUED)

Below are the terms, amounts due within one year, and maturity dates of the Village's outstanding long-term debt:

Business-Type	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Compensated absences payable	\$ -	\$ -	\$ -	\$ -	\$ -
Loans payable	<u>905,166</u>	<u>-</u>	<u>77,216</u>	<u>827,950</u>	<u>77,512</u>
Total	<u>\$ 905,166</u>	<u>\$ -</u>	<u>\$ 77,216</u>	<u>\$ 827,950</u>	<u>\$ 77,512</u>

Description	Date of Issue	Maturity Date	Interest Rate	Amount of Issue	Outstanding June 30, 2023	Pledged Revenues
NMED – RIP 2009-005	7/1/2009	10/8/2036	3.00%	\$722,551	\$ 497,239	N/A
NMED – RIP 0005	1/4/2016	9/11/2037	2.37%	253,920	201,632	N/A
NMFA-2387- DW	8/20/2010	5/1/2031	1.00%	59,394	22,227	Utility System
NMFA-2784- CIF	4/12/2013	5/1/2025	0.00%	617,185	30,858	Utility System
NMFA-2977- CIF	5/16/2014	6/1/2034	0.00%	94,227	51,822	Utility System
NMFA-4115- CIF	7/9/2019	6/1/2039	0.00%	30,394	<u>24,172</u>	Utility System
					<u>\$ 827,950</u>	

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6. LONG TERM DEBT (CONTINUED)

The future payments required on the revenue bonds and note payable are as follows:

<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 77,512	\$ 16,972	\$ 94,484
2025	47,754	15,872	63,626
2026	48,886	14,741	63,627
2027	50,049	13,577	63,626
2028	51,246	12,380	63,626
2029-2033	269,291	42,781	312,072
2034-2038	197,223	9,640	206,863
2039-2043	85,988	-	85,988
	<u>\$ 827,949</u>	<u>\$ 125,963</u>	<u>\$ 953,912</u>

7. RESTRICTED NET POSITION

The government-wide statement of net position reports \$1,367,139 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.

8. DEFICIT FUND BALANCE

The following funds had deficit fund balances as of 2023:

CDBG (HUD) Project	\$ (32,302)
Ambulance Enterprise	(34,228)
PURE Project	(47,239)
State Legislative Fund	<u>(52,475)</u>
 Total	 <u>\$ (166,244)</u>

The Village did not transfer funds from the general fund. This is normally transferred to the funds to cover the deficient that occurred during the year ending 2023.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PERA PENSION PLAN

ASB 68, Accounting and Financial Reporting for Pensions, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their financial statements. PERA engaged their financial statement auditors to prepare a schedule allocating these obligations to the contributing employers as of the year ended June 30, 2022. As part of adopting GASB 68 during the current year, the Village recognized a Net Pension Liability (NPL), which represents the Village's share of the underfunded pension obligation at June 30, 2022.

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

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 2170.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PERA PENSION PLAN (CONTINUED)

Benefits provided - For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2022 available at the PERA of New Mexico website under the GASB 67 and 68 Reporting Standards tab under "For Employers".

Contributions - The contribution requirements of defined benefit plan members and Village of Cloudcroft are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY22 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 25 through 27 of the PERA FY22 annual audit report at the PERA of New Mexico website under the GASB 67 and 68 Reporting Standards tab under "For Employers".

The PERA coverage options that apply to the Village are Municipal General Division and Municipal Police Division. Statutorily required contributions to the pension plan from the Village were \$97,744 and employer paid member benefits that were "picked up" by the employer were \$0 for the year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2021. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2022, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2022.

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

STATE OF NEW MEXICO
 VILLAGE OF CLOUDCROFT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

9. PERA PENSION PLAN (CONTINUED)

The Village of Cloudcroft's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2022.

Only employer contributions for the pay period end dates that fell within the period of July 1, 2022 to June 30, 2023 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2023 are included in the total contribution amounts.

In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA at June 30, 2023, the Village reported the following liability:

Municipal General Division	\$	925,344
Municipal Police Division		<u>724,428</u>
 Total Net Pension Liability	 \$	 <u>1,649,772</u>

The amounts are the proportionate share of the net pension liability. At June 30, 2023, the Village's proportion noted below was unchanged from its proportion measured as of June 30, 2022, due to the insignificance of the difference.

For the year ended June 30, 2023, the Village recognized the following pension expense:

Municipal General Division	\$	132,075
Municipal Police Division		<u>137,811</u>
 Total pension expense	 \$	 <u>269,886</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PERA PENSION PLAN (CONTINUED)

At June 30, 2023, the Village reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal General Division from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 91,577	\$ -
Changes in proportion and differences between Village of Cloudcroft contributions and proportionate share of contributions	51,102	-
Difference between expected and actual experience	3,710	22,504
Village of Cloudcroft contributions subsequent to the measurement date	<u>54,824</u>	<u>-</u>
Total	<u>\$ 201,213</u>	<u>\$ 22,504</u>

At June 30, 2023, the Village reported deferred outflows of resources and deferred inflows or resources related to pensions for Municipal Police Division from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 63,299	\$ -
Changes in proportion and differences between Village of Cloudcroft contributions and proportionate share of contributions	58,706	1,496
Difference between expected and actual experience	18,870	-
Village of Cloudcroft contributions subsequent to the measurement date	<u>42,920</u>	<u>-</u>
Total	<u>\$ 183,795</u>	<u>\$ 1,496</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PERA PENSION PLAN (CONTINUED)

In June 30, 2022 \$385,008, deferred outflows - contributions made after measurement date, will be recognized as a reduction of net pension liability. Other deferred amounts to be recognized in fiscal years following the reporting date are below:

Year Ended June 30:	<u>Municipal General Division</u>	<u>Municipal Police Division</u>
2024	\$ 52,583	\$ 70,131
2025	25,808	37,111
2026	(26,903)	(18,207)
2027	<u>72,397</u>	<u>50,344</u>
Total	<u>\$ 123,885</u>	<u>\$ 139,379</u>

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2021 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2022 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2022. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2022 actuarial valuation.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PERA PENSION PLAN (CONTINUED)

PERA

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Actuarial period	Solved for based on statutory rates
Asset valuation method	4 Year Smoothed Market Value
Actuarial assumptions:	
- Investment rate of return	7.25% annual rate, net of investment expense
- Projected benefit payment	100 years
- Payroll growth	3.00%
- Projected salary increases	3.25% to 13.50% annual rate
- Includes inflation at	2.50% annual rate first 9 years 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, 2018 (demographic) and July 1, 2010 through June 30, 2018 (economic)

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

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PERA PENSION PLAN (CONTINUED)

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	35.5 %	6.35 %
Risk Reduction & Mitigation	19.5	1.90
Credit Oriented Fixed Income	15.0	4.45
Risk Assets	20.0	5.10
Multi-Risk Allocation	<u>10.0</u>	6.65
Total	100.0 %	

Discount rate - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.25 percent assumed long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of Village of Cloudcroft, calculated using the discount rate of 7.25 percent, as well as what the Village's 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:

	<u>1% Decrease 6.25%</u>	<u>Current 7.25%</u>	<u>1% Increase 8.25%</u>
Municipal General Division	\$ 1,400,243	\$ 925,344	\$ 530,828
Municipal Police Division	<u>1,086,860</u>	<u>724,428</u>	<u>427,889</u>
TOTAL	<u>\$ 2,487,103</u>	<u>\$ 1,649,772</u>	<u>\$ 958,717</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PERA PENSION PLAN (CONTINUED)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued FY22 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan - Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASB 68, paragraphs 122 and 124. Village of Cloudcroft had payables of \$0 at 2023.

10. INTER-FUND TRANSFERS AND BALANCES

There were the following inter-fund transfers during the year ended 2023:

<u>Governmental Funds:</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Fund	\$ 6,000	\$ 632,021
Fire Fund	-	32,695
State Legislative Appropriation	246,542	-
Non-Major Funds:		
Other State Funded	298,229	-
Debt Service	110,251	-
Other Special Revenue	-	31,263
Lodgers Tax	100,000	100,000
Municipal Streets	53,250	-
Local Government Corrections	-	6,000
Proprietary Fund:		
Water and Sewer	<u>34,000</u>	<u>46,293</u>
Total Government Funds	<u>\$ 848,272</u>	<u>\$ 848,272</u>

11. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Village has elected not to participate in the Retiree Health Care Act of New Mexico's retiree health care program.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

12. 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, 2023 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.

13. 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.

14. 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.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

15. 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.

16. COMMITMENTS

The Village has various construction and purchase commitments as of June 30, 2023. The funding to cover the various commitments was grant funding, bond and/or note proceeds, including bonds, grants, and cash reserves.

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.

18. SUBSEQUENT EVENT

A review of subsequent events through September 30, 2024, the date the financial statements were available to be issued, indicated nothing of audit significance.

19. TAX ABATEMENT

The Village has no need to make any tax abatement disclosures as required by Governmental Accounting Standards Board Statement 77, since no abatements exist.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL GENERAL DIVISION
LAST 5 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
The Village of Cloudcroft's proportion of the net pension liability (asset)	\$ 291,000	\$ 402,000	\$ 645,000	\$ 548,000	\$ 644,000	\$ 751,000	\$ 979,000	\$ 567,000	\$ 925,344
The Village of Cloudcroft's proportionate share of the net pension liability (asset)	0.3730 %	0.0394 %	0.0404 %	0.0399 %	0.0404 %	0.0434 %	0.0484 %	0.0503 %	0.0290 %
The Village of Cloudcroft's covered-employee payroll	\$ 324,000	\$ 346,000	\$ 350,000	\$ 366,000	\$ 396,000	\$ 457,000	\$ 474,000	\$ 507,000	\$ 499,345
The Village of Cloudcroft's proportionate share of the net pension liability as a percentage of its covered-employee payroll	89.81 %	116.02 %	184.29 %	149.73 %	162.63 %	164.33 %	206.54 %	111.83 %	103.72 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %	73.74 %	71.13 %	70.52 %	66.36 %	77.25 %	69.35 %

* *Government 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 TOWN OF CLOUDCROFT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL GENERAL DIVISION
LAST 5 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 31,000	\$ 31,000	\$ 35,000	\$ 35,000	\$ 38,000	\$ 45,000	\$ 42,000	\$ 42,000	\$ 54,824
Contributions in relation to the contractually required contribution	<u>31,000</u>	<u>31,000</u>	<u>35,000</u>	<u>35,000</u>	<u>38,000</u>	<u>45,000</u>	<u>42,000</u>	<u>42,000</u>	<u>54,824</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-

* *Government 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 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
The Village of Cloudcroft's proportion of the net pension liability (asset)	\$ 141,000	\$ 273,000	\$ 529,000	\$ 346,000	\$ 396,000	\$ 484,000	\$ 648,000	\$ 468,000	\$ 724,428
The Village of Cloudcroft's proportionate share of the net pension liability (asset)	0.0433 %	0.0568 %	0.0717 %	0.0623 %	0.0580 %	0.0655 %	0.0755 %	0.0905 %	0.0901 %
The Village of Cloudcroft's covered-employee payroll	\$ 154,000	\$ 142,000	\$ 127,000	\$ 124,000	\$ 146,000	\$ 178,000	\$ 218,000	\$ 220,000	\$ 390,924
The Village of Cloudcroft's proportionate share of the net pension liability as a percentage of its covered-employee payroll	89.81 %	116.18 %	184.29 %	149.73 %	162.63 %	164.33 %	206.54 %	111.83 %	185.31 %
Plan fiduciary net position as a percentage of the total pension liability	81.29 %	76.99 %	69.18 %	73.74 %	71.13 %	70.52 %	66.36 %	77.25 %	69.35 %

* *Government 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 CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL POLICE DIVISION
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 21,000	\$ 21,000	\$ 25,000	\$ 24,000	\$ 28,000	\$ 34,000	\$ 46,000	\$ 50,000	\$ 42,920
Contributions in relation to the contractually required contribution	<u>21,000</u>	<u>21,000</u>	<u>25,000</u>	<u>24,000</u>	<u>28,000</u>	<u>34,000</u>	<u>46,000</u>	<u>50,000</u>	<u>42,920</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of benefit terms: The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY 2022 audit available at the NM PERA website.

Changes of assumption: The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2021 report is available at NM PERA website.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

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)

Municipal Streets Project - 216

To account for the repair, maintenance, and construction of municipal streets and the purchase of road maintenance equipment. (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)

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

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)

American Rescue Plan Act - 260

To account for the funds received pursuant to the American Rescue Plan Act of 2021. (Village Ordinance)

Cannabis Regulation Act - 280

To account for the funds received pursuant to the Cannabis Regulation Act of 2021 (26-2C-1&2, NMSA 1978)

Other Special Revenue - 290

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. (Village Ordinance)

Infrastructure Fund - 295

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

Capital Projects Funds

State Funded Projects – 308

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

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. (Village Ordinance)

PURE Project Fund – 315

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. (Village Ordinance)

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Recreation Improvements – 335

To account funds received and track costs related to recreational improvements.
(Village Ordinance)

Cannabis – 360

To account for GRT revenues derived from Cannabis. (Village Ordinance)

Debt Service Funds

Debt Service - 400

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
NON-MAJOR GOVERNMENTAL TYPES
JUNE 30, 2023

	Special Revenue				
	201 - Local Government Corrections	205 - Federal Disaster Relief	206 - Emergency Medical Services	211 - Law Enforcement Protection	214 - Lodger's Tax
ASSETS AND DEFERRED OUTFLOWS					
Assets					
Cash and cash equivalents	\$ 1,335	\$ 59,248	\$ 140,189	\$ 2,698	\$ 87,901
Accounts receivable	-	-	-	-	10,053
Investments	566	-	-	-	8,562
Total assets	<u>1,901</u>	<u>59,248</u>	<u>140,189</u>	<u>2,698</u>	<u>106,516</u>
Total assets and deferred outflows	<u>\$ 1,901</u>	<u>\$ 59,248</u>	<u>\$ 140,189</u>	<u>\$ 2,698</u>	<u>\$ 106,516</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,950
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	1,950
Unrestricted for special revenue	-	-	-	-	-
Restricted for special revenue	1,901	59,248	140,189	2,698	104,566
Restricted for debt service	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-
Total fund balance	<u>1,901</u>	<u>59,248</u>	<u>140,189</u>	<u>2,698</u>	<u>104,566</u>
Total liabilities and fund balance	<u>\$ 1,901</u>	<u>\$ 59,248</u>	<u>\$ 140,189</u>	<u>\$ 2,698</u>	<u>\$ 106,516</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL TYPES
JUNE 30, 2023

	Special Revenue				
	216 - Municipal Streets Projects	217 - Recreation	218 - Inter- Governmental Grants	226 - Fire Department	260 - American Rescue Plan Act
ASSETS AND DEFERRED OUTFLOWS					
Assets					
Cash and cash equivalents	\$ 151,260	\$ 88,731	\$ 16,738	\$ 36,050	\$ 86,530
Accounts receivable	19,641	-	-	-	-
Investments	<u>19,410</u>	<u>7,484</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>190,311</u>	<u>96,215</u>	<u>16,738</u>	<u>36,050</u>	<u>86,530</u>
Total assets and deferred outflows	<u>\$ 190,311</u>	<u>\$ 96,215</u>	<u>\$ 16,738</u>	<u>\$ 36,050</u>	<u>\$ 86,530</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 10,251	\$ 1,944	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	10,251	1,944	-	-	-
Unrestricted for special revenue	-	-	-	-	-
Restricted for special revenue	180,060	94,271	16,738	36,050	86,530
Restricted for debt service	-	-	-	-	-
Restricted for capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>180,060</u>	<u>94,271</u>	<u>16,738</u>	<u>36,050</u>	<u>86,530</u>
Total liabilities and fund balance	<u>\$ 190,311</u>	<u>\$ 96,215</u>	<u>\$ 16,738</u>	<u>\$ 36,050</u>	<u>\$ 86,530</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL TYPES
JUNE 30, 2023

	<u>Special Revenue</u>			<u>Capital Projects</u>	
	<u>280 - Cannabis Regulation Act</u>	<u>290 - Other Special Revenue</u>	<u>295 - Infrastructure</u>	<u>308 - State Funded Projects</u>	<u>313 - Senior Center</u>
ASSETS AND DEFERRED OUTFLOWS					
Assets					
Cash and cash equivalents	\$ 32,981	\$ -	\$ 137,993	\$ -	\$ 31,529
Accounts receivable	-	-	764	-	-
Investments	-	28,681	-	-	-
	<u>32,981</u>	<u>28,681</u>	<u>138,757</u>	<u>-</u>	<u>31,529</u>
Total assets	<u>32,981</u>	<u>28,681</u>	<u>138,757</u>	<u>-</u>	<u>31,529</u>
Total assets and deferred outflows	<u>\$ 32,981</u>	<u>\$ 28,681</u>	<u>\$ 138,757</u>	<u>\$ -</u>	<u>\$ 31,529</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 7,458	\$ -	\$ 14,600
Due to other funds	-	19,745	-	-	-
	<u>-</u>	<u>19,745</u>	<u>7,458</u>	<u>-</u>	<u>14,600</u>
Total liabilities	<u>-</u>	<u>19,745</u>	<u>7,458</u>	<u>-</u>	<u>14,600</u>
Unrestricted for special revenue	-	-	-	-	-
Restricted for special revenue	32,981	8,936	131,299	-	16,929
Restricted for debt service	-	-	-	-	-
Restricted for capital projects	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>32,981</u>	<u>8,936</u>	<u>131,299</u>	<u>-</u>	<u>16,929</u>
Total liabilities and fund balance	<u>\$ 32,981</u>	<u>\$ 28,681</u>	<u>\$ 138,757</u>	<u>\$ -</u>	<u>\$ 31,529</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL TYPES
JUNE 30, 2023

	<u>Capital Projects</u>			<u>Debt Service</u>	<u>Total Non-Major Funds</u>
	<u>315 - PURE Project</u>	<u>335 - Recreational Improvements</u>	<u>360 - Cannabis</u>	<u>400 - Debt Service</u>	
ASSETS AND DEFERRED OUTFLOWS					
Assets					
Cash and cash equivalents	\$ -	\$ 52,475	\$ 30	\$ 68,750	\$ 994,438
Accounts receivable	-	-	-	-	30,458
Investments	-	-	-	-	64,703
	<u>-</u>	<u>52,475</u>	<u>30</u>	<u>68,750</u>	<u>1,089,599</u>
Total assets	<u>-</u>	<u>52,475</u>	<u>30</u>	<u>68,750</u>	<u>1,089,599</u>
Total assets and deferred outflows	<u>\$ -</u>	<u>\$ 52,475</u>	<u>\$ 30</u>	<u>\$ 68,750</u>	<u>\$ 1,089,599</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ 7,713	\$ -	\$ -	\$ 43,916
Due to other funds	47,239	-	-	2,795	69,779
	<u>47,239</u>	<u>7,713</u>	<u>-</u>	<u>2,795</u>	<u>113,695</u>
Total liabilities	<u>47,239</u>	<u>7,713</u>	<u>-</u>	<u>2,795</u>	<u>113,695</u>
Unrestricted for special revenue	(47,239)	-	-	-	(47,239)
Restricted for special revenue	-	-	-	-	912,396
Restricted for debt service	-	-	-	65,955	65,955
Restricted for capital projects	-	44,762	30	-	44,792
	<u>(47,239)</u>	<u>44,762</u>	<u>30</u>	<u>65,955</u>	<u>975,904</u>
Total fund balance	<u>(47,239)</u>	<u>44,762</u>	<u>30</u>	<u>65,955</u>	<u>975,904</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 52,475</u>	<u>\$ 30</u>	<u>\$ 68,750</u>	<u>\$ 1,089,599</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL TYPES
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue				
	201 - Local Government Corrections	205 - Federal Disaster Relief	206 - Emergency Medical Services	211 - Law Enforcement Protection	214 - Lodger's Tax
REVENUES					
Lodgers' tax	\$ -	\$ -	\$ -	\$ -	\$ 176,382
Gross receipts taxes	-	-	-	-	-
Gasoline tax	-	-	-	-	-
Charges for services	4,040	-	-	-	-
State sources	-	-	7,436	49,000	-
Federal sources	-	-	-	-	-
Investment income	11	-	-	-	30
Miscellaneous income	-	-	-	-	-
Total revenues	4,051	-	7,436	49,000	176,412
EXPENDITURES					
Current					
General government	-	-	-	6,373	129,899
Public works	-	-	-	-	-
Public safety	-	-	7,200	42,627	-
Debt Service:					
NMFA principal	-	-	-	-	-
NMFA interest	-	-	-	-	-
Total expenditures	-	-	7,200	49,000	129,899
Excess (deficiency) of revenues over (under) expenditures	4,051	-	236	-	46,513

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL TYPES
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue				
	216 - Municipal Streets Projects	217 - Recreation	218 - Inter- Governmental Grants	226 - Fire Department	260 - American Rescue Plan Act
REVENUES					
Lodgers' tax	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	-	-	-	-	-
Gasoline tax	25,477	-	-	-	-
Charges for services	94,545	25,187	-	-	-
State sources	-	-	10,255	-	-
Federal sources	-	-	-	-	88,263
Investment income	140	62	-	-	-
Miscellaneous income	-	16,260	-	-	-
Total revenues	<u>120,162</u>	<u>41,509</u>	<u>10,255</u>	<u>-</u>	<u>88,263</u>
EXPENDITURES					
Current					
General government	3,000	156	9,300	-	1,733
Public works	168,345	-	-	-	-
Public safety	-	17,158	-	-	-
Debt Service:					
NMFA principal	-	-	-	-	-
NMFA interest	-	-	-	-	-
Total expenditures	<u>171,345</u>	<u>17,314</u>	<u>9,300</u>	<u>-</u>	<u>1,733</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(51,183)</u>	<u>24,195</u>	<u>955</u>	<u>-</u>	<u>86,530</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL TYPES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Special Revenue</u>			<u>Capital Projects</u>	
	<u>280 - Cannabis Regulation Act</u>	<u>290 - Other Special Revenue</u>	<u>295 - Infrastructure</u>	<u>308 - State Funded Projects</u>	<u>313 - Senior Center</u>
REVENUES					
Lodgers' tax	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts taxes	32,981	3,001	-	-	-
Gasoline tax	-	-	-	-	-
Charges for services	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	-	-	-
Investment income	-	239	-	-	-
Miscellaneous income	-	101,686	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	32,981	104,926	-	-	-
EXPENDITURES					
Current					
General government	-	64,727	-	298,229	-
Public works	-	-	-	-	-
Public safety	-	-	-	-	-
Debt Service:					
NMFA principal	-	-	-	-	-
NMFA interest	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	64,727	-	298,229	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	32,981	40,199	-	(298,229)	-

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL TYPES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Capital Projects</u>			<u>Debt Service</u>	<u>Total Non-Major Funds</u>
	<u>315 - PURE Project</u>	<u>335 - Recreational Improvements</u>	<u>360 - Cannabis</u>	<u>400 - Debt Service</u>	
REVENUES					
Lodgers' tax	\$ -	\$ -	\$ -	\$ -	\$ 176,382
Gross receipts taxes	-	-	-	-	35,982
Gasoline tax	-	-	-	-	25,477
Charges for services	-	-	-	-	123,772
State sources	-	-	-	-	66,691
Federal sources	-	-	-	-	88,263
Investment income	-	-	-	-	482
Miscellaneous income	-	-	-	-	117,946
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	-	-	-	634,995
EXPENDITURES					
Current					
General government	-	-	-	-	513,417
Public works	-	-	-	-	168,345
Public safety	-	-	-	-	66,985
Debt Service:					
NMFA principal	-	-	-	38,702	38,702
NMFA interest	-	-	-	9,680	9,680
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-	48,382	797,129
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(48,382)	(162,134)

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL TYPES
FOR THE YEAR ENDED JUNE 30, 2023

	201 Correction Fees	205 - Federal Disaster Relief	206 - Emergency Medical Services	211 - Law Enforcement Protection	214 - Lodger's Tax
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	100,000
Operating transfers out	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Total other financing source (uses)	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,949)	-	236	-	46,513
Fund balance, beginning of year	<u>3,850</u>	<u>59,248</u>	<u>139,953</u>	<u>2,698</u>	<u>58,053</u>
Fund balance, end of year	<u>\$ 1,901</u>	<u>\$ 59,248</u>	<u>\$ 140,189</u>	<u>\$ 2,698</u>	<u>\$ 104,566</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL TYPES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>216 - Municipal Streets Projects</u>	<u>217 - Recreation</u>	<u>218 - Inter- Governmental Grants</u>	<u>226 - Fire Department</u>	<u>260 - American Rescue Plan Act</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	53,250	-	-	-	-
Operating transfers out	-	-	-	-	-
Total other financing source (uses)	<u>53,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,067	24,195	955	-	86,530
Fund balance, beginning of year	<u>177,993</u>	<u>70,076</u>	<u>15,783</u>	<u>36,050</u>	<u>-</u>
Fund balance, end of year	<u>\$ 180,060</u>	<u>\$ 94,271</u>	<u>\$ 16,738</u>	<u>\$ 36,050</u>	<u>\$ 86,530</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL TYPES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>280 - Cannabis Regulation Act</u>	<u>290 - Other Special Revenue</u>	<u>295 - Infrastructure</u>	<u>308 - State Funded Projects</u>	<u>313 - Senior Center</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	298,229	-
Operating transfers out	-	(31,263)	-	-	-
Total other financing source (uses)	-	(31,263)	-	298,229	-
Net change in fund balance	32,981	8,936	-	-	-
Fund balance, beginning of year	-	-	131,299	-	16,929
Fund balance, end of year	<u>\$ 32,981</u>	<u>\$ 8,936</u>	<u>\$ 131,299</u>	<u>\$ -</u>	<u>\$ 16,929</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL TYPES
FOR THE YEAR ENDED JUNE 30, 2023

	315 - PURE Project	335 - Recreational Improvements	360 - Cannabis	400 - Debt Service	Total Non- Major Funds
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	110,251	561,730
Operating transfers out	-	-	-	-	(137,263)
Total other financing source (uses)	-	-	-	110,251	424,467
Net change in fund balance	-	-	-	61,869	262,333
Fund balance, beginning of year	(47,239)	44,762	30	4,086	713,571
Fund balance, end of year	<u>\$ (47,239)</u>	<u>\$ 44,762</u>	<u>\$ 30</u>	<u>\$ 65,955</u>	<u>\$ 975,904</u>

See independent auditors' report and accompanying notes to financial statements.

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF DEPOSITS
JUNE 30, 2023

	<u>Type</u>	<u>Amount Per Bank</u>	<u>Plus DIT</u>	<u>Outstanding Checks</u>	<u>Balance Per Books</u>
First American Bank					
General Fund	CK	\$ 3,098,739	\$ -	\$ (730,218)	\$ 2,368,521
Public Fund	MM	62,076	-	-	62,076
Public Fund	CK	564	-	-	564
Public Fund	CK	67,728	-	-	67,728
State Required Reserve	CK	108,111	-	-	108,111
CD's	*SV	<u>279,603</u>	<u>-</u>	<u>-</u>	<u>279,603</u>
 Total Bank Held Cash		 <u>3,616,821</u>	 <u>-</u>	 <u>(730,218)</u>	 <u>2,886,603</u>
 Total Cash		 <u>\$ 3,616,821</u>	 <u>\$ -</u>	 <u>\$ (730,218)</u>	 <u>\$ 2,886,603</u>

Type: CK= Checking SV= Savings CD= Certificate of Deposit *Interest Bearing

Total Deposit	\$ 3,616,821
Less FDIC Coverage	<u>250,000</u>
Uninsured Public Funds	<u>3,366,821</u>
50% Collateral Requirements (Section 6-10-17 NMSA-1978)	1,683,411
Pledged Securities	<u>1,890,058</u>
Over (Under) Collateralized	<u>\$ 206,647</u>

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2023

	Description of Pledged Collateral	CUSIP	Maturity Date	Fair Value Amount
FHLB	FNMA Pool MA1018	31418ADY1	3/1/2027	\$ 61,277
FHLB	FNMA Pool MA4448	31418D5J7	10/01/2031	1,026,623
FHLB	FNMA Pool MA0949	31418ABT4	1/1/2032	82,640
FHLB	FNMA Pool MA1275	31418AMZ8	12/1/2032	203,721
FHLB	FNMA Pool MA3247	31418CTD6	1/1/2033	400,875
FHLB	FNMA Pool MA3489	31418C2X1	10/1/2023	<u>114,922</u>
	Total pledged securities			<u>\$ 1,890,058</u>

COMPLIANCE SECTION



Beasley, Mitchell & Co.

Certified Public Accountants

**INDEPENDENT AUDITORS' 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. Joseph M. Maestas, P.E., State Auditor
and the Mayor and the Village Trustees of the
Village of Cloudcroft
Cloudcroft, New Mexico

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund of Village of Cloudcroft, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Village of Cloudcroft's basic financial statements, and the combining and individual funds and related budgetary comparisons of Village of Cloudcroft presented as supplemental information, and have issued our report thereon dated September 30, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Cloudcroft'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 Village of Cloudcroft's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Village of Cloudcroft's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and reponses, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item (2023-008) to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items (2023-003), (2023-004), (2023-005), (2023-006), (2023-007), and (2023-011) to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Cloudcroft'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 and which are described in the accompanying schedule of findings and responses as items (2023-001), (2023-002), (2023-009) and (2023-010).

Village of Cloudcroft's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Beasley, Mitchell & Co. LLP

Beasley, Mitchell & Co.
Las Cruces, New Mexico
September 30, 2024

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SUMMARY OF AUDITORS' RESULTS
JUNE 30, 2023

SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued | Disclaimer |
| 2. Internal control over financial reporting: | |
| a. Materials weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | Yes |

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

Section I - Financial Statements Findings

(1) Financial Statement Findings required by GAGAS:
PRIOR YEAR FINDINGS

None Reported

CURRENT YEAR FINDINGS

None Reported New

(2) Financial Statement Findings required by Section 12-6-5 NMSA 1978 (2.2.2.10 (L)(1)(c))
PRIOR YEAR FINDINGS

None reported

CURRENT YEAR FINDINGS

2023-001	Late Audit Submission - Other Non-Compliance	New
2023-002	Payroll Tax and Reports - Other Non-Compliance	New
2023-003	Bank Reconciliations - Significant Deficiency	New
2023-004	Capital Assets - Significant Deficiency	New
2023-005	Accounts Payable - Significant Deficiency	New
2023-006	Revenue - Significant Deficiency	New
2023-007	Segregation of Duties - Significant Deficiency	New
2023-008	Accounting Records - Material Weakness	New
2023-009	Board Meeting Minutes - Other Non-Compliance	New
2023-010	Employee Files - Other Non-Compliance	New
2023-011	Expenditures in Excess of Budget - Significant Deficiency	New

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

2023-001 Late Audit Submission -Other Non-Compliance

CONDITION	The audit report for the fiscal year ended June 30, 2023 was not submitted by the New Mexico State Audit Rule deadline.
CRITERIA	Section 2.2.2.9A(1)(g) NMAC, commonly called the Audit Rule, requires submission of the audit report by December 15, 2023.
CAUSE	The Village had turnover at the Village Clerk position as well as most of the support staff.
EFFECT	Federal and state funding could be jeopardized if the audit is not submitted timely, and the Audit rule had been violated.
RECOMMENDATION	We recommend that the Village implement contingency plans to ensure that employee turnover does not effect the timely submission of the Auditor's report such as cross-training and management oversight of issues that arise as it pertains to financial reporting.
RESPONSE	The recommendation will be adopted, and the Clerk will be responsible for enacting the timeline. It is expected that this will be accomplished in time to ensure timely delivery of the 2023-2024 audit report.
EXPECTED COMPLETION DATE: 6/30/2025	RESPONSIBLE PARTY:Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

2023-002 Payroll Tax and Reports - Other Non-Compliance

CONDITION The Village did not file timely payroll reports to the IRS or the State of New Mexico. Consequently, payroll tax payments were late to the respective agencies.

CRITERIA Per NMAC 6.20.2.11, local public body shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

In accordance with Section 12-6-5 NMSA 1978 which states any violation of good accounting practices shall be set out in detail in a written report. Good accounting practices dictate that all contractually required payments were made on a timely basis, to provide assurance that all transactions have been entered by the bank and recorded in the financial statements properly.

CAUSE There was a lack of internal controls surrounding the payroll reporting and payment process. There was turnover in the Clerk position as well as supporting staff. Taxes withheld from employees and employer portions of payroll taxes were not paid to the IRS or to the State of New Mexico. Reports related to payroll withholdings were not filed to the respective agencies.

EFFECT The Village is in violation of Federal and State regulations requiring timely payments and report filing related to the Village's payroll.

RECOMMENDATION We recommend that the Village implement a process to ensure payments and reporting is completed in a timely manner. Support staff should be cross-trained to file reports and make payments in the absence of the Village Clerk.

RESPONSE Management concurs with the finding. The new clerk has contacted the respective agencies to rectify past due payments and report filings.

EXPECTED COMPLETION DATE: 6/30/2025

RESPONSIBLE PARTY: Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

2023-003 Bank Reconciliations - Significant Deficiency

CONDITION	It was noted that bank reconciliations had not been performed since January 2023. This coincides with the departure of the former Village Clerk.
CRITERIA	Per Section 4-43-2 NMSA 1978, the Village Clerk shall: 1) Keep account of all money received and disbursed; 2) Regular accounts of all checks and warrants drawn on the treasury and paid; and 3) The books, papers and money pertaining to his office ready for inspection by the board of county commissioners at all times.
CAUSE	There was turnover at the Village Clerk positing as well as with most of the supporting staff.
EFFECT	Failure to reconcile banks timely eliminates control over the Village's money and can result in error or abuse.
RECOMMENDATION	We recommend that the Village implement a process to ensure bank reconciliation are performed in a timely manner and that they are reviewed by Village Mayor and/or Village Trustee.
RESPONSE	The Village hired a new clerk who is in the process of reconciling bank statements to brings them to a current status.
EXPECTED COMPLETION DATE: 6/30/2025	RESPONSIBLE PARTY: Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

2023-004 Capital Assets - Significant Deficiency

CONDITION	The Village did not maintain a complete schedule of capital assets for fiscal year ending June 30, 2023.
CRITERIA	Each Agency is required to maintain a capital assets listing as per section 12-6-10 NMSA, 1978. Subsection A, Section 13-6-1, NMSA 1978 states that if any agency is to dispose of tangible personal property, the agency should notify the Office of the State Auditor regarding the disposition.
CAUSE	The District did not maintain an accurate schedule of capital assets because of the change in management. Previous listing could not be located.
EFFECT	There is a greater risk of undetected misappropriation of assets.
RECOMMENDATION	It is recommended that the Village keep a running list of capital assets and ensure proper presentation of additions and disposals as well as calculation of depreciation.
RESPONSE	Village management has started to keep a schedule of capital assets and is seeking training to ensure accurate reporting for the following years. The Village will keep and maintain an accurate schedule of capital assets and will have the schedule certified for the upcoming fiscal year.
EXPECTED COMPLETION DATE 6/30/2025	Responsible Employee: Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

2023-005 Accounts Payable - Significant Deficiency

CONDITION	The Village did not enter payable invoices in a timely manner in its accounting system and was not able to produce Auditor requested reports. The prior clerk had not entered any transactions from January 2023-2024. The new clerk discovered checks that were printed but could not be located in the accounting system. The check register that was provided to the Auditor showed that there was a gap in check number sequence. The new Village Clerk was not able to determine the status of the missing checks.
CRITERIA	According to 2.2.5.3 Section 6-5-2, NMSA 1978, as amended, requires the division to maintain a central system of state accounts and to devise, formulate, approve and control and set standards for the accounting methods and procedures of all state agencies. Section 6-5-2 NMSA1978, as amended, requires the division prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. Section 9-6-5 (E) NMSA 1978, as amended, authorizes the secretary of the department to make and adopt such reasonable and procedural rules and regulations as may be necessary to carry out the duties of the department and its divisions.
CAUSE	The Village had turnover in key positions including the Village Clerk. The prior clerk did not perform duties as assigned.
EFFECT	The Village is not in compliance with the statutory requirements and accounting procedures. The financial statements were materially misstated.
RECOMMENDATION	We recommend that the Village hire a Village Clerk and adequate support staff to ensure records are timely and accurate.
RESPONSE	Management concurs with the finding. The Village has hired a new Clerk and support staff. The Village is in the process of updating accounting records.

EXPECTED COMPLETION DATE: 6/30/2025 RESPONSIBLE PARTY: Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

2023-006 Revenue - Significant Deficiency

CONDITION	The Auditor requested deposit records for the fiscal year ended June 30, 2023. The record provided showed that deposit receipts were not entered from January 2023 through June 2023. Bank statements did reflect deposits but since bank reconciliations were not performed, the source of the deposits could not be determined.
CRITERIA	According to 2.2.5.3 Section 6-5-2, NMSA 1978, as amended, requires the division to maintain a central system of state accounts and to devise, formulate, approve and control and set standards for the accounting methods and procedures of all state agencies. Section 6-5-2 NMSA 1978, as amended, requires the division prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. Section 9-6-5 (E) NMSA 1978, as amended, authorizes the secretary of the department to make and adopt such reasonable and procedural rules and regulations as may be necessary to carry out the duties of the department and its divisions.
CAUSE	The Village had turnover with most of its staff including at the clerk position. The previous clerk failed to execute duties as assigned.
EFFECT	The Village is not in compliance with the statutory requirements and accounting policies and procedures. Additionally, without the proper record keeping, the financial statement were materially misstated.
RECOMMENDATION	We recommend the Village implement a system to accurately track, maintain and update accounting records in a timely manner.
RESPONSE	Management concurs with the finding. The Village has hired a new Clerk and support staff. The Village is in the process of updating accounting records.
EXPECTED COMPLETION DATE: 6/30/2025	RESPONSIBLE PARTY: Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

2023-007 Segregation of Duties - Material Weakness

CONDITION	The prior Village Clerk was allowed to enter transactions, produce accounts payable checks, and perform reconciliations. During fieldwork, it was noted that the prior Village Clerk was the sole individual to perform these functions. There was an increased possibility of misstatement or fraud.
CRITERIA	According to 2.2.5.3 Section 6-5-2, NMSA 1978, as amended, requires the division to maintain a central system of state accounts and to devise, formulate, approve and control and set standards for the accounting methods and procedures of all state agencies. Section 6-5-2 NMSA 1978, as amended, requires the division prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. Section 9-6-5 (E) NMSA 1978, as amended, authorizes the secretary of the department to make and adopt such reasonable and procedural rules and regulations as may be necessary to carry out the duties of the department and its divisions.
CAUSE	There was no oversight by the board to ensure that there was proper staffing to ensure that one person was not allowed to perform reconciling and data entry functions.
EFFECT	Lack of segregation of duties increase the risk of material misstatements and/or fraud.
RECOMMENDATION	We recommend the that the Village Clerk appoint staff to record transactions and another to perform reconciliations. There should be another person to review and approve reconciliations.
RESPONSE	Management concurs with the finding. The Village has hired a new Clerk and support staff. The Village will implement a process to ensure recording and reconciliations are not performed by the same person.

Expected Completion: 6/30/2025

Employee Responsible: Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

2023-008 Accounting Records - Material Weakness

CONDITION	The Village uses an storage application to maintain digital records of invoices, deposit receipts, and other financial information. The new Village Clerk was able to access this application and noticed that most of the files that were supposed to be there were missing. The new Village Clerk did contact the vendor, however, the missing files could not be recovered.
CRITERIA	According to 2.2.5.3 Section 6-5-2, NMSA 1978, as amended, requires the division to maintain a central system of state accounts and to devise, formulate, approve and control and set standards for the accounting methods and procedures of all state agencies. Section 6-5-2 NMSA1978, as amended, requires the division prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. Section 9-6-5 (E) NMSA 1978, as amended, authorizes the secretary of the department to make and adopt such reasonable and procedural rules and regulations as may be necessary to carry out the duties of the department and its divisions.
CAUSE	The Village had turnover with most of its staff including at the clerk positions. The previous clerk deleted documents from the online storage software utilized by the Village. During testing, the Village was unable to produce support for requested transactions.
EFFECT	The Village is not in compliance with the statutory requirements and accounting policies and procedures. Additionally, without the proper record keeping, the financial statement were materially misstated.
RECOMMENDATION	We recommend the Village implement a system to accurately track, maintain and update accounting records in a timely manner.
RESPONSE	Management concurs with the finding. The Village has hired a new Clerk and support staff. The Village is in the process of updating accounting records.

Expected Completion: 6/30/2025

Employee Responsible: Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

2023-009 Board Meeting Minutes - Other Non-Compliance

CONDITION The Village was not able to produce board meeting minutes through the audit issue date.

CRITERIA According to 2.2.5.3 Section 6-5-2, NMSA 1978, as amended, requires the division to maintain a central system of state accounts and to devise, formulate, approve and control and set standards for the accounting methods and procedures of all state agencies. Section 6-5-2 NMSA 1978, as amended, requires the division prescribe procedures, policies and processing documents for use by state agencies in connection with fiscal matters and may require reports from state agencies as may be necessary to carry out its duties and functions. Section 9-6-5 (E) NMSA 1978, as amended, authorizes the secretary of the department to make and adopt such reasonable and procedural rules and regulations as may be necessary to carry out the duties of the department and its divisions.

CAUSE The prior Village Clerk did not properly retain board meeting minutes and were not made available to the public.

EFFECT The Village was not able to provide board meeting minutes. IPA was not able to determine if there was any discussion regarding significant financial matters that needed to be disclosed.

RECOMMENDATION We recommend the Village retain all minutes of all board meetings and make available publicly.

RESPONSE Management concurs with the finding. The Village will record and retain minutes of board meetings. The Village will also publish the minutes to its website.

Expected Completion: 6/30/2025

Employee Responsible: Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

2023-010 Employee Files - Other Non-Compliance

CONDITION	During testing, it was noted that of the five employees selected for testing, one was missing the Form W-4, and four were missing Form I-9.
CRITERIA	New Mexico Municipal League (NMML) Chapter 15 Personnel Files should include Social Security, Medicare, Tax withholding forms, Benefit Deductions, Retirement, Insurance Application and certificate, Cafeteria Benefit Plans, Voluntary Deductions, Garnishment, Personnel Actions, Time and Attendance Records. Recordkeeping Requirements under the Fair Labor Standards Act (FLSA). Every covered employer must keep certain records for each non-exempt worker. The Act requires no particular form for the records, but does require that the records include certain identifying information about the employee and data about the hours worked and the wages earned. The law requires this information to be accurate. Each employer shall preserve for at least three years payroll records. Records on which wage computations are based should be retained for two years 29 CFR §516.6, i.e., time cards and piece work tickets, wage rate tables, work and time schedules, and records of additions to or deductions from wages.
CAUSE	The prior Village Clerk did not properly retain required personnel documents in employee files.
EFFECT	The Village was not in compliance with NMML Chapter 15 and FLSA requirements.
RECOMMENDATION	We recommend the Village review all employee files to ensure proper documentation is included.
RESPONSE	Management concurs with the finding. The Village will review employee files and update as required.

Expected Completion: 6/30/2025

Employee Responsible: Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
 VILLAGE OF CLOUDCROFT
 SCHEDULE OF FINDINGS AND RESPONSES
 JUNE 30, 2023

2023-011 Expenditures in Excess of Budget - Significant Deficiency

CONDITION	<p>In fiscal year 2023, The Village experienced budget expense overages in 1 fund.</p> <p>The following funds exceeded budgeted expenditures:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>CDBG Project Fund</td> <td style="text-align: right;">\$ (121,208)</td> </tr> </table> <p>The following funds exceeded budgeted transfers</p> <table border="0" style="margin-left: 40px;"> <tr> <td>General Fund</td> <td style="text-align: right;">(492,021)</td> </tr> <tr> <td>Fire Fund</td> <td style="text-align: right;"><u>(32,695)</u></td> </tr> </table>	CDBG Project Fund	\$ (121,208)	General Fund	(492,021)	Fire Fund	<u>(32,695)</u>
CDBG Project Fund	\$ (121,208)						
General Fund	(492,021)						
Fire Fund	<u>(32,695)</u>						
CRITERIA	Section 6-6-6 NMSA, 1978 requires that the Village keep expenditures within the budgeted amounts.						
CAUSE	Lack of oversight and proper controls.						
EFFECT	Improper management of budgets can create cash shortfalls.						
RECOMMENDATION	The Village should establish policies and procedures governing the budgetary process and monitoring of the budget to properly prepare and adjust the budget in order to authorize all expenditures.						
RESPONSE	The Village will perform quarterly analysis and make any necessary adjustments.						
IMPLEMENTATION	Expected Completion: June 30, 2024 Employee Responsible: Village Clerk						

See independent auditors' report and accompanying notes to financial statements.

VILLAGE OF CLOUDCROFT
201 BURRO AVE.
CLOUDCROFT, NM 88317
(575) 682-2411
ccvillagemayor@cloudcroftvillage.com
Craig Turner
Village Mayor

Village of Cloudcroft (the "Village") respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:
Beasley, Mitchell & Co.
PO Box 550 Las Cruces, NM 88001

PRIOR YEAR FINDINGS

None Reported

The findings from the June 30, 2023 schedule of findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

1. **Late Audit Submission - (Other Non-Compliance) – 2023-001**

Condition: The audit report for the fiscal year ended June 30, 2023 was not submitted by the New Mexico State Audit Rule deadline.

Auditors' Recommendation: We recommend that the Village implement contingency plans to ensure that employee turnover does not affect the timely submission of the Auditor's report such as cross-training and management oversight of issues that arise as it pertains to financial reporting.

Corrective Action: The recommendation will be adopted, and the Clerk will be responsible for enacting the timeline. It is expected that this will be accomplished in time to ensure timely delivery of the 2023-2024 audit report.

Responsible personnel: Village Clerk

Anticipated completion date: 06/30/2025

2. **Payroll Tax and Reports - (Other Non-Compliance) – 2023-002**

Condition: The Village did not file timely payroll reports to the IRS or the State of New Mexico. Consequently, payroll tax payments were submitted late to the respective agencies.

Auditors' Recommendation: We recommend that the Village implement a process to ensure payments and reporting is completed in a timely manner. Support staff should be cross-trained to file reports and make payments in the absence of the Village Clerk.

Corrective Action: The new clerk has contacted the respective agencies to rectify past due payments and report filings.

Responsible personnel: Village Clerk

Anticipated completion date: 06/30/2025

See independent auditors' report and accompanying notes to financial statements.

VILLAGE OF CLOUDCROFT
201 BURRO AVE.
CLOUDCROFT, NM 88317
(575) 682-2411
ccvillagemayor@cloudcroftvillage.com
Craig Turner
Village Mayor

3. **Bank Reconciliations - (Significant Deficiency) – 2023-003**

Condition: It was noted that bank reconciliations had not been performed since January 2023. This coincides with the departure of the former Village Clerk.

Auditors' Recommendation: We recommend that the Village implement a process to ensure bank reconciliations are performed in a timely manner and that they are reviewed by Village Mayor and/or Village Trustee.

Corrective Action: The Village hired a new clerk who is in the process of reconciling bank statements to bring them to a current status.

Responsible personnel: Village Clerk

Anticipated completion date: 06/30/2025

4. **Capital Assets - (Significant Deficiency) – 2023-004**

Condition: The Village did not maintain a complete schedule of capital assets for fiscal year ending June 30, 2023.

Auditors' Recommendation: It is recommended that the Village keep a running list of capital assets and ensure proper presentation of additions and disposals as well as calculation of depreciation.

Corrective Action: Village management has started to keep a schedule of capital assets and is seeking training to ensure accurate reporting for the following years. The Village will keep and maintain an accurate schedule of capital assets and will have the schedule certified for the upcoming fiscal year.

Responsible personnel: Village Clerk

Anticipated completion date: 06/30/2025

5. **Accounts Payable - (Significant Deficiency) – 2023-005**

Condition: The Village did not enter payable invoices in a timely manner in its accounting system. The clerk was able to print checks without creating a record in the accounting system. Additionally, there was a gap in check sequence without explanation.

Auditors' Recommendation: It is recommended that the Village hire a Village Clerk and adequate support staff to ensure records are timely and accurate.

Corrective Action: The Village has hired a new Clerk and support staff. The Village is in the process of updating accounting records.

Responsible personnel: Village Clerk

Anticipated completion date: 06/30/2025

See independent auditors' report and accompanying notes to financial statements.

VILLAGE OF CLOUDCROFT
201 BURRO AVE.
CLOUDCROFT, NM 88317
(575) 682-2411
ccvillagemayor@cloudcroftvillage.com
Craig Turner
Village Mayor

6. **Revenue - (Significant Deficiency) – 2023-006**
Condition: Cash receipts were not entered into the accounting system since January 2023.
Auditors' Recommendation: We recommend the Village implement a system to accurately track, maintain and update accounting records in a timely manner.
Corrective Action: The Village has hired a new Clerk and support staff. The Village is in the process of updating accounting records.
Responsible personnel: Village Clerk
Anticipated completion date: 06/30/2025
7. **Segregation of Duties - (Material Weakness) – 2023-007**
Condition: The Village Clerk was allowed to enter transactions, produce accounts payable checks, and perform reconciliations.
Auditors' Recommendation: We recommend the that the Village Clerk appoint staff to record transactions and another to perform reconciliations. There should be another person to review and approve reconciliations.
Corrective Action: The Village has hired a new Clerk and support staff. The Village will implement a process to ensure recording and reconciliations are not performed by the same person.
Responsible personnel: Village Clerk
Anticipated completion date: 06/30/2025
8. **Accounting Records - (Material Weakness) – 2023-008**
Condition: Files were deleted from online storage software. Additionally, a significant number of items requested by the IPA were not available for review.
Auditors' Recommendation: We recommend the that the Village implement a system to accurately track, maintain and update accounting records is a timely manner.
Corrective Action: The Village has hired a new Clerk and support staff. The Village is in the process of updating accounting records.
Responsible personnel: Village Clerk
Anticipated completion date: 06/30/2025
9. **Board Meeting Minutes - (Other Non-Compliance) – 2023-009**
Condition: The Village was not able to produce board meeting minutes through the audit issue date.
Auditors' Recommendation: We recommend the Village retain all minutes of all board meetings and make available publicly.
Corrective Action: The Village will record and retain minutes of board meetings. The Village will also publish the minutes to its website.
Responsible personnel: Village Clerk
Anticipated completion date: 06/30/2025

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10. **Employee Files - (Other Non-Compliance) – 2023-010**

Condition: During testing, it was noted that of the five employees selected for testing, one was missing the Form W-4, and four were missing Form I-9.

Auditors' Recommendation: We recommend the Village review all employee files to ensure proper documentation is included.

Corrective Action: The Village will review employee files and update as required.

Responsible personnel: Village Clerk

Anticipated completion date: 06/30/2025

11. **Expenditures in excess of budget - (Other Non-Compliance) – 2023-011**

Condition: In fiscal year 2023, The Village experienced budget expense overages in 1 fund. The Village has not made any progress on this finding.

The following funds exceeded budgeted expenditures:

CDBG Project Fund \$(121,208)

The following funds exceeded budgeted transfers:

General Fund \$(492,021)
Fire Fund \$(32,695)

Auditors' Recommendation: The Village should establish policies and procedures governing the budgetary process and monitoring of the budget to properly prepare and adjust the budget to authorize all expenditures.

Corrective Action: The Village will perform quarterly analysis and make any necessary adjustments.

Responsible personnel: Village Clerk

Anticipated completion date: 06/30/2025

Sincerely,



Julie Pinson
Village Clerk

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
VILLAGE OF CLOUDCROFT
ENTRANCE AND EXIT CONFERENCE AND
FINANCIAL STATEMENT PREPARATION
FOR THE YEAR ENDED JUNE 30, 2023

An entrance conference was held on October 5, 2023 in a closed meeting with Beasley, Mitchell & Co., LLP, with the following Village officials:

Village of Cloudcroft

Craig Tuner	Mayor
Julie Pinson	Village Clerk
Suzanne Peralta	Deputy Clerk

Beasley, Mitchell & Co., LLP

Dahlia Garcia, CPA	Partner
Eric Cardona, CPA	Audit Supervisor
Isaac Mendoza	Senior Auditor
Ninelle Gutierrez	Staff Auditor

An exit conference was held on September 26, 2024 in a closed meeting with Beasley, Mitchell & Co., LLP, with the following Village officials:

Village of Cloudcroft

Craig Turner	Mayor
Julie Pinson	Clerk

Beasley, Mitchell & Co., LLP

Eric Cardona, CPA	Audit Supervisor
Ninelle Gutierrez	Staff Auditor

The financial statements presented in this report were compiled with the assistance of the auditors, Beasley, Mitchell & Co., LLP. However, the contents of the financial statements remain the responsibility of management.

See independent auditors' report and accompanying notes to financial statements.