

**PORCH & ASSOCIATES LLC**

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

---

VILLAGE OF ANGEL FIRE,  
NEW MEXICO

FINANCIAL STATEMENTS

JUNE 30, 2006

6005



## **OFFICE OF THE STATE AUDITOR**

**Hector H. Balderas**

October 14, 2008

SAO Ref. No. 6005

The Honorable Larry Leahy, Mayor  
and  
Members of the Village Council  
Village of Angel Fire  
P.O. Box 610  
Angel Fire, NM 87710-0610

**SUBJECT:** Audit Report—Village of Angel Fire—2005-2006 Fiscal Year—Prepared by Porch & Associates, LLC

Your agency audit report was received by the Office of the State Auditor (Office) on July 21, 2008. The State Auditor examination of the audit report required by Section 12-6-14 (D), NMSA 1978, has been completed. This letter is the authorization to make the final payment to the independent public accountant (IPA) who contracted to perform the agency's financial and compliance audit. In accordance with the Section 2 (B) of the audit contract, the IPA will deliver the specified number of copies of the audit to the agency.

Per Section 12-6-5 (A), NMSA 1978, **the audit report does not become public record until ten days after the date of this letter.** Once the ten day waiting period has passed the audit report shall be:

- released by the Office of the State Auditor to the Legislative Finance Committee, and the Department of Finance and Administration; and
- presented by the agency to a quorum of the agency's governing authority at a public meeting, for approval, per Section 2.2.2.10.J.(3)(d) of 2.2.2 NMAC *Requirements for Contracting and Conducting Audits of Agencies*.

The independent public accountant's findings and comments are included in the audit report on pages 78 - 109. **It is ultimately the responsibility of the governing authority of the agency to take corrective action on all findings and comments.**

HECTOR H. BALDERAS  
STATE AUDITOR

cc: Legislative Finance Committee  
Department of Finance and Administration-  
Local Government Division  
Porch & Associates, LLC

VILLAGE OF ANGEL FIRE, NEW MEXICO

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
List of Principal Officials.....	i

FINANCIAL SECTION

Independent Auditors' Report.....	1
-----------------------------------	---

Basic Financial Statements

Statement of Net Assets .....	4
Statement of Activities.....	5
Balance Sheet – Governmental Funds .....	6
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets .....	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	9
Statement of Revenues and Expenditures - Budget and Actual - (Non-GAAP Budgetary Basis):	
General Fund.....	10
Street Project.....	11
Balance Sheet – Proprietary Funds.....	12
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	13
Statement of Cash Flows – Proprietary Funds.....	14
Statement of Fiduciary Net Assets – Agency Funds .....	16
Notes to Financial Statements.....	17

VILLAGE OF ANGEL FIRE, NEW MEXICO

TABLE OF CONTENTS (CONTINUED)

Supplementary Information

Combining and Individual Fund Statements

Nonmajor Funds

	Page
Combining Balance Sheet.....	45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	53
Statements of Revenues and Expenditures – Budget and Actual (Non-GAAP Budgetary Basis):	
Emergency Medical Services.....	61
Fire Protection.....	62
Law Enforcement Protection .....	63
Lodgers Tax Reserve.....	64
Transportation.....	65
Transportation – Welfare to Work.....	66
MAP Grant.....	67
Statements of Revenues and Expenses – Budget and Actual (Non-GAAP Budgetary Basis):	
Waste Water Enterprise Fund .....	68
Solid Waste Enterprise Fund.....	69
Water Enterprise Fund .....	70

SUPPLEMENTAL SCHEDULES

Schedule of Changes in Assets and Liabilities – Agency Funds .....	72
Schedule of Deposit and Investment Accounts .....	73
Schedule of Pledged Collateral.....	74
Schedule of Joint Powers Agreements.....	75

VILLAGE OF ANGEL FIRE, NEW MEXICO

TABLE OF CONTENTS (CONTINUED)

Supplementary Information (Continued)

	Page
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 <i>Governmental Auditing Standards</i> .....	76
Summary Schedule of Prior Audit Findings .....	78
Schedule of Findings and Recommendations and Responses .....	79
Exit Conference .....	110

**VILLAGE OF ANGEL FIRE, NEW MEXICO**

**List of Principal Officials**

**June 30, 2006**

**Elected Officials**

Alvin L. Clanton	Mayor
William Gibson	Mayor Pro-Tem
Charles H. Hasford	Councilor
Bonnie L. Brashear	Councilor
Edward Culotta	Councilor

**Administrative Officials**

John Pape	Village Administrator
Rob Corabi	Finance Director
Lisa Sanchez	Village Clerk

**Independent Auditors' Report**

Mr. Hector H. Balderas, State Auditor and  
Mr. Larry Leahy, Mayor and  
The Village Council  
Village of Angel Fire, New Mexico

We have audited 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 of the general fund and street project fund of the Village of Angel Fire (Village), as of and for the year ended June 30, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements, and budgetary comparison statements as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

During the year ending June 30, 2003, the accounting system of the Village had posted balances from the 2004 and 2005 years back to the 2003 Waste Water, Solid Waste and Water enterprise funds net asset accounts. Because of these systems errors, the opinion on the June 30, 2003 financial statements was qualified. These systems issues were not corrected until the year ending June 30, 2006. It was impracticable to extend our procedures sufficiently to determine the reason for the system postings. As a result, the balance sheets of the three enterprise accounts have been corrected, but the enterprise funds' statements of revenues, expenses and changes in net assets and statements of cash flows have been adversely affected for the years ending June 30, 2003, 2004, 2005 and 2006.

Mr. Hector H. Balderas, State Auditor and  
Mr. Larry Leahy, Mayor and  
The Village Council  
Village of Angel Fire, New Mexico

In addition, the Village's records for the budget to actual statements were not adequate for all of the Village's funds. As a result, it was impracticable to extend our procedures sufficiently to determine if the budget to actual statements and related budget to GAAP reconciliations are correct.

In addition, the Village has not properly accounted for agency funds. Expenditures have been recorded to the fund without an offsetting transfer in to cover the expenditure. As a result, the true agency balances could not be determined.

In our opinion, with the exception of any future adjustments that may be necessary because of the prior two paragraphs, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2006 and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and street project fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position for the nonmajor governmental funds of the Village, as of June 30, 2006 and the respective changes in financial position, thereof and the respective budgetary comparisons for the nonmajor governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2008 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

For the year ended June 30, 2006, the Village has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.



Mr. Hector H. Balderas, State Auditor and  
Mr. Larry Leahy, Mayor and  
The Village Council  
Village of Angel Fire, New Mexico

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual financial statements and budgetary comparisons of the Village. The supplemental schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Perch & Associates LLC*

Albuquerque, New Mexico  
July 2, 2008

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF NET ASSETS**  
**June 30, 2006**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 1,750,048	322,265	2,072,313
Receivables			
Taxes			
Property	40,825	6,226	47,051
Gross receipts	298,159	-	298,159
Lodgers	23,119	-	23,119
Gas	2,319	-	2,319
Motor Vehicle	7,966	-	7,966
Franchise	4,575	-	4,575
Angel Fire Resort	41,139	-	41,139
Intergovernmental	81,197	-	81,197
Investment income	2,061	-	2,061
Accounts receivable, net of allowance	-	168,504	168,504
Restricted cash	-	469,722	469,722
Due from other funds	-	577,328	577,328
Capital assets, not depreciated	5,675,430	5,110,331	10,785,761
Capital assets, net of accumulated depreciation	5,769,393	9,035,434	14,804,827
<b>Total assets</b>	<b>13,696,231</b>	<b>15,689,810</b>	<b>29,386,041</b>
<b>LIABILITIES</b>			
Accounts payable	367,430	43,783	411,213
Accrued compensation and benefits	42,593	23,662	66,255
Gross receipts tax payable	-	104,661	104,661
Interest payable	-	125,730	125,730
Deposits payable	197,831	54,495	252,326
Due to other funds	528,403	25,490	553,893
Noncurrent liabilities:			
Compensated absences, due in one year	25,000	12,461	37,461
Compensated absences, due in more than one year	5,713	-	5,713
Long-term liabilities, due in one year	216,006	163,362	379,368
Long-term liabilities, due in more than one year	2,830,403	7,756,206	10,586,609
<b>Total liabilities</b>	<b>4,213,379</b>	<b>8,309,850</b>	<b>12,523,229</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	8,398,414	6,226,197	14,624,611
Restricted for:			
Debt service	(115,636)	167,395	51,759
Grant expenditures	-	300,000	300,000
Customer deposits	-	2,327	2,327
Unrestricted	1,200,074	684,041	1,884,115
<b>Total net assets</b>	<b>\$ 9,482,852</b>	<b>7,379,960</b>	<b>16,862,812</b>

*See Notes to Financial Statements*

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government</b>							
Governmental activities							
General government	\$ 2,704,256	454,578	69,000	-	(2,180,678)	-	(2,180,678)
Public safety	1,204,630	6,492	110,540	149,053	(938,545)	-	(938,545)
Highways and streets	178,541	8,247	-	-	(170,294)	-	(170,294)
Culture and recreation	147,351	-	-	-	(147,351)	-	(147,351)
Public transportation	269,337	21,105	125,660	941,299	818,727	-	818,727
Economic and physical development	3,964	-	-	-	(3,964)	-	(3,964)
Interest on long term debt	132,503	-	-	-	(132,503)	-	(132,503)
<b>Total governmental activities</b>	<b>4,640,582</b>	<b>490,422</b>	<b>305,200</b>	<b>1,090,352</b>	<b>(2,754,608)</b>	<b>-</b>	<b>(2,754,608)</b>
<b>Business-type activities</b>							
Waste Water	834,395	490,649	-	-	-	(343,746)	(343,746)
Solid Waste	560,161	623,523	-	-	-	63,362	63,362
Water	739,088	788,568	-	-	-	49,480	49,480
<b>Total business-type activities</b>	<b>2,133,644</b>	<b>1,902,740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(230,904)</b>	<b>(230,904)</b>
<b>Total primary government</b>	<b>\$ 6,774,226</b>	<b>2,393,162</b>	<b>305,200</b>	<b>1,090,352</b>	<b>(2,754,608)</b>	<b>(230,904)</b>	<b>(2,985,512)</b>
<b>General Revenues</b>							
Franchise taxes					76,181	-	76,181
Gasoline taxes					27,342	-	27,342
Gross receipts taxes					2,033,128	165,965	2,199,093
Property taxes					824,590	-	824,590
Lodgers taxes					226,145	-	226,145
Cigarette taxes					4,519	-	4,519
Motor vehicle taxes					41,402	-	41,402
Interest					67,730	5,296	73,026
Other					400	10,939	11,339
Operating transfers					(213,899)	215,162	1,263
<b>Total general revenues</b>					<b>3,087,538</b>	<b>397,362</b>	<b>3,484,900</b>
<b>Change in net assets</b>					<b>332,930</b>	<b>166,458</b>	<b>499,388</b>
Net assets:							
Beginning of year					9,150,577	7,213,502	16,364,079
<b>Net assets, end of year</b>					<b>\$ 9,483,507</b>	<b>7,379,960</b>	<b>16,863,467</b>

See Notes to Financial Statements

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2006**

	General	Major Street Project	MAP Grant	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and investments	\$ 1,009,945	120,113	12,402	607,588	1,750,048
Receivables					
Taxes					
Property	40,825	-	-	-	40,825
Gross receipts	260,005	13,108	-	25,046	298,159
Lodgers	-	-	-	23,119	23,119
Gas	-	-	-	2,319	2,319
Motor vehicle	7,966	-	-	-	7,966
Franchise	4,575	-	-	-	4,575
Angel Fire Resort	-	-	41,139	-	41,139
Intergovernmental	-	5,718	-	75,479	81,197
Investment income	2,061	-	-	-	2,061
Due from other funds	-	-	413,547	-	413,547
<b>Total assets</b>	<b>\$ 1,325,377</b>	<b>138,939</b>	<b>467,088</b>	<b>733,551</b>	<b>2,664,955</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 74,578	8,865	164,555	119,432	367,430
Accrued compensation and benefits	42,593	-	-	-	42,593
Deposits payable	197,831	-	-	-	197,831
Due to other funds	429,850	47,370	-	464,730	941,950
<b>Total liabilities</b>	<b>744,852</b>	<b>56,235</b>	<b>164,555</b>	<b>584,162</b>	<b>1,549,804</b>
<b>FUND BALANCES</b>					
Reserved for debt service	-	-	-	(115,636)	(115,636)
Unreserved, undesignated reported in:					
General fund	580,525	-	-	-	580,525
Special revenue funds	-	-	-	101,761	101,761
Capital projects funds	-	82,704	302,533	163,264	548,501
<b>Total fund balances</b>	<b>580,525</b>	<b>82,704</b>	<b>302,533</b>	<b>149,389</b>	<b>1,115,151</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,325,377</b>	<b>138,939</b>	<b>467,088</b>	<b>733,551</b>	<b>2,664,955</b>

*See Notes to Financial Statements*

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**June 30, 2006**

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

<b>Total fund balance - governmental funds</b>	\$ 1,115,151
Accrued compensated absences not payable from current revenues.	(30,713)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	11,444,823
Long-term liabilities, including capital leases payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(3,046,409)</u>
<b>Net assets - governmental activities</b>	<u><u>\$ 9,482,852</u></u>

*See Notes to Financial Statements*

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2006**

	General	Major Street Project	MAP Grant	Nonmajor Governmental Funds	Total
<b>Revenues</b>					
Taxes	\$ 2,583,425	290,463	-	359,419	3,233,307
Licenses, permits, fees and fines	253,452	-	-	21,105	274,557
Interest	63,796	2,162	-	1,772	67,730
Grant	69,000	-	941,299	432,943	1,443,242
Other	207,618	8,247	-	400	216,265
<b>Total revenues</b>	<b>3,177,291</b>	<b>300,872</b>	<b>941,299</b>	<b>815,639</b>	<b>5,235,101</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	2,507,816	-	-	133,280	2,641,096
Public safety	849,872	-	-	147,293	997,165
Highways and streets	1,783	17,344	3,392	56,914	79,433
Culture and recreation	-	-	-	3,312	3,312
Public transportation	-	-	-	222,033	222,033
Economic and physical development	3,964	-	-	-	3,964
Capital outlay	604,716	532,211	635,624	146,406	1,918,957
Debt service - interest	33,820	33,703	-	64,980	132,503
Debt service - principal	53,103	83,613	-	69,536	206,252
<b>Total expenditures</b>	<b>4,055,074</b>	<b>666,871</b>	<b>639,016</b>	<b>843,754</b>	<b>6,204,715</b>
<b>Excess (deficiency) of revenues over expenditures before other financings sources (uses)</b>	<b>(877,783)</b>	<b>(365,999)</b>	<b>302,283</b>	<b>(28,115)</b>	<b>(969,614)</b>
<b>Other Financing Sources (uses)</b>					
Proceeds from the issuance of debt	-	199,640	-	-	199,640
Operating transfers in	-	3,687	-	316,653	320,340
Operating transfers out	(141,251)	-	-	(392,988)	(534,239)
<b>Total other financing sources (uses)</b>	<b>(141,251)</b>	<b>203,327</b>	<b>-</b>	<b>(76,335)</b>	<b>(14,259)</b>
<b>Net change in fund balance</b>	<b>(1,019,034)</b>	<b>(162,672)</b>	<b>302,283</b>	<b>(104,450)</b>	<b>(983,873)</b>
Fund balance, beginning of year	1,599,559	245,376	250	253,839	2,099,024
<b>Fund balance, end of year</b>	<b>\$ 580,525</b>	<b>82,704</b>	<b>302,533</b>	<b>149,389</b>	<b>1,115,151</b>

*See Notes to Financial Statements*

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2006**

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

**Net changes in fund balances - governmental funds** \$ (983,873)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Depreciation expense	(592,757)	
Capital outlay	<u>1,930,525</u>	
Excess of capital outlay over depreciation expense		1,337,768

Deferred revenue is recorded as income under the accrual method, and not the modified accrual method. (47,690)

The issuance of long-term debt (e.g., capital leases) provides current financial resources to governmental funds, but has no effect on net assets. (199,640)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 207,637

Accrued compensated absences are expensed under the accrual method, and not the modified accrual method. 18,073

Other reconciling items 655

**Change in net assets - governmental activities** \$ 332,930

*See Notes to Financial Statements*

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**GENERAL FUND**  
**Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 2,994,942	2,994,942	2,609,243	(385,699)
Licenses, permits, fees and fines	272,235	272,235	253,452	(18,783)
Interest	20,000	20,000	63,796	43,796
Grant	47,000	47,000	69,000	22,000
Other	132,450	132,450	207,618	75,168
<b>Total revenues</b>	<b>3,466,627</b>	<b>3,466,627</b>	<b>3,203,109</b>	<b>(263,518)</b>
<b>Expenditures</b>				
General government	1,850,156	1,850,156	2,504,099	(653,943)
Public safety	676,918	676,918	849,872	(172,954)
Highways and streets	570,435	570,435	1,783	568,652
Culture and recreation	110,162	110,162	-	110,162
Economic and physical development	-	-	3,964	(3,964)
Capital outlay	232,490	232,490	604,716	(372,226)
Debt service	183,355	183,355	86,923	96,432
<b>Total expenditures</b>	<b>3,623,516</b>	<b>3,623,516</b>	<b>4,051,357</b>	<b>(427,841)</b>
<b>Other financing uses</b>				
Operating transfers out	-	-	(141,251)	(141,251)
<b>Total other financing uses</b>	<b>-</b>	<b>-</b>	<b>(141,251)</b>	<b>(141,251)</b>
Net change in fund balance	(156,889)	(156,889)	(989,499)	(550,108)
Fund balance, beginning of year	1,599,559	1,599,559	1,599,559	-
<b>Fund balance, end of year</b>	<b>\$ 1,442,670</b>	<b>1,442,670</b>	<b>610,060</b>	<b>(550,108)</b>
Non-GAAP change in fund balance			\$ (989,499)	
Change in:				
Accounts receivable			(25,818)	
Accounts payable			(14,121)	
Accrued expenses			10,404	
GAAP change in fund balance			<u>\$ (1,019,034)</u>	



**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**STREET PROJECT**  
**Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 200,302	200,302	281,580	81,278
Interest	-	-	2,162	2,162
Other	-	-	8,247	8,247
<b>Total revenues</b>	<u>200,302</u>	<u>200,302</u>	<u>291,989</u>	<u>91,687</u>
<b>Expenditures</b>				
Highways and streets	-	-	17,344	(17,344)
Capital outlay	100,000	100,000	541,076	(441,076)
Debt service - interest	-	-	33,703	(33,703)
Debt service - principal	114,991	114,991	83,613	31,378
<b>Total expenditures</b>	<u>214,991</u>	<u>214,991</u>	<u>675,736</u>	<u>(460,745)</u>
<b>Other financing sources</b>				
Proceeds from the issuance of debt	-	-	199,640	199,640
Operating transfers in	-	-	3,687	3,687
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>203,327</u>	<u>203,327</u>
Net change in fund balance	(14,689)	(14,689)	(180,420)	(165,731)
Fund balance, beginning of year	245,376	245,376	245,376	-
<b>Fund balance, end of year</b>	<u>\$ 230,687</u>	<u>230,687</u>	<u>64,956</u>	<u>(165,731)</u>
Non-GAAP change in fund balance			\$ (180,420)	
Change in:				
Accounts receivable			8,883	
Accounts payable			8,865	
GAAP change in fund balance			<u>\$ (162,672)</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**BALANCE SHEET -**  
**PROPRIETARY FUNDS**  
**June 30, 2006**

	Major Enterprise Funds			
	Waste Water	Solid Waste	Water	Total
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ -	322,065	200	322,265
Restricted cash and investments	167,395	-	302,327	469,722
Receivables				
Accounts receivable, net of allowance	59,627	48,847	60,030	168,504
Property tax	-	6,226	-	6,226
Due from other funds	-	-	577,328	577,328
<b>Total current assets</b>	<b>227,022</b>	<b>377,138</b>	<b>939,885</b>	<b>1,544,045</b>
Capital Assets				
Land and water rights	376,475	49,856	4,684,000	5,110,331
Plant and equipment	9,317,957	1,399,475	8,087,637	18,805,069
Vehicles	5,593	227,977	145,107	378,677
Accumulated depreciation	(3,965,160)	(355,247)	(5,827,905)	(10,148,312)
<b>Total capital assets, net of accumulated depreciation</b>	<b>5,734,865</b>	<b>1,322,061</b>	<b>7,088,839</b>	<b>14,145,765</b>
<b>Total assets</b>	<b>\$ 5,961,887</b>	<b>1,699,199</b>	<b>8,028,724</b>	<b>15,689,810</b>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities				
Accounts payable	\$ 14,449	13,032	16,302	43,783
Accrued compensation and benefits	19,912	2,850	900	23,662
Gross receipts tax payable	-	-	104,661	104,661
Interest payable	113,691	3,313	8,726	125,730
Customer deposits payable	-	-	54,495	54,495
Compensated absences	2,083	2,267	8,111	12,461
Due to other funds	19,004	-	6,486	25,490
Capital leases payable - current	3,828	12,446	11,483	27,757
Loans payable - current	-	52,686	8,919	61,605
Bonds payable - current	74,000	-	-	74,000
<b>Total current liabilities</b>	<b>246,967</b>	<b>86,594</b>	<b>220,083</b>	<b>553,644</b>
Noncurrent Liabilities				
Capital leases payable	26,910	45,968	80,819	153,697
Loans payable	-	984,486	118,023	1,102,509
Bonds payable	5,500,000	-	1,000,000	6,500,000
<b>Total noncurrent liabilities</b>	<b>5,526,910</b>	<b>1,030,454</b>	<b>1,198,842</b>	<b>7,756,206</b>
<b>Total liabilities</b>	<b>5,773,877</b>	<b>1,117,048</b>	<b>1,418,925</b>	<b>8,309,850</b>
Net Assets				
Invested in capital assets, net of related debt	130,127	226,475	5,869,595	6,226,197
Restricted for:				
Debt service	167,395	-	-	167,395
Grant expenditures	-	-	300,000	300,000
Customer deposits	-	-	2,327	2,327
Unrestricted	(109,512)	355,676	437,877	684,041
<b>Total net assets</b>	<b>188,010</b>	<b>582,151</b>	<b>6,609,799</b>	<b>7,379,960</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,961,887</b>	<b>1,699,199</b>	<b>8,028,724</b>	<b>15,689,810</b>

See Notes to Financial Statements

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2006**

	Major Enterprise Funds			Total
	Waste Water	Solid Waste	Water	
Operating Revenues				
Sales and services	\$ 490,649	623,523	788,568	1,902,740
Operating Expenses				
Operating expenses	160,120	421,556	416,265	997,941
Depreciation	288,047	97,473	248,028	633,548
<b>Total operating expenses</b>	<b>448,167</b>	<b>519,029</b>	<b>664,293</b>	<b>1,631,489</b>
Operating Income	42,482	104,494	124,275	271,251
Nonoperating Revenues (Expenses)				
Gross receipts tax	-	83,547	82,418	165,965
Interest income	5,112	-	184	5,296
Interest expense	(386,228)	(41,132)	(74,795)	(502,155)
Operating transfers in	248,167	64,656	94,563	407,386
Operating transfers out	(168,335)	-	(23,889)	(192,224)
Other income	7,381	3,558	-	10,939
<b>Total nonoperating revenues</b> <b>(expenses)</b>	<b>(293,903)</b>	<b>110,629</b>	<b>78,481</b>	<b>(104,793)</b>
<b>Net (loss) income</b>	<b>(251,421)</b>	<b>215,123</b>	<b>202,756</b>	<b>166,458</b>
Net assets, beginning of year	439,431	367,028	6,407,043	7,213,502
<b>Net assets, end of year</b>	<b>\$ 188,010</b>	<b>582,151</b>	<b>6,609,799</b>	<b>7,379,960</b>

*See Notes to Financial Statements*

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2006**

	Waste Water	Solid Waste	Water	Total
<b>Cash Flows From Operating Activities</b>				
Cash received from customers	\$ 497,958	625,729	786,875	1,910,562
Cash payments to vendors and employees	(142,022)	(422,960)	(330,173)	(895,155)
<b>Net cash provided by operating activities</b>	<b>355,936</b>	<b>202,769</b>	<b>456,702</b>	<b>1,015,407</b>
<b>Cash Flows From Noncapital and Related Financing Activities</b>				
Gross receipts tax revenue	-	83,547	82,418	165,965
Due to/due from	19,004	64,656	(570,842)	(487,182)
Change in customer deposits	-	-	9,160	9,160
Net transfers in (out)	79,832		70,674	
Other income	7,381	3,558	-	10,939
<b>Net cash provided (used) by noncapital financing activities</b>	<b>106,217</b>	<b>151,761</b>	<b>(408,590)</b>	<b>(150,612)</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Purchase of capital assets	(12,112)	-	(16,780)	(28,892)
Capital grant	-	-	300,000	300,000
Principal payment on bonds	(70,000)	-	-	(70,000)
Principal payment on loans	-	(51,070)	(8,898)	(59,968)
Principal payment on capital leases	(3,709)	(12,149)	(11,041)	(26,899)
Interest payment on bonds, loans and leases	(386,228)	(41,132)	(74,795)	(502,155)
<b>Net cash (used) provided by capital and related financing activities</b>	<b>(472,049)</b>	<b>(104,351)</b>	<b>188,486</b>	<b>(387,914)</b>
<b>Cash Flows From Investing Activities</b>				
Interest income	5,112	-	184	5,296
<b>Net cash provided by investing activities</b>	<b>5,112</b>	<b>-</b>	<b>184</b>	<b>5,296</b>
<b>Net (decrease) increase in cash</b>	<b>(4,784)</b>	<b>250,179</b>	<b>236,782</b>	<b>482,177</b>
Cash, beginning of year	172,179	71,886	65,745	309,810
<b>Cash, end of year</b>	<b>\$ 167,395</b>	<b>322,065</b>	<b>302,527</b>	<b>791,987</b>

*See Notes to Financial Statements*

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS (CONTINUED)**  
**Year Ended June 30, 2006**

	Waste Water	Solid Waste	Water	Total
Operating (loss) income	\$ 42,482	104,494	124,275	271,251
Adjustments to reconcile operating income to net cash flows:				
Depreciation expense	288,047	97,473	248,028	633,548
Changes in assets and liabilities:				
Accounts receivable	7,309	3,572	(1,693)	9,188
Accounts payable	(1,592)	(4,254)	(21,523)	(27,369)
Accrued expenses	19,690	1,484	107,615	128,789
<b>Net cash provided by     operating activities</b>	<u>\$ 355,936</u>	<u>202,769</u>	<u>456,702</u>	<u>1,015,407</u>

*See Notes to Financial Statements*

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF FIDUCIARY NET ASSETS -**  
**AGENCY FUNDS**  
**June 30, 2006**

**ASSETS**

Cash	\$ 14,319
<b>Total assets</b>	<u><u>\$ 14,319</u></u>

**LIABILITIES**

Due to other funds	\$ 14,319
<b>Total liabilities</b>	<u><u>\$ 14,319</u></u>

*See Notes to Financial Statements*

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Entity.* The Village of Angel Fire (Village) was incorporated in 1971 under the laws of the State of New Mexico. The Village operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning and general administrative services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

**A. Financial Reporting Entity**

As required by GAAP, the financial statements present the Village and entities for which the Village is considered to be financially accountable. There are no component units for the fiscal year ended June 30, 2006.

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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 and enterprise funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF ANGEL FIRE, NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

A. Financial Reporting Entity (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principle ongoing operations.

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

Governmental 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. For this purpose, the Village considers revenues to be available if they are collected within 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 made.

The Village follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with GASB *Statement 33, Accounting and Reporting for Nonexchange Transactions*:

*Derived tax revenues* are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts tax, gasoline taxes, and cigarette taxes.

*Imposed nonexchange revenues – property taxes* are levied and collected by the Colfax County treasurer on behalf of the Village. The taxes are levied in November and payable in two installments, November 10<sup>th</sup> and April 10<sup>th</sup>. The



**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

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

**A. Financial Reporting Entity (Continued)**

County remits to the Village a percentage of the collections made during the month. Taxes are considered delinquent and subject to lien, penalty, and interest 30 days after the date on which they are due.

*Imposed nonexchange revenue other than property taxes* are recognized in the period when an enforceable legal claim has arisen and the resources are available.

*Government-mandated nonexchange transactions and voluntary nonexchange transactions* are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Village reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Village before it has legal claim to the resources, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The Village reports the following major governmental funds:

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

*Street Project Fund* – is a special revenue fund used to account for improvements and maintenance of the Village’s Roads. Funding is by Municipal Capital Outlay Gross Receipts Tax.

*MAP Grant* – is a capital projects fund used to account for the recipient and expenditure of funds from the Transportation Planning Division of the New Mexico State Highway and Transportation Department’s Municipal Arterial Program (MAP).

VILLAGE OF ANGEL FIRE, NEW MEXICO  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

A. Financial Reporting Entity (Continued)

Proprietary funds are accounted for on the flow of economic resources measurement focus (all assets and all liabilities associated with the operation of these funds are included on the balance sheet) and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Village applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations.

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The Village uses the following enterprise funds to account for its proprietary funds, which are all major funds:

*Solid Waste.* To account for the provision of landfill services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance billing, and collection.

*Waste Water.* To account for the provision of waste water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance billing, and collection.

*Water.* To account for the provisions of water services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund. Financing is provided through charges to customers for service.

The Village reports the following fund types:

*General Fund* is the general operating fund of the Village. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important functions of the Village, including the Village's general services and administration, are accounted for in this fund.

*Special Revenue Funds* are used to account for revenues derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

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

**A. Financial Reporting Entity (Continued)**

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those constructed for proprietary funds.

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

*Agency Funds* are used to account for monies held by the Village in a custodial capacity on behalf of third parties or other agencies.

**B. Cash and Investments**

Cash include amounts in demand deposits. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

Investments are stated at fair value which is determined using selected basis. Interest income, realized gains and losses on investment transactions, and amortization of premiums and discounts on investment purchases are included in investment income for and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

**C. Capital Assets**

Capital assets, which include software, library books, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Assets are recorded at historical cost or estimated historical cost if purchased or construction. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, including infrastructure assets, have higher limits that must be met before they are capitalized.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

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

**C. Capital Assets (Continued)**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 years
Software	3 years
Vehicles and vehicles under capital lease	5 - 7 years
Machinery and equipment	3 - 10 years
Infrastructure	25 years

Capital Assets in proprietary funds are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Plant and system	5 - 50 years
Equipment	5 - 25 years
Vehicles	5 years

The Audit Act, 12-6-10, NMSA 1978, requires all assets which cost more than \$5,000 and have a life greater than one year to be added to the General Fixed Asset Account Group and a yearly inventory of those assets must be taken.

**D. Accrued Employee Benefits**

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 fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave for proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

**E. Fund Equity**

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Fund equity and net assets were reported as follows:

**Debt Service** - Amounts legally restricted for the payment of long-term debt.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

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

**E. Fund Equity (Continued)**

**Unreserved, undesignated** - Amounts which have not been reserved or designated for any purpose. These funds are available for unrestricted usage by the Village.

**F. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**G. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**H. Cash Flows**

For purposes of the Statement of Cash Flows, the various enterprise funds consider all highly liquid assets with a maturity of three months or less when purchased to be cash equivalents.

**I. Budgetary Information**

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, special revenue, capital projects and enterprise funds.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

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

**I. Budgetary Information (Continued)**

The Village follows the following procedures for establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Administrator submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments.
3. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, capital projects fund and enterprise funds.
4. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year-end.

The Village did not adopt budgets for the Corrections, FEMA, Lodgers Tax Chamber, Recreation, Community Center, Fire Donations, EMS Donations, Forest Thinning, Lagoon Cleanup, Public Safety, HUD Assessment District, Transit Facility, Public Works, or Debt Service funds.

**J. Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

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

**K. Implementation of New Accounting Standards**

During the year ended June 30, 2006, the Village adopted Government Accounting Standards Board Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries* (GASB 42), and Statement No. 46, *Net Assets Restricted by Enabling Legislation – An Amendment to GASB Statement No. 34*. The adoption of GASB statements 42 and 46 did not have a material impact on the Village's financial statements.

**NOTE 2. CASH AND INVESTMENTS**

***Deposits***

*Custodial Credit Risk - Deposits.* Custodial credit risk is, in the event of the failure of a depository financial institution, the Village will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name. As of June 30, 2006, of the Village's bank balances of \$1,485,199 there was \$1,285,199 that was exposed to credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the Village's name	<u>\$ 547,411</u>
Uninsured and uncollateralized	<u>\$ 737,788</u>

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Village is required to collateralize an amount equal to one-half of the public money in excess of \$100,000 at each financial institution.

The total balance in any single financial institution may at times exceed the \$100,000 in FDIC coverage available to individual depositors. The Village is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

*Investments*

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. The Village has no formal policy limiting the amount of investments or deposits at any single institution or with any single issuer.

The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. The State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Section 6-10-10 I through 6-10-10 P and Sections 6-10-10.1 A and E, NMSA 1978. The investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The New Mexico State Treasurer is responsible for approving all changes in the pledged collateral and monitoring the collateral requirements for all deposits maintained by the State Treasurer. The State Treasurer's office issues separate financial statements which disclose the collateral pledged to secure those deposits.

LGIP does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in this pool is voluntary. The independent auditors' report, together with the financial statements, the accompanying notes to the financial statements, and the independent auditors' report on compliance and internal controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

**Interest Rate Risk** – The LGIP's policy is to invest in securities with an average maturity of less than 182 days, or a 0.5 yearly average term. The LGIP's average term at June 30, 2006 was 43 days.

Investments held at the Bank of Albuquerque are invested in dollar denominated US Treasury funds.



**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 3. ACCOUNTS RECEIVABLE – PROPRIETARY FUNDS**

Accounts receivable represents billings for water, waste water and solid waste fees. It is management's policy to cut off water and waste water service for non-payment. A lien is placed on the properties which have outstanding water bills. Accounts receivable is comprised of the following at June 30, 2006:

Accounts receivable	\$ 737,871
Allowance for uncollectible accounts	<u>(569,367)</u>
	<u>\$ 168,504</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not depreciated				
Land	\$ 563,146	-	-	563,146
Land - right of way	2,622,459	-	-	2,622,459
Construction in process	1,254,463	1,235,362	-	2,489,825
<b>Total, not depreciated</b>	<b>\$ 4,440,068</b>	<b>1,235,362</b>	<b>-</b>	<b>5,675,430</b>
Capital assets, depreciated				
Buildings	\$ 2,252,755	18,908	-	2,271,663
Software	53,306	190,295	-	243,601
Vehicles	1,040,127	82,550	-	1,122,677
Vehicles under capital lease	617,215	-	-	617,215
Machinery and equipment	719,369	403,410	-	1,122,779
Infrastructure	4,393,511	-	-	4,393,511
<b>Total, depreciated</b>	<b>9,076,283</b>	<b>695,163</b>	<b>-</b>	<b>9,771,446</b>
Accumulated depreciation for				
Buildings	279,357	90,425	-	369,782
Software	48,721	55,946	-	104,667
Vehicles	815,654	80,462	-	896,116
Vehicles under capital lease	452,986	42,377	-	495,363
Machinery and equipment	345,450	151,344	-	496,794
Infrastructure	1,467,128	172,203	-	1,639,331
<b>Total accumulated depreciation</b>	<b>3,409,296</b>	<b>592,757</b>	<b>-</b>	<b>4,002,053</b>
<b>Total capital assets, depreciated, net</b>	<b>\$ 5,666,987</b>	<b>102,406</b>	<b>-</b>	<b>5,769,393</b>
<b>Total capital assets, net</b>	<b>\$ 10,107,055</b>	<b>1,337,768</b>	<b>-</b>	<b>11,444,823</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 4. CAPITAL ASSETS (CONTINUED)**

Depreciation expense for governmental funds was charged to functions/programs of the government as follows:

General government	\$ 94,841
Public safety	207,465
Highways and streets	99,108
Culture and recreation	144,039
Public transportation	<u>47,304</u>
<b>Total depreciation expense</b>	<b><u>\$ 592,757</u></b>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets, not depreciated				
Land	\$ 860,331	-	-	860,331
Water rights	4,250,000	-	-	4,250,000
<b>Total, not depreciated</b>	<b><u>\$ 5,110,331</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>5,110,331</u></b>
Capital assets, depreciated				
Plant and system	\$ 18,611,198	-	-	18,611,198
Equipment	187,353	6,518	-	193,871
Vehicles	356,303	22,374	-	378,677
<b>Total, depreciated</b>	<b><u>19,154,854</u></b>	<b><u>28,892</u></b>	<b><u>-</u></b>	<b><u>19,183,746</u></b>
Accumulated depreciation for				
Plant and system	\$ 9,291,080	587,977	-	9,879,057
Equipment	12,764	6,709	-	19,473
Vehicles	210,920	38,862	-	249,782
<b>Total accumulated depreciation</b>	<b><u>9,514,764</u></b>	<b><u>633,548</u></b>	<b><u>-</u></b>	<b><u>10,148,312</u></b>
<b>Total capital assets, depreciated, net</b>	<b><u>\$ 9,640,090</u></b>	<b><u>(604,656)</u></b>	<b><u>-</u></b>	<b><u>9,035,434</u></b>
<b>Total capital assets, net</b>	<b><u>\$ 14,750,421</u></b>	<b><u>(604,656)</u></b>	<b><u>-</u></b>	<b><u>14,145,765</u></b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 4. CAPITAL ASSETS (CONTINUED)**

Depreciation expense for business-type funds was charged to functions as follows:

Waste Water	\$ 288,047
Solid Waste	97,473
Water	<u>248,028</u>
<b>Total depreciation expense</b>	<b><u>\$ 633,548</u></b>

**NOTE 5. LONG-TERM OBLIGATIONS**

During the year ended June 30, 2006, the following changes occurred:

**Governmental activities**

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Loans payable	\$ 1,063,188	-	(82,723)	<b>980,465</b>	83,873
Bonds payable	1,616,466	-	(78,295)	<b>1,538,171</b>	80,083
Capital leases	374,752	199,640	(46,619)	<b>527,773</b>	52,050
Compensated absences	<u>48,786</u>	<u>15,260</u>	<u>(33,333)</u>	<b><u>30,713</u></b>	<u>25,000</u>
<b>Total</b>	<b><u>\$ 3,103,192</u></b>	<b><u>214,900</u></b>	<b><u>(240,970)</u></b>	<b><u>3,077,122</u></b>	<b><u>241,006</u></b>

Payroll is tracked on a per-fund basis. Compensated absences related to employees of a given fund are liquidated with money from that fund. The majority of compensated absences have been liquidated with money from the general fund.

*Loans Payable.* The Village obtained a loan from the New Mexico Finance Authority for a Rescue Mini Pumper Truck. The loans is non-interest bearing. The future requirements for the Rescue Mini Pumper Truck are as follows:

Year Ending June 30:	Principal	Interest	Total
2007	\$ 7,900	-	7,900
2008	7,920	-	7,920
2009	<u>7,960</u>	<u>-</u>	<u>7,940</u>
	<b><u>\$ 23,780</u></b>	<b><u>-</u></b>	<b><u>23,780</u></b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 5. LONG-TERM OBLIGATIONS (CONTINUED)**

On August 6, 2004 the Village obtained a loan from the New Mexico Finance Authority in the amount of \$1,105,557 for the purpose of improving the roads within the Village. The future requirements for the loan are as follows:

Year Ending June 30:	Principal	Interest	Total
2007	\$ 75,973	27,381	103,354
2008	77,367	26,181	103,548
2009	79,043	24,703	103,746
2010	80,992	22,957	103,949
2011	83,200	20,956	104,156
2012 – 2016	458,280	65,863	524,143
2017	101,830	3,727	105,557
	<u>\$ 956,685</u>	<u>191,768</u>	<u>1,148,453</u>

*Bonds Payable.* The Village issued \$700,000 in Rural Utilities Service Bonds on January 1, 1997. The bonds mature January 1, 2037 and were issued at 5.0%. The proceeds of the bonds were used to construct the community center.

1997 Rural Utilities Service Bonds:

Year Ending June 30:	Principal	Interest	Total
2007	\$ 9,000	31,800	40,800
2008	9,000	31,350	40,350
2009	10,000	30,900	40,900
2010	10,000	30,400	40,400
2011	11,000	29,900	40,900
2012 to 2016	63,000	140,800	203,800
2017 to 2021	81,000	123,300	204,300
2022 to 2026	105,000	100,750	205,750
2027 to 2031	132,000	71,950	203,950
2032 to 2036	168,000	35,550	203,550
2037	38,000	1,900	39,900
	<u>\$ 636,000</u>	<u>628,600</u>	<u>1,264,600</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 5. LONG-TERM OBLIGATIONS (CONTINUED)**

The Village issued \$400,000 in General Obligation Bonds on January 26, 1999. The bonds mature August 1, 2012 and were issued at rates from 4.125% and 6.125%. The proceeds of the bonds were used as matching funds for the construction of a waste water treatment plant.

1999 General Obligation Bonds:

Year Ending June 30:	Principal	Interest	Total
2007	\$ 30,000	11,575	41,575
2008	30,000	10,315	40,315
2009	35,000	9,040	44,040
2010	35,000	7,535	42,535
2011	40,000	6,013	46,013
2012 to 2013	95,000	6,502	101,502
	<u>\$ 265,000</u>	<u>50,980</u>	<u>315,980</u>

The Village issued \$750,000 in Gross Receipts Tax Revenue Bonds, Series 2003, on July 18, 2003. The bonds mature January 1, 2018 and were issued at 4.5%. The proceeds of the bonds were used to purchase and improve the village hall property.

2003 Gross Receipts Tax Revenue Bonds:

Year Ending June 30:	Principal	Interest	Total
2007	\$ 41,083	28,216	69,299
2008	42,953	26,346	69,299
2009	44,908	24,391	69,299
2010	46,951	22,348	69,299
2011	49,088	20,211	69,299
2012 to 2016	281,048	65,447	346,495
2017 to 2018	131,140	7,459	138,599
	<u>\$ 637,171</u>	<u>194,418</u>	<u>831,589</u>

*Capital Leases.* The Village is obligated under lease purchase contracts. In the opinion of the counsel for the Village, these lease purchase contracts comply with the Montano vs. Gabaldon decision, in that payments for these leases will be made from Special Revenue Funds and not from general tax revenue.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 5. LONG-TERM OBLIGATIONS (CONTINUED)**

The Village is obligated to Caterpillar Financial Services Corporation under leases which are accounted for as capital leases. The leased assets are for motor graders and backhoes. The Village is obligated to Republic First National Bank for one lease accounted for as a capital lease. The lease is for an ambulance. The costs and carrying value of the assets under lease are separately stated in the capital assets footnote.

The future requirements for capital leases are as follows:

Year Ending June 30:	Principal	Interest	Total
2007	\$ 52,050	23,503	75,553
2008	277,385	15,166	292,551
2009	29,704	9,249	38,953
2010	31,190	7,765	38,955
2011	137,444	2,671	140,115
	<u>\$ 527,773</u>	<u>58,354</u>	<u>586,127</u>

*Accrued Compensated Absences.* It is the policy of the Village to grant each permanent and probationary full time employee annual leave based on the following schedule. Any unused annual leave is paid upon termination of employment. The maximum unused annual leave which an employee may accrue is 200 hours.

Total Years of Village Service	Yearly Accumulation
0 - 5 (inclusive)	10 days
6 - 19 (inclusive)	15 days
20 - or more	18 days

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS**

**Business-type activities**

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Loans payable	\$ 1,224,083	-	(59,968)	<b>1,164,115</b>	61,606
Bonds payable	6,664,000	-	(70,000)	<b>6,574,000</b>	74,000
Capital leases	208,351	-	(26,898)	<b>181,453</b>	27,756
Compensated absences	11,996	12,461	(11,996)	<b>12,461</b>	12,461
<b>Total</b>	<u>\$ 8,088,430</u>	<u>12,461</u>	<u>(168,862)</u>	<u><b>7,932,029</b></u>	<u>175,823</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)**

*Loans Payable.* The Village is obligated to the New Mexico Finance Authority under certain loans that are accounted for as a long-term loans payable. The assets purchased were for the Water Enterprise fund and the Solid Waste transfer station. The cost of the assets purchased with the notes payable totaled \$1,533,471. The water loan is non-interest bearing. The interest rate for the transfer station loan ranges from 3.020% to 4.920%.

The future requirements for the water loan are as follows:

Year Ending June 30:	Principal	Interest	Total
2007	\$ 8,920	-	8,920
2008	8,943	-	8,943
2009	8,965	-	8,965
2010	8,988	-	8,988
2011	9,010	-	9,010
2012 to 2016	45,391	-	45,391
2017 to 2020	36,726	-	36,726
	<u>126,943</u>	<u>-</u>	<u>126,943</u>

The future requirements for the transfer station are as follows:

Year Ending June 30	Principal	Interest	Total
2007	\$ 52,686	39,648	92,334
2008	54,415	38,055	92,470
2009	56,266	36,345	92,611
2010	58,234	34,523	92,757
2011	60,326	32,581	92,907
2012 to 2016	338,460	128,539	466,999
2017 to 2021	416,785	55,019	471,804
	<u>\$ 1,037,172</u>	<u>364,710</u>	<u>1,401,882</u>

*Bonds Payable.* The Village issued \$3,000,000 in Water System and Waste Water System Revenue Bonds, Series 1998 for the purpose of constructing water systems and a waste water system and related facilities. The bonds mature September 10, 2039 and have a stated interest rate of 4.75%. The bonds are secured by the revenue of the Water and Waste Water enterprises.



**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)**

The future requirements for the 1998 Water System and Waste Water System Revenue Bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2007	\$ 37,000	132,383	169,383
2008	38,000	130,625	168,625
2009	40,000	128,820	168,820
2010	42,000	126,920	168,920
2011	44,000	124,925	168,925
2012 to 2016	253,000	591,233	844,233
2017 to 2021	320,000	525,114	845,114
2022 to 2026	402,000	441,657	843,657
2027 to 2031	507,000	336,682	843,682
2032 to 2036	640,000	204,250	844,250
2037 to 2039	464,000	44,841	508,841
	<u>\$ 2,787,000</u>	<u>2,787,450</u>	<u>5,574,450</u>

The Village issued \$3,000,000 in Water System and Waste Water System Revenue Bonds, Series 1999 for the purpose of constructing water systems and a waste water system and related facilities. The bonds mature June 17, 2039 and have a stated interest rate of 4.75%. The bonds are secured by the revenue of the Water and Waste Water enterprises. The future requirements for the 1999 Water System and Waste Water System Revenue Bonds payable are as follows:

Year Ending June 30	Principal	Interest	Total
2007	\$ 37,000	132,383	169,383
2008	38,000	130,625	168,625
2009	40,000	128,820	168,820
2010	42,000	126,920	168,920
2011	44,000	124,925	168,925
2012 to 2016	253,000	591,233	844,233
2017 to 2021	320,000	525,114	845,114
2022 to 2026	402,000	441,657	843,657
2027 to 2031	507,000	336,682	843,682
2032 to 2036	640,000	204,250	844,250
2037 to 2039	464,000	44,841	508,841
	<u>\$ 2,787,000</u>	<u>2,787,450</u>	<u>5,574,450</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 6. LONG-TERM DEBT - ENTERPRISE FUNDS (CONTINUED)**

The Village issued \$1,000,000 in Water Surcharge Revenue Bonds, Series 2005, for the purpose of purchasing water rights. The bonds mature October 21, 2026 and have a stated interest rate of 7.00%. The bonds are secured by the revenue of the Water enterprises.

The future requirements for the Water Surcharge Revenue Bonds, Series 2005, are payable as follows:

Year Ending June 30	Principal	Interest	Total
2007	\$ -	70,000	70,000
2008	-	70,000	70,000
2009	-	70,000	70,000
2010	30,000	68,950	98,950
2011	30,000	66,850	96,850
2012 to 2016	195,000	296,625	491,625
2017 to 2021	275,000	214,725	489,725
2022 to 2026	375,000	102,375	477,375
2027	95,000	3,325	98,325
	<u>\$ 1,000,000</u>	<u>962,850</u>	<u>1,962,850</u>

*Lease Purchase Obligations.* The Village is obligated to Wagner and Caterpillar Financial Services Corporation under leases which are accounted for as capital leases. The leased assets are for use in the Water and Waste Water enterprises. The costs and carrying value of the assets under lease are separately stated in the capital assets footnote.

The future requirements for capital leases are as follows:

Year Ending June 30:	Principal	Interest	Total
2007	\$ 27,756	7,782	35,538
2008	29,222	6,490	35,712
2009	49,768	4,607	54,375
2010	74,734	1,150	75,884
	<u>\$ 181,480</u>	<u>20,029</u>	<u>201,509</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 7. INTERFUND BALANCES**

Interfund balances at June 30, 2006 consisted of the following amounts:

Due to the MAP Grant fund from:	
General fund	<u>\$ 413,547</u>
Due to the Water fund from:	
Waste Water fund	\$ 19,004
Water fund	6,486
General fund	16,303
Street Project fund	47,370
Agency funds	23,435
Nonmajor governmental funds	<u>464,730</u>
Total due to the Water fund	<u>\$ 577,328</u>
Due from the General fund to the:	
MAP Grant fund	(413,547)
Water fund	<u>16,303</u>
Total due from the General fund	<u>\$ (429,850)</u>
Due from Street Project fund to the:	
Water fund	<u>\$ (47,370)</u>
Due from Waste Water fund to the:	
Water fund	<u>\$ (19,004)</u>
Due from Water fund to the:	
Water fund	<u>\$ (6,486)</u>
Due from the nonmajor governmental funds to the:	
Water fund	<u>\$ (464,730)</u>
Due from the Agency funds to the:	
Water fund	<u>\$ (23,435)</u>

The due to/due from balances have been caused by negative cash balances at year-end.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 8. INTERFUND OPERATING TRANSFERS**

Interfund operating transfers at June 30, 2006 consisted of the following amounts:

Transfers to the Street Project fund from the:	
General fund	<u>\$ 3,687</u>
Transfers to the Waste Water fund from the:	
General fund	\$ 137,564
Water fund	23,889
Nonmajor governmental funds	<u>86,714</u>
Total transfers to the Waste Water fund	<u>\$ 248,167</u>
Transfers to the Solid Waste fund from:	
Waste Water fund	<u>\$ 64,656</u>
Transfers to the Water fund from the:	
Nonmajor governmental funds	<u>\$ 94,563</u>
Transfers from the General fund to the:	
Street Project fund	\$ (3,687)
Waste Water fund	<u>(137,564)</u>
Total transfers from the General fund	<u>\$ (141,251)</u>
Transfers from the Waste Water fund to the:	
Solid Waste fund	\$ (64,656)
Nonmajor governmental funds	<u>(103,679)</u>
Total transfers from the Waste Water fund	<u>\$ (168,335)</u>
Transfer from the Water fund to the:	
Waste Water fund	<u>\$ (23,889)</u>
Transfers to nonmajor governmental funds from:	
Waste Water fund	\$ 103,679
Other nonmajor governmental funds	<u>212,974</u>
Total transfers to the nonmajor governmental funds	<u>\$ 316,653</u>
Transfers from nonmajor governmental funds to:	
Waste Water fund	\$ (86,714)
Water fund	(94,563)
Other nonmajor governmental funds	<u>(211,711)</u>
Total transfers from the nonmajor governmental funds	<u>\$ (392,988)</u>
Transfers from Agency funds to:	
Nonmajor governmental funds	<u>\$ (1,263)</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 8. INTERFUND OPERATING TRANSFERS (CONTINUED)**

Operating transfers were made to eliminate the due to/due from balances.

**NOTE 9. DEFICIT FUND BALANCE**

The following funds had deficit fund balances at June 30, 2006:

FEMA	\$	64,024
Public Works		62,955
Teen Court		7,314
Transportation		130,325
Community Center		44,578
Fire Donations		10,726
Lagoon Cleanup		61,639
Transit Facility		2,851
Debt Service		115,636

The Village is in the process of researching the negative balances. They hope to correct the fund balances in the year ending June 30, 2007.

**NOTE 10. PROPERTY TAXES**

Colfax County is responsible for assessing, collecting and distributing property taxes for the Village. Property taxes are assessed on November 1 of each year based on the assessed value on the prior January 1 and are payable in two equal installments by November 10 of the year in which the tax bill is prepared and by May 10 of the following year. Property taxes are delinquent if not paid by December 10 and June 10. Taxes on real property are liened on January 1 of the year for which the taxes are imposed.

**NOTE 11. PERA PENSION PLAN AND DEFERRED COMPENSATION PLAN**

*Plan Description:* Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, New Mexico 87504-2123.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 11. PERA PENSION PLAN AND DEFERRED COMPENSATION PLAN  
(CONTINUED)**

*Funding Policy.* Plan members are required to contribute 9.15%, and police members are required to contribute 12.35%, of their gross salary, respectively. The Village is required to make a matching contribution of 9.15% for plan members, and 18.5% for police members. The contribution requirements of plan members and the Village are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the years ending June 30, 2006, 2005, and 2004 were \$178,484, \$162,452, and \$160,154, respectively, equal to the amount of the required contributions for each year.

In addition to PERA, the Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all full-time employees after six months of employment. It permits them to defer a portion of their salary until future years.

**NOTE 12. POST-EMPLOYMENT BENEFITS**

The Village does not participate in the Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978), provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.

**NOTE 13. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The Village participates in the State of New Mexico Self-Insurers Fund for workers' compensation claims. In addition, the Village has obtained insurance through a commercial carrier operating as a common risk management and insurance program. The Village pays an annual premium to a commercial carrier for its general coverage and all risk of loss is transferred.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liability for claims and judgments is reported in the General Long-Term Debt Account Group because it is not expected to be liquidated with expendable available financial resources.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 14. CONTINGENCIES**

*Litigation.* The Village is a defendant in a small number of lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village Attorney, the resolution of these matters will not give a material adverse effect on the financial condition of the Village.

*Grant Compliance.* The Village receives significant financial assistance from the State and U.S. Government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable state and federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantor. As of June 30, 2006, management estimates that no material liabilities will result from such audits.

**NOTE 15. BUDGET OVERAGES**

The Village incurred expenses greater than revenues in the following funds:

General fund	\$ 427,841
Street Project	460,745
Emergency Medical Services	862
Fire Protection	48,004
Lodgers Tax Reserve	141,875
Transportation	58,396
MAP Grant	119,794
Waste Water Enterprise Fund	230,675
Solid Waste Enterprise Fund	78,639
Water Enterprise Fund	13,302

The budget overages were the result of the Village not having proper budgetary systems, reports or controls. High turnover in the finance area also contributed to the budget overages.

**NOTE 16. SUBSEQUENT EVENTS**

In June of 2007 the Village issued \$2,855,664 in special assessment debt. The Village is not obligated to repay the debt. The debt will be repaid from assessments billed to the property owners for improvements made with the debt proceeds. The Village functions as an agent for the property owners by collecting assessments, forwarding collections to special assessment debt-holders, and, if appropriate, initiates foreclosure proceedings against property owners who are delinquent on paying their special assessment billings.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

**NOTE 16. SUBSEQUENT EVENTS (CONTINUED)**

Subsequent to June 30, 2006, the Village entered into the following transactions:

- The Village issued \$99,000 in notes payable in May of 2007 for the purchase of a dump truck. The note is secured by pledged gross receipts taxes.
- The Village issued \$50,000 in notes payable in May of 2007 for the purchase of a grappler truck. The note is secured by pledged gross receipts taxes.
- The Village issued \$310,000 in Water System Revenue Bonds in October of 2007. The proceeds of the bonds were used for improvements to the water system.
- The Village issued \$70,000 in Waste Water System Revenue Bonds in October of 2007. The proceeds of the bonds were used for improvements to the waste water system.
- The Village issued \$1,866,042 in Special Assessment District Bonds in June of 2007. The proceeds of the bonds were used for improvements to the Fire Improvement District I. The bonds are to be paid from the net systems revenues from the water and waste water enterprises.
- The Village issued \$2,855,664 in Special Assessment District Bonds in June of 2007. The proceeds of the bonds were used for improvements to the Fire Improvement District I. The bonds are to be paid from special assessments billed to property owners.

The Village issued a \$762,573 USDA loan in October of 2007. The proceeds of the loan were used for a fire station.



**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NONMAJOR FUNDS**  
**June 30, 2006**

**SPECIAL REVENUE FUNDS**

*Corrections.* To establish an additional sources of funds for municipalities to offset the costs of corrections. The source of funds is a five-dollar fee which must be paid by all persons violating laws relating the operations of a motor vehicle. Authority is NMSA 33-9-3.

*USDA Air Burner.* To account for an air burner grant. Authority is the grant agreement.

*FEMA.* To account for grant funds from the New Mexico Energy, Minerals and Natural Resources Department. The funds are used to reduce fire hazard. Authority NMSA 7-9-29.

*Emergency Medical Services.* To account for all rescue operations within the fire department. The source of funds is state grant money. Authority is NMSA 24-10A-1 through 24-10A-10.

*Fire Protection.* To account for the operations and maintenance of the fire department. The operations are financed by an allotment from the annual fire grant from the State of New Mexico. Authority is NMSA 59-A-53-1.

*Law Enforcement Protection.* To account for the expenditures from the State of New Mexico for training, equipment and capital outlay. Authority is NMSA 29-13-4.

*Lodgers Tax Reserve.* To account for lodgers tax collections. The tax is to be used for cultural and recreational activities. Authority is NMSA 3-38-14.

*Public Works Fund.* The public works fund is used to account for gasoline taxes and state grant money used for the construction and maintenance of streets. The fund is a special revenue fund. Authority is NMSA 7-1-6.9 and 7-1-6.27.

*Recreation.* To account for revenues and expenditures relating to village recreational facilities and programs. Financing is provided by the State. Such revenue provides for payment of all current operating costs and may be used for that purpose only. Authority is NMSA 7-12-15.

*Teen Court.* To account for revenues and expenditures related to the teen court.

*Transportation.* To account for the cost of operating the local transit system. Revenues are from fees collected from passengers, and a grant from the Federal Transit Authority. Authority is 49 USC 5311.

*Transportation – Welfare to Work.* To account for grant funds received to provide transportation services for welfare recipients and low income citizens to enable them to work. Authority is from the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

*Community Center.* To account for the revenue and expenditures of the Community Center. The fund is authorized by the Village Council.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**NONMAJOR FUNDS - CONTINUED**  
**June 30, 2006**

**SPECIAL REVENUE FUNDS**

*Fire Donations.* To account for money donated to the Village for the purchase of ice rescue equipment. The fund is authorized by the Village Council.

*EMS Donations.* To account for money donated to the Village for the EMS department. The fund is authorized by the Village Council.

**CAPITAL PROJECTS FUNDS**

*Public Safety Building.* To account for the construction of a public safety building. Construction is to be financed by Municipal Infrastructure Gross Receipts Tax.

*Lagoon Cleanup.* To account for grant revenue and expenditures related to the fill-in and clean up of the former Village lagoon. Authority is a grant from the New Mexico Environment Department pursuant to NMSA H-1-6.B.

*Transit Facility.* The Transit facility fund is used to account for grant money received and expended for the construction of the transit facility. The construction is funded by a grant from the United States Department of Transportation and by local matching funds. The fund is a capital project fund.

**DEBT SERVICE FUNDS**

*Debt Service.* To account for the accumulation of Village resources and payment of general long-term debt principal, interest, and related costs.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**June 30, 2006**

	Special Revenue		
	Corrections	USDA Air Burner	FEMA
<b>ASSETS</b>			
Cash and investments	\$ 6,743	64,019	-
Receivables			
Taxes			
Gross receipts tax	-	-	-
Lodgers tax	-	-	-
Gas tax	-	-	-
Intergovernmental	-	-	65,431
<b>Total assets</b>	<b>\$ 6,743</b>	<b>64,019</b>	<b>65,431</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	469	-
Due to other funds	-	-	129,455
<b>Total liabilities</b>	<b>-</b>	<b>469</b>	<b>129,455</b>
 <b>FUND BALANCES</b>			
Reserved for debt service	-	-	-
Unreserved, undesignated:			
Special revenue	6,743	63,550	(64,024)
Capital projects	-	-	-
<b>Total fund balances</b>	<b>6,743</b>	<b>63,550</b>	<b>(64,024)</b>
 <b>Total liabilities and fund balances</b>	<b>\$ 6,743</b>	<b>64,019</b>	<b>65,431</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR FUNDS  
 June 30, 2006**

	Special Revenue		
	Emergency Medical Services	Fire Protection	Law Enforcement Protection
<b>ASSETS</b>			
Cash and investments	\$ 12,040	113,369	25,360
Receivables			
Taxes			
Gross receipts tax	-	-	-
Lodgers tax	-	-	-
Gas tax	-	-	-
Intergovernmental	-	-	-
<b>Total assets</b>	<b>\$ 12,040</b>	<b>113,369</b>	<b>25,360</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 930	3,644	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>930</b>	<b>3,644</b>	<b>-</b>
<b>FUND BALANCES</b>			
Reserved for debt service	-	-	-
Unreserved, undesignated:			
Special revenue	11,110	109,725	25,360
Capital projects	-	-	-
<b>Total fund balances</b>	<b>11,110</b>	<b>109,725</b>	<b>25,360</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,040</b>	<b>113,369</b>	<b>25,360</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**June 30, 2006**

	Special Revenue		
	Lodgers Tax Reserve	Public Works	Recreation
<b>ASSETS</b>			
Cash and investments	\$ 167,344	-	3,773
Receivables			
Taxes			
Gross receipts tax	-	-	-
Lodgers tax	22,956	-	-
Gas tax	-	2,319	-
Intergovernmental	-	-	-
<b>Total assets</b>	<b>\$ 190,300</b>	<b>2,319</b>	<b>3,773</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 801	-	-
Due to other funds	-	65,274	-
<b>Total liabilities</b>	<b>801</b>	<b>65,274</b>	<b>-</b>
<b>FUND BALANCES</b>			
Reserved for debt service	-	-	-
Unreserved, undesignated:			
Special revenue	189,499	(62,955)	3,773
Capital projects	-	-	-
<b>Total fund balances</b>	<b>189,499</b>	<b>(62,955)</b>	<b>3,773</b>
<b>Total liabilities and fund balances</b>	<b>\$ 190,300</b>	<b>2,319</b>	<b>3,773</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR FUNDS  
 June 30, 2006**

	Special Revenue		
	Teen Court	Transportation	Transportation Welfare to Work
<b>ASSETS</b>			
Cash and investments	\$ -	-	9,177
Receivables			
Taxes			
Gross receipts tax	-	-	-
Lodgers tax	-	163	-
Gas tax	-	-	-
Intergovernmental	-	7,428	2,620
<b>Total assets</b>	<b>\$ -</b>	<b>7,591</b>	<b>11,797</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	1,264	214
Due to other funds	7,314	136,652	-
<b>Total liabilities</b>	<b>7,314</b>	<b>137,916</b>	<b>214</b>
<b>FUND BALANCES</b>			
Reserved for debt service	-	-	-
Unreserved, undesignated:			
Special revenue	(7,314)	(130,325)	11,583
Capital projects	-	-	-
<b>Total fund balances</b>	<b>(7,314)</b>	<b>(130,325)</b>	<b>11,583</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>7,591</b>	<b>11,797</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR FUNDS  
 June 30, 2006**

	Special Revenue		
	Community Center	Fire Donations	EMS Donations
<b>ASSETS</b>			
Cash and investments	\$ 150	2,245	340
Receivables			
Taxes			
Gross receipts tax	320	-	-
Lodgers tax	-	-	-
Gas tax	-	-	-
Intergovernmental	-	-	-
<b>Total assets</b>	<b>\$ 470</b>	<b>2,245</b>	<b>340</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	-	12,971	-
Due to other funds	45,048	-	-
<b>Total liabilities</b>	<b>45,048</b>	<b>12,971</b>	<b>-</b>
<b>FUND BALANCES</b>			
Reserved for debt service	-	-	-
Unreserved, undesignated:			
Special revenue	(44,578)	(10,726)	340
Capital projects	-	-	-
<b>Total fund balances</b>	<b>(44,578)</b>	<b>(10,726)</b>	<b>340</b>
<b>Total liabilities and fund balances</b>	<b>\$ 470</b>	<b>2,245</b>	<b>340</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR FUNDS  
 June 30, 2006**

	Capital Projects		
	Total Special Revenue	Public Safety Building	Lagoon Cleanup
<b>ASSETS</b>			
Cash and investments	\$ 404,560	203,028	-
Receivables			
Taxes			
Gross receipts tax	320	24,726	-
Lodgers tax	23,119	-	-
Gas tax	2,319	-	-
Intergovernmental	75,479	-	-
<b>Total assets</b>	<b>\$ 505,797</b>	<b>227,754</b>	<b>-</b>
 <b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 20,293	-	61,639
Due to other funds	383,743	-	-
<b>Total liabilities</b>	<b>404,036</b>	<b>-</b>	<b>61,639</b>
 <b>FUND BALANCES</b>			
Reserved for debt service	-	-	-
Unreserved, undesignated:			
Special revenue	101,761	-	-
Capital projects	-	227,754	(61,639)
<b>Total fund balances</b>	<b>101,761</b>	<b>227,754</b>	<b>(61,639)</b>
 <b>Total liabilities and fund balances</b>	 <b>\$ 505,797</b>	 <b>227,754</b>	 <b>-</b>



**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**June 30, 2006**

	Transit Facility	Total Capital Projects	Debt Service
<b>ASSETS</b>			
Cash and investments	\$ -	203,028	-
Receivables			
Taxes			
Gross receipts tax	-	24,726	-
Lodgers tax	-	-	-
Gas tax	-	-	-
Intergovernmental	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>227,754</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 2,851	64,490	34,649
Due to other funds	-	-	80,987
<b>Total liabilities</b>	<b>2,851</b>	<b>64,490</b>	<b>115,636</b>
<b>FUND BALANCES</b>			
Reserved for debt service	-	-	(115,636)
Unreserved, undesignated:			
Special revenue	-	-	-
Capital projects	(2,851)	163,264	-
<b>Total fund balances</b>	<b>(2,851)</b>	<b>163,264</b>	<b>(115,636)</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>227,754</b>	<b>-</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING BALANCE SHEET  
 NONMAJOR FUNDS  
 June 30, 2006**

	<u>Total Nonmajor</u>
<b>ASSETS</b>	
Cash and investments	\$ 607,588
Receivables	
Taxes	
Gross receipts tax	25,046
Lodgers tax	23,119
Gas tax	2,319
Intergovernmental	75,479
<b>Total assets</b>	<u><u>\$ 733,551</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 119,432
Due to other funds	464,730
<b>Total liabilities</b>	<u>584,162</u>
 <b>FUND BALANCES</b>	
Reserved for debt service	(115,636)
Unreserved, undesignated:	
Special revenue	101,761
Capital projects	163,264
<b>Total fund balances</b>	<u>149,389</u>
 <b>Total liabilities and fund balances</b>	 <u><u>\$ 733,551</u></u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND  
 BALANCES - NONMAJOR FUNDS  
 Year Ended June 30, 2006**

	Special Revenue		
	Corrections	USDA Air Burner	FEMA
Revenues			
Taxes	\$ -	-	-
Licenses, permits, fees and fines	-	-	-
Interest	-	-	-
Grant	-	66,923	113,121
Other	-	-	-
<b>Total revenues</b>	-	66,923	113,121
Expenditures			
Current			
General government	-	-	-
Public safety	-	3,373	2,528
Highways and streets	-	-	-
Culture and recreation	-	-	-
Public transportation	-	-	-
Capital outlay	-	-	126,842
Debt service - interest	-	-	-
Debt service - principal	-	-	-
<b>Total expenditures</b>	-	3,373	129,370
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	63,550	(16,249)
Other Financing Sources (uses)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>Total other financing     sources (uses)</b>	-	-	-
<b>Net change in fund balances</b>	-	63,550	(16,249)
Fund balance, beginning of year	6,743	-	(47,775)
<b>Fund balance, end of year</b>	<b>\$ 6,743</b>	<b>63,550</b>	<b>(64,024)</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND  
 BALANCES - NONMAJOR FUNDS  
 Year Ended June 30, 2006**

	Special Revenue		
	Emergency Medical Services	Fire Protection	Law Enforcement Protection
Revenues			
Taxes	\$ -	-	-
Licenses, permits, fees and fines	-	-	-
Interest	-	1,716	-
Grant	16,699	88,140	22,400
Other	-	-	-
<b>Total revenues</b>	<b>16,699</b>	<b>89,856</b>	<b>22,400</b>
Expenditures			
Current			
General government	-	-	-
Public safety	5,307	45,730	15,745
Highways and streets	-	-	-
Culture and recreation	-	-	-
Public transportation	-	-	-
Capital outlay	-	-	-
Debt service - interest	-	7,880	-
Debt service - principal	-	6,475	-
<b>Total expenditures</b>	<b>5,307</b>	<b>60,085</b>	<b>15,745</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	11,392	29,771	6,655
Other Financing Sources (uses)			
Operating transfers in	-	7,959	-
Operating transfers out	-	-	-
<b>Total other financing     sources (uses)</b>	<b>-</b>	<b>7,959</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>11,392</b>	<b>37,730</b>	<b>6,655</b>
Fund balance, beginning of year	(282)	71,995	18,705
<b>Fund balance, end of year</b>	<b>\$ 11,110</b>	<b>109,725</b>	<b>25,360</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR FUNDS  
Year Ended June 30, 2006**

	Special Revenue		
	Lodgers Tax Reserve	Public Works	Recreation
Revenues			
Taxes	\$ 213,245	-	942
Licenses, permits, fees and fines	-	-	-
Interest	-	56	-
Grant	-	-	-
Other	400	-	-
	<hr/>		
<b>Total revenues</b>	213,645	56	942
	<hr/>		
Expenditures			
Current			
General government	125,966	-	-
Public safety	-	-	-
Highways and streets	-	56,914	-
Culture and recreation	-	-	-
Public transportation	-	-	-
Capital outlay	-	-	-
Debt service - interest	-	12,549	-
Debt service - principal	-	24,061	-
	<hr/>		
<b>Total expenditures</b>	125,966	93,524	-
	<hr/>		
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	87,679	(93,468)	942
	<hr/>		
Other Financing Sources (uses)			
Operating transfers in	-	145,232	-
Operating transfers out	-	(103,244)	-
	<hr/>		
<b>Total other financing         sources (uses)</b>	-	41,988	-
	<hr/>		
<b>Net change in fund balances</b>	87,679	(51,480)	942
	<hr/>		
Fund balance, beginning of year	101,820	(11,475)	2,831
	<hr/>		
<b>Fund balance, end of year</b>	\$ 189,499	(62,955)	3,773
	<hr/> <hr/>		

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND  
 BALANCES - NONMAJOR FUNDS  
 Year Ended June 30, 2006**

	Special Revenue		
	Teen Court	Transportation	Transportation Welfare to Work
Revenues			
Taxes	\$ -	-	-
Licenses, permits, fees and fines	-	19,556	1,549
Interest	-	-	-
Grant	-	88,680	36,980
Other	-	-	-
<b>Total revenues</b>	-	108,236	38,529
Expenditures			
Current			
General government	7,314	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Culture and recreation	-	-	-
Public transportation	-	196,343	22,839
Capital outlay	-	19,564	-
Debt service - interest	-	-	-
Debt service - principal	-	-	-
<b>Total expenditures</b>	7,314	215,907	22,839
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(7,314)	(107,671)	15,690
Other Financing Sources (uses)			
Operating transfers in	-	107,671	-
Operating transfers out	-	(129,833)	(1,105)
<b>Total other financing sources (uses)</b>	-	(22,162)	(1,105)
<b>Net change in fund balances</b>	(7,314)	(129,833)	14,585
Fund balance, beginning of year	-	(492)	(3,002)
<b>Fund balance, end of year</b>	<b>\$ (7,314)</b>	<b>(130,325)</b>	<b>11,583</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND  
 BALANCES - NONMAJOR FUNDS  
 Year Ended June 30, 2006**

	Special Revenue		
	Community Center	Fire Donations	EMS Donations
Revenues			
Taxes	\$ -	-	-
Licenses, permits, fees and fines	-	-	-
Interest	-	-	-
Grant	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures			
Current			
General government	-	-	-
Public safety	-	12,971	-
Highways and streets	-	-	-
Culture and recreation	3,312	-	-
Public transportation	-	-	-
Capital outlay	-	-	-
Debt service - interest	32,250	-	-
Debt service - principal	9,000	-	-
<b>Total expenditures</b>	<b>44,562</b>	<b>12,971</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(44,562)	(12,971)	-
Other Financing Sources (uses)			
Operating transfers in	44,449	8,491	-
Operating transfers out	(41,807)	(8,491)	-
<b>Total other financing     sources (uses)</b>	<b>2,642</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(41,920)</b>	<b>(12,971)</b>	<b>-</b>
Fund balance, beginning of year	(2,658)	2,245	340
<b>Fund balance, end of year</b>	<b>\$ (44,578)</b>	<b>(10,726)</b>	<b>340</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND  
 BALANCES - NONMAJOR FUNDS  
 Year Ended June 30, 2006**

	Capital Projects		
	Total Special Revenue	Public Safety Building	Lagoon Cleanup
Revenues			
Taxes	\$ 214,187	145,232	-
Licenses, permits, fees and fines	21,105	-	-
Interest	1,772	-	-
Grant	432,943	-	-
Other	400	-	-
<b>Total revenues</b>	<b>670,407</b>	<b>145,232</b>	<b>-</b>
Expenditures			
Current			
General government	133,280	-	-
Public safety	85,654	-	61,639
Highways and streets	56,914	-	-
Culture and recreation	3,312	-	-
Public transportation	219,182	-	-
Capital outlay	146,406	-	-
Debt service - interest	52,679	-	-
Debt service - principal	39,536	-	-
<b>Total expenditures</b>	<b>736,963</b>	<b>-</b>	<b>61,639</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(66,556)	145,232	(61,639)
Other Financing Sources (uses)			
Operating transfers in	313,802	-	-
Operating transfers out	(284,480)	(844)	-
<b>Total other financing     sources (uses)</b>	<b>29,322</b>	<b>(844)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(37,234)</b>	<b>144,388</b>	<b>(61,639)</b>
Fund balance, beginning of year	138,995	83,366	-
<b>Fund balance, end of year</b>	<b>\$ 101,761</b>	<b>227,754</b>	<b>(61,639)</b>



**VILLAGE OF ANGEL FIRE, NEW MEXICO  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR FUNDS  
Year Ended June 30, 2006**

	Transit Facility	Total Capital Projects	Debt Service
Revenues			
Taxes	\$ -	145,232	-
Licenses, permits, fees and fines	-	-	-
Interest	-	-	-
Grant	-	-	-
Other	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>145,232</b>	<b>-</b>
Expenditures			
Current			
General government	-	-	-
Public safety	-	61,639	-
Highways and streets	-	-	-
Culture and recreation	-	-	-
Public transportation	2,851	2,851	-
Capital outlay	-	-	-
Debt service - interest	-	-	12,301
Debt service - principal	-	-	30,000
<b>Total expenditures</b>	<b>2,851</b>	<b>64,490</b>	<b>42,301</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(2,851)	80,742	(42,301)
Other Financing Sources (uses)			
Operating transfers in	2,851	2,851	-
Operating transfers out	(2,851)	(3,695)	(104,813)
<b>Total other financing     sources (uses)</b>	<b>-</b>	<b>(844)</b>	<b>(104,813)</b>
<b>Net change in fund balances</b>	<b>(2,851)</b>	<b>79,898</b>	<b>(147,114)</b>
Fund balance, beginning of year	-	83,366	31,478
<b>Fund balance, end of year</b>	<b>\$ (2,851)</b>	<b>163,264</b>	<b>(115,636)</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND  
 BALANCES - NONMAJOR FUNDS  
 Year Ended June 30, 2006**

	<u>Total Nonmajor</u>
Revenues	
Taxes	\$ 359,419
Licenses, permits, fees and fines	21,105
Interest	1,772
Grant	432,943
Other	400
	<u>815,639</u>
<b>Total revenues</b>	<b>815,639</b>
Expenditures	
Current	
General government	133,280
Public safety	147,293
Highways and streets	56,914
Culture and recreation	3,312
Public transportation	222,033
Capital outlay	146,406
Debt service - interest	64,980
Debt service - principal	69,536
	<u>843,754</u>
<b>Total expenditures</b>	<b>843,754</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(28,115)</u>
Other Financing Sources (uses)	
Operating transfers in	316,653
Operating transfers out	(392,988)
	<u>(76,335)</u>
<b>Total other financing sources (uses)</b>	<b>(76,335)</b>
<b>Net change in fund balances</b>	<b>(104,450)</b>
Fund balance, beginning of year	<u>253,839</u>
<b>Fund balance, end of year</b>	<b><u>\$ 149,389</u></b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**EMERGENCY MEDICAL SERVICES**  
**Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 14,832	14,832	16,699	1,867
Expenditures				
Public safety	3,950	3,950	4,812	(862)
Net change in fund balance	10,882	10,882	11,887	1,005
Fund balance, beginning of year	(282)	(282)	(282)	-
<b>Fund balance, end of year</b>	<b>\$ 10,600</b>	<b>10,600</b>	<b>11,605</b>	<b>1,005</b>
Non-GAAP change in fund balance			11,887	
Change in:				
Accounts payable			(495)	
GAAP change in fund balance			<u>\$ 11,392</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FIRE PROTECTION**  
**Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 87,240	87,240	88,140	900
Interest	-	-	1,716	1,716
<b>Total revenues</b>	<b>87,240</b>	<b>87,240</b>	<b>89,856</b>	<b>2,616</b>
Expenditures				
Public safety	408	408	42,086	(41,678)
Debt service - interest	-	-	7,880	(7,880)
Debt service - principal	8,029	8,029	6,475	1,554
<b>Total expenditures</b>	<b>8,437</b>	<b>8,437</b>	<b>56,441</b>	<b>(48,004)</b>
Other financing sources				
Operating transfers in	-	-	7,959	(7,959)
Net change in fund balance	78,803	78,803	41,374	(53,347)
Fund balance, beginning of year	71,995	71,995	71,995	-
<b>Fund balance, end of year</b>	<b>\$ 150,798</b>	<b>150,798</b>	<b>113,369</b>	<b>(53,347)</b>
Non-GAAP change in fund balance			41,374	
Change in:				
Accounts payable			(3,644)	
GAAP change in fund balance			<u>\$ 37,730</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**LAW ENFORCEMENT PROTECTION**  
**Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ 22,400	22,400	22,400	-
<b>Total revenues</b>	<b>22,400</b>	<b>22,400</b>	<b>22,400</b>	<b>-</b>
Expenditures				
Capital outlay	18,800	18,800	15,745	3,055
<b>Total expenditures</b>	<b>18,800</b>	<b>18,800</b>	<b>15,745</b>	<b>3,055</b>
Net change in fund balance	3,600	3,600	6,655	3,055
Fund balance, beginning of year	18,705	18,705	18,705	-
<b>Fund balance, end of year</b>	<b>\$ 22,305</b>	<b>22,305</b>	<b>25,360</b>	<b>3,055</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**LODGERS TAX RESERVE**  
**Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,580	2,580	206,546	203,966
Other	-	-	400	400
<b>Total revenues</b>	<b>2,580</b>	<b>2,580</b>	<b>206,946</b>	<b>204,366</b>
Expenditures				
General government	-	-	141,875	(141,875)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>141,875</b>	<b>(141,875)</b>
Net change in fund balance	2,580	2,580	65,071	62,491
Fund balance, beginning of year	101,820	101,820	101,820	-
<b>Fund balance, end of year</b>	<b>\$ 104,400</b>	<b>104,400</b>	<b>166,891</b>	<b>62,491</b>
Non-GAAP change in fund balance			\$ 65,071	
Change in:				
Accounts receivable			6,699	
Accounts payable			15,909	
GAAP change in fund balance			<u>\$ 87,679</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**TRANSPORTATION**  
**Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Licenses, permits, fees and fines	\$ 160,336	160,336	19,556	(140,780)
Grant	-	-	81,252	81,252
<b>Total revenues</b>	<b>160,336</b>	<b>160,336</b>	<b>100,808</b>	<b>(59,528)</b>
Expenditures				
Public transportation	157,557	157,557	196,389	(38,832)
Capital outlay	-	-	19,564	(19,564)
<b>Total expenditures</b>	<b>157,557</b>	<b>157,557</b>	<b>215,953</b>	<b>(58,396)</b>
Other financing sources (uses)				
Operating transfers in	-	-	107,671	107,671
Operating transfers out	-	-	(129,833)	(129,833)
<b>Total other financing         sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(22,162)</b>	<b>(22,162)</b>
Net change in fund balance	2,779	2,779	(137,307)	(140,086)
Fund balance, beginning of year	163	163	163	-
<b>Fund balance, end of year</b>	<b>\$ 2,942</b>	<b>2,942</b>	<b>(137,144)</b>	<b>(140,086)</b>
Prior year cash appropriated			137,144	
			-	
Non-GAAP change in fund balance			\$ (137,307)	
Change in:				
Taxes receivable			(7,428)	
Accounts payable			609	
GAAP change in fund balance			\$ (130,488)	

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**TRANSPORTATION - WELFARE TO WORK**  
**Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Grant	\$ 45,612	45,612	34,360	(11,252)
Licenses, permits, fees and fines	-	-	1,549	1,549
<b>Total revenues</b>	<b>45,612</b>	<b>45,612</b>	<b>35,909</b>	<b>(9,703)</b>
Expenditures				
Public transportation	28,605	28,605	25,627	2,978
<b>Total expenditures</b>	<b>28,605</b>	<b>28,605</b>	<b>25,627</b>	<b>2,978</b>
Other financing sources (uses)				
Operating transfers out	-	-	(1,105)	(1,105)
<b>Total other financing         sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(1,105)</b>	<b>(1,105)</b>
Net change in fund balance	17,007	17,007	9,177	(7,830)
Fund balance, beginning of year	(3,002)	(3,002)	(3,002)	-
<b>Fund balance, end of year</b>	<b>\$ 14,005</b>	<b>14,005</b>	<b>6,175</b>	<b>(7,830)</b>
Non-GAAP change in fund balance			\$ 9,177	
Change in:				
Accounts receivable			2,620	
Accounts payable			2,788	
GAAP change in fund balance			<u>\$ 14,585</u>	



**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**STATEMENT OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL - (NON-GAAP BUDGETARY BASIS)**  
**MAP GRANT**  
**Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget- Positive (Negative)
Revenues				
Grant	\$ 354,667	354,667	900,160	545,493
<b>Total revenues</b>	<b>354,667</b>	<b>354,667</b>	<b>900,160</b>	<b>545,493</b>
Expenditures				
Highways and streets	-	-	3,392	(3,392)
Capital outlay	354,667	354,667	471,069	(116,402)
<b>Total expenditures</b>	<b>354,667</b>	<b>354,667</b>	<b>474,461</b>	<b>(119,794)</b>
Net change in fund balance	-	-	425,699	425,699
Fund balance, beginning of year	250	250	250	-
<b>Fund balance, end of year</b>	<b>\$ 250</b>	<b>250</b>	<b>425,949</b>	<b>425,699</b>
Non-GAAP change in fund balance			\$ 425,699	
Change in:				
Accounts receivable			41,139	
Accounts payable			(164,555)	
GAAP change in fund balance			\$ 302,283	

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**WASTE WATER ENTERPRISE FUND**  
**Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Sales and services	\$ 677,378	677,378	497,958	(179,420)
Interest income	-	-	5,112	5,112
Other	-	-	7,381	7,381
Operating transfer in	-	-	248,167	248,167
<b>Total revenues</b>	<u>677,378</u>	<u>677,378</u>	<u>758,618</u>	<u>81,240</u>
<b>Expenditures</b>				
Operating expenditures	198,351	198,351	142,022	56,329
Interest expense	-	-	386,228	(386,228)
Debt service	341,268	341,268	73,709	267,559
Operating transfers out	-	-	168,335	(168,335)
	<u>539,619</u>	<u>539,619</u>	<u>770,294</u>	<u>(230,675)</u>
Change in net assets	137,759	137,759	(11,676)	(149,435)
Net assets, beginning of year	172,179	172,179	172,179	-
<b>Net assets, end of year</b>	<u>\$ 309,938</u>	<u>309,938</u>	<u>160,503</u>	<u>(149,435)</u>
Non-GAAP change in fund balance			\$ (11,676)	
Change in:				
Accounts receivable			(7,309)	
Accounts payable			1,592	
Accrued expenses			(19,690)	
Principal payments on debt			70,000	
Principal payments on capital leases			3,709	
Depreciation			<u>(288,047)</u>	
GAAP change in fund balance			<u>\$ (251,421)</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SOLID WASTE ENTERPRISE FUND**  
**Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Sales and services	\$ 598,928	598,928	627,095	28,167
Gross receipts tax	-	-	83,547	83,547
Operating transfers in	-	-	64,656	64,656
Other	-	-	3,558	3,558
<b>Total revenues</b>	<b>598,928</b>	<b>598,928</b>	<b>778,856</b>	<b>179,928</b>
Expenditures				
Operating expenditures	346,494	346,494	424,326	(77,832)
Interest expense	-	-	41,132	(41,132)
Debt service	103,544	103,544	63,219	40,325
	<u>450,038</u>	<u>450,038</u>	<u>528,677</u>	<u>(78,639)</u>
Change in net assets	148,890	148,890	250,179	101,289
Net assets, beginning of year	367,028	367,028	367,028	-
<b>Net assets, end of year</b>	<b>\$ 515,918</b>	<b>515,918</b>	<b>617,207</b>	<b>101,289</b>
Non-GAAP change in fund balance			\$ 250,179	
Change in:				
Accounts receivable			(3,572)	
Accounts payable			4,254	
Accrued expenses			(1,484)	
Principal payments on debt			51,070	
Principal payments on capital leases			12,149	
Depreciation			<u>(97,473)</u>	
GAAP change in fund balance			<u>\$ 215,123</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF REVENUES AND EXPENSES -**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**WATER ENTERPRISE FUND**  
**Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	\$ Original	Final		
<b>Revenues</b>				
Sales and services	1,043,044	1,043,044	786,875	(256,169)
Capital grant	-	-	300,000	300,000
Gross receipts taxes	-	-	82,418	82,418
Interest income	-	-	184	184
Operating transfers in	-	-	94,563	94,563
<b>Total revenues</b>	<b>1,043,044</b>	<b>1,043,044</b>	<b>1,264,040</b>	<b>220,996</b>
<b>Expenditures</b>				
Operating expenditures	423,361	423,361	330,173	93,188
Interest expense	-	-	74,795	(74,795)
Debt service	12,133	12,133	19,939	(7,806)
Operating transfers out	-	-	23,889	(23,889)
	<b>435,494</b>	<b>435,494</b>	<b>448,796</b>	<b>(13,302)</b>
Change in net assets	607,550	607,550	815,244	207,694
Net assets, beginning of year	6,776,425	6,776,425	6,776,425	-
<b>Net assets, end of year</b>	<b>\$ 7,383,975</b>	<b>7,383,975</b>	<b>7,591,669</b>	<b>207,694</b>
Non-GAAP change in fund balance			\$ 815,244	
Change in:				
Accounts receivable			1,693	
Grants receivable			(300,000)	
Accounts payable			21,523	
Accrued expenses			(107,615)	
Principal payments on debt			8,898	
Principal payments on capital leases			11,041	
Depreciation			(248,028)	
GAAP change in fund balance			<u>\$ 202,756</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**AGENCY FUNDS**  
**Year Ended June 30, 2006**

*Motor Vehicle Division.* To account for the collection and payment, to the State of New Mexico, motor vehicle fees collected by the Village on behalf on the State of New Mexico.

*Municipal Court Bonds.* To account for the collection and reimbursement of Municipal Court bonds.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**Year Ended June 30, 2006**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>MOTOR VEHICLE FUND</b>				
<b>ASSETS</b>				
Cash	\$ 1,532	4,727	-	6,259
<b>Total assets</b>	<u>\$ 1,532</u>	<u>4,727</u>	<u>-</u>	<u>6,259</u>
<b>LIABILITIES</b>				
Due to other entities	\$ 1,532	4,727	-	6,259
<b>Total liabilities</b>	<u>\$ 1,532</u>	<u>4,727</u>	<u>-</u>	<u>6,259</u>
<b>MUNICIPAL COURT BOND FUND</b>				
<b>ASSETS</b>				
Cash	\$ 4,820	3,240	-	8,060
<b>Total assets</b>	<u>\$ 4,820</u>	<u>3,240</u>	<u>-</u>	<u>8,060</u>
<b>LIABILITIES</b>				
Municipal court bonds	4,820	3,240	-	8,060
<b>Total liabilities</b>	<u>\$ 4,820</u>	<u>3,240</u>	<u>-</u>	<u>8,060</u>
<b>TOTAL ASSETS</b>				
Cash	\$ 6,352	7,967	-	14,319
<b>Total assets</b>	<u>\$ 6,352</u>	<u>7,967</u>	<u>-</u>	<u>14,319</u>
<b>TOTAL LIABILITIES</b>				
Due to other entities	6,352	7,967	-	14,319
<b>Total liabilities</b>	<u>\$ 6,352</u>	<u>7,967</u>	<u>-</u>	<u>14,319</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS**  
**June 30, 2006**

Depository	Account Name	Type	Depository Balance	Reconciled Balance
<b>Deposit Accounts</b>				
International Bank	Operating	Checking	\$ 917,780	791,366
International Bank	Utility Deposit Account	Checking	100	100
International Bank	Payroll Clearing	Checking	65	65
International Bank	Fire Donations	Checking	2,245	2,245
International Bank	EMS Donations	Checking	340	340
International Bank	CDBG Account	Checking	300,500	300,500
First National Bank of NM	Certificate of Deposit	CD	250,000	250,000
Cash and cash equivalents			1,471,030	1,344,616
Petty cash	General Fund		-	150
Petty cash	Community Center		-	150
Petty cash	Water Utility		-	100
<b>Total deposit accounts</b>			<b>1,471,030</b>	<b>1,345,016</b>
<b>Investment Accounts</b>				
Bank of Albuquerque	NMFA 2002A Program	US Treas. Fund	37,051	37,051
Bank of Albuquerque	NMFA - Bond Series 2002A	US Treas. Fund	85,522	85,522
Bank of Albuquerque	NMFA - 64th Supp 2004 C res	US Treas. Fund	106,773	106,773
Bank of Albuquerque	NMFA - Supp. Indent.	US Treas. Fund	119	119
Bank of Albuquerque	NMFA 61st Supp.	US Treas. Fund	41,623	41,623
Bank of Albuquerque	NMFA Transfer Station	US Treas. Fund	10,591	10,591
Bank of Albuquerque	NMFA KS DW - 281	US Treas. Fund	2,327	2,327
Bank of Albuquerque	NMFA KMD PP-1656	US Treas. Fund	13,340	13,340
Bank of Albuquerque	NMFA Minipumper	US Treas. Fund	362	362
Office of the State Treasurer	Local Government Inv. Pool	Investment	899,311	899,311
<b>Total investment accounts</b>			<b>1,197,019</b>	<b>1,197,019</b>
<b>Total deposit and investment accounts - non-agency</b>			<b>\$ 2,668,049</b>	<b>2,542,035</b>
<b>Agency funds cash accounts</b>				
International Bank	Municipal Court		\$ 6,303	8,060
International Bank	Motor Vehicle		7,866	6,159
Cash and cash equivalents			14,169	14,219
Petty cash	MVD petty cash		-	100
<b>Total cash - agency funds</b>			<b>\$ 14,169</b>	<b>14,319</b>

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**June 30, 2006**

	International Bank	First National Bank of NM	Total
Deposits at June 30, 2006	\$ 1,235,199	250,000	1,485,199
Less: FDIC coverage	100,000	100,000	200,000
Uninsured public funds	1,135,199	150,000	1,285,199
Pledged collateral held by the pledging bank's trust department or agent but not in the Village's name	547,411	-	547,411
Uninsured and uncollateralized	<u>\$ 587,788</u>	<u>150,000</u>	<u>737,788</u>
50% pledged collateral requirement per statute	\$ 567,600	75,000	642,600
Total pledged collateral	547,411	-	547,411
Pledged collateral over (under) the requirement	<u>\$ (20,189)</u>	<u>(75,000)</u>	<u>(95,189)</u>

Pledged collateral at June 30, 2006 consists of the following:

Security	CUSIP	Maturity	Market Value
Fed. Home Loan Bank Bond, non-call	3133MLRJ6	2/15/2007	101,732
Fed. Home Loan Bank Bond, non-call	3133MLRJ6	2/15/2007	50,839
Fed. Home Loan Bank Bond	3133X8Q47	9/28/2007	394,840
			<u>\$ 547,411</u>

The custodian of the pledged securities for International Bank is the Federal Reserve Bank of Boston, in Boston, Massachusetts.



VILLAGE OF ANGEL FIRE, NEW MEXICO  
 SCHEDULE OF JOINT POWERS AGREEMENTS  
 June 30, 2006

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Village	Amount contributed by Village during fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
Wild Fires	Village of Angel Fire Town of Taos Village of Taos Ski Valley Village of Eagle Nest Town of Red River Village of Questa	Town of Taos	To control wild fires	12/19/2001 until terminated	\$150 Annually	\$150	Town of Taos	Town of Taos
Emergency Medical Services	Village of Angel Fire Town of Taos Village of Taos Ski Valley Village of Eagle Nest Town of Red River Village of Questa	Joint Responsibility	To provide emergency medical services	8/29/2000 to 6/30/2009	None	None	Town of Red River	Town of Taos
Wildfire suppression	New Mexico Energy, Minerals and Natural Resources Department Village of Angel Fire	Village of Angel Fire	To provide wildfire suppression	10/21/2003 until terminated	None	None	State of New Mexico Energy, Minerals and Natural Resources Department	State of New Mexico Energy, Minerals and Natural Resources Department
Refuse collection	Village of Angel Fire Colfax County	Joint Responsibility	To provide refuse collection services	3/20/2001 until terminated	None	None	Village of Angel Fire	Colfax County
Airline Services	Village of Angel Fire Colfax County	Joint Responsibility	Procurement of commercial commuter airline services	FY 03 with automatic renewal if funds are appropriated	None	None	Colfax County	Colfax County

# PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS  
3915 CARLISLE BLVD NE  
ALBUQUERQUE, NM 87107

## **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 *Governmental Auditing Standards***

Mr. Hector H. Balderas, State Auditor and  
Mr. Larry Leahy, Mayor and  
The Village Council  
Village of Angel Fire, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and budgetary comparisons, of the Village of Angel Fire (Village), as of and for the year ended June 30, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents, and have issued our report thereon dated July 2, 2008. We also have audited the financial statements of each of the Village's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements, and budgetary comparisons, as of and for the year ended June 30, 2006, as listed in the table of contents. Our report expressed a qualified opinion on the enterprise funds statements of revenue expenses and changes in net assets, and the statements of cash flows. In addition our report expressed a qualified opinion on the budget to actual statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to

Mr. Hector H. Balderas, State Auditor and  
Mr. Larry Leahy, Mayor and  
The Village Council  
Village of Angel Fire, New Mexico

record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and recommendations and responses as items 03-3, 03-4, 03-5, 03-7, 03-9, 03-13, 03-14, 03-16, 04-1 through 04-4, 05-2, 05-4, 05-5, and 05-6.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider 03-16 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and is described in the accompanying schedule of findings and recommendations and responses as item 03-1, 03-2, 03-6, 03-8, 05-1, 05-3, 05-8, 06-1, 06-2 and 06-3.

This report is intended solely for the information and use of the Village of Angel Fire's management, Village Councilors, New Mexico Department of Finance and Administration, and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Perch & Associates LLC*

Albuquerque, New Mexico  
July 2, 2008

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2006**

03-1	Due Date of Audit Report	Updated and included
03-2	Filing of Budget with the Department of Finance and Administration	Updated and included
03-3	Written Policies and Procedures	Repeated
03-4	Inadequate Segregation of Duties	Repeated
03-5	Intercept Revenue	Repeated
03-6	Budget Overage	Updated and included
03-7	Water Deposit Income and Expense	Repeated
03-8	Debt Covenants	Updated and included
03-9	Utility Accounts Receivable	Repeated
03-13	Bank Reconciliations	Repeated
03-14	Accounting for Permit Deposits	Repeated
03-16	Accounting System – Material Weakness	Repeated
04-1	Disaster Recovery Plan	Repeated
04-2	Payroll Disbursements	Updated and included
04-3	Travel and Per Diem Disbursements	Updated and included
04-4	Cash Disbursements and Procurement	Updated and included
04-5	Lodgers Tax Audit	Resolved
05-1	Procurement of Non-audit Services	Updated and included
05-2	Water Deposit Liability	Repeated
05-3	Annual Capital Asset Inventory	Repeated
05-4	Unbilled Water Receivable	Repeated
05-5	Governmental Depreciation by Function	Repeated
05-6	Accounting for Agency Funds	Repeated
05-7	Submission of Data Collection Form for the single audit	Resolved
05-8	Taxability of Fringe Benefits	Repeated

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

**03-1 Due Date of Audit Report**

**CONDITION**

The June 30, 2006 audit report was not filed timely as required by State Auditor Rule NMAC 2.2.2.9.A. The report was received by the Office of the State Auditor on July 21, 2008.

**CRITERIA**

According to State Auditor Rule NMAC 2.2.2.9.A, the audited financial statements are due by December 1 following the fiscal year-end, thus requiring the June 30, 2006 report to be filed by December 1, 2006.

**CAUSE**

The books and records were not reconciled until after the due date. Also, there was significant turnover of accounting staff during the period the audit was to be prepared.

**EFFECT**

The Village is not in compliance with State Auditor rule NMAC 2.2.2.9.A for the fiscal year ended June 30, 2006. The Village may not have the financial data needed to prepare proper budgets and plan for Village operations. The Village also does not have audited financial statements for use in borrowing, bonds, and grant applications.

**RECOMMENDATION**

The Village should consider hiring an outside public accountant to help train the accounting staff, help reconcile the accounting records, and help with the year-end close and audit preparation.

**MANAGEMENT RESPONSE**

The Village of Angel Fire has hired outside CPA firms to get caught up with all audits that are currently overdue. While the Village acknowledges the finding it has taken measures to get all accounting records up-to-date and properly reconciled. In addition, the Village is currently working to develop policies and procedures to ensure that books of account are properly maintained and reconciled on a timely basis.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-2 Filing of Budget Information with the Department of Finance and Administration**

**CONDITION**

The Village submitted their final budget to the Department of Finance and Administration's Local Government Division (LGD) late for the 2005 – 2006 year. In addition, the Village submitted their 2<sup>nd</sup> and 3<sup>rd</sup> quarter budget reports late.

**CRITERIA**

Section 6-6-2A NMSA 1978 states that the LGD will “require each local public body to furnish and file with the division, on or before June 1 of each year, a proposed budget for the next fiscal year.” Furthermore, the LGD must “examine each proposed budget and, on or before July 1 of each year, approve and certify to each local public body an operating budget for use pending approval of a final budget.”

Section 6-6-2 NMSA 1978 requires the LGD to obtain periodic financial reports of local public bodies and to define the reporting format. LGD requires quarterly reports from municipalities.

**CAUSE**

There was accounting staff turnover during the period that the final budget was to be submitted.

**EFFECT**

The Village is not in compliance with the statutes cited above. The Village does not have an operating budget in place to govern and restrict spending. The Village may overspend because it lacks the controls necessary to properly prepare and maintain a budget.

**RECOMMENDATION**

The Village should maintain adequate staffing and obtain DFA training on reporting procedures in order to avoid violating future report dates.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-2 Filing of Budget Information with the Department of Finance and Administration (Continued)**

**MANAGEMENT RESPONSE**

The Village has taken measures to obtain the necessary internal and external assistance to ensure the timely filing of the final budget to DFA. Currently, the Village employs a full-time Budget Coordinator responsible for development and monitoring of the Village budget. In addition, the Village contract an outside source for final budget compilation and submission for all approval levels.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-3 Written Policies and Procedures**

**CONDITION**

The Village does not have written policies and procedures covering the accounts payable, accounts receivable, budget, inventory, fixed assets, and month-end/year-end close cycles.

**CRITERIA**

Policies and procedures, including those related to internal controls, must be adequately communicated to employees and Village officials in order for them to be followed and perpetuated. Written policies become more necessary as the number of employees increase.

**CAUSE**

Verbal policies may have been considered adequate in the past.

**EFFECT**

The lack of written policies and procedures reduces the accountability of staff and reduces the likelihood that the system of internal controls will operate as intended. Not having written controls means that controls may be eliminated when employees leave because the knowledge of the control leaves with the employee.

**RECOMMENDATION**

The Village should develop written policies and procedures covering the entire accounts payable, accounts receivable, budget, inventory, fixed asset, and month-end/year-end close cycles.

**MANAGEMENT RESPONSE**

The Village is currently working with internal staff in revising its policies and procedures. In addition, the Village is currently working with an external accounting firm that is assisting with the development of policies and procedures over all accounting processes.



**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-4 Inadequate Segregation of Duties**

**CONDITION**

As part of our documentation of the internal controls over the accounting functions, we found that the person responsible for reconciling the bank account is also capable of preparing checks, posting checks, mailing checks, and making adjusting journal entries. This person has unlimited access to the accounting systems, check stock, and cash receipt ledgers.

**CRITERIA**

Access to assets, record keeping and reconciliation duties should be segregated.

**CAUSE**

The Village has a small accounting staff.

**EFFECT**

The lack of segregation increases the possibility of fraud. The current internal controls do not reduce the risk of fraud to an acceptable level.

**RECOMMENDATION**

Employees preparing checks should not reconcile the bank statements, post to the general ledger, or have the ability to post adjusting journal entries. Check stock should be kept by someone unrelated to the accounts payable function. In addition, the person opening the mail should be unrelated to the accounts receivable function.

**MANAGEMENT RESPONSE**

The Village is in the process of reviewing its current staffing levels and capabilities. While staffing remains a challenge the Village is currently developing policies and procedures based on internal control deficiencies and best practices. The Village feels that once these two processes are completed there will be adequate segregation of duties for all accounting functions.

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-5 Intercept Revenue**

**CONDITION**

Revenue intercepted by the New Mexico Finance Authority is not being recorded as revenue and the corresponding debt payment. The amount in question is \$209,349.

**CRITERIA**

State Auditor rule 2.2.2.10 J requires good accounting practices to be followed.

**CAUSE**

The Village was unaware of the necessity to record intercept revenue.

**EFFECT**

Gross receipts tax revenue was understated and the corresponding debt was overstated.

**RECOMMENDATION**

The Village should book intercept revenue on a monthly basis. Also, they should reconcile the debt payments on a monthly basis.

**MANAGEMENT RESPONSE**

The Village has recently converted to a new software system that it feels will greatly enhance its ability to properly record all accounting transactions. In addition, the Village is currently developing policies and procedures that will assist the accounting team with proper recordation of transactions.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-6 Budget Overage**

**CONDITION**

During our analysis of the budget to actual reports for the year ended June 30, 2006, we noted the General fund was over budget by \$427,841, the Street Project fund was over budget by \$460,745, Emergency Medical Services fund was over budget by \$862, Fire Protection was over budget by \$48,004, Lodgers Tax Reserve is over budget by \$141,875, Transportation is over budget by \$58,396, MAP Grant is over budget by \$119,794, the Waste Water Enterprise Fund is over budget by \$230,675, the Solid Waste Enterprise fund is over budget by \$78,639, and the Water Enterprise fund is over budget by \$13,302.

**CRITERIA**

State Statute 6-6-6 NMSA 1978 requires that local government spending does not exceed budgeted amounts at the fund level, unless the Commission approves a budget adjustment.

**CAUSE**

The budget overages appear to be the result of inadequate budgetary controls in the Village accounting system.

**EFFECT**

The Village is over budget in these funds. They Village spent money that is not authorized to spend. As a result, funds may not have adequate money to spend in future years.

**RECOMMENDATION**

The Village should develop a system to ensure budgetary compliance.

**MANAGEMENT RESPONSE**

The Village has recently hired a Budget Coordinator whose primary responsibility is development and monitoring of the Village budget. In addition, the Village is currently developing policies and procedures for the budget process as well as recently converted to a new accounting software system which provides an enhanced budgeting and reporting module.

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-7 Water Deposit Income and Expense**

**CONDITION**

The Village is recording water deposits as income and the refund of water deposits as expense. The proper recording is as a liability; no revenue or expense should be recorded. The amount in question could not be determined.

The underlying detail deposit ledger also did not agree to the general ledger balance.

**CRITERIA**

State Auditor Rule 2.2.2.10 J, and Section 12-6-5, NMSA 1978, requires good accounting practices to be followed.

**CAUSE**

Inadequate training regarding the proper accounting for water deposits.

**EFFECT**

Revenue and expenses are misstated in the Water Fund by the amount of deposits collected and remitted.

The proper amount of deposit liability may not be known because the detail ledger does not reconcile to the general ledger.

**RECOMMENDATION**

Post deposits received as a credit to the deposit liability account and refunds of deposits as a debit to the liability account.

**MANAGEMENT RESPONSE**

The Village is currently developing policies and procedures to ensure the timely reconciliation of all accounting records. In addition, the Village will explore training opportunities to enhance its ability to properly record all accounting transactions.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-8 Debt Covenants**

**CONDITION**

The Water System and Waste Water System Revenue Bonds – Series 1998 and 1999 restrictive covenants require the creation of a reserve fund and bond fund and make monthly deposits into the fund until it contains one tenth of the average annual installment payments on the bonds.

**CRITERIA**

The bond ordinance section 3 states "...the Village shall...deposit into the Reserve Fund, commencing on the first day of the month immediately succeeding the issuance and delivery of the Bonds, an amount that will create an annual Reserve Fund deposit equal to one tenth (1/10) of the average annual installment payment on the Bonds or such amounts as may be required by R.U.S."

**CAUSE**

The Village has not created the reserve fund required by the bond ordinances.

**EFFECT**

The Village is not in compliance with its bond ordinances. The Village could be denied future debt financing because it has not complied with its current covenants.

**RECOMMENDATION**

The Village should setup and fund the required funds.

**MANAGEMENT RESPONSE**

The Village has currently opened new accounts to fulfill this requirement. The Village is currently in the process of reconciling books of account to determine the amount that the reserve fund should be funded.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-9 Utility Accounts Receivable**

**CONDITION**

There are unapplied credits in the detail aging of accounts receivable.

There is no formal procedure for approving utility billing account adjustments before an adjustment is made to accounts receivable.

**CRITERIA**

State Auditor Rule 2.2.2.10 J, and Section 12-6-5, NMSA 1978, requires good accounting practices to be followed.

**CAUSE**

A monthly review of the detail aging of accounts receivable is not being performed.

The Village does not have a policy governing the adjustment of accounts receivable.

**EFFECT**

The detailed accounts receivable aging report may be correct in total, but the aging schedule totals will be incorrect. More accounts will appear past due than are actually past due.

Fraud may be perpetrated and then covered up through utility billing adjustments.

**RECOMMENDATION**

Unapplied credits should be applied to open credit in accounts receivable. The Village should consider establishing a policy requiring the monthly review and approval of the detail accounts receivable aging reports.

The Village should consider establishing a policy governing the approval of accounts receivable adjustments.

**MANAGEMENT RESPONSE**

The Village has utilized an outside accounting firm to assist with the development of utility billings policies and procedures as well as proper reconciliation of all books of record.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-13 Bank Reconciliations**

CONDITION

Bank reconciliations are not being prepared on a timely basis. In addition, there are old outstanding items on the bank reconciliation.

CRITERIA

State Auditor Rule 2.2.2.10 J, and Section 12-6-5, NMSA 1978, requires good accounting practices to be followed.

CAUSE

Turnover in the accounting area.

EFFECT

The Village did not have reconciled books during the year under audit. Fraud could have been occurring, and the Village might not have found the fraud because of the lack of reconciliations.

RECOMMENDATION

Bank reconciliations should be performed and approved on a monthly basis.

MANAGEMENT RESPONSE

The Village has utilized an outside accounting firm to assist with the development of policies and procedures for proper reconciliation of all books of record. In addition, the Village recently converted to new financial software which will enhance the reconciliation process.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-14 Accounting for Permit Deposits**

**CONDITION**

The Village is not keeping aged details of building permit deposits. Permit deposits are forfeited by the customer after a stipulated period of time, at which point they are recorded as revenue by the Village. The Village cannot know if the permits should be recorded as revenue without knowing the age of the deposit.

**CRITERIA**

State Auditor Rule 2.2.2.10 J, and Section 12-6-5, NMSA 1978, requires good accounting practices to be followed.

**CAUSE**

The Village had stopped keeping the aging detail on permit deposits because they did not think it was necessary data to have.

**EFFECT**

The Village may be understating revenue from forfeited permit deposits. The Village may not know who is due a refund of their deposit, and who has forfeited their deposit.

**RECOMMENDATION**

An aged detail of permit deposits should be maintained by the Village.

**MANAGEMENT RESPONSE**

The Village will develop and maintain an aged detail permit deposit listing and review it on a timely basis to determine if permit deposits have been forfeited and the village can recognize the revenue.



**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**03-16 Accounting System – Material Weakness**

**CONDITION**

The Village uses HMS as their accounting system. The system is generating automatic entries from the 2004 and 2005 years, and posting them to the 2003 year in the enterprise funds. The entries were posted to the fund balance, revenue control and expense control accounts. There were still balances in the revenue and expense control accounts after the system generated entries were reversed. The need to correct the remaining balance has caused a disclaimer of opinion on the income statements of the enterprise funds.

**CRITERIA**

State Auditor Rule 2.2.2.10 J, and Section 12-6-5, NMSA 1978, requires good accounting practices to be followed.

**CAUSE**

The HSM system is auto generating entries which cannot be corrected.

**EFFECT**

It is not possible to determine the correct net income in the enterprise accounts.

**RECOMMENDATION**

The Village should consider investing in new accounting software.

**MANAGEMENT RESPONSE**

In March of 2006 the Village converted to new accounting software.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**04-1 Disaster Recovery Plan**

**CONDITION**

The disaster recovery plan in place is inadequate for the size and operations of the Village. A disaster recovery plan should be a map for reestablishing operations after a disaster. This map should include details of, at minimum, the following:

- What hardware and software are in place and which vendors may be used to replace the hardware and software.
- Potential off-site locations for running operations.
- Names and telephone numbers of critical operations personnel that should be contacted during a disaster.
- Backup and recovery procedures for data.
- The location of the offsite data backups.
- A detailed list of instructions to be followed in order to reestablish operations.

**CRITERIA**

Section 12-6-5, NMSA 1978, requires the annual financial and compliance audit of agencies to detail any violation of law or good accounting practices found by the audit. An adequate disaster recovery plan is a requirement for continuing operations after a disaster.

**CAUSE**

The Village had not developed a detailed disaster recovery plan.

**EFFECT**

The Village may not be able to continue operations in the event of a disaster.

**RECOMMENDATION**

We recommend that the Village prepare a detailed disaster recovery plan.

**MANAGEMENT RESPONSE**

The Village is currently in the process of developing a disaster recovery plan.

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**04-2 Payroll Disbursements**

**CONDITION**

We tested 31 payroll disbursements as part of our audit. We noted the following:

- For three of the disbursements tested the Village allowed sick leave and/or vacation hours to be used as time worked to accumulate total weekly hours required to be eligible for overtime pay. This is not allowed by Village Code. As a result, the five employees received overtime pay when they should have been paid at regular wages.
- For one disbursement tested the employee worked 109 hours, but was paid for 113 hours.
- One of the disbursements tested was for an elected official. PERA was not deducted from the pay. Elected officials who want to be excluded from PERA must file an exclusion from membership. This form could not be found in the elected officials personnel file.
- For one disbursement tested the Village could not locate any supporting documentation.

**CRITERIA**

- Village code, section 2-5-10, states that if the work requirements of the department are such that an employee is required to work on any official holiday, the employee is given another day off in that same work week or receives holiday pay for the hours actually worked at the employee's regular hourly rate.
- Village code, Section 2-5-7, states that holiday, sick, personal, bereavement, jury duty and leaves of absences are not considered as time worked to accumulate total weekly hours required to be eligible for premium overtime pay.
- State Auditor Rule 2.2.2.10 J, and Section 12-6-5, NMSA 1978, requires good accounting practices to be followed. Documentation of all payroll disbursements should be maintained.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**04-2 Payroll Disbursements (Continued)**

**CAUSE**

There is insufficient review of payroll input, processing and output.

**EFFECT**

The Village has paid overtime pay when it is not due to the employee. The Village may not have withheld the correct amount of PERA.

**RECOMMENDATION**

Village employees should consider training on the Village Code relating to payroll processing. They should also consider obtaining training of PERA calculations and recordkeeping.

The Village should consider procedures to review payroll sufficiently to detect and correct misstated payroll.

The Village should maintain the supporting documentation for payroll disbursements and required deductions from payroll disbursements.

**MANAGEMENT RESPONSE**

The Village has recently addressed this issue by reconciling PERA and compensated absences. The calculation errors were corrected in the software system and the books were properly adjusted.

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**04-3 Travel and Per Diem Disbursements**

**CONDITION**

Twelve (12) travel and per diem disbursements were tested. The following was noted:

- One of the disbursements tested was coded to an incorrect expense account.
- A travel voucher was not prepared for one of the disbursements tested.
- Two of the disbursements tested were for travel advances in excess of 80% of the total estimated travel.
- For one of the disbursements tested the employee did not submit a receipt when claiming actual expenses. The employee submitted a credit card statement which does not provide detail of the expenses incurred.
- For one of the disbursements the employee was reimbursed for more than the allowable in-state per diem rate. The total amount of the disbursements was \$305.79. The amounts reimbursed included alcoholic beverages.
- For one of the disbursements tested an employee received a reimbursement for expenses after the employee had lost their receipt. The employee did not file an affidavit for the lost receipt. The amount of the disbursement was \$15.
- For one of the disbursements tested there is no indication that the expenses incurred were for Village business.
- One of the disbursements tested contained miscalculations. The total amount overpaid because of miscalculations was \$3.20.
- For one disbursement tested it was not possible to determine the employee traveled overnight. The employee was paid \$85 for overnight travel.
- For one disbursement tested the employee did not submit receipts for actual expenses incurred. The amount reimbursed was \$53.65.

**CRITERIA**

- The Per Diem and Mileage Act (10-8-10 to 10-8-8 NMSA 1978) and corresponding Administrative Code govern the payment of travel and per diem expense for the Village. The Act states the following:
  - The allowable in-state meal rate is \$30.00 per day.

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**04-3 Travel and Per Diem Disbursements (Continued)**

- The allowable lodging rate is \$85, and \$135 for special areas, unless written preauthorization is obtained to exceed the rate.
- Prior written approval must be obtained in order to charge actual expenses.
- Reimbursements should be for ordinary, customary and necessary expenses.
- Map mileage rates should be used for in-state travel.
- Sufficient review of disbursements should be made in order to ensure calculations are correct and receipts are legible. The review should also ensure that sufficient documentation is obtained in order to support the payment. The review should also determine that the reimbursements are not for items that are personal expenses.

**CAUSE**

Inadequate review and approval of travel vouchers and payment processing. Inadequate training on the travel and per diem act.

**EFFECT**

The Village is not in compliance with the Travel and Per Diem Act. The Village may have paid travel expenses when they were not warranted.

**RECOMMENDATION**

The Village should consider reviewing travel and per diem processing more thoroughly to ensure that errors are caught and corrected before final checks are processed. The Village should also ensure that proper supporting documentation is obtained for all travel.

**MANAGEMENT RESPONSE**

Management acknowledges this finding and has recently responded to an audit conducted by the State Auditor. In response, the village has taken immediate steps to revise its policies and procedures to become fully compliant with the State Travel and Per Diem Act. The new policies and procedures will be presented to Council for approval in the Spring of 2008.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**04-4 Cash Disbursements and Procurement**

CONDITION

We tested 14 cash disbursements as part of our audit. We noted the following:

- Four of the disbursements required the Village to submit a request for proposal. This was not done. The total of the four payments was \$215,056.
- For one of the disbursements tested there was no purchase requisition or the purchase requisition was not approved. The disbursement was for \$104,675.
- One disbursement tested was for an item purchased on a state contract. The Village did not keep copies of the state contract and price agreement, so the purchase on the state contract could not be verified. The disbursement was in the amount of \$30,914.

CRITERIA

- The Procurement Code (13-1-1 to 13-1-199, NMSA 1978) delineates the requirements for purchases made by the municipality. The Village should request proposals when required by the Code.
- State Auditor Rule 2.2.2.10 J, and Section 12-6-5, NMSA 1978, requires good accounting practices to be followed. Cash disbursements should be reviewed and approved before payment. Supporting documents should be kept for each disbursement. Procurement policy should be followed.
- NMAC 1.4.1.67 states that copies of contracts and price agreements should be kept when making a purchase on a state contract.

CAUSE

Inadequate review and approval of cash disbursements and payment processing.  
Inadequate review of major purchases.

EFFECT

The Village is not in compliance with the state procurement code and good accounting practices relating to cash disbursements. The Village may have paid items that were not approved, or did not meet the requirements of the procurement code.

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**04-4 Cash Disbursements and Procurement (Continued)**

**RECOMMENDATION**

The Village should consider reviewing cash disbursements and the state procurement code more thoroughly to ensure that errors are caught and corrected before goods and services are procured and final checks are processed.

**MANAGEMENT RESPONSE**

The Village is currently in the process of developing policies and procedures over cash handling and procurement. In addition, the Village has hired a Budget Coordinator whose function includes proper handling of procured goods and services and monitoring for compliance with established procurement regulations.



**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**05-1 Procurement of Non-audit Services**

**CONDITION**

The Village entered into a professional services contract with a Certified Public Accountant for non-audit services without obtaining prior written approval from the New Mexico Office of the State Auditor.

**CRITERIA**

Section 2.2.2.8.I (3) of the New Mexico Administrative Code, *Requirements for Contracting and Conducting Audits of Agencies*, states that "In accordance with Section 12-6-12, NMSA 1978, the agency and independent public accountant (IPA) shall not enter into any financial, special audit or any other non-audit service contract without the prior written approval of the State Auditor.

**CAUSE**

The Village was not familiar with requirement of the above requirement.

**EFFECT**

The Village might have used a Certified Public Accountant that was not approved by the State Auditor's Office.

**RECOMMENDATION**

The Village should obtain prior written approval before contracting with an IPA.

**MANAGEMENT RESPONSE**

The Village now ensures that all professional service contracts with independent public accountants are presented to the State Auditor before commencement of work.

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**05-2 Water Deposit Liability**

**CONDITION**

The Village is not keeping a detailed listing of water deposits.

**CRITERIA**

State Auditor Rule 2.2.2.10 J, and Section 12-6-5, NMSA 1978, requires good accounting practices to be followed. A detailed ledger of water deposits should be kept so that the Village knows what its liability is for deposits.

**CAUSE**

There was turnover in the accounting area during the 2005 and 2006 years. The function of reconciling the water deposit liability was not maintained during that time.

**EFFECT**

The Village does not know which residents it has received deposits from. The Village may not know if a resident has forfeited their deposit. The Village may also not know if they are returning deposits that are not owed to customers.

**RECOMMENDATION**

The Village should keep a detailed water deposit register.

**MANAGEMENT RESPONSE**

The Village is currently in the process of developing proper subledgers for all utility billings. In addition, the Village is currently developing policies and procedures for proper reconciliation of accounts going forward.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**05-3 Annual Capital Asset Inventory**

**CONDITION**

The Village did not perform an annual physical inventory of capital assets.

**CRITERIA**

Section 12-6-10, NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory.

**CAUSE**

There was turnover in the accounting area during the 2005 and 2006 years. The new accountants were not aware of the requirement to perform a capital asset inventory until it was brought to their attention by the auditor.

**EFFECT**

The Village may have disposed of assets and not recorded the disposal on the capital asset records. Assets may have been stolen without the Village knowing that the assets are missing. The Village may have added assets without recording the assets on the capital asset listing.

**RECOMMENDATION**

The Village should perform a yearly physical capital asset inventory.

**MANAGEMENT RESPONSE**

The Village is currently in the process of developing a capital assets plan. The plan includes an initial inventory to be conducted as well as inventories of capital assets on at least a yearly basis. The plan is designed to help the Village account for and plan for capital asset growth and maintenance.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**05-4 Unbilled Water Receivable**

**CONDITION**

The Village does not have a process to track water delivered to customers, but not billed as of month end. The date between the customers meter reading and the date the billing is processed ranges from one week to three weeks. The water pumped during this time is billed in the next months billing. The Village should record a receivable and revenue for the estimated unbilled receivable at month-end.

**CRITERIA**

Generally Accepted Accounting Principals and the accrual method of accounting require assets and revenues to be recorded when they are earned, regardless of when the cash flow occurs. The enterprise funds report financial transactions on the full accrual method. Therefore, the unbilled receivable and related revenue should be estimated and recorded at month-end.

**CAUSE**

This was a function performed by the auditor in prior years. Village staff was not aware of the requirement to accrue a receivable and revenue for unbilled water.

**EFFECT**

The Village has understated assets and revenues in the enterprise funds at year-end.

**RECOMMENDATION**

The Village should develop a method to track and record the unbilled receivable at month-end.

**MANAGEMENT RESPONSE**

The Village is currently in the process developing policies and procedures to improve the tracking of billed and unbilled water. In addition, procedures are being developed to ensure the proper reconciliation of Village accounts of record.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**05-5 Governmental Depreciation by Function**

**CONDITION**

The Village does not have a process for calculating depreciation by function for the governmental funds.

**CRITERIA**

Generally Accepted Governmental Accounting Standards requires depreciation to be tracked and reported by function.

**CAUSE**

The Village did not maintain a capital asset system during the year under audit. They did not have the data necessary to calculate depreciation by function. They were also not aware of the requirement to calculate depreciation by function.

**EFFECT**

The Village has had to estimate the depreciation by function. The actual depreciation by function may be more or less than the amounts reported in the financial statements.

**RECOMMENDATION**

The Village should develop a method to calculate and report depreciation by function in the governmental funds.

**MANAGEMENT RESPONSE**

The Village has recently obtained a software program that it uses to track capital additions and deletions as well as calculate depreciation. The Village will take measures to program the software in order for the software to formulate depreciation by function in the governmental funds.

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**05-6 Accounting for Agency Funds**

**CONDITION**

The balances in the Village's agency funds do not reflect the activity in those funds. Agency funds should have assets for items held for others, and liabilities reflecting the Village's obligation. The agency funds have due from other entities balances and due to other funds balances. This implies that either non-agency transactions have been recorded in the agency funds, or there are errors in the recording of transactions in the agency funds.

**CRITERIA**

Generally Accepted Governmental Accounting and Financial Reporting Standards require agency funds to record assets held for others, and a liability for the obligation.

**CAUSE**

There was turnover in the accounting area during the 2005 and 2006 years. The function of reconciling the agency funds was not maintained during that time.

**EFFECT**

The Village may not know how much money is owed to other parties at year-end. The Village may not have the correct cash balances for the obligations to other entities.

**RECOMMENDATION**

The Village should review the postings to the agency funds. The Village should correct the postings and then reconcile the agency funds on a monthly basis.

**MANAGEMENT RESPONSE**

The Village is currently in the process of developing policies and procedures to properly review books of record as well as ensure that proper reconciliation of accounts is performed.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**05-08 Taxability of Fringe Benefits**

**CONDITION**

We reviewed the benefits provided by the Village and found the following:

- A Village employee is allowed to take home an unmodified pickup truck owned by the Village. The commuting use of the vehicles was not included in earnings of the employee on their W-2.
- An employee is provided housing at the fire station. The employee is on-call 24/7/365. The employee contract does not state that the employee is required to reside at the fire station. The rent value of the housing was not included as income in the employees W-2.

**CRITERIA**

Internal Revenue Service publication 15-B states that qualified nonpersonal-use vehicles are excluded from income as a working condition fringe benefit. One of the vehicles provided by the Village does not meet the requirements of qualified nonpersonal-use vehicle. Publication 15-B states that the use of the vehicle should be included in the employee's income.

Publication 15-B also states that discounted housing is taxable unless it is required as a condition of employment.

**CAUSE**

The Village does not have a system in place to track personal use of vehicles for inclusion in Village employee's income.

The Village was not aware of the discount housing fringe benefit rules.

**EFFECT**

The Village is not in compliance with Internal Revenue Service regulations.

**RECOMMENDATION**

The Village should consider developing and implementing a system to track the personal use of Village vehicles. The Village should also consider obtaining training on publication 15-B.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES**  
**Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**05-08 Taxability of Fringe Benefits (Continued)**

RECOMMENDATION (Continued)

In addition, the Village should consider including the discounted housing in employee's W-2 wages, or including a provision in their contract stating that they are required to reside at the fire station.

MANAGEMENT RESPONSE

The Village has corrected the issues related to fringe benefits so that it can be in compliance with IRS regulations.



**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**06-1 PLEDGING OF COLLATERAL FOR PUBLIC MONEY**

**CONDITION**

The Village has \$250,000 in certificates of deposit for which a bank has not pledged collateral. The Village has deposit accounts with another bank for which the bank has not pledged sufficient collateral. The total amount of under-collateralized deposits is \$118,521.

**CRITERIA**

Section 6-10-17, NMSA, 1978 Compilation requires the Authority to collateralize an amount equal to one-half of public money in excess of \$100,000 in each financial institution.

**CAUSE**

The bank had not coded the certificates of deposit as a public money account. As a result, the bank was not aware that the account needed pledged collateral. Another bank has not pledged sufficient collateral.

**EFFECT**

The Village is not in compliance with state statute. The Village could also lose its money in excess of FDIC insurance if the financial institution fails.

**RECOMMENDATION**

The Village should inform the bank that the account is a public money account and ask that the funds be collateralized. The Village should review the collateral reports on a monthly basis to ensure that banks are pledging sufficient collateral.

**MANAGEMENT RESPONSE**

The Village acknowledges this finding and will contact the bank at which the CD is held to ensure the proper collateralization of these funds.

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**06-2 PERA Processing and Reporting**

**CONDITION**

We tested the PERA withholding and reporting procedures and found the following:

- The Village is required to withhold and pay PERA on gross wages. We tested twenty-six (26) remittances to PERA and found that for seven (7) of the remittances the Village underpaid PERA. The total amount underpaid is \$7,098.49.

**CRITERIA**

PERA is to be remitted based on applicable wages and PERA percentages elected by the Village.

**CAUSE**

The Village does not have a process in place to test the PERA calculations in order to ensure they are correct. No one in the accounting area reviewed the calculations before the reports and money was mailed to PERA.

**EFFECT**

The Village has underpaid PERA. It is not possible to determine the potential liability to the Village for underpaying retirement contributions.

**RECOMMENDATION**

The Village should develop procedures to review its PERA calculations in order to avoid mistakes in calculation and reporting. The Village should consider requiring management approval and signoff on remittances.

**MANAGEMENT RESPONSE**

The Village will correct its processing of PERA. PERA reports will be reviewed.

**VILLAGE OF ANGEL FIRE, NEW MEXICO  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS AND RESPONSES  
Year Ended June 30, 2006**

**FINDINGS - FINANCIAL STATEMENTS AUDIT (CONTINUED)**

**06-3 Employee Participation in Procurement**

**CONDITION**

The Village entered into a professional services contract for services greater than \$20,000 without following the request for proposal provisions of the procurement code. An employee of the Village was the principal of the contractor. The procurement code states that "it is unlawful for any... local public body employee... to participate directly or indirectly in a procurement when the employee knows that the employee or any member of the employee's immediate family has a financial interest in the business seeking or obtaining a contract.

**CRITERIA**

The Procurement Code, Section 13-1-190, "Unlawful employee participation prohibited", states that it is unlawful for any... local public body employee... to participate directly or indirectly in a procurement when the employee knows that the employee or any member of the employee's immediate family has a financial interest in the business seeking or obtaining a contract. Also, Section 13-1-193, "Contemporaneous employment prohibited" states it is unlawful for any... local public body employee who is participating directly or indirectly in the procurement process to become or to be, while such an employee, the employee of any person or business contracting with the governmental body by who the employee is employed.

**CAUSE**

Unknown.

**EFFECT**

The Village is in violation of the procurement code. It is not possible to determine the effect of this finding.

**RECOMMENDATION**

The Village should ensure that employees are aware of the above prohibitions.

**MANAGEMENT RESPONSE**

The contract in question was cancelled October 13, 2006.

**VILLAGE OF ANGEL FIRE, NEW MEXICO**  
**EXIT CONFERENCE**  
**Year Ended June 30, 2006**

An exit conference was held on July 17, 2008, and was attended by the following:

Village of Angel Fire

Larry Leahy	Mayor
Chuck Howe	Mayor Pro Tem
Melissa Vossmer	Village Administrator
Andrew Perkins	Finance Director
Terry Cordova	Accounting Manager

Porch & Associates LLC

Thad E. Porch, CPA	Partner
--------------------	---------

\* \* \* \* \*

The financial statements were prepared by Porch & Associates LLC from the books and records of the Village of Angel Fire. However, the contents of these financial statements remain the responsibility of the Village's management.