

**VILLAGE OF ANGEL FIRE,
NEW MEXICO**

**Financial Statements
for the Year Ended
June 30, 2007,
and Independent
Auditors' Report**



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Year Ended June 30, 2007

Mayor

Alvin L. Clanton

Mayor Pro-Tem

William Gibson

Council

Charles H. Hasford

Bonnie L. Brashear

Edward Culotta

Village Administrator

John Pape

Finance Director

Rob Corabi

Village Clerk

Lisa Sanchez

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements consisting of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and street project fund of the Village of Angel Fire, New Mexico (Village) as of and for the year ended June 30, 2007, 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 non-major 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, 2007, 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 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control over financial reporting. Accordingly, we express no such opinion. 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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2007 and the respective changes in financial position and cash



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

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 non-major governmental funds of the Village, as of June 30, 2007 and the respective changes in financial position thereof, and the respective budgetary comparisons for the non-major 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 August 4, 2009, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis presented on pages 5 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Mayness + Company LLC

August 4, 2009

VILLAGE OF ANGEL FIRE, NEW MEXICO

Management's Discussion and Analysis Year Ended June 30, 2007

As management of the Village of Angel Fire (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2007.

Financial Highlights

In fiscal year 2007, the Village experienced a banner snow season. This resulted in higher gross receipts taxes realized for the year. Conversely, the Village also incurred higher than normal road maintenance expenditures for the year as a result of heavier traffic and the natural toll snow and freezing puts on roads within the Village. The Village has been able to continue with various capital projects during 2007 that are designed to bring higher revenues to the Village and enhance its image as a tourist destination. These projects include the development of the Special Assessment District, infrastructure for the Public Improvement District, work on Plaza Del Sol and capital additions and improvements of the Village Utility facilities. The Village finds itself in the unique position of maintaining roads and utility facilities for a population of ten to fifteen thousand people even though the full time residency is one to two thousand. This is to make sure the capacity is available for the tourist season when the Village population is at ten to fifteen thousand. General government and administration stays level and the Village looks forward to efforts to complete the new second Fire Station and the Public Safety building.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, we present supplementary information including budget to actual statements for all funds.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Village's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities presents information showing how the Village's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Overview of the Financial Statements - continued

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into one of three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the current fiscal period. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to the General fund, the Village maintains twenty-four other individual governmental funds, of which seventeen are classified as Special Revenue funds, two are classified as Debt Service funds, and five are classified as Capital Projects funds. Information for the General fund, the Street Project fund and the MAP Grant fund, all of which are considered to be major funds, is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for its General fund. A budgetary comparison statement for the General fund is presented on page 12. In addition, the Village adopts an annual budget for other non-major funds. A budgetary comparison statement is presented in the aggregate and individually for all of those funds.

VILLAGE OF ANGEL FIRE, NEW MEXICO

Management's Discussion and Analysis - continued Year Ended June 30, 2007

Overview of the Financial Statements - continued

Fund Financial Statements - continued

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village's primary government, assets exceed liabilities by \$16,121,236. The net asset category, invested in capital assets (e.g., land, buildings, machinery and equipment) less any related debt, is at a positive \$14,943,255. This is a result of significant Village investment in road infrastructure and utilities facilities. The Village uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

VILLAGE OF ANGEL FIRE, NEW MEXICO

Management's Discussion and Analysis - continued
Year Ended June 30, 2007

Financial Analysis of the Village as a Whole

Net Assets

Table A-1 summarizes the Village's net assets for the fiscal year ended June 30, 2007.

Table A-1
The Village's Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | FY2007 | FY2006 | FY2007 | FY2006 | FY2007 | FY2006 |
| Assets: | | | | | | |
| Current and other assets | \$ (56,897) | 2,251,408 | 2,080,958 | 1,544,045 | 2,024,061 | 3,795,453 |
| Capital assets | <u>12,001,096</u> | <u>11,444,823</u> | <u>13,650,294</u> | <u>14,145,765</u> | <u>25,651,390</u> | <u>25,590,588</u> |
| Total assets | \$ <u>11,944,199</u> | <u>13,696,231</u> | <u>15,731,252</u> | <u>15,689,810</u> | <u>27,675,451</u> | <u>29,386,041</u> |
| Liabilities: | | | | | | |
| Current liabilities | \$ 960,918 | 1,136,257 | 518,132 | 377,821 | 1,479,050 | 1,514,078 |
| Long-term liabilities | <u>2,436,089</u> | <u>3,077,122</u> | <u>7,639,076</u> | <u>7,932,029</u> | <u>10,075,165</u> | <u>11,009,151</u> |
| Total liabilities | 3,397,007 | 4,213,379 | 8,157,208 | 8,309,850 | 11,554,215 | 12,523,229 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 9,098,847 | 8,398,414 | 5,844,408 | 6,226,197 | 14,943,255 | 14,624,611 |
| Restricted | (708,799) | (115,636) | 300,000 | 469,722 | (408,799) | 354,086 |
| Unrestricted | <u>157,144</u> | <u>1,200,074</u> | <u>1,429,636</u> | <u>684,041</u> | <u>1,586,780</u> | <u>1,884,115</u> |
| Total net assets | <u>8,547,192</u> | <u>9,482,852</u> | <u>7,574,044</u> | <u>7,379,960</u> | <u>16,121,236</u> | <u>16,862,812</u> |
| Total liabilities and net assets | \$ <u>11,944,199</u> | <u>13,696,231</u> | <u>15,731,252</u> | <u>15,689,810</u> | <u>27,675,451</u> | <u>29,386,041</u> |

The significant change in current assets for fiscal year 2007 as compared to fiscal year 2006 was the recording of a Due To amount. Current assets without the Due To amount were \$984,934. The significant change in restricted net assets for governmental activities was due to restrictions for debt service. Debt that had been restricted for in the governmental-type activities is now restricted for business-type activities.

VILLAGE OF ANGEL FIRE, NEW MEXICO

Management's Discussion and Analysis - continued
Year Ended June 30, 2007

Financial Analysis of the Village as a Whole - continued

Changes in Net Assets

Table A-2 summarizes the Village's changes in net assets for fiscal year 2007. Governmental activities during the year decreased the Village's net assets by \$935,660.

Table A-2
Changes in the Village's Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
| | FY2007 | FY2006 | FY2007 | FY2006 | FY2007 | FY2006 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 643,743 | 490,422 | 2,322,338 | 1,902,740 | 2,966,081 | 2,393,162 |
| Operating grants & contributions | 227,531 | 305,200 | - | - | 227,531 | 305,200 |
| Capital grants & contributions | 324,388 | 1,090,352 | - | - | 324,388 | 1,090,352 |
| General revenues: | | | | | | |
| Gross receipts taxes | 2,165,666 | 2,033,128 | 49,683 | 165,965 | 2,215,349 | 2,199,093 |
| Property taxes | 909,783 | 824,590 | - | - | 909,783 | 824,590 |
| Other taxes | 716,121 | 375,589 | - | - | 716,121 | 375,589 |
| Investment income | 39,767 | 67,730 | - | 5,296 | 39,767 | 73,026 |
| Other | - | (213,499) | - | 226,101 | - | 12,602 |
| Total revenues | 5,026,999 | 4,973,512 | 2,372,021 | 2,300,102 | 7,399,020 | 7,273,614 |
| Expenses: | | | | | | |
| General government | 4,393,918 | 2,704,256 | - | - | 4,393,918 | 2,704,256 |
| Public safety | 642,734 | 1,204,630 | - | - | 642,734 | 1,204,630 |
| Highways & streets | 417,627 | 178,541 | - | - | 417,627 | 178,541 |
| Culture & recreation | 45,710 | 147,351 | - | - | 45,710 | 147,351 |
| Public transportation | 273,911 | 269,337 | - | - | 273,911 | 269,337 |
| Economic & physical dev. | 5,067 | 3,964 | - | - | 5,067 | 3,964 |
| Interest on long-term debt | 183,692 | 132,503 | - | - | 183,692 | 132,503 |
| Wastewater | - | - | 601,041 | 834,395 | 601,041 | 834,395 |
| Solid waste | - | - | 686,669 | 560,161 | 686,669 | 560,161 |
| Water | - | - | 890,227 | 739,088 | 890,227 | 739,088 |
| Total expenses | 5,962,659 | 4,640,582 | 2,177,937 | 2,133,644 | 8,140,596 | 6,774,226 |
| Increase in net assets | \$ (935,660) | 332,930 | 194,084 | 166,458 | (741,576) | 499,388 |

VILLAGE OF ANGEL FIRE, NEW MEXICO

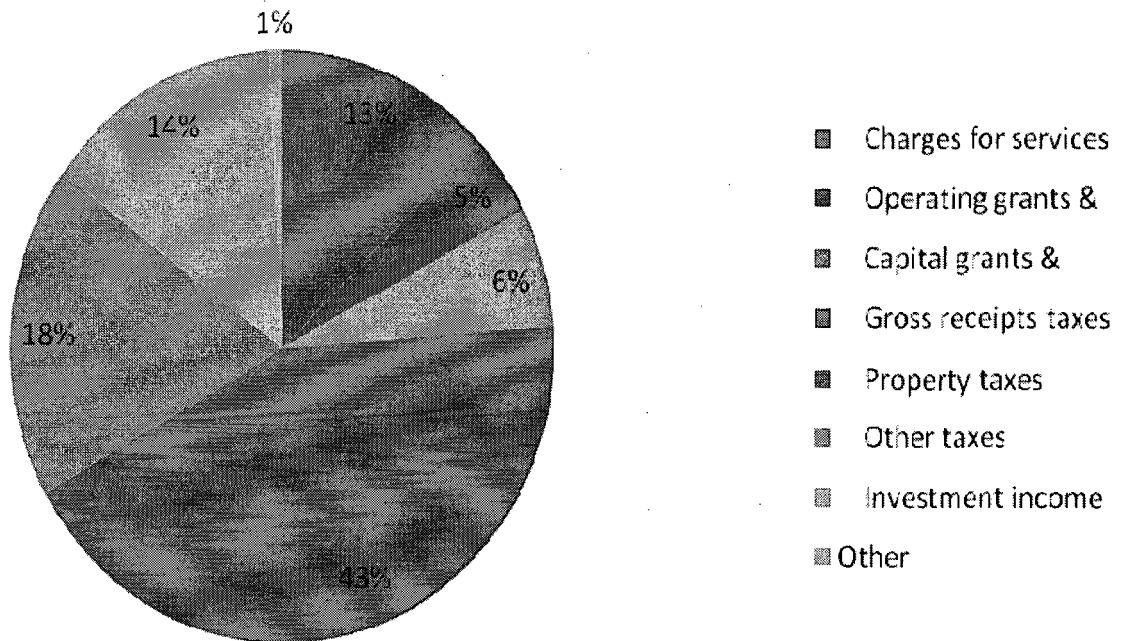
Management's Discussion and Analysis - continued
Year Ended June 30, 2007

Financial Analysis of the Village as a Whole – continued

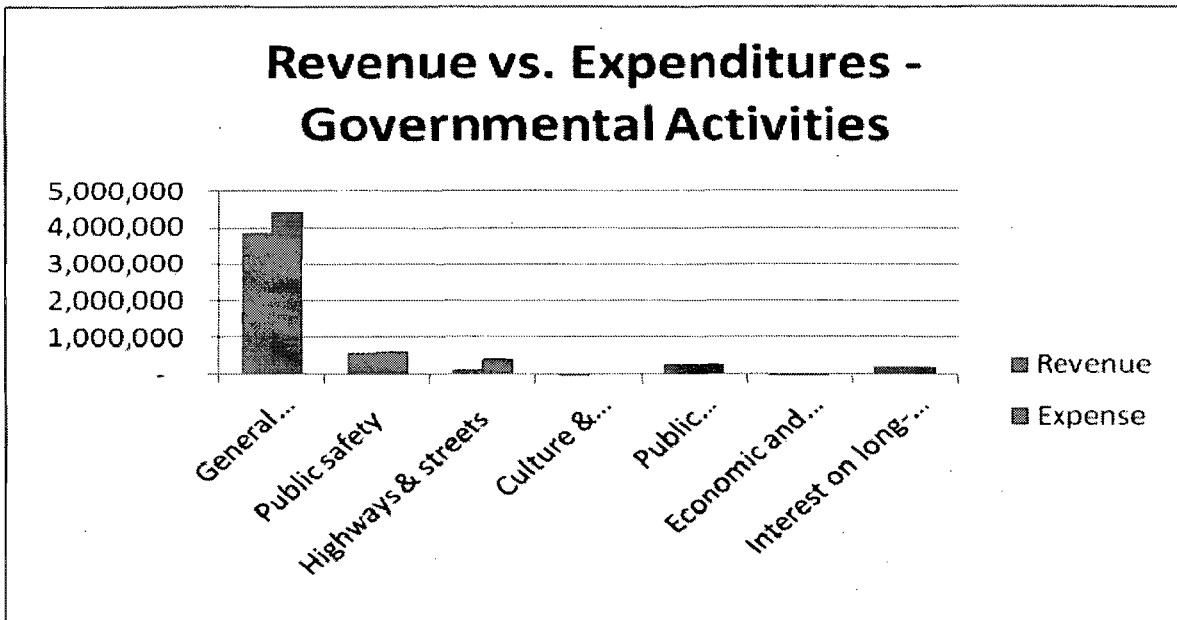
Changes in Net Assets - continued

The Village's revenues increased by 1.07% from the previous fiscal year. This was due to a banner ski season during the fiscal year. Overall revenue would have increased even more had the Village not had a significant drop in capital related grants. Total expenditures rose as new positions were filled and professional services utilized related to various capital projects initiated in the current year. Increase in street maintenance also was a factor as heavy snowfall required higher maintenance on Village roads.

Revenue by source - Governmental Activities



Financial Analysis of the Village as a Whole – continued



The Village's fiscal year 2008 capital budget calls for \$7,873,515 in capital projects, principally for the continued work on Plaza Del Sol complex, Angel Fire Trails, Special Assessment District 434 and to begin work on Back Basin Road as well as Fire Station #2. The bulk of the Village's current capital assets is in Roads, its Utility facilities and related equipment and land. The Village also had \$3,462,066 invested in ongoing capital projects including the Public Improvement and Special Assessment Districts, Plaza Del Sol and various road and trail projects.

Governmental Funds

The focus of the Village's governmental fund is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balances may serve as useful measures of government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$(515,267). Approximately 1.83% of this total constitutes unreserved general fund balances, which is available for spending at the Village's discretion. The remainder of the fund balance is reserved for debt service or is classified as unreserved but must be used on the specific items as determined by the source.

VILLAGE OF ANGEL FIRE, NEW MEXICO

Management's Discussion and Analysis - continued Year Ended June 30, 2007

Financial Analysis of the Village's Funds

Budget

As mentioned earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For the General Fund Budget, total revenues budgeted were \$3,505,551 and actual revenues received were \$3,721,922, which is a positive variance of \$216,371. This variance is mainly attributed to the collection of property taxes and GRT. The Village typically receives 95% of the current year taxed during the fiscal year with the remaining amount collected in subsequent years.

The General Fund Budgeted Expenditures had a positive variance of \$131,840. The variance is attributable to higher monitoring of general fund expenditures. Throughout the year, management reduced spending as deemed necessary to stay in line with changing GRT receipts. The Village is highly dependent on tourism for revenue generation, particularly during ski season. When snow isn't good enough to draw tourists, GRT suffers but the Village responds quickly.

Capital Assets

For fiscal year 2007, there was approximately \$1,362,606 in additions, including both governmental and business-type activities. These additions were mostly attributed to construction projects authorized by the Village. These included preparatory work on the Special Assessment and Public Improvement Districts. In addition, there were various trail, road/infrastructure improvements and vehicle purchases for fire and police departments and public works.

Debt

At year-end, the Village had approximately \$2,902,249 in bonds, notes and capital leases outstanding for governmental activities. There were new leases during 2007. These were for new pieces of equipment in various departments

Requests for Information

This financial report is designed to provide a general overview of the Village's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Supervisor located at Finance Office, 3388 Mountain View Blvd., Angel Fire, NM 87710.

FINANCIAL STATEMENTS

VILLAGE OF ANGEL FIRE, NEW MEXICO

Statement of Net Assets

AS OF JUNE 30, 2007

| | Governmental Activities | Business-type Activities | Total |
|--|-----------------------------|-----------------------------|--------------------------|
| ASSETS: | | | |
| Cash and equivalents | \$ 590,244 | 469,424 | 1,059,668 |
| Receivables: | | | |
| Taxes: | | | |
| Property | 44,675 | 6,092 | 50,767 |
| Gross receipts | 266,713 | - | 266,713 |
| Lodgers | 6,762 | - | 6,762 |
| Gas | 1,156 | - | 1,156 |
| Motor Vehicle | 8,177 | - | 8,177 |
| Franchise | 55,098 | - | 55,098 |
| Intergovernmental | 10,048 | - | 10,048 |
| Investment income | 2,061 | - | 2,061 |
| Accounts receivable, net of allowance | - | 234,719 | 234,719 |
| Restricted cash | - | 300,000 | 300,000 |
| Due from fiduciary funds | 8,308 | 20,584 | 28,892 |
| Due from (to) other funds | (1,050,139) | 1,050,139 | - |
| Capital assets, net of accumulated depreciation | <u>12,001,096</u> | <u>13,650,294</u> | <u>25,651,390</u> |
| TOTAL ASSETS | \$ <u>11,944,199</u> | <u>15,731,252</u> | <u>27,675,451</u> |
| LIABILITIES: | | | |
| Accounts payable | \$ 269,120 | 58,091 | 327,211 |
| Accrued compensation and benefits | 31,621 | 11,656 | 43,277 |
| Gross receipts tax payable | - | 43,946 | 43,946 |
| Interest payable | - | 156,819 | 156,819 |
| Deposits payable | 152,509 | - | 152,509 |
| Other liabilities | 5,120 | 62,704 | 67,824 |
| Compensated absences, due in one year | 25,000 | 18,106 | 43,106 |
| Long-term liabilities, due in one year | 477,548 | 166,810 | 644,358 |
| Noncurrent liabilities: | | | |
| Compensated absences, due in more than one year | 11,388 | - | 11,388 |
| Long-term liabilities, due in more than one year | <u>2,424,701</u> | <u>7,639,076</u> | <u>10,063,777</u> |
| TOTAL LIABILITIES | 3,397,007 | 8,157,208 | 11,554,215 |
| NET ASSETS: | | | |
| Invested in capital assets, net of related debt | 9,098,847 | 5,844,408 | 14,943,255 |
| Restricted for: | | | |
| Debt service | (708,799) | - | (708,799) |
| Grant expenditures | - | 300,000 | 300,000 |
| Customer deposits | - | - | - |
| Unrestricted | <u>157,144</u> | <u>1,429,636</u> | <u>1,586,780</u> |
| TOTAL NET ASSETS | \$ <u>8,547,192</u> | <u>7,574,044</u> | <u>16,121,236</u> |

YEAR ENDED JUNE 30, 2007

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> |
|---------------------------------------|---------------------|-----------------------------|
| PRIMARY GOVERNMENT: | | |
| GOVERNMENTAL ACTIVITIES: | | |
| General government | \$ 4,393,918 | 386,691 |
| Public safety | 642,734 | 62,707 |
| Highways and streets | 417,627 | 157,765 |
| Culture and recreation | 45,710 | 5,226 |
| Public transportation | 273,911 | 26,128 |
| Economic and physical development | 5,067 | 5,226 |
| Interest on long-term debt | <u>183,692</u> | <u>-</u> |
| TOTAL GOVERNMENTAL ACTIVITIES | 5,962,659 | 643,743 |
| BUSINESS-TYPE ACTIVITIES | | |
| Waster Water | 601,041 | 509,936 |
| Solid Waste | 686,669 | 682,867 |
| Water | <u>890,227</u> | <u>1,129,535</u> |
| TOTAL BUSINESS-TYPE ACTIVITIES | <u>2,177,937</u> | <u>2,322,338</u> |
| TOTAL PRIMARY GOVERNMENT | \$ <u>8,140,596</u> | <u>2,966,081</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Statement of Activities

| Program Revenue | | Net (Expense) Revenue and Changes in Net Assets | | |
|------------------------------------|----------------------------------|---|--------------------------|-------------|
| | | Primary Government | | |
| Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| 35,000 | 115,528 | (3,856,699) | - | (3,856,699) |
| 169,531 | 10,338 | (400,158) | - | (400,158) |
| - | - | (259,862) | - | (259,862) |
| - | - | (40,484) | - | (40,484) |
| 23,000 | 198,522 | (26,261) | - | (26,261) |
| - | - | 159 | - | 159 |
| - | - | (183,692) | - | (183,692) |
| 227,531 | 324,388 | (4,766,997) | - | (4,766,997) |
| - | - | - | (91,105) | (91,105) |
| - | - | - | (3,802) | (3,802) |
| - | - | - | 239,308 | 239,308 |
| - | - | - | 144,401 | 144,401 |
| 227,531 | 324,388 | (4,766,997) | 144,401 | (4,622,596) |
| General revenues: | | | | |
| Taxes: | | | | |
| Franchise taxes | | 157,524 | - | 157,524 |
| Gasoline taxes | | 25,530 | - | 25,530 |
| Gross receipts taxes | | 2,165,666 | 49,683 | 2,215,349 |
| Property taxes | | 909,783 | - | 909,783 |
| Lodgers taxes | | 483,022 | - | 483,022 |
| Cigarette taxes | | 3,693 | - | 3,693 |
| Motor vehicle taxes | | 46,352 | - | 46,352 |
| Interest | | 39,767 | - | 39,767 |
| Total general revenues | | 3,831,337 | 49,683 | 3,881,020 |
| Change in net assets | | (935,660) | 194,084 | (741,576) |
| Beginning net assets | | 9,482,852 | 7,379,960 | 16,862,812 |
| Ending net assets | | \$ 8,547,192 | 7,574,044 | 16,121,236 |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Balance Sheet - Governmental Funds

AS OF JUNE 30, 2007

| | Major | | | | Non-major Governmental Funds | Total Governmental Funds |
|--|-------------------|-------------------|----------------|------------------|------------------------------------|--------------------------------|
| | General | Street Project | MAP Grant | Revenue Bonds | | |
| ASSETS: | | | | | | |
| Cash and cash equivalents | \$ 196,765 | - | - | - | 393,479 | 590,244 |
| Receivables: | | | | | | |
| Taxes: | | | | | | - |
| Property | 18,418 | - | - | - | 26,257 | 44,675 |
| Gross receipts | 242,361 | 24,352 | - | - | - | 266,713 |
| Lodgers | - | - | - | - | 6,762 | 6,762 |
| Gas | - | - | - | - | 1,156 | 1,156 |
| Motor vehicle | 8,177 | - | - | - | - | 8,177 |
| Franchise | 55,098 | - | - | - | - | 55,098 |
| Intergovernmental | - | - | - | - | 10,048 | 10,048 |
| Investment income | 2,061 | - | - | - | - | 2,061 |
| Due from other funds | 7,006 | - | - | - | 989,928 | 996,934 |
| TOTAL ASSETS | \$ 529,886 | 24,352 | - | - | 1,427,630 | 1,981,868 |
| LIABILITIES AND FUND BALANCES: | | | | | | |
| LIABILITIES: | | | | | | |
| Accounts payable | \$ 109,771 | 2,406 | - | - | 156,943 | 269,120 |
| Accrued compensation and benefits | 31,621 | - | - | - | - | 31,621 |
| Deposits payable | 152,509 | - | - | - | - | 152,509 |
| Other liabilities | 349 | - | - | - | 4,771 | 5,120 |
| Due to other funds | - | 401,157 | 7,264 | 691,071 | 939,273 | 2,038,765 |
| TOTAL LIABILITIES | 294,250 | 403,563 | 7,264 | 691,071 | 1,100,987 | 2,497,135 |
| FUND BALANCES: | | | | | | |
| Reserved for debt services | - | - | - | (691,071) | (17,728) | (708,799) |
| Unreserved, undesignated reported in: | | | | | | |
| General fund | 235,636 | - | - | - | - | 235,636 |
| Special revenue funds | - | - | - | - | (4,788) | (4,788) |
| Capital projects funds | - | (379,211) | (7,264) | - | 349,159 | (37,316) |
| TOTAL FUND BALANCES | 235,636 | (379,211) | (7,264) | (691,071) | 326,643 | (515,267) |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 529,886 | 24,352 | - | - | 1,427,630 | 1,981,868 |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets

YEAR ENDED JUNE 30, 2007

Total Fund Balance - Governmental Funds
(Governmental Funds Balance Sheet) \$ (515,267)

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

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

The cost of capital assets is: 16,634,946
Accumulated depreciation is: (4,633,850)

Total capital assets 12,001,096

Long-term liabilities, including capital leases payable,
are not due and payable in the current period and, therefore,
are not reported as liabilities in the governmental funds.

Long-term and other liabilities at year end consist of:

Debt (bonds, notes and capital leases) (2,902,249)
Compensated absences payable (36,388)

Total long-term and other liabilities (2,938,637)

Net assets of governmental activities (Statement of Net Assets) \$ 8,547,192

VILLAGE OF ANGEL FIRE, NEW MEXICO

Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds

YEAR ENDED JUNE 30, 2007

| | Major | | | | Non-major Governmental Funds | Total Governmental Funds |
|--|-------------------|-------------------|------------------|------------------|------------------------------------|--------------------------------|
| | General | Street Project | MAP Grant | Revenue Bonds | | |
| REVENUES: | | | | | | |
| Taxes | \$ 3,098,073 | 209,289 | - | - | 484,209 | 3,791,571 |
| Licenses, permits, fees and fines | 155,818 | - | - | - | 147,794 | 303,612 |
| Interest | 37,546 | - | - | - | 2,221 | 39,767 |
| State Grant | 319,722 | - | - | - | 296,472 | 616,194 |
| Other | <u>136,318</u> | <u>65,320</u> | <u>95,213</u> | <u>-</u> | <u>43,280</u> | <u>340,131</u> |
| TOTAL REVENUES | 3,747,477 | 274,609 | 95,213 | - | 973,976 | 5,091,275 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | 3,482,840 | - | - | 271,533 | 153,390 | 3,907,763 |
| Public Safety | 520,888 | - | - | - | 122,941 | 643,829 |
| Highways and streets | - | 371,871 | - | - | 1,846 | 373,717 |
| Culture and recreation | - | - | - | - | 33,074 | 33,074 |
| Public transportation | - | - | - | - | 242,321 | 242,321 |
| Economic and physical development | 5,067 | - | - | - | - | 5,067 |
| Debt Service: | | | | | | |
| Principal | - | 75,973 | - | 155,231 | 1,340 | 232,544 |
| Interest and other charges | - | 27,121 | - | 148,671 | 7,900 | 183,692 |
| Capital outlay | <u>171,955</u> | <u>261,559</u> | <u>405,010</u> | <u>-</u> | <u>349,546</u> | <u>1,188,070</u> |
| TOTAL EXPENDITURES | 4,180,750 | 736,524 | 405,010 | 575,435 | 912,358 | 6,810,077 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (433,273) | (461,915) | (309,797) | (575,435) | 61,618 | (1,718,802) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Proceeds from the issuance of debt | 88,384 | - | - | - | - | 88,384 |
| Operating transfers in | - | - | - | - | - | - |
| Operating transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | 88,384 | - | - | - | - | 88,384 |
| NET CHANGE IN FUND BALANCES | (344,889) | (461,915) | (309,797) | (575,435) | 61,618 | (1,630,418) |
| BEGINNING FUND BALANCES | 580,525 | 82,704 | 302,533 | (115,636) | 265,025 | 1,115,151 |
| ENDING FUND BALANCES | \$ 235,636 | (379,211) | (7,264) | (691,071) | 326,643 | (515,267) |

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, 2007

Net Changes in Fund Balances - Total Governmental Funds
(Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ (1,630,418)

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

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 | (631,797) |
| Capital outlay | <u>1,188,070</u> |
| Excess of capital outlay over depreciation expense | 556,273 |

| | |
|--|----------|
| The issuance of long-term debt (e.g., capital leases) provides current financial resources to governmental funds, but has no effect on net assets. | (88,384) |
|--|----------|

| | |
|--|---------|
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. | 232,544 |
|--|---------|

| | |
|--|----------------|
| Accrued compensated absences are expensed under the accrual method, and not the modified accrual method. | <u>(5,675)</u> |
|--|----------------|

| | |
|---|----------------------------|
| Change in net assets of governmental activities (Statement of Activities) | \$ <u><u>(935,660)</u></u> |
|---|----------------------------|

VILLAGE OF ANGEL FIRE, NEW MEXICO

Statement of Revenues and Expenditures -
Major Governmental Funds - Budget and Actual
(Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | GENERAL FUND | | | |
|---|--------------------------|-----------------------|------------------------------|-------------------------------------|
| | Budgeted Amounts | | Actual | Variance From |
| | Original | Final | Amounts (Budgetary Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Taxes | \$ 2,966,792 | 3,045,792 | 3,098,073 | 52,281 |
| Licenses, permits, fees & fines | 367,215 | 367,215 | 266,581 | (100,634) |
| Interest | 32,000 | 32,000 | 37,546 | 5,546 |
| Grant | 36,000 | 36,000 | 35,000 | (1,000) |
| Other | <u>24,544</u> | <u>24,544</u> | <u>284,722</u> | <u>260,178</u> |
| TOTAL REVENUES | 3,426,551 | 3,505,551 | 3,721,922 | 216,371 |
| EXPENDITURES - current: | | | | |
| General government | 880,901 | 1,048,845 | 3,454,959 | (2,406,114) |
| Public safety | 850,565 | 970,136 | 502,096 | 468,040 |
| Highways and streets | 688,038 | 688,038 | - | 688,038 |
| Culture and recreation | 317,083 | 311,448 | - | 311,448 |
| Economic and physical development | 207,380 | 198,498 | 5,067 | 193,431 |
| Capital outlay | 186,450 | 196,078 | 102,363 | 93,715 |
| Debt service | <u>674,403</u> | <u>783,282</u> | <u>-</u> | <u>783,282</u> |
| TOTAL EXPENDITURES | 3,804,820 | 4,196,325 | 4,064,485 | 131,840 |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | 90,225 | 232,225 | - | (232,225) |
| Operating transfers out | <u>(222,345)</u> | <u>(116,529)</u> | <u>-</u> | <u>116,529</u> |
| TOTAL OTHER FINANCING SOURCES | <u>(132,120)</u> | <u>115,696</u> | <u>-</u> | <u>(115,696)</u> |
| NET CHANGE IN FUND BALANCE | (510,389) | (575,078) | (342,563) | 232,515 |
| FUND BALANCE, BEGINNING OF YEAR | <u>580,525</u> | <u>580,525</u> | <u>580,525</u> | <u>-</u> |
| FUND BALANCES, ENDING | \$ <u>70,136</u> | <u>5,447</u> | <u>237,962</u> | <u>232,515</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>510,389</u> | <u>575,078</u> | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (342,563) | |
| CHANGE IN: | | | | |
| Accounts payable | | | <u>(2,326)</u> | |
| GAAP CHANGE IN FUND BALANCE | | | \$ <u>(344,889)</u> | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Statement of Revenues and Expenditures -
Major Governmental Funds - Budget and Actual
(Non-GAAP Budgetary Basis) - continued

YEAR ENDED JUNE 30, 2007

| | STREET PROJECT | | | |
|---|------------------|--------|------------------------------|-------------------------------------|
| | Budgeted Amounts | | Actual | Variance From |
| | Original | Final | Amounts (Budgetary Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Taxes | \$ - | - | 209,289 | 209,289 |
| Licenses, permits and fees | - | - | - | - |
| TOTAL REVENUES | - | - | 209,289 | 209,289 |
| EXPENDITURES - current: | | | | |
| Highways and streets | - | - | 301,766 | (301,766) |
| Capital outlay | - | - | 261,559 | (261,559) |
| Debt service-interest | - | - | 27,121 | (27,121) |
| Debt service-principal | - | - | 75,973 | (75,973) |
| TOTAL EXPENDITURES | - | - | 666,419 | (666,419) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | (457,130) | (457,130) |
| FUND BALANCE, BEGINNING OF YEAR | 82,704 | 82,704 | 82,704 | - |
| FUND BALANCE, END OF YEAR | \$ 82,704 | 82,704 | (374,426) | (457,130) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (457,130) | |
| CHANGE IN: | | | | |
| Accounts payable | | | 6,459 | |
| Accounts receivable | | | (11,244) | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (461,915) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Balance Sheet - Proprietary Funds

AS OF JUNE 30, 2007

| | Major Enterprise Funds | | | Total |
|---|------------------------|------------------|------------------|-------------------|
| | Waste Water | Solid Waste | Water | |
| ASSETS: | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 34,645 | 434,779 | - | 469,424 |
| Restricted cash and investments | 219,551 | - | 80,449 | 300,000 |
| Receivables: | | | | |
| Accounts receivable, net of allowance | 57,041 | 116,622 | 61,056 | 234,719 |
| Property tax | - | 6,092 | - | 6,092 |
| Due from other funds | - | 20,584 | 1,236,823 | 1,257,407 |
| Total current assets | 311,237 | 578,077 | 1,378,328 | 2,267,642 |
| Capital assets: | | | | |
| Land and water rights | 376,475 | 49,856 | 4,684,000 | 5,110,331 |
| Plant and equipment | 9,430,865 | 1,408,800 | 8,087,637 | 18,927,302 |
| Vehicles | 5,593 | 280,280 | 145,107 | 430,980 |
| Less accumulated depreciation | (4,256,611) | (484,970) | (6,076,738) | (10,818,319) |
| Total capital assets, net of accumulated depreciation | 5,556,322 | 1,253,966 | 6,840,006 | 13,650,294 |
| TOTAL ASSETS | \$ 5,867,559 | 1,832,043 | 8,218,334 | 15,917,936 |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 14,952 | 16,145 | 26,994 | 58,091 |
| Accrued compensation and benefits | 3,159 | 3,879 | 4,618 | 11,656 |
| Gross receipts tax payable | 9,568 | 8,404 | 25,974 | 43,946 |
| Other liabilities | 1,649 | 2,215 | 58,840 | 62,704 |
| Interest payable | 97,792 | 10,422 | 48,605 | 156,819 |
| Customer deposits payable | - | - | - | - |
| Compensated absences | 6,248 | 6,414 | 5,444 | 18,106 |
| Due to other funds | 110,376 | 76,308 | - | 186,684 |
| Capital leases payable - current | 6,768 | 12,676 | 8,008 | 27,452 |
| Loans payable - current | - | 54,415 | 8,943 | 63,358 |
| Bonds payable - current | 76,000 | - | - | 76,000 |
| Total current liabilities | 326,512 | 190,878 | 187,426 | 704,816 |
| Non-current liabilities: | | | | |
| Capital leases payable | 20,142 | 33,062 | 72,721 | 125,925 |
| Loans payable | - | 980,071 | 109,080 | 1,089,151 |
| Bonds payable | 5,424,000 | - | 1,000,000 | 6,424,000 |
| Total non-current liabilities | 5,444,142 | 1,013,133 | 1,181,801 | 7,639,076 |
| TOTAL LIABILITIES | 5,770,654 | 1,204,011 | 1,369,227 | 8,343,892 |
| NET ASSETS: | | | | |
| Invested in capital assets, net of related debt | 29,412 | 173,742 | 5,641,254 | 5,844,408 |
| Restricted for: | | | | |
| Debt service | - | - | - | - |
| Grant expenditures | 219,551 | - | 80,449 | 300,000 |
| Customer deposits | - | - | - | - |
| Unrestricted | (152,058) | 454,290 | 1,127,404 | 1,429,636 |
| TOTAL NET ASSETS | \$ 96,905 | 628,032 | 6,849,107 | 7,574,044 |
| TOTAL LIABILITIES AND NET ASSETS | 5,867,559 | 1,832,043 | 8,218,334 | 15,917,936 |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Statement of Revenues, Expenses and Changes
in Fund Net Assets - Proprietary Funds

AS OF JUNE 30, 2007

| | Major Enterprise Funds | | | Total |
|--|------------------------|----------------|------------------|------------------|
| | Waste Water | Solid Waste | Water | |
| OPERATING REVENUES: | | | | |
| Sales and services | \$ 509,936 | 682,867 | 1,129,535 | 2,322,338 |
| Operating expenses: | | | | |
| Operating expenses | 211,798 | 549,837 | 557,789 | 1,319,424 |
| Depreciation | <u>291,451</u> | <u>129,723</u> | <u>248,833</u> | <u>670,007</u> |
| Total operating expenses | <u>503,249</u> | <u>679,560</u> | <u>806,622</u> | <u>1,989,431</u> |
| OPERATING (LOSS) INCOME | 6,687 | 3,307 | 322,913 | 332,907 |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| Gross receipts tax | - | 49,683 | - | 49,683 |
| Interest income | - | - | - | - |
| Interest expense | (97,792) | (7,109) | (83,605) | (188,506) |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| Other income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | <u>(97,792)</u> | <u>42,574</u> | <u>(83,605)</u> | <u>(138,823)</u> |
| NET (LOSS) INCOME | (91,105) | 45,881 | 239,308 | 194,084 |
| BEGINNING NET ASSETS | <u>188,010</u> | <u>582,151</u> | <u>6,609,799</u> | <u>7,379,960</u> |
| ENDING NET ASSETS | \$ <u>96,905</u> | <u>628,032</u> | <u>6,849,107</u> | <u>7,574,044</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Statement of Cash Flows - Proprietary Funds

AS OF JUNE 30, 2007

| | Major Enterprise Funds | | | Total |
|---|------------------------|-------------|-----------|-------------|
| | Waste Water | Solid Waste | Water | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from customers | \$ 422,223 | 576,610 | 1,126,404 | 2,125,237 |
| Cash payments to vendors and employees | (138,269) | (485,204) | (578,403) | (1,201,876) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 283,954 | 91,406 | 548,001 | 923,361 |
| CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Gross receipts tax revenue | - | 49,683 | - | 49,683 |
| Due to/due from | 91,375 | 55,724 | (665,982) | (518,883) |
| NET CASH PROVIDED (USED) BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES | 91,375 | 105,407 | (665,982) | (469,200) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Purchase of capital assets | (112,908) | (61,628) | - | (174,536) |
| Bond Proceeds | - | 50,000 | - | 50,000 |
| Principal payment on bonds | (3,828) | (52,686) | (8,919) | (65,433) |
| Principal payment on loans | - | - | - | - |
| Principal payment on capital leases | (74,000) | (12,676) | (11,573) | (98,249) |
| Interest payment on bonds, loans and leases | (97,792) | (7,109) | (83,605) | (188,506) |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | (288,528) | (84,099) | (104,097) | (476,724) |
| NET (DECREASE) INCREASE IN CASH | 86,801 | 112,714 | (222,078) | (22,563) |
| BEGINNING CASH | 167,395 | 322,065 | 302,527 | 791,987 |
| ENDING CASH | \$ 254,196 | 434,779 | 80,449 | 769,424 |

Statement of Cash Flows - Proprietary Funds - continued

AS OF JUNE 30, 2007

| | Major Enterprise Funds | | | Total |
|---|------------------------|---------------|----------------|----------------|
| | Waste Water | Solid Waste | Water | |
| OPERATING INCOME | \$ 6,687 | 3,307 | 322,913 | 332,907 |
| ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS: | | | | |
| Depreciation expense | 291,451 | 129,723 | 248,833 | 670,007 |
| Bad debt expense | 57,647 | 46,754 | 45,703 | 150,104 |
| CHANGES IN ASSETS AND LIABILITIES: | | | | |
| Accounts receivable | (55,061) | (114,395) | (46,728) | (216,184) |
| Accounts payable | 503 | 3,113 | 10,692 | 14,308 |
| Accrued expenses | (17,273) | 22,904 | (33,412) | (27,781) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>283,954</u> | <u>91,406</u> | <u>548,001</u> | <u>923,361</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Statement of Fiduciary Assets and Liabilities - Agency Funds

YEAR ENDED JUNE 30, 2007

ASSETS:

| | | |
|---------------------|----|---------------|
| Cash | \$ | 12,547 |
| Accounts receivable | | <u>24,762</u> |

| | | |
|---------------------|----|----------------------|
| TOTAL ASSETS | \$ | <u><u>37,309</u></u> |
|---------------------|----|----------------------|

LIABILITIES:

| | | |
|---------------------------|----|---------------|
| Due to others | \$ | 8,417 |
| Due to governmental funds | | 8,308 |
| Due to proprietary funds | | <u>20,584</u> |

| | | |
|--------------------------|----|----------------------|
| TOTAL LIABILITIES | \$ | <u><u>37,309</u></u> |
|--------------------------|----|----------------------|

NATURE OF ORGANIZATION

The Village of Angel Fire, New Mexico (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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- **Financial Reporting Entity**

The financial statements for the Village have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. 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, 2007.

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**• 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 non-operating 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 non-exchange 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 non-exchange 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 10th and April 10th. The 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 non-exchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**• Financial Reporting Entity - continued**

Government-mandated non-exchange transactions and voluntary non-exchange 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.

• Basis of Presentation - Fund Accounting

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).

Revenue Bonds - is a debt service fund used to account for monies received through monthly distributions of the State-Shared Gross Receipts Tax Revenues, pursuant to Section 7-6-6.4 NMSA 1978, to serve as the revenues pledged to re-pay the revenue bonds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

• **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:

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.

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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Financial Reporting Entity - continued**

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

- **Cash and Investments**

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

- **Investments**

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.

- **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 their 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 high limits that must be met before they are capitalized.

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 |

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

- **Capital Assets - continued**

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

| | |
|------------------|--------------|
| 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.

- **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.

- **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.

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

- **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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

• **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.

• **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.

• **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.

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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

• **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.

2. **CASH AND INVESTMENTS**

• **Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, 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, 2007, the Village's bank balances of \$1,207,415 consisted of the following:

| | |
|---|-------------------|
| Uninsured and collateral held by pledging bank's trust department not in the Village's name | \$ <u>879,530</u> |
| Uninsured and uncollateralized | \$ <u>590,972</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. Effective October 3, 2008, the FDIC coverage increased to \$250,000 through December 12, 2012. 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.

• **Concentration of Credit Risk - Investments**

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.

2. **CASH AND INVESTMENTS - continued**

• **Concentration of Credit Risk – Investments - continued**

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 6-1 0-1 0 I through 6-1 0-1 0 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 – Investments**

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.

3. **ACCOUNTS RECEIVABLE – PROPRIETY 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, 2007:

| | |
|--------------------------------------|-------------------|
| Accounts receivable | \$ 954,190 |
| Allowance for uncollectible accounts | <u>(719,471)</u> |
| | <u>\$ 234,719</u> |

4. CAPITAL ASSETS

Capital asset activity for the year was as follows:

| <u>Governmental Activities</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 563,146 | - | - | 563,146 |
| Land - right of way | 2,622,459 | - | - | 2,622,459 |
| Construction in progress | <u>2,489,825</u> | <u>972,241</u> | <u>-</u> | <u>3,462,066</u> |
| Total capital assets not being depreciated | 5,675,430 | 972,241 | - | 6,647,671 |
| Capital assets being depreciated: | | | | |
| Buildings | 2,271,663 | - | - | 2,271,663 |
| Software | 243,601 | 20,382 | - | 263,983 |
| Vehicles | 1,122,677 | 99,052 | - | 1,221,729 |
| Vehicles under capital lease | 617,215 | - | - | 617,215 |
| Equipment under capital lease | - | 88,384 | - | 88,384 |
| Machinery and equipment | 1,122,779 | 8,011 | - | 1,130,790 |
| Infrastructure | <u>4,393,511</u> | <u>-</u> | <u>-</u> | <u>4,393,511</u> |
| Total capital assets being depreciated | <u>9,771,446</u> | <u>215,829</u> | <u>-</u> | <u>9,987,275</u> |
| Total capital assets | 15,446,876 | 1,188,070 | - | 16,634,946 |
| Less accumulated depreciation for: | | | | |
| Buildings | (369,782) | (90,866) | - | (460,648) |
| Software | (104,667) | (68,193) | - | (172,860) |
| Vehicles | (896,116) | (88,183) | - | (984,299) |
| Vehicles under capital lease | (495,363) | (42,376) | - | (537,739) |
| Equipment under capital lease | - | (12,626) | - | (12,626) |
| Machinery and equipment | (496,794) | (157,350) | - | (654,144) |
| Infrastructure | <u>(1,639,331)</u> | <u>(172,203)</u> | <u>-</u> | <u>(1,811,534)</u> |
| Total accumulated depreciation | <u>(4,002,053)</u> | <u>(631,797)</u> | <u>-</u> | <u>(4,633,850)</u> |
| Total capital assets being depreciated, net | <u>5,769,393</u> | <u>(415,968)</u> | <u>-</u> | <u>5,353,425</u> |
| Governmental activities capital assets, net | \$ <u>11,444,823</u> | <u>556,273</u> | <u>-</u> | <u>12,001,096</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Notes to Financial Statement - continued

4. CAPITAL ASSETS - continued

| <u>Business-type Activities</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 860,331 | - | - | 860,331 |
| Water rights | <u>4,250,000</u> | <u>-</u> | <u>-</u> | <u>4,250,000</u> |
| Total capital assets not being depreciated | 5,110,331 | - | - | 5,110,331 |
| Capital assets being depreciated: | | | | |
| Plant and system | 18,611,198 | 112,908 | - | 18,724,106 |
| Equipment | 193,871 | 9,325 | - | 203,196 |
| Vehicles | <u>378,677</u> | <u>52,303</u> | <u>-</u> | <u>430,980</u> |
| Total capital assets being depreciated | <u>19,183,746</u> | <u>174,536</u> | <u>-</u> | <u>19,358,282</u> |
| Total capital assets | 24,294,077 | 174,536 | - | 24,468,613 |
| Less accumulated depreciation for: | | | | |
| Plant and system | (9,879,057) | (589,949) | - | (10,469,006) |
| Equipment | (19,473) | (37,215) | - | (56,688) |
| Vehicles | <u>(249,782)</u> | <u>(42,843)</u> | <u>-</u> | <u>(292,625)</u> |
| Total accumulated depreciation | <u>(10,148,312)</u> | <u>(670,007)</u> | <u>-</u> | <u>(10,818,319)</u> |
| Total capital assets being depreciated, net | <u>9,035,434</u> | <u>(495,471)</u> | <u>-</u> | <u>8,539,963</u> |
| Business-type activities capital assets, net | \$ <u>14,145,765</u> | <u>(495,471)</u> | <u>-</u> | <u>13,650,294</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Notes to Financial Statements – continued

4. CAPITAL ASSETS - continued

Depreciation expense was charged to functions of the primary government as follows:

| | | | |
|----------------------------|--|----|----------------|
| Governmental activities: | | | |
| General government | | \$ | 480,165 |
| Public safety | | | 63,180 |
| Highways and streets | | | 44,226 |
| Culture and recreation | | | 12,636 |
| Public transportation | | | <u>31,590</u> |
| | | \$ | <u>631,797</u> |
| Business-type activities: | | | |
| Waste water | | \$ | 291,451 |
| Solid waste | | | 129,723 |
| Water | | | <u>248,833</u> |
| Total depreciation expense | | \$ | <u>670,007</u> |

5. LONG-TERM OBLIGATIONS – GOVERNMENTAL ACTIVITIES

During the year ended June 30, 2007, the following changes occurred:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|----------------------|------------------------------|------------------|------------------|---------------------------|------------------------------------|
| Loans payable | \$ 980,465 | - | (83,893) | 896,572 | 85,287 |
| Bonds payable | 1,538,171 | - | (80,083) | 1,458,088 | 81,953 |
| Capital leases | 527,773 | 88,384 | (68,568) | 547,589 | 310,308 |
| Compensated absences | <u>30,713</u> | <u>18,194</u> | <u>(12,519)</u> | <u>36,388</u> | <u>25,000</u> |
| Total | \$ <u>3,077,122</u> | <u>106,578</u> | <u>(245,063)</u> | <u>2,938,637</u> | <u>502,548</u> |

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.

5. LONG-TERM OBLIGATIONS – GOVERNMENTAL ACTIVITIES - continued

• **Loans Payable**

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

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|------------------|----------|---------------|
| 2008 | \$ 7,920 | - | 7,920 |
| 2009 | <u>7,940</u> | <u>-</u> | <u>7,940</u> |
| Totals | \$ <u>15,860</u> | <u>-</u> | <u>15,860</u> |

On August 6, 2004, the Village obtained a loan from the New Mexico Finance Authority in the amount of \$1,105,557 with an interest rate of 3.53% 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 |
|-------------------------|-------------------|----------------|------------------|
| 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 | 85,678 | 18,693 | 104,371 |
| 2013 – 2017 | <u>474,432</u> | <u>50,897</u> | <u>525,329</u> |
| Totals | \$ <u>880,712</u> | <u>164,387</u> | <u>1,045,099</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.

5. LONG-TERM OBLIGATIONS – GOVERNMENTAL ACTIVITIES - continued

• Bonds Payable - continued

1997 Rural Utilities Service Bonds:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|----------------|------------------|
| 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 | 11,000 | 29,350 | 40,350 |
| 2013 – 2017 | 67,000 | 137,650 | 204,650 |
| 2018 – 2022 | 85,000 | 119,250 | 204,250 |
| 2023 – 2027 | 110,000 | 95,500 | 205,500 |
| 2028 – 2032 | 138,000 | 65,350 | 203,350 |
| 2033 - 2037 | <u>176,000</u> | <u>27,150</u> | <u>203,150</u> |
| Totals | \$ <u>627,000</u> | <u>596,800</u> | <u>1,223,800</u> |

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 |
|-------------------------|-------------------|---------------|----------------|
| 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 | 45,000 | 4,252 | 49,252 |
| 2013 | <u>50,000</u> | <u>2,250</u> | <u>52,250</u> |
| Totals | \$ <u>235,000</u> | <u>39,405</u> | <u>274,405</u> |

5. LONG-TERM OBLIGATIONS – GOVERNMENTAL ACTIVITIES - continued

• **Bonds Payable - continued**

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 |
|-------------------------|-------------------|----------------|----------------|
| 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 | 51,321 | 17,978 | 69,299 |
| 2013 – 2017 | 293,838 | 52,657 | 346,495 |
| 2018 | <u>67,029</u> | <u>2,271</u> | <u>69,300</u> |
| Totals | \$ <u>596,088</u> | <u>166,202</u> | <u>762,290</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.

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

VILLAGE OF ANGEL FIRE, NEW MEXICO

Notes to Financial Statements – continued

5. LONG-TERM OBLIGATIONS – GOVERNMENTAL ACTIVITIES - continued

• Capital Leases - continued

The future requirements for capital leases are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|---------------|----------------|
| 2008 | \$ 289,890 | 20,418 | 310,308 |
| 2009 | 48,838 | 13,163 | 62,001 |
| 2010 | 50,951 | 10,230 | 61,181 |
| 2011 | 157,910 | 3,568 | 161,478 |
| 2012 | - | - | - |
| Totals | \$ <u>547,589</u> | <u>47,379</u> | <u>594,968</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 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 |

6. LONG-TERM DEBT – ENTERPRISE FUNDS

Business-type activities:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|----------------------|----------------------|---------------|------------------|-------------------|---------------------------|
| Loans payable | \$ 1,164,115 | 50,000 | (61,606) | 1,152,509 | 63,358 |
| Bonds payable | 6,574,000 | - | (74,000) | 6,500,000 | 76,000 |
| Capital leases | 181,453 | - | (28,076) | 153,377 | 27,452 |
| Compensated absences | <u>12,461</u> | <u>18,106</u> | <u>(12,461)</u> | <u>18,106</u> | <u>18,106</u> |
| Total | \$ <u>7,932,029</u> | <u>68,106</u> | <u>(176,143)</u> | <u>7,823,992</u> | <u>184,916</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Notes to Financial Statements – continued

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 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 |
|-------------------------|-------------------|----------|----------------|
| 2008 | \$ 8,943 | - | 8,943 |
| 2009 | 8,965 | - | 8,965 |
| 2010 | 8,988 | - | 8,988 |
| 2011 | 9,010 | - | 9,010 |
| 2012 | 9,033 | - | 9,033 |
| 2013 – 2017 | 45,505 | - | 45,505 |
| 2018 – 2020 | <u>27,579</u> | - | <u>27,579</u> |
| Totals | \$ <u>118,023</u> | <u>-</u> | <u>118,023</u> |

The future requirements for the transfer station are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|----------------|------------------|
| 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 | 62,564 | 30,500 | 93,064 |
| 2013 – 2017 | 352,196 | 115,683 | 467,879 |
| 2018 – 2021 | <u>340,485</u> | <u>37,375</u> | <u>377,860</u> |
| Totals | \$ <u>984,486</u> | <u>325,062</u> | <u>1,309,548</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Notes to Financial Statements – continued

6. LONG-TERM DEBT – ENTERPRISE FUNDS - continued

• **Loans Payable**

On April 6, 2007, the Village obtained a loan from the New Mexico Finance Authority in the amount of \$50,000 for the purchase of a grapple truck. The future requirements for the loan are as follows:

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|------------------|-----------------|---------------|
| 2008 | \$ 9,304 | 1,812 | 11,116 |
| 2009 | 9,637 | 1,385 | 11,022 |
| 2010 | 9,984 | 1,063 | 11,047 |
| 2011 | 10,348 | 725 | 11,073 |
| 2012 | 10,727 | 372 | 11,099 |
| 2013 – 2017 | <u>-</u> | <u>-</u> | <u>-</u> |
| Totals | \$ <u>50,000</u> | <u>5,357</u> | <u>55,357</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.

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

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|------------------|------------------|
| 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 | 46,000 | 122,835 | 168,835 |
| 2013 – 2017 | 265,000 | 579,215 | 844,215 |
| 2018 – 2022 | 335,000 | 509,913 | 844,913 |
| 2023 – 2027 | 421,000 | 422,560 | 843,560 |
| 2028 – 2032 | 531,000 | 312,598 | 843,598 |
| 2033 - 2037 | 671,000 | 173,850 | 844,850 |
| 2038 - 2039 | <u>317,000</u> | <u>22,800</u> | <u>339,800</u> |
| Totals | \$ <u>2,750,000</u> | <u>2,655,061</u> | <u>5,405,061</u> |

6. LONG-TERM DEBT – ENTERPRISE FUNDS - continued

• Bonds Payable - continued

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 are payable as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|------------------|------------------|
| 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 | 46,000 | 122,835 | 168,835 |
| 2013 – 2017 | 265,000 | 579,215 | 844,215 |
| 2018 – 2022 | 335,000 | 509,913 | 844,913 |
| 2023 – 2027 | 421,000 | 422,560 | 843,560 |
| 2028 – 2032 | 531,000 | 312,598 | 843,598 |
| 2033 - 2037 | 671,000 | 173,850 | 844,850 |
| 2038 - 2039 | <u>317,000</u> | <u>22,800</u> | <u>339,800</u> |
| Totals | \$ <u>2,750,000</u> | <u>2,655,061</u> | <u>5,405,061</u> |

6. LONG-TERM DEBT – ENTERPRISE FUNDS - continued

• **Bonds Payable - 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 |
|-------------------------|---------------------|----------------|------------------|
| 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 | 35,000 | 64,575 | 99,575 |
| 2013 – 2017 | 210,000 | 282,450 | 492,450 |
| 2018 – 2022 | 290,000 | 194,950 | 484,950 |
| 2023 – 2027 | <u>405,000</u> | <u>75,075</u> | <u>480,075</u> |
| Totals | \$ <u>1,000,000</u> | <u>892,850</u> | <u>1,892,850</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 |
|-------------------------|-------------------|---------------|----------------|
| 2008 | \$ 27,452 | 5,877 | 33,329 |
| 2009 | 48,217 | 4,311 | 52,528 |
| 2009 | <u>77,708</u> | <u>1,150</u> | <u>78,858</u> |
| Totals | \$ <u>153,377</u> | <u>11,338</u> | <u>164,715</u> |

7. INTERFUND BALANCES

Interfund balances at June 30, 2007 consisted of the following:

| | Due From Other Funds |
|---|---------------------------------|
| Due from the Street Project Fund to the: | |
| Public Safety Fund | \$ <u>401,157</u> |
| Due to the Water Fund from the: | |
| FEMA Fund | \$ 130,611 |
| Fire Protection Fund | 1,340 |
| Public Works Fund | 66,695 |
| Teen Court Fund | 8,314 |
| Transportation Fund | 236,157 |
| Community Center Fund | 338,805 |
| Lagoon Cleanup Fund | 128,872 |
| Transit Fund | 2,851 |
| Capital Building Projects Fund | 7,900 |
| Revenue Bond Fund | <u>315,278</u> |
| Total due to the Water Fund | \$ <u>1,236,823</u> |
| Due to the Lodgers Tax Reserve Fund from the: | |
| Revenue Bond Fund | \$ <u>235,642</u> |
| Due to the Community Center Fund from the: | |
| Revenue Bond Fund | \$ 140,151 |
| Ambulance Service Fund | 17,728 |
| MAP Grant Fund | 7,264 |
| Solid Waste Fund | <u>32,781</u> |
| Total due to the Community Center Fund | \$ <u>197,924</u> |
| Due to the Lagoon Cleanup Fund from the: | |
| Solid Waste Fund | \$ 43,527 |
| Waste Water Fund | <u>60,972</u> |
| Total due to the Lagoon Cleanup Fund | \$ <u>104,499</u> |
| Due to the General Fund from the: | |
| Waste Water Fund | \$ <u>7,006</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Notes to Financial Statements – continued

7. INTERFUND BALANCES - continued

| | Due From Other Funds |
|--|-------------------------|
| Due to the Solid Waste Fund from the: | |
| Agency Fund – Motor Vehicle | \$ <u>20,584</u> |
| Due to the Recreation Fund from the: | |
| Waste Water Fund | \$ <u>275</u> |
| Due to the Transportation Fund from the: | |
| Waste Water Fund | \$ 42,123 |
| Agency Fund – Motor Vehicle | <u>8,308</u> |
| Total due to the Transportation Fund | \$ <u>50,431</u> |

The due to/due from balances have been caused by negative cash balances at year-end. All balances are expected to be repaid within one year.

8. DEFICIT FUND BALANCE

The following funds had deficit fund balances at June 30, 2007:

| | |
|----------------------------|---------------------|
| Street Project Fund | \$ 379,211 |
| Map Grant Fund | 7,264 |
| FEMA | 129,455 |
| Public Works | 64,801 |
| Teen Court | 8,314 |
| Transportation | 186,554 |
| Community Center | 164,979 |
| Fire Department | 12,506 |
| Lagoon Cleanup | 115,526 |
| Transit Facility | 2,851 |
| Capital Building Watertank | 7,900 |
| Reserve Bonds | 691,071 |
| Ambulance Service | <u>17,728</u> |
| | \$ <u>1,788,160</u> |

The Village is in the process of researching the negative balances. They hope to correct the fund balances in the year ending June 30, 2008.

9. 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.

10. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

• **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 benefits, 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 for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA’s website at www.pera.state.nm.us.

• **Funding Policy**

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 has elected under Section 10-11-5 NMSA 1978 to be responsible for making contributions of up to 75% of its employees’ member contributions. Plan members are required to contribute 9.15%, and police members are required to contribute 12.35%, of their gross salary. The Village is required to make a matching contribution of 9.15% for plan members and 18.5% for police members. The Village’s contribution to PERA for the years ended June 30, 2007, 2006 and 2005 was \$215,091, \$178,484 and \$162,452, 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.

11. POSTEMPLOYMENT HEALTH CARE PLAN

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

12. 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 participate 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.

13. COMMITMENTS AND 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 have 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, 2007, management estimates that no material liabilities will result from such audits.

• **Operating Leases**

The Village is committed under several leases for various building and equipment rentals. These leases are considered for accounting purposes to be operating leases and are not reflected in the Village's liabilities at June 30, 2007. The following is a schedule by years of future minimum lease payments under operating leases that have initial or remaining non-cancelable terms in excess of one year as of June 30, 2007:

| | | |
|---------------------|----|-----------------------|
| 2008 | \$ | 58,914 |
| 2009 | | 44,277 |
| 2010 | | 11,166 |
| 2011 | | 6,541 |
| 2012 | | 5,000 |
| 2013 and thereafter | | <u>15,000</u> |
| | \$ | <u><u>140,898</u></u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Notes to Financial Statements – continued

14. BUDGET OVERAGES

The Village incurred overages due to expenditures that exceeded final budget, and all budgets were not prepared. See Findings 03-2 and 03-6.

| | | | | | |
|---------------------|------------|--------------------|------------|----------------------|------------|
| Street Project | \$ 666,419 | Public Works | \$ 1,846 | Lagoon Cleanup | \$ 24,373 |
| USDA Air Burner | \$ 1,657 | Teen Court | \$ 1,000 | Cap. Bldg. Watertank | \$ 7,900 |
| FEMA | \$ 65,431 | Transp–Wlfr to Wrk | \$ 1,020 | Revenue Bond | \$ 156,792 |
| Fire Protection | \$ 22,172 | Community Center | \$ 137,173 | Water | \$ 91,936 |
| Law Enforcement | \$ 1,995 | Fire Donations | \$ 44,849 | Highway | \$ 71,795 |
| Lodgers Tax Reserve | \$ 10,999 | MAP | \$ 405,010 | | |

15. SUBSEQUENT EVENTS

In June of 2007, the Village issued \$2,855,664 in special assessment 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. The Village made the first draw on this loan in July 2007.

Subsequent to June 30, 2007, the Village entered into the following transactions:

- 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 September 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 first draw on this loan was in July 2007.

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

SUPPLEMENTARY INFORMATION

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS:

- **Corrections**

To establish an additional source of funds for municipalities to offset the costs of corrections. The source of funds is a \$5.00 fee which must be paid by all persons violating laws relating to 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 is 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**

The public works fund is used to account for gasoline taxes and state grant money used for the construction and maintenance of streets. 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.

NON-MAJOR FUNDS - continued

SPECIAL REVENUE FUNDS - continued:

- **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 NMSA 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.

- **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**

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.

- **Capital Building Water Tank**

Pursuant to Resolution number 2007-67, to account for money collected for the construction and/or replacement of the four water tanks that provide water to the condominium area, as well as the water line that extends to US 64.

NON-MAJOR FUNDS - continued

CAPITAL PROJECTS FUNDS - continued:

- **434 Infrastructure**

To account for money collected from Special Assessment District(s) to provide necessary infrastructure to those areas identified in the proposed Public Improvement District application and other areas throughout the Village. This was passed and approved by the Village council on January 26, 2007 with Resolution 2007-06.

DEBT SERVICE FUNDS:

- **Ambulance Service**

To account for the accumulation of Village resources and payment of the Village of Angel Fire, New Mexico Gross Receipts Tax Revenue Bonds, Series 2008B (Ambulance Acquisition), general long-term debt principal, interest and related costs. This fund was passed, adopted and approved by the Village Council on May 20, 2008 with Village Resolution 2008-26.

AGENCY FUNDS:

- **Motor Vehicle Fund**

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

- **Municipal Court Fund**

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

AS OF JUNE 30, 2007

| | <u>Corrections</u> | <u>USDA Air Burner</u> | <u>FEMA</u> | <u>Emergency Medical Services</u> | <u>Fire Protection</u> |
|--|------------------------|----------------------------|-------------------------|---|----------------------------|
| ASSETS: | | | | | |
| Cash and investments | \$ 6,743 | 61,893 | - | 17,054 | 98,232 |
| Receivables: | | | | | |
| Taxes: | | | | | |
| Property tax | - | - | - | - | - |
| Gross receipts tax | - | - | - | - | - |
| Lodgers tax | - | - | - | - | - |
| Gas tax | - | - | 1,156 | - | - |
| Intergovernmental | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| TOTAL ASSETS | \$ <u>6,743</u> | <u>61,893</u> | <u>1,156</u> | <u>17,054</u> | <u>98,232</u> |
| LIABILITIES AND FUND BALANCES: | | | | | |
| LIABILITIES: | | | | | |
| Accounts payable | \$ - | - | - | - | 7,578 |
| Other liabilities | - | - | - | - | - |
| Due to other funds | - | - | 130,611 | - | 1,340 |
| TOTAL LIABILITIES | - | - | 130,611 | - | 8,918 |
| FUND BALANCES: | | | | | |
| Reserved for debt service | - | - | - | - | - |
| Unreserved, undesignated: | | | | | |
| Special revenue | 6,743 | 61,893 | (129,455) | 17,054 | 89,314 |
| Capital projects | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>6,743</u> | <u>61,893</u> | <u>(129,455)</u> | <u>17,054</u> | <u>89,314</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ <u>6,743</u> | <u>61,893</u> | <u>1,156</u> | <u>17,054</u> | <u>98,232</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Combining Balance Sheet -
Non-major Funds

SPECIAL REVENUE FUNDS

| <u>Law Enforcement Protection</u> | <u>Lodgers Tax Reserve</u> | <u>Public Works</u> | <u>Recreation</u> | <u>Teen Court</u> | <u>Transportation</u> | <u>Transportation - Welfare to Work</u> |
|---|--------------------------------|-------------------------|-------------------|-----------------------|-----------------------|---|
| 23,365 | 102,619 | - | 4,757 | - | - | 11,164 |
| - | - | 1,894 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 6,762 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 7,428 | 2,620 |
| - | <u>235,642</u> | - | <u>275</u> | - | <u>50,431</u> | - |
| <u>23,365</u> | <u>345,023</u> | <u>1,894</u> | <u>5,032</u> | - | <u>57,859</u> | <u>13,784</u> |
| - | 624 | - | - | - | 3,588 | - |
| - | - | - | - | - | 4,668 | 103 |
| - | - | <u>66,695</u> | - | <u>8,314</u> | <u>236,157</u> | - |
| - | 624 | 66,695 | - | 8,314 | 244,413 | 103 |
| - | - | - | - | - | - | - |
| 23,365 | 344,399 | (64,801) | 5,032 | (8,314) | (186,554) | 13,681 |
| - | - | - | - | - | - | - |
| <u>23,365</u> | <u>344,399</u> | <u>(64,801)</u> | <u>5,032</u> | <u>(8,314)</u> | <u>(186,554)</u> | <u>13,681</u> |
| <u>23,365</u> | <u>345,023</u> | <u>1,894</u> | <u>5,032</u> | - | <u>57,859</u> | <u>13,784</u> |

AS OF JUNE 30, 2007

SPECIAL REVENUE FUNDS

| | <u>Community Center</u> | <u>Fire Donations</u> | <u>EMS Donations</u> | <u>Total Special Revenue</u> |
|--|-----------------------------|---------------------------|--------------------------|----------------------------------|
| ASSETS: | | | | |
| Cash and investments | \$ - | 17,396 | 340 | 343,563 |
| Receivables: | | | | |
| Taxes: | | | | |
| Property tax | - | - | - | 1,894 |
| Gross receipts tax | - | - | - | - |
| Lodgers tax | - | - | - | 6,762 |
| Gas tax | - | - | - | 1,156 |
| Intergovernmental | - | - | - | 10,048 |
| Due from other funds | <u>197,924</u> | <u>-</u> | <u>-</u> | <u>484,272</u> |
| TOTAL ASSETS | \$ <u>197,924</u> | <u>17,396</u> | <u>340</u> | <u>847,695</u> |
| LIABILITIES AND FUND BALANCES: | | | | |
| LIABILITIES: | | | | |
| Accounts payable | \$ 24,098 | 29,902 | - | 65,790 |
| Other liabilities | - | - | - | 4,771 |
| Due to other funds | <u>338,805</u> | <u>-</u> | <u>-</u> | <u>781,922</u> |
| TOTAL LIABILITIES | 362,903 | 29,902 | - | 852,483 |
| FUND BALANCES: | | | | |
| Reserved for debt service | - | - | - | - |
| Unreserved, undesignated: | | | | |
| Special revenue | (164,979) | (12,506) | 340 | (4,788) |
| Capital projects | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL FUND BALANCES | <u>(164,979)</u> | <u>(12,506)</u> | <u>340</u> | <u>(4,788)</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ <u>197,924</u> | <u>17,396</u> | <u>340</u> | <u>847,695</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Combining Balance Sheet -
Non-major Funds - continued

| CAPITAL PROJECTS FUNDS | | | | | |
|---------------------------------------|---------------------------|-----------------------------|---------------------------------------|-------------------------------|---------------------------------------|
| <u>Public Safety Building</u> | <u>Lagoon Cleanup</u> | <u>Transit Facility</u> | <u>Capital Building Watertank</u> | <u>HWY 434 Assessment</u> | <u>Total Capital Projects</u> |
| 525 | - | - | - | 49,391 | 49,916 |
| 24,363 | - | - | - | - | 24,363 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>401,157</u> | <u>104,499</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>505,656</u> |
| <u>426,045</u> | <u>104,499</u> | <u>-</u> | <u>-</u> | <u>49,391</u> | <u>579,935</u> |
| - | 91,153 | - | - | - | 91,153 |
| - | - | - | - | - | - |
| <u>-</u> | <u>128,872</u> | <u>2,851</u> | <u>7,900</u> | <u>-</u> | <u>139,623</u> |
| - | 220,025 | 2,851 | 7,900 | - | 230,776 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>426,045</u> | <u>(115,526)</u> | <u>(2,851)</u> | <u>(7,900)</u> | <u>49,391</u> | <u>349,159</u> |
| <u>426,045</u> | <u>(115,526)</u> | <u>(2,851)</u> | <u>(7,900)</u> | <u>49,391</u> | <u>349,159</u> |
| <u>426,045</u> | <u>104,499</u> | <u>-</u> | <u>-</u> | <u>49,391</u> | <u>579,935</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Combining Balance Sheet -
Non-major Funds - continued

AS OF JUNE 30, 2007

| | Ambulance Service | Total Debt Service | Total Non-major |
|--|----------------------|-----------------------|--------------------|
| ASSETS: | | | |
| Cash and investments | \$ - | - | 393,479 |
| Receivables: | | | |
| Taxes: | | | |
| Property tax | - | - | 26,257 |
| Gross receipts tax | - | - | - |
| Lodgers tax | - | - | 6,762 |
| Gas tax | - | - | 1,156 |
| Intergovernmental | - | - | 10,048 |
| Due from other funds | - | - | <u>989,928</u> |
| TOTAL ASSETS | <u>-</u> | <u>-</u> | <u>1,427,630</u> |
| LIABILITIES AND FUND BALANCES: | | | |
| LIABILITIES: | | | |
| Accounts payable | - | - | 156,943 |
| Other liabilities | - | - | 4,771 |
| Due to other funds | <u>17,728</u> | <u>17,728</u> | <u>939,273</u> |
| TOTAL LIABILITIES | 17,728 | 17,728 | 1,100,987 |
| FUND BALANCES: | | | |
| Reserved for debt service | (17,728) | (17,728) | (17,728) |
| Unreserved, undesignated: | | | |
| Special revenue | - | - | (4,788) |
| Capital projects | - | - | <u>349,159</u> |
| TOTAL FUND BALANCES | <u>(17,728)</u> | <u>(17,728)</u> | <u>326,643</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>-</u> | <u>-</u> | <u>1,427,630</u> |

AS OF JUNE 30, 2007

| | Corrections | USDA Air Burner | FEMA | Emergency Medical Services | Fire Protection |
|--|-------------|--------------------|-----------|----------------------------------|--------------------|
| REVENUES: | | | | | |
| Taxes | \$ - | - | - | - | - |
| Licenses, permits, fees and fines | - | - | - | 645 | - |
| Interest | - | - | - | - | 2,121 |
| State Grant | - | - | - | 9,693 | 101,480 |
| Other | - | - | - | - | - |
| TOTAL REVENUES | - | - | - | 10,338 | 103,601 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | 1,657 | 65,431 | 4,394 | 40,584 |
| Highways and streets | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - |
| Public transportation | - | - | - | - | - |
| Capital outlay | - | - | - | - | 82,088 |
| Debt service - interest | - | - | - | - | - |
| Debt service - principal | - | - | - | - | 1,340 |
| TOTAL EXPENDITURES | - | 1,657 | 65,431 | 4,394 | 124,012 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | - | (1,657) | (65,431) | 5,944 | (20,411) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Operating transfers in | - | - | - | - | - |
| Operating transfers out | - | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - | - | - |
| NET CHANGE IN FUND BALANCES | - | (1,657) | (65,431) | 5,944 | (20,411) |
| FUND BALANCE, BEGINNING OF YEAR | 6,743 | 63,550 | (64,024) | 11,110 | 109,725 |
| FUND BALANCE, END OF YEAR | \$ 6,743 | 61,893 | (129,455) | 17,054 | 89,314 |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Non-major Funds

SPECIAL REVENUE FUNDS

| Law Enforcement Protection | Lodgers Tax Reserve | Public Works | Recreation | Teen Court | Transportation | Transportation Welfare to Work |
|----------------------------|---------------------|--------------|------------|------------|----------------|--------------------------------|
| - | 284,731 | - | 1,187 | - | - | - |
| - | - | - | 72 | - | 25,393 | 498 |
| 23,000 | - | - | - | - | 159,679 | 2,620 |
| - | 2,397 | - | - | - | - | - |
| 23,000 | 287,128 | - | 1,259 | - | 185,072 | 3,118 |
| - | 132,228 | - | - | 1,000 | - | - |
| 9,095 | - | - | - | - | - | - |
| - | - | 1,846 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 241,301 | 1,020 |
| 15,900 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 24,995 | 132,228 | 1,846 | - | 1,000 | 241,301 | 1,020 |
| (1,995) | 154,900 | (1,846) | 1,259 | (1,000) | (56,229) | 2,098 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| (1,995) | 154,900 | (1,846) | 1,259 | (1,000) | (56,229) | 2,098 |
| 25,360 | 189,499 | (62,955) | 3,773 | (7,314) | (130,325) | 11,583 |
| 23,365 | 344,399 | (64,801) | 5,032 | (8,314) | (186,554) | 13,681 |

AS OF JUNE 30, 2007

SPECIAL REVENUE FUNDS

| | Community Center | Fire Donations | EMS Donations | Total Special Revenue |
|--|----------------------------|------------------------|-------------------|--------------------------|
| REVENUES: | | | | |
| Taxes | \$ - | - | - | 285,918 |
| Licenses, permits, fees and fines | - | - | - | 26,608 |
| Interest | 100 | - | - | 2,221 |
| State Grant | - | - | - | 296,472 |
| Other | <u>40,883</u> | <u>-</u> | <u>-</u> | <u>43,280</u> |
| TOTAL REVENUES | 40,983 | - | - | 654,499 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | - | - | - | 133,228 |
| Public safety | - | 1,780 | - | 122,941 |
| Highways and streets | - | - | - | 1,846 |
| Culture and recreation | 33,074 | - | - | 33,074 |
| Public transportation | - | - | - | 242,321 |
| Capital outlay | 128,310 | - | - | 226,298 |
| Debt service - interest | - | - | - | - |
| Debt service - principal | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,340</u> |
| TOTAL EXPENDITURES | <u>161,384</u> | <u>1,780</u> | <u>-</u> | <u>761,048</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | (120,401) | (1,780) | - | (106,549) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | (120,401) | (1,780) | - | (106,549) |
| FUND BALANCE, BEGINNING OF YEAR | <u>(44,578)</u> | <u>(10,726)</u> | <u>340</u> | <u>101,761</u> |
| FUND BALANCE, END OF YEAR | \$ <u><u>(164,979)</u></u> | <u><u>(12,506)</u></u> | <u><u>340</u></u> | <u><u>(4,788)</u></u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Non-major Funds - continued

| CAPITAL PROJECTS FUNDS | | | | | |
|------------------------|------------------|------------------|----------------------------|--------------------|------------------------|
| Public Safety Building | Lagoon Cleanup | Transit Facility | Capital Building Watertank | HWY 434 Assessment | Total Capital Projects |
| 198,291 | - | - | - | - | 198,291 |
| - | - | - | - | 121,186 | 121,186 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 198,291 | - | - | - | 121,186 | 319,477 |
| - | 2,434 | - | - | - | 2,434 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | 51,453 | - | - | 71,795 | 123,248 |
| - | - | - | 7,900 | - | 7,900 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>53,887</u> | <u>-</u> | <u>7,900</u> | <u>71,795</u> | <u>133,582</u> |
| 198,291 | (53,887) | - | (7,900) | 49,391 | 185,895 |
| - | - | - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 198,291 | (53,887) | - | (7,900) | 49,391 | 185,895 |
| <u>227,754</u> | <u>(61,639)</u> | <u>(2,851)</u> | <u>-</u> | <u>-</u> | <u>163,264</u> |
| <u>426,045</u> | <u>(115,526)</u> | <u>(2,851)</u> | <u>(7,900)</u> | <u>49,391</u> | <u>349,159</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Non-major Funds - continued

AS OF JUNE 30, 2007

| | Ambulance Service | Total Debt Service | Total Non-major |
|--|----------------------|-----------------------|--------------------|
| REVENUES: | | | |
| Taxes | \$ - | - | 484,209 |
| Licenses, permits, fees and fines | - | - | 147,794 |
| Interest | - | - | 2,221 |
| State Grant | - | - | 296,472 |
| Other | - | - | 43,280 |
| TOTAL REVENUES | - | - | 973,976 |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 17,728 | 17,728 | 153,390 |
| Public safety | - | - | 122,941 |
| Highways and streets | - | - | 1,846 |
| Culture and recreation | - | - | 33,074 |
| Public transportation | - | - | 242,321 |
| Capital outlay | - | - | 349,546 |
| Debt service - interest | - | - | 7,900 |
| Debt service - principal | - | - | 1,340 |
| TOTAL EXPENDITURES | 17,728 | 17,728 | 912,358 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES) | (17,728) | (17,728) | 61,618 |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating transfers in | - | - | - |
| Operating transfers out | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - |
| NET CHANGE IN FUND BALANCES | (17,728) | (17,728) | 61,618 |
| FUND BALANCE, BEGINNING OF YEAR | - | - | 265,025 |
| FUND BALANCE, END OF YEAR | \$ (17,728) | (17,728) | 326,643 |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Corrections -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|----------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| State Grants | \$ 3,123 | 3,123 | - | (3,123) |
| Taxes | - | - | - | - |
| Other | - | - | - | - |
| TOTAL REVENUES | 3,123 | 3,123 | - | (3,123) |
| EXPENDITURES - current: | | | | |
| Public safety | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | (3,123) | (3,123) | - | 3,123 |
| TOTAL OTHER FINANCING SOURCES | (3,123) | (3,123) | - | 3,123 |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE, BEGINNING OF YEAR | 6,743 | 6,743 | 6,743 | - |
| FUND BALANCE, END OF YEAR | \$ 6,743 | 6,743 | 6,743 | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ - | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ - | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - USDA Air Burner -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual | Variance From |
|---|------------------|--------|------------------------------|-------------------------------------|
| | Original | Final | Amounts (Budgetary Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Other | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public safety | - | - | 1,657 | (1,657) |
| TOTAL EXPENDITURES | - | - | 1,657 | (1,657) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | (1,657) | (1,657) |
| FUND BALANCE, BEGINNING OF YEAR | 63,550 | 63,550 | 63,550 | - |
| FUND BALANCE, END OF YEAR | \$ 63,550 | 63,550 | 61,893 | (1,657) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (1,657) | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (1,657) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - FEMA -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|----------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Taxes | - | - | - | - |
| Charges for services | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public safety | - | - | 65,431 | (65,431) |
| TOTAL EXPENDITURES | - | - | 65,431 | (65,431) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | (65,431) | (65,431) |
| FUND BALANCE, BEGINNING OF YEAR | (64,024) | (64,024) | (64,024) | - |
| FUND BALANCE, END OF YEAR | \$ (64,024) | (64,024) | (129,455) | (65,431) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (65,431) | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (65,431) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Emergency Medical Services -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|--------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ 15,777 | 9,693 | 9,693 | - |
| Taxes | - | - | - | - |
| Charges for services | - | - | 645 | 645 |
| TOTAL REVENUES | 15,777 | 9,693 | 10,338 | 645 |
| EXPENDITURES - current: | | | | |
| Public safety | 12,000 | 9,963 | 4,394 | 5,569 |
| TOTAL EXPENDITURES | 12,000 | 9,963 | 4,394 | 5,569 |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | 3,777 | (270) | 5,944 | 6,214 |
| FUND BALANCE, BEGINNING OF YEAR | 11,110 | 11,110 | 11,110 | - |
| FUND BALANCE, END OF YEAR | \$ 14,887 | 10,840 | 17,054 | 6,214 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (3,777) | 270 | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ 5,944 | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ 5,944 | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Fire Protection -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|---------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ 111,500 | 101,480 | 101,480 | - |
| Interest | - | - | 2,121 | 2,121 |
| TOTAL REVENUES | 111,500 | 101,480 | 103,601 | 2,121 |
| EXPENDITURES - current: | | | | |
| Public safety | 78,845 | 101,480 | 40,224 | 61,256 |
| Capital outlay | - | - | 82,088 | (82,088) |
| Debt service | - | - | 1,340 | (1,340) |
| TOTAL EXPENDITURES | 78,845 | 101,480 | 123,652 | (22,172) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | (7,845) | (7,845) | - | 7,845 |
| TOTAL OTHER FINANCING SOURCES | (7,845) | (7,845) | - | 7,845 |
| NET CHANGE IN FUND BALANCE | 24,810 | (7,845) | (20,051) | (12,206) |
| FUND BALANCE, BEGINNING OF YEAR | 109,725 | 109,725 | 109,725 | - |
| FUND BALANCE, END OF YEAR | \$ 134,535 | 101,880 | 89,674 | (12,206) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (24,810) | 7,845 | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (20,051) | |
| CHANGE IN: | | | | |
| Accounts payable | | | (360) | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (20,411) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Law Enforcement Protection -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|-------------------|---------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ 24,000 | 23,000 | 23,000 | - |
| Interest | - | - | - | - |
| TOTAL REVENUES | 24,000 | 23,000 | 23,000 | - |
| EXPENDITURES - current: | | | | |
| Public safety | 23,000 | 23,000 | 9,095 | 13,905 |
| Capital outlay | - | - | 15,900 | (15,900) |
| TOTAL EXPENDITURES | 23,000 | 23,000 | 24,995 | (1,995) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | 1,000 | - | (1,995) | (1,995) |
| FUND BALANCE, BEGINNING OF YEAR | 25,360 | 25,360 | 25,360 | - |
| FUND BALANCE, END OF YEAR | \$ 26,360 | 25,360 | 23,365 | (1,995) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (1,000) | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (1,995) | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (1,995) | |

See Independent Auditors' Report.

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Lodgers Tax Reserve -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|----------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Interest | - | - | - | - |
| Taxes | 182,560 | 182,560 | 268,360 | 85,800 |
| Other | - | - | 2,397 | 2,397 |
| TOTAL REVENUES | 182,560 | 182,560 | 270,757 | 88,197 |
| EXPENDITURES - current: | | | | |
| Public safety | - | - | - | - |
| General government | 121,229 | 121,229 | 132,228 | (10,999) |
| TOTAL EXPENDITURES | 121,229 | 121,229 | 132,228 | (10,999) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | (59,506) | (59,506) | - | 59,506 |
| TOTAL OTHER FINANCING SOURCES | (59,506) | (59,506) | - | 59,506 |
| NET CHANGE IN FUND BALANCE | 1,825 | 1,825 | 138,529 | 136,704 |
| FUND BALANCE, BEGINNING OF YEAR | 189,499 | 189,499 | 189,499 | - |
| FUND BALANCE, END OF YEAR | \$ 191,324 | 191,324 | 328,028 | 136,704 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (1,825) | (1,825) | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ 138,529 | |
| CHANGE IN: | | | | |
| Accounts payable | | | 177 | |
| Accounts receivable | | | 16,194 | |
| GAAP CHANGE IN FUND BALANCE | | | \$ 154,900 | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Public Works -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|----------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Interest | - | - | - | - |
| Taxes | - | - | - | - |
| Other | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public safety | - | - | 1,846 | (1,846) |
| General government | - | - | - | - |
| TOTAL EXPENDITURES | - | - | 1,846 | (1,846) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | (1,846) | (1,846) |
| FUND BALANCE, BEGINNING OF YEAR | (62,955) | (62,955) | (62,955) | - |
| FUND BALANCE, END OF YEAR | \$ (62,955) | (62,955) | (64,801) | (1,846) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | - | - |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (1,846) | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (1,846) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Recreation -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|----------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 1,494 | 1,000 | 1,187 | 187 |
| Licenses, permits and fees | - | - | 72 | 72 |
| TOTAL REVENUES | 1,494 | 1,000 | 1,259 | 259 |
| EXPENDITURES - current: | | | | |
| Public recreation | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | (1,494) | (1,000) | - | 1,000 |
| TOTAL OTHER FINANCING SOURCES | (1,494) | (1,000) | - | 1,000 |
| NET CHANGE IN FUND BALANCE | - | - | 1,259 | 1,259 |
| FUND BALANCE, BEGINNING OF YEAR | 3,773 | 3,773 | 3,773 | - |
| FUND BALANCE, END OF YEAR | \$ 3,773 | 3,773 | 5,032 | 1,259 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ 1,259 | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ 1,259 | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Teen Court -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|-------------------|----------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Licenses, permits and fees | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| General government | - | - | 1,000 | (1,000) |
| TOTAL EXPENDITURES | - | - | 1,000 | (1,000) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | (1,000) | (1,000) |
| FUND BALANCE, BEGINNING OF YEAR | (7,314) | (7,314) | (7,314) | - |
| FUND BALANCE, END OF YEAR | <u>\$ (7,314)</u> | <u>(7,314)</u> | <u>(8,314)</u> | <u>(1,000)</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (1,000) | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | <u>\$ (1,000)</u> | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Transportation -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual | Variance From |
|---|---------------------|------------------|------------------------------|-------------------------------------|
| | Original | Final | Amounts (Budgetary Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Grants | \$ 277,903 | 99,596 | 159,679 | 60,083 |
| Licenses and permits | 25,200 | 15,200 | 25,392 | 10,192 |
| Interest | - | - | - | - |
| TOTAL REVENUES | 303,103 | 114,796 | 185,071 | 70,275 |
| EXPENDITURES - current: | | | | |
| Public safety | - | - | - | - |
| Public transportation | 303,567 | 208,134 | 234,308 | (26,174) |
| Capital outlay | 126,520 | 105,203 | - | 105,203 |
| TOTAL EXPENDITURES | 430,087 | 313,337 | 234,308 | 79,029 |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | 126,984 | 126,984 | - | (126,984) |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | 126,984 | 126,984 | - | (126,984) |
| NET CHANGE IN FUND BALANCE | - | (71,557) | (49,237) | 22,320 |
| FUND BALANCE, BEGINNING OF YEAR | (130,325) | (130,325) | (130,325) | - |
| FUND BALANCE, END OF YEAR | \$ (130,325) | (201,882) | (179,562) | 22,320 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | 71,557 | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (49,237) | |
| CHANGE IN: | | | | |
| Accounts payable | | | (6,992) | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (56,229) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Transportation - Welfare to Work -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|--------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | 2,620 | 2,620 |
| Licenses and permits | - | - | 498 | 498 |
| TOTAL REVENUES | - | - | 3,118 | 3,118 |
| EXPENDITURES - current: | | | | |
| Public transportation | - | - | 1,020 | (1,020) |
| TOTAL EXPENDITURES | - | - | 1,020 | (1,020) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | 2,098 | 2,098 |
| FUND BALANCE, BEGINNING OF YEAR | 11,583 | 11,583 | 11,583 | - |
| FUND BALANCE, END OF YEAR | \$ 11,583 | 11,583 | 13,681 | 2,098 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ 2,098 | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ 2,098 | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Community Center -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual | Variance From |
|---|------------------|----------|------------------------------|-------------------------------------|
| | Original | Final | Amounts (Budgetary Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Grants | \$ 49,521 | 49,521 | - | (49,521) |
| Miscellaneous revenue | - | - | 41,203 | 41,203 |
| Interest | - | - | 100 | 100 |
| TOTAL REVENUES | 49,521 | 49,521 | 41,303 | (8,218) |
| EXPENDITURES - current: | | | | |
| Culture and recreation | - | - | 35,380 | (35,380) |
| Capital outlay | - | - | 101,793 | (101,793) |
| Other | - | - | - | - |
| TOTAL EXPENDITURES | - | - | 137,173 | (137,173) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | 49,521 | 49,521 | (95,870) | (145,391) |
| FUND BALANCE, BEGINNING OF YEAR | (44,578) | (44,578) | (44,578) | - |
| FUND BALANCE, END OF YEAR | \$ 4,943 | 4,943 | (140,448) | (145,391) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (49,521) | (49,521) | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (95,870) | |
| CHANGE IN: | | | | |
| Accounts payable | | | (24,211) | |
| Accounts receivable | | | (320) | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (120,401) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - Fire Donations -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|----------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Taxes | - | - | - | - |
| Other | - | - | 60,000 | 60,000 |
| TOTAL REVENUES | - | - | 60,000 | 60,000 |
| EXPENDITURES - current: | | | | |
| Public safety | - | - | 44,849 | (44,849) |
| TOTAL EXPENDITURES | - | - | 44,849 | (44,849) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | 15,151 | 15,151 |
| FUND BALANCE, BEGINNING OF YEAR | (10,726) | (10,726) | (10,726) | - |
| FUND BALANCE, END OF YEAR | \$ (10,726) | (10,726) | 4,425 | 15,151 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ 15,151 | |
| CHANGE IN: | | | | |
| Accounts payable | | | (16,931) | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (1,780) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Special Revenue Fund - EMS Donations -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|-------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Taxes | - | - | - | - |
| Other | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public safety | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE, BEGINNING OF YEAR | 340 | 340 | 340 | - |
| FUND BALANCE, END OF YEAR | \$ 340 | 340 | 340 | - |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | - | - |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ - | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ - | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Capital Projects Fund - MAP Grant -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual | Variance From |
|---|------------------|---------|------------------------------|-------------------------------------|
| | Original | Final | Amounts (Budgetary Basis) | Final Budget Positive (Negative) |
| REVENUES: | | | | |
| Taxes | \$ - | - | - | - |
| Other | - | - | 95,213 | 95,213 |
| TOTAL REVENUES | - | - | 95,213 | 95,213 |
| EXPENDITURES - current: | | | | |
| Capital outlay | - | - | 405,010 | (405,010) |
| TOTAL EXPENDITURES | - | - | 405,010 | (405,010) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | (309,797) | (309,797) |
| FUND BALANCE, BEGINNING OF YEAR | 302,533 | 302,533 | 302,533 | - |
| FUND BALANCE, END OF YEAR | \$ 302,533 | 302,533 | (7,264) | (309,797) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (309,797) | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (309,797) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Capital Projects Fund - Public Safety Building -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|----------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ 151,850 | 151,850 | - | (151,850) |
| Taxes | - | - | 198,291 | 198,291 |
| Interest | - | - | - | - |
| TOTAL REVENUES | 151,850 | 151,850 | 198,291 | 46,441 |
| EXPENDITURES - current: | | | | |
| Public safety | 135,000 | 135,000 | - | 135,000 |
| TOTAL EXPENDITURES | 135,000 | 135,000 | - | 135,000 |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | 16,850 | 16,850 | 198,291 | 181,441 |
| FUND BALANCE, BEGINNING OF YEAR | 227,754 | 227,754 | 227,754 | - |
| FUND BALANCE, END OF YEAR | \$ 244,604 | 244,604 | 426,045 | 181,441 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (16,850) | (16,850) | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ - | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ - | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Capital Projects Fund - Lagoon Cleanup -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|-----------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Taxes | - | - | - | - |
| Other | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Capital outlay | - | - | 21,939 | (21,939) |
| General government | - | - | 2,434 | (2,434) |
| TOTAL EXPENDITURES | - | - | 24,373 | (24,373) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | (24,373) | (24,373) |
| FUND BALANCE, BEGINNING OF YEAR | (61,639) | (61,639) | (61,639) | - |
| FUND BALANCE, END OF YEAR | <u>(61,639)</u> | <u>(61,639)</u> | <u>(86,012)</u> | <u>(24,373)</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (24,373) | |
| CHANGE IN: | | | | |
| Accounts payable | | | (29,514) | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (53,887) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Capital Projects Fund - Transit Facility -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|-------------------|----------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Taxes | - | - | - | - |
| Other | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Public safety | - | - | - | - |
| TOTAL EXPENDITURES | - | - | - | - |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| FUND BALANCE, BEGINNING OF YEAR | (2,851) | (2,851) | (2,851) | - |
| FUND BALANCE, END OF YEAR | <u>\$ (2,851)</u> | <u>(2,851)</u> | <u>(2,851)</u> | <u>-</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ - | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ - | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Capital Projects Fund - Capital Building Water Tank -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance From</u> |
|---|-------------------------|--------------|--|---|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> <u>(Budgetary Basis)</u> | <u>Final Budget</u> <u>Positive (Negative)</u> |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Taxes | - | - | - | - |
| Other | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Debt service | - | - | 7,900 | (7,900) |
| General government | - | - | - | - |
| TOTAL EXPENDITURES | - | - | 7,900 | (7,900) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | (7,900) | (7,900) |
| FUND BALANCE, BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCE, END OF YEAR | \$ - | - | (7,900) | (7,900) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (7,900) | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (7,900) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Capital Projects Fund - Highway 434 Assessment -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance From Final Budget Positive (Negative)</u> |
|---|-------------------------|--------------|---|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| License, permits, fees and fines | \$ - | - | 121,186 | 121,186 |
| TOTAL REVENUES | - | - | 121,186 | 121,186 |
| EXPENDITURES - current: | | | | |
| Capital outlay | - | - | 71,795 | (71,795) |
| TOTAL EXPENDITURES | - | - | 71,795 | (71,795) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | 49,391 | 49,391 |
| FUND BALANCE, BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCE, END OF YEAR | \$ - | - | 49,391 | 49,391 |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ 49,391 | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ 49,391 | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Debt Service Fund - Revenue Bonds -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|-----------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Miscellaneous revenue | - | - | - | - |
| Interest | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| General government | - | - | 271,533 | (271,533) |
| Interest | - | - | 148,671 | (148,671) |
| Debt service | 418,643 | 418,643 | 155,231 | 263,412 |
| TOTAL EXPENDITURES | 418,643 | 418,643 | 575,435 | (156,792) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | 418,643 | 312,827 | - | (312,827) |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | 418,643 | 312,827 | - | (312,827) |
| NET CHANGE IN FUND BALANCE | - | (105,816) | (575,435) | (469,619) |
| FUND BALANCE, BEGINNING OF YEAR | (115,636) | (115,636) | (115,636) | - |
| FUND BALANCE, END OF YEAR | \$ (115,636) | (221,452) | (691,071) | (469,619) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | 105,816 | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (575,435) | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (575,435) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Debt Service Fund - Ambulance Service -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|------------------|--------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Taxes | - | - | - | - |
| Interest | - | - | - | - |
| TOTAL REVENUES | - | - | - | - |
| EXPENDITURES - current: | | | | |
| Debt service | 17,728 | 17,728 | 17,728 | - |
| TOTAL EXPENDITURES | 17,728 | 17,728 | 17,728 | - |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | 17,728 | 17,728 | - | (17,728) |
| Operating transfers out | - | - | - | - |
| TOTAL OTHER FINANCING SOURCES | 17,728 | 17,728 | - | (17,728) |
| NET CHANGE IN FUND BALANCE | - | - | (17,728) | (17,728) |
| FUND BALANCE, BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCE, END OF YEAR | \$ - | - | (17,728) | (17,728) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ - | - | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (17,728) | |
| CHANGE IN: | | | | |
| Accounts payable | | | - | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (17,728) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Waste Water Enterprise Fund -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|---------------------------|-----------------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Grants | \$ - | - | - | - |
| Interest | 15,450 | - | - | - |
| Sales and services | 589,983 | 432,695 | 282,637 | (150,058) |
| Other | <u>7,200</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL REVENUES | 612,633 | 432,695 | 282,637 | (150,058) |
| EXPENDITURES - current: | | | | |
| Operating expenditures | 304,435 | 297,291 | 330,057 | (32,766) |
| Debt service | 343,090 | 343,090 | - | 343,090 |
| Public safety | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL EXPENDITURES | 647,525 | 640,381 | 330,057 | 310,324 |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | 338,090 | 338,090 | - | (338,090) |
| Operating transfers out | <u>(250,000)</u> | <u>(250,000)</u> | <u>-</u> | <u>250,000</u> |
| TOTAL OTHER FINANCING SOURCES | <u>88,090</u> | <u>88,090</u> | <u>-</u> | <u>(88,090)</u> |
| NET CHANGE IN FUND BALANCE | 53,198 | (119,596) | (47,420) | 72,176 |
| NET ASSETS, BEGINNING OF YEAR | <u>188,010</u> | <u>188,010</u> | <u>188,010</u> | <u>-</u> |
| NET ASSETS, END OF YEAR | \$ <u>241,208</u> | <u>68,414</u> | <u>140,590</u> | <u>72,176</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>(53,198)</u> | <u>119,596</u> | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ (47,420) | |
| CHANGE IN: | | | | |
| Accounts payable | | | (503) | |
| Accounts receivable | | | 169,651 | |
| Accrued expenses | | | (1,293) | |
| Principal payments on debt | | | 79,911 | |
| Depreciation | | | <u>(291,451)</u> | |
| GAAP CHANGE IN FUND BALANCE | | | \$ <u>(91,105)</u> | |

See Independent Auditors' Report.

VILLAGE OF ANGEL FIRE, NEW MEXICO

Solid Waste Enterprise Fund -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|--------------------------|-------------------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Sales and services | \$ 645,605 | 645,605 | 478,348 | (167,257) |
| Taxes | 75,925 | 75,925 | 49,374 | (26,551) |
| Grants | - | - | - | - |
| Interest | <u>750</u> | <u>750</u> | <u>-</u> | <u>(750)</u> |
| TOTAL REVENUES | 722,280 | 722,280 | 527,722 | (194,558) |
| EXPENDITURES - current: | | | | |
| Public safety | - | - | - | - |
| Operating expenditures | <u>600,315</u> | <u>599,365</u> | <u>517,747</u> | <u>81,618</u> |
| TOTAL EXPENDITURES | 600,315 | 599,365 | 517,747 | 81,618 |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | <u>(117,358)</u> | <u>(117,358)</u> | <u>-</u> | <u>117,358</u> |
| TOTAL OTHER FINANCING SOURCES | <u>(117,358)</u> | <u>(117,358)</u> | <u>-</u> | <u>117,358</u> |
| NET CHANGE IN FUND BALANCE | 4,607 | 5,557 | 9,975 | 4,418 |
| NET ASSETS, BEGINNING OF YEAR | <u>582,151</u> | <u>582,151</u> | <u>582,151</u> | <u>-</u> |
| NET ASSETS, END OF YEAR | \$ <u>586,758</u> | <u>587,708</u> | <u>592,126</u> | <u>4,418</u> |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ <u>(4,607)</u> | <u>(5,557)</u> | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ 9,975 | |
| CHANGE IN: | | | | |
| Accounts payable | | | | |
| Accounts receivable | | | 157,763 | |
| Accrued expenses | | | (15,002) | |
| Principal payments on debt | | | (27,132) | |
| Proceeds from debt | | | 50,000 | |
| Depreciation | | | <u>(129,723)</u> | |
| GAAP CHANGE IN FUND BALANCE | | | \$ <u>45,881</u> | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Water Enterprise Fund -
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP Budgetary Basis)

YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|---|---------------------|------------------|--|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Sales and services | \$ 1,196,378 | 1,196,378 | 598,919 | (597,459) |
| Grants | - | - | - | - |
| Interest | - | - | - | - |
| TOTAL REVENUES | 1,196,378 | 1,196,378 | 598,919 | (597,459) |
| EXPENDITURES - current: | | | | |
| Operating expenditures | 523,074 | 461,948 | 533,884 | (71,936) |
| Debt service | 15,000 | 15,000 | 35,000 | (20,000) |
| Public safety | - | - | - | - |
| TOTAL EXPENDITURES | 538,074 | 476,948 | 568,884 | (91,936) |
| OTHER FINANCING SOURCES: | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | (330,000) | (330,000) | - | 330,000 |
| TOTAL OTHER FINANCING SOURCES | (330,000) | (330,000) | - | 330,000 |
| NET CHANGE IN FUND BALANCE | 328,304 | 389,430 | 30,035 | (359,395) |
| NET ASSETS, BEGINNING OF YEAR | 6,609,799 | 6,609,799 | 6,609,799 | - |
| NET ASSETS, END OF YEAR | \$ 6,938,103 | 6,999,229 | 6,639,834 | (359,395) |
| PRIOR YEAR CASH BALANCE REQUIRED TO BALANCE BUDGET | \$ (328,304) | (389,430) | | |
| NON-GAAP CHANGE IN FUND BALANCE | | | \$ 30,035 | |
| CHANGE IN: | | | | |
| Accounts payable | | | | |
| Accounts receivable | | | 67,263 | |
| Accrued expenses | | | (59,141) | |
| Principal payments on debt | | | (28,632) | |
| Depreciation | | | (248,833) | |
| GAAP CHANGE IN FUND BALANCE | | | \$ (239,308) | |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Schedule of Changes in Assets and Liabilities - Agency Funds

YEAR ENDED JUNE 30, 2007

| | Motor Vehicle Fund | Municipal Court Bond Fund | Total |
|----------------------------|--------------------------|---------------------------------|----------------|
| Assets, July 1, 2006 | \$ 6,259 | 8,060 | 14,319 |
| Increase | 179,707 | 40,748 | 220,455 |
| Decrease | <u>157,074</u> | <u>40,391</u> | <u>197,465</u> |
| Assets, June 30, 2007 | \$ <u>28,892</u> | <u>8,417</u> | <u>37,309</u> |
| Liabilities, July 1, 2006 | \$ 6,259 | 8,060 | 14,319 |
| Increase | 179,707 | 40,748 | 220,455 |
| Decrease | <u>157,074</u> | <u>40,391</u> | <u>197,465</u> |
| Liabilities, June 30, 2007 | \$ <u>28,892</u> | <u>8,417</u> | <u>37,309</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Schedule of Deposit and Investment Accounts

AS OF JUNE 30, 2007

| Depository | Account Name | Type | Depository Balance | Reconciled Balance |
|---|----------------------------|------------------|-----------------------|-----------------------|
| Deposit accounts: | | | | |
| International Bank | Operating | Checking | \$ 554,890 | 244,000 |
| International Bank | Utility Deposit Account | Checking | 100 | 100 |
| International Bank | HWY 434 Infrastructure | Checking | 49,697 | 49,391 |
| International Bank | Payroll Clearing | Checking | 84,643 | 42,562 |
| International Bank | Fire Donations | Checking | 2,245 | 2,245 |
| International Bank | Ambulance fund | Checking | 340 | 340 |
| International Bank | CDBG Account | Checking | 265,500 | 265,500 |
| First National Bank of NM | Certificates of deposit | CD | <u>250,000</u> | <u>250,000</u> |
| Cash and cash equivalents | | | 1,207,415 | 854,138 |
| Petty cash | Petty cash | Cash | <u>-</u> | <u>400</u> |
| Total deposit accounts | | | 1,207,415 | 854,538 |
| Investment accounts: | | | | |
| Bank of Albuquerque | NMFA Bond Series 2002A | U.S. Treas. Fund | 38,939 | 38,939 |
| Bank of Albuquerque | NMFA Debt Service | U.S. Treas. Fund | 106,455 | 106,455 |
| Bank of Albuquerque | NMFA Supp. Indent. | U.S. Treas. Fund | 121 | 121 |
| Bank of Albuquerque | NMFA Bond Series | U.S. Treas. Fund | 85,268 | 85,268 |
| Bank of Albuquerque | NMFA Minipumper | U.S. Treas. Fund | 43,744 | 43,744 |
| Office of State Treasurer | Local Government Inv. Pool | Investment | <u>230,603</u> | <u>230,603</u> |
| Total investment accounts | | | <u>505,130</u> | <u>505,130</u> |
| Total deposit and investment accounts - non-agency | | | \$ <u>1,712,545</u> | <u>1,359,668</u> |
| Agency funds cash accounts: | | | | |
| International Bank | Municipal Court | | \$ 8,417 | 8,417 |
| International Bank | Motor Vehicle | | <u>10,670</u> | <u>4,030</u> |
| Cash and cash equivalents | | | 19,087 | 12,447 |
| Petty cash | MVD petty cash | | <u>-</u> | <u>100</u> |
| Total cash - agency funds | | | \$ <u>19,087</u> | <u>12,547</u> |

Schedule of Pledged Collateral

AS OF JUNE 30, 2007

| Depository-Cash | Account Name | Type of Account | Bank Balance |
|--|------------------------|-----------------|----------------|
| International Bank | Operating Account | Checking | \$ 554,890 |
| International Bank | Payroll | Checking | 84,643 |
| International Bank | HWY 434 Infrastructure | Checking | 49,697 |
| International Bank | Fire Donations | Checking | 2,245 |
| International Bank | Ambulance Fund | Checking | 340 |
| International Bank | UB Customer Deposits | Checking | 100 |
| International Bank | CDBG Account | Checking | <u>265,500</u> |
| Total Deposits in International Bank | | | 957,415 |
| Less FDIC Coverage | | | <u>100,000</u> |
| Total uninsured public funds | | | 857,415 |
| 50% collateral requirement (Section 6-10017) | | | 428,708 |

| | Cusip # | Mature Date | Balances |
|--------------------|-----------|-------------|---------------|
| International Bank | 3133X8Q47 | 9/28/2007 | 400,000 |
| | 3133MUGP4 | 11/13/2009 | 25,000 |
| | 3133MUGP4 | 11/13/2009 | <u>75,000</u> |
| Total collateral | | | 500,000 |

| Depository-Cash | Account Name | Type of Account | Bank Balance |
|--|------------------------|-----------------|----------------|
| First National Bank | Certificate of Deposit | Checking | <u>250,000</u> |
| Total Deposits in First National Bank | | | 250,000 |
| Less FDIC Coverage | | | <u>100,000</u> |
| Total uninsured public funds | | | 150,000 |
| 50% collateral requirement (Section 6-10017) | | | 75,000 |

| | Cusip # | Mature Date | Balances |
|-------------------------------------|-----------|-------------|---------------|
| Vining Sparks - First National Bank | 3133XAE94 | 1/25/2008 | <u>99,513</u> |
| Total collateral | | | 99,513 |

| Investment Accounts | Account Name | Type of Account | Bank Balance |
|--|------------------------|------------------|----------------|
| Bank of Albuquerque | NMFA-Mini Pumper | U.S. Treas. Fund | 43,744 |
| Bank of Albuquerque | NMFA-Debt Service | U.S. Treas. Fund | 106,455 |
| Bank of Albuquerque | NMFA-Bond Series 2002A | U.S. Treas. Fund | 38,939 |
| Bank of Albuquerque | NMFA-Bond Series | U.S. Treas. Fund | 85,268 |
| Bank of Albuquerque | NMFA-Supp. Indent. | U.S. Treas. Fund | <u>121</u> |
| Total Deposits in Bank of Albuquerque | | | 274,527 |
| Less FDIC Coverage | | | <u>100,000</u> |
| Total Uninsured public funds | | | 174,527 |
| 50% collateral requirement (Section 6-10017) | | | 87,264 |

| | Cusip # | Mature Date | Balances |
|--------------------|-----------|-------------|----------------|
| U.S. Treasury Note | 912828E79 | 3/31/2008 | <u>280,018</u> |
| Total collateral | | | 280,018 |

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

YEAR ENDED JUNE 30, 2007

| Joint Power Agreement | Participants | Responsible Party | Description |
|-----------------------------------|--|--------------------------|---|
| 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 |
| 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 |
| Wildfire Suppression | New Mexico Energy, Minerals & Natural Resources Dept. Village of Angel Fire | Village of Angel Fire | To provide wildfire suppression |
| Refuse Collection | Village of Angel Fire Colfax County | Joint Responsibility | To provide refuse collection services |
| Airline Services | Village of Angel Fire Colfax County | Joint Responsibility | Procurement of commercial commuter airline services |

VILLAGE OF ANGEL FIRE, NEW MEXICO

Schedule of Joint Powers Agreements

| <u>Beginning and Ending Dates</u> | <u>Total estimated project amount and amount applicable to Village</u> | <u>Amount Contributed by Village during fiscal year</u> | <u>Audit Responsibility</u> | <u>Fiscal agent and responsible reporting entity</u> |
|---|--|---|--|--|
| 12/19/2001 until terminated | \$150 annually | \$150 | Town of Taos | Town of Taos |
| 8/29/2000 to 6/30/2009 | None | None | Town of Red River | Town of Taos |
| 10/21/2003 until terminated | None | None | State of New Mexico Energy, Minerals & Natural Resources Department | State of New Mexico Energy, Minerals & Natural Resources Department |
| 3/20/2001 until terminated | None | None | Village of Angel Fire | Colfax County |
| FY03 with automatic renewal if funds are available | None | None | Village of Angel Fire | Colfax County |

**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

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

We have audited the 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, New Mexico (the Village) as of and for the year ended June 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents, and have issued our report thereon dated August 4, 2009. 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, 2007, as listed in the table of contents. 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.



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

Internal Control Over Financial Reporting - continued

A **control deficiency** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A **significant deficiency** is a control deficiency, or a combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

We consider the deficiencies described in the accompanying schedule of findings and responses as items 03-4, 03-5, 03-9, 03-13, 03-14, 04-3, 05-2, 05-6, 07-2, 07-3, 07-4 and 07-5 to be significant deficiencies in internal control over financial reporting

A **material weakness** is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section, and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07-2 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 are required to be reported under *Government Auditing Standards*, and are described in the accompanying schedule of findings and responses as items 03-1, 03-2, 03-6, 05-3, 05-4 and 07-1.

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

We noted a certain matter that is required to be reported under Government Auditing Standards, paragraphs 5.14 and 5.16, and Section 12-6-5 NMSA 1978, which is described in the accompanying schedule of findings and responses as item 04-1.

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Village Councilors, the Office of the State Auditor, the New Mexico Department of Finance and Administration, the New Mexico Legislature and applicable federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Mayrasi + Company, LLC

August 4, 2009

YEAR ENDED JUNE 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Village of Angel Fire, New Mexico (the Village).
2. There were six instances of noncompliance material to the financial statements disclosed during the audit of the Village.
3. There were twelve significant deficiencies, one material weakness and one control deficiency disclosed during the audit of the financial statements and reported in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

03-1 DUE DATE OF AUDIT REPORT (Non-compliance)

Condition: The June 30, 2007 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 September 24, 2009.

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, 2007 report to be filed by December 1, 2007.

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, 2007. 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.

03-2 FILING OF BUDGET INFORMATION WITH THE DEPARTMENT OF FINANCE AND ADMINISTRATION (Non-compliance)

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. The Village also submitted their second and third quarter budget reports late. In addition, the Village's records for the budget to actual statements were not adequate for all of the Village's funds. The following funds did not have budget information: Public Works, Street Project, MAP Grant Fund and Highway 434 Assessment.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

03-2 FILING OF BUDGET INFORMATION WITH THE DEPARTMENT OF FINANCE AND ADMINISTRATION (Non-compliance) - continued

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.

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 contracts an outside source for final budget compilation and submission for all approval levels

03-4 INADEQUATE SEGREGATION OF DUTIES (Significant Deficiency)

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, recordkeeping and reconciliation duties should be segregated.

Cause: The Village has a small accounting staff.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

03-4 INADEQUATE SEGREGATION OF DUTIES (Significant Deficiency) - continued

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.

03-5 INTERCEPT REVENUE (Significant Deficiency)

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 \$206,885.

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 recording of transactions.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

03-6 BUDGET OVERAGE (Non-compliance)

Condition: During our analysis of budget to actual reports for the year ended June 30, 2007, we noted the Street Project Fund was over budget by \$666,419, the USDA Air Burner fund by \$1,657, the FEMA fund by \$65,431, the Fire Protection fund by \$22,172, the Law Enforcement fund by \$1,995, the Lodgers Tax Reserve Fund by \$10,999, the Public Works fund by \$1,846, the Teen Court fund by \$1,000, the Transportation-Welfare to Work fund by \$1,020, the Community Center fund by \$137,173, the Fire Donations fund by \$44,849, the Lagoon Cleanup fund by \$24,373, the Capital Building Water Tank fund by \$7,900, the Revenue Bond fund by \$156,792, the Water fund by \$91,936, the MAP Grant fund by \$405,010, and the Highway 434 Assessment fund by \$71,795.

Criteria: State Statute 6-6-6 NMSA 1978 from HB 565 requires that local government spending does not exceed budgeted amounts at the fund level, unless the Commission approves a budget adjustment.

Cause: Inadequate budgetary controls in the Village accounting system.

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

Recommendation: We recommend the Village develop and adhere to a system or review process 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 converting to a new accounting software system which provides an enhanced budgeting and reporting module.

03-9 UTILITY ACCOUNTS RECEIVABLE (Significant Deficiency)

Condition: There are unapplied credits of approximately \$45,000 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 require 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.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

03-9 UTILITY ACCOUNTS RECEIVABLE (Significant Deficiency) - continued

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.

Recommendation - continued:

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.

03-13 BANK RECONCILIATIONS (Significant Deficiency)

Condition: There are old outstanding items of approximately \$57,000 on the bank reconciliation.

Criteria: State Auditor Rule 2.2.2.10.J and Section 12-6-5 NMSA 1978 require 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.

Schedule of Findings and Responses - continued

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

03-14 ACCOUNTING FOR PERMIT DEPOSITS (Significant Deficiency)

Condition: The Village is not keeping aged details of building permit deposits, which amount to approximately \$178,000. 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 deposits.

Criteria: State Auditor Rule 2.2.2.10.J and Section 12-6-5 NMSA 1978 require 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.

04-1 DISASTER RECOVERY PLAN (Control Deficiency)

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 the following, at minimum:

- What hardware and software are in place and which vendors may be sued 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 off-site data backups.
- A detailed list of instructions to be followed in order to reestablish operations.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

04-1 DISASTER RECOVERY PLAN (Control Deficiency) - continued

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 recover plan.

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

04-3 TRAVEL AND PER DIEM DISBURSEMENTS (Significant Deficiency)

Condition: During testwork over travel and per diem testwork vouchers, we tested 25 vouchers and 10 exceptions were noted:

- One disbursement for approximately \$900 did not contain adequate documentation for the reimbursement to explain the purpose of the travel.
- Eight disbursements did not withhold 20% of the disbursement when providing an advance to the employees. The employees were advanced 100% of the travel expenses. The amount of the eight disbursements totaled approximately \$3,700.
- One employee was reimbursed the rate for in-state special area of Santa Fe, even though she traveled to Albuquerque. The amount of the reimbursement was approximately \$500.

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 per day.
- 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.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

04-3 TRAVEL AND PER DIEM DISBURSEMENTS (Significant Deficiency) - continued

Criteria - continued:

- 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: There is inadequate review and approval of travel vouchers and payment processing, and 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 Spring 2008.

05-2 WATER DEPOSIT LIABILITY (Significant Deficiency)

Condition: The Village is not keeping a detailed listing of water deposits in the amount of approximately \$60,000.

Criteria: State Auditor Rule 2.2.2.10.J and Section 12-6-5 NMSA 1978 require 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.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-2 WATER DEPOSIT LIABILITY (Significant Deficiency) - continued

Recommendation: The Village should keep a detailed water deposit register.

Management Response: The Village is currently in the process of developing proper sub-ledgers for all utility billings. In addition, the Village is currently developing policies and procedures for proper reconciliation of accounts going forward.

05-3 ANNUAL CAPITAL ASSET INVENTORY (Non-compliance)

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 2006 and 2007 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 auditors.

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. The ending capital asset balances may be misstated since balances may not reflect activity properly.

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 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.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-4 UNBILLED WATER RECEIVABLE (Non-compliance)

Condition: The Village does not have a process to track water delivered to customers, but not billed as of month-end. The date between a customer's 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 month's billing. The Village should record a receivable and revenue for the estimated unbilled receivable at month-end. Because there is not a process in place, the amount unbilled is underminable.

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.

05-6 ACCOUNTING FOR AGENCY FUNDS (Significant Deficiency)

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. The total assets for the agency funds was approximately \$37,000.

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

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

05-6 ACCOUNTING FOR AGENCY FUNDS (Significant Deficiency) - continued

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.

07-1 UNTIMELY DEPOSITS (Non-compliance)

Condition: During internal control testwork over cash receipts, we noted one receipt was deposited after 24 hours.

Criteria: All monies collected by agencies shall be deposited with an authorized banking institution by the end of the next business day after receipt, except where otherwise provided by law. (*Model of Accounting Practices, FIN 2 Section 6-10-3, NMSA 1978.*)

Cause: Lack of adequate supervision over cash receipts.

Effect: Noncompliance with the New Mexico Administrative Code.

Recommendation: We recommend the Village implement policies to ensure cash deposits are taken to the bank daily.

Management Response: Management acknowledges this finding and has made corrections to cash handling. The new procedures prohibit the keeping of cash receipts for more than one business day.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

07-2 UNLOCATED ACCOUNTING RECORDS (Material Weakness)

Condition: During testwork in several areas, the Village was unable to locate supporting documentation for our requested items.

- During internal control testwork surrounding cash disbursements, the Village could not locate 8 out of 48 selected disbursement packages. The total amount for the eight disbursements was approximately \$34,000.
- During capital asset testwork, the Village could not locate 10 out of 20 invoice packets for additions made during the year. The total amount of the ten invoices was approximately \$35,000.
- During credit card testwork, the Village could not locate 4 out of 11 files selected. The activity for the four files totaled approximately \$6,400.
- During accrued liability testwork, the Village could not locate 3 checks to verify the payment of the liability. The amount of these liability balances totaled approximately \$27,000.

Criteria: To ensure resources are being expended for only authorized purposes, agencies must implement adequate controls and procedures for cash disbursements. (*Model of Accounting Practices, FIN 5 Section 6-5-2, NMSA 1978.*)

Cause: Lack of adequate supervision over cash disbursements.

Effect: Expenditures could have been made for unauthorized purposes.

Recommendation: We recommend the Village implement policies to ensure records and documentation are maintained adequately to support cash disbursements.

Management Response: Management acknowledges this finding and has since implemented enhanced custody of critical documents procedures.

07-3 JOURNAL ENTRY PROCESS (Significant Deficiency)

Condition: During journal entry testwork, we noted the Village does not have a process in place for the review of journal entries before they are recorded into the system. Also, one journal entry packet did not contain the supporting documentation to explain the entry. The amount of the one journal entry not supported was approximately \$159,000. The total sample of journal entries was approximately \$219,000.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

07-3 JOURNAL ENTRY PROCESS (Significant Deficiency) - continued

Criteria: Standard accounting practices state journal entries should be prepared, and then reviewed by an individual in a supervisory position. Also, supporting documentation should be reviewed to verify the reasonableness of the journal entry.

Cause: Lack of adequate supervision over journal entries.

Effect: Journal entries could have been improper.

Recommendation: We recommend the Village implement policies and procedures to ensure journal entries are reviewed by someone other than the preparer before they are recorded.

Management Response: The Village is working with an outside CPA firm to enhance all accounting procedures. A draft of new journal entry procedures has been developed and includes authorization sheets that include prepared by, reviewed by, approved by and posted by levels of authorization.

07-4 INADEQUATE ACCOUNTING RECORDS (Significant Deficiency)

Condition: During cash testwork, we noted one cash account was recorded on the general ledger for an immaterial amount, but there was no reconciliation maintained to monitor account activity.

Criteria: Standard accounting processes identify the following in relation to cash accounts:

- All bank accounts should be reconciled monthly.
- Reconciliations should be prepared using the bank balance and the balance per the general ledger instead of to a cash book balance.
- A policy for the write-off of old outstanding checks should be initiated.

Cause: Lack of adequate supervision over general cash transactions.

Effect: Cash balance could be misstated.

Recommendation: We recommend the Village ensure all cash accounts are reconciled on a monthly basis.

Management Response: The Village is working with an outside CPA firm to enhance all accounting policies and procedures. This includes the proper reconciliation of all balance sheet accounts.

YEAR ENDED JUNE 30, 2008

B. FINDINGS - FINANCIAL STATEMENT AUDIT - continued

07-5 ACCOUNTING FOR ASSESSMENT REVENUE AND CONSTRUCTION IN PROGRESS (Significant Deficiency)

Condition: During our testwork, we discovered a cash account related to assessment fees collected from property owners in association with the HWY 434 Infrastructure project. However, the activity related to construction in progress was not being recorded. The ending balance in this account was \$49,391, the associated revenue was approximately \$121,000 and the expenses were approximately \$72,000.

Criteria: Generally Accepted Accounting Principles state revenue should be recorded when it is earned and realized or realizable. State owned property, plant and equipment should be acquired in accordance with State Laws and rules (*Model of Accounting Practices, Section 6-5-2 Asset Management, NMSA 1978*).

A State owned capital asset is defined as:

1. Real property, buildings, movable chattel (goods or property) or equipment which has a value greater than \$5,000;
2. Expected to be used or held beyond the fiscal year in which it was acquired; not consumed in or by its use; and
3. Acquired by purchases, trade, donation, lease-purchase agreement or construction.

Cause: Lack of adequate supervision.

Effect: Cash balance was overstated; revenue and capital assets were understated.

Recommendation: We recommend the Village implement a review process surrounding cash collections and disbursements to ensure transactions are being recorded accurately.

Management Response: The Village is working with an outside CPA firm to enhance all accounting policies and procedures. This includes the proper reconciliation of all balance sheet accounts.

STATUS OF PRIOR YEAR AUDIT FINDINGS

- 03-1 Due Date of Audit Report – Repeated
- 03-2 Filing of Budget Information with the Department of Finance and Administration – Repeated
- 03-3 Written Policies and Procedures – Resolved
- 03-4 Inadequate Segregation of Duties – Repeated
- 03-5 Intercept Revenue – Repeated
- 03-6 Budget Overage – Repeated and Modified
- 03-7 Water Deposit Income and Expense – Resolved
- 03-8 Debt Covenants – Resolved
- 03-9 Utility Accounts Receivable – Repeated
- 03-13 Bank Reconciliations – Repeated and Modified
- 03-14 Accounting for Permit Deposits – Repeated
- 03-16 Accounting System (Material Weakness) – Resolved
- 04-1 Disaster Recovery Plan – Repeated
- 04-2 Payroll Disbursements – Resolved
- 04-3 Travel and Per Diem Disbursements – Repeated and Modified
- 04-4 Cash Disbursements and Procurement – Resolved
- 05-1 Procurement of Non-audit Services – Resolved
- 05-2 Water Deposit Liability – Repeated
- 05-3 Annual Capital Asset Inventory – Repeated
- 05-4 Unbilled Water Receivable – Repeated

VILLAGE OF ANGEL FIRE, NEW MEXICO

Summary Schedule of Prior Year Audit Findings - continued

STATUS OF PRIOR YEAR AUDIT FINDINGS - continued

- 05-5 Governmental Depreciation by Function – Resolved
- 05-6 Accounting for Agency Funds – Repeated
- 05-8 Taxability of Fringe Benefits – Resolved
- 06-1 Pledging of Collateral for Public Money – Resolved
- 06-2 PERA Processing and Reporting – Resolved
- 06-3 Employee Participation in Procurement – Resolved

An exit conference was held with the Village on August 4, 2009. The conference was held at the Village Hall. In attendance were:

VILLAGE OF ANGEL FIRE, NEW MEXICO

Larry Leahy, Mayor
Sean McCabe, Controller
Melissa Vossmer, Village Administrator
Terry Cordova, Accounting Manager
Debbie May, Councilor

MEYNER + COMPANY, LLC

Georgie Ortiz, CPA, CGFM, Principal
Raul Anaya, CPA, CGFM, Manager
Laura Beltran-Schmitz, CPA, Senior

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditors' Report.