

VILLAGE OF ANGEL FIRE
Angelfire, New Mexico
Financial Statements
June 30, 2011

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VILLAGE OF ANGEL FIRE, NEW MEXICO

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VILLAGE OF ANGEL FIRE, NEW MEXICO

OFFICIAL ROSTER

Year Ended June 30, 2011

Village Council

Barbara Cottom	Mayor (Current)
Stuart Hamilton	Mayor through June 30, 2011
Chuck Howe	Mayor Pro-Tem
Don Welker	Councilor
Christy Germscheid	Councilor
Brinn Colenda	Councilor
Deborah May	Councilor through June 30, 2011

Village Officials

M. Jay Mitchell	Village Manager (Current)
Larry Leahy	Village Manager through June 30, 2011
Terry Cordova	Village Clerk
Lupita De Herrera	Finance Director

INDEPENDENT AUDITOR'S REPORT

Mr. Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
Ms. Barbara Cottam, Mayor
The Village Council
Village of Angel Fire, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of the Village of Angel Fire, New Mexico (the Village) as of and for the year ended June 30, 2011 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 and the budgetary comparisons for the major capital project funds, debt service funds and all non major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2011, 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.

Except as discussed in the following paragraph, 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 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.

As indicated in finding 09-1, the Village's records for the budget to actual statements were not adequate for all of the Village's funds. As a result, it was impracticable to extend our procedures sufficiently to determine if the budget to actual statements are correct.

In our opinion, except for the budget to actual statements, as noted in the preceding paragraph, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue funds 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 respective financial position of each of the non-major governmental funds of the Village as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the major capital project funds, debt service funds and all nonmajor 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 June 26, 2013, 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
June 26, 2013

**VILLAGE OF ANGEL FIRE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

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 ending June 30, 2011.

Financial Highlights

In fiscal year 2011, the Village started the Sports & Recreation Field project at Allen Fields, with a loan in the amount \$1,500,000 from New Mexico Finance Authority. This provided an increase in capital projects, in addition to an increase to the Gross Receipts which the Village benefited from.

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.

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.

VILLAGE OF ANGEL FIRE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011

Governmental Funds - Governmental Funds are used to account for activities primarily supported by taxes, grants and similar revenue sources. They are used to essentially account for the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on inflows and outflows of spendable resources. The Village also maintains other individual governmental funds classified as Special Revenue, Debt Service and Capital Project funds.

The Village adopts an annual budget for the General fund, Enterprise funds, and the other governmental funds. Unfortunately, during this fiscal year, due to the absence of a lead Finance Director, there is a great disparity between budgets. As was discovered, there were three budgets, the budget approved by the Village Council, the budget submitted to the Department of Finance and Administration (DFA) and the budget which was entered into the accounting software. It was difficult to follow with this much disparity in budget numbers. As can be seen and recognized by the auditors, in many instances budget was exceeded by expenditures, which in turn created expenses in excess of budget.

Proprietary Funds - A government's proprietary funds can be classified into two fund types, enterprise funds and internal funds. Enterprise funds as per GAAP may be used to report any activity for which a fee is charged to external users for goods or services. The requirements for an enterprise fund is "there is an outstanding debt that is backed solely by fees and charges; laws or regulations require fees and charges be set to recover costs to include capital cost; and there is a pricing policy that fees and charges be set to recover costs, to include capital costs which will cover depreciation or debt service". The second type of proprietary fund is an internal fund, which requires the government must be the predominant participant and the fund must function on an essentially break-even basis over time.

Fiduciary Funds - Fiduciary funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the government's own programs.

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

The net assets could serve as an indicator of a government's financial position. As in the case of the Village's primary government, assets exceed liabilities by \$1,847,579 as compared to Fiscal Year 2010, principally; this is due to the addition of the capital investment of the Allen Field Sport and Recreation Fields. The Village's investment in capital assets is reported net of related debt, it should be noted the resources are needed to repay the debt provided from other sources, since capital assets cannot be used to liquidate these liabilities.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

Financial Analysis of the Village as a Whole

Net Assets

Table A-1 summarizes the Village's net assets for the fiscal years ended June 30, 2011 and 2010.

**Table A-1
The Village's Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	FY2011	FY2010	FY2011	FY2010	FY2011	FY2010
Assets:						
Current and other assets	\$ 161,934	\$ 279,999	\$ 1,698,830	\$ 1,547,421	\$ 1,860,764	\$ 1,827,420
Capital Assets, net	<u>19,526,861</u>	<u>17,917,311</u>	<u>12,853,745</u>	<u>12,649,060</u>	<u>32,380,606</u>	<u>30,566,371</u>
Total assets	<u>\$ 19,688,795</u>	<u>\$ 18,197,310</u>	<u>\$ 14,552,575</u>	<u>\$ 14,196,481</u>	<u>\$ 34,241,370</u>	<u>\$ 32,393,791</u>
Liabilities:						
Current liabilities	\$ 1,843,395	\$ 1,704,991	\$ 744,500	\$ 805,315	\$ 2,587,895	\$ 2,510,306
Long-term liabilities	<u>10,462,404</u>	<u>9,707,484</u>	<u>6,409,431</u>	<u>6,719,282</u>	<u>16,871,835</u>	<u>16,426,766</u>
Total liabilities	<u>12,305,799</u>	<u>11,412,475</u>	<u>7,153,931</u>	<u>7,524,597</u>	<u>19,459,730</u>	<u>18,937,072</u>
Net assets:						
Invested in capital assets, net of related debt	8,299,583	7,554,582	6,135,237	5,840,459	14,434,820	13,395,041
Restricted	2,466,491		126,504	126,504	2,592,995	126,504
Unrestricted	<u>(3,383,078)</u>	<u>(769,747)</u>	<u>1,136,903</u>	<u>704,921</u>	<u>(2,246,175)</u>	<u>(64,826)</u>
Total net assets	<u>7,382,996</u>	<u>6,784,835</u>	<u>7,398,644</u>	<u>6,671,884</u>	<u>14,781,640</u>	<u>13,456,719</u>
Total liabilities and net assets	<u>\$ 19,688,795</u>	<u>\$ 18,197,310</u>	<u>\$ 14,552,575</u>	<u>\$ 14,196,481</u>	<u>\$ 34,241,370</u>	<u>\$ 32,393,791</u>

The changes between Net Assets are attributed to the addition of the Allen Fields, which would include the additional debt service for this capital improvement.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

Changes in Net Assets

Table A-2 summarizes the Village's changes in net assets for fiscal years ended June 30, 2011 and 2010. Governmental activities during fiscal year 2011 increased the Village's net assets by \$598,161.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY2011</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,026,742	\$ 626,501	\$ 2,615,507	\$ 2,363,426	\$ 3,642,249	\$ 2,989,927
Operating grants and contributions	2,439,729	1,758,755			2,439,729	1,758,755
General revenue:						
Gross receipts taxes	2,285,579	2,043,912	50,042	47,737	2,335,621	2,091,649
Property taxes	1,226,533	1,181,490			1,226,533	1,181,490
Other taxes	740,128	825,126			740,128	825,126
Investment income	<u>2,484</u>	<u>2,294</u>		<u>1,472</u>	<u>2,484</u>	<u>3,766</u>
Total revenues	<u>7,721,195</u>	<u>6,438,078</u>	<u>2,665,549</u>	<u>2,412,635</u>	<u>10,386,744</u>	<u>8,850,713</u>
Operating transfers, net		(1,101,742)		1,101,742		
Expenses:						
General government	2,825,565	3,122,658			2,825,565	3,122,658
Public Safety	832,143	999,845			832,143	999,845
Highways and streets	1,890,516	1,744,175			1,890,516	1,744,175
Culture and recreation		225				225
Public transportation	271,323	242,626			271,323	242,626
Economic and physical development	119,060	20,099			119,060	20,099
Interest on long-term debt	1,184,427	368,670			1,184,427	368,670
Wastewater			592,165	859,613	592,165	859,613
Solid waste			582,409	906,172	582,409	906,172
Water			<u>764,216</u>	<u>1,048,958</u>	<u>764,216</u>	<u>1,048,958</u>
Total expenses	<u>7,123,034</u>	<u>6,498,298</u>	<u>1,938,790</u>	<u>2,814,743</u>	<u>9,061,824</u>	<u>9,313,041</u>
Increase in net assets:	<u>\$ 598,161</u>	<u>\$ (1,161,962)</u>	<u>\$ 726,759</u>	<u>\$ 699,634</u>	<u>\$ 1,324,920</u>	<u>\$ (462,328)</u>

The Village's revenues increased by \$1,536,031 from the previous fiscal year. There was increase in enterprise funds revenues and a decrease in expenditures for the enterprise funds as compared to the previous fiscal year.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2011**

Governmental Funds

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

As per the financial statements, and as demonstrated by Table A-2, there appears to be a positive fund balance of \$598,161, but this is not a reliable figure, since there was not an amount for in Operating Transfers net which could very well make this a negative fund balance for the Governmental Funds. The same goes for the Business-Like Activities, based on Table A-2, there appears to be a positive fund balance of \$726,760, but here again there is not an amount for Operating Transfers Net, which also result in a negative fund will balance for Business-Like Activities

Capital Assets

For fiscal year 2011, there was increase of \$1,500,000 in capital additions. This addition was attributed to the completion of Allen Fields-Sports and Recreation field.

Debt

Debt service was increased by \$1,500,000, which was due to the funds borrowed from New Mexico Finance Authority to complete the capital improvement of Allen Fields.

Requests for Information

This financial report is designed to provide a overview of the Village's finances. Questions concerning any of the information provide in this report or requests for additional information should be address to the Village's Manage or Village's Finance Director, located at Village of Angel Fire, 3388 Mountain View Blvd., Angel Fire and New Mexico 87710.

FINANCIAL STATEMENTS

VILLAGE OF ANGEL FIRE, NEW MEXICO
STATEMENT OF NET ASSETS
Year Ended June 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS:			
Cash and Investments	\$ 410,828	\$ 374,161	\$ 784,989
Receivables:			
Taxes:			
Property	18,285	7,704	25,989
Lodgers tax	27,694		27,694
Gross receipts tax	360,475	15,602	376,077
Accounts receivable, net of allowance		526,805	526,805
Restricted cash		126,504	126,504
Internal balances	(663,655)	663,655	0
Receivables from external parties	8,307		8,307
Capital assets, net of accumulated depreciation	<u>18,272,808</u>	<u>12,127,238</u>	<u>30,400,046</u>
TOTAL ASSETS	<u>18,434,742</u>	<u>13,841,670</u>	<u>32,276,412</u>
LIABILITIES:			
Accounts payable	757,832	178,534	936,366
Accrued compensation and benefits	76,914	34,929	111,843
Gross receipts tax payable		17,692	17,692
Interest payable		150,216	150,216
Deposits payable	177,337	44,887	222,224
Other liabilities	4,441		4,441
Compensated absences, due in one year	61,997	24,767	86,764
Long-term liabilities, due in one year	826,871	333,844	1,160,715
Non-current liabilities:			
Long-term liabilities, due in more than one year	<u>10,400,407</u>	<u>6,384,664</u>	<u>16,785,071</u>
TOTAL LIABILITIES	<u>12,305,799</u>	<u>7,169,533</u>	<u>19,475,332</u>
NET ASSETS:			
Invested in capital assets, net of related debt	7,045,530	5,408,730	12,454,260
Restricted for:			
Special revenue fund	930,763		930,763
Capital project fund	1,535,728		1,535,728
Grant expenditures		126,504	126,504
Unrestricted	<u>(3,383,078)</u>	<u>1,136,903</u>	<u>220,316</u>
TOTAL NET ASSETS	<u>\$ 6,128,943</u>	<u>\$ 6,672,137</u>	<u>\$ 12,801,080</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

<u>Functions/ Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
PRIMARY GOVERNMENT:			
GOVERNMENTAL ACTIVITIES:			
General government	\$ 3,059,896	\$ 252,036	\$ 146,012
Public safety	1,135,067	65,459	462,581
Highways and streets	2,562,385	434,070	695,878
Culture and recreation	244	139,921	906,565
Public transportation	323,240		236,200
Economic and physical development	121,746	137,667	
Interest on long-term debt	<u>1,184,427</u>		
Total governmental activity	<u>8,387,005</u>	<u>1,029,153</u>	<u>2,447,236</u>
BUSINESS-TYPE ACTIVITIES			
Waste water	894,704	450,431	
Solid waste	826,272	844,971	
Water	<u>944,321</u>	<u>1,320,105</u>	
Total business-type activities	<u>2,665,297</u>	<u>2,615,507</u>	<u>0</u>
TOTAL PRIMARY GOVERNMENT	<u>\$11,052,302</u>	<u>\$ 3,644,660</u>	<u>\$ 2,447,236</u>

General Revenues:

Taxes:
Franchise
Gasoline
Gross receipts
Property
Lodgers
Cigarette
Motor vehicle
Interest
Total general revenues
Change in net assets
Beginning net assets
Ending net assets

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

<u>Functions/ Programs</u>	<u>Net (Expense) Revenue and Changes in</u> <u>Net Assets</u>		
	<u>Primary Government</u>		
	<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
PRIMARY GOVERNMENT:			
GOVERNMENTAL ACTIVITIES:			
General government	\$ (2,661,848)	\$	\$ (2,661,848)
Public safety	(607,027)		(607,027)
Highways and streets	(1,432,437)		(1,432,437)
Culture and recreation	1,046,242		1,046,242
Public transportation	(87,040)		(87,040)
Economic and physical development	15,921		15,921
Interest on long-term debt	<u>(1,184,427)</u>		<u>(1,184,427)</u>
Total governmental activity	<u>(4,910,616)</u>	<u>0</u>	<u>(4,910,616)</u>
BUSINESS-TYPE ACTIVITIES			
Waste water		(444,273)	(444,273)
Solid waste		18,699	18,699
Water		<u>375,785</u>	<u>375,785</u>
Total business-type activities	<u>0</u>	<u>(49,789)</u>	<u>(49,789)</u>
TOTAL PRIMARY GOVERNMENT	<u>(4,910,616)</u>	<u>(49,789)</u>	<u>(4,960,405)</u>
<u>General Revenues:</u>			
Taxes:			
Franchise	144,251		144,251
Gasoline	20,690		20,690
Gross receipts	2,285,579	50,042	2,335,621
Property	1,226,533		1,226,533
Lodgers	262,022		262,022
Cigarette	391		391
Motor vehicle	312,774		312,774
Interest	<u>2,484</u>		<u>2,484</u>
Total general revenues	<u>4,254,724</u>	<u>50,042</u>	<u>4,304,766</u>
Change in net assets	(655,892)	253	(655,639)
Beginning net assets	<u>6,784,835</u>	<u>6,671,884</u>	<u>13,456,719</u>
Ending net assets	<u>\$ 6,128,943</u>	<u>\$ 6,672,137</u>	<u>\$ 12,801,080</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
BALANCE SHEET - GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	Major			Non-major	Total
	General	Sports & Recreation	Community Center	Governmental Funds	Governmental Funds
ASSETS:					
Cash and investments	\$	\$ 284,283	\$	\$ 126,545	\$ 410,828
Receivables:					
Taxes:					
Property		3,917		14,368	18,285
Lodgers tax				27,694	27,694
Gross receipts tax	331,746			28,729	360,475
Receivables from external parties	8,307				8,307
Due from other funds	<u>995,669</u>	<u>275</u>	<u>301,201</u>	<u>2,669,160</u>	<u>3,966,305</u>
TOTAL ASSETS	<u>\$ 1,335,722</u>	<u>\$ 288,475</u>	<u>\$ 301,201</u>	<u>\$ 2,866,496</u>	<u>\$ 4,791,894</u>
LIABILITIES:					
Accounts payable	\$ 502,919	\$ 125,596	\$ 1,617	\$ 127,700	\$ 757,832
Accrued compensation and benefits	76,914				76,914
Deposits payable	177,337				177,337
Other liabilities	762		(112)	3,791	4,441
Due to other funds	<u>1,074,400</u>	<u> </u>	<u>593,691</u>	<u>2,961,869</u>	<u>4,629,960</u>
TOTAL LIABILITIES	<u>1,832,332</u>	<u>125,596</u>	<u>595,196</u>	<u>3,093,360</u>	<u>5,646,484</u>
FUND BALANCES:					
Restricted for:					
Special revenue funds				930,763	930,763
Capital projects funds		162,879		1,535,728	1,698,607
Unassigned for:					
General fund	(496,610)				(496,610)
Special revenue funds				(565,886)	(565,886)
Capital projects funds				(407,974)	(407,974)
Debt Service	<u> </u>	<u> </u>	<u>(293,995)</u>	<u>(1,719,495)</u>	<u>(2,013,490)</u>
TOTAL FUND BALANCE	<u>(496,610)</u>	<u>162,879</u>	<u>(293,995)</u>	<u>(226,864)</u>	<u>(854,590)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,335,722</u>	<u>\$ 288,475</u>	<u>\$ 301,201</u>	<u>\$ 2,866,496</u>	<u>\$ 4,791,894</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS
Year Ended June 30, 2011

Total Fund Balance - Governmental Funds (Governmental Funds Balance Sheet)	\$ (854,590)
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.	
Capital assets	27,720,782
Accumulated depreciation	<u>(9,447,974)</u>
Total capital assets	<u>18,272,808</u>
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, loans and capital leases)	(11,227,278)
Compensated absences payable	<u>(61,997)</u>
Total long-term and other liabilities	<u>(11,289,275)</u>
Net assets of governmental activities (Statement of Net Assets)	\$ <u>6,128,943</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	<u>Major</u>			Non-major Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Sports & Recreation</u>	<u>Community Center</u>		
REVENUES:					
Grant revenue	\$ 145,834	\$	\$ 1,018,935	\$ 1,597,936	\$ 2,762,705
Interest	552	1,932			2,484
Taxes	3,677,314	131		574,796	4,252,241
Licenses, permits, fees and fines	123,718	126,124		114,907	364,749
Donation and services	27,503	200			27,703
Other	<u>100,815</u>		<u>12,113</u>	<u>208,303</u>	<u>321,231</u>
Total revenues	<u>4,075,736</u>	<u>128,387</u>	<u>1,031,048</u>	<u>2,495,942</u>	<u>7,731,113</u>
EXPENDITURES:					
Current:					
General government	2,600,857			205,427	2,806,284
Public Safety	490,442	76,030		273,177	839,649
Economic and physical development			115,407	3,653	119,060
Highways and Streets	382,545	1,492,013		17,577	1,892,135
Public transportation				271,323	271,323
Debt Service:					
Principal	42,737			667,714	710,451
Interest	692,049			492,378	1,184,427
Capital outlay	<u>261,748</u>	<u>16,795</u>	<u>1,087,689</u>	<u>243,318</u>	<u>1,609,550</u>
Total expenditures	<u>4,470,378</u>	<u>1,584,838</u>	<u>1,203,096</u>	<u>2,174,567</u>	<u>9,432,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(394,642)</u>	<u>1,456,451</u>	<u>(172,048)</u>	<u>321,375</u>	<u>(1,701,766)</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from the issuance of debt		<u>1,575,000</u>			<u>1,575,000</u>
Total other financing sources (uses)	<u>0</u>	<u>1,575,000</u>	<u>0</u>	<u>0</u>	<u>1,575,000</u>
NET CHANGE IN FUND BALANCES	(394,642)	118,549	(172,048)	321,375	(126,766)
BEGINNING FUND BALANCES	<u>(101,968)</u>	<u>44,330</u>	<u>(121,947)</u>	<u>(548,239)</u>	<u>(727,824)</u>
ENDING FUND BALANCES	<u>\$ (496,610)</u>	<u>\$ 162,879</u>	<u>\$ (293,995)</u>	<u>\$ (226,864)</u>	<u>\$ (854,590)</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances) \$ (126,766)

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	(1,254,053)
Capital outlay	<u>1,609,550</u>
Excess of capital outlay over depreciation expense	<u>355,497</u>

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	710,451
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Compensated absences are reported in the statement of activities do not require the use of current financial resources and therefore are reported under the full accrual method, and not the modified accrual method.	(20,074)
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Revenue in the Statement of activities that do not provide current financial resources are reported as revenues in the funds:

Proceeds from debts	<u>(1,575,000)</u>
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Change in net assets of governmental activities (Statement of Activities) \$ (655,892)

VILLAGE OF ANGEL FIRE, NEW MEXICO
STATEMENT OF REVENUES AND EXPENDITURES - MAJOR
GOVERNMENTAL FUNDS - BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
			(Budgetary	Positive
			Basis)	(Negative)
REVENUES:				
Grant	\$ 40,000	\$ 40,000	\$ 145,834	\$ 105,834
Licenses, permits, fees & fines	170,428	170,428	123,718	(46,710)
Interest	1,077	1,077	552	(525)
Donation and services	26,119	26,119	27,503	1,384
Taxes	3,614,048	3,614,048	3,677,314	63,266
Other	<u>138,639</u>	<u>138,639</u>	<u>100,815</u>	<u>(37,824)</u>
Total revenues	<u>3,990,311</u>	<u>3,990,311</u>	<u>4,075,736</u>	<u>85,425</u>
EXPENDITURES:				
General government	2,369,057	2,369,057	2,600,857	(231,800)
Public safety	458,666	458,666	490,442	(31,776)
Highways and Streets	566,349	566,349	382,545	183,804
Capital outlay	189,685	189,685	261,748	(72,063)
Debt service				
Principal			42,737	(42,737)
Interest			<u>692,049</u>	<u>(692,049)</u>
Total expenditures	<u>3,583,757</u>	<u>3,583,757</u>	<u>4,470,378</u>	<u>(886,621)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 406,554</u>	<u>\$ 406,554</u>	<u>(394,642)</u>	<u>\$ (801,196)</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- RECREATION-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	Recreation			
	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES:				
Taxes	\$	\$	\$ 131	\$ 131
Licenses, Permits, fees & fines	118,239	118,239	126,124	7,885
Interest			1,932	1,932
Donation and services			200	200
Total revenue	<u>118,239</u>	<u>118,239</u>	<u>128,387</u>	<u>10,148</u>
EXPENDITURES:				
Public safety			76,030	(76,030)
Highways and Streets			1,492,013	(1,492,013)
Capital outlay			16,795	(16,795)
Total expenditure	<u>0</u>	<u>0</u>	<u>1,584,838</u>	<u>(1,584,838)</u>
OTHER FINANCING SOURCES/ (USES):				
Proceeds from the issuance of debt			1,575,000	1,575,000
Total other financing sources	<u>0</u>	<u>0</u>	<u>1,575,000</u>	<u>1,575,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 118,239</u>	<u>\$ 118,239</u>	<u>118,549</u>	<u>\$ 310</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUES FUND - COMMUNITY CENTER - STATEMENT OF
REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011

	COMMUNITY CENTER			
	Budgeted Amounts		Actual	Variance from
	Original	Final	Amounts	Final Budget
			(Budgetary	Positive
			Basis)	(Negative)
REVENUES:				
Grant	\$	\$	\$ 1,018,935	\$ 1,018,935
Other			12,113	12,113
Total revenues	<u>0</u>	<u>0</u>	<u>1,031,048</u>	<u>1,031,048</u>
EXPENDITURES:				
Economic and physical development			115,407	(115,407)
Capital outlay			<u>1,087,689</u>	<u>(1,087,689)</u>
Total expenditures	<u>0</u>	<u>0</u>	<u>1,203,096</u>	<u>(1,203,096)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (172,048)</u>	<u>\$ (172,048)</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
Year Ended June 30, 2011

	Major Enterprise Funds			Total
	Waste Water	Solid Waste	Water	
ASSETS:				
Current assets:				
Cash and investments	\$	\$ 311,003	\$ 63,158	\$ 374,161
Restricted cash and investments		126,504		126,504
Receivables:				
Accounts receivable, net of allowance		72,118	178,429	276,258
Property tax			7,704	7,704
Gross receipts tax			15,602	15,602
Due from other funds		<u>197,349</u>	<u>1,435,185</u>	<u>1,632,534</u>
Total current assets		<u>395,971</u>	<u>1,790,203</u>	<u>2,683,310</u>
Capital assets:				
Land and water rights		376,475	49,856	4,925,584
Plant and equipment		9,451,312	2,143,371	8,183,351
Vehicles		5,593	557,507	165,695
Less accumulated depreciation		<u>(5,446,398)</u>	<u>(1,301,980)</u>	<u>(6,983,128)</u>
Total capital assets, net of accumulated depreciation		<u>4,386,982</u>	<u>1,448,754</u>	<u>12,127,238</u>
TOTAL ASSETS	\$	<u>4,782,953</u>	\$	<u>8,081,705</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	\$	14,388	\$ 17,410	\$ 146,736
Accrued compensation and benefits		1,564	12,201	21,164
Gross receipts tax payable		9,568	8,124	17,692
Interest payable		96,685	6,696	46,835
Deposit payable				44,887
Compensated absences		14,092	7,073	3,602
Due to other funds		595,541	296,913	76,425
Capital leases payable - current			70,224	70,224
Loans payable - current			158,291	13,329
Bonds payable - current		<u>92,000</u>		<u>92,000</u>
Total current liabilities		<u>823,838</u>	<u>576,932</u>	<u>352,978</u>
Non-current liabilities:				
Capital leases payable			138,632	138,632
Loans payable			1,018,249	147,783
Bonds payable		<u>5,080,000</u>		<u>5,080,000</u>
Total non-current liabilities		<u>5,080,000</u>	<u>1,156,881</u>	<u>147,783</u>
TOTAL LIABILITIES		<u>5,903,838</u>	<u>1,733,813</u>	<u>500,761</u>
NET ASSETS:				
Invested in capital assets, net of related debt		(785,018)	63,358	6,130,390
Restricted for:				
Grant expenditures		126,504		126,504
Unrestricted		<u>(462,371)</u>	<u>148,719</u>	<u>1,450,554</u>
Total net assets		<u>(1,120,885)</u>	<u>212,077</u>	<u>7,580,944</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>4,782,953</u>	\$	<u>14,810,548</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
Year Ended June 30, 2011

	<u>Major Enterprise Funds</u>			
	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Water</u>	<u>Total</u>
OPERATING REVENUES:				
Sales and services	\$ 450,431	\$ 844,971	\$ 1,320,105	\$ 2,615,507
Operating expenses:				
Operating expenses	277,213	582,409	764,216	1,623,838
Depreciation	<u>302,539</u>	<u>243,863</u>	<u>180,105</u>	<u>726,507</u>
Total operating expenses	<u>579,752</u>	<u>826,272</u>	<u>944,321</u>	<u>2,350,345</u>
Operating (loss) income	<u>(129,321)</u>	<u>18,699</u>	<u>375,784</u>	<u>265,162</u>
NON-OPERATING REVENUES (EXPENSES)				
Gross receipts tax		50,042		50,042
Debt Service				
Interest	<u>(314,952)</u>	<u> </u>	<u> </u>	<u>(314,952)</u>
Total non-operating expenses	<u>(314,952)</u>	<u>50,042</u>	<u>0</u>	<u>(264,910)</u>
NET INCOME (LOSS)	(444,273)	68,741	375,784	530,072
NET ASSETS, BEGINNING OF YEAR	<u>(676,612)</u>	<u>143,336</u>	<u>7,205,160</u>	<u>6,671,884</u>
NET ASSETS, END OF YEAR	<u>\$ (1,120,885)</u>	<u>\$ 212,077</u>	<u>\$ 7,580,944</u>	<u>\$ 6,672,136</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2011

	<u>Major Enterprise Funds</u>			<u>Total</u>
	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Water</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 415,083	\$ 830,334	\$ 1,213,879	\$ 2,459,296
Cash payments to vendors and employees	<u>(277,263)</u>	<u>(588,835)</u>	<u>(781,060)</u>	<u>(1,647,158)</u>
Net cash provided by operating activity	<u>137,820</u>	<u>241,499</u>	<u>432,819</u>	<u>812,138</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:				
Gross receipts tax revenue		49,972	(9,740)	40,232
Property Tax		(1,229)		(1,229)
(Due to)/due from	<u>287,813</u>	<u>195,272</u>	<u>(185,066)</u>	<u>298,019</u>
Net cash provided by non-capital and related financing activities	<u>287,813</u>	<u>244,015</u>	<u>(194,806)</u>	<u>337,022</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(20,447)	(38,943)	(145,294)	(204,684)
Principal payment on bonds	(88,000)			(88,000)
Principal payment on loans		(155,448)	(13,295)	(168,743)
Principal payment on capital leases	(8,901)	(39,824)	(16,466)	(65,191)
Interest payment on bonds, loans and leases	<u>(314,952)</u>	<u> </u>	<u> </u>	<u>(314,952)</u>
Net cash used by capital and related financing activities	<u>(432,300)</u>	<u>(234,215)</u>	<u>(175,055)</u>	<u>(841,570)</u>
NET (DECREASE) INCREASE IN CASH	(6,667)	251,299	62,958	307,590
CASH, BEGINNING OF YEAR	<u>133,171</u>	<u>59,704</u>	<u>200</u>	<u>193,075</u>
CASH, END OF YEAR	<u>\$ 126,504</u>	<u>\$ 311,003</u>	<u>\$ 63,158</u>	<u>\$ 500,665</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2011

	<u>Major Enterprise Funds</u>			<u>Total</u>
	<u>Waste Water</u>	<u>Solid Waste</u>	<u>Water</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (129,321)	\$ 18,699	\$ 375,784	\$ 265,162
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS:				
Depreciation expense	302,539	243,863	180,105	726,507
CHANGES IN ASSETS AND LIABILITIES:				
Accounts receivable	35,348	14,637	106,226	156,211
Accounts payable	(888)	11,889	19,783	30,784
Accrued expenses	(422)	(3,644)	(2,985)	(7,051)
Compensated absences	1,360	(1,819)	2,336	1,877
Other Liabilities	<u> </u>	<u> </u>	<u>(2,290)</u>	<u>(2,290)</u>
Total changes in assets and liabilities	<u>35,398</u>	<u>21,063</u>	<u>123,070</u>	<u>179,531</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 137,820</u>	<u>\$ 241,499</u>	<u>\$ 432,819</u>	<u>\$ 812,138</u>

The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended June 30, 2011

ASSETS:

Cash	\$ 35,555
Accounts receivable	<u>10,112</u>

TOTAL ASSETS	<u>45,667</u>
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LIABILITIES:

Payable to external parties	8,307
Due to others	<u>37,360</u>

TOTAL LIABILITIES	<u><u>\$ 45,667</u></u>
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The accompanying notes are an integral part of the financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Angel Fire, New Mexico (the 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.

During the year ended June 30, 2011, the Village implemented the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB Statement No. 54 establishes standards for financial reporting, including note disclosure requirements, for fund balance classifications of the governmental funds, and clarifies existing governmental fund type definitions.

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, 2011.

The government-wide financial statements report information on all of the non-fiduciary activities of the Village. Where appropriate, the effect of interfund activity has been removed from the 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 segments 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; 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.

Private-sector standards of accounting and financial reporting issued prior to December 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 (GASB). 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.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB has issued Statement No. 62 that establishes guidance for pre November, 1989 FASB and AICPA pronouncements. This standard will be implemented for the year ended June 30, 2013. The Village does not expect any material changes to the financial statement as a result of implementation on this standard.

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 fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. 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 Non exchange 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 10 and April 10. 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 is recognized in the period when an enforceable legal claim has arisen and the resources are available.

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.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation - Fund Accounting

The Village reports the following major governmental funds:

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.

Recreation is a special revenue fund established to account for revenues and expenditures relating to recreational facilities and programs of the Village. The monetary funds to support the activities carried out in this fund come from the State. The fund was established by NMSA 7-12-15.

Community Center is a special revenue fund established to account for the revenue and expenditures of the Community Center. The fund is authorized by the Village Council.

Proprietary funds financial statements are reported using the measurement focus 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, regardless of when the related cash flow takes place.

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.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 in 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 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 constructed. 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
Vehicle and vehicles under capital lease	5 - 7 years
Machinery and Equipment	10 years
Infrastructure	5 years

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

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Village accrues compensated absences for regular and probationary full-time employees at the rate of 3.70 hours per pay period, equal to 12 working days per year. The maximum on sick leave accrual is capped at 480 hours, equal to 60 days.

Fund Balance Classifications

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the Village. Those committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action it employed to previously commit those accounts.

Assigned. Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village or a management official delegated that authority by the formal Village action.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt" are included in unrestricted net assets.

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. All interfund activity has been eliminated at the government wide level.

Cash Flows

For purposes of the Statement of Cash Flows, all highly liquid assets with a maturity of three months or less are considered to be cash equivalents.

Budgetary Information

Actual amounts on the budgetary basis are prepared on the GAAP basis of accounting, which recognizes revenues when earned and expenditures when incurred. 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, the Village Administrator submits to the Village Council a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them based on previous years' 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 a resolution.
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.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Use of Estimates in Preparing Financial Statements

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.

NOTE 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. The pledged collateral by bank at June 30, 2011 consists of the following:

	<u>International Bank</u>	<u>First National Bank</u>	<u>Total</u>
Total amount on deposit	\$ 490,765	\$ 90,647	\$ 581,412
Less FDIC coverage	(250,000)	(90,647)	(340,647)
Total uninsured public funds	240,765		240,765
50% collateral requirement	120,383		120,383
Pledged securities, fair value	<u>1,096,550</u>	<u>57,930</u>	<u>1,154,480</u>
Pledged in excess of requirement	<u>\$ 976,167</u>	<u>\$ 57,930</u>	<u>\$ 1,034,097</u>

The total balance in any single financial institution may at times exceed the \$250,000 in FDIC coverage available to individual depositors. The Village is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account. See page 104 for a reconciliation of bank to book balances.

Concentration of Credit Risk - Investments

Concentration of credit risk is the risk of loss attributable to the magnitude of the 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.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 2 - CASH AND INVESTMENT (CONTINUED)

As of June 30, 2010, the State Treasurer Local Government Investment Pool (LGIP) was rated by Standard's & Poor's as AAAM. At June 30, 2011, the Village had \$81,864 in the LGIP. 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. 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. Monthly, 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 auditor's report, together with the financial statements, the accompanying notes to the financial statements and the independent auditor's 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, 2011 was 43 days.

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

NOTE 3 - ACCOUNTS RECEIVABLE — PROPRIETARY FUNDS

Accounts receivable represents billings for water, waste water and solid waste fees. It is management's policy to cut off water and waste water service for non-payment. A lien is placed on the properties which have outstanding water bills. Accounts receivable is comprised of the following at June 30, 2011:

Accounts receivable	\$ 1,246,278
Property Tax	7,704
Allowance for uncollectable accounts	<u>(719,473)</u>
Total	<u>\$ 534,509</u>

Management determines that all receivables in excess of 120 days comprise the allowance for uncollectable accounts.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</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	2,317,859	1,193,785	3,511,644
Water Rights	<u>750,000</u>		<u>750,000</u>
Total capital assets not being depreciated	<u>6,253,464</u>	<u>1,193,785</u>	<u>7,447,249</u>
Capital assets being depreciated:			
Buildings	2,296,259	28,499	2,324,758
Software	263,983	11,301	275,284
Vehicles	2,445,956	317,458	2,763,414
Vehicles under capital lease	776,251		776,251
Equipment under capital lease	88,384		88,384
Machinery and equipment	1,325,195	51,038	1,376,233
Infrastructure	<u>12,661,740</u>	<u>7,469</u>	<u>12,669,209</u>
Total capital assets being depreciated	<u>19,857,768</u>	<u>415,765</u>	<u>20,273,533</u>
Less accumulated depreciation for:			
Buildings	(735,266)	(94,687)	(829,953)
Software	(263,983)	(1,130)	(265,113)
Vehicles	(1,468,992)	(269,278)	(1,738,270)
Vehicles under capital lease	(690,867)	(46,242)	(737,109)
Equipment under capital lease	(12,626)	(944)	(13,570)
Machinery and equipment	(1,063,126)	(84,543)	(1,147,669)
Water rights	(10,417)	(25,000)	(35,417)
Infrastructure	<u>(3,948,644)</u>	<u>(732,229)</u>	<u>(4,680,873)</u>
Total accumulated depreciation	<u>(8,193,921)</u>	<u>(1,254,053)</u>	<u>(9,447,974)</u>
Total capital assets being depreciated, net	<u>11,663,847</u>	<u>(838,288)</u>	<u>10,825,559</u>
Governmental activities capital assets, net	<u>\$ 17,917,311</u>	<u>\$ 355,497</u>	<u>\$ 18,272,808</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 4 - CAPITAL ASSETS (CONTINUED)

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:			
Land	\$ 860,331	\$	\$ 860,331
Construction in progress	96,290	145,294	241,584
Water rights	<u>4,250,000</u>		<u>4,250,000</u>
Total capital assets not being depreciated	<u>5,206,621</u>	<u>145,294</u>	<u>5,351,915</u>
Capital assets being depreciated:			
Plant and system	18,816,954	20,447	18,837,401
Equipment	901,690	38,943	940,633
Vehicles	<u>728,795</u>		<u>728,795</u>
Total capital assets being depreciated	<u>20,447,439</u>	<u>59,390</u>	<u>20,506,829</u>
Total capital assets	<u>25,654,060</u>	<u>204,684</u>	<u>25,858,744</u>
Less accumulated depreciation for:			
Plant and system	(12,171,904)	(525,185)	(12,697,089)
Equipment	(356,954)	(130,105)	(487,059)
Vehicles	<u>(476,142)</u>	<u>(71,217)</u>	<u>(547,359)</u>
Total accumulated depreciation	<u>(13,005,000)</u>	<u>(726,507)</u>	<u>(13,731,507)</u>
Total capital assets being depreciated, net	<u>7,442,439</u>	<u>(667,117)</u>	<u>6,775,322</u>
Business-type activities capital assets, net	<u>\$ 12,649,060</u>	<u>\$ (521,823)</u>	<u>\$ 12,127,237</u>

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

Governmental activities:

General government	\$ 233,538
Public safety	295,418
Highways and streets	670,250
Culture and recreation	244
Public transportation	51,917
Economic and physical development	<u>2,686</u>

Total depreciation expense

1,254,053

Business-type activities:

Waste water	302,539
Solid waste	243,863
Water	<u>180,105</u>

Total depreciation expense

\$ 726,507

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - GOVERNMENTAL ACTIVITIES

During the year ended June 30, 2011, 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	\$ 4,072,126	\$ 1,575,000	\$ 352,209	\$ 5,294,917	\$ 386,261
Bonds payable	5,925,268		315,505	5,609,763	330,419
Capital leases	365,335		42,737	322,598	110,191
Compensated absences	<u>41,923</u>	<u>57,581</u>	<u>37,507</u>	<u>61,997</u>	<u>61,997</u>
Total	<u>\$10,404,652</u>	<u>\$ 1,632,581</u>	<u>\$ 747,958</u>	<u>\$ 11,289,275</u>	<u>\$ 888,868</u>

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

Management has elected not to reserve monies for debt service per their debt covenants. In addition, management records the pledged revenue related to the debt in another fund and transfer funds to the debt service fund for principal and interest payments. These funds are being used for operations.

Loans Payable

On August, 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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 85,678	\$ 18,693	\$ 104,371
2013	88,418	16,174	104,592
2014	91,423	11,903	103,326
2015	94,649	11,145	105,794
2016	98,112	7,690	105,802
2017	<u>101,830</u>	<u>3,982</u>	<u>105,812</u>
Total	<u>\$ 560,110</u>	<u>\$ 69,587</u>	<u>\$ 629,697</u>

On July, 2008 Village obtained a loan from First National Bank in Clayton, NM, in the amount of \$99,000, with an interest rate of 4%, for the purpose of purchasing an ambulance. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 14,000	\$ 2,400	\$ 16,400
2013	15,000	1,840	16,840
2014	15,000	1,240	16,240
2015	<u>16,000</u>	<u>640</u>	<u>16,640</u>
Total	<u>\$ 60,000</u>	<u>\$ 6,120</u>	<u>\$ 66,120</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - GOVERNMENTAL ACTIVITIES (CONTINUED)

On November, 2008, the Village obtained a loan from New Mexico Finance Authority in the amount of \$167,212, with an interest rate of 3.70%, for the purpose of purchasing equipment for use by the Village. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 16,768	\$ 4,166	\$ 20,934
2013	17,220	3,413	20,633
2014	17,718	3,216	20,934
2015	18,264	2,670	20,934
2016	18,855	2,078	20,933
2017-2018	<u>39,682</u>	<u>2,186</u>	<u>41,868</u>
Totals	\$ <u>128,507</u>	\$ <u>17,729</u>	\$ <u>146,236</u>

On August, 2008, the Village obtained a loan from the USDA Rural Services Department in the amount of \$700,000, with an interest rate of 4.25%, for the purpose of acquiring, constructing, equipping and improving fire protection facilities and equipment for the Village of Angel Fire. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 26,000	\$ 26,700	\$ 52,700
2013	27,000	25,600	52,600
2014	28,000	24,500	52,500
2015	29,000	23,300	52,300
2016	31,000	22,100	53,100
2017-2021	174,000	89,600	263,600
2022-2026	214,000	49,400	263,400
2027-2028	<u>123,000</u>	<u>6,500</u>	<u>129,500</u>
Totals	\$ <u>652,000</u>	\$ <u>267,700</u>	\$ <u>919,700</u>

On September, 2008, the Village obtained a loan from the USDA Rural Services Department in the amount of \$110,000, with an interest rate of 4.25%, for the purpose of acquiring, constructing, equipping and improving fire protection facilities and equipment for the Village of Angel Fire. The draws on the loan during the year amounted to \$103,000. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,000	\$ 4,500	\$ 8,500
2013	4,000	4,300	8,300
2014	4,000	4,100	8,100
2015	4,000	4,000	8,000
2016	5,000	3,800	8,800
2017-2021	31,000	15,500	46,500
2022-2026	33,000	8,900	41,900
2027-2028	<u>18,000</u>	<u>1,400</u>	<u>19,400</u>
Totals	\$ <u>103,000</u>	\$ <u>46,500</u>	\$ <u>149,500</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - GOVERNMENTAL ACTIVITIES (CONTINUED)

On June, 2008, the Village issued a line of credit with International Bank in the amount of \$500,000, with an interest rate of 5.00% per annum and for unpaid principal balance additional 1.25% floating rate to be applied. The Village drew down on this line of credit during the fiscal year and had an outstanding balance of \$330,000 at the end of the year. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 105,000	\$ 20,625	\$ 125,625
2013	110,000	14,063	124,063
2014	115,000	4,000	119,000
Totals	\$ 330,000	\$ 38,688	\$ 368,688

On February, 2010, the Village obtained a loan from New Mexico Finance Authority Loan 2373-PP in the amount of \$1,118,245 for the purpose of Water Rights Refunding (CS Cattle Loan) for the Village of Angel Fire. The Village made a principal payment of \$16,650 during the year and had an outstanding balance of \$1,042,575 at the end of the year. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 55,013	\$ 34,239	\$ 89,252
2013	55,687	33,565	89,252
2014	56,541	32,711	89,252
2015	57,629	31,623	89,252
2016	58,970	30,282	89,252
2017-2021	317,244	124,504	441,748
2022-2026	363,924	63,711	427,635
2028	77,567	3,405	80,972
Totals	\$ 1,042,575	\$ 354,040	\$ 1,396,615

On February, 2010, the Village obtained a loan from New Mexico Finance Authority Loan 2373-PP in the amount of \$923,091 for the purpose of Water Rights Refunding (CS Cattle Loan) for the Village of Angel Fire. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$	\$ 42,146	\$ 42,146
2013		42,146	42,146
2014		42,146	42,146
2015		42,146	42,146
2016		42,146	42,146
2017-2021	13,481	210,480	223,961
2022-2026	73,051	201,214	274,265
2027-2031	451,984	152,296	604,280
2032-2034	384,575	27,980	412,555
Totals	\$ 923,091	\$ 802,700	\$ 1,725,791

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - GOVERNMENTAL ACTIVITIES (CONTINUED)

On June, 2010, the Village obtained a Public Sports Facility loan from New Mexico Finance Authority in the amount of \$1,704,750 for the purpose of Construction of Public Sports Facilities within the Governmental Unit for the Village of Angel Fire. Management has maintained \$129,750 as reserve on the loan at Bank of New York Mellon Trust Company. The Village made a principal payment of \$79,365 during the year and had an outstanding balance of \$1,495,634 at the end of the year. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 79,802	\$ 49,958	\$ 129,760
2013	80,496	49,264	129,760
2014	81,494	48,266	129,760
2015	82,790	46,970	129,760
2016	84,413	45,348	129,761
2017-2021	457,787	191,014	648,801
2022-2026	539,190	109,612	648,802
2027-2031	<u>89,662</u>	<u>14,535</u>	<u>104,197</u>
Totals	\$ <u>1,495,634</u>	\$ <u>554,967</u>	\$ <u>2,050,601</u>

Bonds Payable

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 11,000	\$ 29,350	\$ 40,350
2013	12,000	28,800	40,800
2014	13,000	28,200	41,200
2015	13,000	27,550	40,550
2016	14,000	26,900	40,900
2017-2021	81,000	99,700	180,700
2022-2026	105,000	100,750	205,750
2027-2031	132,000	71,950	203,950
2032-2036	168,000	35,550	203,550
2037	<u>38,000</u>	<u>1,900</u>	<u>39,900</u>
Totals	\$ <u>587,000</u>	\$ <u>450,650</u>	\$ <u>1,037,650</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - GOVERNMENTAL ACTIVITIES (CONTINUED)

The Village issued \$400,000 in General Obligation Bonds on January, 1999. The bonds mature August, 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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 45,000	\$ 4,252	\$ 49,252
2013	50,000	2,250	52,250
Total	<u>\$ 95,000</u>	<u>\$ 6,502</u>	<u>\$ 101,502</u>

The Village issued \$750,000 in Gross Receipts Tax Revenue Bonds, Series 2003, on July, 2003. The bonds mature January, 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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 51,321	\$ 17,978	\$ 69,299
2013	53,657	15,642	69,299
2014	56,099	13,200	69,299
2015	58,651	10,648	69,299
2016	61,320	7,979	69,299
2017-2018	131,140	7,459	138,599
Total	<u>\$ 412,188</u>	<u>\$ 72,906</u>	<u>\$ 485,094</u>

On September, 2007, the Village issued \$1,886,042 in Joint Utility System Improvement Revenue Bonds, Series 2007. The bonds mature on September, 2027, and were issued at 4.25%. The proceeds of the bonds were available to the Village for improvement related expenses and were to be drawn down through USDA-RUS approved requisitions. The outstanding balance for these bonds at June 30, 2011 was \$1,701,460. 2007 Joint Utility System Improvement Revenue Bonds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 69,918	\$ 81,949	\$ 151,867
2013	72,890	68,978	141,868
2014	75,988	65,880	141,868
2015-2019	431,215	278,124	709,339
2020-2024	530,973	178,363	709,336
2025-2027	520,476	55,526	576,002
Total	<u>\$ 1,701,460</u>	<u>\$ 728,820</u>	<u>\$ 2,430,280</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - GOVERNMENTAL ACTIVITIES (CONTINUED)

On October, 2007, the Village issued \$2,855,664 in Improvement District Bonds, Series 2007. The bonds mature on December, 2026, and were issued at 4.125%. The proceeds of the bonds were used to construct or otherwise acquire water and wastewater lines and facilities within the Village. 2007 Improvement District Bonds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 111,300	\$ 101,181	\$ 212,481
2013	115,900	96,590	212,490
2014	120,700	91,809	212,509
2015	125,600	86,830	212,430
2016	130,800	81,649	212,449
2017-2021	739,600	322,719	1,062,319
2022-2026	905,300	157,059	1,062,359
2027	203,664	8,402	212,066
Total	<u>\$ 2,452,864</u>	<u>\$ 946,239</u>	<u>\$ 3,399,103</u>

On December, 2009, the Village issued \$417,975 in State Shared Gross Receipts Tax Revenue Bonds (Ladder Truck Loan), Series 2009. The date of maturity of the bonds is on May, 2019. The proceeds of the bonds were used to purchase of Ladder Truck within the Village. 2009 State Shared Gross Receipts Tax Revenue Bonds (Ladder Truck Loan):

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 41,880	\$ 9,070	\$ 50,950
2013	42,466	8,396	50,862
2014	43,227	7,541	50,768
2015	44,178	6,495	50,673
2016	45,317	5,284	50,601
2017-2019	144,183	7,223	50,601
Total	<u>\$ 361,251</u>	<u>\$ 44,009</u>	<u>\$ 405,260</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 5 - LONG-TERM OBLIGATIONS - GOVERNMENTAL ACTIVITIES (CONTINUED)

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 the 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, CNH Capital, Caterpillar Financial Services Corporation and Wagner Equipment. The gross amount of vehicles and equipment under capital lease is \$569,051 and \$88,384 respectively.

The future requirements for capital leases are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 110,191	\$ 8,680	\$ 118,871
2013	111,718	7,154	118,872
2014	100,689	7,538	108,227
Total	<u>\$ 322,598</u>	<u>\$ 23,372</u>	<u>\$ 345,970</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.

<u>Total Years of Service</u>	<u>Yearly Accumulation</u>
0 — 5 (inclusive)	10 days
6 — 19 (inclusive)	15 days
20 or more	18 days

NOTE 6 - LONG-TERM DEBT — BUSINESS TYPE ACTIVITIES.

Business-type activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Loans payable	\$ 1,506,395	\$	\$ 168,743	\$ 1,337,652	\$ 171,620
Bonds payable	5,260,000		88,000	5,172,000	92,000
Capital leases	274,047		65,191	208,856	70,224
Compensated absences	26,644	28,327	30,205	24,767	24,767
Total	<u>\$ 7,067,086</u>	<u>\$ 28,327</u>	<u>\$ 352,139</u>	<u>\$ 6,743,275</u>	<u>\$ 358,611</u>

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 water loan is non-interest bearing. The interest rate for the transfer station loan ranges from 3.020% to 4.920%.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 6 - LONG-TERM DEBT — BUSINESS - TYPE ACTIVITIES (CONTINUED)

The future requirements for the water loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 9,033	\$ 183	\$ 9,216
2013	9,055	160	9,215
2014	9,078	137	9,215
2015	9,101	115	9,216
2016	9,124	92	9,216
2017-2020	36,726	138	36,864
Total	\$ 82,117	\$ 825	\$ 82,942

The future requirements for the transfer station are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 62,564	\$ 32,388	\$ 94,952
2013	64,956	30,002	94,958
2014	67,516	27,448	94,964
2015	70,250	24,720	94,970
2016	73,174	21,805	94,979
2017-2021	444,019	58,235	502,254
Total	\$ 782,479	\$ 194,598	\$ 977,077

On April 06, 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>
2012	\$ 10,727	\$ 372	\$ 11,099
Total	\$ 10,727	\$ 372	\$ 11,099

On November 25, 2008, the Village obtained a loan from the New Mexico Finance Authority in the amount of \$395,000 for the purchase of a Chipper. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 39,000	\$ 9,824	\$ 48,824
2013	41,000	8,772	49,772
2014	42,000	7,588	49,588
2015	43,000	6,294	49,294
2016	44,000	5,001	49,001
2017-2019	87,667	5,186	92,853
Total	\$ 296,667	\$ 42,665	\$ 339,332

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 6 - LONG-TERM DEBT — BUSINESS - TYPE ACTIVITIES (CONTINUED)

On November, 2008, the Village obtained a loan from the New Mexico Finance Authority in the amount of \$201,000 for the purchase of a Paper 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>
2012	\$ 46,000	\$ 2,630	\$ 48,630
2013	40,667	1,388	42,055
Total	<u>\$ 86,667</u>	<u>\$ 4,018</u>	<u>\$ 90,685</u>

On June, 2010, the Village obtained a loan from the New Mexico Finance Authority in the amount of \$84,980 for purchase and installation of gallon tank to increase water storage capacity. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,296	\$ 197	\$ 4,493
2013	4,307	187	4,494
2014	4,317	176	4,493
2015	4,328	165	4,493
2016	4,339	154	4,493
2017-2021	21,860	663	14,076
2022-2026	22,135	389	14,076
2027-2029	13,413	112	14,076
Total	<u>\$ 78,995</u>	<u>\$ 2,043</u>	<u>\$ 81,038</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, 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>
2012	\$ 46,000	\$ 122,835	\$ 168,835
2013	48,000	120,650	168,650
2014	51,000	118,370	169,370
2015	53,000	115,947	168,947
2016	55,000	113,430	168,430
2017-2021	320,000	525,113	845,113
2022-2026	402,000	441,655	843,655
2027-2031	507,000	336,680	843,680
2032-2036	611,000	204,250	815,250
2037-2039	493,000	44,840	537,840
Total	<u>\$ 2,586,000</u>	<u>\$ 2,143,770</u>	<u>\$ 4,729,770</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 6 - LONG-TERM DEBT — BUSINESS - TYPE ACTIVITIES (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, 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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 46,000	\$ 122,835	\$ 168,835
2013	48,000	120,650	168,650
2014	51,000	118,370	169,370
2015	53,000	115,948	168,948
2016	55,000	113,430	168,430
2017-2021	320,000	525,114	845,114
2022-2026	402,000	441,657	843,657
2027-2031	507,000	336,682	843,682
2032-2036	640,000	204,250	844,250
2037-2039	464,000	44,841	508,841
Total	\$ 2,586,000	\$ 2,143,777	\$ 4,729,777

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 Village is obligated to Republic First National Bank, John Deere Credit, CNH Capital, Caterpillar Financial Services Corporation, Wagner Equipment and the Kansas State Bank of Manhattan. 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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 70,224	\$ 9,220	\$ 79,444
2013	61,123	4,087	65,210
2014	77,509	567	78,076
Total	\$ 208,856	\$ 13,874	\$ 222,730

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 7 - INTERFUND BALANCES

The following are amounts owed between funds and are classified as due from/to other funds at June 30, 2011.

Due From Other Funds	Amount	Due To Other Funds	Amount
Major Governmental Funds:		Major Governmental Funds:	
General Fund	\$ 995,669	General Fund	\$ (1,074,400)
Community Center	301,201	Community Center	(593,691)
Recreation	275		
Total Major Governmental Funds	1,297,145	Total Major Governmental Funds	(1,668,091)
Nonmajor Governmental Funds:		Nonmajor Governmental Funds:	
Emergency Medical Services	4,619	Corrections Fund	(1,750)
Fire Protection	150,000	FEMA Fund	(130,611)
Lodgers Tax Reserve	435,644	Emergency Medical Services	(10,617)
Transportation	80,937	Fire Protection	(1,339)
Fire Donations	4,070	Public Works	(66,695)
Street Project	100,000	Teen Court	(9,364)
Public Safety	401,159	Transportation	(321,857)
Forest Thinning	7,370	Lodger's Tax Chamber	(1,750)
Hwy 434 Assessment	361,112	Street Project	(401,159)
Map Grant	52,672	Back Basin Road	(37,334)
Lagoon Cleanup	104,499	Fire Protection Facility	(24,152)
Capital Building Watertank	661,044	Forest Thinning	(9,989)
Law Enforcement Fund	11,967	HWY 434 Assessment	(21,705)
HUD Assessment District	15,409	MAP Grant	(60,406)
Debt Service Fund	278,658	Lagoon Cleanup	(169,097)
		Capital Building Watertank	(7,900)
Total Nonmajor Governmental Funds	2,669,160	Law Enforcement Fund	(11,967)
		HUD Assessment District	(15,409)
Enterprise Funds:		Ambulance Service Fund	(17,728)
Water Fund	1,435,185	Transit Facility	(401,102)
Waste Water	197,349	Debt Service Fund	(1,239,938)
		Total Nonmajor Governmental Funds	(2,961,869)
Total Enterprise Funds	1,632,534	Enterprise Funds:	
		Solid Waste	(296,913)
Grand Total	\$ 5,598,839	Water	(76,425)
		Waste Water	(595,541)
Total Enterprise Funds	1,632,534	Total Enterprise Funds	(968,879)
Grand Total	\$ 5,598,839	Grand Total	\$ (5,598,839)

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.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 9 - DEFICIT FUND BALANCE/NET ASSETS

The following funds had deficit fund balances at June 30, 2011:

General Fund	\$ (496,610)
Community Center (Capital Project Fund)	(293,995)
FEMA	(108,111)
Emergency Medical Services	(18,156)
Law Enforcement Protection Fund	(11,523)
Public Works	(63,126)
Teen Court	(12,236)
Transportation	(232,021)
Lodger's Tax Chamber	(1,750)
Street Project	(81,674)
Back Basin Road	(37,289)
Forest Thinning	(35,352)
Wild Land Urban Interface	(5,281)
Debt Service	(1,701,767)
Lagoon Cleanup	(126,237)
Transit Facility	(241,104)
Ambulance Service	(17,728)
Total	<u>\$ (3,483,960)</u>

The Village is currently addressing the negative fund balances and is planning on taking the appropriate actions.

NOTE 10 - PROPERTY TAXES

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

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 11 - 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.

The Village of Angel Fire participates in PERA under three groups: "Municipal Plan 2" effective from first full pay period in March 1998, "Municipal Fire Plan 5" effective from first full pay period in November 1998, and "Municipal Police Plan 5" effective from first full pay period in April 2008.

Funding Policy

Plan members are required to contribute 9.15% to 16.3% (ranges from 3.83% to 16.65% depending upon the plan - i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The Village of Angel Fire is required to contribute 9.15% to 21.25% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the Village are established in State statute under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the years ended June 30, 2011, 2010 and 2009 were \$209,056, \$223,386 and \$206,584, respectively, which equal the amount of the required contributions for each fiscal year.

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

NOTE 12 - POST EMPLOYMENT 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.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 13 - RISK MANAGEMENT

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

The Village had no significant reductions in insurance coverage from coverage in the prior year. In the fiscal years ended June 30, 2011, 2010 and 2009, there were no settlements that exceeded insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 14 - 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 Government. Entitlement to the resources is generally based on compliance with terms and conditions of the grant agreements and applicable state 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, 2011, 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, 2011. 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, 2011.

2012	5,000
2013	5,000
2014	5,000
2015	<u>5,000</u>
Total	<u>\$ 20,000</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 15 - BUDGET OVERAGES

The budget for the following funds was overspent during fiscal year 2011:

General	\$ (886,621)
Sports & Recreation	(1,584,838)
Community Center	(1,203,096)
Correction	(715)
Emergency Medical Services	(3,917)
Wildland Fires	(10,146)
State Fire Protection	(121,704)
LEPF	(18,123)
Retreats for Veterans	(121,037)
Lodgers Tax Reserve	(304,054)
Teen Court	(2,872)
Transportation	(5,628)
Fire Donation	(459)
Street Project	(18,157)
Fire Protection Facility	(24,152)
Public Safety Building	(49,820)
Forest Thinning	(236,010)
Wildland Urban Interface	(5,281)
MAP Grant	(2,147)
HWY 434 Assessment	(3,313)
Debt Service	(1,160,092)
Waste water	(282,863)

The following funds were not appropriately budgeted for but were utilized in fiscal year 2011:

Community Center	Retreats For Veterans
Correction Fees	Teen Court
FEMA	Transportation
Wildland Fires	NM Clean & Beautiful
Lodgers Tax Reserve	Fire Donation
Street Project	Wildland Urban Interface
Fire Protection Facility	HWY 434 Assessment
Public Safety Building	
Capital Building Watertank	
Forest Thinning	
MAP Grant	
Debt Service	

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2011

NOTE 16 — CASH SHORTFALL

The Village continues to experience shortage of cash inflow due to the deteriorating economic conditions and its impact on the revenue generated from the recreation activities. Management of the Village is aware of the issues and has taken actions to keep the operation of the Village running in the normal manner. The following options are available to the Village to maintain the performance:

- (1) The Village may continue borrowing funds from various financial institutions to support operations, repaying the outstanding debt out of various tax revenue sources.
- (2) The Village may actively seek Federal and State grant revenue to reduce the shortfall of cash and supplement funding of normal operations.
- (3) The Village has implemented certain procedures to increase the collection rate of utility receivables.
- (4) The Village has implemented certain procedures for cost reduction; amongst those actions was a reduction in the number of personnel, and monitoring of all expenditures.

SUPPLEMENTARY INFORMATION

VILLAGE OF ANGEL FIRE, NEW MEXICO
NON-MAJOR FUNDS
Year Ended June 30, 2011

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 fee which must be paid by all persons violating laws relating to the operations of a motor vehicle. This fund was established by NMSA 33-9-3.

USDA Air Burner

This fund was established to account for the air burner grant by the provision in 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. This fund was established by NMSA 7- 9-29.

Emergency Medical Services

To account for all rescue operations undertaken by the Fire Department and funded through State grants. The fund was established by 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. The fund was established by 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 29-13-14

Lodgers Tax Reserve

To account for lodgers tax collections. The tax is to be used for cultural and recreational activities. The fund was established by NMSA 3-38-14.

Public Works

The public works fund is used to account for gasoline taxes and state grants used for the construction and maintenance of streets. The fund was established by NMSA 7-1 6-9 and 7-1 6-27.

Teen Court

To account for revenues and expenditures related to the teen court. This fund was authorized by the Village Council.

Transportation

To account for the cost of operating the local transit system. Revenues are derived from the fees collected from passengers and the grant from the Federal Transit Authority. This fund was established by NMSA 49 USC 5311.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NON-MAJOR FUNDS
Year Ended June 30, 2011

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, and was established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

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.

Lodgers Tax Chamber

To account for monies collected from Lodgers taxes. These funds are to be used for cultural and recreation activities. The fund is authorized by the Village Council.

Street Project

To account for improvements and maintenance of the Village's roads. Street Project is funded through the Municipal Capital Outlay Gross Receipts Tax and is authorized by the Village Council.

Back Basin Road

To account for the Back Basin Road improvement project. This fund was established by a provision in the grant agreement.

Fire Protection Facility

To account for acquiring, constructing, enlarging, improving and extending the fire protection facility to serve the area within the lawful jurisdiction of the Village. The fund was established by NMSA 59A-53-7.

CAPITAL PROJECTS FUNDS

The following capital project funds were established for various construction projects and authorized by the Village Council.

Public Safety Building

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

Forest Thinning

To account for monies used for the clean up and maintenance of forestry around the Village.

HWY 434 Assessment

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 with Resolution 2007-06.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NON-MAJOR FUNDS
Year Ended June 30, 2011

MAP Grant

To account for the receipt and expenditure of funds from the Transportation Planning Division of New Mexico State Highway and Transportation Department's Municipal Arterial Program (MAP).

Lagoon Cleanup

To account for activity related to the fill-in and clean up of the former Village lagoon. The fund was established by the provision in the New Mexico Environment Department grant pursuant to NMSA H-1-6.B.

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.

Transit Facility

To account for the monies received and expended for construction associated with the transit facility.

DEBT SERVICE FUNDS

Revenue Bonds

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.

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 of motor vehicle fees and payment to the State of New Mexico. These fees are collected by the Village on behalf of the State of New Mexico.

Municipal Court Bond Fund

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

**VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE BALANCE SHEET-NON-MAJOR FUNDS
Year Ended June 30, 2011**

	SPECIAL REVENUE FUNDS		
	<u>Corrections</u>	<u>FEMA</u>	<u>Emergency Medical Services</u>
ASSETS:			
Cash and cash equivalent	\$ 9,132	\$ 22,500	\$ (12,158)
Receivables:			
Taxes:			
Property tax			
Lodgers tax			
Gross receipts tax			
Due from other funds	<u> </u>	<u> </u>	<u>4,619</u>
TOTAL ASSETS	<u>\$ 9,132</u>	<u>\$ 22,500</u>	<u>\$ (7,539)</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES			
Accounts payable	\$ (31,961)	\$	\$
Other liabilities			
Due to other funds	<u>1,750</u>	<u>130,611</u>	<u>10,617</u>
TOTAL LIABILITIES	<u>(30,211)</u>	<u>130,611</u>	<u>10,617</u>
FUND BALANCES:			
Reserved for:			
Special Revenue Fund	39,343		
Capital Projects Funds			
Unreserved, undesignated:			
Special revenue		(108,111)	(18,156)
Capital projects			
Debt service	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>39,343</u>	<u>(108,111)</u>	<u>(18,156)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,132</u>	<u>\$ 22,500</u>	<u>\$ (7,539)</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE BALANCE SHEET-NON-MAJOR FUNDS
Year Ended June 30, 2011**

	SPECIAL REVENUE FUNDS			
	Wildland Fires	Fire Protection	Law Enforcement Protection	Lodgers Tax Reserve
ASSETS:				
Cash and cash equivalent	\$ 58,998	\$ 275,115	\$ (3,798)	\$ (70,951)
Receivables:				
Taxes:				
Property tax				
Lodgers tax				27,694
Gross receipts tax				
Due from other funds	<u> </u>	<u>150,000</u>	<u>11,967</u>	<u>435,644</u>
TOTAL ASSETS	<u>\$ 58,998</u>	<u>\$ 425,115</u>	<u>\$ 8,169</u>	<u>\$ 392,387</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts payable	\$ 4,648	\$ 4,075	\$ 7,725	\$ 6,000
Other liabilities				
Due to other funds	<u> </u>	<u>1,339</u>	<u>11,967</u>	<u> </u>
TOTAL LIABILITIES	<u>4,648</u>	<u>5,414</u>	<u>19,692</u>	<u>6,000</u>
FUND BALANCES:				
Reserved for:				
Special Revenue Fund	54,350	419,701		386,387
Capital Projects Funds				
Unreserved, undesignated:				
Special revenue			(11,523)	
Capital projects				
Debt service	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>54,350</u>	<u>419,701</u>	<u>(11,523)</u>	<u>386,387</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 58,998</u>	<u>\$ 425,115</u>	<u>\$ 8,169</u>	<u>\$ 392,387</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE BALANCE SHEET-NON-MAJOR FUNDS
Year Ended June 30, 2011**

SPECIAL REVENUE FUNDS

	<u>Lodger's Tax Chamber</u>	<u>Public Works</u>	<u>Retreats for Veterans</u>	<u>Teen Court</u>
ASSETS:				
Cash and cash equivalent	\$	\$ 3,569	\$ 42,210	\$ (2,872)
Receivables:				
Taxes:				
Property tax				
Lodgers tax				
Gross receipts tax				
Due from other funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 0</u>	<u>\$ 3,569</u>	<u>\$ 42,210</u>	<u>\$ (2,872)</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts payable	\$	\$	\$ 25,580	\$
Other liabilities				
Due to other funds	<u>1,750</u>	<u>66,695</u>	<u> </u>	<u>9,364</u>
TOTAL LIABILITIES	<u>1,750</u>	<u>66,695</u>	<u>25,580</u>	<u>9,364</u>
FUND BALANCES:				
Reserved for:				
Special Revenue Fund			16,630	
Capital Projects Funds				
Unreserved, undesignated:				
Special revenue	(1,750)	(63,126)		(12,236)
Capital projects				
Debt service	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>(1,750)</u>	<u>(63,126)</u>	<u>16,630</u>	<u>(12,236)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 0</u>	<u>\$ 3,569</u>	<u>\$ 42,210</u>	<u>\$ (2,872)</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE BALANCE SHEET-NON-MAJOR FUNDS
Year Ended June 30, 2011**

SPECIAL REVENUE FUNDS

	Transportation	NM Clean & Beautiful	Fire Donations
ASSETS:			
Cash and cash equivalent	\$ 8,899	\$ 5,000	\$ (3,468)
Receivables:			
Taxes:			
Property tax			
Lodgers tax			
Gross receipts tax			
Due from other funds	<u>80,937</u>	<u> </u>	<u>4,070</u>
TOTAL ASSETS	<u>\$ 89,836</u>	<u>\$ 5,000</u>	<u>\$ 602</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES			
Accounts payable	\$	\$	\$
Other liabilities			
Due to other funds	<u>321,857</u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>321,857</u>	<u>0</u>	<u>0</u>
FUND BALANCES:			
Reserved for:			
Special Revenue Fund		5,000	602
Capital Projects Funds			
Unreserved, undesignated:			
Special revenue	(232,021)		
Capital projects			
Debt service			
TOTAL FUND BALANCES	<u>(232,021)</u>	<u>5,000</u>	<u>602</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 89,836</u>	<u>\$ 5,000</u>	<u>\$ 602</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE BALANCE SHEET-NON-MAJOR FUNDS
Year Ended June 30, 2011

	SPECIAL REVENUE FUNDS				
	EMS Donations	Street Project	Back Basin Road	Fire Protection Facility	Total Special Revenue
ASSETS:					
Cash and cash equivalent	\$ 340	\$ 190,756	\$ 45	\$ 6,410	\$ 529,727
Receivables:					
Taxes:					
Property tax					0
Lodgers tax					27,694
Gross receipts tax		28,729			28,729
Due from other funds		<u>100,000</u>			<u>787,237</u>
TOTAL ASSETS	<u>\$ 340</u>	<u>\$ 319,485</u>	<u>\$ 45</u>	<u>\$ 6,410</u>	<u>\$1,373,387</u>
LIABILITIES AND FUND BALANCES:					
LIABILITIES					
Accounts payable	\$	\$	\$	\$ (26,152)	\$ (10,085)
Other liabilities					0
Due to other funds		<u>401,159</u>	<u>37,334</u>	<u>24,152</u>	<u>1,018,595</u>
TOTAL LIABILITIES	<u>0</u>	<u>401,159</u>	<u>37,334</u>	<u>(2,000)</u>	<u>1,008,510</u>
FUND BALANCES:					
Reserved for:					0
Special Revenue Fund	340			8,410	930,763
Capital Projects Funds					0
Unreserved, undesignated:					
Special revenue		(81,674)	(37,289)		(565,886)
Capital projects					0
Debt service					<u>0</u>
TOTAL FUND BALANCES	<u>340</u>	<u>(81,674)</u>	<u>(37,289)</u>	<u>8,410</u>	<u>364,877</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 340</u>	<u>\$ 319,485</u>	<u>\$ 45</u>	<u>\$ 6,410</u>	<u>\$1,373,387</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE BALANCE SHEET-NON-MAJOR FUNDS
Year Ended June 30, 2011

	CAPITAL PROJECTS FUNDS			
	Public Safety Building	Capital Building Water tank	Forest Thinning	Wildland Urban interface
ASSETS:				
Cash and cash equivalent	\$ 64,269	\$ 20,323	\$ (28,942)	\$ (5,281)
Receivables:				
Taxes:				
Property tax	14,368			
Lodgers tax				
Gross receipts tax				
Due from other funds	<u>401,159</u>	<u>661,044</u>	<u>7,370</u>	<u> </u>
TOTAL ASSETS	<u>\$ 479,796</u>	<u>\$ 681,367</u>	<u>\$ (21,572)</u>	<u>\$ (5,281)</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts payable	\$ 66,086	\$	\$	\$
Other liabilities			3,791	
Due to other funds	<u> </u>	<u>7,900</u>	<u>9,989</u>	<u> </u>
TOTAL LIABILITIES	<u>66,086</u>	<u>7,900</u>	<u>13,780</u>	<u>0</u>
FUND BALANCES:				
Reserved for:				
Special Revenue Fund				
Capital Projects Funds	413,710	673,467		
Unreserved, undesignated:				
Special revenue				
Capital projects			(35,352)	(5,281)
Debt service	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>413,710</u>	<u>673,467</u>	<u>(35,352)</u>	<u>(5,281)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 479,796</u>	<u>\$ 681,367</u>	<u>\$ (21,572)</u>	<u>\$ (5,281)</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE BALANCE SHEET-NON-MAJOR FUNDS
Year Ended June 30, 2011**

	CAPITAL PROJECTS FUNDS		
	Lagoon Cleanup	HUD Assessment District	Transit Facility
ASSETS:			
Cash and cash equivalent	\$	\$	\$ 159,998
Receivables:			
Taxes:			
Property tax			
Lodgers tax			
Gross receipts tax			
Due from other funds	<u>104,499</u>	<u>15,409</u>	<u> </u>
TOTAL ASSETS	<u>\$ 104,499</u>	<u>\$ 15,409</u>	<u>\$ 159,998</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES			
Accounts payable	\$ 61,639	\$	\$
Other liabilities			
Due to other funds	<u>169,097</u>	<u>15,409</u>	<u>401,102</u>
TOTAL LIABILITIES	<u>230,736</u>	<u>15,409</u>	<u>401,102</u>
FUND BALANCES:			
Reserved for:			
Special Revenue Fund			
Capital Projects Funds			
Unreserved, undesignated:			
Special revenue			
Capital projects	(126,237)		(241,104)
Debt service	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>(126,237)</u>	<u>0</u>	<u>(241,104)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 104,499</u>	<u>\$ 15,409</u>	<u>\$ 159,998</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE BALANCE SHEET-NON-MAJOR FUNDS
Year Ended June 30, 2011**

CAPITAL PROJECTS FUNDS

	<u>MAP Grant</u>	<u>HWY 434 Assessment</u>	<u>Total Capital Projects</u>
ASSETS:			
Cash and cash equivalent	\$ 213,953	\$ (97,075)	\$ 327,245
Receivables:			
Taxes:			
Property tax			14,368
Lodgers tax			0
Gross receipts tax			0
Due from other funds	<u>52,672</u>	<u>361,112</u>	<u>1,603,265</u>
TOTAL ASSETS	<u>\$ 266,625</u>	<u>\$ 264,037</u>	<u>\$ 1,944,878</u>
LIABILITIES AND FUND BALANCES:			
LIABILITIES			
Accounts payable	\$	\$	\$ 127,725
Other liabilities			3,791
Due to other funds	<u>60,406</u>	<u>21,705</u>	<u>685,608</u>
TOTAL LIABILITIES	<u>60,406</u>	<u>21,705</u>	<u>817,124</u>
FUND BALANCES:			
Reserved for:			0
Special Revenue Fund			0
Capital Projects Funds	206,219	242,332	1,535,728
Unreserved, undesignated:			
Special revenue			0
Capital projects			(407,974)
Debt service			<u>0</u>
TOTAL FUND BALANCES	<u>206,219</u>	<u>242,332</u>	<u>1,127,754</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 266,625</u>	<u>\$ 264,037</u>	<u>\$ 1,944,878</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE BALANCE SHEET-NON-MAJOR FUNDS
Year Ended June 30, 2011

DEBT SERVICE FUNDS

	<u>Debt Service</u>	<u>Ambulance Service</u>	<u>Total Debt Service</u>	<u>Total Non- major</u>
ASSETS:				
Cash and cash equivalent	\$ (730,427)	\$	\$ (730,427)	\$ 126,545
Receivables:				
Taxes:				
Property tax			0	14,368
Lodgers tax			0	27,694
Gross receipts tax			0	28,729
Due from other funds	<u>278,658</u>	<u> </u>	<u>278,658</u>	<u>2,669,160</u>
TOTAL ASSETS	<u>\$ (451,769)</u>	<u>\$ 0</u>	<u>\$ (451,769)</u>	<u>\$ 2,866,496</u>
LIABILITIES AND FUND BALANCES:				
LIABILITIES				
Accounts payable	\$ 10,060	\$	\$ 10,060	\$ 127,700
Other liabilities			0	3,791
Due to other funds	<u>1,239,938</u>	<u>17,728</u>	<u>1,257,666</u>	<u>2,961,869</u>
TOTAL LIABILITIES	<u>1,249,998</u>	<u>17,728</u>	<u>1,267,726</u>	<u>3,093,360</u>
FUND BALANCES:				
Reserved for:			0	0
Special Revenue Fund			0	930,763
Capital Projects Funds			0	1,535,728
Unreserved, undesignated:				
Special revenue			0	(565,886)
Capital projects			0	(407,974)
Debt service	<u>(1,701,767)</u>	<u>(17,728)</u>	<u>(1,719,495)</u>	<u>(1,719,495)</u>
TOTAL FUND BALANCES	<u>(1,701,767)</u>	<u>(17,728)</u>	<u>(1,719,495)</u>	<u>(226,864)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ (451,769)</u>	<u>\$ 0</u>	<u>\$ (451,769)</u>	<u>\$ 2,866,496</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
Year Ended June 30, 2011

	SPECIAL REVENUE FUNDS		
	<u>Corrections</u>	<u>FEMA</u>	<u>Emergency Medical Services</u>
REVENUES:			
Grant revenue	\$	\$ 22,500	\$
Taxes			
Licenses, permits, fees and fines	8,597		
Other			963
	<u>8,597</u>	<u>22,500</u>	<u>963</u>
Total revenues	<u>8,597</u>	<u>22,500</u>	<u>963</u>
EXPENDITURES:			
Current:			
General government			
Public safety	715		13,244
Economic & Physical development			
Highways and Streets			395
Public transportation			144
Debt Service:			
Principal			
Interest			
Capital outlay			
	<u>715</u>	<u></u>	<u>13,783</u>
Total expenditures	<u>715</u>	<u></u>	<u>13,783</u>
NET CHANGE IN FUND BALANCES	7,882	22,500	(12,820)
FUND BALANCE, BEGINNING OF YEAR	<u>31,461</u>	<u>(130,611)</u>	<u>(5,336)</u>
FUND BALANCE , END OF YEAR	<u>\$ 39,343</u>	<u>\$(108,111)</u>	<u>\$ (18,156)</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
Year Ended June 30, 2011

	SPECIAL REVENUE FUNDS			
	Wildland Fires	Fire Protection	Law Enforcement Protection	Lodgers Tax Reserve
REVENUES:				
Grant revenue	\$	\$ 440,781	\$ 21,800	\$
Taxes				262,022
Licenses, permits, fees and fines				
Other	<u>64,496</u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>64,496</u>	<u>440,781</u>	<u>21,800</u>	<u>262,022</u>
EXPENDITURES:				
Current:				
General government				205,427
Public safety	9,296	22,212	12,156	24,697
Economic & Physical development				5
Highways and Streets		6,363	1,827	161
Public transportation	850	1,539		73,764
Debt Service:				
Principal				
Interest				
Capital outlay	<u> </u>	<u>152,464</u>	<u>20,340</u>	<u> </u>
Total expenditures	<u>10,146</u>	<u>182,578</u>	<u>34,323</u>	<u>304,054</u>
NET CHANGE IN FUND BALANCES	54,350	258,203	(12,523)	(42,032)
FUND BALANCE, BEGINNING OF YEAR	<u> </u>	<u>161,498</u>	<u>1,000</u>	<u>428,419</u>
FUND BALANCE , END OF YEAR	<u>\$ 54,350</u>	<u>\$ 419,701</u>	<u>\$ (11,523)</u>	<u>\$ 386,387</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
 COMBINE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
 Year Ended June 30, 2011**

	SPECIAL REVENUE FUNDS			
	Lodger's Tax Chamber	Public Works	Retreats for Veterans	Teen Court
REVENUES:				
Grant revenue	\$	\$	\$	\$
Taxes				
Licenses, permits, fees and fines				
Other			137,667	
Total revenues			137,667	
EXPENDITURES:				
Current:				
General government				
Public safety			121,037	2,872
Economic & Physical development				
Highways and Streets				
Public transportation				
Debt Service:				
Principal				
Interest				
Capital outlay				
Total expenditures			121,037	2,872
NET CHANGE IN FUND BALANCES			16,630	(2,872)
FUND BALANCE, BEGINNING OF YEAR	(1,750)	(63,126)		(9,364)
FUND BALANCE , END OF YEAR	\$ (1,750)	\$ (63,126)	\$ 16,630	\$ (12,236)

**VILLAGE OF ANGEL FIRE, NEW MEXICO
 COMBINE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
 Year Ended June 30, 2011**

	SPECIAL REVENUE FUNDS		
	<u>Transportation</u>	<u>NM Clean & Beautiful</u>	<u>Fire Donations</u>
REVENUES:			
Grant revenue	\$ 20,100	\$	\$
Taxes			
Licenses, permits, fees and fines			
Other		5,000	177
	<u>20,100</u>	<u>5,000</u>	<u>177</u>
Total revenues			
	<u>20,100</u>	<u>5,000</u>	<u>177</u>
EXPENDITURES:			
Current:			
General government			
Public safety			
Economic & Physical development			
Highways and Streets			459
Public transportation	5,628		
Debt Service:			
Principal			
Interest			
Capital outlay			
	<u>5,628</u>	<u></u>	<u>459</u>
Total expenditures			
	<u>5,628</u>	<u></u>	<u>459</u>
NET CHANGE IN FUND BALANCES	14,472	5,000	(282)
FUND BALANCE, BEGINNING OF YEAR	<u>(246,493)</u>	<u></u>	<u>884</u>
FUND BALANCE , END OF YEAR	<u>\$ (232,021)</u>	<u>\$ 5,000</u>	<u>\$ 602</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
Year Ended June 30, 2011

SPECIAL REVENUE FUNDS					
	EMS Donations	Street Project	Back Basin Road	Fire Protection Facility	Total Special Revenue
REVENUES:					
Grant revenue	\$	\$	\$	\$	\$ 505,181
Taxes		207,135			469,157
Licenses, permits, fees and fines					8,597
Other					<u>208,303</u>
Total revenues		<u>207,135</u>			<u>1,191,238</u>
EXPENDITURES:					
Current:					
General government					205,427
Public safety				24,152	230,381
Economic & Physical development					5
Highways and Streets					9,205
Public transportation					81,925
Debt Service:					
Principal					
Interest					
Capital outlay		<u>18,157</u>			<u>190,961</u>
Total expenditures		<u>18,157</u>		<u>24,152</u>	<u>717,904</u>
NET CHANGE IN FUND BALANCES		188,978		(24,152)	473,334
FUND BALANCE, BEGINNING OF YEAR	<u>340</u>	<u>(270,652)</u>	<u>(37,289)</u>	<u>32,562</u>	<u>(108,457)</u>
FUND BALANCE , END OF YEAR	<u>\$ 340</u>	<u>\$ (81,674)</u>	<u>\$ (37,289)</u>	<u>\$ 8,410</u>	<u>\$ 364,877</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
 COMBINE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
 Year Ended June 30, 2011**

	<u>CAPITAL PROJECTS FUNDS</u>			
	<u>Public Safety Building</u>	<u>Capital Building Water tank</u>	<u>Forest Thinning</u>	<u>Wildland Urban interface</u>
REVENUES:				
Grant revenue	\$	\$ 673,378	\$ 203,277	\$
Taxes	105,639			
Licenses, permits, fees and fines				
Other				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>105,639</u>	<u>673,378</u>	<u>203,277</u>	<u> </u>
EXPENDITURES:				
Current:				
General government				
Public safety	315		42,481	
Economic & Physical development			3,580	68
Highways and Streets			2,279	2,780
Public transportation	2,273		182,545	2,433
Debt Service:				
Principal				
Interest				
Capital outlay	<u>47,232</u>	<u> </u>	<u>5,125</u>	<u> </u>
Total expenditures	<u>49,820</u>	<u> </u>	<u>236,010</u>	<u>5,281</u>
NET CHANGE IN FUND BALANCES	55,819	673,378	(32,733)	(5,281)
FUND BALANCE, BEGINNING OF YEAR	<u>357,891</u>	<u>89</u>	<u>(2,619)</u>	<u> </u>
FUND BALANCE , END OF YEAR	<u>\$ 413,710</u>	<u>\$ 673,467</u>	<u>\$ (35,352)</u>	<u>\$ (5,281)</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
 COMBINE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
 Year Ended June 30, 2011**

	CAPITAL PROJECT FUNDS		
	HUD		
	Lagoon Cleanup	Assessment District	Transit Facility
REVENUES:			
Grant revenue	\$	\$	\$
Taxes			
Licenses, permits, fees and fines			
Other	_____	_____	_____
Total revenues	_____	_____	_____
EXPENDITURES:			
Current:			
General government			
Public safety			
Economic & Physical development			
Highways and Streets			
Public transportation			
Debt Service:			
Principal			
Interest			
Capital outlay	_____	_____	_____
Total expenditures	_____	_____	_____
NET CHANGE IN FUND BALANCES			
FUND BALANCE, BEGINNING OF YEAR	(126,237)	_____	(241,104)
FUND BALANCE , END OF YEAR	<u>\$ (126,237)</u>	<u>\$ _____</u>	<u>\$ (241,104)</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
 COMBINE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
 Year Ended June 30, 2011**

	CAPITAL PROJECT FUNDS		
	MAP Grant	HWY 434 Assessment	Total Capital Projects
REVENUES:			
Grant revenue	\$ 216,100	\$	\$ 1,092,755
Taxes			105,639
Licenses, permits, fees and fines		106,310	106,310
Other			
	<u>216,100</u>	<u>106,310</u>	<u>1,304,704</u>
EXPENDITURES:			
Current:			
General government			
Public safety			42,796
Economic & Physical development			3,648
Highways and Streets		3,313	8,372
Public transportation	2,147		189,398
Debt Service:			
Principal			
Interest			
Capital outlay			<u>52,357</u>
	<u>2,147</u>	<u>3,313</u>	<u>296,571</u>
Total expenditures			
	<u>213,953</u>	<u>102,997</u>	<u>1,008,133</u>
NET CHANGE IN FUND BALANCES			
	213,953	102,997	1,008,133
FUND BALANCE, BEGINNING OF YEAR	<u>(7,734)</u>	<u>139,335</u>	<u>119,621</u>
FUND BALANCE , END OF YEAR	<u>\$ 206,219</u>	<u>\$ 242,332</u>	<u>\$ 1,127,754</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
COMBINE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
Year Ended June 30, 2011

	<u>DEBT SERVICE FUNDS</u>			
	<u>Debt Service</u>	<u>Ambulance Service</u>	<u>Total Debt Service</u>	<u>Total Non- major</u>
REVENUES:				
Grant revenue	\$	\$	\$	\$1,597,936
Taxes				574,796
Licenses, permits, fees and fines				114,907
Other				<u>208,303</u>
Total revenues				<u>2,495,942</u>
EXPENDITURES:				
Current:				
General government				205,427
Public safety				273,177
Economic & Physical development				3,653
Highways and Streets				17,577
Public transportation				271,323
Debt Service:				
Principal	667,714		667,714	667,714
Interest	492,378		492,378	492,378
Capital outlay				<u>243,318</u>
Total expenditures	<u>1,160,092</u>		<u>1,160,092</u>	<u>2,174,567</u>
NET CHANGE IN FUND BALANCES	1,160,092)		1,160,092)	321,375
FUND BALANCE, BEGINNING OF YEAR	<u>(541,675)</u>	<u>(17,728)</u>	<u>(559,403)</u>	<u>(548,239)</u>
FUND BALANCE , END OF YEAR	<u>\$1,701,767)</u>	<u>\$ (17,728)</u>	<u>\$1,719,495)</u>	<u>\$ (226,864)</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- CORRECTIONS-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:				
Licenses, Permits, fees & fines	\$ _____	\$ _____	\$ <u>8,597</u>	\$ <u>8,597</u>
Total revenue	<u>0</u>	<u>0</u>	<u>8,597</u>	<u>8,597</u>
EXPENDITURES:				
Public safety	_____	_____	<u>715</u>	<u>(715)</u>
Total expenditure	<u>\$ 0</u>	<u>\$ 0</u>	<u>715</u>	<u>\$ (715)</u>
CHANGES IN FUND BALANCE			<u>\$ 7,882</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- FEMA-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Grant	\$ _____	\$ _____	\$ <u>22,500</u>	\$ <u>22,500</u>
Total revenue	<u>0</u>	<u>0</u>	<u>22,500</u>	<u>22,500</u>
EXPENDITURES:				
Total expenditure	<u><u>0</u></u>	<u><u>0</u></u>	<u>0</u>	<u><u>0</u></u>
CHANGE IN FUND BALANCE			<u><u>\$ 22,500</u></u>	

VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- EMERGENCY MEDICAL SERVICES-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011

	<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:				
Grant	\$ 52,015	\$	\$	\$
Other	<u> </u>	<u> </u>	<u>963</u>	<u>963</u>
Total revenue	<u>52,015</u>	<u>0</u>	<u>963</u>	<u>963</u>
EXPENDITURES:				
Public safety	9,866	9,866	13,244	(3,378)
Highways and Streets	2,564		395	(395)
Public Transportation	<u>144</u>	<u> </u>	<u>144</u>	<u>(144)</u>
Total expenditure	<u>\$ 12,574</u>	<u>\$ 9,866</u>	<u>13,783</u>	<u>\$ (3,917)</u>
CHANGE IN FUND BALANCE			<u>\$ (12,820)</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- WILDLAND FIRES-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Other	\$ _____	\$ _____	\$ <u>64,496</u>	\$ <u>64,496</u>
Total revenue	<u>0</u>	<u>0</u>	<u>64,496</u>	<u>64,496</u>
EXPENDITURES:				
Public safety			9,296	(9,296)
Public Transportation			<u>850</u>	<u>(850)</u>
Total expenditure	<u>\$ 0</u>	<u>\$ 0</u>	<u>10,146</u>	<u>\$ (10,146)</u>
CHANGES IN FUND BALANCE			<u>\$ 54,350</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- FIRE PROTECTION-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Grant	\$ <u>173,000</u>	\$ <u>173,000</u>	\$ <u>440,781</u>	\$ <u>267,781</u>
Total revenue	<u>173,000</u>	<u>173,000</u>	<u>440,781</u>	<u>267,781</u>
EXPENDITURES:				
Public safety	22,000	22,000	22,212	(212)
Highways and Streets	27,500	27,500	6,363	21,137
Public Transportation			1,539	(1,539)
Capital outlay	<u>11,374</u>	<u>11,374</u>	<u>152,464</u>	<u>(141,090)</u>
Total expenditure	<u>\$ 60,874</u>	<u>\$ 60,874</u>	<u>182,578</u>	<u>\$ (121,704)</u>
CHANGES IN FUND BALANCE			<u>\$ 258,203</u>	

VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND-LAW ENFORCEMENT PROTECTION-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:				
Grant	\$ 21,800	\$ 21,800	\$ 21,800	\$ 0
Total revenue	<u>21,800</u>	<u>21,800</u>	<u>21,800</u>	<u>0</u>
EXPENDITURES:				
Public safety	11,200	11,200	12,156	(956)
Highways and Streets	5,000	5,000	1,827	3,173
Capital outlay	<u>5,600</u>	<u> </u>	<u>20,340</u>	<u>(20,340)</u>
Total expenditure	<u>\$ 21,800</u>	<u>\$ 16,200</u>	<u>34,323</u>	<u>\$ (18,123)</u>
CHANGES IN FUND BALANCE			<u>\$ (12,523)</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- LODGERS TAX RESERVE-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Taxes	\$	\$	\$ 262,022	\$ 262,022
Other				
	<u>0</u>	<u>0</u>	<u>262,022</u>	<u>262,022</u>
Total revenue				
EXPENDITURES:				
General government			205,427	(205,427)
Public safety			24,697	(24,697)
Highways and Streets			161	(161)
Public Transportation			73,764	(73,764)
Economic and Physical development			<u>5</u>	<u>(5)</u>
	<u>\$ 0</u>	<u>\$ 0</u>	<u>304,054</u>	<u>\$ (304,054)</u>
Total expenditure				
CHANGES IN FUND BALANCE			<u>\$ (42,032)</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- RETREATS FOR VETERANS-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Other	\$ _____	\$ _____	\$ 137,667	\$ 137,667
Total revenue	<u>0</u>	<u>0</u>	<u>137,667</u>	<u>137,667</u>
EXPENDITURES:				
Public safety	_____	_____	121,037	(121,037)
Total expenditure	<u>\$ 0</u>	<u>\$ 0</u>	<u>121,037</u>	<u>\$ (121,037)</u>
NET CHANGE IN FUND BALANCE			<u>16,630</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- TEEN COURT-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Total revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
EXPENDITURES:				
Public safety	<u> </u>	<u> </u>	<u>2,872</u>	<u>(2,872)</u>
Total expenditure	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,872</u>	<u>\$ (2,872)</u>
CHANGE IN FUND BALANCE			<u>\$ (2,872)</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND-TRANSPORTATION-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Grant	\$ _____	\$ _____	\$ <u>20,100</u>	\$ <u>20,100</u>
Total revenue	<u>0</u>	<u>0</u>	<u>20,100</u>	<u>20,100</u>
EXPENDITURES:				
Public Transportation	_____	_____	<u>5,628</u>	<u>(5,628)</u>
Total expenditure	<u>\$ 0</u>	<u>\$ 0</u>	<u>5,628</u>	<u>\$ (5,628)</u>
CHANGE IN FUND BALANCE			<u>\$ 14,472</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- NM CLEAN & BEAUTIFUL-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES:				
Other	\$ _____	\$ _____	\$ <u>5,000</u>	\$ <u>5,000</u>
Total revenue	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>
EXPENDITURES:				
Total expenditure	<u><u>0</u></u>	<u><u>0</u></u>	<u>0</u>	<u><u>0</u></u>
CHANGE IN FUND BALANCE			<u><u>\$ 5,000</u></u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- FIRE DONATION-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Total revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>177</u>	\$ <u>177</u>
EXPENDITURES:				
Public safety			<u>459</u>	<u>(459)</u>
Highways and Streets				
Total expenditure	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	<u>459</u>	\$ <u><u>(459)</u></u>
CHANGE IN FUND BALANCE			\$ <u><u>(282)</u></u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- STREET PROJECT-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Taxes	\$ _____	\$ _____	\$ <u>207,135</u>	\$ <u>207,135</u>
Total revenue	<u>0</u>	<u>0</u>	<u>207,135</u>	<u>207,135</u>
EXPENDITURES:				
Capital outlay	_____	_____	<u>18,157</u>	<u>(18,157)</u>
Total expenditure	<u>\$ 0</u>	<u>\$ 0</u>	<u>18,157</u>	<u>\$ (18,157)</u>
CHANGE IN FUND BALANCE			<u>\$ 188,978</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SPECIAL REVENUE FUND- FIRE PROTECTION FACILITY-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:				
Total revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
EXPENDITURES				
Public safety	<u> </u>	<u> </u>	<u>24,152</u>	<u>(24,152)</u>
Total expenditure	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	<u>24,152</u>	\$ <u><u>(24,152)</u></u>
CHANGE IN FUND BALANCE			\$ <u><u>(24,152)</u></u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
CAPITAL PROJECTS FUND- PUBLIC SAFETY BUILDING-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES:				
Taxes	\$ _____	\$ _____	\$ 105,639	\$ 105,639
Total revenue	0	0	105,639	105,639
EXPENDITURES				
Public safety			315	(315)
Public Transportation			2,273	(2,273)
Capital outlay			47,232	(47,232)
Total expenditure	0	0	49,820	(49,820)
OTHER FINANCING SOURCES/ (USES)				
Total other financing sources	0	0	0	0
CHANGE IN FUND BALANCE			\$ 55,819	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
CAPITAL PROJECTS FUND - CAPITAL BUILDING WATER TANK -
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES:				
Grant	\$ _____	\$ _____	\$ <u>673,378</u>	\$ <u>673,378</u>
Total revenue	<u>0</u>	<u>0</u>	<u>673,378</u>	<u>673,378</u>
EXPENDITURES				
Total expenditure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES/ (USES)				
Total other financing sources	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	<u>0</u>	\$ <u><u>0</u></u>
CHANGE IN FUND BALANCE			<u><u>\$ 673,378</u></u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
CAPITAL PROJECTS FUND- FOREST THINNING
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Grant	\$ <u>363,200</u>	\$ <u>363,200</u>	\$ <u>203,277</u>	\$ <u>(159,923)</u>
Total revenue	<u>363,200</u>	<u>363,200</u>	<u>203,277</u>	<u>(159,923)</u>
EXPENDITURES				
Public safety			42,481	(42,481)
Highways and Streets			2,279	(2,279)
Public Transportation			182,545	(182,545)
Economic and Physical development			3,580	(3,580)
Capital outlay			<u>5,125</u>	<u>(5,125)</u>
Total expenditure	<u>0</u>	<u>0</u>	<u>236,010</u>	<u>(236,010)</u>
OTHER FINANCING SOURCES/ (USES)				
Total other financing sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>
CHANGE IN FUND BALANCE			<u>\$ (32,733)</u>	

VILLAGE OF ANGEL FIRE, NEW MEXICO
CAPITAL PROJECTS FUND - WILDLAND URBAN INTERFACE-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011

	<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:				
Total revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
EXPENDITURES				
Highways and streets			2,780	(2,780)
Public Transportation			2,433	(2,433)
Economic and Physical development			<u>68</u>	<u>(68)</u>
Total expenditure	<u>0</u>	<u>0</u>	<u>5,281</u>	<u>(5,281)</u>
OTHER FINANCING SOURCES/ (USES)				
Operating transfers in				
Total other financing sources	\$ <u>0</u>	\$ <u>0</u>	<u>0</u>	\$ <u>0</u>
CHANGE IN FUND BALANCE			<u>\$ (5,281)</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
CAPITAL PROJECTS FUND - LAGOON CLEANUP -
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Grant	\$ <u>206,529</u>	\$ <u>206,529</u>	\$ _____	\$ <u>(206,529)</u>
Total revenue	<u>206,529</u>	<u>206,529</u>	<u>0</u>	<u>(206,529)</u>
EXPENDITURES				
Total expenditure	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES/ (USES)				
Total other financing sources	\$ <u>0</u>	\$ <u>0</u>	<u>0</u>	\$ <u>0</u>
CHANGE IN FUND BALANCE			\$ <u>0</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
CAPITAL PROJECTS FUND - MAP GRANT -
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES:				
Grant	\$ _____	\$ _____	\$ <u>216,100</u>	\$ <u>216,100</u>
Total revenue	<u>0</u>	<u>0</u>	<u>216,100</u>	<u>216,100</u>
EXPENDITURES				
Public Transportation	_____	_____	<u>2,147</u>	<u>(2,147)</u>
Total expenditure	<u>0</u>	<u>0</u>	<u>2,147</u>	<u>(2,147)</u>
OTHER FINANCING SOURCES/ (USES)				
Total other financing sources	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	<u>0</u>	\$ <u><u>0</u></u>
CHANGE IN FUND BALANCE			<u>\$ 213,953</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
CAPITAL PROJECTS FUND - HWY 434 ASSESSMENT-
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Licenses, Permits, fees & fines	\$	\$	\$ 106,310	\$ 106,310
Total revenue	<u>0</u>	<u>0</u>	<u>106,310</u>	<u>106,310</u>
EXPENDITURES				
Highways and streets			3,313	(3,313)
Debt service			<u> </u>	<u> </u>
Total expenditure	<u>0</u>	<u>0</u>	<u>3,313</u>	<u>(3,313)</u>
OTHER FINANCING SOURCES/ (USES)				
Operating transfers in				
Total other financing sources	\$ <u>0</u>	\$ <u>0</u>	<u>0</u>	\$ <u>0</u>
NET CHANGE IN FUND BALANCE			<u>102,997</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
DEBT SERVICE FUND - DEBT SERVICE -
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Total revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
EXPENDITURES				
Debt service				
Principal			667,714	(667,714)
Interest			<u>492,378</u>	<u>(492,378)</u>
Total expenditure	<u><u>0</u></u>	<u><u>0</u></u>	<u>1,160,092</u>	<u>(1,160,092)</u>
NET CHANGE IN FUND BALANCE			<u>(1,160,092)</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
WASTE WATER ENTERPRISE FUND -
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<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:				
Sales and services	\$ 494,827	\$ 494,827	\$ 450,431	\$ (44,396)
Total revenue	<u>494,827</u>	<u>494,827</u>	<u>450,431</u>	<u>(44,396)</u>
EXPENDITURES				
Operating expenditures	309,302	309,302	277,213	32,089
Debt service				
Interest	<u> </u>	<u> </u>	<u>314,952</u>	<u>(314,952)</u>
Total expenditure	<u>\$ 309,302</u>	<u>\$ 309,302</u>	<u>592,165</u>	<u>\$ (282,863)</u>
CHANGES IN NET ASSETS			<u>(141,734)</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SOLID WASTE ENTERPRISE FUND -
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance From</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES:				
Sales and services	\$ 765,110	\$ 765,110	\$ 844,971	\$ 79,861
Taxes			<u>50,042</u>	<u>50,042</u>
Total revenue	<u>765,110</u>	<u>765,110</u>	<u>895,013</u>	<u>129,903</u>
EXPENDITURES				
Operating expenditures	<u>587,982</u>	<u>587,982</u>	<u>582,409</u>	<u>5,573</u>
Total expenditure	<u>\$ 587,982</u>	<u>\$ 587,982</u>	<u>582,409</u>	<u>\$ 5,573</u>
CHANGES IN FUND BALANCE			<u>\$ 312,604</u>	

**VILLAGE OF ANGEL FIRE, NEW MEXICO
WATER ENTERPRISE FUND -
STATEMENT OF REVENUES AND EXPENDITURES-
BUDGET AND ACTUAL (GAAP BASIS)
Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance From Final Budget
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Positive (Negative)
REVENUES:				
Sales and services	\$ <u>1,112,721</u>	\$ <u>1,112,721</u>	\$ <u>1,320,105</u>	\$ <u>207,384</u>
Total revenue	<u>1,112,721</u>	<u>1,112,721</u>	<u>1,320,105</u>	<u>207,384</u>
EXPENDITURES				
Operating expenditures	<u>786,898</u>	<u>786,898</u>	<u>764,216</u>	<u>22,682</u>
Total expenditure	<u><u>\$ 786,898</u></u>	<u><u>\$ 786,898</u></u>	<u>764,216</u>	<u><u>\$ 22,682</u></u>
CHANGES IN FUND BALANCE			<u><u>\$ 555,889</u></u>	

SUPPORTING SCHEDULES

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2011

	<u>Motor Vehicle Fund</u>	<u>Municipal Court Bond Fund</u>	<u>Total</u>
Assets, June 30, 2010	\$ 27,008	\$ 14,080	\$ 41,088
Increase	-	8,056	8,056
Decrease	<u>3,477</u>	<u>-</u>	<u>3,477</u>
Assets, June 30, 2011	<u>\$ 23,531</u>	<u>\$ 22,136</u>	<u>\$ 45,667</u>
Liabilities, June 30, 2010	\$ 27,008	\$ 14,080	\$ 41,088
Increase	-	15,912	15,912
Decrease	<u>11,333</u>	<u>-</u>	<u>11,333</u>
Liabilities, June 30, 2011	<u>\$ 15,675</u>	<u>\$ 29,992</u>	<u>\$ 45,667</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
Year Ended June 30, 2011

<u>Depository</u>	<u>Account Name</u>	<u>Type</u>	<u>Depository Balance</u>	<u>Reconciled Balance</u>
Deposit accounts:				
International Bank	Operating Account	Checking	\$ 74,900	\$ (32,227)
International Bank	Capital Projects Account	Checking	60,175	60,175
International Bank	State Fire Protection Fund	Checking	115,715	114,451
International Bank	LEPF Account	Checking	2,273	2,273
International Bank	HWY 434 Infrastructure	Checking	76	76
International Bank	GRT Roads	Checking	4,640	4,640
International Bank	Sports and Recreation	Checking	144,342	133,529
International Bank	State EMS CPR Classes	Checking	963	963
International Bank	State EMS Fund	Checking	8,311	8,311
	DBA National Veterans			
International Bank	Wellness & Healing	Checking	46,445	42,220
International Bank	Lodgers Tax Account	Checking	6,668	2,116
International Bank	Public Safety Building	Checking	817	817
First National Bank	Utility Account	CD	<u>90,647</u>	<u>90,647</u>
Cash and cash equivalents			555,972	427,991
Petty cash	Petty cash	Cash	<u> </u>	<u>430</u>
Total deposit accounts			<u>555,972</u>	<u>428,421</u>
Investment accounts:				
Cash NMFA-Debt Service Res.		Investment		401,208
Office of State Treasurer	LGIP Fund	U.S. Treas. Fund	<u>81,864</u>	<u>81,864</u>
Total investment accounts			<u>81,864</u>	<u>483,072</u>
TOTAL DEPOSIT AND INVESTMENT ACCOUNTS- NON-AGENCY			<u>637,836</u>	<u>911,493</u>
AGENCY FUNDS CASH ACCOUNTS				
International Bank	Municipal Court		6,518	10,751
International Bank	Motor Vehicle		9,095	8,690
International Bank	Municipal Court Bond		<u>9,827</u>	<u>16,014</u>
Cash and cash equivalents			25,440	35,455
Petty cash	MVD petty cash		<u> </u>	<u>100</u>
TOTAL CASH-AGENCY FUNDS			<u>\$ 25,440</u>	<u>\$ 35,555</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
Year Ended June 30, 2011

<u>Depository</u>	<u>Account Name</u>	<u>Type of Account</u>	<u>Bank Balance</u>
Deposit Accounts:			
International Bank	434 Infrastructure	Checking	\$ 76
International Bank	Capital Project	Checking	60,175
International Bank	EMS CPR Classes	Checking	963
International Bank	GRT Roads	Checking	4,640
International Bank	LEPF	Checking	2,273
International Bank	Operating Account	Checking	74,900
International Bank	Public Safety Building	Checking	817
International Bank	Sports and Recreation Facility Fees	Checking	144,342
International Bank	State Fire Protection Fund	Checking	115,715
International Bank	Lodgers Tax Account	Checking	6,668
International Bank	DBA National Veterans Wellness & Healing	Checking	46,445
International Bank	State EMS Fund	Checking	8,311
International Bank	Municipal Court	Checking	6,518
International Bank	Municipal Court - Bond	Checking	9,827
International Bank	Motor Vehicle	Checking	<u>9,095</u>
Total deposits in International Bank			490,765
Less FDIC coverage			<u>(250,000)</u>
Total uninsured public funds			240,765
50% collateral requirement (Section 6-10017)			120,383
INVESTMENT ACCOUNTS			
First National Bank	Utility Account	CD	<u>90,647</u>
Total deposits in Bank of Albuquerque			90,647
Less FDIC coverage			<u>(90,647)</u>
Total uninsured public funds			-
50% collateral requirement (Section 6-10017)			<u>-</u>
Total pledged collateral required			<u>\$ 120,383</u>

<u>Name of Security</u>	<u>Cusip #</u>	<u>Maturity Date</u>	<u>Balances</u>
International Bank			
Village of Angel Fire	31339KF5T9	9/9/2011	404,040
Village of Angel Fire	31339KDTB7	12/31/2012	692,510
First National Bank			
Village of Angel Fire	3133LXKB7	12/27/2018	<u>57,930</u>
Total collateral			<u>\$ 1,154,480</u>

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

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
Year Ended June 30, 2011**

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 Taos Pueblo Rocky Mountain Youth Corps	Joint Responsibility	Procurement of commercial commuter airline services
Collaboration Forest Restoration Program	Notional Renewable Energy, LLC H.R. Vigil Small Products Urban Interface Solutions Amigos del Bosque LLC Village of Angel Fire	Joint Responsibility	Carry out 3 projects that have an effect on the Taos Canyon and Angel Fire landscape

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF JOINT POWERS AGREEMENTS
Year Ended June 30, 2011

<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
7/7/2009 to 6/30/2015	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
3/3/2009 until complete	None	None	Taos Pueblo	Taos Pueblo

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Federal Agency/ Pass-Through Agency	Federal CFDA Number	Federal Participating Expenditures
US DEPARTMENT OF AGRICULTURE		
Community Facilities Loans and Grants		
Camino Grande Waterline Extension	10.760	\$ <u>201,684</u>
Total Community Facilities Loans and Grants		<u>201,684</u>
Department of Transportation Federal Highway Administration		
Highway Planning and Construction	20.205	<u>762,000</u>
Total Highway Planning and Construction		<u>762,000</u>
TOTAL FEDERAL EXPENDITURES		<u><u>\$ 963,684</u></u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

NOTE 1 - BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Expenditures of Federal Awards presents the activities of all federal awards of the Village and is presented on the modified accrual basis of accounting which is described in Note 1 to the Village's general purpose financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2011 *Catalog of Federal Domestic Assistance*.

NOTE 3 - NON-CASH ASSISTANCE

The Village did not receive any federal non-cash assistance during the year ended June 30, 2011.

**NOTE 4 - RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TO THE FINANCIAL STATEMENTS**

The following is a reconciliation of the expenditures reported on the schedule of expenditures of federal awards to the expenditures reported in the Statement of Revenues, Expenditures and changes in Fund Balance included in accompanying financial statements:

Expenditures according to schedule of expenditures of federal awards	\$ 963,684
Expenditures funded by nonfederal sources	6,859,645
Capital Expenditures	<u>1,609,550</u>
Expenditures on financial statements	<u><u>\$ 9,432,879</u></u>

**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. Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
Ms. Barbara Cottam, Mayor
The Village Council
Village of Angel Fire, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplementary information of the Village of Angel Fire, New Mexico (the Village) as of and for the year ended June 30, 2011, and have issued our report thereon dated June 26, 2013. We qualified our opinion because we were unable to verify the Village's records for budget to actual statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Village is responsible for establishing and maintaining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weakness and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 07-2, 09-1, 09-6, 09-8 and 11-2 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 03-4, 03-9, 03-14, 05-2, 07-3, 07-4, 08-2, 09-7, 11-1 and 11-4 to be significant deficiencies in internal control over financial reporting.

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 which are described in the accompanying schedule of findings and questioned costs as items 03-6, 05-3, 05-4 and 09-1.

We also noted certain other matters that are required to be reported pursuant to Government Auditing Standards, paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items 03-1, 04-3 and 11-3.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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, others within the Village, the Office of the State Auditor, the New Mexico Department of Finance and Administration, the New Mexico Legislature and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
June 26, 2013

**Report on Compliance with Requirements That Could Have Direct And Material Effect On Each
Major Program And On Internal Control Over Compliance In Accordance
With OMB Circular A-133**

Mr. Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
Ms. Barbara Cottam, Mayor
The Village Council
Village of Angel Fire, New Mexico

Compliance

We have audited the compliance of the Village of Angel Fire, New Mexico (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that is applicable to its major federal program for the year ended June 30, 2011. The Village's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item FA 11-1.

Internal Control over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine-our-auditing-procedures-for-the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected or corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
June 26, 2013

**VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2011**

A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Qualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? X Yes No
- Noncompliance material to financial statements noted? X Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? Yes X No

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? X Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

Instances where results of audit follow-up procedures disclosed that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding? Yes X No

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

03-1 DUE DATE OF AUDIT REPORT (Other Matter)

Condition: The June 30, 2011 audit report was not filed timely as required by State Auditor Rule NMAC 2.2.2.9.A.

Criteria: Per State Auditor Rule NMAC 2.2.2.9.A, the audited financial statements of local governmental entities are due by December 1 following the fiscal year-end, thus requiring the June 30, 2011 report to be filed by December, 2011.

Effect: The Village is in violation of State Auditor Rule NMAC 2.2.2.9.A for the fiscal year ended June 30, 2011. This issue may result in not having accurate financial information for budget preparation or other financial projections. Additionally, this issue may limit the borrowing ability of the Village precluding it from finishing undertaken projects.

Cause: The books and records were not reconciled until after the due date. In addition, the Village experienced significant turnover of accounting staff during the period of annual reconciliation and audit preparation.

Recommendation: The Village should implement accounting policies and procedures that would enable personnel to reconcile the GL and prepare for an audit in the timely manner.

Management's Response: The Village realizes the importance of the audits being completed in a timely manner. Once the State Auditor has approved the Fiscal Year 2011 audit, the Village is anticipating approval from the State Auditor to have the auditors work simultaneously on both FY2012 and FY2013 audits.

If we receive approval from the State Auditor's office to complete both FY2012 and FY2013, we will be in compliance, which is what we are working towards.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

03-4 INADEQUATE SEGREGATION OF DUTIES (Significant Deficiency)

Condition: As part of our documentation of the internal controls we noted certain functions that were performed by the same person:

- 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 unrestricted access to the accounting systems, check stock and cash receipt ledgers.
- The person responsible for performing all IT functions is responsible for setting up employees in the network, establishing the employees access rights to the accounting system and payroll system, including adding or deleting employee's from the system, without any oversight from the Village's management.

Criteria: Segregation of duties is a necessary attribute to safeguard an entity's assets.

Effect: The lack of segregation of duties increases the risk of asset misappropriation.

Cause: The Village has limited financial recourses and at time is incapable to support such control measures.

Recommendation: The Village should implement a process that allows for an oversight of the functions by someone other than the person directly responsible.

Management's Response: The Village hired a Finance Director, who started the end of FY2011. The Finance Director has implemented a procedure to ensure the segregation of duties. The procedure which has been implemented is as follows:

The Accounts Payable clerk prepares the checks and posts them. The checks require two signatures; one need to be either the Mayor or one of the Council Members and the other signature needs to be either the Village Manager or Village Clerk.

The Finance Director is responsible for the reconciling of all bank accounts. The bank statements are picked up at the post office by the Administrative Assistant and they are opened and checked by the Finance Clerk, then given to the Finance Director for reconciliation.

The Finance Director is responsible for making adjusting journal entries. The adjusting journal entries are first created with the required documentation in hard copy format, and then the adjusting journal entry is posted in the accounting system, which generates a journal entry number associated with the entry. After the adjusting entries for that particular packet are entered into the software system, the software system will create a report, which is verified to the hard copy, approved and posted. After the adjusting journal entries have been posted in the system, they are given to the Village Manager for his/her final review and approval. Hard copies of all adjusting journal entries are kept by month in a binder.

The IT Tech is responsible for setting up the employees on the network, with the approval of the Finance Director and/or Village Manager

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

03-6 BUDGET OVERAGES (Non-compliance)

Condition: During our analysis of budget to actual reports for the year ended June 30, 2011, we noted the expenditures in the following funds exceeded the budgeted amounts:

General	\$ (886,621)
Sports & Recreation	\$ (1,584,838)
Community Center	\$ (1,203,096)
Correction	\$ (715)
Emergency Medical Services	(3,917)
Wildland Fires	\$ (10,146)
State Fire Protection	\$ (121,704)
LEPF	\$ (18,123)
Retreats for Veterans	\$ (121,037)
Lodgers Tax Reserve	\$ (304,054)
Teen Court	\$ (2,872)
Transportation	\$ (5,628)
Fire Donation	\$ (459)
Street Project	(18,157)
Fire Protection Facility	\$ (24,152)
Public Safety Building	\$ (49,820)
Forest Thinning	\$ (236,010)
Wildland Urban Interface	\$ (5,281)
MAP Grant	\$ (2,147)
HWY 434 Assessment	\$ (3,313)
Debt Service	\$ (1,160,092)
Waste water	\$ (282,863)

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.

Effect: The Village is in violation of State Statute 6-6-6 NMSA 1978 from NB 565.

Cause: The Village did not have proper budgetary controls, including budget to actual analysis.

Recommendation: We recommend the Village develops and adheres to a system that tracks the budget effectively to ensure budgetary compliance.

Management's Response: The Village's Finance Department has implemented controls to avoid budget overages in the future.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

03-6 BUDGET OVERAGES (Non-compliance) Continued

When a department submits a Purchase Requisition, or voucher, the Finance Director is responsible for verifying the correct line item and verifying there is sufficient budget for the procurement or purchase requested by the department.

Each department is given copies of their financial statements on a monthly basis. On a quarterly basis, departments are responsible for the preparation of budget adjustments within their budget without increasing their total approved budget.

For future fiscal years this procedure should keep budgets in line with actual expenditures, and avoid budget overages.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

03-9 UTILITY ACCOUNTS RECEIVABLE (Significant Deficiency)

Condition: The Village has no formal procedure in place for approving utility billing account adjustments before an adjustment is made to accounts receivable.

Criteria: The *Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Effect: The Village may not have accurate information to make informed financial decisions with regard to accounts receivable.

Cause: Periodic reviews of the detail aging of accounts receivable are currently not being performed. The Village does not have a policy governing the adjustment of accounts receivable.

Recommendation: We recommend the Village establish a policy governing the approval of accounts receivable adjustments and perform periodic reconciliations of unapplied utility credits to track customer credits properly.

Management's Response: The Village has discovered, before we can proceed with any adjustments to accounts receivable, we need correct the accounting software to correctly allocate revenue streams to the correct funds and individual revenue code. The Village is auditing individual customer accounts, for correct funds, codes and utility charges, this has proved to be a time consuming and tedious project. Once this has been completed we will be able to rely on the figures generated by the software.

All utility account adjustments are reviewed by the Utility Billing Clerk, Finance Director and the Public Works Director (when appropriate) who in turn provide recommendations to the Village Manager. The Village Manager will make the final determination and provide signed documentation to the Finance Department prior to the posting of utility billing adjustments.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

03-14 ACCOUNTING FOR PERMIT DEPOSITS (Significant Deficiency)

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

Criteria: The *Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Effect: The Village may be understating revenue from forfeited permit deposits or may not know which customer is due a refund.

Cause: Lack or failure of controls over the deposit record keeping and lack of proper training on identifying accounting issues.

Recommendation: We recommend the Village start tracking the deposits by the means of an aged detail. We also suggest the Village properly trains its accounting staff on identifying accounting issues.

Management's Response: Village's planning and Finance departments are working on procedures to correctly record building permit deposits. Changes will be made to the accounting software to reflect the correct procedures, on the proper recording as to fund, department, revenue and liability accounts.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

04-3 TRAVEL AND PER DIEM DISBURSEMENTS (Other Matter)

Condition: During testwork over per diem disbursements, we noted that 4 out of 15 disbursements tested, totaling \$1,594 were not properly approved and authorized and did not include receipts when the employees were reimbursed for expenses.

Criteria: In accordance with the NMAC Mileage and Per Diem Act Section 2.42.2.9, receipts are supposed to accompany the reimbursement packet when employees are reimbursed for actual expenses.

Effect: The Village was not in compliance with the NMAC Travel and Mileage Act.

Cause: The Village lacked controls surrounding the proper review process over per diem disbursements.

Recommendation: We recommend the Village refers to and complies with NMAC Mileage and Per Diem Act Section 2.42.2.9 when dealing with travel reimbursement issues.

Management's Response: The Village has developed a Travel and Per Diem procedure. According to the procedure, when one of the employees does any traveling for business associated with the Village, they are advanced 80% of their estimated expenses and when they return, they are reimbursed 20% of their actual expenses.

It is rare any of our employees or governing body is reimbursed for actual expenses. There is a procedure in place to assure proper documentation of receipts or a sworn statement is obtained for Travel and Per Diem reimbursed for actual expenses.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

05-2 WATER DEPOSIT LIABILITY (Significant Deficiency)

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

Criteria: The *Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

Effect: The Village does not track deposits by customer accounts, which may not allow the Village to know the liability as related to the deposits.

Cause: The Village lacked procedures and controls in place to ensure that reconciliation's are performed on on-going basis.

Recommendation: The Village should implement an on-going deposit reconciliation process and keep a detailed water deposit register.

Management's Response: The Village is working on the Utility Billing System as a whole; this is one of the components we are concentrating on. We are working on identifying water deposits and recording them as liability and not revenue which has been the practice in the past.

The Village Utility department will identify if the deposit will be refunded or applied to the customer's account, this will be done on a case by case basis.

Once we have cleared the Utility Billing system, procedures will be developed to detail the process regarding the Water Deposit.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

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

Condition: During the year ended June 30, 2011 the Village's capital asset listing was not kept current in accordance with Section 12-6-10, NMSA 1978. An adequate physical inventory has not been completed within the last two years.

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.

Effect: The Village may not have the accurate fixed asset inventory count. Not taking a physical inventory count may lead to asset misappropriation.

Cause: The Village lacked awareness of the State requirements.

Recommendation: The Village should perform an annual physical capital asset inventory.

Management's Response: The Village has included the task of Asset Inventory Clerk to our Grants Administrator. The Asset Inventory Clerk with the assistant of each department will conduct a physical inventory and document. Once this has been completed, she will develop procedures on the maintenance of the inventory, and how to handle addition and deletions, and will schedule the annual physical inventory.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (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 to three weeks. The water pumped during this time is billed in the next period. Because there is not a process in place, the amount unbilled is undeterminable.

Criteria: Generally Accepted Accounting Principles 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 appropriately reflected on the books at the end of the reporting period.

Effect: The Village's lack of formal procedures regarding the accrual process may lead the Village to understate its assets and revenues in the enterprise funds at year-end.

Cause: The Village lacked awareness or familiarity with the GAAP requirements.

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

Management's Response: This issue was due to the initial set-up of the accounting software. Revenue and tax codes were not properly set up, in the accounting software or there were set up for the wrong fund and revenue type. For FY2013, we are working with the Utility Billing Department, Finance Department and the Village Manager to accurately set up codes in our accounting software. For Fiscal 2014, this issue will be resolved.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

07-2 UNLOCATED ACCOUNTING RECORDS (Material Weakness)

Condition: The Village was not able to produce the following documents requested for the audit of various sections:

- During our testwork over Credit Card, 5 out of 24 transactions tested, totaling \$1,490, the village was unable to provide supporting documentation.
- During our testwork over payroll, 1 out of 15 transactions tested was not supported by a timesheet or request for leave.
- The Village was unable to locate file for Co-operative Marketing Grant, NM Tourism Department. The amount of receipts was \$7,000.

Criteria: State Auditor Rule 2.2.2.8.J and Section 12-6-5 NMSA 1978 require good accounting practices to be followed and adequate accounting records to be maintained.

Effect: The Village's improper upkeep of supporting documentation can cause alterations to the accounting records and lead to financial information being materially inaccurate.

Cause: The Village lacked internal controls over record keeping as prescribed by the Accounting Manual.

Recommendation: We recommend the Village implements policies to ensure that records and documentation are maintained adequately to support balances per accounting records.

Management's Response: The Finance Department has established a filing system and methods to track and file the documents, which are the responsibility of this department.

The Finance Director has created and established files for the Grants and Debt Service accounts. The Finance Department will establish procedures and policies how to establish and maintain files for all the accounting records of the village.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

07-3 JOURNAL ENTRY PROCESS (Significant Deficiency)

Condition: It was noted during the audit testwork performed on internal controls that the Village does not have a process in place for review/approval of journal entries. Any person with the access to the accounting software can make general ledger adjustments to true up variances identified during the bank statement reconciliation process, with no approval by anybody other than the preparer, or accounting support created for the adjustment.

Criteria: Good internal controls require that journal entries be approved by a responsible individual not involved in the journal entry preparation or posting, as they can significantly affect the financial statements.

Effect: With no review and approval process for the journal entries, and no audit trail created in the process, the financial information generated directly from the system may not be reliable.

Cause: The Village lacked controls over the journal entry review and approval process.

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, with supporting documentation generated in the process, and properly kept for independent reviews.

Management's Response: Fiscal Year 2012, the Village Finance Department has implemented the following procedure regarding the Journal Entry Process:

The adjusting journal entries are first created with the required documentation in hard copy format; the adjusting journal entry is posted in the accounting system, which generates a journal entry number associated with the entry. After the adjusting entries for that particular packet are entered into the system, the system will create a report, which is verified to the hard copy, approved and posted. After the adjusting journal entries have been posted in the system, they are given to the Village Manager for his/her approval. Hard copies of all adjusting journal entries are kept by fiscal year, month and journal entry numerical order in three ring binders.

At this time the Finance Director is responsible for making and posting adjusting journal entries, and management will review journal entries on a monthly basis.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

07-4 INADEQUATE ACCOUNTING RECORDS (Significant Deficiency)

Condition: During our testwork over credit card transactions, 23 out of 24 disbursements tested totaling \$6,239 had no identifications of a review or approval prior to disbursement.

Criteria: Per section 6-6-3 NMSA 1978 every local public body shall: keep all the books, records and accounts in their respective offices in the form prescribed by the local government division; make all reports as may be required by the local government division; and conform to the rules and regulations adopted by the local government division. Also, good internal controls and sound business practice require that the Authority develop policies and procedures for internal controls over disbursements.

Effect: Due to the lack of the review and approval process, the financial information generated by the system directly may not be reliable.

Cause: The Village lacked controls surrounding review and approval process for processed transactions.

Recommendation: We recommend the Village establish proper review and approval processes for all financial transactions.

Management's Response: Management recognized there was a problem regarding the use of the credit cards. It came to management's attention; the procurement process was being circumvented, by the use of the credit cards.

Currently all credit card transactions are review for supporting documentation, they are charged to the correct fund, line item and are approved for payment by the Department Director or the Finance Director.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

08-2 TIMELINESS OF DUE TO/DUE FROM REVERSALS (Significant deficiency)

Condition: Some interfund transfers on the Village remained unchanged from FY 2010 to FY 2011.

Criteria: Good accounting practices require entities to properly categorize cash transfers to reflect financial events being recorded in the financial records. Since the interfund transactions are classified on the financial statements as current, the balances must be reversed within one year.

Effect: The village is not maintaining adequate controls over the timeliness of due to/due from reversals and increases the risk of misappropriation of assets or liabilities.

Cause: The Village lacked management oversight and there is a lack of familiarity with the model of accounting practices requirements.

Recommendation: We recommend the Village properly trains its accounting personnel on the requirements of the accounting practices.

Management's Response: The Finance Director had identified the issue regarding the Due To/Due From reversals, and the fact they needed to be reconciled and balanced in a timely manner.

This practice will commence with the FY2012, and the procedure and process will be documented in the updating of the Finance Department's Policies and Procedures.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

09-1 UNBUDGETED ACTIVITY (Material Weakness & Non-compliance)

Condition: The Village did not budget for the following funds that had activity in FY 2011:

Community Center	Retreats For Veterans
Correction Fees	Teen Court
FEMA	Transportation
Wildland Fires	NM Clean & Beautiful
Lodgers Tax Reserve	Fire Donation
Street Project	Wildland Urban Interface
Fire Protection Facility	HWY 434 Assessment
Public Safety Building	
Capital Building Watertank	
Forest Thinning	
MAP Grant	
Debt Service	

Criteria: Section 6-6-1, NMSA 1978 requires the establishment of an official operating budget.

Effect: The Village is in violation of section 6-6-1 of NMSA 1978.

Cause: The Village lacked controls surrounding the budgeting process.

Recommendation: We recommend the Village establishes a budget for each fund on annual basis and abide by restrictions of such budget.

Management's Response: For Fiscal Year 2012 and Fiscal Year 2013, the Village has made every effort to budget for all the activities, associated with the Village doing business. All funds which have activity will have a budget associated with it, to record revenues and expenditures and will be included in the annual operating budget.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

09-6 CONTROL ENVIRONMENT (Material Weakness)

Condition: During our audit process, we noted a lack of adequate control environment, as identified in the following issues:

- The Village does not reconcile the accounts on an on-going basis, but rather performs reconciliation at the end of the year, along with the preparation for the audit.
- The Village does not have a process in place to remedy findings from prior year audits. Several findings have been repeated for over five fiscal periods.
- The Village does not have an adequate review process in place for accounting transactions.
- The Village has several deficit fund balances

Criteria: Per SAO Rule 2.2.2.8J(2), the agency shall maintain adequate accounting records. This includes performing reconciliation's on a timely basis to ensure accuracy of account balances during the year, implementing an adequate review process of those records and implementing a sound environment in which significant errors are mitigated.

Effect: Numerous and significant errors were identified during the audit of the financial statements of the Village.

Cause: The Village lacked adequate staffing in the accounting and finance departments.

Recommendation: We recommend the Village implements policies and procedures that would require reconciliations performed throughout the year and an adequate control environment.

Management's Response: The Finance Director for the Village identified the issue of inadequate oversight regarding the reconciliation of accounts to the general ledger. The Village is not current on their audits and staff is working to correct this issue, unfortunately they do not have historical financial history to work from. The fee accountant the village hired to help bring the audits current will work on balancing our general ledger, which will make it easier to balance our accounts to the general ledger on a regular basis.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

09-7 ACCOUNTING FOR STATE GRANTS (Significant Deficiency)

Condition: During our audit process, we noted the following weaknesses in the control environment over State grants:

- The Village was not accurately accounting for the State grants.
- The Village was not aware of the requirements of the grants or the total award amounts.

Criteria: Per SAO Rule 2.2.2.8J(2), the agency shall maintain adequate accounting records.

Effect: The Village may not be in compliance with certain provisions of grant agreements because the Village is unaware of the requirements of the grants. The lack of on-going reconciliation process associated with grants may result in inaccurate and unreliable financial records of the Village.

Cause: The Village lacked controls surrounding accounting for grants and lacked recourse to properly monitor grants and grant requirements.

Recommendation: We recommend the Village's management familiarize themselves with grant requirements upon receipt of the award and implement controls over the accounting and grant reconciliation process.

Management's Response: The Village has made some personnel changes. A Grant Administrator will maintain oversight of the grants awarded to the Village. The Grant Administrator will be responsible for compliance, reconciliation and reimbursement of all the grants.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

09-8 SAS-115 - INEFFECTIVE OVERSIGHT OF THE FINANCIAL REPORTING AND INTERNAL CONTROLS (Material Weakness)

Condition: While conducting our audit for fiscal year 2011, we noted the Village does not have the necessary staff to prepare, perform and interpret the basic quarterly financial statements, month end reconciliations, and the necessary and required financial schedules in accordance with GAAP and GASB since most financial records are recorded on a cash basis. In addition, multiple audit adjustments for the Village were required in excess of the customary year-end adjustments.

In general, the Village should be able to produce accurate and timely financial information to enable well-informed business decisions to be made on a daily basis. Additionally, executive skills and knowledge of critical areas should not be centralized in any single employee or external contractor, as it may substantially increase the potential risk of loss in the event of the employee's incapacity, resignation or termination of the contract.

Criteria: Per SAS 115, Communicating Internal Control Related Matters Identified in an Audit, the auditor must determine whether the client has sufficient accounting competence and knowledge to detect or prevent a misstatement or error in the financial reporting. The Village should possess the ability to perform accounting transactions in addition to understanding the process. A system of internal controls over the preparation of the financial's does not stop at the general ledger; rather it includes controls over the preparation of the financial statements and supporting schedules as well.

Effect: The Village's inefficiency and ineffectiveness may cause the financial records and financial statements to be misleading. The fact that the Village currently does not have the capacity to prepare the financial statements diminishes the adequacy of the internal controls that are present. There is no adequate and experienced personnel that is able to properly apply GAAP and GASB.

Cause: Currently, the Village is not capable of producing a complete set of financial statements, including required footnote disclosures. The Village lacks the adequate number of qualified accounting personnel and experience to provide accurate and reliable financial information for the FY 2011 audit. Additionally, the Village relies extensively on an external contractor to perform the required and necessary day-to-day financial and accounting services.

Recommendation: We recommend the Village develop and implement internal controls over the financial reporting process to facilitate the production of timely and accurate financial statements and required disclosures. If external contractors are utilized to handle day-to-day financial transactions, the Village must provide appropriate fiscal oversight and guidance.

Management's Response: As of May 2011, the Village hired a full-time Finance Director. The Finance Director with the cooperation of the Finance Department staff has made great improvements, in order for the Village to be in compliance with GAAP and GASB requirements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

09-8 SAS-115 - INEFFECTIVE OVERSIGHT OF THE FINANCIAL REPORTING AND
INTERNAL CONTROLS (Material Weakness) Continued

The Village's accounting software has been updated so financial statements can be generated from the system, which reflects the financial situation of each of the departments and funds in any given period of time in the fiscal year.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

11-1 INTERNAL CONTROL OVER CASH DISBURSEMENTS (Significant Deficiency)

Condition: During our testwork of cash disbursements we noted the following:

- In 5 disbursements out of 60 tested during the disbursement cycle testwork totaling \$5,436, the invoice/ payment are not properly initiated, authorized, recorded, classified and presented in books
- In 7 disbursements out of 60 tested during the disbursement cycle testwork totaling \$8,110, the documents are not properly canceled to prevent double payment.

Criteria: According to the Village's Purchasing Policies, a purchase requisition and purchase order must be issued for all nonroutine and non-recurring purchases. Several instance were noted where the Village did not follow the stated policy as disbursements had little and/or no supporting documentation. The Village is required to implement written policies and procedures for purchasing which shall be in compliance with the procurement Code, Section 13-1-21 et seq., NMSA 1978.

Effect: When purchases are made without proper authorization, items could be procured that are inappropriate and/or unallowed and the risk of misappropriation is increased.

Cause: There is a lack of internal control structure over Cash Disbursements. The Village Purchasing Policy is not adequately safeguarding the Village's assets by allowing the purchasing policy to be bypassed.

Recommendation: We recommend all Requisition/Purchase Orders be completed and authorized for all purchases regardless of amount. We also recommend the Village train employees on the purchasing procedure and implement new procedures to properly review and approved expenditures.

Management's Response: As of May 2011, the Village hired a full-time Finance Director, who has imposed the use of the procurement process as approved by the governing body.

The process for cash disbursements will require a purchase requisition, with three price quotes for the service or item to be purchase. Should the Village determine that there is only one source for the service or item to be purchase, the department should document this and submit with the purchase requisition. The department will assure the correct line item number is used and there is sufficient budget for this purchase. The Finance Director will review the purchase requisition for completeness, line item and sufficient budget, and will approve for the issuance of a Purchase Order.

When the invoice is presented to the Finance Department for payment, the purchase requisition, purchase order, price quotes and invoice will need to be attached to the voucher for payment. The voucher will be review and approved for payment by the Finance Director.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

11-2 BANK RECONCILIATION (Material Weakness)

Condition: During the audit when the auditors tested cash balances, the Village was unable to provide the auditors with correct bank reconciliations until after several attempted reconciliations. Two bank account were closed in November 2010 and reconciliations were not made to properly close out the accounts. Bank reconciliations were also not being reviewed by someone independent of this process during the year.

Criteria: Section 6-6-3 NMSA, 1978 discusses the need for the Village to keep all the books, records and accounts in their respective office in the form prescribed by the local government division and conform to the rules and regulations adopted by the local government division. Good accounting practices require that bank reconciliations be performed monthly to ensure that cash receipts and cash disbursements are recorded in a correct and timely manner and that differences or errors be followed up and corrected in a timely manner.

Effect: Bank reconciliations and general ledger balances may be incomplete or erroneous. The lack of timely reconciliation of cash to the general ledger, and not recording checks until they clear the bank, caused the financial statements to be incorrect. In addition, asset misappropriation may go unnoticed.

Cause: The Village of Angel Fire did not make the necessary reconciliation during the fiscal year ended June 30, 2011. It appears that a large volume of cash activity with low staffing levels in the Accounting Department may be the cause.

Recommendation: The Village should establish and implement procedures to ensure general ledger cash balances are regularly reconciled to corresponding bank balances. Any unreconciled differences identified through this process should be investigated and resolved on a timely basis. We recommend that a supervisor review and approve all bank reconciliations. Staffing levels should be increased to ensure that bank reconciliations are performed in a timely manner and that adjustments are posted accurately and efficiently.

Management's Response: The Finance Department is aware of the importance of reconciling bank statements in a timely manner. For most of the Fiscal Year 2011, the Village did not have a Finance Director, who was responsible for assuring bank reconciliations were being done in a timely manner. Moving forward this is being done, and some cases, there were bank accounts which were not included in the accounting software system, which are now included, so the Village can accurately produce financial statements.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

11-3 VIOLATION OF OPEN MEETING ACT (Other Matter)

Condition: While reviewing the Village's Council minutes, we noted that no minutes were prepared for two board meetings held in the month of July and September 2010. Additionally, in order to make meeting minutes official, minutes must be approved, disapproved or amended at the next public meeting where a quorum of the board of trustees is present. In one instance, past minutes were not approved at the next held public meeting.

Criteria: The Open Meetings Act (OMA), specifically Section 10-15-1G NMSA 1978, requires that the board, commission or other policymaking body shall keep written minutes of all its meetings. The minutes shall include at a minimum the date, time and place of the meeting, the names of members in attendance and those absent, the substance of the proposals considered and a record of any decisions and votes taken that show how each member voted. Draft minutes shall be prepared within ten working days after the meeting and shall be approved, amended or disapproved at the next meeting where a quorum is present. Approval of past minutes should always appear as an agenda item for all regular meeting of the board of trustees.

Effect: Noncompliance with the New Mexico State Statutes could subject officials and employees to penalties and fines. The actions of the Village's Council are not fully transparent to the public. The Village's Council minutes are also not readily available for public inspection when not prepared.

Cause: The Village Council is not in compliance with New Mexico state statutes and requirements of Open Meeting Act for preparation and approval of minutes.

Recommendation: We recommend the Village implement administrative procedures to ensure compliance with New Mexico state statutes. Furthermore, we recommend the Village's Attorney provide training to the Village's Council of Trustees and staff concerning the requirements of the Open Meetings Act.

Management's Response: The council meeting held on July 20, 2010, the Village Clerk at the time was on an interim basis. The minutes were produce, but they were never presented to the council for their review and approval.

For the month of September, the meeting scheduled for 9/7/2010 was cancelled; the regular council meeting held on 9/21/2010, minutes were produced; these minutes were presented and approved at the 10/5/2010 meeting.

Moving forward we have a Village Clerk, who was sworn in and a full-time employee, she has produced minutes and presented them to the council for their review and approval at the next council meeting. She has maintained diligent records of all schedule meetings, cancellation and minutes for meetings which have been held, review and approved by the Village council.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

B - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONTINUED)

11-4 DFA BUDGET VARIATION IN ACCOUNTING RECORDS (Significant Deficiency)

Condition: During our audit process we noted that while the Village has an approved budget by the Department of Finance and Administration (DFA), the approved budget was different from the budgetary details maintained in the accounting system.

Criteria: Per Section 6-6-3 NMSA 1978, every local public body shall:

- Keep all the books, records and accounts in their respective offices in the form prescribed by the local government division.
- Make all reports as may be required by the local government division, and
- Conform to the rules and regulations adopted by the local government division.

Effect: As a result, the Village is in non-compliance with New Mexico state law, and the control established by the use of budget has been compromised. Continued variation of budget balances may lead to inappropriate funding of the Village.

Cause: The Village was unable make the appropriate budgetary adjustments to reconcile budget accurately.

Recommendation: We recommend that the Village establish a policy of budgetary review at year-end and make the necessary budget adjustments.

Management's Response: Management agrees with this finding. The Finance Director was preparing the final quarter DFA report for FY2011, she discovered there were actually three budgets, budget approved by the Village Council, the budget submitted to Department of Finance and Administration and the budget which was entered into the accounting software. This issue made it difficult to prepare the final quarterly report.

The Finance Department has ensured the budget approved by the council is the same budget entered into the accounting software and the one submitted to Department of Finance and Administration.

VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

C - AUDIT FINDINGS IN RELATION TO FEDERAL AWARDS

FA 11-1 DATA COLLECTION FORM (Non Compliance)

Applicable Federal Programs: All Programs

Questioned Costs: None

Condition: The Village did not submit its annual Data Collection Form to the Federal Audit by the due date of March 31, 2012. This finding applies to all federal programs.

Criteria: Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," establishes uniform audit requirements for non-Federal entities administering Federal awards. This requires that the Data Collection Form be submitted nine months after year end.

Effect: As a result, the Village is in non-compliance with the OMB Circular A-133 requirement to submit the Data Collection Form timely, which can result in the loss of federal funding.

Cause: The Village's audit was not completed timely because the Village's books and records were not ready for audit, resulting in the delay in the submission of the Data Collection Form for the current year.

Recommendation: We recommend that the Village have its books and records ready for audit in order to complete the audit process timely so the Data Collection Forms can be submitted timely in future.

Management's Response: Once Fiscal Year 2011 audit is complete and submitted to the State Auditor's for their review and approval, the Village will have the auditors start on Fiscal Year 2012 audit. The Village's goal is to complete the Fiscal Year 2013 audit before the December deadline, which will result in the Village being in compliance of timely submission of audits and Data Collection Form.

VILLAGE OF ANGEL FIRE
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2011

- 03-1 Due date of audit report - Repeated
- 03-4 Inadequate segregation of duties - Repeated
- 03-6 Budget overages - Repeated and Modified
- 03-9 Utility accounts receivable - Repeated
- 03-14 Accounting for permit deposits - Repeated
- 04-3 Travel and per diem reimbursements - Repeated
- 05-2 Water deposit liability - Repeated
- 05-3 Annual capital asset inventory - Repeated
- 05-4 Unbilled water receivable - Repeated
- 07-2 Unlocated accounting records - Repeated
- 07-3 Journal entry process - Repeated
- 07-4 Inadequate accounting records - Repeated
- 08-2 Timeliness of due to/due from reversals - Repeated
- 09-1 Unbudgeted activity - Repeated
- 09-6 Control environment - Repeated
- 09-7 Accounting for state grants - Repeated
- 09-8 SAS-115 - Ineffective oversight of the financial reporting and internal controls - Repeated

VILLAGE OF ANGEL FIRE, NEW MEXICO
EXIT CONFERENCE
Year Ended June 30, 2011

An exit conference was held with the Village on August 01, 2013. The conference was held at Village.

In attendance were:

VILLAGE OF ANGEL FIRE, NEW MEXICO

Barbara Cottam, Mayor
Chuck Howe, Mayor Pro-Tem
Lupita De Herrera, Finance Director
M. Jay Mitchell, Village Manager

HARSHWAL & COMPANY LLP

Sanwar Harshwal, Managing Partner
Vaishali Shukla, Senior Auditor

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 Auditor's Report.