



**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2018

VILLAGE OF ANGEL FIRE, NEW MEXICO

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**VILLAGE OF ANGEL FIRE, NEW MEXICO
OFFICIALS ROSTER
YEAR ENDED JUNE 30, 2018**

Village Council

Barbara Cottam	Mayor (Current)
Chuck Howe	Mayor Pro-Tem
D. Rogers Lanon	Councilor
Steve Larson	Councilor
Bill Humbert	Councilor

Village Officials

Richard Tafoya	Village Manager
Terry Cordova	Village Clerk



INDEPENDENT AUDITOR'S REPORT

Village of Angel Fire Council Members
Village of Angel Fire
Angel Fire, New Mexico
and Mr. Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

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 comparison for the general fund of the Village of Angel Fire, New Mexico (the Village), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we

Village of Angel Fire Council Members
Village of Angel Fire
and Mr. Wayne Johnson
New Mexico State Auditor

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of the Village's Proportionate Share of the Net Pension Liability, and the Schedule of the Village's Contributions on pages 49-54, respectively, be presented to supplement the basic financial statements. Such information, although not a part 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.

Village of Angel Fire Council Members
Village of Angel Fire
and Mr. Wayne Johnson
New Mexico State Auditor

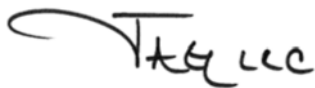
Other Information

Our audit was conducted for the purpose of forming opinions on the Village's financial statements that collectively comprise the Village's basic financial statements. The combining and individual non-major fund financial statements, and other schedules as required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, and other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2018 on our consideration of the Village's *internal* control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
December 17, 2018

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 3,546,274	798,090	4,344,364
Restricted cash	2,673,211	928,711	3,601,922
Receivables:			
Taxes	890,230	11,938	902,168
Receivables from external parties	31,713	-	31,713
Accounts receivable, net of allowance	8,629	769,348	777,977
Inventories	52,779	147,168	199,947
Due from other governments	-	-	-
Notes receivable	-	850,826	850,826
Capital assets, net of accumulated depreciation	29,856,419	10,216,724	40,073,143
<i>Total assets</i>	<u>37,059,255</u>	<u>13,722,805</u>	<u>50,782,060</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	887,137	282,380	1,169,517
Total deferred outflows of resources	<u>887,137</u>	<u>282,380</u>	<u>1,169,517</u>
LIABILITIES			
Current Liabilities			
Accounts payable	39,041	77,860	116,901
Accrued payroll liabilities	135,110	32,818	167,928
Due to other external parties	3,651	129,071	132,722
Interest payable	54,733	61,693	116,426
Deposits payable	1,366	69,122	70,488
Unearned grant revenue	257,472	-	257,472
Current portion of compensated absences	120,494	33,140	153,634
Current portion of long-term debt	1,188,181	287,722	1,475,903
Total Current Liabilities	<u>1,800,048</u>	<u>691,426</u>	<u>2,491,474</u>
Non-Current Liabilities			
Net pension liability	2,863,926	1,089,084	3,953,010
Noncurrent portion of long-term debt	6,108,339	6,849,991	12,958,330
<i>Total liabilities</i>	<u>10,772,313</u>	<u>8,630,501</u>	<u>19,402,814</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	628,596	79,936	708,532
Total deferred inflows of resources	<u>628,596</u>	<u>79,936</u>	<u>708,532</u>
NET POSITION			
Net investment in capital assets	22,562,444	3,079,011	25,641,455
Restricted for:			
Special revenues	655,688	-	655,688
Capital projects	2,506,317	-	2,506,317
Debt service	1,286,103	-	1,286,103
Unrestricted	(465,069)	2,215,737	1,750,668
<i>Total net position</i>	<u>\$ 26,545,483</u>	<u>5,294,748</u>	<u>31,840,231</u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,021,568	96,281	101,214	2,530	(1,821,543)	-	(1,821,543)
Public safety	2,074,285	21,285	794,605	54,631	(1,203,764)	-	(1,203,764)
Economic and physical development	743,950	2,999	-	-	(740,951)	-	(740,951)
Highways and streets	1,206,489	63,461	-	31,272	(1,111,756)	-	(1,111,756)
Culture and recreation	214,310	113,746	-	-	(100,564)	-	(100,564)
Planning	690,014	-	-	-	(690,014)	-	(690,014)
Interest relating to long-term debt	254,266	-	-	-	(254,266)	-	(254,266)
Total governmental activities	7,204,882	297,772	895,819	88,433	(5,922,858)	-	(5,922,858)
Business-type activities:							
Utility	1,620,644	1,898,093	-	-	-	277,449	277,449
Solid Waste	1,040,950	778,239	-	-	-	(262,711)	(262,711)
Non Major Proprietary	11,724	104,760	-	-	-	93,036	93,036
Total business-type activities	2,673,318	2,781,092	-	-	-	107,774	(5,815,084)
Total primary government	\$ 9,878,200	3,078,864	895,819	88,433	(5,922,858)	107,774	(11,737,942)
General revenues							
Taxes:							
Franchise					41,938	-	41,938
Gasoline					35,819	-	35,819
Gross receipts					2,543,319	53,636	2,596,955
Property					2,695,065	-	2,695,065
Lodgers					274,695	-	274,695
Miscellaneous					505,469	432,888	938,357
Interest					47,435	(139,136)	(91,701)
Total general revenues					6,143,740	347,388	6,491,128
Transfers in/out					232,366	(232,366)	-
Change in net position					453,248	222,796	676,044
NET POSITION, BEGINNING					26,092,235	5,071,952	31,164,187
NET POSITION, ENDING					\$ 26,545,483	5,294,748	31,840,231

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund 101	State Fire Protection 209	Debt Service 401/402/403	GO Bond 301	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 1,460,560	137,448	1,286,103	-	662,163	3,546,274
Restricted cash	99,762	-	-	2,425,673	147,776	2,673,211
Receivables:						
Taxes	837,266	-	-	-	52,964	890,230
Receivables from external parties	-	-	-	-	31,713	31,713
Accounts receivable, net allowance	8,629	-	-	-	-	8,629
Inventories	52,779	-	-	-	-	52,779
Due from other governments	-	-	-	-	-	-
Due from other funds	2,200	-	-	-	-	2,200
<i>Total assets</i>	<u>\$ 2,461,196</u>	<u>137,448</u>	<u>1,286,103</u>	<u>2,425,673</u>	<u>894,616</u>	<u>7,205,036</u>
LIABILITIES AND FUND BALANCE						
<i>Liabilities:</i>						
Accounts payable	\$ 35,720	227	-	-	3,094	39,041
Accrued payroll liabilities	102,371	-	-	-	32,739	135,110
Deposits payable	1,366	-	-	-	-	1,366
Due to other external parties	3,651	-	-	-	-	3,651
Unearned grant revenue	-	-	-	-	257,472	257,472
Due to other funds	-	-	-	-	2,200	2,200
<i>Total liabilities</i>	<u>143,108</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>295,505</u>	<u>438,840</u>
DEFERRED INFLOWS						
Property taxes	373,279	-	-	-	-	373,279
<i>Total deferred inflows</i>	<u>373,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,279</u>
<i>Fund Balance:</i>						
Nonspendable for inventory	52,779	-	-	-	-	52,779
Restricted for:						
Special revenue funds	-	137,221	-	-	518,467	655,688
Capital projects funds	-	-	-	2,425,673	80,644	2,506,317
Debt service	-	-	1,286,103	-	-	1,286,103
Unassigned for:						
General fund	1,892,030	-	-	-	-	1,892,030
Special revenue funds	-	-	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>1,944,809</u>	<u>137,221</u>	<u>1,286,103</u>	<u>2,425,673</u>	<u>599,111</u>	<u>6,392,917</u>
<i>Total liabilities, deferred inflows and fund balance</i>	<u>\$ 2,461,196</u>	<u>137,448</u>	<u>1,286,103</u>	<u>2,425,673</u>	<u>894,616</u>	<u>7,205,036</u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
GOVERNMENTAL FUNDS
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
Total Fund Balance Governmental Funds	
Governmental Funds Balance	\$ 6,392,917
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>	
Cost of capital assets	49,367,770
Accumulated depreciation	<u>(19,511,351)</u>
Total Capital Assets	29,856,419
Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds:	373,279
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	887,137
Defined benefit pension plan deferred inflows are not due and payable in the current period and therefore, are not reported in the funds	(628,596)
Long-term liabilities, including bonds payable, are not due and payable in the current period and accordingly are not reported in the funds:	
Accrued interest expense	(54,733)
Notes payable	(7,296,520)
Net pension liability	(2,863,926)
Compensated absences	<u>(120,494)</u>
	<u>(10,335,673)</u>
Total net position of governmental activities	\$ <u><u>26,545,483</u></u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund 101	State Fire Protection 209	Debt Service 401/402/403	GO Bond 301	Non Major Governmental Funds	Total Governmental Funds
<i>Revenues:</i>						
Taxes	\$ 5,010,670	-	-	-	370,659	5,381,329
Licenses, permits, fees and fines	72,825	-	-	-	4,932	77,757
Charges for services	96,281	-	-	-	201,491	297,772
Intergovernmental - state sources	101,214	742,797	-	-	83,080	927,091
Intergovernmental - federal sources	-	-	-	-	54,631	54,631
Contributions and donations	2,530	-	-	-	-	2,530
Investment earnings	21,448	-	855	22,765	2,367	47,435
Miscellaneous	499,287	1,323	-	-	4,859	505,469
<i>Total revenues</i>	<u>5,804,255</u>	<u>744,120</u>	<u>855</u>	<u>22,765</u>	<u>722,019</u>	<u>7,294,014</u>
<i>Expenditures:</i>						
Current						
General government	1,328,353	-	16,712	-	10,285	1,355,350
Public safety	1,269,003	162,590	-	-	446,010	1,877,603
Economic and physical development	93,228	-	-	-	226,735	319,963
Highways and streets	914,883	-	-	-	132,868	1,047,751
Culture and recreation	197,204	-	-	-	14,696	211,900
Planning	124,039	-	-	563,565	-	687,604
Capital outlay	630,378	946,769	-	128,533	20,419	1,726,099
Debt service						
Principal	14,334	-	1,233,779	-	-	1,248,113
Interest and administrative fees	-	-	256,811	-	-	256,811
<i>Total expenditures</i>	<u>4,571,422</u>	<u>1,109,359</u>	<u>1,507,302</u>	<u>692,098</u>	<u>851,013</u>	<u>8,731,194</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,232,833</u>	<u>(365,239)</u>	<u>(1,506,447)</u>	<u>(669,333)</u>	<u>(128,994)</u>	<u>(1,437,180)</u>
<i>Other financing sources (uses):</i>						
Transfers in	5,398	-	2,041,615	-	173,611	2,220,624
Transfers out	(1,669,157)	(107,269)	(6,486)	-	(205,346)	(1,988,258)
Proceeds from issuance of debt	367,938	-	-	1,300,000	-	1,667,938
<i>Total other financing sources (uses)</i>	<u>(1,295,821)</u>	<u>(107,269)</u>	<u>2,035,129</u>	<u>1,300,000</u>	<u>(31,735)</u>	<u>1,900,304</u>
<i>Net change in fund balances</i>	<u>(62,988)</u>	<u>(472,508)</u>	<u>528,682</u>	<u>630,667</u>	<u>(160,729)</u>	<u>463,124</u>
<i>Fund balances, beginning</i>	<u>2,007,797</u>	<u>609,729</u>	<u>757,421</u>	<u>1,795,006</u>	<u>759,840</u>	<u>5,929,793</u>
<i>Fund balances (deficits) - end of year</i>	<u>\$ 1,944,809</u>	<u>137,221</u>	<u>1,286,103</u>	<u>2,425,673</u>	<u>599,111</u>	<u>6,392,917</u>

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

**Net Change in Fund Balances - Total Governmental Funds
(Statement of Revenue, Expenditures, and Changes
in Fund Balances)** \$ 463,124

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

Governmental funds report capital outlays as expenditures, However, in the statement of activities, the cost of certain capital outlays is allocated over the estimated useful lives of the assets acquired and reported as depreciation expense. As a result, fund balance decreased by the amount of financial resources expended, whereas net position decreased by the amount of depreciation expense charged for the year:

Capital expenditures	2,135,352	
Loss on disposal	(61,324)	
Depreciation expense	<u>(1,723,071)</u>	350,957

Issuance of debt provides financial resources to governmental funds, but the issuance increases long term liabilities in the Statement of Activities.

Loan and bond payable	(1,667,938)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Property taxes receivable	131,750
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The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Change in accrued interest payable	2,545	
Change in net pension liability	(80,331)	
Change compensated absences	5,028	
Change in notes and bonds payable	<u>1,248,113</u>	<u>1,175,355</u>

Change in net position of governmental activities	\$ <u><u>453,248</u></u>
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**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Positive (Negative)
<i>Revenues:</i>				
Taxes	\$ 4,930,429	4,930,429	4,546,683	(383,746)
Licenses, permits, fees & fines	104,175	104,175	72,825	(31,350)
Charges for services	140,554	141,572	87,652	(53,920)
Intergovernmental - state sources	150,000	150,000	101,214	(48,786)
Contributions and donations	700	700	2,530	1,830
Investment earnings	5,898	5,898	21,448	15,550
Miscellaneous	83,802	133,074	499,287	366,213
<i>Total revenues</i>	<u>5,415,558</u>	<u>5,465,848</u>	<u>5,331,639</u>	<u>(134,209)</u>
<i>Expenditures:</i>				
General government	1,505,469	1,485,669	1,193,184	292,485
Public safety	1,464,682	1,383,303	1,266,979	116,324
Economic and physical development	112,681	110,681	93,228	17,453
Highways and streets	1,053,599	1,154,005	908,587	245,418
Culture and recreation	213,772	218,065	197,204	20,861
Planning	217,733	214,233	124,039	90,194
Capital outlay	622,634	655,052	630,378	24,674
Debt Service	14,334	14,334	14,334	-
<i>Total expenditures</i>	<u>5,204,904</u>	<u>5,235,342</u>	<u>4,427,933</u>	<u>807,409</u>
<i>Other financing sources (uses):</i>				
Transfers in	273,552	273,552	5,398	(268,154)
Transfers out	1,544,469	1,705,969	(1,669,157)	(3,375,126)
Proceeds from issuance of debt	328,384	328,384	367,938	39,554
<i>Total other financing sources (uses)</i>	<u>2,146,405</u>	<u>2,307,905</u>	<u>(1,295,821)</u>	<u>(3,603,726)</u>
<i>Net change in fund balances</i>	\$ <u>2,357,059</u>	<u>2,538,411</u>	<u>(392,115)</u>	<u>(4,545,344)</u>
Reconciliation to GAAP Basis:				
			472,616	
			(143,489)	
			<u>(62,988)</u>	
				<u>(62,988)</u>

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATE FIRE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Positive (Negative)
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
Licenses, permits, fees & fines	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental - state sources	743,405	743,405	742,797	(608)
Contributions and donations	-	-	-	-
Investment earnings	-	-	-	-
Other	-	1,323	1,323	-
<i>Total revenues</i>	<u>743,405</u>	<u>744,728</u>	<u>744,120</u>	<u>(608)</u>
<i>Expenditures:</i>				
General government	-	-	-	-
Public safety	305,189	195,694	162,363	33,331
Economic and physical development	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Planning	-	-	-	-
Capital outlay	869,392	1,055,210	946,769	108,441
<i>Total expenditures</i>	<u>1,174,581</u>	<u>1,250,904</u>	<u>1,109,132</u>	<u>141,772</u>
<i>Other financing sources (uses):</i>				
Transfers in	-	-	-	-
Transfers out	61,750	61,750	(107,269)	(169,019)
<i>Total other financing sources (uses)</i>	<u>61,750</u>	<u>61,750</u>	<u>(107,269)</u>	<u>(169,019)</u>
<i>Net change in fund balances</i>	\$ <u>(369,426)</u>	<u>(444,426)</u>	<u>(472,281)</u>	<u>(311,399)</u>
Reconciliation to GAAP Basis:				
Adjustments to Revenues			-	
Adjustments to Expenditures			(227)	
NET CHANGE IN FUND BALANCE			<u>(472,508)</u>	

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
JUNE 30, 2018

	Business Type Activities			
	Enterprise Funds			
	Utility 501/508	Solid Waste 502	Non Major Proprietary Funds	Total
ASSETS				
<i>Current assets:</i>				
Cash and investments	\$ 406,503	335,446	56,141	798,090
Restricted cash	857,557	71,154	-	928,711
<i>Receivables:</i>				
Accounts receivable, net of allowance	595,731	173,617	-	769,348
Notes receivable	-	-	850,826	850,826
Taxes receivable	-	11,938	-	11,938
Inventory	145,154	2,014	-	147,168
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
<i>Total current assets</i>	<u>2,004,945</u>	<u>594,169</u>	<u>906,967</u>	<u>3,506,081</u>
<i>Capital assets:</i>				
Land and water rights	5,157,714	68,856	5,646	5,232,216
Buildings	15,537,602	1,473,074	-	17,010,676
Machinery and equipment	290,390	2,341,038	-	2,631,428
Less accumulated depreciation	(13,149,528)	(1,954,880)	-	(15,104,408)
Construction in progress	446,812	-	-	446,812
<i>Total capital assets, net of accumulated depreciation</i>	<u>8,282,990</u>	<u>1,928,088</u>	<u>5,646</u>	<u>10,216,724</u>
Total assets	<u>10,287,935</u>	<u>2,522,257</u>	<u>912,613</u>	<u>13,722,805</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	152,485	129,895	-	282,380
Total deferred outflows of resources	<u>152,485</u>	<u>129,895</u>	<u>-</u>	<u>282,380</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	48,354	29,501	5	77,860
Accrued expenses	20,269	12,549	-	32,818
Due to other funds	-	-	-	-
Due to other governments	114,987	14,084	-	129,071
Interest payable	59,826	1,867	-	61,693
Deposits payable	67,417	1,705	-	69,122
Compensated absences current	14,700	18,440	-	33,140
Loans payable-current	252,643	35,079	-	287,722
<i>Total current liabilities</i>	<u>578,196</u>	<u>113,225</u>	<u>5</u>	<u>691,426</u>
<i>Noncurrent liabilities</i>				
Loans payable	6,573,436	276,555	-	6,849,991
Net pension liability	588,105	500,979	-	1,089,084
<i>Total noncurrent liabilities</i>	<u>7,161,541</u>	<u>777,534</u>	<u>-</u>	<u>7,939,075</u>
Total liabilities	<u>7,739,737</u>	<u>890,759</u>	<u>5</u>	<u>8,630,501</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	43,165	36,771	-	79,936
Total deferred inflows of resources	<u>43,165</u>	<u>36,771</u>	<u>-</u>	<u>79,936</u>
NET POSITION				
Net investment in capital assets	1,456,911	1,616,454	5,646	3,079,011
Unrestricted	1,200,607	108,168	906,962	2,215,737
Total net position	<u>\$ 2,657,518</u>	<u>1,724,622</u>	<u>912,608</u>	<u>5,294,748</u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business Type Activities			Total
	Enterprise Funds			
	Utility 501/508	Solid Waste 502	Non Major Funds	
<i>Operating Revenues:</i>				
Sales and Services	\$ 1,898,093	778,239	3,597	2,679,929
Intergovernmental-State Operating	-	-	-	-
Special Assessments	-	-	101,163	101,163
Total operating revenues	1,898,093	778,239	104,760	2,781,092
<i>Operating Expenses:</i>				
Operating expenses	1,203,467	865,427	11,724	2,080,618
Depreciation	417,177	175,523	-	592,700
Total operating expenses	1,620,644	1,040,950	11,724	2,673,318
<i>Operating (loss) income</i>	<u>277,449</u>	<u>(262,711)</u>	<u>93,036</u>	<u>107,774</u>
<i>Non-operating revenues (expenses)</i>				
Gross receipts tax	-	53,636	-	53,636
Earnings on investments	11,527	2,661	-	14,188
Miscellaneous revenues	34,387	405,074	-	439,461
Transfers in/(out)	(120,060)	72,939	(185,245)	(232,366)
Interest expense	(151,580)	(1,744)	-	(153,324)
Miscellaneous expenses	(2,335)	(4,238)	-	(6,573)
<i>Total non-operating revenues (expenses)</i>	<u>(228,061)</u>	<u>528,328</u>	<u>(185,245)</u>	<u>115,022</u>
Change in net position	49,388	265,617	(92,209)	222,796
<i>Net position, beginning of year</i>	<u>2,608,130</u>	<u>1,459,005</u>	<u>1,004,817</u>	<u>5,071,952</u>
Net position, end of year	\$ <u>2,657,518</u>	<u>1,724,622</u>	<u>912,608</u>	<u>5,294,748</u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2018

	Business Type Activities			Total
	Enterprise Funds			
	Utility Fund	Solid Waste Fund	Non Major Funds	
Cash Flows From Operating Activities				
Cash received from customers	\$ 1,944,234	1,014,158	93,760	3,052,152
Cash payments to vendors and employees	(1,358,873)	(815,167)	(11,838)	(2,185,878)
Net cash provided by operating activities	<u>585,361</u>	<u>198,991</u>	<u>81,922</u>	<u>866,274</u>
Cash Flows From Non-Capital Financing				
Gross receipts tax revenue	-	53,636	-	53,636
Due to others	-	7,913	-	7,913
Interfund balances	(265,597)	(48,652)	-	(314,249)
Miscellaneous	32,052	400,836	(185,245)	247,643
Interest expense	(6,043)	(1,744)	-	(7,787)
Interest earnings	11,527	2,661	-	14,188
Net cash (used) provided by non-capital financing activities	<u>(228,061)</u>	<u>414,650</u>	<u>(185,245)</u>	<u>1,344</u>
Cash Flows From Capital and Related				
Purchase of capital assets	(132,474)	(599,437)	(5,646)	(737,557)
Gain on disposal of capital assets	-	-	-	-
Principal payment on bonds	95,804	-	-	95,804
Proceeds from loans	-	(76,851)	-	(76,851)
Principal proceeds from SAD	-	-	159,338	159,338
Net cash (used) provided by capital and related financing activities	<u>(36,670)</u>	<u>(676,288)</u>	<u>153,692</u>	<u>(559,266)</u>
Net increase/(decrease) in cash and cash equivalents	320,630	(62,647)	50,369	308,352
Cash and cash equivalents, beginning of year	943,430	469,247	5,772	1,418,449
Cash and cash equivalents, end of year	<u>\$ 1,264,060</u>	<u>406,600</u>	<u>56,141</u>	<u>1,726,801</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 277,449	(262,711)	93,036	107,774
Noncash items				
Depreciation expense	417,177	175,523	-	592,700
PERA Pension plan expense proportion	39,274	44,551	-	83,825
Adjustments to operating income				
Accounts receivable	46,141	59,379	-	105,520
Inventory	(103,635)	9,271	-	(94,364)
Accounts payable	34,267	659	(114)	34,812
Meter deposit	(5,910)	(105)	-	(6,015)
Accrued liabilities	(30,013)	5,789	-	(24,224)
Due to/from other governments	(361,712)	(6,510)	-	(368,222)
Interfund balances	275,038	176,540	(11,000)	440,578
Compensated absences	(2,715)	(3,395)	-	(6,110)
Net cash provided by operating activities	<u>\$ 585,361</u>	<u>198,991</u>	<u>81,922</u>	<u>866,274</u>

STATE OF NEW MEXICO
 VILLAGE OF ANGEL FIRE
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2018

	Balance <u>June 30, 2018</u>
ASSETS	
Cash on deposit	\$ <u>16,310</u>
<i>Total assets</i>	\$ <u><u>16,310</u></u>
LIABILITIES	
Amount due to individuals (for release bonds)	\$ 16,310
Due to other funds	<u>-</u>
<i>Total liabilities</i>	\$ <u><u>16,310</u></u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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.

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

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, 2018.

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 segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; 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, expenses, gains, losses, assets and liabilities, and deferred inflows and outflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standard 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 Village has elected not to follow subsequent private-sector guidance.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Village'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 revenue – 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 Village 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.

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.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

State 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 section 59-A-53-1 NMSA, 1978.

Debt Service – to account for the accumulation of resources for the payment of principal, interest, and related costs on general long-term debt.

General Obligation Bond – Bond Fund has been established to track expenditures for the purpose of rebuilding and repairs to the water/water sewer system and the roads.

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 major;

Utility – to account for the provision of water and 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. Financing is provided through charges to customers for service.

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.

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.

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

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

Cash

Cash includes amounts in demand deposits. Cash deposits are reported at carrying amount, which reasonably estimates fair value. State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer’s Pool.

Restricted Cash

Restricted cash includes amounts that are held by the New Mexico Finance Authority (NMFA) for the repayment of debt obligations.

Investments

Investments are stated at fair value. 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.

Inventory

Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General fund consists of diesel, gasoline, bulk oil fuels and street and vehicle maintenance supplies. Inventory in the Utility funds consist of pipes, valves, and other supply items used to maintain and repair the Village’s wastewater and water infrastructure systems.

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 per Section 12-6-10 NMSA 1978 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 – 5 years
Vehicle and vehicles under capital lease	5 – 7 years
Machinery and equipment	5 –15 years
Infrastructure	5 – 30 years

**VILLAGE OF ANGEL FIRE, NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Compensated Absences

The Village provides Paid Time Off (PTO) for needs such as vacation, personal or family illness. The Village accrues PTO based on a full time employee’s length of service in accordance with the following schedule (each regular part time employee accrues at one-half of the rates):

Length of Service	Accrual Rate Per Pay Period	Working Days Per Year
0-1 years	4.62	15
2-5 years	5.54	18
6-10 years	6.79	22
11-15 years	7.69	25
16-20 years	8.62	28
More than 20 years	9.23	30

Regular full time employees shall be allowed to accumulate and carry forward PTO on an annual basis based on length of service, in accordance with the following schedule (each regular part time employee accrues at one-half of the rates):

Length of Service	Max Carry Forward (hours)
0-1 years	120
2-5 years	212
6-10 years	264
11-15 years	300
16-20 years	336
More than 20 years	360

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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 non-spendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Non-spendable. The non-spendable 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.

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.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

Net Position

Net Position represent the difference between assets and liabilities. Net investment in capital assets, 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 are reported as restricted when there are limitation 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 “net investment in capital assets” are included in unrestricted net position.

According to the New Mexico State Statue and the New Mexico Department of Finance and Administrative (DFA), the Village is required to reserve 1/12th of the general funds budgeted expenditures for subsequent year expenditures.

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.
4. The level of classification detail in which expenditures or 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 estimated.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Reclassifications

Certain reclassifications of capital assets have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

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 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 in accordance with Section 6-10-17 NMSA 1978. See page 66 for a reconciliation of bank to book balances.

As of June 30, 2018, \$3,643,648 of the Village's unrestricted deposits of \$4,393,648 were exposed to custodial credit risk because they were uninsured and uncollateralized with securities held by the pledging financial institutions trust departments or agents.

	First National Bank	International Bank	Washington Federal Bank	Total
Deposits in Financial Institutions				
Cash deposits	\$ 1,945,904	1,451,794	288,549	3,686,247
CDs	-	-	707,401	707,401
Total amounts on deposit	<u>1,945,904</u>	<u>1,451,794</u>	<u>995,950</u>	<u>4,393,648</u>
Less: FDIC insurance	(250,000)	(250,000)	(250,000)	(750,000)
Total uninsured public funds	<u>1,695,904</u>	<u>1,201,794</u>	<u>745,950</u>	<u>3,643,648</u>
Collateral requirement – 50%	<u>847,952</u>	<u>600,897</u>	<u>372,975</u>	<u>1,821,824</u>
Total required collateralization	<u>\$ 847,952</u>	<u>600,897</u>	<u>372,975</u>	<u>1,821,824</u>

As of June 30, 2018, restricted cash deposits of \$3,601,922 were being held by the New Mexico Finance Authority.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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.

As of June 30, 2018, the State Treasurer Local Government Investment Pool (LGIP) was rated by Standard's & Poor's as AAAm. At June 30, 2018, the Village had \$240,291 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

GASB Statement No. 40 defines interest rate risk as the risk that interest variations may adversely affect the fair value of an investment. According to the Statement, an acceptable method of reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the Local Government Investment Pool (LGIP). The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.nmsto.gov. As of June 30, 2018, the LGIP had a credit risk rating of AAA and a WAM(R) of 50 days and a WAM(F) of 100 days.

NOTE 3 – ACCOUNTS RECEIVABLE

Governmental accounts receivables – customers represent billings for ambulance transport services. Business-Type Activities accounts receivable – customers represent 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 balances. Accounts receivable is comprised of the following at June 30, 2018:

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 – ACCOUNTS RECEIVABLE (CONTINUED)

<u>Accounts Receivable</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Accounts Receivable - Customers	\$ 128,029	3,180,609	3,308,638
Less Allowance for uncollectible	(119,400)	(2,411,261)	(2,530,661)
Net Accounts Receivables	8,629	769,348	777,977
Intergovernmental:			
NM Clean and Beautiful	2,500	-	2,500
Capital Projects	1,433	-	1,433
Sports & Recreation	16,016	-	16,016
Public Safety Building	11,764	-	11,764
Total Intergovernmental Rec.	31,713	-	31,713
Notes Receivable:	-	850,826	850,826
Taxes Receivable:			
Property Tax	455,460	-	455,460
Gross Receipts Tax	376,102	11,938	388,040
Lodgers Tax	45,639	-	45,639
Motor Vehicle	7,325	-	7,325
Gas Taxes	5,704	-	5,704
Total Taxes Receivable	890,230	11,938	902,168
Total Accounts Receivable	\$ 930,572	1,632,112	2,562,684

Management has determined that all receivables in excess of 120 days comprise the allowance for uncollectible accounts.

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 657,730	16,613	(61,324)	613,019
Land – right of way	2,622,459	-	-	2,622,459
Construction in progress	-	899,111	-	899,111
Water Rights	750,000	-	-	750,000
Total capital assets not being depreciated	4,030,189	915,724	(61,324)	4,884,589
Capital assets being depreciated:				
Buildings	2,300,013	-	-	2,300,013
Software	194,728	-	-	194,728
Vehicles	2,727,048	733,400	-	3,460,448
Capital lease vehicles	111,380	-	-	111,380
Sports complex	1,730,321	-	-	1,730,321
Machinery and equipment	704,789	486,228	-	1,191,017
Infrastructure	35,495,274	-	-	35,495,274
Total capital assets being depreciated	43,263,553	1,219,628	-	44,483,181
Less accumulated depreciation for:				
Buildings	(1,383,882)	(75,383)	-	(1,459,265)
Software	(189,615)	(2,667)	-	(192,282)
Vehicles	(2,256,602)	(221,100)	-	(2,477,702)
Capital lease vehicles	(111,380)	-	-	(111,380)
Sports complex	(576,774)	(115,355)	-	(692,129)
Machinery and equipment	(415,703)	(92,879)	-	(508,582)
Infrastructure	(12,854,324)	(1,215,687)	-	(14,070,011)
Total accumulated depreciation	(17,788,280)	(1,723,071)	-	(19,511,351)
Total capital assets being depreciated, net	25,475,273	(503,443)	-	24,971,830
Governmental activities capital assets, net	\$ 29,505,462	412,281	(61,324)	29,856,419

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 – CAPITAL ASSETS (CONTINUED)

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 977,579	4,637	-	982,216
Construction in progress	106,255	340,557	-	446,812
Water rights	4,250,000	-	-	4,250,000
Total capital assets not being depreciated	5,333,834	345,194	-	5,679,028
Capital assets being depreciated:				
Plant and system	17,139,834	75,479	(204,637)	17,010,676
Machinery and Equipment	865,365	299,529	-	1,164,894
Vehicles	1,244,543	221,992	-	1,466,535
Total capital assets being depreciated	19,249,742	597,000	(204,637)	19,642,105
Total capital assets	24,538,576	942,194	(204,637)	25,321,133
Less accumulated depreciation for:				
Plant and system	(13,083,936)	(418,758)	-	(13,502,694)
Equipment	(788,886)	(150,549)	-	(939,435)
Vehicles	(638,887)	(23,393)	-	(662,280)
Total accumulated depreciation	(14,511,709)	(592,700)	-	(15,104,409)
Total capital assets being depreciated, net	4,738,033	4,300	(204,637)	4,537,696
Business-type activities capital assets, net	\$ 10,071,867	349,494	(204,637)	10,216,724

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

Governmental activities:	
General government	\$ (995,076)
Public safety	(160,533)
Highway and streets	(420,774)
Culture and recreation	(146,688)
Total depreciation expense	\$ <u>(1,723,071)</u>
Business-type activities:	
Utility	\$ (417,177)
Solid Waste	(175,523)
Total depreciation expense	\$ <u>(592,700)</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – LONG-TERM OBLIGATIONS—GOVERNMENTAL ACTIVITIES

During the year ended June 30, 2018, 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	\$ 3,347,028	\$ 367,938	(202,173)	3,512,793	240,906
Bonds Payable	3,529,667	1,300,000	(1,045,940)	3,783,727	947,275
Compensated Absences	125,522	164,395	(169,423)	120,494	120,494
Total	\$ 7,002,217	\$ 1,832,333	(1,417,536)	7,417,014	1,308,675

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 records the pledged revenue related to the debt in another fund and transfer funds to the debt service fund for principal and interest payments.

Loans Payable

On September 23, 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>
2019	\$ 33,000	\$ 19,338	\$ 52,338
2020	35,000	17,935	52,935
2021	36,000	16,448	52,448
2022	38,000	14,918	52,918
2023	39,000	13,303	52,303
2024-2028	223,000	39,994	262,994
2029	51,000	2,168	53,168
Totals	\$ 455,000	\$ 124,104	\$ 579,104

On October 7, 2008, the Village obtained a loan from the USDA Rural Services Department in the amount of \$110,000, with an interest rate of 4.50%, 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>
2019	\$ 5,000	\$ 3,285	\$ 8,285
2020	5,000	3,060	8,060
2021	6,000	2,835	8,835
2022	6,000	2,565	8,565
2023	6,000	2,295	8,295
2024-2028	35,000	7,155	42,155
2029	10,000	450	10,450
Totals	\$ 73,000	\$ 21,645	\$ 94,645

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

On February 18, 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 future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 64,017	\$ 25,235	\$ 89,252
2020	66,072	23,180	89,252
2021	64,109	20,900	85,009
2022	67,080	18,554	85,634
2023	69,931	15,978	85,909
2024-2027	310,070	34,141	344,211
Totals	\$ 641,279	\$ 137,988	\$ 779,267

On February 19, 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>
2019	\$ -	\$ 42,146	\$ 42,146
2020	-	42,146	42,146
2021	13,481	42,146	55,627
2022	13,359	41,643	55,002
2023	13,601	41,126	54,727
2024-2028	162,237	196,647	358,884
2029-2033	586,274	116,481	702,755
2034	134,139	6,412	140,551
Totals	\$ 923,091	\$ 528,747	\$ 1,451,838

On August 6, 2010, the Village obtained a Public Sports Facility loan from New Mexico Finance Authority in the amount of \$1,730,321 for the purpose of Construction of Public Sports Facilities within the Governmental Unit for the Village of Angel Fire. The Village made a principal payment of \$88,729 during the year and had an outstanding balance of \$1,066,819 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>
2019	\$ 91,311	\$ 38,449	\$ 129,760
2020	94,133	35,628	129,761
2021	97,201	32,559	129,760
2022	100,429	29,332	129,761
2023	103,883	25,877	129,760
2024-2028	579,862	68,939	648,801
Totals	\$ 1,066,819	\$ 230,784	\$ 1,297,603

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

On January 12, 2018, the Village obtained a loan from the New Mexico Finance Authority in the amount of \$367,938, with a blended interest rate of 2.23% for the purpose of purchasing a new motor grader and the related 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>
2019	\$ 47,578	\$ 7,552	\$ 55,130
2020	48,449	6,682	55,131
2021	49,374	5,756	55,130
2022	50,366	4,764	55,130
2023	51,434	3,696	55,130
2024-2028	106,403	3,858	110,261
Totals	\$ 353,604	\$ 32,308	\$ 385,912

Bonds Payable

On June 1, 2007, the Village issued \$2,855,664 in Improvement District Bonds, Series 2007. The bonds mature on December 1, 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. The future requirements for the 2007 Improvement District Bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 147,700	\$ 57,045	\$ 204,745
2020	153,800	51,256	205,056
2021	160,100	44,912	205,012
2022	166,700	38,308	205,008
2023	173,600	31,431	205,031
2024-2027	582,252	51,095	633,347
Totals	\$ 1,384,152	\$ 2274,047	\$ 1,658,199

On December 18, 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 1, 2019. The proceeds of the bonds were used to purchase a Ladder Truck within the Village. The future requirements for the 2009 State Shared Gross Receipts Tax Revenue Bonds (Ladder Truck Loan) are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 49,575	\$ 1,675	\$ 51,250
Totals	\$ 49,575	\$ 1,675	\$ 51,250

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

The Village of Angel Fire has entered into a loan agreement to borrow up to \$1,900,000 from the New Mexico Finance Authority for the rebuilding and repairs to the water/water sewer system and the road. The Village entered into the loan agreement on February 7, 2017.

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 100,000	\$ 23,597	\$ 123,597
2020	95,000	22,241	117,241
2021	95,000	20,753	115,753
2022	95,000	19,065	114,065
2023	95,000	17,178	112,178
2024-2028	475,000	51,675	526,675
2029	95,000	2,727	97,727
Totals	\$ 1,050,000	\$ 157,236	\$ 1,207,236

On April 6, 2018, the Village issued \$800,000 in New Mexico General Obligation Bonds, Series 2018. The date of maturity of the bonds is on August 1, 2021. The proceeds of the bonds were used to construct or otherwise improve roads and related improvements within the Village. The future requirements for the 2018 General Obligation Bonds, Series 2018 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 650,000	\$ 5,821	\$ 655,821
2020	55,000	2,397	57,397
2021	55,000	1,367	56,367
2022	40,000	416	40,416
Totals	\$ 800,000	\$ 10,001	\$ 810,001

On April 6, 2018, the Village issued \$500,000 in New Mexico General Obligation Bonds, Series 2018. The date of maturity of the bonds is on August 1, 2029. The proceeds of the bonds were used to construct or otherwise improve the Village's water and wastewater system. The future requirements for the 2018 General Obligation Bonds, Series 2018 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 10,722	\$ 10,722
2020	-	13,084	13,084
2021	-	13,084	13,084
2022	20,000	12,876	32,876
2023	60,000	11,995	71,995
2024-2028	300,000	37,238	337,238
2029-2030	120,000	3,351	123,351
Totals	\$ 500,000	\$ 102,350	\$ 602,350

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 – LONG-TERM DEBT—BUSINESS TYPE ACTIVITIES

Accrued Compensated Absences

Employees are paid for the paid time off they have accrued at employment termination. It is the policy of the Village to grant each permanent and probationary full-time employee annual leave based on the following schedule:

<u>Total Years of Service</u>	<u>Yearly Accumulation</u>
0-1	120 Hours
2-5	144 Hours
6-10	176 Hours
11-15	200 Hours
16-20	224 Hours
20 or more	240 Hours

Regular full time employees shall be allowed to accrue and carry forward PTO on an annual basis based on length of service, in accordance with the following schedule:

<u>Total Years of Service</u>	<u>Yearly Accumulation</u>
0-1	120 Hours
2-5	212 Hours
6-10	264 Hours
11-15	300 Hours
16-20	336 Hours
20 or more	360 Hours

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	\$ 7,118,760	\$ 472,438	\$ (453,485)	\$ 7,137,713	\$ 287,722
Compensated Absences	39,250	52,659	(58,769)	33,140	33,140
Total	<u>\$ 7,158,010</u>	<u>\$ 525,097</u>	<u>\$ (512,254)</u>	<u>\$ 7,170,853</u>	<u>\$ 320,862</u>

Loans Payable

The Village was obligated to the New Mexico Finance Authority under certain loans that were 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 was non-interest bearing and the interest rate for the transfer station loan ranged from 3.020% to 4.920%. The loans had an original maturity date of May 1, 2021 however the Village paid the loans off early on March 15, 2018.

The Village is obligated to the New Mexico Finance Authority for a new loan obtained for the refunding, refinancing, paying and discharging of the series 2007 bond, the series 1999 bonds and the series 1998 bonds maturing on and after September 1, 2016, funding Loan agreement reserve account and paying professional fees in the total balance of \$6,730,274, with a blended interest rate of 2.6721%. The future requirements are as follows:

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 252,643	\$ 142,556	\$ 395,199
2020	254,714	140,736	395,450
2021	256,852	138,699	395,551
2022	259,627	136,336	395,963
2023	262,534	133,688	396,222
2024-2028	1,368,854	616,124	1,984,978
2029-2033	1,511,155	480,858	1,992,013
2034-2038	1,731,242	268,903	2,000,145
2039-2040	767,654	34,916	802,570
Totals	\$ 6,665,275	\$ 2,092,816	\$ 8,758,091

On April 14, 2017, the Village entered into a loan agreement to borrow up to \$427,000, at an interest rate of 2.00% from the New Mexico Finance Authority for a water system improvement project. Per the terms of the agreement the maximum repayable program fund component of the loan is \$320,250 as the Authority will forgive up to \$106,750 of the program fund component. As of June 30, 2018 the Village had drawn down \$160,804 on the loan. The future requirements for the loan are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 6,470	\$ 6,470
2020	13,312	6,470	19,782
2021	13,579	6,202	19,781
2022	13,850	5,932	19,782
2023	14,127	5,654	19,781
2024-2028	74,989	23,920	98,909
2029-2030	30,947	7,426	38,373
Totals	\$ 160,804	\$ 62,074	\$ 222,878

On May 11, 2018, the Village obtained a loan from the New Mexico Finance Authority in the amount of \$311,634, with a blended interest rate of 2.68% for the purpose of purchasing solid waste hauling vehicles and related 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>
2019	\$ 35,079	\$ 7,624	\$ 42,703
2020	36,776	7,148	43,924
2021	37,555	6,368	43,923
2022	38,404	5,518	43,922
2023	39,334	4,590	43,924
2024-2026	124,486	7,280	131,766
Totals	\$ 311,634	\$ 38,528	\$ 350,162

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 – INTERFUND BALANCES

The following are amounts owed between funds and are classified as due from/to other funds at June 30, 2018.

<u>Due From Other Funds</u>	<u>Amount</u>	<u>Due To Other Funds</u>	<u>Amount</u>
Major Governmental Funds:		Major Governmental Funds:	
General Fund	\$ 2,200	General Fund	\$ -
Total Major Governmental Funds	\$ 2,200	Total Major Governmental Funds	\$ -
Non-Major Governmental Funds:		Non-Major Governmental Funds:	
New Mexico Clean & Beautiful Fund	-	New Mexico Clean & Beautiful Fund	2,200
Total Non-Major Governmental Funds	\$ -	Total Non-Major Governmental Funds	\$ 2,200
Grand Total	\$ 2,200	Grand Total	\$ 2,200

NOTE 8 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 consisted of the following:

Major Funds	Transfers In	Transfers Out
<i>Governmental Activities</i>		
General	\$ 5,398	1,669,157
State Fire Protection	-	107,269
Debt Service	2,041,615	6,486
<i>Business-type Activities</i>		
Utility	368,103	488,163
Solid Waste	72,939	-
Total Major Funds	2,488,055	2,271,075
Non-Major Funds		
<i>Governmental Activities</i>		
	173,611	205,346
<i>Business type Activities</i>		
	8,500	193,745
	\$ 2,670,166	2,670,166

NOTE 9 – PROPERTY TAXES

Colfax County is responsible for assessing, collecting and distributing property taxes for the Village. Property taxes are assessed on November 1, of each year based on the assessed value 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 levied on January 1 of the year for which the taxes are imposed.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan description. Public Employees Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits Provided. Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Tier II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions. See PERA's comprehensive annual financial report for Contribution provided description.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – PENSION PLAN—PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

PERA Contribution Rates and Pension Factors as of July 1, 2017						
	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
Coverage Plan						
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2018, the Village reported a liability of \$3,953,010 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The Village’s proportion of the net pension liability was based on a projection of the Village’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined.

For PERA Fund Division Municipal Plan 3, at June 30, 2018, the Village reported a liability of \$2,911,685 for its proportionate share of the net pension liability. At June 30, 2017, the Village’s proportion was 0.2119% percent, which increased 0.0142% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Village recognized PERA Fund Division Municipal Plan 3 pension expense of \$398,309. At June 30, 2018, the Village reported PERA Fund Division Municipal Plan 3 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 114,410	(149,128)
Changes in assumptions	134,272	(30,088)
Net difference between projected and actual earnings on pension plan investments	238,886	-
Changes in proportion and differences between Village’s contributions and proportionate share of contributions	174,662	(15,154)
Village’s contributions subsequent to the measurement date	<u>174,755</u>	<u>-</u>
Total	<u>\$ 836,985</u>	<u>(194,370)</u>

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

\$174,755 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 138,414
2020	321,264
2021	77,995
2022	(69,813)
2023	-
Thereafter	-

For PERA Fund Division Municipal Police Plan 5, at June 30, 2018, the Village reported a liability of \$574,455 for its proportionate share of the net pension liability. At June 30, 2017, the Village’s proportion was 0.1034% percent, which increased 0.0098% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Village recognized PERA Fund Division Municipal Police Plan 5 pension expense of \$80,529. At June 30, 2018, the Village reported PERA Fund Division Municipal Police Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,890	(107,331)
Changes in assumptions	34,178	(13,358)
Net difference between projected and actual earnings on pension plan investments	46,264	-
Changes in proportion and differences between Village’s contributions and proportionate share of contributions	50,112	(9,090)
Village’s contributions subsequent to the measurement date	45,461	-
Total	\$ 210,905	(129,779)

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

\$45,461 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 9,354
2020	44,773
2021	(4,935)
2022	(13,527)
2023	-
Thereafter	-

For PERA Fund Division Municipal Fire Plan 5, at June 30, 2018, the Village reported a liability of \$466,870 for its proportionate share of the net pension liability. At June 30, 2017, the Village’s proportion was 0.0816% percent, which decreased 0.0749% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Village recognized PERA Fund Division Municipal Fire Plan 5 pension expense of \$55,103. At June 30, 2018, the Village reported PERA Fund Division Municipal Fire Plan 5 deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,244	(58,460)
Changes in assumptions	18,457	(2,927)
Net difference between projected and actual earnings on pension plan investments	17,526	-
Changes in proportion and differences between Village’s contributions and proportionate share of contributions	28,037	(322,996)
Village’s contributions subsequent to the measurement date	42,363	-
Total	\$ 121,627	(384,383)

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 – PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

\$42,363 reported as deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (107,353)
2020	(90,067)
2021	(102,649)
2022	(5,050)
2023	-
Thereafter	-

Actuarial assumptions: The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level of percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year smoothed market value
Actuarial assumptions	
Investment rate of return	7.51% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	2.75% for first 9 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 9 years 2.75% all other years
Mortality assumption	RP-2000 Mortality Tables (Combined table for health post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 actuarial valuation.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.5%	7.39%
Risk Reduction & Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.0%	5.77%
Real Assets	20.0%	7.35%
Total	<u>100.0%</u>	

Discount rate: A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate:

The following presents the Village’s proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the Village’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

PERA Fund Division Municipal Plan 3

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Village’s proportionate share of the net pension liability	\$ <u>4,563,572</u>	<u>2,911,685</u>	<u>1,537,911</u>

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10 – PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ACT (CONTINUED)

PERA Fund Division Municipal Police Plan 5

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Village's proportionate share of the net pension liability	\$ 916,096	574,455	294,088

PERA Fund Division Municipal Fire Plan 5

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Village's proportionate share of the net pension liability	\$ 625,727	466,870	335,958

Payables to the pension plan: The Village accrued \$32,043 in PERA benefits at June 30, 2018 for the final two pay periods of FY18.

NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN

The Village does not participate in the Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978).

NOTE 12 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the government carries commercial insurance. The Village 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 year ended June 30, 2018, there was 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 13 – COMMITMENTS AND CONTINGENCIES

Litigation

The Village is from time to time the defendant in various lawsuits. For fiscal year end June 30, 2018, there were no such lawsuits pending or ongoing.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantor. As of June 30, 2018, management estimates that no material liabilities will result from such audits.

Commitments

The Village contracts with outside vendors for construction projects. At June 30, 2018, the total amount of contracts outstanding for capital projects could not be determined by the Village.

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, 2018. 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, 2018.

2019		75,227
2020		9,535
Total	\$	<u>84,762</u>

NOTE 14 – RECENT ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*, for OPEB. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee services. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. GASB Statement No. 75 was effective for periods after June 15, 2017. The Village does not participate in the Retiree Health Care Act, therefore the implementation of this statement had no effect on the Village’s financial statements for the year ending June 30, 2018.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interest. This statement requires that a government recognize revenue when the resources become applicable to the reporting period. GASB Statement No. 81 was effective for periods

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 14 – RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

beginning after December 15, 2016. The Village adopted this statement; however, there are no irrevocable split-interest agreements and the implementation of this statement had no effect on the Village's financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This statement addresses practice issues that have been identified during the implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, good will, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB Statement No. 85 was effective for periods beginning after June 15, 2017. The adoption of GASB Statement No. 85 did not have a significant impact of the Village's Financial Statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment issues*. This statement establishes essentially the same requirements as GASB Statement No. 7, for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to the financial statements in the period of defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains at period-end should be disclosed. GASB Statement No. 86 was effective for periods beginning after June 15, 2017. The Village adopted this statement; however, there were no debt extinguishments and the implementation of this statement had no effect on the Village's financial statements.

NOTE 15 – NEW ACCOUNTING PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

GASB Statement No. 84, *Fiduciary Assets*

GASB Statement No. 87, *Leases*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

The Village will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The Village believes that the above listed new GASB pronouncements will not have a significant financial impact to the Village or in issuing its financial statements.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 16 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 requires the District to disclose information on certain tax abatement agreements affecting the District. Accordingly, the District did not have any tax abatements affecting the District during the year ended June 30, 2018.

NOTE 17 – SUBSEQUENT EVENTS

The Village has evaluated subsequent events through December 17, 2018, the date which the financial statements were available to be issued. As of the report date, December 17, 2018, no subsequent events were identified by management.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
SCHEDULE OF THE VILLAGES'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2018

**Pension Liability
For Last 10 Fiscal Years*
General, Police and Fire Divisions Combined Summary
(Dollars in Thousands)**

Fiscal Year Measurement Date	30-Jun			
	2018 2017	2017 2016	2016 2015	2015 2014
Village's Proportion of the Net Pension Liability (Asset)	0.075%	0.079%	0.70%	0.010%
Village's Proportionate Share of Net Pension Liability (Asset)	3,953	4,893	3,089	\$ 2,479
Village's Covered-Employee Payroll	2,431	2,094	2,064	\$ 1,968
Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	162.61%	233.67%	149.66%	125.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	69.18%	76.99%	81.29%

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
 VILLAGE OF ANGEL FIRE
 SCHEDULE OF VILLAGE CONTRIBUTIONS
 JUNE 30, 2018

Last Ten Fiscal Years*
General, Police and Fire Divisions Combined Summary
(Dollars in Thousands)

	2018	2017	2016	2015
Statutory Required	\$ 262	215	217	232
Contributions in Relation to the Statutory	262	215	217	232
Annual Contribution Deficiency (Excess)*	\$ -	-	-	-

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL GENERAL DIVISION
JUNE 30, 2018

Last Ten Fiscal Years*
General Division
(Dollars in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory Required	\$ 175	148	143	171
Contributions in Relation to the Statutory	<u>175</u>	<u>148</u>	<u>143</u>	<u>171</u>
Annual Contribution Deficiency (Excess)*	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL POLICE DIVISION
JUNE 30, 2018

Last Ten Fiscal Years*
Police Division
(Dollars in Thousands)

	2018	2017	2016	2015
Contractually Required Contribution	\$ 45	34	33	39
Contributions in Relation to the Contractually	45	34	33	39
Annual Contribution Deficiency (Excess)*	\$ -	-	-	-

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
SCHEDULE OF VILLAGE CONTRIBUTIONS
MUNICIPAL FIRE DIVISION
JUNE 30, 2018

Last Ten Fiscal Years*
FIRE DIVISION
(Dollars in Thousands)

	2018	2017	2016	2015
Contractually Required Contribution	\$ 42	38	36	22
Contributions in Relation to the Contractually	42	38	36	22
Annual Contribution Deficiency (Excess)*	\$ -	-	-	-

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

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

Assumptions: The Public Employees Retirement Association of New Mexico Annual Actuarial Valuations as of June 2017 report is available at: <http://www.nmpera.org/>

SUPPLEMENTARY INFORMATION

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NONMAJOR FUND DESCRIPTIONS
YEAR ENDED JUNE 30, 2018**

SPECIAL REVENUE FUNDS

Corrections Fund 201 and Fund 210

To establish an additional source of funds for municipalities to offset the costs of corrections. The source of funds is a \$20 fee which must be paid by all persons violating laws relating to the operations of a motor vehicle. This fund was established by section 33-9-3 NMSA, 1978.

Emergency Medical Services Fund 206

To account for all rescue operations undertaken by the Fire Department and funded through State grants. The fund was established by sections 24-10A-1 through 24-10A-10 NMSA, 1978.

Wildland Fires Fund 208

To account for the State of New Mexico Energy, Minerals & Natural Resources Department grant funds to provide personnel and equipment to fight wild land fires. The fund is authorized by the Village Council.

Law Enforcement Protection Fund 211

To account for the expenditures from the State of New Mexico for training, equipment and capital outlay. Authority is section 29-13-14 NMSA, 1978.

Lodgers Tax Reserve Fund 213

To account for lodgers tax collections. The tax is to be used for anything associated with tourist related facilities, attractions, and transportation systems. The fund was established by section 3-38-14 NMSA, 1978.

Sports and Recreation Fund 217

To account for Village revenues and expenditures relating to recreational facilities and sports and recreation programs. The monetary funds to support the activities carried out in this fund come from the State. The fund was established by section 7-12-15 NMSA, 1978.

NM Clean and Beautiful Fund 230

To account for the grant from the New Mexico State Highway and Transportation Department for expenditures incurred for aid and litter control and beautification projects. The fund is authorized by the Village Council.

Motor Vehicle Fund 233

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.

CAPITAL PROJECTS FUNDS

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

Public Safety Building Fund 310

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

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NONMAJOR FUND DESCRIPTIONS
YEAR ENDED JUNE 30, 2018**

CAPITAL PROJECTS FUNDS (CONTINUED)

Capital Projects Fund 312

To account for financial resources to be used for the acquisition or construction of major capital facilities other than those constructed for proprietary funds. In FY12 activity included the MAP grant and the Capital Building Water Tank grant authorized by the Village Council.

MAP and COOP Grant Fund 360 and Fund 361

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).

BUSINESS TYPE

Allen Fields 510

To account for revenues and expenditures, excluding facility debt activity to operate Allen Fields.

HWY 434 Assessment Fund 507

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.

AGENCY FUNDS

Municipal Court Bond Fund 704

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

Library Grant Fund 219

To account for the collection and disbursement of state library grant funds to the local library.

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Special Revenue</u>			
	Corrections Fund 201 & 210	State EMS 206	Wildland Fires 208	LEPF Fund 211
ASSETS				
Cash and investments	\$ 29,859	3,643	54,374	-
Restricted cash	-	-	-	77
Receivables:				
Taxes	-	-	-	-
Receivables from external parties	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 29,859</u>	<u>3,643</u>	<u>54,374</u>	<u>77</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts payable	\$ -	-	200	-
Accrued payroll liabilities	-	-	28,178	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>28,378</u>	<u>-</u>
<i>Deferred inflows of resources:</i>				
Property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance:</i>				
Restricted for:				
Special revenue funds	29,859	3,643	25,996	77
Unassigned for:				
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>29,859</u>	<u>3,643</u>	<u>25,996</u>	<u>77</u>
<i>Total liabilities, deferred inflows and fund balance</i> \$	<u>29,859</u>	<u>3,643</u>	<u>54,374</u>	<u>77</u>

Special Revenue

Lodgers Tax 213	Sports & Recreation 217	NM Clean & Beautiful 230	Motor Vehicle 233	Total Special Revenue Funds
186,796	6,067	-	55,521	336,260
-	147,699	-	-	147,776
45,639	-	-	7,325	52,964
-	16,016	2,500	-	18,516
-	-	-	-	-
-	-	-	-	-
<u>232,435</u>	<u>169,782</u>	<u>2,500</u>	<u>62,846</u>	<u>555,516</u>
1,900	-	-	10	2,110
2,263	-	-	2,298	32,739
-	-	-	-	-
-	-	2,200	-	2,200
<u>4,163</u>	<u>-</u>	<u>2,200</u>	<u>2,308</u>	<u>37,049</u>
-	-	-	-	-
-	-	-	-	-
228,272	169,782	300	60,538	518,467
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>228,272</u>	<u>169,782</u>	<u>300</u>	<u>60,538</u>	<u>518,467</u>
<u>232,435</u>	<u>169,782</u>	<u>2,500</u>	<u>62,846</u>	<u>555,516</u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

	<u>Capital Projects</u>			Total Capital Project Funds	Total Nonmajor Governmental Funds
	Public Safety Building 310	Capital Projects 312	MAP Grant 360/361		
ASSETS					
Cash and investments	\$ 68,386	45	257,472	325,903	662,163
Restricted cash	-	-	-	-	147,776
Receivables:					
Taxes	-	-	-	-	52,964
Receivables from external parties	11,764	1,433	-	13,197	31,713
Due from other funds	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>\$ 80,150</u>	<u>1,478</u>	<u>257,472</u>	<u>339,100</u>	<u>894,616</u>
LIABILITIES AND FUND BALANCE					
<i>Liabilities:</i>					
Accounts payable	\$ 984	-	-	984	3,094
Accrued payroll liabilities	-	-	-	-	32,739
Unearned revenue	-	-	257,472	257,472	257,472
Due to other funds	-	-	-	-	2,200
<i>Total liabilities</i>	<u>984</u>	<u>-</u>	<u>257,472</u>	<u>258,456</u>	<u>295,505</u>
<i>Deferred inflows of resources:</i>					
Property taxes	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance:</i>					
Restricted for:					
Special revenue funds	-	-	-	-	518,467
Unassigned for:					
Capital projects funds	79,166	1,478	-	80,644	80,644
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>79,166</u>	<u>1,478</u>	<u>-</u>	<u>80,644</u>	<u>599,111</u>
<i>Total liabilities, deferred inflows and fund balance</i>	<u>\$ 80,150</u>	<u>1,478</u>	<u>257,472</u>	<u>339,100</u>	<u>894,616</u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Special Revenue</u>			
	Corrections Fund 201 & 210	State EMS 206	Wildland Fires 208	LEPF Fund 211
<i>Revenues:</i>				
Taxes	\$ -	-	-	-
Licenses, permits, fees and fines	4,932	-	-	-
Charges for services	-	-	21,285	-
Intergovernmental - state sources	-	9,634	19,774	22,400
Intergovernmental - federal sources	-	-	-	-
Contributions and donations	-	-	-	-
Investment earnings	14	-	-	-
Miscellaneous	-	-	600	727
<i>Total revenues</i>	<u>4,946</u>	<u>9,634</u>	<u>41,659</u>	<u>23,127</u>
<i>Expenditures:</i>				
Current				
General government	-	-	124	10,161
Public safety	2,260	8,132	142,945	13,243
Economic and physical development	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Interest and administrative fees	-	-	-	-
<i>Total expenditures</i>	<u>2,260</u>	<u>8,132</u>	<u>143,069</u>	<u>23,404</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,686</u>	<u>1,502</u>	<u>(101,410)</u>	<u>(277)</u>
<i>Other financing sources (uses):</i>				
Transfers in	-	-	9,206	181
Transfers out	(5,475)	(5,159)	-	-
Sale of capital assets	-	-	-	-
Proceeds from issuance of debt	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(5,475)</u>	<u>(5,159)</u>	<u>9,206</u>	<u>181</u>
<i>Net change in fund balances</i>	(2,789)	(3,657)	(92,204)	(96)
<i>Fund balances (deficits) - beginning of year</i>	<u>32,648</u>	<u>7,300</u>	<u>118,200</u>	<u>173</u>
<i>Fund balances (deficits) - end of year</i>	<u>\$ 29,859</u>	<u>3,643</u>	<u>25,996</u>	<u>77</u>

Special Revenue

Lodgers Tax 213	Sports & Recreation 217	NM Clean & Beautiful 230	Motor Vehicle 233	Total Special Revenue Funds
274,695	-	-	-	274,695
-	-	-	-	4,932
-	113,746	2,999	63,461	201,491
-	-	-	-	51,808
-	-	-	-	-
-	-	-	-	-
-	2,312	-	11	2,337
3,427	-	-	105	4,859
<u>278,122</u>	<u>116,058</u>	<u>2,999</u>	<u>63,577</u>	<u>540,122</u>
-	-	-	-	10,285
-	-	-	-	166,580
226,732	-	-	3	226,735
-	-	-	54,034	54,034
7,113	5,383	2,200	-	14,696
-	-	-	-	-
-	-	-	-	-
<u>233,845</u>	<u>5,383</u>	<u>2,200</u>	<u>54,037</u>	<u>472,330</u>
<u>44,277</u>	<u>110,675</u>	<u>799</u>	<u>9,540</u>	<u>67,792</u>
878	-	-	1,458	11,723
-	(129,760)	(3,027)	-	(143,421)
-	-	-	-	-
-	-	-	-	-
<u>878</u>	<u>(129,760)</u>	<u>(3,027)</u>	<u>1,458</u>	<u>(131,698)</u>
45,155	(19,085)	(2,228)	10,998	(63,906)
<u>183,117</u>	<u>188,867</u>	<u>2,528</u>	<u>49,540</u>	<u>582,373</u>
<u>228,272</u>	<u>169,782</u>	<u>300</u>	<u>60,538</u>	<u>518,467</u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Capital Project</u>				
	Public Safety Building 310	Capital Projects 312	COOP/ MAP Grants 360 & 361	Total Capital Project Funds	Total Nonmajor Governmental Funds
<i>Revenues:</i>					
Taxes	\$ 95,964	-	-	95,964	370,659
Licenses, permits, fees and fines	-	-	-	-	4,932
Charges for services	-	-	-	-	201,491
Intergovernmental - state sources	-	-	31,272	31,272	83,080
Intergovernmental - federal sources	-	54,631	-	54,631	54,631
Contributions and donations	-	-	-	-	-
Investment earnings	-	-	30	30	2,367
Miscellaneous	-	-	-	-	4,859
<i>Total revenues</i>	<u>95,964</u>	<u>54,631</u>	<u>31,302</u>	<u>181,897</u>	<u>722,019</u>
<i>Expenditures:</i>					
Current					
General government	-	-	-	-	10,285
Public safety	65,025	214,405	-	279,430	446,010
Economic and physical development	-	-	-	-	226,735
Highways and streets	-	-	78,834	78,834	132,868
Culture and recreation	-	-	-	-	14,696
Capital outlay	19,389	1,030	-	20,419	20,419
Interest and administrative fees	-	-	-	-	-
<i>Total expenditures</i>	<u>84,414</u>	<u>215,435</u>	<u>78,834</u>	<u>378,683</u>	<u>851,013</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>11,550</u>	<u>(160,804)</u>	<u>(47,532)</u>	<u>(196,786)</u>	<u>(128,994)</u>
<i>Other financing sources (uses):</i>					
Transfers in	584	160,804	500	161,888	173,611
Transfers out	-	(5,061)	(56,864)	(61,925)	(205,346)
Sale of capital assets	-	-	-	-	-
Proceeds from issuance of debt	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>584</u>	<u>155,743</u>	<u>(56,364)</u>	<u>99,963</u>	<u>(31,735)</u>
<i>Net change in fund balances</i>	12,134	(5,061)	(103,896)	(96,823)	(160,729)
<i>Fund balances (deficits) - beginning of year</i>	<u>67,032</u>	<u>6,539</u>	<u>103,896</u>	<u>177,467</u>	<u>759,840</u>
<i>Fund balances (deficits) - end of year</i>	<u>\$ 79,166</u>	<u>1,478</u>	<u>-</u>	<u>80,644</u>	<u>599,111</u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF NET POSITION -NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Non Major Proprietary</u>		
	HWY 434 Assessment 507	Allen Fields 510	Total Non Major Proprietary Funds
ASSETS			
<i>Current Assets:</i>			
Cash and investments	\$ 51,526	4,615	56,141
Receivables:			
Notes Receivable	850,826	-	850,826
<i>Total current assets</i>	<u>902,352</u>	<u>4,615</u>	<u>906,967</u>
Capital assets:			
Land	5,646	-	5,646
<i>Total assets</i>	<u>907,998</u>	<u>4,615</u>	<u>912,613</u>
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts payable	-	5	5
Due to other funds	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>5</u>	<u>5</u>
NET POSITION			
Net investment in capital assets	5,646	-	5,646
Unrestricted	902,352	4,610	906,962
Total net position	<u>\$ 907,998</u>	<u>4,610</u>	<u>912,608</u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Non Major Proprietary		
	HWY 434 Assessment 507	Allen Field 510	Total Non Major Proprietary Funds
<i>Operating Revenues:</i>			
Sales and services	\$ -	3,597	3,597
Special assessments	101,163	-	101,163
<i>Total revenues</i>	<u>101,163</u>	<u>3,597</u>	<u>104,760</u>
<i>Operating Expenditures:</i>			
Operating Expenditures	-	11,724	11,724
Depreciation	-	-	-
<i>Total operating expenses</i>	<u>-</u>	<u>11,724</u>	<u>11,724</u>
<i>Operating (loss) income</i>	<u>101,163</u>	<u>(8,127)</u>	<u>93,036</u>
<i>Non-operating revenues (expenses)</i>			
Transfers in/(Out)	(193,745)	8,500	(185,245)
Interest expense	-	-	-
<i>Total non -operating revenues (expenses)</i>	<u>(193,745)</u>	<u>8,500</u>	<u>(185,245)</u>
<i>Change in net position</i>	<u>(92,582)</u>	<u>373</u>	<u>(92,209)</u>
<i>Transfer in/out</i>	-	-	-
<i>Net position, beginning of year</i>	<u>1,000,580</u>	<u>4,237</u>	<u>1,004,817</u>
<i>Net position, end of year</i>	<u>\$ 907,998</u>	<u>4,610</u>	<u>912,608</u>

OTHER SUPPLEMENTAL SCHEDULES

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
MUNICIPAL COURT BOND FUND				
ASSETS				
Cash	\$ 15,321	22,157	(21,168)	16,310
<i>Total assets</i>	<u>\$ 15,321</u>	<u>22,157</u>	<u>(21,168)</u>	<u>16,310</u>
LIABILITIES				
Amounts payable to others (for release bonds)	\$ 13,196	22,157	(21,168)	14,185
Due to others	2,125	-	-	2,125
<i>Total liabilities</i>	<u>\$ 15,321</u>	<u>22,157</u>	<u>(21,168)</u>	<u>16,310</u>
LIBRARY GRANT FUND				
ASSETS				
Cash	\$ -	6,152	(6,152)	-
<i>Total assets</i>	<u>\$ -</u>	<u>6,152</u>	<u>(6,152)</u>	<u>-</u>
LIABILITIES				
Amounts payable to others (for release bonds)	\$ -	6,152	(6,152)	-
Due to others	-	-	-	-
<i>Total liabilities</i>	<u>\$ -</u>	<u>6,152</u>	<u>(6,152)</u>	<u>-</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash	\$ 15,321	28,309	(27,320)	16,310
<i>Total assets</i>	<u>\$ 15,321</u>	<u>28,309</u>	<u>(27,320)</u>	<u>16,310</u>
LIABILITIES				
Amounts payable to others (for release bonds)	\$ 13,196	28,309	(27,320)	14,185
Due to others	2,125	-	-	2,125
<i>Total liabilities</i>	<u>\$ 15,321</u>	<u>28,309</u>	<u>(27,320)</u>	<u>16,310</u>

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
SCHEDULE OF CASH AND TEMPORARY INVESTMENTS ACCOUNTS
YEAR ENDED JUNE 30, 2018**

	<u>Bank Balance</u>
Deposits in First National Bank of New Mexico:	
Enterprise Account - Checking	\$ 962,619
Go Bond	928,853
Wildlands Fire	54,432
Deposits in International Bank:	
Infrastructure - Checking	51,526
Allen Fields Op & Maint - Checking	4,430
Operating Account - Checking	546,451
Wildland Fires - Checking	-
Payroll - Clearing	28,273
Motor Vehicle Department - Checking	52,341
State EMS Fund - Checking	4,509
State Fire Protection Fund - Checking	137,687
Law Enforcement Protection Fund - Checking	-
Lodgers Tax - Checking	187,118
Municipal Court - Checking	5,769
Municipal Court - Bond	8,527
Sports and Recreation Facility Fee - Checking	6,456
Public Safety Building - Checking	67,862
Debt Service Account - Checking	350,800
Infrastructure Construction Project - Checking	-
Capital Projects - Checking	45
Reserve CD - ISB	-
Deposits in Washington Federal Bank:	
COOP - Checking	49,419
Corrections - Checking	29,379
State MVD - Checking	1,698
MAP - Checking	208,053
Reserve	707,401
Total bank balance	<u>4,393,648</u>
Reconciling items:	
Outstanding checks	(294,220)
Deposits in transit	20,775
Total adjustments	<u>(273,445)</u>
Total book balance	4,120,203
Petty cash fund	180
Investment Accounts:	
Office of State Treasurer - LGIP	240,291
New Mexico Finance Authority - Debt Service Cash Reserves	3,601,922
Total Investment accounts	<u>3,842,213</u>
Total cash per book (general ledger)	\$ <u>7,962,596</u>
Total Cash for Primary Government per Statement of Net Position	7,946,286
Plus Municipal Court Agency Fund - Regular Checking	16,310
Total Cash per Primary Government and Agency Fund	\$ <u><u>7,962,596</u></u>

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
SCHEDULE OF PLEDGED COLLATERAL
YEAR ENDED JUNE 30, 2018**

	<u>International Bank</u>	<u>First National Bank of NM</u>	<u>Washington Federal</u>	<u>Total All Banks</u>
Total amount of deposits in bank:				
Infrastructure (SAD 434)	\$ 51,526	-	-	51,526
Allen Fields Operating & Maintenance	4,430	-	-	4,430
Capital Projects	45	-	-	45
Debt Service	350,800	-	-	350,800
State EMS Fund	4,509	-	-	4,509
Operating Account	546,451	-	-	546,451
Lodgers Tax Account	187,118	-	-	187,118
Payroll Clearing Account	28,273	-	-	28,273
Public Safety Building	67,862	-	-	67,862
Municipal Court	5,769	-	-	5,769
Municipal Court Bond Account	8,527	-	-	8,527
Sports and Recreation Facility Fee	6,456	-	-	6,456
State Fire Protection Fund	137,687	-	-	137,687
MVD	52,341	-	-	52,341
Wildland Fires Fund	-	54,432	-	54,432
Utility Account	-	962,619	-	962,619
COOP Checking-WF	-	-	49,419	49,419
Corrections Checking - WF	-	-	29,379	29,379
MAP Checking - WF	-	-	208,053	208,053
State MVD Checking - WF	-	-	1,698	1,698
Reserve Account	-	-	707,401	707,401
GO Bond	-	928,853	-	928,853
Total Deposits	<u>1,451,794</u>	<u>1,945,904</u>	<u>995,950</u>	<u>4,393,648</u>
Less: FDIC insurance	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
Total Uninsured Public Funds	1,201,794	1,695,904	745,950	3,643,648
Pledged 50% Collateral Required Total Required Collateralization	<u>600,897</u>	<u>847,952</u>	<u>372,975</u>	<u>1,821,824</u>
Pledged securities:				
FHR 4803 LC 4.00 1/15/2045 CUSIP #3137F5SM2	1,019,798	-	-	1,019,798
FHLMC Pool #C91904 2.500 11/1/2036 CUSIP #3128P8DH1	-	422,128	-	422,128
SBA 522282 5.881 9/25/2028 CUSIP #83165AXK5	-	443,022	-	443,022
SBA 509801 3.250 3/25/2041 CUSIP #83164L3J8	-	104,337	-	104,337
FNMA PL#BC2636 3.00 11/2/2046 CUI SP #3140EW4W2	-	-	789,973	789,973
Total pledged collateral at June 30, 2018	<u>1,019,798</u>	<u>969,487</u>	<u>789,973</u>	<u>2,779,258</u>
Excess (deficiency)	<u>\$ 418,901</u>	<u>121,535</u>	<u>416,998</u>	<u>957,434</u>

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
SCHEDULE OF JOINT POWERS AGREEMENT
FOR THE YEAR ENDED JUNE 30, 2018

Joint Power Agreement	Participants	Responsible Party	Description
Emergency Medical Services	Moreno Valley Village of Angel Fire	Joint Responsibility	To provide emergency medical services
Wildfire Suppression	NM - State Forestry Village of Angel Fire	Village of Angel Fire	To provide wildfire Suppression
Dispatch Services	Village of Angel Fire Red River	Town of Red River	To provided 911 emergency and non-emergency dispatching services for Angel Fire
The Enchanted Circle Regional Fire Protection Association (MOU)	The Town of Taos , The Village of Taos Ski Valley, The Village of Angel Fire, The Village of Eagle Nest, The Town of Red River, The Village of Questa, The County of Taos, The County of Colfax	Joint Responsibility	When firefighting personnel and/or equipment are requested by a party to this agreement from any other party to this agreement, no reimbursement for services rendered will be required or expected.
Blue Earth Agreement (MOU)	The Village of Angel Fire and The Angel Fire Public Improvement District (MOU)	Blue Earth Consultants Inc.	Blue Earth Consultants Inc. would provide annual monitoring and maintenance as required of the Woodland Drive Wetland Mitigation Area
Colfax County and The Village of Angel Fire (MOU)	Colfax County and The Village of Angel Fire	Village of Angel Fire	To authorize sheriffs in all counties of this state to appoint deputies, who shall remain in office at the pleasure of such sheriffs. NMSA 1978 "Authorizes Sheriffs to appoint respectable and orderly persons as special deputies to serve any particular order , write or process or when in the opinion of any sheriff the appointment of special deputies.

Beginning and Ending Dates	Total estimated Project Amount and Amount Applicable to Village	Amount Contributed by Village during Fiscal year	Audit Responsibility	Fiscal agent and responsible reporting entity
3/20/2001 or until terminated	None	None	Village of Angel Fire	Colfax County
2/28/2008 ongoing until terminated	None	None	New Mexico Energy, Minerals & Natural Resources Department	New Mexico Energy, Minerals & Natural Resources Department
7/01/2001 or until terminated	\$50,000 Annually (four payments of \$12,500 each quarter)	\$50,000	Town of Red River	Town of Red River
3/23/2007 or until terminated	None	None	Town of Taos	Town of Taos
6/27/2013 , the agreement shall be extended from time to time unless both the Village and the AFPID mutually agree in writing to terminate this MOU.	\$62,595.87	None	Village of Angel Fire	Village of Angel Fire
3/22/2016 , the term shall be perpetual unless either party gives 30 day written notice to the other party	Not Specified	None	Village of Angel Fire	Village of Angel Fire



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

The Village of Angel Fire Council Members
Village of Angel Fire
Angel Fire, New Mexico
and Mr. Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type-activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund and major special revenue fund of the Village of Angel Fire, New Mexico (the “Village”) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements, and have issued our report thereon dated December 17, 2018.

Internal Control over Financial Reporting

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

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

The Village of Angel Fire Council Members
Village of Angel Fire
New Mexico State Auditor

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency as item 2018-001.

Compliance and Other Matters

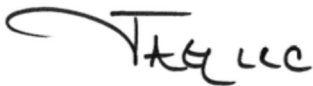
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Village's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
December 17, 2018

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

2017-001 Prior Period Restatement (Material Weakness)

Resolved

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018**

2018-001 SEGREGATION OF DUTIES

TYPE OF FINDING: Significant Deficiency

CONDITION

During the year under audit, we noted the Village's Finance Director had access to make changes in the general ledger and to add and removed users to the general ledger.

During the year under audit, the Village's Finance Director utilized his access in order to expedite transactional flow through the general ledger including the posting of certain journal entries and other transactions, such as receivables. The Finance Director also added and removed employees from the accounting software.

CRITERIA

Good accounting practices require segregation of duties between the recording of transactions and reconciliation/verification of transactions, authorization of transactions, and custody of the related asset.

EFFECT

Too much actual or available access reduces the segregation of duties between the recording/reconciliation, authorization, and custody of asset and therefore increases the risk of misappropriation to the Village. For the Village's Finance Director, certain mitigating controls were in place to reduce the risk of misappropriation including: no signatory authority on the Village's Bank accounts and requiring that all postings to the general ledger included a separate individual reviewing. However, the mitigating controls could be over-ridden and thus were not sufficient to remove the risk of misappropriation.

CAUSE

Until recently, the Village did not have sufficient employees in the accounting process in order to effectively segregate duties. Therefore, in order to ensure the timely completion of accounting processes, the Finance Director performed incompatible duties.

RECOMMENDATION

We recommend the Village reassess the Finance Director's general ledger duties and eliminate his ability to make changes to the general ledger.

Given the size of the Village and the volume and complexity of the flow of accounting transactions, and to ensure the proper segregation of duties, the Finance Director's involvement in the accounting processes should be the oversight and final review and approval of accounting and financial activity.

MANAGEMENT RESPONSE

Corrective Action: The Finance Director's ability to record transactions in the accounting system and access to system administration of the accounting system was removed.

Due Date of Completion:

Completed 10/05/2018

Responsible Party: Finance Director

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE, NEW MEXICO
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2018**

An exit conference was held with the Village on December 14, 2018.

In attendance were:

VILLAGE OF ANGEL FIRE, NEW MEXICO

Barbara Cottam, Mayor
Rick Tafoya, Village Manager
Brett Wier, Finance Manager

JARAMILLO ACCOUNTING GROUP LLC (JAG)

Scott Eliason, Partner

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the Village.