

VILLAGE OF ANGEL FIRE
Financial Review Committee (FRC)
Regular Meeting Minutes
Friday, January 27, 2012, at 3:00 PM in the Village Hall

I. Call to Order

Dennis Edwards called the meeting to order at 3:05 PM

II. Pledge of Allegiance

III. Roll Call

Dennis Edwards, Lynn Heafey, and Lupita De Herrera were present, representing a quorum. Tomas Benavidez joined the meeting.

IV. Approval of Agenda

Dennis made a motion to approve the agenda with one correction requested by Lupita. Under old business, "None" was replaced with the "Status of the Village's accounts receivable policies and procedures". Lynn seconded the motion. The motion carried 3-0.

V. Approval of Minutes

Lynn made a motion to approve the minutes of the September 2, 2011 meeting, as published. Dennis seconded the motion. The motion carried 3-0.

VI. Old Business

- a) Status of the Village's accounts receivable policies and procedures. In November 2011, Lynn had provided Lupita with sample policies and procedures for accounts receivable, bad debt write offs and cash collections. The FRC discussed the status of these policies and procedures. Lupita made some progress and Tomas agreed to help Lupita finish. Lynn asked Lupita if she could provide a draft of these policies and procedures for review at the next FRC meeting. Lupita agreed.

The FRC discussed bad debt write offs versus miscellaneous account adjustments. The FRC agreed that bad debt write offs should require authorization by Lupita's supervisor; whereas, miscellaneous account adjustments could be recorded by Lupita. The FRC suggested a \$100 maximum amount per account in order to clean up old receivables that had insufficient documentation to resolve.

Lupita discussed accounts receivable with credit balances. Lynn asked if the Village complied with New Mexico's escheatment rules for unclaimed property since credit balance accounts may fall under this purview. Lupita was unsure and the FRC agreed to follow up on this matter.

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Lupita discussed the possibility of hiring a collection agency for doubtful accounts. Since the Village does not have the internal resources and accounts receivable total well over \$1 million, the FRC agreed this would be a good idea.

Lynn suggested that the Village consider recording late fees and interest in a deferred revenue account on the balance sheet. When late fees and interest are actually received, they could be recognized as revenue. Lynn's concern was that revenue could be overstated since the Village does not have an allowance for bad debts on its books. Lupita agreed to consider this.

VII. New Business

- a) Review of the FYE June 30, 2009 audit findings. Due to the number of audit findings, the FRC discussed only significant deficiencies and material weaknesses since those audit findings were the most serious. Nineteen audit findings were discussed in detail, none of which have been corrected to date. To the extent possible, the FRC agreed on possible corrective actions and policies and procedures that would address the audit findings.
- b) Future topics of discussion. The FRC agreed to review a draft of the Village's accounts receivable policies and procedures at the next meeting. In addition, the FRC is still committed to performing an audit of the gross receipts tax (GRT) collected by the village for two special purpose funds: safety building and roads. A Counselor had requested this audit in August 2011. Lupita has not had the time to get the books in order for the FRC to perform its audit.

VIII. Adjournment

The FRC established the next meeting date as Friday, February 24, at 3:00 PM at the Village Hall.

Dennis Edwards adjourned the meeting at 5:00 PM.