



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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2019

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**VILLAGE OF ANGEL FIRE, NEW MEXICO
OFFICIALS ROSTER
YEAR ENDED JUNE 30, 2019**

Village Council

| | |
|-----------------|---------------|
| Chuck Howe | Mayor |
| D. Rogers Lanon | Mayor Pro-Tem |
| Steve Larson | Councilor |
| Bill Humbert | Councilor |
| Vacant | 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. Brian Colón, Esq.
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, general 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, 2019, 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 express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and

Village of Angel Fire Council Members
Village of Angel Fire
and Mr. Brian Colón, Esq.
New Mexico State Auditor

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, 2019, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general 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 48-53, 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.

Other Information

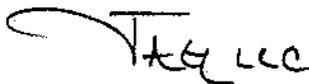
Our audit was conducted for the purpose of forming opinions on the Village's financial statements that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements and the schedules as required by 2.2.2 NMAC (Schedule of Changes in Assets and Liabilities – Agency Funds, Schedule of Cash and Temporary Investment Accounts, and Schedule of Joint Power Agreements), and other information, such as the Introductory Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Village of Angel Fire Council Members
Village of Angel Fire
and Mr. Brian Colón, Esq.
New Mexico State Auditor

The combining and individual nonmajor fund financial statements and the other schedules required by Section 2.2.2 NMAC (Schedule of Changes in Assets and Liabilities – Agency Funds, Schedule of Cash and Temporary Investment Accounts, and Schedule of Joint Power Agreements) 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 (Schedule of Changes in Assets and Liabilities – Agency Funds, Schedule of Cash and Temporary Investment Accounts, and Schedule of Joint Power Agreements) 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 16, 2019 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 16, 2019

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF NET POSITION
JUNE 30, 2019

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-------------------|
| ASSETS | | | |
| Cash and investments | \$ 3,812,260 | 1,260,824 | 5,073,084 |
| Restricted cash | 2,019,941 | 948,474 | 2,968,415 |
| Receivables: | | | |
| Taxes | 957,510 | - | 957,510 |
| Receivables from external parties | 67,469 | - | 67,469 |
| Accounts receivable, net of allowance | 10,233 | 581,933 | 592,166 |
| Inventories | 52,779 | 147,168 | 199,947 |
| Notes receivable | - | 719,995 | 719,995 |
| Capital assets, net of accumulated depreciation | 29,977,933 | 10,835,318 | 40,813,251 |
| <i>Total assets</i> | <u>36,898,125</u> | <u>14,493,712</u> | <u>51,391,837</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related | 1,407,049 | 498,364 | 1,905,413 |
| Total deferred outflows of resources | <u>1,407,049</u> | <u>498,364</u> | <u>1,905,413</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 102,528 | 68,175 | 170,703 |
| Accrued payroll liabilities | 76,061 | 22,507 | 98,568 |
| Due to other external parties | 4,602 | 131,433 | 136,035 |
| Due to/from other funds | (1,448) | 6,072 | 4,624 |
| Interest payable | 52,823 | 49,181 | 102,004 |
| Deposits payable | 8,886 | 73,775 | 82,661 |
| Unearned grant revenue | 59,473 | - | 59,473 |
| Current portion of compensated absences | 130,638 | 41,740 | 172,378 |
| Current portion of long-term debt | 617,454 | 304,802 | 922,256 |
| Total Current Liabilities | <u>1,051,017</u> | <u>697,685</u> | <u>1,748,702</u> |
| Non-Current Liabilities | | | |
| Net pension liability | 3,919,563 | 1,275,991 | 5,195,554 |
| Noncurrent portion of long-term debt | 6,135,885 | 6,662,976 | 12,798,861 |
| <i>Total liabilities</i> | <u>11,106,465</u> | <u>8,636,652</u> | <u>19,743,117</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related | 422,102 | 49,905 | 472,007 |
| Total deferred inflows of resources | <u>422,102</u> | <u>49,905</u> | <u>472,007</u> |
| NET POSITION | | | |
| Net investment in capital assets | 23,224,594 | 3,867,540 | 27,092,134 |
| Restricted for: | | | |
| Special revenues | 636,529 | - | 636,529 |
| Capital projects | 1,873,479 | - | 1,873,479 |
| Debt service | 2,018,593 | - | 2,018,593 |
| Unrestricted | (976,588) | 2,437,979 | 1,461,391 |
| <i>Total net position</i> | <u>\$ 26,776,607</u> | <u>6,305,519</u> | <u>33,082,126</u> |

See Notes to Financial Statements.

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Position | | |
|-------------------------------------|----------------------|------------------------|--|--|--|-----------------------------|---------------------|
| | Expenses | Charges for Service | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business Type Activities | Total |
| | | | | | | | |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 2,703,997 | 143,843 | 115,096 | 10,368 | (2,434,690) | - | (2,434,690) |
| Public safety | 2,253,695 | 2,196 | 951,662 | 101,964 | (1,197,873) | - | (1,197,873) |
| Economic and physical development: | 397,912 | 2,517 | - | - | (395,395) | - | (395,395) |
| Highways and streets | 1,455,150 | 60,535 | - | 303,496 | (1,091,119) | - | (1,091,119) |
| Culture and recreation | 370,060 | 129,928 | - | - | (240,132) | - | (240,132) |
| Planning | 89,228 | - | - | - | (89,228) | - | (89,228) |
| Interest relating to long-term debt | 244,975 | - | - | - | (244,975) | - | (244,975) |
| Total governmental activities | <u>7,515,017</u> | <u>339,019</u> | <u>1,066,758</u> | <u>415,828</u> | <u>(5,693,412)</u> | <u>-</u> | <u>(5,693,412)</u> |
| Business-type activities: | | | | | | | |
| Utility | 1,564,013 | 1,869,708 | - | - | - | 305,695 | 305,695 |
| Solid Waste | 964,227 | 742,647 | - | - | - | (221,580) | (221,580) |
| Non Major Proprietary | 9,485 | 780 | - | - | - | (8,705) | (8,705) |
| Total business-type activities | <u>2,537,725</u> | <u>2,613,135</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>75,410</u> | <u>(5,618,002)</u> |
| Total primary government | <u>\$ 10,052,742</u> | <u>2,952,154</u> | <u>1,066,758</u> | <u>415,828</u> | <u>(5,693,412)</u> | <u>75,410</u> | <u>(11,311,414)</u> |
| General revenues | | | | | | | |
| Taxes: | | | | | | | |
| Franchise | | | | | 24,729 | - | 24,729 |
| Gasoline | | | | | 33,256 | - | 33,256 |
| Gross receipts | | | | | 3,041,194 | 46,794 | 3,087,988 |
| Property | | | | | 2,649,597 | - | 2,649,597 |
| Lodgers | | | | | 296,059 | - | 296,059 |
| Sale of capital assets | | | | | - | 204,637 | 204,637 |
| Miscellaneous | | | | | 138,602 | 431,746 | 570,348 |
| Interest | | | | | 112,980 | (119,677) | (6,717) |
| Total general revenues | | | | | <u>6,296,397</u> | <u>563,500</u> | <u>6,859,897</u> |
| Transfers in/out | | | | | (371,861) | 371,861 | - |
| Change in net position | | | | | <u>281,124</u> | <u>1,010,771</u> | <u>1,241,895</u> |
| NET POSITION, BEGINNING | | | | | <u>26,545,483</u> | <u>5,294,748</u> | <u>31,840,231</u> |
| NET POSITION, ENDING | | | | | <u>\$ 26,776,607</u> | <u>6,305,519</u> | <u>33,082,126</u> |

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

| | General Fund 101 | Debt Service 401/402/403 | GO Bond 301 | Public Safety Building 310 | Nonmajor Governmental Funds | Total Governmental Funds |
|---|------------------------|--------------------------------|-------------------|-------------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 1,162,878 | 2,018,593 | - | 13,331 | 617,458 | 3,812,260 |
| Restricted cash | 47,671 | - | 1,839,173 | - | 133,097 | 2,019,941 |
| Receivables: | | | | | | |
| Taxes | 931,797 | - | - | - | 25,713 | 957,510 |
| Receivables from external parties | - | - | - | 7,557 | 59,912 | 67,469 |
| Accounts receivable, net allowance | 10,233 | - | - | - | - | 10,233 |
| Inventories | 52,779 | - | - | - | - | 52,779 |
| Due from other funds | 35,175 | - | - | - | 17,440 | 52,615 |
| Total assets | \$ 2,240,533 | 2,018,593 | 1,839,173 | 20,888 | 853,620 | 6,972,807 |
| LIABILITIES AND FUND BALANCE | | | | | | |
| <i>Liabilities:</i> | | | | | | |
| Accounts payable | \$ 19,015 | - | - | 298 | 83,215 | 102,528 |
| Accrued payroll liabilities | 66,541 | - | - | - | 9,520 | 76,061 |
| Deposits payable | 8,886 | - | - | - | - | 8,886 |
| Due to other external parties | 4,602 | - | - | - | - | 4,602 |
| Unearned grant revenue | - | - | - | - | 59,473 | 59,473 |
| Due to other funds | - | - | - | - | 51,167 | 51,167 |
| Total liabilities | 99,044 | - | - | 298 | 203,375 | 302,717 |
| DEFERRED INFLOWS | | | | | | |
| Property taxes | 490,132 | - | - | - | - | 490,132 |
| Total deferred inflows | 490,132 | - | - | - | - | 490,132 |
| <i>Fund Balance:</i> | | | | | | |
| Nonspendable for inventory | 52,779 | - | - | - | - | 52,779 |
| Restricted for: | | | | | | |
| Special revenue funds | - | - | - | - | 636,529 | 636,529 |
| Capital projects funds | - | - | 1,839,173 | 20,590 | 13,716 | 1,873,479 |
| Debt service | - | 2,018,593 | - | - | - | 2,018,593 |
| Unassigned for: | | | | | | |
| General fund | 1,598,578 | - | - | - | - | 1,598,578 |
| Special revenue funds | - | - | - | - | - | - |
| Total fund balance | 1,651,357 | 2,018,593 | 1,839,173 | 20,590 | 650,245 | 6,179,958 |
| Total liabilities, deferred inflows and fund balance | \$ 2,240,533 | 2,018,593 | 1,839,173 | 20,888 | 853,620 | 6,972,807 |

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, 2019

| | <u>Governmental Activities:</u> |
|--|-------------------------------------|
| Total Fund Balance Governmental Funds | |
| Governmental Funds Balance | \$ 6,179,958 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| Cost of capital assets | 51,332,703 |
| Accumulated depreciation | <u>(21,354,770)</u> |
| Total Capital Assets | 29,977,933 |
| Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds: | 490,132 |
| Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds | 1,407,049 |
| Defined benefit pension plan deferred inflows are not due and payable in the current period and therefore, are not reported in the funds | (422,102) |
| 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 | (52,823) |
| Notes payable | (6,753,339) |
| Net pension liability | (3,919,563) |
| Compensated absences | <u>(130,638)</u> |
| | <u>(10,856,363)</u> |
| Total net position of governmental activities | \$ <u>26,776,607</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, 2019

| | General Fund 101 | Debt Service 401/402/403 | GO Bond 301 | Public Safety Building 310 | Non Major Governmental Funds | Total Governmental Funds |
|--|------------------------|--------------------------------|-------------------|-------------------------------------|------------------------------------|--------------------------------|
| <i>Revenues:</i> | | | | | | |
| Taxes | \$ 5,460,724 | - | - | 113,214 | 296,059 | 5,869,997 |
| Licenses, permits, fees and fines | 50,773 | - | - | - | 7,212 | 57,985 |
| Charges for services | 143,843 | - | - | - | 195,176 | 339,019 |
| Intergovernmental - state sources | 115,096 | - | - | - | 1,317,860 | 1,432,956 |
| Intergovernmental - federal sources | - | - | - | - | 39,262 | 39,262 |
| Contributions and donations | 9,868 | - | - | - | 500 | 10,368 |
| Investment earnings | 38,710 | 11,635 | 44,093 | 2,486 | 16,036 | 112,960 |
| Miscellaneous | 164,047 | - | - | - | 4,284 | 168,331 |
| Total revenues | 5,983,061 | 11,635 | 44,093 | 115,700 | 1,876,389 | 8,030,878 |
| <i>Expenditures:</i> | | | | | | |
| <i>Current</i> | | | | | | |
| General government | 1,458,813 | - | - | - | 4,846 | 1,463,659 |
| Public safety | 1,485,919 | - | - | 52,736 | 420,083 | 1,958,738 |
| Economic and physical development | 71,111 | - | - | - | 312,493 | 383,604 |
| Highways and streets | 803,899 | - | - | - | 88,698 | 892,597 |
| Culture and recreation | 184,591 | - | - | - | 25,037 | 209,628 |
| Planning | 81,145 | - | 1,952 | - | - | 83,097 |
| Capital outlay | 459,077 | - | - | 810,377 | 821,133 | 2,090,587 |
| <i>Debt service</i> | | | | | | |
| Principal | - | 1,243,181 | - | - | - | 1,243,181 |
| Interest and administrative fees | - | 246,885 | - | - | - | 246,885 |
| Total expenditures | 4,544,555 | 1,490,066 | 1,952 | 863,113 | 1,672,290 | 8,571,976 |
| <i>Excess (deficiency) of revenues over expenditures</i> | 1,438,506 | (1,478,431) | 42,141 | (747,413) | 204,099 | (541,098) |
| <i>Other financing sources (uses):</i> | | | | | | |
| Transfers in | 29,177 | 2,656,083 | - | 64,020 | 163,227 | 2,912,507 |
| Transfers out | (1,761,135) | (445,162) | (628,641) | (75,183) | (374,247) | (3,284,368) |
| Proceeds from issuance of debt | - | - | - | 700,000 | - | 700,000 |
| Total other financing sources (uses) | (1,731,958) | 2,210,921 | (628,641) | 688,837 | (211,020) | 328,139 |
| Net change in fund balances | (293,452) | 732,490 | (586,500) | (58,576) | (6,921) | (212,959) |
| Fund balances, beginning | 1,944,809 | 1,286,103 | 2,425,673 | 79,166 | 657,166 | 6,392,917 |
| Fund balances (deficits) - end of year | \$ 1,651,357 | 2,018,593 | 1,839,173 | 20,590 | 650,245 | 6,179,958 |

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, 2019

Net Change in Fund Balances- Total Governmental Funds
 (Statement of Revenue, Expenditures, and Changes
 in Fund Balances) \$ (212,959)

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 | 2,026,290 | |
| Loss on disposal | (61,357) | |
| Depreciation expense | <u>(1,843,419)</u> | 121,514 |

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 | (700,000) |
|-----------------------|-----------|

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

| | |
|---------------------------|---------|
| Property taxes receivable | 116,853 |
|---------------------------|---------|

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 | 1,910 | |
| Change in net pension liability | (329,231) | |
| Change compensated absences | (10,144) | |
| Change in notes and bonds payable | <u>1,243,181</u> | 905,716 |

| | |
|---|--------------------------|
| Change in net position of governmental activities | \$ <u><u>231,124</u></u> |
|---|--------------------------|

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, 2019

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Positive (Negative) |
|---|-------------------|------------------|--------------------|--|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Taxes | \$ 5,157,407 | 5,518,298 | 5,364,619 | (153,679) |
| Licenses, permits, fees & fines | 58,598 | 58,598 | 50,773 | (7,825) |
| Charges for services | 127,618 | 127,618 | 143,843 | 16,225 |
| Intergovernmental - state sources | 99,000 | 99,000 | 115,096 | 16,096 |
| Contributions and donations | 2,130 | 2,130 | 9,868 | 7,738 |
| Investment earnings | 20,392 | 20,392 | 38,710 | 18,318 |
| Miscellaneous | 66,531 | 66,531 | 164,047 | 97,516 |
| <i>Total revenues</i> | <u>5,531,676</u> | <u>5,892,567</u> | <u>5,886,956</u> | <u>(5,611)</u> |
| <i>Expenditures:</i> | | | | |
| General government | 989,811 | 1,274,171 | 1,502,877 | (228,706) |
| Public safety | 1,560,956 | 1,603,675 | 1,485,919 | 117,756 |
| Economic and physical development | 69,088 | 69,088 | 71,111 | (2,023) |
| Highways and streets | 1,384,288 | 1,415,846 | 803,899 | 611,947 |
| Culture and recreation | 224,898 | 226,021 | 184,591 | 41,430 |
| Planning | 94,954 | 95,454 | 81,145 | 14,309 |
| Capital outlay | 459,077 | 459,077 | 459,077 | - |
| Debt Service | - | - | - | - |
| <i>Total expenditures</i> | <u>4,783,072</u> | <u>5,143,332</u> | <u>4,588,619</u> | <u>554,713</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Transfers in | 175,264 | 195,264 | 29,177 | (166,087) |
| Transfers out | - | - | (1,761,135) | (1,761,135) |
| Proceeds from issuance of debt | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>175,264</u> | <u>195,264</u> | <u>(1,731,958)</u> | <u>(1,927,222)</u> |
| <i>Net change in fund balances</i> | \$ <u>923,868</u> | <u>944,499</u> | <u>(433,621)</u> | <u>(2,487,546)</u> |
| Reconciliation to GAAP Basis: | | | | |
| | | | 96,135 | |
| | | | 44,034 | |
| | | | <u>(293,452)</u> | |
| | | | | |

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF NET POSITION-PROPRIETARY FUNDS
JUNE 30, 2019

| | Business Type Activities | | | |
|---|--------------------------|--------------------|--------------------------------|-------------------|
| | Enterprise Funds | | | |
| | Utility 501/508 | Solid Waste 502 | Non Major Proprietary Funds | Total |
| ASSETS | | | | |
| <i>Current assets:</i> | | | | |
| Cash and investments | \$ 590,743 | 590,027 | 80,054 | 1,260,824 |
| Restricted cash | 876,815 | 71,659 | - | 948,474 |
| <i>Receivables:</i> | | | | |
| Accounts receivable, net of allowance | 444,822 | 137,111 | - | 581,933 |
| Notes receivable | - | - | 719,995 | 719,995 |
| Inventory | 145,154 | 2,014 | - | 147,168 |
| <i>Total current assets</i> | <u>2,057,534</u> | <u>800,811</u> | <u>800,049</u> | <u>3,658,394</u> |
| <i>Non-current assets:</i> | | | | |
| <i>Capital assets:</i> | | | | |
| Land and water rights | 5,136,463 | 68,856 | 5,646 | 5,210,965 |
| Buildings | 16,093,439 | 1,473,074 | - | 17,566,513 |
| Machinery and equipment | 347,553 | 2,433,801 | - | 2,781,354 |
| Less accumulated depreciation | (13,558,544) | (2,226,609) | - | (15,785,153) |
| Construction in progress | 1,061,639 | - | - | 1,061,639 |
| Total capital assets, net of accumulated depreciation | <u>9,080,550</u> | <u>1,749,122</u> | <u>5,646</u> | <u>10,835,318</u> |
| <i>Total non-current assets</i> | <u>9,080,550</u> | <u>1,749,122</u> | <u>5,646</u> | <u>10,835,318</u> |
| Total assets | <u>11,138,084</u> | <u>2,549,933</u> | <u>805,695</u> | <u>14,493,712</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related | 271,106 | 227,258 | - | 498,364 |
| Total deferred outflows of resources | <u>271,106</u> | <u>227,258</u> | <u>-</u> | <u>498,364</u> |
| LIABILITIES | | | | |
| <i>Current liabilities:</i> | | | | |
| Accounts payable | 45,971 | 19,016 | 3,188 | 68,175 |
| Accrued expenses | 13,421 | 9,086 | - | 22,507 |
| Due to other funds | 4,914 | 1,158 | - | 6,072 |
| Due to other governments | 115,471 | 15,962 | - | 131,433 |
| Interest payable | 48,103 | 1,078 | - | 49,181 |
| Deposits payable | 72,070 | 1,705 | - | 73,775 |
| Compensated absences current | 18,514 | 23,226 | - | 41,740 |
| Loans payable-current | 268,026 | 36,776 | - | 304,802 |
| <i>Total current liabilities</i> | <u>586,490</u> | <u>108,007</u> | <u>3,188</u> | <u>697,685</u> |
| <i>Noncurrent liabilities</i> | | | | |
| Loans payable | 6,423,197 | 239,779 | - | 6,662,976 |
| Net pension liability | 689,035 | 586,956 | - | 1,275,991 |
| <i>Total noncurrent liabilities</i> | <u>7,112,232</u> | <u>826,735</u> | <u>-</u> | <u>7,938,967</u> |
| Total liabilities | <u>7,698,722</u> | <u>934,742</u> | <u>3,188</u> | <u>8,636,652</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension related | 26,932 | 22,973 | - | 49,905 |
| Total deferred inflows of resources | <u>26,932</u> | <u>22,973</u> | <u>-</u> | <u>49,905</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 2,389,327 | 1,472,567 | 5,646 | 3,867,540 |
| Unrestricted | 1,294,209 | 346,909 | 796,861 | 2,437,979 |
| Total net position | \$ <u>3,683,536</u> | <u>1,819,476</u> | <u>802,507</u> | <u>6,305,519</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, 2019

| | Business Type Activities | | | Total |
|--|--------------------------|--------------------|--------------------|------------------|
| | Enterprise Funds | | | |
| | Utility 501/508 | Solid Waste 502 | Non Major Funds | |
| <i>Operating Revenues:</i> | | | | |
| Sales and Services | \$ 1,869,708 | 742,647 | 780 | 2,613,135 |
| Total operating revenues | 1,869,708 | 742,647 | 780 | 2,613,135 |
| <i>Operating Expenses:</i> | | | | |
| Operating expenses | 1,154,997 | 692,498 | 9,485 | 1,856,980 |
| Depreciation | 409,016 | 271,729 | - | 680,745 |
| Total operating expenses | 1,564,013 | 964,227 | 9,485 | 2,537,725 |
| <i>Operating (loss) income</i> | 305,695 | (221,580) | (8,705) | 75,410 |
| <i>Non-operating revenues (expenses):</i> | | | | |
| Gross receipts tax | - | 46,794 | - | 46,794 |
| Earnings on investments | 17,966 | 3,398 | 1,604 | 22,968 |
| Miscellaneous revenues | 3,640 | 436,042 | - | 439,682 |
| Sale of capital assets | 204,637 | - | - | 204,637 |
| Interest expense | (136,113) | (6,532) | - | (142,645) |
| Miscellaneous expenses | (35) | (7,901) | - | (7,936) |
| Total non-operating revenues (expenses) | 90,095 | 471,801 | 1,604 | 563,500 |
| <i>Income (loss) before transfers</i> | 395,790 | 250,221 | (7,101) | 638,910 |
| Transfers in | 761,626 | - | 13,000 | 774,626 |
| Transfers (out) | (131,398) | (155,367) | (116,000) | (402,765) |
| Change in net position | 1,026,018 | 94,854 | (110,101) | 1,010,771 |
| <i>Net position, beginning of year</i> | 2,657,518 | 1,724,622 | 912,608 | 5,294,748 |
| Net position, end of year | \$ 3,683,536 | 1,819,476 | 802,507 | 6,305,519 |

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

| | Business Type Activities | | | Total |
|---|--------------------------|------------------|------------------|--------------------|
| | Enterprise Funds | | | |
| | Utility Fund | Solid Waste Fund | Non Major Funds | |
| Cash Flows From Operating Activities: | | | | |
| Cash received from customers | \$ 2,020,617 | 791,091 | 780 | 2,812,488 |
| Cash payments to vendors and employees | (1,196,010) | (725,755) | (6,302) | (1,928,067) |
| Net cash provided by operating activities | 824,607 | 65,336 | (5,522) | 884,421 |
| Cash Flows From Non-Capital Financing: | | | | |
| Gross receipts tax revenue | - | 46,794 | - | 46,794 |
| Interfund balances | 630,228 | (154,209) | - | 476,019 |
| Miscellaneous | 3,605 | 428,141 | (103,000) | 328,746 |
| Interest expense | (136,113) | (6,532) | 1,604 | (141,041) |
| Interest earnings | 17,966 | 3,398 | - | 21,364 |
| Net cash (used) provided by non-capital financing activities | 515,686 | 317,592 | (101,396) | 731,882 |
| Cash Flows From Capital and Related | | | | |
| Purchase of capital assets | (1,206,576) | (92,763) | - | (1,299,339) |
| Principal payment on bonds | (252,643) | (35,079) | - | (287,722) |
| Proceeds from loans | 117,787 | - | - | 117,787 |
| Proceeds from sale of capital assets | 204,637 | - | - | 204,637 |
| Principal proceeds from SAD | - | - | 130,831 | 130,831 |
| Net cash (used) provided by capital and related financing activities | (1,136,795) | (127,842) | 130,831 | (1,133,806) |
| Net increase/(decrease) in cash and cash equivalents | 203,498 | 255,086 | 23,913 | 482,497 |
| Cash and cash equivalents, beginning of year | 1,264,060 | 406,600 | 56,141 | 1,726,801 |
| Cash and cash equivalents, end of year | \$ 1,467,558 | 661,686 | 80,054 | 2,209,298 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | | | |
| Operating income (loss) | \$ 305,695 | (221,580) | (8,705) | 75,410 |
| Noncash items | | | | |
| Depreciation expense | 409,016 | 271,729 | - | 680,745 |
| PERA Pension plan expense proportion | (33,924) | (25,184) | - | (59,108) |
| Adjustments to operating income | | | | |
| Accounts receivable | 150,909 | 48,444 | - | 199,353 |
| Accounts payable | (2,383) | (10,485) | 3,183 | (9,685) |
| Meter deposit | 4,653 | - | - | 4,653 |
| Accrued liabilities | (18,571) | (4,252) | - | (22,823) |
| Due to/from other governments | 5,398 | 1,878 | - | 7,276 |
| Interfund balances | - | - | - | - |
| Compensated absences | 3,814 | 4,786 | - | 8,600 |
| Net cash provided by operating activities | \$ 824,607 | 65,336 | (5,522) | 884,421 |

See Notes to Financial Statements

STATE OF NEW MEXICO
 VILLAGE OF ANGEL FIRE
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2019

| | Balance June 30, 2019 |
|---|--------------------------|
| ASSETS | |
| Cash on deposit | \$ 11,695 |
| Due from other funds | <u>4,624</u> |
| <i>Total assets</i> | <u>\$ 16,319</u> |
| LIABILITIES | |
| Amount due to individuals (for release bonds) | <u>\$ 16,319</u> |
| <i>Total liabilities</i> | <u>\$ 16,319</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019.

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, 2019

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, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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, 2019**

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 65 for a reconciliation of bank to book balances.

As of June 30, 2019, \$4,744,431 of the Village's unrestricted deposits of \$5,494,431 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 | \$ 2,342,860 | 2,429,373 | - | 4,772,233 |
| CDs | - | - | 722,198 | 722,198 |
| Total amounts on deposit | 2,342,860 | 2,429,373 | 722,198 | 5,494,431 |
| Less: FDIC insurance | (250,000) | (250,000) | (250,000) | (750,000) |
| Total uninsured public funds | 2,092,860 | 2,179,373 | 472,198 | 4,744,431 |
| Collateral requirement – 50% | 1,046,430 | 1,089,687 | 236,099 | 2,372,216 |
| Total required collateralization | \$ 1,046,430 | 1,089,687 | 236,099 | 2,372,216 |

As of June 30, 2019, restricted cash deposits of \$2,968,415 were being held by the New Mexico Finance Authority.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019, the State Treasurer Local Government Investment Pool (LGIP) was rated by Standard's & Poor's as AAAM. At June 30, 2019, the Village had \$245,552 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, 2019, the LGIP had a credit risk rating of AAA and a WAM(R) of 35 days and a WAM(F) of 112 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, 2019:

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 | \$ 181,333 | 3,350,260 | 3,531,593 |
| Less Allowance for uncollectible | (171,100) | (2,768,327) | (2,939,427) |
| Net Accounts Receivables | <u>10,233</u> | <u>581,933</u> | <u>592,166</u> |
| Intergovernmental: | | | |
| NM Clean and Beautiful | 2,500 | - | 2,500 |
| Capital Projects | 1,433 | - | 1,433 |
| Sports & Recreation | 8,794 | - | 8,794 |
| Public Safety Building | 7,557 | - | 7,557 |
| Total Intergovernmental Rec. | <u>20,284</u> | <u>-</u> | <u>20,284</u> |
| Notes Receivable: | <u>-</u> | <u>719,995</u> | <u>719,995</u> |
| Taxes Receivable: | | | |
| Property Tax | 521,306 | - | 521,306 |
| Gross Receipts Tax | 405,416 | - | 405,416 |
| Lodgers Tax | 18,710 | - | 18,710 |
| Motor Vehicle | 7,003 | - | 7,003 |
| Gas Taxes | 5,075 | - | 5,075 |
| Total Taxes Receivable | <u>957,510</u> | <u>-</u> | <u>957,510</u> |
| Total Accounts Receivable | <u>\$ 988,027</u> | <u>1,301,928</u> | <u>2,289,955</u> |

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, 2019

NOTE 4 – CAPITAL ASSETS

Capital Asset activity for the year was as follows:

| Governmental Activities | Beginning Balance 6/30/2018 | Additions & Transfers | Deletions & Transfers | Ending Balance 6/30/2019 |
|--|--|--------------------------------------|--------------------------------------|-------------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 613,019 | - | - | 613,019 |
| Land – right of way | 2,622,459 | - | - | 2,622,459 |
| Construction in progress | 899,111 | 853,413 | (1,032,683) | 719,841 |
| Water Rights | 750,000 | - | - | 750,000 |
| Total capital assets not being depreciated | 4,884,589 | 853,413 | (1,032,683) | 4,705,319 |
| Capital assets being depreciated: | | | | |
| Buildings | 2,300,013 | 1,032,683 | (31,628) | 3,301,068 |
| Software | 194,728 | - | - | 194,728 |
| Vehicles | 3,460,448 | 652,138 | (22,394) | 4,090,192 |
| Capital lease vehicles | 111,380 | - | - | 111,380 |
| Sports complex | 1,730,321 | 5,065 | - | 1,735,386 |
| Machinery and equipment | 1,191,017 | 240,962 | (7,335) | 1,424,644 |
| Infrastructure | 35,495,274 | 274,712 | - | 35,769,986 |
| Total capital assets being depreciated | 44,483,181 | 2,205,560 | (61,357) | 46,627,384 |
| Less accumulated depreciation for: | | | | |
| Buildings | (1,459,265) | (84,381) | - | (1,543,646) |
| Software | (192,282) | (2,444) | - | (194,726) |
| Vehicles | (2,477,702) | (263,507) | - | (2,741,209) |
| Capital lease vehicles | (111,380) | - | - | (111,380) |
| Sports complex | (692,129) | (115,415) | - | (807,544) |
| Machinery and equipment | (508,582) | (133,725) | - | (642,307) |
| Infrastructure | (14,070,011) | (1,243,947) | - | (15,313,958) |
| Total accumulated depreciation | (19,511,351) | (1,843,419) | - | (21,354,770) |
| Total capital assets being depreciated, net | 24,971,830 | 362,141 | (61,357) | 25,272,614 |
| Governmental activities capital assets, net | \$ 29,856,419 | 1,215,554 | (1,094,040) | 29,977,933 |

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

| <u>Business-type Activities</u> | Beginning Balance 6/30/2018 | Additions & Transfers | Deletions & Transfers | Ending Balance 6/30/2019 |
|---|-----------------------------------|--------------------------|--------------------------|-----------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 982,216 | - | (21,251) | 960,965 |
| Construction in progress | 446,812 | 1,149,415 | (534,588) | 1,061,639 |
| Water rights | 4,250,000 | - | - | 4,250,000 |
| Total capital assets not being depreciated | 5,679,028 | 1,149,415 | (555,839) | 6,272,604 |
| Capital assets being depreciated: | | | | |
| Plant and system | 17,010,676 | 555,837 | - | 17,566,513 |
| Machinery and Equipment | 1,164,894 | - | (14,623) | 1,150,271 |
| Vehicles | 1,466,535 | 186,922 | (22,373) | 1,631,084 |
| Total capital assets being depreciated | 19,642,105 | 742,759 | (36,997) | 20,347,868 |
| Less accumulated depreciation for: | | | | |
| Plant and system | (13,502,694) | (407,344) | - | (13,910,038) |
| Equipment | (939,435) | (117,048) | - | (1,056,483) |
| Vehicles | (662,280) | (156,353) | - | (818,633) |
| Total accumulated depreciation | (15,104,409) | (680,745) | - | (15,785,154) |
| Total capital assets being depreciated, net | 4,537,696 | 62,014 | (36,996) | 4,562,714 |
| Business-type activities capital assets, net: | \$ 10,216,724 | 1,211,429 | (592,835) | 10,835,318 |

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

| | |
|----------------------------------|-----------------------|
| Governmental activities: | |
| General government | \$ (995,645) |
| Public safety | (194,284) |
| Highway and streets | (505,322) |
| Culture and recreation | (148,168) |
| Total depreciation expense | <u>\$ (1,843,419)</u> |
| Business-type activities: | |
| Utility | \$ 409,016 |
| Solid Waste | 271,729 |
| Total depreciation expense | <u>\$ (680,745)</u> |

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 – LONG-TERM OBLIGATIONS—GOVERNMENTAL ACTIVITIES

During the year ended June 30, 2019, 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 | \$ 3,512,793 | - | 240,906 | 3,271,887 | 248,654 |
| Bonds Payable | 3,783,727 | 700,000 | 1,002,275 | 3,481,452 | 368,800 |
| Compensated Absences | 120,494 | 178,953 | 168,809 | 130,638 | 130,638 |
| Total | \$ 7,417,014 | 878,953 | 1,411,990 | 6,883,977 | 748,092 |

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> |
|----------------------------|-------------------|-----------------|----------------|
| 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 | 41,000 | 11,645 | 52,645 |
| 2025-2029 | 233,000 | 30,517 | 263,517 |
| Totals | \$ 422,000 | 104,766 | 526,766 |

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> |
|----------------------------|------------------|-----------------|---------------|
| 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 | 6,000 | 2,025 | 8,025 |
| 2025-2029 | 39,000 | 5,580 | 44,580 |
| Totals | \$ 68,000 | 18,360 | 86,360 |

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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> |
|----------------------------|-------------------|-----------------|----------------|
| 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 | 72,646 | 13,188 | 85,834 |
| 2025-2027 | 237,424 | 20,953 | 258,377 |
| Totals | \$ 577,262 | 112,753 | 690,015 |

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> |
|----------------------------|-------------------|-----------------|------------------|
| 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 | 14,220 | 40,582 | 54,802 |
| 2025-2029 | 255,052 | 189,581 | 444,633 |
| 2030-2034 | 613,378 | 89,377 | 702,755 |
| Totals | \$ 923,091 | 486,601 | 1,409,692 |

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 \$91,311 during the year and had an outstanding balance of \$975,508 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> |
|----------------------------|-------------------|-----------------|------------------|
| 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 | 107,592 | 22,168 | 129,760 |
| 2025-2028 | 472,270 | 46,771 | 519,041 |
| Totals | \$ 975,508 | 192,335 | 1,167,843 |

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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> |
|----------------------------|-------------------|-----------------|----------------|
| 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 | 52,586 | 2,544 | 55,130 |
| 2025 | 53,817 | 1,314 | 55,131 |
| Totals | \$ 306,026 | 24,756 | 330,782 |

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> |
|----------------------------|---------------------|-----------------|------------------|
| 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 | 180,800 | 24,270 | 205,070 |
| 2025-2027 | 401,452 | 26,825 | 428,277 |
| Totals | \$ 1,236,452 | 217,002 | 1,453,454 |

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> |
|----------------------------|-------------------|-----------------|------------------|
| 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 | 95,000 | 15,120 | 110,120 |
| 2025-2029 | 475,000 | 39,282 | 514,282 |
| Totals | \$ 950,000 | 133,639 | 1,083,639 |

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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

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> |
|----------------------------|-------------------|-----------------|----------------|
| 2020 | \$ 55,000 | 2,397 | 57,397 |
| 2021 | 55,000 | 1,367 | 56,367 |
| 2022 | 40,000 | 416 | 40,416 |
| Totals | \$ 150,000 | 4,180 | 154,180 |

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> |
|----------------------------|-------------------|-----------------|----------------|
| 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 | 60,000 | 10,590 | 70,590 |
| 2025-2029 | 300,000 | 29,147 | 329,147 |
| 2030 | 60,000 | 852 | 60,852 |
| Totals | \$ 500,000 | 91,628 | 591,628 |

On July 31, 2018, the Village issued \$700,000 in Gross Receipts Tax Improvement Revenue Notes, Series 2018. The date of maturity of the notes is on June 1, 2028. The notes have an interest rate of 3.46%. The proceeds of the notes are to be used for the purposes of acquiring, constructing, reconstructing, repairing and improving public buildings within the Village.

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|-------------------|-----------------|----------------|
| 2020 | \$ 65,000 | 22,317 | 87,317 |
| 2021 | 65,000 | 20,068 | 85,068 |
| 2022 | 65,000 | 17,819 | 82,819 |
| 2023 | 70,000 | 15,570 | 85,570 |
| 2024 | 70,000 | 13,148 | 83,148 |
| 2025-2029 | 310,000 | 27,161 | 337,161 |
| Totals | \$ 645,000 | 116,083 | 761,083 |

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 | \$ 7,137,713 | 117,787 | 287,722 | 6,967,778 | 304,802 |
| Compensated Absences | 33,140 | 44,659 | 36,059 | 41,740 | 41,740 |
| Total | \$ 7,170,853 | 162,446 | 323,781 | 7,009,518 | 346,542 |

Loans Payable

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, 2019

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|------------------|------------------|
| 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 | 265,790 | 130,695 | 396,485 |
| 2025-2029 | 1,390,940 | 595,288 | 1,986,228 |
| 2030-2034 | 1,549,969 | 443,673 | 1,993,642 |
| 2035-2039 | 1,782,539 | 219,338 | 2,001,877 |
| 2040 | 389,667 | 11,807 | 401,474 |
| Totals | \$ 6,412,632 | 1,950,260 | 8,362,892 |

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, 2019 the Village had drawn down \$278,591 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> |
|----------------------------|-------------------|-----------------|----------------|
| 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 | 14,410 | 5,372 | 19,782 |
| 2025-2029 | 76,488 | 22,420 | 98,908 |
| 2030-2034 | 84,449 | 14,458 | 98,907 |
| 2035-2037 | 48,376 | 4,510 | 52,886 |
| Totals | \$ 278,591 | 71,018 | 349,609 |

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> |
|----------------------------|-------------------|-----------------|----------------|
| 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 | 40,364 | 3,558 | 43,922 |
| 2025-2026 | 84,122 | 3,722 | 87,844 |
| Totals | \$ 276,555 | 30,904 | 307,459 |

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – INTERFUND BALANCES

The following are amounts owed between funds and are classified as due from/to other funds at June 30, 2019.

| <u>Due From Other Funds</u> | <u>Amount</u> |
|---|------------------|
| Major Governmental Funds: | |
| General Fund | \$ 50,692 |
| Total Major Governmental Funds | <u>50,692</u> |
| Non-Major Governmental Funds: | |
| Sports & Recreation Fund | 17,440 |
| Total Non-Major Governmental Funds | <u>17,440</u> |
| Agency Funds | <u>4,624</u> |
| Grand Total | <u>\$ 72,756</u> |

| <u>Due To Other Funds</u> | <u>Amount</u> |
|---|------------------|
| Non-Major Governmental Funds: | |
| Corrections Fund | \$ 1,460 |
| Lodgers Tax Fund | 22 |
| NM Clean & Beautiful Fund | 5,017 |
| Motor Vehicle Fund | 1 |
| Capital Projects Fund | 47,184 |
| Total Non-Major Governmental Funds | <u>53,684</u> |
| Major Business Type Activities: | |
| Utility Fund | 4,914 |
| Solid Waste Fund | 1,158 |
| Total Major Business Type Activities | <u>6,072</u> |
| Non-Major Business Type Activities: | |
| Allen Fields | <u>13,000</u> |
| Grand Total | <u>\$ 72,756</u> |

**VILLAGE OF ANGEL FIRE, NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 8 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019 consisted of the following:

| Major Funds | Transfers In | Transfers Out |
|---------------------------------|---------------------|----------------------|
| <i>Governmental Activities</i> | | |
| General | \$ 29,177 | 1,748,135 |
| Debt Service | 2,656,083 | 445,162 |
| Go Bond | - | 628,641 |
| <i>Business-type Activities</i> | | |
| Utility | 761,626 | 131,398 |
| Solid Waste | - | 155,367 |
| Total Major Funds | 3,446,886 | 3,108,703 |
| Non-Major Funds | | |
| <i>Governmental Activities</i> | | |
| | 209,807 | 431,990 |
| <i>Business type Activities</i> | | |
| | - | 116,000 |
| | \$ 3,656,693 | 3,656,693 |

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.

NOTE 10 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan description. The 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/Audit 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 PERA 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), 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 PERA Fund, unless specifically excluded.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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. 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 contributions 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.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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

| PERA Contribution Rates and Pension Factors in effect during FY19 | | | | | | |
|--|----------------------------------|-------------------------------------|----------------------------------|------------------------------------|--------|---|
| | 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, 2019

NOTE 10 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the Village reported a liability of \$5,195,554 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2018. 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.

PERA Fund Municipal Plan 3. At June 30, 2018, the Village's proportion was 0.2163%, which was an increase of 0.0044%, from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized pension expense of \$477,288. At June 30, 2019, the County reported 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 | \$ 99,673 | (90,543) |
| Changes in assumptions | 312,666 | (19,828) |
| Net difference between projected and actual earnings on pension plan investments | 255,767 | - |
| Changes in proportion and differences between Village's contributions and proportionate share of contributions | 147,362 | (2,832) |
| Village's contributions subsequent to the measurement date | 272,735 | - |
| Total | \$ 1,088,203 | (113,203) |

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$272,735 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, 2020. 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: | |
|---------------------|------------|
| 2020 | \$ 444,975 |
| 2021 | 197,197 |
| 2022 | 47,128 |
| 2023 | 12,965 |
| 2024 | - |
| Thereafter | - |

PERA Fund Municipal Police Plan 5. At June 30, 2018, the Village's proportion was 0.1126%, which was a increase of 0.0092%, from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized pension expense of \$109,476. At June 30, 2019, the County reported 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 | \$ 37,612 | (76,156) |
| Changes in assumptions | 87,661 | (4,697) |
| Net difference between projected and actual earnings on pension plan investments | 52,868 | - |
| Changes in proportion and differences between Village's contributions and proportionate share of contributions | 69,881 | (1,699) |
| Village's contributions subsequent to the measurement date | 69,946 | - |
| Total | \$ 317,968 | (82,552) |

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$69,946 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, 2020. 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: | |
|---------------------|-----------|
| 2020 | \$ 92,737 |
| 2021 | 39,056 |
| 2022 | 30,785 |
| 2023 | 2,892 |
| 2024 | - |
| Thereafter | - |

PERA Fund Municipal Fire Plan 5. At June 30, 2018, the Village's proportion was 0.1529%, which was an increase of 0.0713%, from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Village recognized pension expense of \$91,220. At June 30, 2019, the County reported 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 | \$ 15,727 | (71,373) |
| Changes in assumptions | 56,521 | (3,574) |
| Net difference between projected and actual earnings on pension plan investments | 34,319 | - |
| Changes in proportion and differences between Village's contributions and proportionate share of contributions | 327,495 | (201,305) |
| Village's contributions subsequent to the measurement date | 65,180 | - |
| Total | \$ 499,242 | (276,252) |

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

\$65,180 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, 2020. 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: | |
|---------------------|-----------|
| 2020 | \$ 35,903 |
| 2021 | 7,772 |
| 2022 | 111,369 |
| 2023 | 2,766 |
| 2024 | - |
| Thereafter | - |

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|--|
| Actuarial valuation date | June 30, 2017 |
| 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 | 7.25% annual rate, net of investment expense |
| Projected benefit payment | 100 years |
| Payroll growth | 3.00% |
| Projected salary increases | 3.25% to 13.50% annual rate |
| Includes inflation at | 2.50% |
| | 2.75% all other years |
| Mortality assumption | The mortality assumptions are based on the RPD-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups. |
| Experience study dates | July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 20, 2018 (economic) |

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2018. These assumptions were adopted by the Board use in the June 30, 2017 actuarial valuation.

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% | 7.48% |
| Risk Reduction & Mitigation | 21.5% | 2.37% |
| Credit Oriented Fixed Income | 15.0% | 5.47% |
| Real Assets | 20.0% | 6.48% |
| Total | <u>100.0%</u> | |

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, 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 period 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 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

**VILLAGE OF ANGEL FIRE, NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 10 - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

PERA Fund Division Municipal Plan 3

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|---------------------------|--|---------------------------|
| Village's proportionate share of the net pension liability | \$ 5,314,096 | 3,448,623 | 1,906,510 |

PERA Fund Division Municipal Police Plan 5

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|---------------------------|--|---------------------------|
| Village's proportionate share of the net pension liability | \$ 1,181,291 | 768,275 | 431,569 |

PERA Fund Division Municipal Fire Plan 5

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|---------------------------|--|---------------------------|
| Village's proportionate share of the net pension liability | \$ 1,306,432 | 978,656 | 710,140 |

Payables to the pension plan: The Village accrued \$23,174 in PERA benefits at June 30, 2019 for the final two pay periods of FY19.

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, 2019, 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.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019**

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation

The Village is from time to time the defendant in various lawsuits. For fiscal year end June 30, 2019, there were no such lawsuits pending or ongoing.

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, 2019, management estimates that no material liabilities will result from such audits.

Commitments

The Village contracts with outside vendors for construction projects. At June 30, 2019, 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, 2019. 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, 2019.

| | |
|--------------|------------------------|
| 2020 | 9,535 |
| Total | \$ <u>9,535</u> |

NOTE 14 - RECENT ACCOUNTING PRONOUNCEMENTS

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of tangible capital assets. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. Note disclosure about AROs are also addressed. GASB Statement No. 83 was effective for periods beginning after June 15, 2018. The Village has adopted this statement for the year ending June 30, 2019; however, there were no AROs and the implementation of this statement had no effect on the Village's financial statements.

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences,

VILLAGE OF ANGEL FIRE, NEW MEXICO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

significant termination events with finance-related consequences, and significant subjective acceleration clauses. GASB Statement No. 88 was effective for periods beginning after June 15, 2018. The Village adopted this statement 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, 2019.

GASB Statement No. 84, *Fiduciary Assets*

GASB Statement No. 87, *Leases*

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

GASB Statement No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*.

GASB Statement No. 91, *Conduit Debt Obligations*.

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.

NOTE 16 – TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 requires the Village to disclose information on certain tax abatement agreements affecting the District. Accordingly, the Village did not have any tax abatements affecting the Village during the year ended June 30, 2019.

NOTE 17 – SUBSEQUENT EVENTS

The Village has evaluated subsequent events through December 16, 2019, the date which the financial statements were available to be issued. On November 5, 2019 the Village voters approved the issuance of up to \$4,000,000 of general obligation bonds to be repaid from property taxes for the purpose of designing, engineering, constructing and otherwise improving roads and related improvements within the Village, including purchasing capital equipment for such projects. As of the report date, December 16, 2019, no other subsequent events were identified by management.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 VILLAGE OF ANGEL FIRE
 SCHEDULE OF THE VILLAGES'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 JUNE 30, 2019

| | Pension Liability | | | | | |
|--|---|---------|---------|---------|---------|------|
| | For Last 10 Fiscal Years* | | | | | |
| | General, Police and Fire Divisions Combined Summary | | | | | |
| | (Dollars in Thousands) | | | | | |
| Fiscal Year | 30-Jun | | | | | |
| | 2019 | 2018 | 2017 | 2016 | 2015 | |
| Measurement Date | 2018 | 2017 | 2016 | 2015 | 2014 | 2014 |
| Village's Proportion of the Net Pension Liability (Asset) | 0.082% | 0.082% | 0.079% | 0.07% | 0.010% | |
| Village's Proportionate Share of Net Pension Liability (Asset) \$ | 5,196 | 4,687 | 4,893 | 3,089 | 2,479 | |
| Village's Covered Payroll | 2,745 | 2,431 | 2,094 | 2,064 | 1,968 | |
| Village's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll: | 189.29% | 192.80% | 233.67% | 149.66% | 125.97% | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 71.13% | 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, 2019

| | Last Ten Fiscal Years* | | | | |
|--|------------------------|------|------|------|------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutory Required | \$ 408 | 262 | 215 | 217 | 232 |
| Contributions in Relation to the Statutory | 408 | 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, 2019

| | Last Ten Fiscal Years* | | | | |
|--|------------------------|------|------|------|------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutory Required | \$ 273 | 175 | 148 | 143 | 171 |
| Contributions in Relation to the Statutory | 273 | 175 | 148 | 143 | 171 |
| 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 POLICE DIVISION
 JUNE 30, 2019

| | Last Ten Fiscal Years* | | | | |
|--|------------------------|------|------|------|------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually Required Contribution | \$ 69 | 45 | 34 | 33 | 39 |
| Contributions in Relation to the Contractually | 69 | 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, 2019

| | Last Ten Fiscal Years* | | | | |
|--|------------------------|------|------|------|------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually Required Contribution | \$ 65 | 42 | 38 | 36 | 22 |
| Contributions in Relation to the Contractually | 65 | 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, 2019

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 2018 report is available at: <http://www.nmpera.org/>

SUPPLEMENTARY INFORMATION

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NONMAJOR FUND DESCRIPTIONS
YEAR ENDED JUNE 30, 2019**

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.

State Fire Protection Fund 209

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.

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.

**VILLAGE OF ANGEL FIRE, NEW MEXICO
NONMAJOR FUND DESCRIPTIONS
YEAR ENDED JUNE 30, 2019**

CAPITAL PROJECTS FUNDS

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

Street Fund 304

To account for street maintenance, construction, reconstruction etc., of public roads, streets, alleys, bridges, etc. Funding is provided by state gasoline taxes, imposed pursuant to Chapter 7 Article 13 and remitted to the Village pursuant to Sections 7-1-6.9 and 7-1-6.27, and state grants for street improvements.

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.

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

| | Special Revenue | | | |
|---|----------------------------------|---------------------|--------------------------|------------------------------------|
| | Corrections Fund 201 & 210 | State EMS 206 | Wildland Fires 208 | State Fire Protection 209 |
| ASSETS | | | | |
| Cash and investments | \$ 35,983 | 2,683 | 172,494 | 26,915 |
| Restricted cash | - | - | - | - |
| Receivables: | | | | |
| Taxes: | - | - | - | - |
| Receivables from external parties | - | - | - | - |
| Due from other funds | - | - | - | - |
| <i>Total assets</i> | <u>\$ 35,983</u> | <u>2,683</u> | <u>172,494</u> | <u>26,915</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts payable | \$ 450 | - | 1,635 | 153 |
| Accrued payroll liabilities | - | - | 5,768 | - |
| Unearned revenue | - | - | - | - |
| Due to other funds | 1,460 | - | - | - |
| <i>Total liabilities</i> | <u>1,910</u> | <u>-</u> | <u>7,403</u> | <u>153</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 | 34,073 | 2,683 | 165,091 | 26,762 |
| Unassigned for: | | | | |
| Capital projects funds | - | - | - | - |
| Debt service | - | - | - | - |
| Unassigned | - | - | - | - |
| <i>Total fund balance (deficit)</i> | <u>34,073</u> | <u>2,683</u> | <u>165,091</u> | <u>26,762</u> |
| <i>Total liabilities, deferred inflows and fund balance</i> | <u>\$ 35,983</u> | <u>2,683</u> | <u>172,494</u> | <u>26,915</u> |

Special Revenue

| LEPP Fund 211 | Lodgers Tax 213 | Sports & Recreation 217 | NM Clean & Beautiful 230 | Motor Vehicle 233 | Total Special Revenue Funds |
|---------------------|-----------------------|-------------------------------|-----------------------------------|-------------------------|--------------------------------------|
| 1,742 | 211,781 | 43,505 | - | 46,941 | 542,044 |
| 77 | - | 133,020 | - | - | 133,097 |
| - | 18,710 | - | - | 7,003 | 25,713 |
| - | - | 8,794 | 2,500 | - | 11,294 |
| - | - | - | - | - | - |
| <u>1,819</u> | <u>230,491</u> | <u>185,319</u> | <u>2,500</u> | <u>53,944</u> | <u>712,148</u> |
| - | 59,865 | - | - | 13 | 62,116 |
| - | 1,493 | - | - | 2,259 | 9,520 |
| - | - | - | - | - | - |
| - | 22 | - | 2,500 | 1 | 3,983 |
| - | 61,380 | - | 2,500 | 2,273 | 75,619 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,819 | 169,111 | 185,319 | - | 51,671 | 636,529 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>1,819</u> | <u>169,111</u> | <u>185,319</u> | <u>-</u> | <u>51,671</u> | <u>636,529</u> |
| <u>1,819</u> | <u>230,491</u> | <u>185,319</u> | <u>2,500</u> | <u>53,944</u> | <u>712,148</u> |

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019

| | Capital Projects | | | Total Capital Project Funds | Total Nonmajor Governmental Funds |
|---|------------------|----------------------------|-------------------------|--------------------------------------|--|
| | Streets 304 | Capital Projects 312 | MAP Grant 360/361 | | |
| ASSETS | | | | | |
| Cash and investments | \$ 13,000 | 148 | 62,266 | 75,414 | 617,458 |
| Restricted cash | - | - | - | - | 133,097 |
| Receivables: | | | | | |
| Taxes | - | - | - | - | 25,713 |
| Receivables from external parties | - | 48,518 | - | 48,618 | 59,912 |
| Due from other funds | 17,440 | - | - | 17,440 | 17,440 |
| <i>Total assets</i> | <u>\$ 30,440</u> | <u>48,766</u> | <u>62,266</u> | <u>141,472</u> | <u>853,620</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| <i>Liabilities:</i> | | | | | |
| Accounts payable | \$ 18,306 | - | 2,793 | 21,099 | 83,215 |
| Accrued payroll liabilities | - | - | - | - | 9,520 |
| Unearned revenue | - | - | 59,473 | 59,473 | 59,473 |
| Due to other funds | - | 47,184 | - | 47,184 | 51,167 |
| <i>Total liabilities</i> | <u>18,306</u> | <u>47,184</u> | <u>62,266</u> | <u>127,756</u> | <u>203,375</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 | - | - | - | - | 636,529 |
| Unassigned for: | | | | | |
| Capital projects funds | 12,134 | 1,582 | - | 13,716 | 13,716 |
| Debt service | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| <i>Total fund balance (deficit)</i> | <u>12,134</u> | <u>1,582</u> | <u>-</u> | <u>13,716</u> | <u>650,245</u> |
| <i>Total liabilities, deferred inflows and fund balance</i> | <u>\$ 30,440</u> | <u>48,766</u> | <u>62,266</u> | <u>141,472</u> | <u>853,620</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, 2019

| | <u>Special Revenue</u> | | | |
|--|----------------------------------|---------------------|--------------------------|------------------------------------|
| | Corrections Fund 201 & 210 | State EMS 206 | Wildland Fires 208 | State Fire Protection 209 |
| | | | | |
| <i>Revenues:</i> | | | | |
| Taxes | \$ - | - | - | - |
| Licenses, permits, fees and fines | 7,212 | - | - | - |
| Charges for services | - | - | 2,196 | - |
| Intergovernmental - state sources | - | 12,792 | 554,604 | 361,266 |
| Intergovernmental - federal sources | - | - | - | - |
| Contributions and donations | - | - | 500 | - |
| Investment earnings | 602 | 134 | 3,932 | 1,351 |
| Miscellaneous | - | - | 1,200 | 1,943 |
| <i>Total revenues</i> | <u>7,814</u> | <u>12,926</u> | <u>562,432</u> | <u>364,560</u> |
| <i>Expenditures:</i> | | | | |
| Current | | | | |
| General government | - | - | 4,240 | - |
| Public safety | 3,600 | 13,886 | 247,097 | 114,462 |
| Economic and physical development | - | - | - | - |
| Highways and streets | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | - | 172,000 | 299,934 |
| Interest and administrative fees | - | - | - | - |
| <i>Total expenditures</i> | <u>3,600</u> | <u>13,886</u> | <u>423,337</u> | <u>414,396</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>4,214</u> | <u>(960)</u> | <u>139,095</u> | <u>(49,836)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | (60,623) |
| Sale of capital assets | - | - | - | - |
| Proceeds from issuance of debt | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(60,623)</u> |
| <i>Net change in fund balances</i> | 4,214 | (960) | 139,095 | (110,459) |
| <i>Fund balances (deficits) - beginning of year</i> | <u>29,859</u> | <u>3,643</u> | <u>25,996</u> | <u>137,221</u> |
| <i>Fund balances (deficits) - end of year</i> | <u>\$ 34,073</u> | <u>2,683</u> | <u>165,091</u> | <u>26,762</u> |

See Notes to Financial Statements

Special Revenue

| LEPF Fund. 211 | Lodgers Tax 213 | Sports & Recreation 217 | NM Clean & Beautiful 230 | Motor Vehicle 233 | Total Special Revenue Funds |
|----------------------|-----------------------|-------------------------------|-----------------------------------|-------------------------|--------------------------------------|
| - | 296,059 | - | - | - | 296,059 |
| - | - | - | - | - | 7,212 |
| - | - | 129,928 | 2,517 | 60,535 | 195,176 |
| 23,000 | - | - | - | - | 951,662 |
| - | - | - | - | - | - |
| - | - | - | - | - | 500 |
| 303 | 3,459 | 3,218 | - | 990 | 13,989 |
| 1,141 | - | - | - | - | 4,284 |
| <u>24,444</u> | <u>299,518</u> | <u>133,146</u> | <u>2,517</u> | <u>61,525</u> | <u>1,468,882</u> |
| 606 | - | - | - | - | 4,846 |
| 1,292 | - | - | - | - | 380,337 |
| - | 312,493 | - | - | - | 312,493 |
| - | - | - | - | 70,392 | 70,392 |
| - | 19,371 | 2,849 | 2,817 | - | 25,037 |
| 20,804 | - | - | - | - | 492,738 |
| - | - | - | - | - | - |
| <u>22,702</u> | <u>331,864</u> | <u>2,849</u> | <u>2,817</u> | <u>70,392</u> | <u>1,285,843</u> |
| 1,742 | (32,346) | 130,297 | (300) | (8,867) | 183,039 |
| - | - | 15,000 | - | - | 15,000 |
| - | (26,815) | (129,760) | - | - | (217,198) |
| - | - | - | - | - | - |
| - | (26,815) | (114,760) | - | - | (202,198) |
| 1,742 | (59,161) | 15,537 | (300) | (8,867) | (19,159) |
| 77 | 228,272 | 169,782 | 300 | 60,538 | 655,688 |
| <u>1,819</u> | <u>169,111</u> | <u>185,319</u> | <u>-</u> | <u>51,671</u> | <u>636,529</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, 2019

| | <u>Capital Projects</u> | | | | |
|--|-------------------------|----------------------------|-------------------------------------|--------------------------------------|--|
| | Streets 304 | Capital Projects 312 | COOP/ MAP Grants 360 & 361 | Total Capital Project Funds | Total Nonmajor Governmental Funds |
| <i>Revenues:</i> | | | | | |
| Taxes | \$ - | - | - | - | 296,059 |
| Licenses, permits, fees and fines | - | - | - | - | 7,212 |
| Charges for services | - | - | - | - | 195,176 |
| Intergovernmental - state sources | - | 62,702 | 303,496 | 366,198 | 1,317,860 |
| Intergovernmental - federal sources | - | 39,262 | - | 39,262 | 39,262 |
| Contributions and donations | - | - | - | - | 500 |
| Investment earnings | - | 104 | 1,943 | 2,047 | 16,036 |
| Miscellaneous | - | - | - | - | 4,284 |
| Total revenues | - | 102,068 | 305,439 | 407,507 | 1,876,389 |
| <i>Expenditures:</i> | | | | | |
| <i>Current</i> | | | | | |
| General government | - | - | - | - | 4,846 |
| Public safety | - | 39,746 | - | 39,746 | 420,083 |
| Economic and physical development | - | - | - | - | 312,493 |
| Highways and streets | 18,306 | - | - | 18,306 | 88,698 |
| Culture and recreation | - | - | - | - | 25,037 |
| Capital outlay | - | 22,956 | 305,439 | 328,395 | 821,133 |
| Interest and administrative fees | - | - | - | - | - |
| Total expenditures | 18,306 | 62,702 | 305,439 | 386,447 | 1,672,290 |
| <i>Excess (deficiency) of revenues over expenditures</i> | (18,306) | 39,366 | - | 21,060 | 204,099 |
| <i>Other financing sources (uses):</i> | | | | | |
| Transfers in | 30,440 | 117,787 | - | 148,227 | 163,227 |
| Transfers out | - | (157,049) | - | (157,049) | (374,247) |
| Sale of capital assets | - | - | - | - | - |
| Proceeds from issuance of debt | - | - | - | - | - |
| Total other financing sources (uses) | 30,440 | (39,262) | - | (8,822) | (211,020) |
| Net change in fund balances | 12,134 | 104 | - | 12,238 | (6,921) |
| <i>Fund balances (deficits) - beginning of year</i> | - | 1,478 | - | 1,478 | 657,166 |
| Fund balances (deficits) - end of year | \$ 12,134 | 1,582 | - | 13,716 | 650,245 |

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
STATEMENT OF NET POSITION -NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

| | <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 | \$ 67,888 | 12,166 | 80,054 |
| Receivables: | | | |
| Notes Receivable | 719,995 | - | 719,995 |
| <i>Total current assets</i> | <u>787,883</u> | <u>12,166</u> | <u>800,049</u> |
| Capital assets: | | | |
| Land | 5,646 | - | 5,646 |
| <i>Total assets</i> | <u>793,529</u> | <u>12,166</u> | <u>805,695</u> |
| LIABILITIES | | | |
| <i>Current Liabilities:</i> | | | |
| Accounts payable | - | 3,188 | 3,188 |
| Due to other funds | - | - | - |
| <i>Total liabilities</i> | <u>-</u> | <u>3,188</u> | <u>3,188</u> |
| NET POSITION | | | |
| Net investment in capital assets | 5,646 | - | 5,646 |
| Unrestricted | 787,883 | 8,978 | 796,861 |
| <i>Total net position</i> | <u>\$ 793,529</u> | <u>8,978</u> | <u>802,507</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, 2019

| | Non Major Proprietary | | |
|--|------------------------------|-----------------------|--|
| | HWY 434 Assessment 507 | Allen Field 510 | Total Non Major Proprietary Funds |
| <i>Operating Revenues:</i> | | | |
| Sales and services | \$ - | 780 | 780 |
| Special assessments | - | - | - |
| <i>Total revenues</i> | <u> -</u> | <u> 780</u> | <u> 780</u> |
| <i>Operating Expenditures:</i> | | | |
| Operating Expenditures | - | 9,485 | 9,485 |
| Depreciation | - | - | - |
| <i>Total operating expenses</i> | <u> -</u> | <u> 9,485</u> | <u> 9,485</u> |
| <i>Operating (loss) income</i> | <u> -</u> | <u> (8,705)</u> | <u> (8,705)</u> |
| <i>Non-operating revenues (expenses)</i> | | | |
| Transfers in/(out) | (116,000) | 13,000 | (103,000) |
| Earnings on investments | 1,531 | 73 | 1,604 |
| Interest expense | - | - | - |
| <i>Total non-operating revenues (expenses)</i> | <u> (114,469)</u> | <u> 13,073</u> | <u> (101,396)</u> |
| <i>Change in net position</i> | <u> (114,469)</u> | <u> 4,368</u> | <u> (110,101)</u> |
| <i>Transfer in/out</i> | - | - | - |
| <i>Net position, beginning of year</i> | <u> 907,998</u> | <u> 4,610</u> | <u> 912,608</u> |
| <i>Net position, end of year</i> | <u> \$ 793,529</u> | <u> 8,978</u> | <u> 802,507</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, 2019

| | Balance June 30, 2018 | Additions | Deletions | Balance June 30, 2019 |
|--|--------------------------|---------------|-----------------|--------------------------|
| MUNICIPAL COURT BOND FUND | | | | |
| ASSETS | | | | |
| Cash | \$ 16,310 | 16,319 | (20,934) | 11,695 |
| <i>Total assets</i> | <u>\$ 16,310</u> | <u>16,319</u> | <u>(20,934)</u> | <u>11,695</u> |
| LIABILITIES | | | | |
| Amounts payable to others (for release bonds) | \$ 14,185 | 13,820 | (20,934) | 7,071 |
| Due to others | 2,125 | 2,499 | - | 4,624 |
| <i>Total liabilities</i> | <u>\$ 16,310</u> | <u>16,319</u> | <u>(20,934)</u> | <u>11,695</u> |

STATE OF NEW MEXICO
 VILLAGE OF ANGEL FIRE
 SCHEDULE OF CASH AND TEMPORARY INVESTMENTS ACCOUNTS
 YEAR ENDED JUNE 30, 2019

| | |
|--|---------------------|
| Deposits in First National Bank of New Mexico: | |
| Enterprise Account - Checking | \$ 1,298,038 |
| Go Bond | 1,044,822 |
| Deposits in International Bank: | |
| Operating Account - Checking | 1,927,163 |
| Payroll - Clearing | 50,074 |
| Municipal Court - Bond | 10,314 |
| Deposits in Washington Federal Bank: | |
| Reserve | 722,198 |
| Total bank balance | <u>5,052,609</u> |
| Reconciling items: | |
| Outstanding checks | (272,446) |
| Deposits in transit | 58,884 |
| Total adjustments | <u>(213,562)</u> |
| Total book balance | 4,839,047 |
| Petty cash fund | 180 |
| Investment Accounts: | |
| Office of State Treasurer - LGIP | 245,552 |
| New Mexico Finance Authority - Debt Service Cash Reserves | 2,968,415 |
| Total Investment accounts | <u>3,213,967</u> |
| Total cash per book (general ledger) | <u>\$ 8,053,194</u> |
| Total Cash for Primary Government per Statement of Net Position | 8,041,499 |
| Plus Municipal Court Agency Fund - Regular Checking | 11,695 |
| Total Cash per Primary Government and Agency Fund | <u>\$ 8,053,194</u> |

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE
SCHEDULE OF PLEDGED COLLATERAL
YEAR ENDED JUNE 30, 2019

| | International Bank | First National Bank of NM | Washington Federal | Total All Banks |
|---|-----------------------|------------------------------|-----------------------|--------------------|
| Total amount of deposits in bank: | | | | |
| Operating Account | \$ 2,368,985 | 1,298,038 | - | 3,667,023 |
| Payroll Clearing Account | 50,074 | - | - | 50,074 |
| Municipal Court Bond Account | 10,314 | - | - | 10,314 |
| Reserve Account | - | - | 722,198 | 722,198 |
| GO Bond | - | 1,044,822 | - | 1,044,822 |
| Total Deposits | <u>2,429,373</u> | <u>2,342,860</u> | <u>722,198</u> | <u>5,494,431</u> |
| Less: FDIC Insurance | <u>(250,000)</u> | <u>(250,000)</u> | <u>(250,000)</u> | <u>(750,000)</u> |
| Total Uninsured Public Funds | 2,179,373 | 2,092,860 | 472,198 | 4,744,431 |
| Pledged 50% Collateral Required Total Required Collateralization | <u>1,089,687</u> | <u>1,046,430</u> | <u>236,099</u> | <u>2,372,216</u> |
| Pledged securities: | | | | |
| FHR 4803 LC 4.00 1/15/2045 CUSIP #3137F5SM2 | 975,263 | - | - | 975,263 |
| FHR 4797 QA 3.5 6/15/2048 CUSIP #3137FSTR0 | 9,392,466 | - | - | 9,392,466 |
| FHLMC Pool #C91904 2.500 11/1/2036 CUSIP #3128P8DH1 | - | 395,482 | - | 395,482 |
| NM ST MTGE FIN AUTH 2.8 1/1/2031 CUSIP #647201FS6 | - | 646,456 | - | 646,456 |
| FNMA PL#BC2636 3.00 11/2/2046 CUSIP #3140EW4W2 | - | - | 749,755 | 749,755 |
| Total pledged collateral at June 30, 2019 | <u>10,367,729</u> | <u>1,041,938</u> | <u>749,755</u> | <u>12,159,422</u> |
| Excess (deficiency) | <u>\$ 9,278,042</u> | <u>(4,492)</u> | <u>513,656</u> | <u>9,787,206</u> |

STATE OF NEW MEXICO
 VILLAGE OF ANGEL FIRE
 SCHEDULE OF JOINT POWERS AGREEMENT
 FOR THE YEAR ENDED JUNE 30, 2019

| 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 provide 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 |

COMPLIANCE SECTION



**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. Brian Colón, Esq.
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 of the Village of Angel Fire, New Mexico (the “Village”) as of and for the year ended June 30, 2019, 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 16, 2019.

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.

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

The Village of Angel Fire Council Members
Village of Angel Fire
and Mr. Brian Colón, Esq.
New Mexico State Auditor

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 identified deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as items 2019-001 and 2019-002.

Compliance and Other Matters

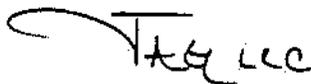
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of non-compliance or other matters that are required to be reported under *Government Auditing Standards* as items 2019-001, 2019-002, and 2019-003.

The Village's Response to Findings

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

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 16, 2019

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE, NEW MEXICO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2019

2018-001

SEGREGATION OF DUTIES

Resolved

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified not considered to be material weakness(es)? Yes
- Non-compliance material to financial statements noted? Yes

STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

2019-001 PAYMENT OF STATE AND FEDERAL WITHOLDINGS

TYPE OF FINDING: Significant Deficiency and Material Non-compliance

CONDITION

During testing of controls over disbursements (sample size of forty), we noted a payment to the State of New Mexico for state payroll tax withholdings which included penalty and interest in the amount of \$892. Further inquiry of management disclosed penalty and interest paid to the Internal Revenue Service (IRS) during fiscal year 2019 in the amount of \$38,439 for late filings of payroll tax withholdings.

CRITERIA

The Village is required to follow the guidance issued in the Internal Revenue Service Publication 15. For amounts not properly or timely deposited, the penalty rates are as follows:

- 2% Deposits made 1 to 5 days late.
- 5% Deposits made 6 to 15 days late.
- 10% Deposits made 16 or more days late, but before 10 days from the date of the first notice the IRS sent asking for the tax due.
- 10% Amounts that should have been deposited, but instead were paid directly to the IRS, or paid with your tax return.
- 15% Amounts still unpaid more than 10 days after the date of the first notice the IRS sent asking for the tax due or the day on which you received notice and demand for immediate payment, which is earlier.

Late deposit penalty amounts are determined using calendar days, starting from the due date of the liability.

EFFECT

The Village's payroll liability balances may not be reflected accurately and the Village has made itself more susceptible to the possibility of financial reporting or management decision errors. Unnecessary expenditures could occur.

CAUSE

During the fiscal year under audit and the prior year of fiscal year 2018, certain payroll taxes were paid late.

RECOMMENDATION

Due to the severe penalties assessed for untimely and inaccurate tax deposits, we recommend that the Village implement very strong controls to ensure timely federal and state tax deposits.

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-001 PAYMENT OF STATE AND FEDERAL WITHHOLDINGS (CONTINUED)

MANAGEMENT RESPONSE

Corrective Action: The first notice that the Village has a record of receiving was on Friday April 18, 2019. On Monday April 22, 2019 both the IRS and a Tax Consulting Firm had been contacted to work with the Village to understand the issues and determine the fastest way to resolve the issues. On May 2, 2019 all fees were paid including penalties and interest. After the payments were made the Tax Consulting Firm had to work with the IRS to assure that the payments were posted properly by the IRS. This was completed before the end of May.

That said, it is clear that the policies and procedures developed to manage the workflow of payroll were insufficient. The Controls established verified that the amounts to be paid to the IRS were calculated correctly and were ready for payment. The controls did not require second party verification that the fees had actually been remitted. Once this deficiency in procedures had been recognized the policy was updated to reflect additional controls and verifications to assure that amounts are not only calculated correctly but they are in fact remitted timely.

Two additional steps were taken in an effort to assure this type of issues does not arise in the future. First, staffing changes were made so that the personnel assigned to the task of payroll had the capability to perform the steps required. Secondly, the Village outsourced payroll to a professional payroll processing company. This Payroll Company is responsible for making all Federal and State withholding payments and in contract have assumed all liabilities that those payments will be made timely and accurately.

In compliance with Internal Revenue Manual 20.1.1.3.3.2.1 the Village will be filing for a First Time Penalty Abatement. It is our opinion that the Village qualifies for an abatement of the majority if not all of the penalties and interest charged by the IRS

Due Date of Completion: Completed on September 1, 2019

Responsible Party: Finance Manager

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-002 AGED CREDIT BALANCES IN UTILITY FUND

TYPE OF FINDING: Significant Deficiency and Non-compliance.

CONDITION

The Village has recorded \$38,503 due to former customers for closed accounts from the period of July 1, 2000 to June 30, 2018.

- 125 closed accounts range from \$.01 to \$.99 totaling \$50.26
- 781 closed accounts range from \$1.00 to \$50.00 totaling \$17,892.80.
- 184 closed accounts range from \$50.01 to \$1,454.41 totaling \$20,559.82.

CRITERIA

Amounts should be paid to the owners of closed accounts. If the former account holders cannot be located, and is therefore unclaimed by the former owner, the balance due to the former owner should be escheated to the state one year after the property becomes distributable as per the guidance in NMSA 1978, 7-8A-2.

EFFECT

Former customers may have not been paid amounts due them.

CAUSE

Since these balances go back many years, it is unknown whether an error(s) occurred in the recording of these amounts and if the amounts are actually due to former customers. It is unknown as to when the last attempt occurred to research the balances due to former customers and thus determine the disposition of these accounts.

AUDITOR'S RECOMMENDATION

We recommend the Village engage legal counsel as to the best path forward. This may include research of the due to former customer's balances beginning with the largest balance first and/or escheatment of the balances to the State of New Mexico under the guidance of the Unclaimed Property Act (NMSA 1978, sections 7-8A-1 through 7-8A-31).

MANAGEMENT'S RESPONSE

Corrective Action: The Village will either reimburse to the property owner or escheat unclaimed balances over a year old to the State of New Mexico by June 30, 2020. The Village will establish a monthly reporting process to assure that the Village policy of refund or escheatment is followed.

Estimated Completion Date: June 30, 2020

Responsible Party: Finance Director

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2019-003 COLLATERALIZATION OF BANK ACCOUNTS

TYPE OF FINDING: Other Non-Compliance

CONDITION

The Village has a checking account at First National Bank of New Mexico. State of New Mexico governmental collateral requirements require 50% of the uninsured checking account be collateralized. The related Federal Deposit Insurance Corporation (FDIC) insurance and pledged collateral at First National Bank of New Mexico resulted in under collateralization of \$4,492.

CRITERIA

New Mexico State Statute Section 6-10-17, NMSA 1978, requires the Village to collateralize an amount equal to fifty percent of the balance not covered by FDIC insurance for depository accounts and one hundred and two percent of the balance not covered by FDIC insurance for repurchase (sweep) agreements.

EFFECT

The deposits were not sufficiently collateralized and, therefore, the Village was not in compliance with the State's cash collateralization requirements.

CAUSE

The Village did not have sufficient collateral over deposits with one of their financial institutions.

AUDITOR'S RECOMMENDATION

The Village should arrange to have sufficient collateral for bank deposits in excess of the FDIC insurance limits.

MANAGEMENT'S RESPONSE

Corrective Action: A larger than anticipated check for property taxes was received on Friday June 28, 2019. This was identified on June 30th and additional collateralization was added on Monday July 1, 2019. Typically, property tax checks are received by the 20th of the month and there is time to adjust collateralization before the month end. Due to the late payment of the property taxes and the fact that the payment was received on a Friday with the month ending on Sunday the additional collateralization could be added before the end of the month. The Village will do what it can to better anticipate large receipts like property taxes to assure that funds are properly collateralized.

Estimated Completion Date: Completed on July 1, 2019

Responsible Party: Finance Manager

**STATE OF NEW MEXICO
VILLAGE OF ANGEL FIRE, NEW MEXICO
EXIT CONFERENCE
YEAR ENDED JUNE 30, 2019**

An exit conference was held with the Village on December 13, 2019. In attendance were:

VILLAGE OF ANGEL FIRE, NEW MEXICO

Chuck Howe, Mayor
Rogers Lanon, Mayor Pro-tem

Rick Tafoya, Village Manager
Brett Wier, Finance Manager
Terry Cordova, Village Clerk
Fabian Mascarenas, Chief Procurement Officer

JARAMILLO ACCOUNTING GROUP LLC (JAG)

Scott Eliason, CPA, Partner

PREPARATION OF FINANCIAL STATEMENTS

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