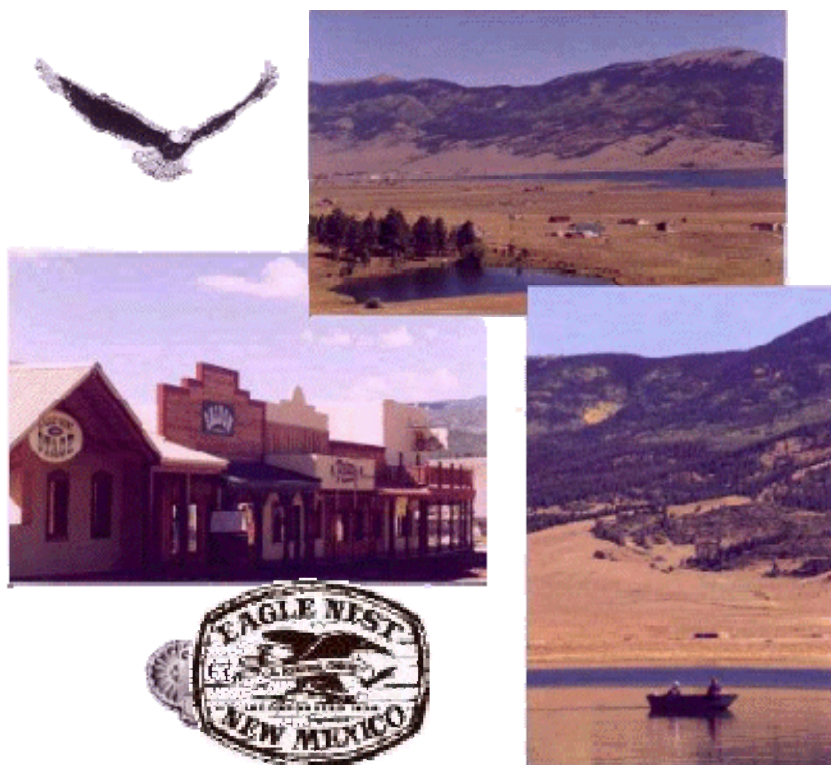


STATE OF NEW MEXICO



ANNUAL FINANCIAL REPORT

JUNE 30, 2010

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2010

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STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
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STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST

OFFICIAL ROSTER
June 30, 2010

Village Council

Richard Cordova

Mayor

Jeff Carr

Mayor Pro-Tem

Douglas Strong

Council Member

Jamie McCaslin

Council Member

Forrest Thompson

Council Member

Village Officials

Lynda Perry

Village Administrator

Cathy Coppy, CMC

Village Finance Officer

Robert Aaron Becton

Village Judge

Mary Turnquist

Deputy Clerk

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
and
The Village Council
Village of Eagle Nest
Eagle Nest, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and major special revenue funds of the Village of Eagle Nest (the "Village") as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements and budgetary comparison statements of each of the Village's non-major governmental funds and the budgetary comparisons for each enterprise fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010 as listed in the table of contents. These financial statements are the responsibility of Village of Eagle Nest's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Village of Eagle Nest, as of June 30, 2010, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison statements for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Village of Eagle Nest as of June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparisons for each non-major governmental fund, major capital projects fund, and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated September 29, 2010 on our consideration of the Village of Eagle Nest's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 13-20 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Eagle Nest's basic financial statements, the combining and individual fund financial statements, and the budgetary comparison statements. The accompanying financial information listed as supporting Schedules I through III in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Village of Eagle Nest. Such information has been subjected to the auditing procedures applied in the audit of the basic and each of the non-major governmental fund financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements, taken as a whole. The Introductory Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

Precision Accounting, LLC
Albuquerque, New Mexico
September 29, 2010

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STATE OF NEW MEXICO
Village of Eagle Nest
Management's Discussion and Analysis
for the Year Ended June 30, 2010
Unaudited

As management of Village of Eagle Nest, we offer readers of Village of Eagle Nest financial statements this narrative overview and analysis of the financial activities of Village of Eagle Nest for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the financial statements of Village of Eagle Nest and additional information provided.

FINANCIAL HIGHLIGHTS

- The assets \$5,593,613 of Village of Eagle Nest exceeded its liabilities of \$219,704 at the close of the most recent fiscal year by \$5,373,909 (*net assets*). Of this amount, \$371,947 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,040,890 during the fiscal year. The majority of this increase is due an decrease in operating expenses (reduction in staff and budgeting cuts).
- As of June 30, 2010, the Village's governmental funds reported combined ending fund balances of \$499,020. Of this total, \$37,344 is restricted for capital projects and \$343,549 is restricted for special revenue projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Village of Eagle Nest's basic financial statements. Village of Eagle Nest's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Village of Eagle Nest that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Village of Eagle Nest include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the Village include water, sewer and solid waste.

The government-wide financial statements can be found at Exhibits A-I and A-2 of this report.

STATE OF NEW MEXICO
Village of Eagle Nest
Management's Discussion and Analysis
for the Year Ended June 30, 2010
Unaudited

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Village's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Village of Eagle Nest maintains twenty individual governmental funds organized according to their type. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Protection Fund and Municipal Streets Fund, all of which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Village of Eagle Nest adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Lodger's Tax Fund, Infrastructure Fund, Law Enforcement Fund, Fire Protection Fund to demonstrate compliance with this budget. In addition, the individual financial statements of the non-major governmental fund types include budgetary comparison data.

The basic governmental fund financial statements can be found at exhibits B-1 through D-3 of this report.

Proprietary funds. Proprietary funds (enterprise- water, sewer and solid waste) are generally used to account for services for which the Village charges customers either outside customers or internal units or departments of the Village. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-58 of this report.

Combining statements. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 64-71 of this report.

STATE OF NEW MEXICO
Village of Eagle Nest
Management's Discussion and Analysis
for the Year Ended June 30, 2010
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the second year that the Village has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB #34), *Basic Financial Statements –and Management's Discussion and Analysis (MD&A) -for State and Local Governments*.

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Village of Eagle Nest, assets exceeded liabilities by \$5,373,909 at the close of the current fiscal year.

The largest portion of Village of Eagle Nest's net assets represents the Village's investment of \$ 4,857,535 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. Village of Eagle Nest uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Village of Eagle Nest's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Village currently has no outstanding debts for capital assets for waste water improvements but has a debt-(loan) for the Fire Department for a new water tender truck.

Village of Eagle Nest's Net Assets						
	June 30, 2010			June 30, 2009		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
Assets						
Current and other assets	513,978	222,100	736,078	484,184	224,536	708,720
Capital assets, net of accumulated depreciation	3,858,546	998,989	4,857,535	2,839,555	1,022,255	3,861,810
Total Assets	4,372,524	1,221,089	5,593,613	3,323,739	1,246,791	4,570,530
Liabilities						
Long-term liabilities outstanding	154,930	5,666	160,596	175,699	-	175,699
Other Liabilities	40,514	18,594	59,108	33,256	22,556	61,812
Total Liabilities	195,444	24,260	219,704	214,955	22,556	237,511
Net Assets						
Invested in capital assets, net of related debt	3,689,360	998,989	4,688,349	2,652,204	1,022,255	3,674,458
Restricted	313,613	-	313,613	313,505	-	313,515
Unrestricted	174,107	197,840	371,947	143,076	201,980	345,056
Total Net Assets	4,177,080	1,196,829	5,373,909	3,108,784	1,224,235	4,333,019
Total Liabilities and Net Assets	4,372,524	1,221,089	5,593,613	3,323,739	1,246,791	4,570,530

STATE OF NEW MEXICO
Village of Eagle Nest
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A portion of Village of Eagle Nest's net assets represents resources that are subject to restrictions. The restrictions relate to capital projects and debt service,

At the end of the current fiscal year, Village of Eagle Nest is able to report positive balances in all of the categories of net assets, for the government as a whole as well as for the business-type activities.

The Village of Eagle Nest's net assets increased by \$1,040,890 during the current fiscal year. This increase is explained in the government and business-type activities discussion below, and is primarily a result of increased revenues and a reduction in operating expenses during the fiscal year.

Changes in Net Assets
For the Year Ended June 30, 2010

Analysis of Changes in Net Assets	Governmental Activities	Business-Type Activities	Total
Revenue			
Program revenue			
Charges for Service	16,613	220,472	237,085
Operating grants and contributions	600,372		600,372
Capital Grants and Contributions	1,185,039		1,185,039
General Revenue			
Property Tax	11,355		11,355
Franchise Tax	11,928		11,928
Lodger's tax	42,034		42,034
Gross Receipts Tax	161,601	11,675	173,276
Motor Vehicle and Fuel Tax	9,929		9,929
Misc Revenues	21,151	2,555	23,706
Total Revenue	2,060,022	234,702	2,294,724
Expenses			
General Government	367,158	-	367,158
Public Safety	58,944	-	58,944
Culture and Recreation	21,926	-	21,926
Health and Welfare	17,282	-	17,282
Public Works	355,662	-	355,662
Depreciation-unallocated	189,119	-	189,119
Joint Utilities		243,545	243,545
Total Expenses	1,010,091	243,545	1,253,636
(Decrease) Increase in Assets before transfer	1,049,931	(8,843)	1,041,088
Transfers	18,563	(18,563)	-
(Decrease) Increase in Net Assets	1,068,494	(27,406)	1,040,888
Net Assets, Beginning of Year, restated	3,108,786	1,224,235	4,333,021
Ending Net Assets	3,015,455	1,224,235	4,239,690

Governmental activities: Governmental activities increased Village of Eagle Nest's net assets by \$1,068,294. The key element of this increase was a decrease in various expenditures by conscientious budgetary restrictions.

Business-type activities: Business-type activities decreased the Village's net assets by (\$27,406). The key element of this decrease was operating revenues decreasing by 88% while expenditures increased by 25% in the joint utility operations due to non-payments and faulty equipment.

STATE OF NEW MEXICO
Village of Eagle Nest
Management's Discussion and Analysis
for the Year Ended June 30, 2010
Unaudited

Changes in Net Assets
For the Year Ended June 30, 2009

	Governmental Activities	Business-Type Activities	Total
Revenue			
Program revenue			
Charges for Service	19,507	114,875	134,382
Operating grants and contributions	154,481		154,481
Capital Grants and Contributions	243,674		243,674
General Revenue			
Property Tax	16,422		16,422
Sales Tax	8,911		8,911
Other taxes	37,917		37,917
State Shared	258,699	10,258	268,957
Investment Earnings	11,732		11,732
Misc revenues	47,831	4,080	51,911
	799,174	129,213	928,387
Total Revenue			
Expenses			
General government	272,066	-	272,066
Public Safety	12,858	-	12,858
Public works	16,617	-	16,617
Culture & recreation	9,030	-	90,320
Health & welfare	13,208	-	13,208
Depreciation-unallocated	225,987	-	225,987
Joint Utilities		267,398	267,398
Total Expenses	549,766	267,398	817,164
(Decrease) Increase in Assets before transfer	249,408	(138,185)	111,223
Transfers	-	-	-
(Decrease) Increase in Net Assets	249,408	(113,185)	111,223
Net Assets beginning of year 3,725,522	2,859,376	1,362,420	4,221,796
Net Assets, Beginning of Year	3,108,784	1,224,235	4,333,019

STATE OF NEW MEXICO
Village of Eagle Nest
Management's Discussion and Analysis
for the Year Ended June 30, 2010
Unaudited

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As noted earlier, Village of Eagle Nest uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Village of Eagle Nest's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Village of Eagle Nest's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of Governmental funds reported by the Village include the General Fund, Special Revenue Funds, and Capital Project Funds.

As of the end of the current fiscal year, Village of Eagle Nest's governmental funds reported combined ending fund balances of \$499,020, an increase of \$35,361 in comparison with the prior year. Of this amount \$118,127 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

Revenues for governmental activities overall totaled \$505,367 in the fiscal year ended June 30, 2010, which represents a decrease of \$197,046 from the fiscal year ended June 30, 2009. Expenditures for governmental activities, totaling \$488,569, decreased by \$10,921 from the fiscal year ended June 30, 2009. In the fiscal year ended June 30, 2010, revenues exceeded expenditures by \$16,798 because of budgetary restrictions and prudent spending.

The General Fund is the chief operating fund of Village of Eagle Nest. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$118,127, while total fund balance was \$118,127.

The fund balance of Village of Eagle Nest's general fund decreased by \$(32,027) during the current fiscal year, due to revenues in excess of revenues and operating transfers. Overall, the general fund's performance resulted in expenditures over revenues in the fiscal year ended June 30, 2010 due to an increases in both general fund revenue and a decrease in expenditures. There was a combination of the municipal clerk /administrator position and a major cutback on spending within the general fund.

The Fire Fund has a fund balance \$136,017. The net increase in fund balance for the current year is due primarily to an increase in revenues and permission from the State Fire Marshal to carry-over unspent monies for future purchases of equipment.

Streets Fund. The Streets Fund has a fund balance of \$72,730. The net increase in fund balance for the year was \$28,645. The increase was primarily due to an elimination of a salaried position and restrictions on spending.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net assets for Joint Utility was \$197,840. The total decrease in net assets for the proprietary funds was \$(27,406). Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

STATE OF NEW MEXICO
Village of Eagle Nest
Management's Discussion and Analysis
for the Year Ended June 30, 2010
Unaudited

General Fund Budgetary Highlights

Village budgets reflect the same pattern as seen in the revenue and expenditures of the Village. The State of New Mexico budget process is defined under state law and regulation. To enhance the process of developing a budget at the Village level, Village of Eagle Nest utilizes goals and objectives defined by the Village Councilors, community input meetings, long term plans and input all departments and staff to develop the Village budget. Village priorities are well defined through this process.

GASB Statement No. 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

General Fund Expenditure Budget Performance

Final Budget	Actual non-GAAP Cash Basis	Favorable/(Unfavorable) Variance
\$ 299,795	\$ 287,385	\$ 12,410

During the budgeting process, the Village budgeted all expenditures under the general government line item. Throughout the year when expenditures were anticipated in other functions, the Village prepared Bars to increase the budget for the general fund for those functions.

The Capital Project Funds (non-major) are not included in the original budget which is submitted to the Department of Finance and Administration (DFA). These funds are spent on a project-by-project basis so the budgets are constantly changing. Instead, the budgets for these funds are created during the year through budget adjustment requests (BAR's). BAR's are only if the capital project has not been contracted by the new fiscal year budget.

Capital Asset and Debt Administration

Capital assets. Village of Eagle Nest's capital assets for its governmental and business-type activities as of June 30, 2010 amount to \$4,857,535 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. The total increase in the Village's capital assets (excluding accumulated depreciation) for the current fiscal year was \$1,208,110 for governmental activities due primarily to increases in infrastructure and equipment. There was no increase (excluding accumulated depreciation) in business-type capital assets during the current fiscal year.

	Capital Assets, June 30, 2010		
	Governmental Total Activities	Business-like Activities	
Infrastructure	\$ 3,290,980	\$	3,290,980
Land	376,425	179,500	555,925
Construction in Progress	1,307,489	-	1,307,489
Buildings and improvements	1,525,548	1,603,072	3,128,620
Vehicles	274,132		274,132
Machinery and equipment	928,366	20,652	949,018
Total capital assets	7,702,940	1,803,224	9,506,164
Accumulated depreciation	3,844,394	804,235	4,648,629
Capital assets, net of accumulated depreciation	\$ 3,858,546	\$ 998,989	\$ 4,857,535

STATE OF NEW MEXICO
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For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 6 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

Village of Eagle Nest's Outstanding Debt
As of June 30, 2010

	Governmental Activities	Business-like Activities	Total
Accrued Compensated Absences	\$ 11,300	\$ 5,666	\$ 16,966
NMFA notes (Fire Dept)	169,186	-	169,186
Total long-term liabilities	180,486	5,666	186,152

See Note 7 in the accompanying Notes to the Financial Statements for further information regarding Village of Eagle Nest's long-term debt.

Economic Factors and Next Year's Budgets and Rates

The following are currently known facts, decisions, or conditions that are expected to have a significant effect and impact on the Village's financial position or results of operations. The Village has four major projects totaling approximately three million dollars which will be a positive impact to GRT revenues. The majority of which will be captured in fiscal year 2010. The projects are GRIP II (paving Willow Creek Dr and South Tomboy), waste water effluent site, new lagoon and Lake Avenue improvements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Village of Eagle Nest's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Village of Eagle Nest Administration, Village of Eagle Nest ,151 Willow Drive, P.O. Box 168, Eagle Nest, New Mexico, 87718-0168.

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STATE OF NEW MEXICO

Exhibit A-1

Village of Eagle Nest
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 332,455	\$ 108,905	\$ 441,360
Investments	107,262	87,087	194,349
Taxes receivable	38,566	-	38,566
Accounts receivable	35,695	26,108	61,803
Total Current Assets	<u>513,978</u>	<u>222,100</u>	<u>736,078</u>
Noncurrent Assets			
Capital assets	7,702,940	1,803,224	9,506,164
Less: accumulated depreciation	<u>(3,844,394)</u>	<u>(804,235)</u>	<u>(4,648,629)</u>
Total Noncurrent Assets	<u>3,858,546</u>	<u>998,989</u>	<u>4,857,535</u>
Total Assets	<u>\$ 4,372,524</u>	<u>\$ 1,221,089</u>	<u>\$ 5,593,613</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit A-1

Village of Eagle Nest
Statement of Net Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 7,099	\$ 6,810	\$ 13,909
Accrued salaries and benefits	7,859	2,480	10,339
Accrued compensated absences	6,786	-	6,786
Deposits payable	-	9,304	9,304
Current portion of loans and notes payable	18,770	-	18,770
Total Current Liabilities	40,514	18,594	59,108
Noncurrent Liabilities			
Accrued Compensated Absences	4,514	5,666	10,180
Loans and notes payable	150,416	-	150,416
Total Noncurrent Liabilities	154,930	5,666	160,596
Total Liabilities	195,444	24,260	219,704
Net Assets			
Invested in capital assets, net of related debt	3,689,360	998,989	4,688,349
Restricted for:			
Special Revenue Funds	254,648	-	254,648
Capital projects	58,859	-	58,859
Unrestricted	174,213	197,840	372,053
Total Net Assets	4,177,080	1,196,829	5,373,909
Total Net Assets and Liabilities	\$ 4,372,524	\$ 1,221,089	\$ 5,593,613

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Statement of Activities
For the Year Ending June 30, 2010

Exhibit A-2

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
General government	\$ 367,158	\$ 4,138	\$ 52,288	\$ 1,166,331
Public safety	58,944	10,528	176,762	-
Public works	355,662	-	353,948	18,708
Culture and recreation	21,926	1,457	8,175	-
Health and welfare	17,282	490	8,999	-
Capital outlay:				
Depreciation	189,119	-	-	-
<i>Total governmental activities</i>	<u>1,010,091</u>	<u>16,613</u>	<u>600,172</u>	<u>1,185,039</u>
Business-type Activities:				
Joint Utility	243,545	220,472	-	-
<i>Total business type activities</i>	<u>243,545</u>	<u>220,472</u>	<u>-</u>	<u>-</u>
<i>Total</i>	<u>\$ 1,253,636</u>	<u>\$ 237,085</u>	<u>\$ 600,172</u>	<u>\$ 1,185,039</u>

General Revenues:

Taxes

Property taxes, levied for general purposes

Lodgers' taxes

Franchise taxes

Gross receipts taxes

Public service taxes

Interest income

Licenses and fees

Miscellaneous income

Transfers

Total General Revenues and Transfers

Change in net assets

Net assets, beginning

Net assets, ending

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Statement of Activities
For the Year Ending June 30, 2010

Exhibit A-2

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Government Activities	Business Type Activities	Total
\$ 855,599	\$ -	\$ 855,599
128,346	-	128,346
16,994	-	16,994
(12,294)	-	(12,294)
(7,793)	-	(7,793)
(189,119)	-	(189,119)
791,733	-	791,733
-	(23,073)	(23,073)
-	(23,073)	(23,073)
791,733	(23,073)	768,660
11,355	-	11,355
42,034	-	42,034
11,928	-	11,928
161,601	11,675	173,276
9,929	-	9,929
202	149	351
3,393	-	3,393
17,558	2,406	19,964
18,563	(18,563)	-
276,563	(4,333)	272,230
1,068,296	(27,406)	1,040,890
3,108,784	1,224,235	4,333,019
\$ 4,177,080	\$ 1,196,829	\$ 5,373,909

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 Balance Sheet
 Governmental Funds
 June 30, 2010

	General Fund	Fire Fund	Municipal Streets Fund	Other Governmental Fund	Total
<i>Assets</i>					
Cash and cash equivalents	\$ 84,857	\$ 130,702	\$ 11,475	\$ 105,421	\$ 332,455
Investments	7,005	5,858	37,209	57,190	107,262
Accounts and taxes receivable	35,380	-	-	3,186	38,566
Due from other governments	-	-	24,487	11,208	35,695
<i>Total assets</i>	<u>\$ 127,242</u>	<u>\$ 136,560</u>	<u>\$ 73,171</u>	<u>\$ 177,005</u>	<u>\$ 513,978</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 1,348	543	\$ 441	\$ -	\$ 2,332
Accrued salaries and benefits	7,767	-	-	4,859	12,626
Deferred revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>9,115</u>	<u>543</u>	<u>441</u>	<u>4,859</u>	<u>14,958</u>
<i>Fund balances</i>					
Reserved:					
Capital projects funds	-	-	-	-	-
Special revenue funds	-	136,017	72,730	172,146	380,893
Unreserved:					
Undesignated, reported in:					
General fund	118,127	-	-	-	118,127
<i>Total fund balances</i>	<u>118,127</u>	<u>136,017</u>	<u>72,730</u>	<u>172,146</u>	<u>499,020</u>
<i>Total liabilities and fund balances</i>	<u>\$ 127,242</u>	<u>\$ 136,560</u>	<u>\$ 73,171</u>	<u>\$ 177,005</u>	<u>\$ 513,978</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Village of Eagle Nest

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2010

Exhibit B-1

Page 2 of 2

Amounts reported for governmental activities in the statements of net assets are different because:

Fund balances - total governmental funds	\$	499,020
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		3,858,546
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Accrued compensated absences		(11,300)
Deferred Revenue		-
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		<u>(169,186)</u>
Net assets of governmental activities	\$	<u><u>4,177,080</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ending June 30, 2010

	General Fund	Fire Protection Fund	Municipal Streets Fund	Other Governmental Funds	Total
<i>Revenues:</i>					
Taxes	\$ 167,944	\$ -	\$ 28,824	\$ 42,297	\$ 239,065
Federal Sources		29,355	-	-	29,355
State Sources	35,343	81,472	21,997	40,885	179,697
Charges for Services	20,945	-	-	23,066	44,011
Licenses and Fees	4,909	-	-	-	4,909
Investment Income (Loss)	30	10	63	99	202
Miscellaneous	10,382	2	-	4,283	14,667
	<u>239,553</u>	<u>110,839</u>	<u>50,884</u>	<u>110,630</u>	<u>511,906</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General Government	279,909	-	-	41,739	321,648
Public Safety	-	50,819	-	54,570	105,389
Public Works	-	-	22,189	610	22,799
Culture and Recreation	-	-	-	10,150	10,150
Health and Welfare	-	-	-	19,505	19,505
Capital Outlay	10,234	4,105	50	1,228	15,617
<i>Debt Service:</i>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	<u>290,143</u>	<u>54,924</u>	<u>22,239</u>	<u>127,802</u>	<u>495,108</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(50,590)</u>	<u>55,915</u>	<u>28,645</u>	<u>(17,172)</u>	<u>16,798</u>
<i>Other financing sources (uses)</i>					
Loan proceeds	-	-	-	-	-
Transfers In	18,563	-	-	18,000	36,563
Transfers (Out)	-	-	-	(18,000)	(18,000)
<i>Total other financing sources (uses)</i>	<u>18,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,563</u>
<i>Net change in fund balance</i>	(32,027)	55,915	28,645	(17,172)	35,361
<i>Fund balance - beginning of year</i>	<u>150,154</u>	<u>80,102</u>	<u>44,085</u>	<u>189,318</u>	<u>463,659</u>
<i>und balance - end of year</i>	<u>\$ 118,127</u>	<u>\$ 136,017</u>	<u>\$ 72,730</u>	<u>\$ 172,146</u>	<u>\$ 499,020</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ending June 30, 2010

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

Net change in fund balances - total governmental funds	\$	35,361
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital expenditures		50,203
Depreciation expense		(189,119)
Grant expenditures for construction in progress		1,157,897
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Property taxes deferred in the fund statements but recognized in the Statement of Activities		(2,208)
<p>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 assets. 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:</p>		
Grant intercept applied to note outstanding		18,166
Increase in accrued compensated absences		(2,004)
		-
Change in net assets of governmental activities	\$	1,068,296

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Village of Eagle Nest

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ending June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes	\$ 10,150	\$ 10,150	208,795	\$ 198,645
Intergovernmental Income	39,550	39,550	28,330	(11,220)
Charges For Services	2,425	2,425	3,575	1,150
Licenses and Fees	6,320	6,320	4,264	(2,056)
Investment Income(Loss)	100	100	30	(70)
Miscellaneous	3,456	3,456	10,382	6,926
<i>Total revenues</i>	<u>62,001</u>	<u>62,001</u>	<u>255,376</u>	<u>193,375</u>
<i>Expenditures:</i>				
Current:				
General Government	299,795	299,795	277,151	22,644
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	10,234	(10,234)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>299,795</u>	<u>299,795</u>	<u>287,385</u>	<u>12,410</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(237,794)</u>	<u>(237,794)</u>	<u>(32,009)</u>	<u>205,785</u>
<i>Other financing sources (uses)</i>				
Designated Cash	213,044	213,044	-	(213,044)
Transfers In	24,750	24,750	-	(24,750)
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>237,794</u>	<u>237,794</u>	<u>-</u>	<u>(237,794)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(32,009)	(32,009)
<i>Cash Balance - Beginning of Year</i>	-	-	66,508	66,508
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,499</u>	<u>\$ 34,499</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (32,009)	
Adjustment to revenue for accruals and other deferrals			(823)	
Adjustment to expenditures for payables, prepaids and other accruals			805	
Net change in fund balance (GAAP basis)			<u>\$ (32,027)</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Village of Eagle Nest
Fire Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-
State Sources	63,387	63,387	81,472	18,085
Charges For Services	-	-	29,355	29,355
Licenses and Fees	-	-	-	-
Investment Income	-	-	10	10
Miscellaneous	-	-	2	2
<i>Total revenues</i>	<u>63,387</u>	<u>63,387</u>	<u>110,839</u>	<u>47,452</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	43,334	72,393	50,276	22,117
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	4,106	(4,106)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>43,334</u>	<u>72,393</u>	<u>54,382</u>	<u>18,011</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>20,053</u>	<u>(9,006)</u>	<u>56,457</u>	<u>65,463</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(20,053)	9,006	-	(9,006)
Loan proceeds	-	-	-	-
Transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(20,053)</u>	<u>9,006</u>	<u>-</u>	<u>(9,006)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>56,457</u>	<u>56,457</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>80,102</u>	<u>80,102</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,559</u>	<u>\$ 136,559</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 56,457	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(542)	
Net change in fund balance (GAAP basis)			<u>\$ 55,915</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
 Village of Eagle Nest
 Streets Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 For the Year Ending June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	33,232	\$ 33,232
Federal Sources	-	-	-	-
State Sources	30,000	30,000	21,997	(8,003)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	63	63
Miscellaneous	25,572	33,068	-	(33,068)
<i>Total revenues</i>	<u>55,572</u>	<u>63,068</u>	<u>55,292</u>	<u>(7,776)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	29,059	-	29,059
Public Works	74,593	82,139	21,748	60,391
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	50	(50)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>74,593</u>	<u>111,198</u>	<u>21,798</u>	<u>89,400</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(19,021)</u>	<u>(48,130)</u>	<u>33,494</u>	<u>81,624</u>
<i>Other financing sources (uses)</i>				
Designated Cash	19,021	48,130	-	(48,130)
Transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>19,021</u>	<u>48,130</u>	<u>-</u>	<u>(48,130)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	33,494	33,494
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>37,187</u>	<u>37,187</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,681</u>	<u>\$ 70,681</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 33,494	
Adjustment to revenue for accruals and other deferrals			(4,306)	
Adjustment to expenditures for payables, prepaids and other accruals			(543)	
Net change in fund balance (GAAP basis)			<u>\$ 28,645</u>	

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STATE OF NEW MEXICO

Village of Eagle Nest
 Proprietary Fund
 Statement of Net Assets
 June 30, 2010

<i>Assets</i>	
<i>Current assets</i>	
Cash	\$ 108,905
Investments	87,087
Accounts receivable (less allowance for doubtful accounts of \$22,309)	<u>26,108</u>
<i>Total current assets</i>	<u>222,100</u>
<i>Noncurrent assets</i>	
Capital assets	1,803,224
Accumulated depreciation	<u>(804,235)</u>
<i>Total noncurrent assets</i>	<u>998,989</u>
<i>Total Assets</i>	<u>\$ 1,221,089</u>
<i>Liabilities and Net Assets</i>	
<i>Liabilities:</i>	
<i>Current liabilities</i>	
Accounts payable	\$ 6,810
Accrued salaries and benefits	2,480
Deposits payable	<u>9,304</u>
<i>Total current liabilities</i>	<u>18,594</u>
<i>Noncurrent liabilities</i>	
Accrued Compensated Absences	<u>5,666</u>
<i>Total noncurrent liabilities</i>	<u>5,666</u>
<i>Total liabilities</i>	<u>24,260</u>
<i>Net Assets:</i>	
Net assets invested in capital assets, net of related debt	998,989
Net assets unrestricted:	<u>197,840</u>
<i>Total net assets</i>	1,196,829
<i>Total Liabilities and Net Assets</i>	<u>\$ 1,221,089</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
 Village of Eagle Nest
 Statement of Revenues, Expenses and Changes in Net Assets
 Proprietary Fund
 For the Year Ended June 30, 2010

<i>Operating revenues:</i>	
Charges for services	<u>\$ 220,472</u>
<i>Total operating revenues</i>	<u>220,472</u>
 <i>Operating expenses:</i>	
Depreciation	42,632
Personal services	82,558
Contractual services	28,033
Supplies and purchased power	6,091
Maintenance and materials	33,190
Operating expenses	49,781
Heat, light and power	<u>1,260</u>
<i>Total operating expenses</i>	<u>243,545</u>
<i>Operating income (loss)</i>	<u>(23,073)</u>
 <i>Non-operating revenues (expenses):</i>	
Interest income	149
Taxes	11,675
Miscellaneous income	<u>2,406</u>
<i>Total non-operating revenues (expenses)</i>	<u>14,230</u>
<i>Income (loss) before transfers</i>	(8,843)
Transfers in	<u>(18,563)</u>
<i>Increase (Decrease) in net assets</i>	(27,406)
<i>Total net assets, beginning of year</i>	<u>1,224,235</u>
<i>Total net assets, end of year</i>	<u><u>\$ 1,196,829</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
 Village of Eagle Nest
 Statement of Cash Flows - Joint Utility Fund
 For the Year Ended June 30, 2010

	Total
<i>Cash flows from operating activities:</i>	
Cash received from user charges	\$ 216,507
Cash payments to employees for services	(81,715)
Cash payments to suppliers for goods and services	(120,600)
<i>Net cash used for operating activities</i>	14,192
<i>Cash flows from noncapital financing activities:</i>	
Increase in Accrued Compensated Absences	3,031
Taxes collected	11,675
Miscellaneous income	2,406
Increase in customer deposits	75
Transfers to other funds	(18,563)
<i>Net cash provided from noncapital financing activities:</i>	(1,376)
<i>Cash flows from investing activities:</i>	
Purchase of capital assets	(19,366)
Interest on investments	149
<i>Net cash provided from investing activities:</i>	(19,217)
<i>Net increase in cash and cash equivalents</i>	(6,401)
<i>Cash and cash equivalents - beginning of year</i>	202,393
<i>Cash and cash equivalents - end of year</i>	\$ 195,992
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>	
<i>by operating activities</i>	
Operating income (loss)	\$ (23,073)
Adjustments to reconcile operating (loss) to net cash (used)	
by operating activities:	
Depreciation	42,632
Changes in assets and liabilities	
Receivables	(3,965)
Accrued expenses	843
Accounts payable	(2,245)
<i>Net cash (used) by operating activities</i>	\$ 14,192

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Village of Eagle Nest
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities-Agency Funds
June 30, 2010

	<u>Agency Funds</u>
<i>Assets</i>	
Cash	\$ -
Investments	<u>10,097</u>
<i>Total assets</i>	<u>\$ 10,097</u>
<i>Liabilities</i>	
Due to other taxing units	<u>\$ 10,097</u>
<i>Total liabilities</i>	<u><u>\$ 10,097</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies

The Village of Eagle Nest (Village) was incorporated in 1971, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; water and sewer services; refuse collection; health and social services; culture-recreation; public improvements; planning and zoning; and general administrative services.

The Village of Eagle Nest is a body politic and corporate under the name and form of government selected by its qualified electors. The Village may:

1. Sue or be sued;
2. Enter into contracts and leases;
3. Acquire and hold property, both real and personal;
4. Have common seal, which may be altered at pleasure;
5. Exercise such other privileges that are incident to corporations of like character or degree that are not inconsistent with the laws of New Mexico;
6. Protect generally the property of its municipality and its inhabitants;
7. Preserve peace and order within the municipality; and
8. Establish rates for services provided by municipal utilities and revenue-producing projects, including amounts which the governing body determines to be reasonable in the operation of similar facilities.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the Village's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 14. The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement no. 33, Accounting and Financial Reporting for Non-exchange Transactions.

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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Specifically, program revenue includes ambulance fees, senior citizens meal fees and license fees. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Governmental fund financial statements are reported using the economic resources measurement focus and the 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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 due.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met

Governmental funds are used to account for the Village's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets and the servicing of general long-term debt. Governmental funds include:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The Debt Service Funds account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The Capital Projects Funds account for the acquisition of fixed assets or construction of major capital projects not being financed by the proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon certain criteria. The major funds presented in the fund financial statements include only the General Fund, Fire Fund, Municipal Streets Fund, and Joint Utility Fund. No other funds were required to be presented as major at the discretion of management.

The General Fund accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided through property and other taxes, federal sources, state sources, charges for services, licenses and fees, and other miscellaneous recoveries and revenue. Expenditures include all costs associated with the daily operation of the Village except for items included in other funds.

The *Fire Fund* (Special Revenue Fund) accounts for the financial resources from a state grant and charges for services rendered. Expenditures include all costs associated with the fire protection fund. Authorization is a the annual Fire fund allocation from the State fire Marshall.

The *Municipal Streets Fund* (Special Revenue Fund) accounts for a gasoline tax imposed to fund the building and maintenance of roads and streets within the Village limits.

The *Joint Utility Fund* (Enterprise Fund) accounts for charges from the delivery of water, sewer and solid waste services to the Village of Eagle Nest and the corresponding costs of delivering those services.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The government reports its proprietary fund as a major governmental fund. Additionally, the government reports the following fund types:

The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village's fiduciary funds are used to account for the collection and expenditure of volunteer fire donations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes, because elimination of these charges would distort the direct costs and program revenues reported in the Statement of Activities.

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. In particular, the Village receives various licenses and fees and collects ambulance fees.

The Village reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The Village does not currently employ indirect cost allocation systems. Depreciation expense is unallocated because depreciation records do not specifically identify the function. Interest on general and long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services at the Village Utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Implementation of New Accounting Principles

The Village adopted the provisions of GASB Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis - for State and Local Governments. This statement affects the manner in which the Village records transactions and presents financial information. State and local governments have traditionally used a financial reporting model substantially different from the one used to prepare private-sector financial reports. GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The statement was developed to make annual reports of state and local governments easier to understand and more useful to the people who use governmental financial information to make decisions, and include the following sections, which were not previously included in the basic financial statements. The governmental fund financial statements continue to be presented as a building block for the new GASB Statement No. 34 statements.

a. Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the Village's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

b. Government-Wide Financial Statements- The reporting model includes financial statements prepared using full accrual accounting for all of the Village's activities. This approach includes not just current assets and liabilities but also capital and other long-term assets as well as long-term liabilities. Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. Statement of Net Assets - The statement of net assets is designed to display the financial position of the primary government (government and business-type activities). The Village now reports all capital assets in the government-wide statement of net assets and reports depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net assets of the Village are broken down into the following three categories:

Invested in capital assets, net of related debt: Consists of net assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted: Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.

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

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the Village's functions. The expense of individual functions is compared to the revenue generated directly by the function. Accordingly, the Village has recorded capital and certain other long-term assets and liabilities in the statement of net assets, and has reported all revenues and the cost of providing services under the accrual basis of accounting in the statement of activities.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments: The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Village are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of inter-fund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of inter-fund loans). There were no outstanding balances between funds at June 30, 2010.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. In the government-wide and governmental fund financial statements, delinquent property taxes are recorded when levied.

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the Village may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Taos County bills, collects, and remits the Village of Eagle Nest its share of property taxes.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and proprietary financial statements.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Donated capital assets are recorded at 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.

STATE OF NEW MEXICO
 Village of Eagle Nest
 Notes to Financial Statements
 June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, and Net Assets or Equity (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Permanent Buildings	45
Land Improvements	20
Vehicles	6
Computer Equipment	5
Other Furniture and Equipment	5-20

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year-end are classified as deferred revenue.

Compensated Absences: Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of ten days to twenty days per year, depending on length of service. Employees may accumulate unlimited of annual leave and carry that leave forward from calendar year to calendar year. Upon termination, employees will be paid for all days of accrued annual leave.

Qualified employees are entitled to accumulate sick leave at a rate of twelve days per year. Sick leave can be carried over from year to year. Upon termination employees receive no pay for sick time accumulated.

Vested or accumulated vacation leave that is expected to be liquidated within the next twelve months with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated within the next twelve months are reported in the government-wide statement of net assets.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Interfund Transactions: Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from 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.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, and Net Assets or Equity (continued)

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets of the Village are prepared prior to June 1 and must be approved by resolution of the Village Councilors, and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Village Councilors and the Department of Finance and Administration. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of the funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2010 is presented.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund is recorded on each budgetary statement.

NOTE 3. Deposits and investments

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2010.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 3. Deposits and investments (continued)

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least one half the amount in excess of FDIC coverage on deposit with the institution.

The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Village's deposits.

	Bank of America	International Bank	First National
Total of deposits in the bank	\$ 482,843.	\$ 250	\$ 1,014
Less FDIC coverage	<u>(250,000)</u>	<u>(250)</u>	<u>(1,014)</u>
	232, 843	-	-
Total uninsured public funds			
Collateral requirement	116,422		
Pledged collateral held by the pledging Bank's trust department but not in the Village's name	303,070		
Custodial Credit Risk-Deposits			
Account Balance	\$ 484,107		
FDIC Insured	251,264		
Collateral:			
Collateral held by the pledging bank, not in the Village's name	303,070		
Uninsured and uncollateralized	<u>-</u>		
Total Deposits	\$484,107		

The Village utilizes pooled accounts for their funds. The General, Special Revenue, Capital Projects, Proprietary, and Agency Funds are all in multiple accounts.

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$232,843 of the Village's bank balance of \$484,107 was exposed to custodial credit risk as follows:

STATE OF NEW EXICO
 Village of Eagle Nest
 Notes to Financial Statements
 June 30, 2010

NOTE 3. Deposits and investments

Uninsured and uncollateralized	\$ -
Insured and collateral held by pledging bank's trust department not in the Village's name	<u>232,843</u>
Total	\$ 232,843

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are listed to direct obligations of the United States Government and all bonds issued by an agency, district or political subdivision of the State of New Mexico.

Carrying amounts by fund per financial statement at June 30, 2010 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 441,360
Cash and cash equivalents per Exhibit E-1	-
Add outstanding checks and other items	<u>42,747</u>
Balance per banks	\$ 484,107

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that in the event of counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have an investment policy for custodial credit risk. The Village's investments are in certificates of deposits and investment in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is not subject to custodial credit risk and the custodial credit risk for the certificates of deposits is contemplated in *custodial risk – cash*.

Interest Rate Risk and Credit Rating- Investment in State Treasurer's LGIP

The Village does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Village's investments at June 30, 2010 include the following:

State Treasurer LGIP	AAAm	50-day WAM	\$ <u>194,349</u>
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The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distributed dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2010. Participation in the Local Government Investment Pool is voluntary.

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the year ended June 30, 2010.

STATE OF NEW EXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

Accounts

NOTE 4.

Receivable

NOTE 4.	General Fund	Municipal Streets Fund	Other Non-Major Projects	Total
Grant	\$ 25,300	\$ 21,997	\$ 11,208	\$ 58,505
GRT Taxes	7,087	1,508	-	8,595
Other Taxes	2,348	982	3,186	6,516
Other receivables	645			645
Total Receivables	<u>\$ 35,380</u>	<u>\$ 24,487</u>	<u>\$ 14,394</u>	<u>\$ 74,261</u>

The above receivables are deemed 100% collectible. In accordance with GASB No.33, property tax receivables are presented net of deferred revenue, totaling \$ none in the governmental balance sheet.

In addition to the governmental funds accounts receivable above, the proprietary fund had receivables of \$26,108 (net of an allowance for uncollectible accounts of \$ 22,309) for the delivery of services to customers.

NOTE 5.

Transfers

Transfers:	Transfers in	Transfers out
General fund	\$ 18,563	\$ -
Joint Utility Fund		18,563
Ambulance Replacement	18,000	-
EMS Fund	<u>-</u>	<u>18,000</u>
	<u>\$ 36,563</u>	<u>\$ 36,563</u>

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2010 follows. Land is not subject to depreciation.

Governmental Activities:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Capital Assets, not being depreciated:				
Land	\$ 376,425	\$ -	\$ -	\$ 376,425
Construction in Progress	149,592	1,157,897	-	1,307,489
Subtotal Capital Assets not being depreciated	<u>526,017</u>	<u>1,157,897</u>	<u>-</u>	<u>1,683,914</u>
Capital Assets, being depreciated:				
Infrastructure	3,290,980	-	-	3,290,980
Buildings and Improvements	1,525,548	-	-	1,525,548
Machinery and Equipment	908,026	20,340	-	928,366
Vehicles	244,259	29,873	-	274,132
Subtotal Capital Assets	<u>6,494,830</u>	<u>1,208,110</u>	<u>-</u>	<u>7,702,940</u>
Accumulated Depreciation:				
Infrastructure	1,964,230	109,699	-	2,073,929
Buildings and Improvements	846,091	41,518	-	887,609
Machinery and Equipment	844,954	37,902	-	882,856
Subtotal Accumulated Depreciation	<u>3,655,275</u>	<u>189,119</u>	<u>-</u>	<u>3,844,394</u>
Net Capital Assets	<u>\$ 2,839,555</u>	<u>\$ 1,018,991</u>	<u>\$ -</u>	<u>\$ 3,858,546</u>

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 7. Long-term Debt

During the year ended June 30, 2010, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Activities	Balance			Balance	Due Within
	6/30/2009	Additions	Retirements	6/30/2010	One Year
2008 Loan Payable-NMFA	\$187,352	\$ -	\$18,166	\$ 169,186	\$ 18,770
Accrued Absences	9,296	9,603	7,599	11,300	6,786
Total	\$ 196,648	\$ 9,603	\$ 25,765	\$ 180,486	\$ 25,556

The annual requirements to amortize the above long-term debt as of June 30, 2010, including interest payments are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Ended</u> 2011	18,770	5,510	24,280
2012	19,396	4,914	24,310
2013	20,049	4,293	24,342
2014	20,725	3,650	24,375
2015	21,429	2,980	24,409
2016-2019	68,817	4,627	73,444
Total	\$ 169,186	\$ 25,974	\$ 195,160

The 2008 NMFA loan will be paid through an intercept of the Village's annual fire allotment from the State.

NOTE 8. 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; injuries and natural disasters. The Village of Eagle Nest participates in the New Mexico Self-Insurer's Fund risk pool.

The Village has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Village which exceeds the insurance coverage, the Village would be responsible for a loss in excess of the coverage amounts. As claims are filed, the New Mexico Self-Insurers' Fund assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverage's have not changed significantly from prior years and coverage's are expected to be continued.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 8. Risk Management (continued)

New Mexico Self-Insurers' Fund has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the Combining Statements - Overview of certain information concerning individual funds including:

A. Deficit fund balance of individual funds: The Senior Citizen's fund had a deficit fund balance of \$2,601 as of June 30, 2010. The deficit fund balance will be covered by transfers from the General Fund.

B. Funds expended in excess of budget

The Joint Utility Fund over-expended its budget by \$35,415. See Finding FS 2008-01.

NOTE 10. PERA Pension Plans

Plan Description. Substantially all of the Village of Eagle Nest's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, public available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, 632P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

Covered employees of the Village of Eagle Nest are eligible for receiving benefits when the age and service requirements have been met as follows:

- a. age sixty-five years or older and five or more years of credited service;
- b. age sixty-four years and eight or more years of credited service;
- c. age sixty-three and eleven or more years of credited service;
- d. age sixty-two years and fourteen or more years of credited service;
- e. age sixty-one years and seventeen or more years of credited service;
- f. age sixty years and twenty or more years of credited service;
- g. any age and twenty-five or more years of credited service;

Disability benefits are provided to members who are qualified for such coverage as determined by the disability review committee, pursuant to Chapter 10, Article 11.10.1 NMSA 1978.

Funding Policy. Regular employees, who are covered under "Municipal general member coverage plan 1" (Chapter 10, Article 11.45 through 11.49 NMSA 1978) contribute 7% of the employee's defined gross salary to the plan. Employee contributions are 7% of the employee's defined gross salary. Under municipal general member coverage plan 1, the amount of pension is equal to two percent of the final average salary multiplied by credited service. The amount shall not exceed sixty percent of the final average salary. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the years ended June 30, 2010, 2009, and 2008 were \$12,611, \$10,220, and \$7,406, equal to the amount of the required contributions for the years, respectively.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 11. Post-Employment Benefits

The Retiree Health Care Act (the "Act") (Chapter 10, Article 7C, NMSA, 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village has elected not to participate in the program by adoption of an ordinance.

NOTE 12. Contingent Liabilities

The Village is party to various claims and lawsuits arising in the normal course of business. Management and the Village's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Village which are not covered by the Village's insurance as described in Note 8.

NOTE 13. Federal and State Grants

In the normal course of operations, the Village receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

NOTE 14. Joint Powers Agreements

Colfax County Sheriff's Office

Purpose

Village of Eagle Nest agrees to provide its Law Enforcement Protection Fund monies to Colfax County Sheriff in exchange for a minimum amount of law enforcement duties within the Village.

Participants

Colfax County and the Village of Eagle Nest

Responsible Party for Operation and Audit

County of Colfax

Beginning and Ending Date of Agreement

June 11, 2005 indefinitely

Total Estimated Amount of Project and Actual Amount Contributed

Unknown- \$20,000 capital grant plus annual allotment.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2010

NOTE 14. Joint Powers Agreements (continued)

Taos Regional Landfill Board

Purpose:

The Village of Eagle Nest agrees to provide its share of the Environmental Gross Receipts Tax to the Taos Regional Landfill Board to help fund the activities of the Board.

Participants

Taos County	Village of Eagle Nest
Town of Taos	Village of Questa
Town of Red River	Village of Taos Ski Valley

Responsible Party for Operation and Audit

County of Taos

Beginning and Ending Date of Agreement

April 15, 2008 for fifty years

Total Estimated Amount of Project and Actual Amount Contributed

Unknown

NOTE 15 Subsequent Accounting Standard Pronouncements

In April 2009, the Governmental Standards Board (GASB) issued GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statements for periods beginning after June 30, 2010. Early implementation is encouraged. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Village is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements of the upcoming year.

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NON-MAJOR GOVERNMENTAL FUNDS

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STATE OF NEW MEXICO
Village of Eagle Nest
FUND DESCRIPTIONS

Special Revenue Funds:

LOCAL CORRECTIONS FUND - to establish an additional source of funds to municipalities to offset the costs of corrections. The source of the fund is a five dollar fee, which must be paid by all persons violating the law relating to the operations of a motor vehicle. Authority is NMSA 33-0-3.

BEAUTIFICATION FUND - to account for the proceeds of a State Appropriation for Economic Development planning purposes. Authority is granted in prior years by the State of New Mexico.

EMS FUND - to account for the acquisitions of the emergency medical equipment and the operation of the equipment financed through a grant from the State of New Mexico. Authority NMSA 24-10-A & 6-11-6.

LAW ENFORCEMENT PROTECTION FUND - to account for grant funds used for maintenance and development of the Village's police force. Financing is provided by a grant from the State of New Mexico. Such revenue provides for purchase and repairs of equipment as well as classes to update the training of police personnel and may be used only for these purposes. Authority is NMSA 29-13-1.

LIBRARY FUND -is used to account for the operations and maintenance of the Village Library. Funding is provided by a state grant under Section 18-2-4B NMSA, 1978.

LODGER'S TAX FUND-To account for a lodger's tax imposed and used for cultural and recreational purposes. Authority is NMSA 1978 Section 3-38-13.

RECREATION FUND - to account for the operation and maintenance of recreational facilities in the Village. Financing is provided by a specific annual cigarette tax levy. Authority NMSA 7-12-1 & 7-12-15.

WATER RIGHTS FUND-to account for the fees charged for water rights and expenditures made to obtain water rights. Authority is Village Council Resolution 2004-13.

SENIOR CITIZEN'S FUND-To account for program income and expenditures related to the Senior Citizen's program. Authority is Village ordinance and DHHS 45 CFR Part 92.

ACTIVITIES FUND-To account for revenues raised and expenditures of promotional activities of the Village. Authority is ordinance Resolution 76-6.

RECYCLE FUND-To account for revenues raised and expenditures of the recycling activities of the Village. Authority is Ordinance Resolution 76-7.

EMERGENCY DISASTER RELIEF FUND- To account for funds raised and expenditures of disaster relief activities of the Village. Authority is Ordinance Resolution.

Capital Project Funds:

AMBULANCE REPLACEMENT FUND-To account for funds designated by the Village Council for ambulance replacement. Authority is Village council action June 12, 1984 Ordinance 73-1.

PUBLIC WORKS VEHICLE REPLACEMENT FUND-To account for funds designated by village council for the purchase of vehicles for public works projects. Authority is Village Council Resolution 93-14.

CDBG 2008 Grant- To account for receipts under the Community Development Block Grant and expenditures related to the grant. Authority is federal grant under Title 1 of the Housing and Community Development Act of 1974.

Collection Center Office Project-To account for funds awarded to the Village to construct a collection center office building. Authority is Grant from the New Mexico Environmental Department.

STATE CO-OP GRANT-2008 and 2009-To account for receipts under a state co-op grant and expenditures relating to the highway improvement. Authority is a Co-op agreement with the New Mexico Department of Transportation.

Debt Service Fund- To account for monies set-aside to pay the principal and interest on the NMED/ARRA loan when due.

STATE OF NEW MEXICO
Village of Eagle Nest
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

Statement A-1
1 of 4

Special Revenue

	<u>Local Corrections Fund</u>	<u>Beautification Fund</u>	<u>EMS Fund</u>	<u>Law Enforcement Protection Fund</u>
<i>Assets</i>				
Cash and cash equivalents	\$ 2,870	\$ 1,014	\$ (12,517)	\$ (1,138)
Investments	4,463	-	18,431	3,302
Accounts and taxes receivable	-	-	-	-
Due from other governments	-	-	748	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 7,333</u>	<u>\$ 1,014</u>	<u>\$ 6,662</u>	<u>\$ 2,164</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 245	\$ 542	\$ -
Accrued salaries and benefits	-	-	92	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>245</u>	<u>634</u>	<u>-</u>
<i>Fund balances</i>				
Reserved:				
Reserved for capital projects	-	-	-	-
Reserved for special revenue projects	7,333	769	6,028	2,164
<i>Total fund balances</i>	<u>7,333</u>	<u>769</u>	<u>6,028</u>	<u>2,164</u>
<i>Total liabilities and fund balances</i>	<u>\$ 7,333</u>	<u>\$ 1,014</u>	<u>\$ 6,662</u>	<u>\$ 2,164</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

Statement A-1
2 of 4

Special Revenue

<u>Library Fund</u>	<u>Lodgers' Tax Fund</u>	<u>Recreation Fund</u>	<u>Water Rights Fund</u>
\$ 666	\$ 23,209	\$ 1,256	\$ 33,449
357	2,037	3,514	593
-	3,186	-	-
-	-	-	-
-	-	-	-
<u>\$ 1,023</u>	<u>\$ 28,432</u>	<u>\$ 4,770</u>	<u>\$ 34,042</u>
\$ 120	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
<u>120</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
903	28,432	4,770	34,042
<u>903</u>	<u>28,432</u>	<u>4,770</u>	<u>34,042</u>
<u>\$ 1,023</u>	<u>\$ 28,432</u>	<u>\$ 4,770</u>	<u>\$ 34,042</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2010

Statement A-1
 3 of 4

	Senior Citizen's Fund	Activities Fund	Recycle Fund	Emergency Disaster Relief Fund
<i>Assets</i>				
Cash and cash equivalents	\$ (2,352)	\$ 150	935	\$ -
Investments	-	3,413	12,278	-
Accounts and taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ (2,352)</u>	<u>\$ 3,563</u>	<u>\$ 13,213</u>	<u>\$ -</u>
<i>Liabilities</i>				
Accounts payable	\$ 249	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>249</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Reserved:				
Reserved for capital projects	-	-	-	-
Reserved for special revenue projects	(2,601)	3,563	13,213	-
<i>Total fund balances</i>	<u>(2,601)</u>	<u>3,563</u>	<u>13,213</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ (2,352)</u>	<u>\$ 3,563</u>	<u>\$ 13,213</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

Statement A-1
4 of 4

Ambulance Replacement Fund	Public Works Vehicle Replacement Fund	CDBG 2008 Grant Fund	Collection Center Office Project	State Co- op 2008 Fund	State Co-op 2009 Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 36,015	\$ -	\$ 100	\$(10,460)	\$ 16,077	\$ 12,591	\$ 3,556	\$ 105,421
171	8,631	-	-	-	-	-	57,190
-	-	-	-	-	-	-	3,186
-	-	-	10,460	-	-	-	11,208
-	-	-	-	-	-	-	-
<u>\$ 36,186</u>	<u>\$ 8,631</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 16,077</u>	<u>\$ 12,591</u>	<u>\$ 3,556</u>	<u>\$ 177,005</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55	\$ 3,556	\$ 4,767
-	-	-	-	-	-	-	92
-	-	-	-	-	-	-	-
-	-	-	-	-	55	3,556	4,859
36,186	8,631	100	-	16,077	12,536	-	73,530
-	-	-	-	-	-	-	98,616
<u>36,186</u>	<u>8,631</u>	<u>100</u>	<u>-</u>	<u>16,077</u>	<u>12,536</u>	<u>-</u>	<u>172,146</u>
<u>\$ 36,186</u>	<u>\$ 8,631</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 16,077</u>	<u>\$ 12,591</u>	<u>\$ 3,556</u>	<u>\$ 177,005</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2010

	Special Revenue			
	Local Corrections Fund	Beautification Fund	EMS Fund	Law Enforcement Protection Fund
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-
State Sources	-	-	7,000	20,000
Charges for Services	200	-	8,169	-
Licenses and Fees	-	-	-	-
Investment Income (Loss)	8	-	31	6
Miscellaneous	-	268	1,390	-
<i>Total revenues</i>	<u>208</u>	<u>268</u>	<u>16,590</u>	<u>20,006</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	15,214	39,356
Public Works	-	610	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>610</u>	<u>15,214</u>	<u>39,356</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>208</u>	<u>(342)</u>	<u>1,376</u>	<u>(19,350)</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	-
Transfers Out	-	-	(18,000)	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(18,000)</u>	<u>-</u>
<i>Net change in fund balances</i>	208	(342)	(16,624)	(19,350)
<i>Fund balances - beginning of year</i>	<u>7,125</u>	<u>1,111</u>	<u>22,652</u>	<u>21,514</u>
<i>Fund balances - end of year</i>	<u>\$ 7,333</u>	<u>\$ 769</u>	<u>\$ 6,028</u>	<u>\$ 2,164</u>

The accompanying notes are an integral part of these financial statements

Special Revenue

Library Fund	Lodgers' Tax Fund	Recreation Fund	Water Rights Fund
\$ -	\$ 42,034	\$ 263	\$ -
-	-	-	-
8,175	-	-	-
132	-	-	9,122
-	-	-	-
1	4	6	1
1,230	-	20	-
<u>9,538</u>	<u>42,038</u>	<u>289</u>	<u>9,123</u>
-	41,512	-	227
-	-	-	-
-	-	-	-
10,150	-	-	-
-	-	-	-
-	1,173	-	-
-	-	-	-
-	-	-	-
<u>10,150</u>	<u>42,685</u>	<u>-</u>	<u>227</u>
<u>(612)</u>	<u>(647)</u>	<u>289</u>	<u>8,896</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>(612)</u>	<u>(647)</u>	<u>289</u>	<u>8,896</u>
<u>1,515</u>	<u>29,079</u>	<u>4,481</u>	<u>25,146</u>
<u>\$ 903</u>	<u>\$ 28,432</u>	<u>\$ 4,770</u>	<u>\$ 34,042</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2010

	Special Revenue			
	Senior Citizen's Fund	Activities fund	Recycle Fund	Emergency Disaster Relief Fund
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-
State Sources	-	-	8,999	-
Charges for Services	4,953	-	490	-
Licenses and Fees	-	-	-	-
Investment Income (Loss)	-	6	21	-
Miscellaneous	1,325	50	-	-
<i>Total revenues</i>	<u>6,278</u>	<u>56</u>	<u>9,510</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	10,140	-	9,365	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,140</u>	<u>-</u>	<u>9,365</u>	<u>-</u>
 <i>Excess (deficiency) of revenues over expenditures</i>	 <u>(3,862)</u>	 <u>56</u>	 <u>145</u>	 <u>-</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Net change in fund balances</i>	 <u>(3,862)</u>	 <u>56</u>	 <u>145</u>	 <u>-</u>
 <i>Fund balances - beginning of year</i>	 <u>1,261</u>	 <u>3,507</u>	 <u>13,068</u>	 <u>-</u>
 <i>Fund balances - end of year</i>	 <u>\$ (2,601)</u>	 <u>\$ 3,563</u>	 <u>\$ 13,213</u>	 <u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Capital Projects					
Ambulance Replacement Fund	Public Works Vehicle Replacement Fund	CDBG 2008 Grant Fund	State Co-op 2008 Grant	State Co-op 2009 Grant	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,297
-	-	-	-	-	-
-	-	-	-	(3,289)	40,885
-	-	-	-	-	23,066
-	-	-	-	-	-
15	-	-	-	-	99
-	-	-	-	-	4,283
<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,289)</u>	<u>110,630</u>
-	-	-	-	-	41,739
-	-	-	-	-	54,570
-	-	-	-	-	610
-	-	-	-	-	10,150
-	-	-	-	-	19,505
-	-	-	-	55	1,228
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55</u>	<u>127,802</u>
<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,344)</u>	<u>(17,172)</u>
18,000	-	-	-	-	18,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,000)</u>
<u>18,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
18,015	-	-	-	(3,344)	(17,172)
<u>18,171</u>	<u>8,631</u>	<u>100</u>	<u>16,077</u>	<u>15,880</u>	<u>189,318</u>
<u>\$ 36,186</u>	<u>\$ 8,631</u>	<u>\$ 100</u>	<u>\$ 16,077</u>	<u>\$ 12,536</u>	<u>\$ 172,146</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Village of Eagle Nest
Local Corrections Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	1,200	1,200	200	(1,000)
Licenses and Fees	-	1,900	-	(1,900)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	8	8
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,200</u>	<u>3,100</u>	<u>208</u>	<u>(2,892)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	1,350	3,250	-	3,250
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,350</u>	<u>3,250</u>	<u>-</u>	<u>3,250</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(150)</u>	<u>(150)</u>	<u>208</u>	<u>358</u>
<i>Other financing sources (uses)</i>				
Designated Cash	150	150	-	(150)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>150</u>	<u>150</u>	<u>-</u>	<u>(150)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	208	208
<i>Cash Balance - Beginning of Year</i>	-	-	7,125	7,125
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,333</u>	<u>\$ 7,333</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 208	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 208</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Beautification Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	375	375	268	(107)
<i>Total revenues</i>	<u>375</u>	<u>375</u>	<u>268</u>	<u>(107)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	375	375	365	10
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>375</u>	<u>375</u>	<u>365</u>	<u>10</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(97)	(97)
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(97)	(97)
<i>Cash Balance - Beginning of Year</i>	-	-	1,111	1,111
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,014</u>	<u>\$ 1,014</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (97)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(245)	
Net change in fund balance (GAAP basis)			<u>\$ (342)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Emergency Medical Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	7,000	7,000	7,000	-
Charges For Services	14,000	14,000	7,421	(6,579)
Licenses and Fees	-	-	-	-
Interest Income	1,000	1,000	1,390	390
Investment Income(Loss)	-	-	31	31
Miscellaneous	-	-	-	-
<i>Total revenues</i>	22,000	22,000	15,842	(6,158)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	16,978	16,978	14,680	2,298
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	16,978	16,978	14,680	2,298
<i>Excess (deficiency) of revenues over expenditures</i>	5,022	5,022	1,162	(3,860)
<i>Other financing sources (uses)</i>				
Designated Cash	(5,022)	(5,022)	-	5,022
Transfers In	-	-	-	-
Transfers Out	18,000	(18,000)	(18,000)	-
<i>Total other financing sources (uses)</i>	12,978	(23,022)	(18,000)	5,022
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	18,000	(18,000)	(16,838)	1,162
<i>Cash Balance - Beginning of Year</i>	-	-	22,752	22,752
<i>Cash Balance - End of Year</i>	\$ 18,000	\$ (18,000)	\$ 5,914	\$ 23,914
Net change in cash (Non-GAAP Budgetary basis)			\$ (16,838)	
Adjustment to revenue for accruals and other deferrals			748	
Adjustment to expenditures for payables, prepaids and other accruals			(534)	
Net change in fund balance (GAAP basis)			\$ (16,624)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Law Enforcement Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	20,000	22,000	20,000	(2,000)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	6	6
Miscellaneous	-	-	-	-
<i>Total revenues</i>	20,000	22,000	20,006	(1,994)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	38,000	40,000	39,356	644
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	38,000	40,000	39,356	644
<i>Excess (deficiency) of revenues over expenditures</i>	(18,000)	(18,000)	(19,350)	(1,350)
<i>Other financing sources (uses)</i>				
Designated Cash	18,000	18,000	-	(18,000)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	18,000	18,000	-	(18,000)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(19,350)	(19,350)
<i>Cash Balance - Beginning of Year</i>	-	-	21,514	21,514
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 2,164	\$ 2,164
Net change in cash (Non-GAAP Budgetary basis)			\$ (19,350)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ (19,350)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	7,896	7,896	8,175	279
Charges For Services	75	75	132	57
Licenses and Fees	-	-	-	-
Interest Income	1,350	1,350	1	(1,349)
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	1,230	1,230
<i>Total revenues</i>	<u>9,321</u>	<u>9,321</u>	<u>9,538</u>	<u>217</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	10,277	10,277	10,030	247
Health and Welfare	-	-	-	-
Capital Outlay	7,764	7,764	-	7,764
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,041</u>	<u>18,041</u>	<u>10,030</u>	<u>8,011</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,720)</u>	<u>(8,720)</u>	<u>(492)</u>	<u>8,228</u>
<i>Other financing sources (uses)</i>				
Designated Cash	8,720	8,720	-	(8,720)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>8,720</u>	<u>8,720</u>	<u>-</u>	<u>(8,720)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(492)	(492)
<i>Cash Balance - Beginning of Year</i>	-	-	1,515	1,515
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023</u>	<u>\$ 1,023</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (492)	
Adjustment to revenue for accruals and other deferrals				
Adjustment to expenditures for payables, prepaids and other accruals			(120)	
Net change in fund balance (GAAP basis)			<u>\$ (612)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 Lodgers' Tax Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	42,909	\$ 42,909
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	4	4
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	42,913	42,913
<i>Expenditures:</i>				
Current:				
General Government	28,670	46,871	44,888	1,983
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	1,173	(1,173)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	28,670	46,871	46,061	810
<i>Excess (deficiency) of revenues over expenditures</i>	(28,670)	(46,871)	(3,148)	43,723
<i>Other financing sources (uses)</i>				
Designated Cash	28,670	46,871	-	(46,871)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	28,670	46,871	-	(46,871)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(3,148)	(3,148)
<i>Cash Balance - Beginning of Year</i>	-	-	28,394	28,394
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 25,246	\$ 25,246
Net change in cash (Non-GAAP Budgetary basis)			\$ (3,148)	
Adjustment to revenue for accruals and other deferrals			(875)	
Adjustment to expenditures for payables, prepaids and other accruals			3,376	
Net change in fund balance (GAAP basis)			\$ (647)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 Recreation Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	20	20
Investment Income(Loss)	-	-	6	6
Miscellaneous	575	575	263	(312)
<i>Total revenues</i>	<u>575</u>	<u>575</u>	<u>289</u>	<u>(286)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	500	500	-	500
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>75</u>	<u>75</u>	<u>289</u>	<u>214</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(75)	(75)	-	75
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(75)</u>	<u>(75)</u>	<u>-</u>	<u>75</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	289	289
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>4,481</u>	<u>4,481</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,770</u>	<u>\$ 4,770</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 289	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 289</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Water Rights Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
	<i>Revenues:</i>			
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	16,021	16,021	9,122	(6,899)
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	1	1
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>16,021</u>	<u>16,021</u>	<u>9,123</u>	<u>(6,898)</u>
<i>Expenditures:</i>				
Current:				
General Government	15,000	15,000	227	14,773
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>15,000</u>	<u>15,000</u>	<u>227</u>	<u>14,773</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,021</u>	<u>1,021</u>	<u>8,896</u>	<u>7,875</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(1,021)	(1,021)	-	1,021
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,021)</u>	<u>(1,021)</u>	<u>-</u>	<u>1,021</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	8,896	8,896
<i>Cash Balance - Beginning of Year</i>	-	-	25,146	25,146
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,042</u>	<u>\$ 34,042</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 8,896	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 8,896</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 Senior Citizens Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	12,300	12,300	6,507	(5,793)
Licenses and Fees	-	-	-	-
Interest Income	1,500	1,500	1,325	(175)
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,800</u>	<u>13,800</u>	<u>7,832</u>	<u>(5,968)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	1,205	-	1,205
Health and Welfare	13,250	13,250	9,891	3,359
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>13,250</u>	<u>14,455</u>	<u>9,891</u>	<u>4,564</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>550</u>	<u>(655)</u>	<u>(2,059)</u>	<u>(1,404)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(550)	655	-	(655)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(550)</u>	<u>655</u>	<u>-</u>	<u>(655)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(2,059)	(2,059)
<i>Cash Balance - Beginning of Year</i>	-	-	(293)	(293)
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,352)</u>	<u>\$ (2,352)</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (2,059)	
Adjustment to revenue for accruals and other deferrals			(1,554)	
Adjustment to expenditures for payables, prepaids and other accruals			(249)	
Net change in fund balance (GAAP basis)			<u>\$ (3,862)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Activities Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	8,654	-	(8,654)
Interest Income	-	-	50	50
Investment Income(Loss)	-	-	6	6
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>8,654</u>	<u>56</u>	<u>(8,598)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	8,654	-	8,654
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>8,654</u>	<u>-</u>	<u>8,654</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>56</u>	<u>56</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>56</u>	<u>56</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>3,507</u>	<u>3,507</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,563</u>	<u>\$ 3,563</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 56	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 56</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Recycle Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	10,000	8,999	(1,001)
Charges For Services	-	-	490	490
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	21	21
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>10,000</u>	<u>9,510</u>	<u>(490)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	10,000	9,365	635
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>10,000</u>	<u>9,365</u>	<u>635</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>145</u>	<u>145</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>145</u>	<u>145</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>13,068</u>	<u>13,068</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,213</u>	<u>\$ 13,213</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 145	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 145</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Emergency Disaster Relief Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Ambulance Replacement Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	15	15
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>15</u>	<u>15</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	328	-	328
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>328</u>	<u>-</u>	<u>328</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(328)</u>	<u>15</u>	<u>343</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	328	-	(328)
Transfers In	-	-	18,000	18,000
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>328</u>	<u>18,000</u>	<u>17,672</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>18,015</u>	<u>18,015</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>18,171</u>	<u>18,171</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,186</u>	<u>\$ 36,186</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 18,015	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 18,015</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 Public Works Vehicle Replacement Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	8,631	8,631
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 8,631	\$ 8,631
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in Fund Balance (GAAP basis)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
CDBG 2008 Grant Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	(300,000)	(300,000)	-	(300,000)
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	300,000	300,000	-	300,000
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	100	100
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 100	\$ 100
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 State Co-OP 2008 Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	-	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ -	\$ -
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

STATE OF NEW MEXICO
 Village of Eagle Nest
 State Co-OP 2009 Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>12,591</u>	<u>12,591</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,591</u>	<u>\$ 12,591</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			(3,289)	
Adjustment to expenditures for payables, prepaids and other accruals			(55)	
Net change in fund balance (GAAP basis)			<u>\$ (3,344)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Joint Utility Proprietary Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 244,462	\$ 244,462	\$ 220,472	\$ (23,990)
<i>Total operating revenues</i>	<u>240,707</u>	<u>244,462</u>	<u>220,472</u>	<u>(23,990)</u>
<i>Operating expenses:</i>				
Depreciation	-	-	42,632	(42,632)
Personal services	23,000	23,000	82,558	(59,558)
Contractual services	140,000	140,000	28,033	111,967
Supplies and purchased power	4,000	4,000	6,091	(2,091)
Maintenance and materials	5,823	5,823	33,190	(27,367)
Miscellaneous	19,307	19,307	49,781	(30,474)
Heat, light and power	16,000	16,000	1,260	14,740
<i>Total operating expenses</i>	<u>208,130</u>	<u>208,130</u>	<u>243,545</u>	<u>(35,415)</u>
<i>Operating income (loss)</i>	<u>32,577</u>	<u>36,332</u>	<u>(23,073)</u>	<u>(59,405)</u>
<i>Non-operating revenues (expenses):</i>				
Beginning cash	(32,577)	(37,932)	-	(37,932)
Interest income	-	1,600	149	1,451
Taxes	-	-	11,675	(11,675)
Miscellaneous income	-	-	2,406	(2,406)
Transfers Out	-	-	(18,563)	-
<i>Total non-operating revenues (expenses)</i>	<u>(32,577)</u>	<u>(36,332)</u>	<u>(4,333)</u>	<u>(50,562)</u>
<i>Change in net assets</i>	-	-	(27,406)	27,406
<i>Net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,224,235</u>	<u>1,224,235</u>
<i>Net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,196,829</u>	<u>\$ (1,196,829)</u>

SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2010

Schedule I

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2009	Name and Location of Safekeeper
Bank of America	FNCL Pool 995023 Cusip 31416BLC0 5.5% Due 8/1/2037	\$ 303,070	Federal Reserve Bank Dallas, Texas
		<u>\$ 303,070</u>	

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

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STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2010

Schedule II

Bank Account Type/Name	Bank of Americ	International Bank	First National Bank	Total
Checking - General	\$ 351,912	\$ -	\$ -	\$ 351,912
Checking - Beautification	-	-	1,014	1,014
Checking-Municipal Court Bond	-	-	-	-
Checking - CDBG Grant	-	100	-	100
Checking - Activities fund	-	150	-	150
Checking - Fire Department	130,931	-	-	130,931
Checking - Volunteer fire	-	-	-	-
	-	-	-	-
Total On Deposit	<u>482,843</u>	<u>250</u>	<u>1,014</u>	<u>484,107</u>
Reconciling Items	<u>42,747</u>	<u>-</u>	<u>-</u>	<u>42,747</u>
Reconciled Bank Balance at June 30, 2010	<u>\$ 440,096</u>	<u>\$ 250</u>	<u>\$ 1,014</u>	441,360
Investments:				
Certificate of deposit				10,097
State Treasurer's local government pool				194,349
Total cash and Investments				<u>\$ 645,806</u>

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

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FIDUCIARY FUNDS

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STATE OF NEW MEXICO
 Village of Eagle Nest
 Schedule of Changes in Assets and Liabilities-Agency Funds
 For The Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS</u>				
Cash	\$ 35,578	\$ -	\$ 35,578	\$ -
Investments	10,051	46	-	10,097
	<u>\$ 45,629</u>	<u>\$ 46</u>	<u>\$ 35,578</u>	<u>\$ 10,097</u>
 <u>LIABILITIES</u>				
Deposits held in trust for others	<u>\$ 45,629</u>	<u>\$ 46</u>	<u>\$ 35,578</u>	<u>\$ 10,097</u>

The accompanying notes are an integral part of these financial statements

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COMPLIANCE SECTION

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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*

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Village Council
Village of Eagle Nest
Eagle Nest, New Mexico

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and major special revenue funds of the Village of Eagle Nest (the Village), as of and for the year ended June 30, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents and have issued our report thereon dated September 29, 2010. We also have audited the financial statements of each of the Village's non-major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Eagle Nest's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Eagle Nest's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Eagle Nest's internal control over financial reporting.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as items FS 2010-01 and FS 2010-02 that we consider to be significant deficiencies in internal control over financial reporting.

A significant deficiency is a deficiency, or 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Eagle Nest's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items FS 2008-01.

Village of Eagle Nest's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Village of Eagle Nest's response and accordingly, we do not express an opinion on it.

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

Precision Accounting LLC
Albuquerque, New Mexico
September 29, 2010

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STATE OF NEW MEXICO
Village of Eagle Nest
Schedule of Findings and Responses
June 30, 2010

A. FINDINGS

Prior year findings:

FS-2008-01 Expenditures in Excess of Budget --Repeated

CONDITION: The Joint Utility Fund expended \$59,268 more than its total budget.

CRITERIA: Section 6-6-6 NMSA 1978 states that actual expenditures cannot exceed approved budget amounts.

EFFECT OF THE CONDITION: The Village has violated state statute and DFA regulations related to the budgetary process.

CAUSE OF THE CONDITION: Budget revisions were not made when it became apparent that the actual expenditures were going to exceed the budget. Part of the year had passed before the Clerk started obtaining budget reports.

RECOMMENDATION: We recommend that monthly financial statements be prepared with budgetary comparisons so that the Village may make budgetary adjustments when necessary.

MANAGEMENT'S RESPONSE: The Village will prepare timely financial statements and, by reviewing them, make budget adjustments when necessary.

Current year findings:

FS-2010-01 Proper Back-up of Village Computer Systems

CONDITION: Our review of the internal control system over financial reporting indicated that the Village has no formal system of backing up data or program files for its computer system.

CRITERIA: Good accounting practices would require a formal schedule and list of procedures, back-up of the files in a secure off-site location, and periodic monitoring of the back-up system.

CAUSE OF CONDITION: The village has not had the resources, time nor money, to devote to a formal back-up system and training.

EFFECT OF THE CONDITION: The Village is susceptible to loss of data through a disaster, error, or deliberate vandalism.

RECOMMENDATION: We recommend that the village develop a formal system of procedures and schedules for backing up the computer system, both data and programs. We further recommend that the Village have an agreement with another entity to use their computer equipment in case of disaster.

MANAGEMENT RESPONSE: The Village will investigate various alternatives and seek a solution the Village can afford and set-up procedures to prevent data loss in the future..

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STATE OF NEW MEXICO
Village of Eagle Nest
Schedule of Findings and Responses
June 30, 2010

FS 2010-02 CROSS-TRAINING AND SEGREGATION OF DUTIES:

CONDITION: The Village is a small municipality with employees performing many duties and filling various positions. However, the staff is so busy with those duties that there has been no time to perform any cross-training where one employee could learn the procedures of another and perform back-up duties when the need arises. Internal checks and balances are better utilized if the various employees understand the duties of the other employees.

CRITERIA: Good accounting controls and best practices require that an employee be able to cover for another employee should the emergency or situation arise. To provide that coverage, employees need to know the duties and procedures of the employee that is unable to perform their regular duties.

CAUSE OF CONDITION: the Village has had as one of its goals the cross-training of employees. However, the workload of the present employees has not provided any time for cross-training.

EFFECT OF THE CONDITION: If an employee is absent from work for any reason, the duties of that employee are not performed until that employee returns to work. Certain duties or functions must be performed on a regular basis to keep the Village operations running smoothly and provide sufficient checks and balances.

RECOMMENDATION: We recommend that the Village devote time and resources necessary to complete some cross-training of employees over time. This could be done in as little as two hours a week to four hours a week.

MANAGEMENT RESPONSE: The Village is attempting to find time and resources to perform the cross-training recommended by the auditor.

FS 2010-03 Capital Expenditures Not Recorded on the Books

CONDITION: Expenditures totaling approximately \$1,500,000 were spent under a grant to the Village but not entered into the books and records of the Village. The granting authority paid the expenditures directly to the contractor.

CRITERIA: Good accounting practice and generally accepted accounting principles require that expenditures on behalf of the Village for capital assets owned by the Village should be recorded on the Village accounting records.

CAUSE OF CONDITION: The Village was unaware that these types of expenditures on their behalf should be recorded on the books of the Village.

EFFECT OF THE CONDITION: The monthly financial statements of the Village did not include these expenditures.

RECOMMENDATION: We recommend that all expenditures made by a grantee on behalf of the Village be recorded monthly on the books and records of the Village.

MANAGEMENT'S RESPONSE: The Village will record all expenditures made on its behalf by a granting entity in the future.

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STATE OF NEW MEXICO
Village of Eagle Nest
Other Disclosures
June 30, 2010

A. AUDITOR PREPARED FINANCIAL STATEMENTS

It would be preferred and desirable for the Village to prepare its own GAAP-basis financial statements; however, the client believes that although they are capable of preparing and reviewing the financial statements, and they are taking full responsibility for the financial statements, the preparation of the financial statements was included in the audit contract with the IPA. As such the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on September 29, 2010. The following individuals were in attendance.

Village of Eagle Nest

Richard Cordova, Mayor
Lynda Perry, Village Administrator
Cathy Coppy, Village Finance Officer
Mary Turnquist, Deputy Clerk

Precision Accounting LLC

Melissa R. Santistevan, CPA
C. Jack Emmons, CPA, CFE