

STATE OF NEW MEXICO



ANNUAL FINANCIAL REPORT  
JUNE 30, 2011

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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, 2011

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**State of New Mexico**  
Village of Eagle Nest  
Official Roster  
June 30, 2011

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 Cobby, 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, 2011, 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, 2011 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, 2011, 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, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for each non-major governmental 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 October 11, 2011 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 Schedule IV-Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The 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  
October 11, 2011

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Management's Discussion and Analysis  
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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, 2011. 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 \$5,875,447 of Village of Eagle Nest exceeded its liabilities of \$574,491 at the close of the most recent fiscal year by \$5,300,956 (*net assets*). Of this amount, \$601,715 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$123,096 during the fiscal year. The majority of this decrease is due an increase in operating expenses and a reduction in revenue.
- As of June 30, 2011, the Village's governmental funds reported combined ending fund balances of \$707,914. Of this \$599,816 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.

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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-four 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.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

This is the third 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 \$5,300,956 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 \$ 4,668,138 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.

<b>Village of Eagle Nest's Net Assets</b>						
	June 30, 2011			June 30, 2010		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
<b>Assets</b>						
Current and other assets	867,817	339,492	1,207,309	513,978	222,100	736,078
Capital assets, net of accumulated depreciation	3,710,691	957,447	4,668,138	3,858,546	998,989	4,857,535
<b>Total Assets</b>	<b>4,578,508</b>	<b>1,296,939</b>	<b>5,875,447</b>	<b>4,372,524</b>	<b>1,221,089</b>	<b>5,593,613</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	363,660	3,538	367,198	154,930	5,666	160,596
Other Liabilities	184,754	22,539	207,293	40,514	18,594	59,108
<b>Total Liabilities</b>	<b>548,414</b>	<b>26,077</b>	<b>574,491</b>	<b>195,444</b>	<b>24,260</b>	<b>219,704</b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	3,360,901	957,447	4,318,348	3,689,360	998,989	4,688,349
Restricted	380,893	-	380,893	313,613	-	313,613
Unrestricted	288,300	313,415	601,715	174,107	197,840	371,947
<b>Total Net Assets</b>	<b>4,030,094</b>	<b>1,270,862</b>	<b>5,300,956</b>	<b>4,177,080</b>	<b>1,196,829</b>	<b>5,373,909</b>
<b>Total Liabilities and Net Assets</b>	<b>4,578,508</b>	<b>1,296,939</b>	<b>5,875,447</b>	<b>4,372,524</b>	<b>1,221,089</b>	<b>5,593,613</b>

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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 decreased by \$49,063 during the current fiscal year. This decrease is explained in the government and business-type activities discussion below, and is primarily a result of decreased revenues and an increase in operating expenses during the fiscal year.

Changes in Net Assets  
For the Year Ended June 30, 2011

Analysis of Changes in Net Assets	Governmental Activities	Business-Type Activities	Total
<b>Revenue</b>			
<b>Program revenue</b>			
Charges for Service	32,223	226,733	258,956
Operating grants and contributions	1,179,029	-	1,179,029
Capital Grants and Contributions	26,237	139,367	165,604
<b>General Revenue</b>			
Property Tax	14,736		14,736
Franchise Tax	7,043		7,043
Lodger's tax	37,838		37,838
Gross Receipts Tax	204,158	12,734	216,892
Motor Vehicle and Fuel Tax	9,633		9,633
Misc Revenues	22,202	8,058	30,260
Total Revenue	1,533,099	386,892	1,919,991
<b>Expenses</b>			
General Government	303,245	-	303,245
Public Safety	39,265	-	39,265
Culture and Recreation	15,830	-	15,830
Health and Welfare	78,930	-	78,930
Public Works	1,032,230	-	1,032,230
Depreciation-unallocated	201,722	-	201,722
Joint Utilities		297,832	297,832
Total Expenses	1,671,222	297,832	1,969,054
(Decrease) Increase in Assets before transfer	(138,123)	89,060	(49,063)
Transfers	15,027	(15,027)	-
(Decrease) Increase in Net Assets	(123,096)	74,033	(49,063)
Net Assets, Beginning of Year, restated	4,153,190	1,196,829	5,350,019
Ending Net Assets	4,030,094	1,270,862	5,300,956

Governmental activities: Governmental activities decreased Village of Eagle Nest's net assets by (\$123,096). The key element of this decrease was a increase in expenditures.

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

Business-type activities: Business-type activities increased the Village's net assets by \$74,033.

Analysis of Changes in Net Assets	Governmental Activities	Business-Type Activities	Total
<b><u>Revenue</u></b>			
<b>Program revenue</b>			
Charges for Service	16,613	220,472	237,085
Operating grants and contributions	600,172		600,172
Capital Grants and Contributions	1,185,039		1,185,039
<b>General Revenue</b>			
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	21,153	2,555	23,708
Total Revenue	2,059,824	234,702	2,294,526
<b><u>Expenses</u></b>			
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	1,049,733	(8,843)	1,040,890
Transfers	18,563	(18,563)	-
(Decrease) Increase in Net Assets	1,068,296	(27,406)	1,040,890
Net Assets, Beginning of Year, restated	3,108,784	1,224,235	4,333,019
Ending Net Assets	4,177,080	1,196,829	5,373,909

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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 \$707,914, an increase of \$208,894 in comparison with the prior year. Of this amount \$108,098 constitutes *unreserved fund balance*, which is available for spending at the government's discretion.

Revenues for governmental activities overall totaled \$1,466,189 in the fiscal year ended June 30, 2011, which represents an increase of \$954,283 from the fiscal year ended June 30, 2010. Expenditures for governmental activities, totaling \$1,272,320, increased by \$777,212 from the fiscal year ended June 30, 2010. In the fiscal year ended June 30, 2011, revenues exceeded expenditures by \$193,869.

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 \$84,208, while total fund balance was \$84,208.

The fund balance of Village of Eagle Nest's general fund decreased by \$(10,029) during the current fiscal year, due to expenses in excess of revenues.

The Fire Fund has a fund balance \$143,653. 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 \$56,096. The net decrease in fund balance for the year was \$16,634. The decrease 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 \$174,048. The total decrease in net assets for the proprietary funds was \$(65,334). Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

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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
\$ 309,853	\$ 260,016	\$ 49,837

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, 2011 amount to \$4,668,138 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery & equipment and vehicles. The Village's total capital assets (excluding accumulated depreciation) for the current fiscal year was \$9,491,596 for all 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, 2011

	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	232,057		232,057
Machinery and equipment	955,873	20,652	976,525
Total capital assets	7,688,372	1,803,224	9,491,596
Accumulated depreciation	3,977,681	845,777	4,823,458
Capital assets, net of accumulated depreciation	\$ 3,710,691	\$ 957,447	\$ 4,668,138

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Village of Eagle Nest's Outstanding Debt

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.

As of June 30, 2011

	Governmental Activities	Business-like Activities	Total
Accrued Compensated Absences	\$ 13,870	\$ 3,538	\$ 17,408
NMFA notes (Fire Dept)	317,053	-	317,053
Total long-term liabilities	330,923	3,538	334,461

See note 7 in the accompanying Notes to 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. After a two year cycle of large infrastructure projects that impacted gross receipt taxes, the Village is facing a very lean year both on the capital project side, as well as a down economy. With this in mind, the Village reduced the budgeted gross receipt taxes by 25% and raised property taxes by \$1.00 per 1,000 mills. The Village employees did not receive raises for the third year in a row and continue to be very frugal in their spending.

The FY11-12 projects are a \$75,000 facility improvement to the Collection Center, \$230,000 3<sup>rd</sup> Street paving project, and \$40,000 towards various street improvements. In addition, the Village has received a \$50,000 planning grant towards a Water Preliminary Engineering Report, a \$5,000 economic development grant, and a \$3,000 Beautification grant. The Village continues to seek ways to fund public works heavy equipment to provide better services, as well as is seeking funding for automatic read meters since the current meters are 30-40 years old. An analysis of the enterprise funds is being conducted to see where the Village can improve and in consideration of raising rates.

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, 2011

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 598,340	\$ 77,989	\$ 676,329
Investments	85,807	87,284	173,091
Taxes receivable	34,746	-	34,746
Accounts receivable	148,924	34,852	183,776
Total Current Assets	<u>867,817</u>	<u>200,125</u>	<u>1,067,942</u>
Noncurrent Assets			
Capital assets	7,688,372	1,803,224	9,491,596
Less: accumulated depreciation	<u>(3,977,681)</u>	<u>(845,777)</u>	<u>(4,823,458)</u>
Total Noncurrent Assets	<u>3,710,691</u>	<u>957,447</u>	<u>4,668,138</u>
Total Assets	<u>\$ 4,578,508</u>	<u>\$ 1,157,572</u>	<u>\$ 5,736,080</u>

## STATE OF NEW MEXICO

Exhibit A-1

Village of Eagle Nest  
Statement of Net Assets  
June 30, 2011

	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	\$ 149,683	\$ 11,526	\$ 161,209
Accrued salaries and benefits	10,220	2,200	12,420
Deposits payable	-	8,813	8,813
Accrued interest	961	-	961
Current portion of loans and notes payable	32,737	-	32,737
Total Current Liabilities	193,601	22,539	216,140
Noncurrent Liabilities			
Accrued legal expense	23,890	-	23,890
Accrued Compensated Absences	13,870	3,538	17,408
Loans and notes payable	317,053	-	317,053
Total Noncurrent Liabilities	354,813	3,538	358,351
Total Liabilities	548,414	26,077	574,491
<b>Net Assets</b>			
Invested in capital assets, net of related debt	3,360,901	957,447	4,318,348
Restricted for:			
Special Revenue Funds	307,363	-	307,363
Capital projects	73,530	-	73,530
Unrestricted	288,300	174,048	462,348
Total Net Assets	4,030,094	1,131,495	5,161,589
Total Net Assets and Liabilities	\$ 4,578,508	\$ 1,157,572	\$ 5,736,080

**STATE OF NEW MEXICO**  
Village of Eagle Nest  
Statement of Activities  
For the Year Ending June 30, 2011

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>
<b>Primary Government</b>				
General government	\$ 303,245	\$ 4,048	\$ 47,495	\$ -
Public safety	39,265	12,759	102,629	-
Public works	1,032,230	-	947,876	30,000
Culture and recreation	15,830	66	10,268	-
Health and welfare	78,930	15,350	66,998	-
Capital outlay:				
Depreciation	201,722	-	-	-
<i>Total governmental activities</i>	<u>1,671,222</u>	<u>32,223</u>	<u>1,175,266</u>	<u>30,000</u>
<b>Business-type Activities:</b>				
Joint Utility	297,832	226,733	-	-
<i>Total business type activities</i>	<u>297,832</u>	<u>226,733</u>	<u>-</u>	<u>-</u>
<i>Total</i>	<u>\$ 1,969,054</u>	<u>\$ 258,956</u>	<u>\$ 1,175,266</u>	<u>\$ 30,000</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

Restatement, Note 18

Net assets, beginning as restated

Net assets, ending

**STATE OF NEW MEXICO**  
Village of Eagle Nest  
Statement of Activities  
For the Year Ending June 30, 2011

Exhibit A-2

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Primary Government</b>		
<u>Government Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (251,702)	\$ -	\$ (251,702)
76,123	-	76,123
(54,354)	-	(54,354)
(5,496)	-	(5,496)
3,418	-	3,418
<u>(201,722)</u>	<u>-</u>	<u>(201,722)</u>
<u>(433,733)</u>	<u>-</u>	<u>(433,733)</u>
<u>-</u>	<u>(71,099)</u>	<u>(71,099)</u>
<u>-</u>	<u>(71,099)</u>	<u>(71,099)</u>
<u>(433,733)</u>	<u>(71,099)</u>	<u>(504,832)</u>
14,736	-	14,736
37,838	-	37,838
7,043	-	7,043
204,158	12,734	216,892
9,633	-	9,633
352	198	550
3,672	-	3,672
18,178	7,860	26,038
<u>15,027</u>	<u>(15,027)</u>	<u>-</u>
<u>310,637</u>	<u>5,765</u>	<u>316,402</u>
<u>(123,096)</u>	<u>(65,334)</u>	<u>(188,430)</u>
4,177,080	1,196,829	5,373,909
<u>(23,890)</u>	<u>-</u>	<u>(23,890)</u>
<u>4,153,190</u>	<u>1,196,829</u>	<u>5,350,019</u>
<u>\$ 4,030,094</u>	<u>\$ 1,131,495</u>	<u>\$ 5,161,589</u>

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## STATE OF NEW MEXICO

Village of Eagle Nest

Balance Sheet

Governmental Funds

June 30, 2011

	General Fund	Fire Protection Fund	Municipal Streets Fund	Other Governmental Funds	Total
<i>Assets</i>					
Cash and cash equivalents	\$ 79,793	\$ 137,782	\$ 16,023	\$ 364,732	\$ 598,330
Investments	7,009	5,871	37,294	35,643	85,817
Accounts and taxes receivable	29,755	-	-	4,991	34,746
Due from other governments	-	-	5,054	143,870	148,924
Due from other funds	1,825	-	-	-	1,825
<i>Total assets</i>	<u>\$ 118,382</u>	<u>\$ 143,653</u>	<u>\$ 58,371</u>	<u>\$ 549,236</u>	<u>\$ 869,642</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 2,312	\$ -	\$ 227	\$ 147,144	\$ 149,683
Accrued salaries and benefits	7,972	-	2,048	200	10,220
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	1,825	1,825
<i>Total liabilities</i>	<u>10,284</u>	<u>-</u>	<u>2,275</u>	<u>149,169</u>	<u>161,728</u>
<i>Fund balances</i>					
Fund balance					
Restricted for:					
General Fund	-	-	-	-	-
Special Revenue funds	-	143,653	56,096	94,914	294,663
Capital Project Funds	-	-	-	247,486	247,486
Debt service Funds	-	-	-	57,667	57,667
Committed for:					
General Fund	-	-	-	-	-
Special Revenue funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Debt service Funds	-	-	-	-	-
Assigned for:					
General Fund	-	-	-	-	-
Special Revenue funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Debt service Funds	-	-	-	-	-
Unassigned for:					
General fund	108,098	-	-	-	108,098
<i>Total fund balances</i>	<u>108,098</u>	<u>143,653</u>	<u>56,096</u>	<u>400,067</u>	<u>707,914</u>
<i>Total liabilities and fund balances</i>	<u>\$ 118,382</u>	<u>\$ 143,653</u>	<u>\$ 58,371</u>	<u>\$ 549,236</u>	<u>\$ 869,642</u>

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STATE OF NEW MEXICO

Village of Eagle Nest

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2011

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	\$	707,914
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		3,710,691
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Accrued interest		(961)
Accrued compensated absences		(13,870)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		<u>(373,680)</u>
Net assets of governmental activities	\$	<u><u>4,030,094</u></u>

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**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, 2011

	General Fund	Fire Protection Fund	Municipal Streets Fund	Other Governmental Funds	Total
<i>Revenues:</i>					
Taxes	\$ 190,219	\$ -	\$ 45,302	\$ 37,887	\$ 273,408
Federal Sources	-	-	-	452,248	452,248
State Sources	40,096	75,529	30,000	532,896	678,521
Charges for Services	13,123	-	-	31,566	44,689
Licenses and Fees	5,156	-	-	-	5,156
Investment Income (Loss)	81	52	84	135	352
Miscellaneous	1,458	50	-	10,307	11,815
	<u>250,133</u>	<u>75,631</u>	<u>75,386</u>	<u>1,065,039</u>	<u>1,466,189</u>
<i>Expenditures:</i>					
<i>Current:</i>					
General Government	262,210	-	-	40,480	302,690
Public Safety	-	41,177	-	11,991	53,168
Public Works	-	-	80,440	752,530	832,970
Culture and Recreation	-	-	-	8,830	8,830
Health and Welfare	-	-	-	20,795	20,795
Capital Outlay	-	26,817	9,532	17,518	53,867
<i>Debt Service:</i>					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	<u>262,210</u>	<u>67,994</u>	<u>89,972</u>	<u>852,144</u>	<u>1,272,320</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(12,077)</u>	<u>7,637</u>	<u>(14,586)</u>	<u>212,895</u>	<u>193,869</u>
<i>Other financing sources (uses)</i>					
Transfers In	-	-	(2,048)	27,667	25,619
Transfers (Out)	2,048	-	-	(12,640)	(10,592)
<i>Total other financing sources (uses)</i>	<u>2,048</u>	<u>-</u>	<u>(2,048)</u>	<u>15,027</u>	<u>15,027</u>
<i>Net change in fund balance</i>	(10,029)	7,637	(16,634)	227,922	208,896
<i>Fund balance - beginning of year</i>	<u>118,127</u>	<u>136,016</u>	<u>72,730</u>	<u>172,145</u>	<u>499,018</u>
<i>Fund balance - end of year</i>	<u>\$ 108,098</u>	<u>\$ 143,653</u>	<u>\$ 56,096</u>	<u>\$ 400,067</u>	<u>\$ 707,914</u>

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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, 2011

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

Net change in fund balances - total governmental funds	\$	208,896
--	----	---------

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:

Capital expenditures		53,867
Depreciation expense		(201,722)
Grant expenditures for construction in progress		(200,000)

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

Property taxes deferred in the fund statements but recognized in the Statement of Activities		-
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial  
resources to governmental funds, while the repayment of the principal of long-term  
debt consumes the current financial resources of governmental funds. Neither  
transaction, however, has any effect on net 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:

Grant intercept applied to note outstanding		19,394
Increase in accrued interest		(961)
Increase in accrued compensated absences		(2,570)

Change in net assets of governmental activities	\$	<u><u>(123,096)</u></u>
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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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP	Favorable
			Basis)	(Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ 10,150	\$ 10,150	\$ 174,220	\$ 164,070
Intergovernmental Income	39,550	44,550	43,714	(836)
Charges For Services	22,818	40,818	30,484	(10,334)
Licenses and Fees	5,845	5,845	5,801	(44)
Investment Income(Loss)	100	100	81	(19)
Miscellaneous	-	-	1,458	1,458
<i>Total revenues</i>	<u>78,463</u>	<u>101,463</u>	<u>255,758</u>	<u>154,295</u>
<i>Expenditures:</i>				
Current:				
General Government	283,153	309,853	260,016	49,837
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>283,153</u>	<u>309,853</u>	<u>260,016</u>	<u>49,837</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(204,690)</u>	<u>(208,390)</u>	<u>(4,258)</u>	<u>204,132</u>
<i>Other financing sources (uses)</i>				
Designated Cash	204,690	208,390	-	(208,390)
Transfers In	-	-	2,048	2,048
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>204,690</u>	<u>208,390</u>	<u>2,048</u>	<u>(206,342)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(2,210)	(2,210)
<i>Cash Balance - Beginning of Year</i>	-	-	91,862	91,862
<i>Change in withholding accounts</i>	-	-	(1,025)	(1,025)
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,627</u>	<u>\$ 88,627</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (2,210)	
Adjustment to revenue for accruals and other deferrals			(5,625)	
Adjustment to expenditures for payables, prepaids and other accruals			(2,194)	
Net change in fund balance (GAAP basis)			<u>\$ (10,029)</u>	

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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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-
State Sources	50,826	50,826	75,529	24,703
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	52	52
Miscellaneous	-	-	50	50
<i>Total revenues</i>	<u>50,826</u>	<u>50,826</u>	<u>75,631</u>	<u>24,805</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	79,539	108,598	41,720	66,878
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	26,818	(26,818)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>79,539</u>	<u>108,598</u>	<u>68,538</u>	<u>40,060</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(28,713)</u>	<u>(57,772)</u>	<u>7,093</u>	<u>64,865</u>
<i>Other financing sources (uses)</i>				
Designated Cash	28,713	57,772	-	(57,772)
Loan proceeds	-	-	-	-
Transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>28,713</u>	<u>57,772</u>	<u>-</u>	<u>(57,772)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	7,093	7,093
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>136,560</u>	<u>136,560</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,653</u>	<u>\$ 143,653</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 7,093	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			544	
Net change in fund balance (GAAP basis)			<u>\$ 7,637</u>	

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**STATE OF NEW MEXICO**  
 Village of Eagle Nest  
 Municipal 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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ 42,738	\$ 42,738
Federal Sources	-	-	-	-
State Sources	51,997	51,997	51,997	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	84	84
Miscellaneous	41,590	54,640	-	(54,640)
<i>Total revenues</i>	<u>93,587</u>	<u>106,637</u>	<u>94,819</u>	<u>(11,818)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	29,059	-	29,059
Public Works	104,988	104,988	80,654	24,334
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	9,532	(9,532)
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>104,988</u>	<u>134,047</u>	<u>90,186</u>	<u>43,861</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(11,401)</u>	<u>(27,410)</u>	<u>4,633</u>	<u>32,043</u>
<i>Other financing sources (uses)</i>				
Designated Cash	11,401	27,410	-	(27,410)
Transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>11,401</u>	<u>27,410</u>	<u>-</u>	<u>(27,410)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	4,633	4,633
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>48,684</u>	<u>48,684</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,317</u>	<u>\$ 53,317</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 4,633	
Adjustment to revenue for accruals and other deferrals			(19,433)	
Adjustment to expenditures for payables, prepaids and other accruals			(1,834)	
Net change in fund balance (GAAP basis)			<u>\$ (16,634)</u>	

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**STATE OF NEW MEXICO**

Village of Eagle Nest  
 Proprietary Fund  
 Statement of Net Assets  
 June 30, 2011

<i>Assets</i>	
<i>Current assets</i>	
Cash	\$ 77,989
Investments	87,284
Accounts receivable (less allowance for doubtful accounts of \$9,561)	<u>34,852</u>
<i>Total current assets</i>	<u>200,125</u>
<i>Noncurrent assets</i>	
Capital assets	1,803,224
Accumulated depreciation	<u>(845,777)</u>
<i>Total noncurrent assets</i>	<u>957,447</u>
<i>Total Assets</i>	<u>\$ 1,157,572</u>
<i>Liabilities and Net Assets</i>	
<i>Liabilities:</i>	
<i>Current liabilities</i>	
Accounts payable	\$ 11,526
Accrued salaries and benefits	2,200
Deposits payable	<u>8,813</u>
<i>Total current liabilities</i>	<u>22,539</u>
<i>Noncurrent liabilities</i>	
Accrued Compensated Absences	<u>3,538</u>
<i>Total noncurrent liabilities</i>	<u>3,538</u>
<i>Total liabilities</i>	<u>26,077</u>
<i>Net Assets:</i>	
Net assets invested in capital assets, net of related debt	957,447
Net assets unrestricted:	<u>174,048</u>
<i>Total net assets</i>	<u>1,131,495</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 1,157,572</u>

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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, 2011

<i>Operating revenues:</i>	
Charges for services	\$ 226,733
<i>Total operating revenues</i>	226,733
 <i>Operating expenses:</i>	
Depreciation	41,542
Personal services	81,497
Contractual services	45,897
Supplies and purchased power	12,343
Maintenance and materials	83,616
Operating expenses	19,922
Heat, light and power	13,015
<i>Total operating expenses</i>	297,832
<i>Operating income (loss)</i>	(71,099)
 <i>Non-operating revenues (expenses):</i>	
Interest income	198
Taxes	12,734
Miscellaneous income	7,860
<i>Total non-operating revenues (expenses)</i>	20,792
<i>Income (loss) before transfers</i>	(50,307)
Transfers out	(15,027)
<i>Increase (Decrease) in net assets</i>	(65,334)
<i>Total net assets, beginning of year</i>	1,196,829
<i>Total net assets, end of year</i>	\$ 1,131,495

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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, 2011

	Total
<i>Cash flows from operating activities:</i>	
Cash received from user charges	\$ 217,989
Cash payments to employees for services	(83,625)
Cash payments to suppliers for goods and services	(170,848)
<i>Net cash used for operating activities</i>	(36,484)
<i>Cash flows from noncapital financing activities:</i>	
Taxes collected	12,734
Miscellaneous income	7,860
Transfers to other funds	(15,027)
<i>Net cash provided from noncapital financing activities:</i>	5,567
<i>Cash flows from investing activities:</i>	
Interest on investments	198
<i>Net cash provided from investing activities:</i>	198
<i>Net decrease in cash and cash equivalents</i>	(30,719)
<i>Cash and cash equivalents - beginning of year</i>	195,992
<i>Cash and cash equivalents - end of year</i>	\$ 165,273
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</i>	
Operating income (loss)	\$ (71,099)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	41,542
Changes in assets and liabilities	
Receivables	(8,744)
Accrued expenses	(2,128)
Accounts payable	3,945
<i>Net cash (used) by operating activities</i>	\$ (36,484)

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**STATE OF NEW MEXICO**  
 Village of Eagle Nest  
 Fiduciary Funds  
 Statement of Fiduciary Assets and Liabilities-Agency Funds  
 June 30, 2011

	<u>Agency Funds</u>
<i>Assets</i>	
Cash	\$ 1,081
Investments	10,131
<i>Total assets</i>	\$ 11,212
 <i>Liabilities</i>	
Due to other taxing units	\$ 11,212
<i>Total liabilities</i>	\$ 11,212

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**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

**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, 2011

**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 current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period 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, 2011

**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 Protection 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.

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

The *Fire Protection 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 the annual Fire Protection 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.

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.

Program revenues reduce the costs of the function to be financed from the Village's general revenues. 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.



**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

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 for 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.

D. 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. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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, 2011.

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.

The Village receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1 of each year and are based on the assessed value of property and are due in two equal payments by November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> of the following year. Property taxes uncollected thirty days after November 10<sup>th</sup> and April 10<sup>th</sup> are considered delinquent and the Village may assess penalties and interest. The taxes attach as an enforceable lien on the property. The Village recognizes tax revenues in the period in which they are levied in the government-wide financial statements. The Village records only the portion of taxes considered "measurable" and "available" in the governmental fund financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

E. Assets, Liabilities, and Net Assets or Equity (continued)  
and use of these taxes. 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. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C(5). 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. Library books are expensed as purchased.

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 up to 240 hours 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 up to 120 hours at a rate of twelve days per year. Sick leave can be carried over from year to year. Upon termination employees receive pay for sick time accumulated up to 120 hours.

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

**NOTE 1. Summary of Significant Accounting Policies (continued)**

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

All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of an employee retirements or terminations

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.

Net Asset or Fund Equity:

Committed fund balance represents amounts that are usable only for specified purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purpose, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high level body or official whom the governing body has delegated.

Restricted fund balance represents amounts with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unassigned fund balance is the residual classification for the general fund and represents the amount that have not been assigned to other funds, and that have not been restricted, committed or assigned to specific purposes.

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.

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.

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.

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

**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, 2011 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, 2011.

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.

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

**NOTE 3. Deposits and investments (continued)**

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. The Dodd-Frank Act of 2010 required that all public funds in a non-interest bearing bank account be fully insured by the FDIC through December 31, 2012. The Village of Eagle Nest has an interest bearing account, therefore; they are not subject to the Dodd-Frank Act of 2010.

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	\$437,488	\$ 260,149	\$ 1,163
Less FDIC coverage	(250,000)	(250,000)	(1,163)
Total uninsured public funds	187,448	10,149	-
Collateral requirement	93,724	5,075	-
Pledged collateral held by the pledging Bank's trust department but not in the Village's name	187,863	-	-
Custodial Credit Risk-Deposits	-	-	-
Account Balance	437,488	260,149	1,163
FDIC Insured	250,000	250,000	1,163
Collateral held by the pledging bank, not in the Village's name	187,488	-	-
Uninsured and uncollateralized	-	10,149	-
Total Deposits	437,488	\$ 260,149	\$ -

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,

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

2011, \$197,597 of the Village's bank balance of \$698,760 was exposed to custodial credit risk as follows:

**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>197,597</u>
Total	\$	197,597

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, 2011 is:

Governmental Funds- Balance Sheet		
Cash and cash equivalents per Exhibit A-1	\$	676,329
Cash and cash equivalents per Exhibit E-1		1,081
Add outstanding checks and other items		<u>21,390</u>
Balance per banks	\$	698,800

*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, 2011 include the following:

State Treasurer LGIP	AAAm	36-day WAM	<u>\$ 173,091</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

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
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carrying amount of the portfolio approximates the fair value of all investments at June 30, 2011. Participation in the Local Government Investment Pool is voluntary.

**NOTE 3. Deposits and investments (continued)**

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

**NOTE 4. Accounts Receivable**

	General Fund	Municipal Streets Fund	Other Non-Major Projects	Total
Grant	\$ 3,250	\$ -	\$ 143,870	\$ 147,120
GRT Taxes	23,756	5,054	-	28,810
Other Taxes	1,824	-	4,991	6,815
Other receivables	925	-	-	925
Total Receivables	<u>\$ 29,755</u>	<u>\$ 5,054</u>	<u>\$ 148,861</u>	<u>\$ 183,670</u>

The above receivables are deemed 100% collectible. In accordance with GASB Statement 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 \$34,852 (net of allowance for uncollectible accounts of \$9,561) for the delivery of services to customers.

**NOTE 5. Transfers**

Transfers:	Transfers in	Transfers out
General fund	\$ 2,048	\$ -
Municipal Streets		2,048
SAP-05-1097-GF-WTR		12,640
Debt service-NMED/ARRA loan	14,223	
Water rights		30,000
Joint Utility Fund		15,027
Replacement reserve	30,000	-
Debt service reserve	<u>13,444</u>	<u>-</u>
Total	<u>\$ 59,715</u>	<u>\$ 59,715</u>

**State of New Mexico**  
Village of Eagle Nest  
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**6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2011 follows. Land is not subject to depreciation.

	Balance	Additions	Deletions	Balance
<b>Capital assets, not</b>				
<b>Being depreciated:</b>				
<b>Land</b>	\$ 376,425	\$ -	\$ -	\$ 376,425
<b>Construction in</b>	1,307,489	-	-	1,307,489
<b>Subtotal Capital Assets</b>	1,683,914	-	-	1,683,914
<b>Capital Assets,</b>				
<b>Infrastructure</b>	3,290,980	-	-	3,290,980
<b>Buildings and</b>	1,525,548	-	-	1,525,548
<b>Machinery and</b>	928,366	53,867	26,360	955,873
<b>Vehicles</b>	274,132	-	42,075	232,057
<b>Subtotal Capital</b>	7,702,940	53,867	68,435	7,688,372
<b>Accumulated</b>				
<b>Infrastructure</b>	2,073,929	-	-	2,183,628
<b>Buildings and</b>	887,609	41,518	-	929,127
<b>Machinery and</b>	882,856	50,505	68,435	864,926
<b>Subtotal Accumulated</b>	3,844,394	201,722	68,435	3,977,681
<b>Net Capital Assets</b>	<b>\$3,858,546</b>	<b>\$(147,855)</b>	<b>\$ -</b>	<b>\$ 3,710,691</b>

Depreciation expense for the year ended June 30, 2011 was charged to the following functions and funds:

Public safety	\$ 65,287
General	86,550
Culture and Recreation	-
Public Works	49,885
Total depreciation expense: governmental activities	<u>\$ 201,722</u>



**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

**NOTE 6. Capital Assets (continued)**

**Business-like Activities:**

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Land	\$ 179,500	\$ -	\$ -	\$ 179,500
Capital Assets, being depreciated:				
Buildings & Improvements	1,603,072	-	-	1,603,072
Machinery & Equipment	20,652	-	-	20,652
Subtotal Business-like Activities	1,803,224	-	-	1,803,224
Accumulated Depreciation:				
Buildings & Improvements	746,744	40,929	-	787,673
Machinery & Equipment	57,491	613	-	58,104
Subtotal Accumulated Depreciation	804,235	41,542	-	845,777
Net Capital Assets	\$ 998,989	\$(41,542)	\$ -	\$ 957,447

Depreciation expense for the year ended June 30, 2011, totaled \$41,542.

**NOTE 7. Long-term Debt**

During the year ended June 30, 2011, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

<b>Governmental Activities</b>	Balance 6/30/2010	Additions	Retirements	Balance 6/30/2011	Due Within One Year
2008 Loan Payable-NMFA	\$169,186	\$ -	\$ 19,396	\$ 149,790	\$ 19,294
NMED ARRA Loan	-	200,000	-	200,000	13,443
Accrued Compensated Absences	11,300	2,570	-	13,870	-
Total	\$ 180,486	\$ 202,570	\$ 19,396	\$ 363,660	\$ 32,737

The annual requirements to amortize the above long-term debt as of June 30, 2011, including interest payments are as follows:

**State of New Mexico**  
**Village of Eagle Nest**  
**Notes to Financial Statements**  
**June 30, 2011**

**NOTE 7. Long-term Debt (continued)**

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Ended</u>			
2012	26,737	11,290	38,027
2013	27,678	10,398	38,076
2014	28,656	5,204	33,860
2015	29,675	8,515	38,190
2016	30,740	7,771	38,512
2017-2022	93,162	24,198	117,360
2023-2027	53,107	14,109	67,216
2028-2032	60,034	5,650	65,684
Total	<u>\$ 349,790</u>	<u>\$ 87,135</u>	<u>\$ 436,925</u>

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.

New Mexico Self-Insurers' Fund has not provided information or 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 \$2,330 as of June 30, 2011. The deficit fund balance will be covered by transfers from the General Fund.
- B. Funds expended in excess of budget  
The Beautification Special Revenue Fund over spent its budget by \$19.

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

**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, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA’s website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

**Funding policy.** Plan members are required to contribute 7% to 8% (ranges from 4.0% to 16.65% depending upon the plan – i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officers) of their gross salary. The Village of Eagle Nest is required to contribute 7% to 11% (ranges from 7.0% to 25.72% depending upon the plan) of gross covered salary. The contribution requirements of plan members and the Village of Eagle Nest are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirement may be amended by the Legislature. The Village of Eagle Nest’s contributions to PERA for the fiscal years ending June 30, 2011, 2010, and 2009 were \$12,143, \$12,611, and \$10,220, respectively, which equal the required contributions for each year.

**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

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

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.

**NOTE 14. Joint Powers Agreements (continued)**

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 30, 2010 to June 30, 2011

Total Estimated Amount of Project and Actual Amount Contributed

Unknown- Annual allotment.

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

Energy, Minerals and Natural Resources Department

Purpose:

The Village of Eagle Nest and the EMNRD commit to mutual wildland fire suppression, management assistance and cooperation.

Participants:

Village of Eagle Nest and the Energy, Minerals, and Natural Resources Department

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

Responsible party for operations:  
Both parties agree to cooperate and participate.

**NOTE 14. Joint Powers Agreements (continued)**

Beginning and ending of agreement:

April 15, 2008 indefinitely

Total estimated Amount of Project and Actual amount contributed:  
None to date

**NOTE 15 Subsequent Accounting Standard Pronouncements**

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. That Statement supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. Statement 62 is effective for financial statements for periods beginning after December 15, 2011, with early application encouraged. The objective of this statement is to provide non-conflicting pronouncements between FASB and GASB. The REC is reviewing the effects of the implementation of this statement.

In June 2011, the GASB issued Statement No. 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Village is reviewing the effects of the implementation of this statement.

**NOTE 16 Subsequent Review**

The Village of Eagle Nest has evaluated subsequent events through October 11, 2011, which is the date the financial statements were dated.

**NOTE 17 Commitments**

The Village of Eagle Nest has construction commitments totaling \$303,007 for two construction projects. The projects are scheduled for completion during the upcoming fiscal year.

**State of New Mexico**  
Village of Eagle Nest  
Notes to Financial Statements  
June 30, 2011

**NOTE 18      Restatement**

The Village of Eagle Nest incurred a significant amount of legal fees in an election dispute in a prior year. The Village owes approximately \$23,890 which is being paid at the rate of \$1,000 per month.

Net assets, beginning as previously reported	\$ 4,177,080
Restatement	<u>(23,890)</u>
Net as, as restated	<u>\$ 4,153,190</u>

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.

CWSRF-ARRA (Stimulus) To account for monies received under a grant and loan from the ARRA Act for a waste water project. Funding is provided by stimulus grant ARRA CWSRF-10 under CDFR No. 66-458

*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.

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State of New Mexico  
Village of Eagle Nest  
Fund Descriptions

STATE CO-OP 2008 and 2009 GRANTS-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.

MAP 7607 (908) (DOT) To account for receipts and expenditures for a road project under a state co-op agreement. Authority is a Co-op agreement with the New Mexico Department of Transportation.

*Debt Service Funds:*

CWSRF ARRA Debt Service- To account for monies set-aside to pay principal and interest on the CWSRF ARRA loan if needed.

DEBT SERVICE RESERVE- to account for monies set aside from joint utility revenue each month to accumulate a reserve for payment of waste water improvement loan if needed.

REPLACEMENT RESERVE- To account for monies set-aside in reserve for any maintenance to the joint utility system in the case of an emergency.

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, 2011

Statement A-1  
1 of 4

	<u>Special Revenue</u>				
	Local Corrections Fund	Beautification Fund	EMS Fund	Law Enforcement Protection Fund	Library Fund
<i>Assets</i>					
Cash and cash equivalents	\$ 3,512	\$ 1,163	\$ 3,222	\$ 17,519	\$ -
Investments	4,474	-	8,473	3,310	358
Accounts and taxes receivable	-	-	-	-	-
Due from other governments	-	-	-	-	4,503
Due from other funds	-	-	-	-	-
<i>Total assets</i>	<u>\$ 7,986</u>	<u>\$ 1,163</u>	<u>\$ 11,695</u>	<u>\$ 20,829</u>	<u>\$ 4,861</u>
<i>Liabilities</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	200	-	-
Due to other funds	-	-	-	-	386
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>386</u>
<i>Fund balances</i>					
Fund balance					
Restricted for:					
General Fund	-	-	-	-	-
Special Revenue Funds	7,986	1,163	11,495	20,829	4,475
Capital projects Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Committed for:					
General Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Capital projects Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Assigned for:					
General Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-
Capital projects Funds	-	-	-	-	-
Debt Service Funds	-	-	-	-	-
Unassigned for:					
General Fund	-	-	-	-	-
<i>Total fund balances</i>	<u>7,986</u>	<u>1,163</u>	<u>11,495</u>	<u>20,829</u>	<u>4,475</u>
<i>Total liabilities and fund balances</i>	<u>\$ 7,986</u>	<u>\$ 1,163</u>	<u>\$ 11,695</u>	<u>\$ 20,829</u>	<u>\$ 4,861</u>

**STATE OF NEW MEXICO**  
Village of Eagle Nest  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2011

Statement A-1  
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Special Revenue

<u>Lodgers' Tax Fund</u>	<u>Recreation Fund</u>	<u>Water Rights Fund</u>	<u>Senior Citizen's Fund</u>	<u>Activities Fund</u>
\$ 17,068	\$ 4,341	\$ 3,449	\$ -	\$ 150
2,038	486	594	-	3,421
4,991	-	-	-	-
-	-	-	-	-
<u>\$ 24,097</u>	<u>\$ 4,827</u>	<u>\$ 4,043</u>	<u>\$ -</u>	<u>\$ 3,571</u>
\$ 226	-	-	\$ 891	-
-	-	-	-	-
-	-	-	1,439	-
<u>226</u>	<u>-</u>	<u>-</u>	<u>2,330</u>	<u>-</u>
-	-	-	-	-
23,871	4,827	4,043	(2,330)	3,571
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>23,871</u>	<u>4,827</u>	<u>4,043</u>	<u>(2,330)</u>	<u>3,571</u>
<u>\$ 24,097</u>	<u>\$ 4,827</u>	<u>\$ 4,043</u>	<u>\$ -</u>	<u>\$ 3,571</u>

**STATE OF NEW MEXICO**  
Village of Eagle Nest  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2011

Statement A-1  
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	Special Revenue		Capital Project			
	Recycle Fund	CWSRF-ARRA (Stimulus)	Ambulance Replacement Fund	Public Works Vehicle Replacement Fund	CDBG 2008 Grant Fund	Capital Project State Co- op 2008 Fund
<i>Assets</i>						
Cash and cash equivalents	\$ 2,678	\$ -	\$ 36,000	\$ -	\$ 100	\$ 3,277
Investments	12,306	-	171	12	-	-
Accounts and taxes receivable	-	-	-	-	-	-
Due from other governments	-	139,367	-	-	-	-
Due from other funds	-	-	-	-	-	-
<i>Total assets</i>	<u>\$ 14,984</u>	<u>\$ 139,367</u>	<u>\$ 36,171</u>	<u>\$ 12</u>	<u>\$ 100</u>	<u>\$ 3,277</u>
<i>Liabilities</i>						
Accounts payable	\$ -	\$ 139,367	\$ -	\$ -	\$ -	-
Accrued salaries and benefits	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>139,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>						
Fund balance						
Restricted for:						
General Fund	-	-	-	-	-	-
Special Revenue Funds	14,984	-	-	-	-	-
Capital projects Funds	-	-	36,171	12	100	3,277
Debt Service Funds	-	-	-	-	-	-
Committed for:						
General Fund	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-
Capital projects Funds	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-
Assigned for:						
General Fund	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-
Capital projects Funds	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-
Unassigned for:						
General Fund	-	-	-	-	-	-
<i>Total fund balances</i>	<u>14,984</u>	<u>-</u>	<u>36,171</u>	<u>12</u>	<u>100</u>	<u>3,277</u>
<i>Total liabilities and fund balance:</i>	<u>\$ 14,984</u>	<u>\$ 139,367</u>	<u>\$ 36,171</u>	<u>\$ 12</u>	<u>\$ 100</u>	<u>\$ 3,277</u>

**STATE OF NEW MEXICO**  
Village of Eagle Nest  
Nonmajor Governmental Funds  
Combining Balance Sheet  
June 30, 2011

Statement A-1  
4 of 4

		Debt Service					
State Co- op 2009 Fund	MAP 7607 (908) (DOT)	CWSRF ARRA Debt Service	Debt Service Reserve	Replace- ment Reserve	Debt Service Fund	Total Nonmajor Governmental Funds	
\$ -	\$ 211,030	\$ -	\$ 13,444	\$ 30,000	\$ 17,779	\$ 364,732	
-	-	-	-	-	-	35,643	
-	-	-	-	-	-	4,991	
-	-	-	-	-	-	143,870	
-	-	-	-	-	-	-	
<u>\$ -</u>	<u>\$ 211,030</u>	<u>\$ -</u>	<u>\$ 13,444</u>	<u>\$ 30,000</u>	<u>\$ 17,779</u>	<u>\$ 549,236</u>	
-	3,104	\$ -	\$ -	\$ -	\$ 3,556	\$ 147,144	
-	-	-	-	-	-	200	
-	-	-	-	-	-	1,825	
<u>-</u>	<u>3,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,556</u>	<u>149,169</u>	
-	-	-	-	-	-	-	
-	-	-	-	-	-	94,914	
-	207,926	-	-	-	-	247,486	
-	-	-	13,444	30,000	14,223	57,667	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
<u>-</u>	<u>207,926</u>	<u>-</u>	<u>13,444</u>	<u>30,000</u>	<u>14,223</u>	<u>400,067</u>	
<u>\$ -</u>	<u>\$ 211,030</u>	<u>\$ -</u>	<u>\$ 13,444</u>	<u>\$ 30,000</u>	<u>\$ 17,779</u>	<u>\$ 549,236</u>	

**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, 2011

## 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	740	-	7,963	-
Licenses and Fees	-	-	-	-
Investment Income (Loss)	10	-	42	7
Miscellaneous	-	168	1,000	-
<i>Total revenues</i>	<u>750</u>	<u>168</u>	<u>16,005</u>	<u>20,007</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	97	-	10,538	1,341
Public Works	-	(226)	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>97</u>	<u>(226)</u>	<u>10,538</u>	<u>1,341</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>653</u>	<u>394</u>	<u>5,467</u>	<u>18,666</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>	653	394	5,467	18,666
<i>Fund balances - beginning of year</i>	<u>7,333</u>	<u>769</u>	<u>6,028</u>	<u>2,163</u>
<i>Fund balances - end of year</i>	<u>\$ 7,986</u>	<u>\$ 1,163</u>	<u>\$ 11,495</u>	<u>\$ 20,829</u>



## Special Revenue

Library Fund	Lodgers' Tax Fund	Recreation Fund	Water Rights Fund	Senior Citizen's Fund	Activities fund
\$ -	\$ 37,838	\$ 49	\$ -	\$ -	\$ -
-	-	-	-	-	-
10,268	-	-	-	-	-
60	-	-	-	7,453	-
-	-	-	-	-	-
1	4	8	1	-	8
2,073	-	-	-	6	-
<u>12,402</u>	<u>37,842</u>	<u>57</u>	<u>1</u>	<u>7,459</u>	<u>8</u>
-	40,480	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,830	-	-	-	-	-
-	-	-	-	7,188	-
-	1,923	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,830</u>	<u>42,403</u>	<u>-</u>	<u>-</u>	<u>7,188</u>	<u>-</u>
<u>3,572</u>	<u>(4,561)</u>	<u>57</u>	<u>1</u>	<u>271</u>	<u>8</u>
-	-	-	(30,000)	-	-
-	-	-	-	-	-
-	-	-	(30,000)	-	-
3,572	(4,561)	57	(29,999)	271	8
903	28,432	4,770	34,042	(2,601)	3,563
<u>\$ 4,475</u>	<u>\$ 23,871</u>	<u>\$ 4,827</u>	<u>\$ 4,043</u>	<u>\$ (2,330)</u>	<u>\$ 3,571</u>

**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, 2011

	Recycle Fund	CWSRF- ARRA (Stimulus)	Ambulance Replacement Fund	Public Works Vehicle Replacement Fund	CDBG 2008 Grant Fund
<i>Revenues:</i>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	452,248	-	-	-
State Sources	-	-	-	-	100,088
Charges for Services	15,350	-	-	-	-
Licenses and Fees	-	-	-	-	-
Investment Income (Loss)	28	-	-	20	6
Miscellaneous	-	-	-	7,060	-
<i>Total revenues</i>	<u>15,378</u>	<u>452,248</u>	<u>-</u>	<u>7,080</u>	<u>100,094</u>
<i>Expenditures:</i>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	15	-	-
Public Works	-	452,248	-	-	100,094
Culture and Recreation	-	-	-	-	-
Health and Welfare	13,607	-	-	-	-
Capital Outlay	-	-	-	15,699	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>13,607</u>	<u>452,248</u>	<u>15</u>	<u>15,699</u>	<u>100,094</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,771</u>	<u>-</u>	<u>(15)</u>	<u>(8,619)</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>	<u>-</u>
<i>Net change in fund balances</i>	1,771	-	(15)	(8,619)	-
<i>Fund balances - beginning of year</i>	<u>13,213</u>	<u>-</u>	<u>36,186</u>	<u>8,631</u>	<u>100</u>
<i>Fund balances - end of year</i>	<u>\$ 14,984</u>	<u>\$ -</u>	<u>\$ 36,171</u>	<u>\$ 12</u>	<u>\$ 100</u>

## Debt Service

State Co-op 2008 Grant	State Co-op 2009 Grant	MAP 7607 908 (DOT)	CWSRF ARRA Debt Service	Debt Service Reserve	Replacement Reserve	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,887
-	-	-	-	-	-	-	452,248
(12,800)	-	408,340	-	-	-	-	532,896
-	-	-	-	-	-	-	31,566
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	135
-	-	-	-	-	-	-	10,307
<u>(12,800)</u>	<u>-</u>	<u>408,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,065,039</u>
-	-	-	-	-	-	-	40,480
-	-	-	-	-	-	-	11,991
-	-	200,414	-	-	-	-	752,530
-	-	-	-	-	-	-	8,830
-	-	-	-	-	-	-	20,795
-	(104)	-	-	-	-	-	17,518
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>(104)</u>	<u>200,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>852,144</u>
<u>(12,800)</u>	<u>104</u>	<u>207,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,895</u>
-	-	-	-	13,444	30,000	14,223	27,667
-	(12,640)	-	-	-	-	-	(12,640)
-	(12,640)	-	-	13,444	30,000	14,223	15,027
(12,800)	(12,536)	207,926	-	13,444	30,000	14,223	227,922
16,077	12,536	-	-	-	-	-	172,145
<u>\$ 3,277</u>	<u>\$ -</u>	<u>\$ 207,926</u>	<u>\$ -</u>	<u>\$ 13,444</u>	<u>\$ 30,000</u>	<u>\$ 14,223</u>	<u>\$ 400,067</u>

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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, 2011

	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	740	(460)
Licenses and Fees	-	1,900	-	(1,900)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	10	10
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,200</u>	<u>3,100</u>	<u>750</u>	<u>(2,350)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	1,350	3,250	97	3,153
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>97</u>	<u>3,153</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(150)</u>	<u>(150)</u>	<u>653</u>	<u>803</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>	-	-	653	653
<i>Cash Balance - Beginning of Year</i>	-	-	7,333	7,333
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,986</u>	<u>\$ 7,986</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 653	
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>\$ 653</u>	

**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, 2011

	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	-	-	168	168
<i>Total revenues</i>	-	-	168	168
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	19	(19)
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	19	(19)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	149	149
<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>	-	-	149	149
<i>Cash Balance - Beginning of Year</i>	-	-	1,014	1,014
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 1,163	\$ 1,163
Net change in cash (Non-GAAP Budgetary basis)			\$ 149	
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)			\$ 394	

**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, 2011

	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	13,700	21,700	8,711	(12,989)
Licenses and Fees	-	-	-	-
Interest Income	-	-	1,000	1,000
Investment Income(Loss)	-	-	42	42
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>20,700</u>	<u>28,700</u>	<u>16,753</u>	<u>(11,947)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	21,017	21,017	10,972	10,045
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,017</u>	<u>21,017</u>	<u>10,972</u>	<u>10,045</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(317)</u>	<u>7,683</u>	<u>5,781</u>	<u>(1,902)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	317	(7,683)	-	7,683
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>317</u>	<u>(7,683)</u>	<u>-</u>	<u>7,683</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	5,781	5,781
<i>Cash Balance - Beginning of Year</i>	-	-	5,914	5,914
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,695</u>	<u>\$ 11,695</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 5,781	
Adjustment to revenue for accruals and other deferrals			(748)	
Adjustment to expenditures for payables, prepaids and other accruals			434	
Net change in fund balance (GAAP basis)			<u>\$ 5,467</u>	

**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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	20,000	20,000	20,000	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	7	7
Miscellaneous	-	-	-	-
<i>Total revenues</i>	20,000	20,000	20,007	7
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	22,000	22,000	1,341	20,659
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	22,000	22,000	1,341	20,659
<i>Excess (deficiency) of revenues over expenditures</i>	(2,000)	(2,000)	18,666	20,666
<i>Other financing sources (uses)</i>				
Designated Cash	2,000	2,000	-	(2,000)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	2,000	2,000	-	(2,000)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	18,666	18,666
<i>Cash Balance - Beginning of Year</i>	-	-	2,163	2,163
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 20,829	\$ 20,829
Net change in cash (Non-GAAP Budgetary basis)			\$ 18,666	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ 18,666	



**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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	5,765	5,765
Charges For Services	-	-	60	60
Licenses and Fees	-	-	-	-
Interest Income	8,187	12,358	1	(12,357)
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	2,073	2,073
<i>Total revenues</i>	8,187	12,358	7,899	(4,459)
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	8,555	9,555	8,950	605
Health and Welfare	-	-	-	-
Capital Outlay	7,764	7,764	-	7,764
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	16,319	17,319	8,950	8,369
<i>Excess (deficiency) of revenues over expenditures</i>	(8,132)	(4,961)	(1,051)	3,910
<i>Other financing sources (uses)</i>				
Designated Cash	8,132	4,961	-	(4,961)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	8,132	4,961	-	(4,961)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(1,051)	(1,051)
<i>Cash Balance - Beginning of Year</i>	-	-	1,023	1,023
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ (28)	\$ (28)
Net change in cash (Non-GAAP Budgetary basis)			\$ (1,051)	
Adjustment to revenue for accruals and other deferrals			4,503	
Adjustment to expenditures for payables, prepaids and other accruals			120	
Net change in fund balance (GAAP basis)			\$ 3,572	

**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, 2011

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	36,033	\$ 36,033
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	4	4
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	36,037	36,037
<i>Expenditures:</i>				
Current:				
General Government	44,178	44,678	40,254	4,424
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	1,923	(1,923)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	44,178	44,678	42,177	2,501
<i>Excess (deficiency) of revenues over expenditures</i>	(44,178)	(44,678)	(6,140)	38,538
<i>Other financing sources (uses)</i>				
Designated Cash	44,178	44,678	-	(44,678)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	44,178	44,678	-	(44,678)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(6,140)	(6,140)
<i>Cash Balance - Beginning of Year</i>	-	-	25,246	25,246
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 19,106	\$ 19,106
Net change in cash (Non-GAAP Budgetary basis)			\$ (6,140)	
Adjustment to revenue for accruals and other deferrals			1,805	
Adjustment to expenditures for payables, prepaids and other accruals			(226)	
Net change in fund balance (GAAP basis)			\$ (4,561)	

**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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	8	8
Miscellaneous	-	-	49	49
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>57</u>	<u>57</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	3,000	3,000	-	3,000
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,000)</u>	<u>(3,000)</u>	<u>57</u>	<u>3,057</u>
<i>Other financing sources (uses)</i>				
Designated Cash	3,000	3,000	-	(3,000)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>(3,000)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	57	57
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>4,770</u>	<u>4,770</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,827</u>	<u>\$ 4,827</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 57	
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>\$ 57</u>	

**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, 2011

	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	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	1	1
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Other financing sources (uses)</i>				
Designated Cash	30,000	30,000	-	(30,000)
Transfers In	(30,000)	(30,000)	(30,000)	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(29,999)	(29,999)
<i>Cash Balance - Beginning of Year</i>	-	-	34,042	34,042
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,043</u>	<u>\$ 4,043</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (29,999)	
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>\$ (29,999)</u>	

**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, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	2,281	2,281	7,453	5,172
Licenses and Fees	-	-	-	-
Interest Income	-	-	6	6
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	2,281	2,281	7,459	5,178
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	1,205	-	1,205
Health and Welfare	10,534	10,534	6,546	3,988
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	10,534	11,739	6,546	5,193
<i>Excess (deficiency) of revenues over expenditures</i>	(8,253)	(9,458)	913	10,371
<i>Other financing sources (uses)</i>				
Designated Cash	8,253	9,458	-	(9,458)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	8,253	9,458	-	(9,458)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	913	913
<i>Cash Balance - Beginning of Year</i>	-	-	(2,352)	(2,352)
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ (1,439)	\$ (1,439)
Net change in cash (Non-GAAP Budgetary basis)			\$ 913	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(642)	
Net change in fund balance (GAAP basis)			\$ 271	

**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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Favorable Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	8,654	-	(8,654)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	8	8
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	8,654	8	(8,646)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	8,654	-	8,654
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	8,654	-	8,654
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	8	8
<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>	-	-	8	8
<i>Cash Balance - Beginning of Year</i>	-	-	3,563	3,563
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 3,571	\$ 3,571
Net change in cash (Non-GAAP Budgetary basis)			\$ 8	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ 8	

**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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	13,400	13,400	15,350	1,950
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	28	28
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>13,400</u>	<u>13,400</u>	<u>15,378</u>	<u>1,978</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	17,400	17,400	13,607	3,793
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>17,400</u>	<u>17,400</u>	<u>13,607</u>	<u>3,793</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(4,000)</u>	<u>(4,000)</u>	<u>1,771</u>	<u>5,771</u>
<i>Other financing sources (uses)</i>				
Designated Cash	4,000	4,000	-	(4,000)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	1,771	1,771
<i>Cash Balance - Beginning of Year</i>	-	-	13,213	13,213
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,984</u>	<u>\$ 14,984</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 1,771	
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>\$ 1,771</u>	

**STATE OF NEW MEXICO**  
Village of Eagle Nest  
CWSRF-ARRA Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable)
				Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	466,698	466,698	312,881	(153,817)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>466,698</u>	<u>466,698</u>	<u>312,881</u>	<u>(153,817)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	328	-	328
Public Works	466,698	466,698	312,881	153,817
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>466,698</u>	<u>467,026</u>	<u>312,881</u>	<u>154,145</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(328)</u>	<u>-</u>	<u>328</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	328	-	(328)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>328</u>	<u>-</u>	<u>(328)</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>-</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			139,367	
Adjustment to expenditures for payables, prepaids and other accruals			(139,367)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	



**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, 2011

	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>				
Current:				
General Government	-	-	-	-
Public Safety	-	328	15	313
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>328</u>	<u>15</u>	<u>313</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(328)</u>	<u>(15)</u>	<u>313</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	328	-	(328)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>328</u>	<u>-</u>	<u>(328)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>(15)</u>	<u>(15)</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>36,186</u>	<u>36,186</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,171</u>	<u>\$ 36,171</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (15)	
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>\$ (15)</u>	

**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, 2011

	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	10,150	10,150	7,060	(3,090)
Investment Income(Loss)	-	-	20	20
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>10,150</b>	<b>10,150</b>	<b>7,080</b>	<b>(3,070)</b>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	38,000	38,000	15,699	22,301
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>38,000</b>	<b>38,000</b>	<b>15,699</b>	<b>22,301</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>(27,850)</b>	<b>(27,850)</b>	<b>(8,619)</b>	<b>19,231</b>
<i>Other financing sources (uses)</i>				
Designated Cash	27,850	27,850	-	(27,850)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>27,850</b>	<b>27,850</b>	<b>-</b>	<b>(27,850)</b>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(8,619)	(8,619)
<i>Cash Balance - Beginning of Year</i>	-	-	8,631	8,631
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 12	\$ 12
Net change in cash (Non-GAAP Budgetary basis)			\$ (8,619)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
<b>Net change in Fund Balance (GAAP basis)</b>			<b>\$ (8,619)</b>	

**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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	113,000	113,000	100,088	(12,912)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	6	6
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>113,000</u>	<u>113,000</u>	<u>100,094</u>	<u>(12,906)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	113,000	113,000	100,094	12,906
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	300,000	300,000	-	300,000
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>413,000</u>	<u>413,000</u>	<u>100,094</u>	<u>312,906</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>300,000</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>(300,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<i>Cash Balance - End of Year</i>	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>\$ 100</u>	<u>\$ 300,100</u>
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)			<u>\$ -</u>	

**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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	16,077	16,077	(12,800)	(28,877)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>16,077</u>	<u>16,077</u>	<u>(12,800)</u>	<u>(28,877)</u>
<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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>16,077</u>	<u>16,077</u>	<u>(12,800)</u>	<u>(28,877)</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>16,077</u>	<u>16,077</u>	<u>(12,800)</u>	<u>(28,877)</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>16,077</u>	<u>16,077</u>
<i>Cash Balance - End of Year</i>	<u>\$ 16,077</u>	<u>\$ 16,077</u>	<u>\$ 3,277</u>	<u>\$ (12,800)</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (12,800)	
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>\$ (12,800)</u>	

**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, 2011

	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	-	-	(49)	49
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>(49)</u>	<u>49</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>49</u>	<u>49</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	(12,640)	(12,640)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(12,640)</u>	<u>(12,640)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>(12,591)</u>	<u>(12,591)</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>\$ -</u>	<u>\$ -</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (12,591)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			55	
Net change in fund balance (GAAP basis)			<u>\$ (12,536)</u>	

**STATE OF NEW MEXICO**  
Village of Eagle Nest  
MAP 7607 Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	230,000	408,340	178,340
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>230,000</u>	<u>408,340</u>	<u>178,340</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	230,000	197,310	32,690
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>230,000</u>	<u>197,310</u>	<u>32,690</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>211,030</u>	<u>211,030</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>211,030</u>	<u>211,030</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,030</u>	<u>\$ 211,030</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 211,030	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(3,104)	
Net change in fund balance (GAAP basis)			<u>\$ 207,926</u>	

**STATE OF NEW MEXICO**  
 Village of Eagle Nest  
 Debt Service Reserve Debt Service Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ended June 30, 2011

	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>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
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	13,444	13,444	13,444	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>13,444</u>	<u>13,444</u>	<u>13,444</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	13,444	13,444	13,444	-
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash Balance - End of Year</i>	<u>\$ 13,444</u>	<u>\$ 13,444</u>	<u>\$ 13,444</u>	<u>\$ -</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 13,444	
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>\$ 13,444</u>	

**STATE OF NEW MEXICO**  
 Village of Eagle Nest  
 Replacement Reserve Debt Service Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget (Non-GAAP Basis) and Actual  
 For the Year Ended June 30, 2011

	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	30,000	30,000	30,000	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	30,000	30,000	30,000	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	30,000	30,000	30,000	-
<i>Cash Balance - Beginning of Year</i>	-	-	-	-
<i>Cash Balance - End of Year</i>	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Net change in cash (Non-GAAP Budgetary basis)			\$ 30,000	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ 30,000	



## STATE OF NEW MEXICO

Village of Eagle Nest

Debt Service Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

For the Year Ended June 30, 2011

	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	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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>	<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	13,444	13,444	14,223	779
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>13,444</u>	<u>13,444</u>	<u>14,223</u>	<u>779</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>13,444</u>	<u>13,444</u>	<u>14,223</u>	<u>779</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>3,556</u>	<u>3,556</u>
<i>Cash Balance - End of Year</i>	<u>\$ 13,444</u>	<u>\$ 13,444</u>	<u>\$ 17,779</u>	<u>\$ 4,335</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 14,223	
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>\$ 14,223</u>	

**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, 2011

	Budgeted Amounts		Actual	Variances
	Original	Final	(GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ 244,462	\$ 244,462	\$ 226,733	\$ (17,729)
<i>Total operating revenues</i>	<u>244,462</u>	<u>244,462</u>	<u>226,733</u>	<u>(17,729)</u>
<i>Operating expenses:</i>				
Depreciation	-	-	41,542	(41,542)
Personal services	122,099	122,099	81,497	40,602
Contractual services	101,995	101,995	45,897	56,098
Supplies and purchased power	-	-	12,343	(12,343)
Maintenance and materials	79,143	79,143	83,616	(4,473)
Miscellaneous	25,625	25,625	19,922	5,703
Heat, light and power	-	-	13,015	(13,015)
<i>Total operating expenses</i>	<u>328,862</u>	<u>328,862</u>	<u>297,832</u>	<u>31,030</u>
<i>Operating income (loss)</i>	<u>(84,400)</u>	<u>(84,400)</u>	<u>(71,099)</u>	<u>13,301</u>
<i>Non-operating revenues (expenses):</i>				
Beginning cash	66,550	66,550	-	66,550
Interest income	950	950	198	752
Taxes	-	-	12,734	(12,734)
Miscellaneous income	16,900	16,900	7,860	9,040
Transfers Out	-	-	(15,027)	
<i>Total non-operating revenues (expenses)</i>	<u>84,400</u>	<u>84,400</u>	<u>5,765</u>	<u>63,608</u>
<i>Change in net assets</i>	-	-	(65,334)	65,334
<i>Net assets, beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,196,829</u>	<u>1,196,829</u>
<i>Net assets, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,131,495</u>	<u>\$ (1,131,495)</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, 2011**

Schedule I

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2011	Name and Location of Safekeeper
Bank of America	FNCL Pool 995023 Cusip 31416BLC0 5.5% Due 8/1/2037	\$ 187,863	Federal Reserve Bank Dallas, Texas
		<u>\$ 187,863</u>	

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2011**

Schedule II

Bank Account Type/Name	Bank of America	International Bank	First National Bank	Total
Checking - General	\$ 436,407	\$ 122,307	\$ -	\$ 558,714
Checking - Beautification	-	-	1,163	1,163
Checking-Municipal Court Bond	-	-	-	-
Checking - CDBG Grant	-	100	-	100
Checking - Activities fund	-	150	-	150
Checking - Fire Department	-	137,592	-	137,592
Checking - Volunteer fire	1,081	-	-	1,081
Total On Deposit	<u>437,488</u>	<u>260,149</u>	<u>1,163</u>	<u>698,800</u>
Reconciling Items	<u>410</u>	<u>20,980</u>	<u>-</u>	<u>21,390</u>
Reconciled Bank Balance at June 30, 2011	<u><u>\$ 437,078</u></u>	<u><u>\$ 239,169</u></u>	<u><u>\$ 1,163</u></u>	677,410
Investments:				
Certificate of deposit				10,131
State Treasurer's local government pool				173,091
Total cash and Investments				<u><u>\$ 860,632</u></u>

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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, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>
<b><u>ASSETS</u></b>				
Cash	\$ -	\$ 1,081	\$ -	\$ 1,081
Investments	10,097	34	-	10,131
	<u>\$ 10,097</u>	<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ 11,212</u>
 <b><u>LIABILITIES</u></b>				
Deposits held in trust for others	<u>\$ 10,097</u>	<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ 11,212</u>

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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, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents and have issued our report thereon dated October 11, 2011. 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, 2011 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 2010-02, FS 2011-01 and FS 2011-04 that we consider to be significant deficiencies in internal control over financial reporting.

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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.

#### 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 three instances 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, FS 2011-02 and FS 2011-03.

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

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  
October 11, 2011

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FEDERAL FINANCIAL ASSISTANCE

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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

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

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

In our opinion, Village of Eagle Nest complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Village of Eagle Nest is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Village of Eagle Nest's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Eagle Nest's internal control over compliance.

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

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

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, the New Mexico Legislature, 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  
October 11, 2011

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Schedule IV

Federal Grantor/ Pass-through Grantor/ Program Title	Grant Number	Federal CFDA Number	Program or Award Amount	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>				
Community Development Block Grant	N/A	14.228	\$ 179,998	\$ 179,998
<b>Total U.S. Department of Housing and Urban Development</b>			179,998	179,998
<b>U.S.Environmental Protection Agency</b>				
Capitalization Grant for Clear Water State Revolving Funds	CWSRF 05 (G)	66.458	466,698	263,458
ARRA CWSRF	CWSRF 05 (G)	66.458	200,000	194,401
<b>Total U.S.Environmental Protection Agency</b>			666,698	457,859
<b>Total Federal Financial Assistance</b>			<u>\$ 846,696</u>	<u>\$ 637,857</u>

**Notes to Schedule of Expenditures of Federal Awards**

1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Village of Eagle Nest, New Mexico (Village) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2 Subrecipients

The Village did not provide any federal awards to subrecipients during the year.

3 Loans

The Village received a loan of \$200,000 from ARRA CWSRF funds during the year.

4 Non-Cash Assistance

The Village received no non-cash assistance during the year.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 637,857
Total expenditures funded by other sources	<u>1,033,365</u>
Total expenditures	<u>1,671,222</u>

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**State of New Mexico**  
 Village of Eagle Nest  
 Schedule of Findings and Questioned Costs  
 June 30, 2011

Section I Summary of Audit results

Financial statements:

- |  |             |
|--|-------------|
| 1. Type of auditors' report issued   | Unqualified |
| 2. Internal control over financial reporting:                                    |             |
| a. Material weakness identified?   | No          |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes         |
| c. Noncompliance material to the financial statements?                           | No          |

Federal Awards:

- |   |                        |
|---|------------------------|
| 1. Internal control over major programs:  |                        |
| a. Material weaknesses identified?  | No                     |
| b. Significant deficiencies identified not considered to be material weaknesses?                                      | No                     |
| 2. Type of auditors' report issued on compliance for major programs   |                        |
|   | Unqualified            |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? |                        |
|   | No                     |
| 4. Identification of major programs:  |                        |
| <u>CFDA</u>   |                        |
| <u>Number</u>   | <u>Federal Program</u> |
| 66.458  | CWSRF ARRA             |
| 5. Dollar threshold used to distinguish between type A and type B programs:   |                        |
|   | \$300,000              |
| 6. Auditee qualified as low-risk auditee?   |                        |
|   | No                     |

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**State of New Mexico**  
Village of Eagle Nest  
Schedule of Findings and Questioned Costs  
June 30, 2011

**FINDINGS**

**Prior year findings:**

**Resolved and not repeated:**

**FS-2010-01 PROPER BACK-UP OF VILLAGE COMPUTER SYSTEMS**

**FS 2010-03 CAPITAL EXPENDITURES NOT RECORDED ON THE BOOKS**

**Revised and repeated:**

**FS-2008-01 EXPENDITURES IN EXCESS OF BUDGET** -Repeated

CONDITION: The Beautification Fund expended \$19 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 for this fund when it became apparent that the actual expenditures were going to exceed the budget.

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.

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

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. The preparation of a procedures manual is a step in the right

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**State of New Mexico**  
Village of Eagle Nest  
Schedule of Findings and Questioned Costs  
June 30, 2011

direction and we encourage the further expansion of this manual. Cross-training could be done in as little as two hours 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. An instruction manual is being written containing instructions for various duties of each employee.

**Current year findings:**

**FINDING 2011-1 PAYCHECK MISCALCULATION OF HOURS WORKED**

CONDITION: During our test work of payroll compliance, we determined that one employee was paid for hours in excess of the sum of hours worked, the net of comp time earned/used and vacation hours used.

CRITERIA: Fair Labor Standards Act, Wage and Hour Division Fact Sheet No. 021 allows that any employer may select “any timekeeping method they choose” for keeping track of employees’ hours worked as long as the method is “complete and accurate” *Recordkeeping Requirements under the Fair Labor Standards Act, Wage and Hour Division Fact Sheet No. 021*.

CAUSE OF CONDITION: The Village uses comp time and vacation hours when available to get the employee hours to their regularly scheduled hours worked. While totaling the time on one employee’s timesheet on 5/17, a mathematical error occurred where the correct hours of vacation needed to bring the hours paid to 80 hours were not deducted. In order to record the use of the comp time and vacation hours as a means to adjust the employee hours paid, the timesheet is changed after the employee has signed it.

EFFECT OF THE CONDITION: The Village paid an employee for 80 hours without reducing the vacation hours which resulted in an overpayment to one employee of \$6.75. When the employee terminated in June, he was paid his accrued vacation balance which had not been reduced resulting in an additional overpayment of \$6.75

RECOMMENDATION: We recommend that the Village change the timesheet so that the process is not so confusing and requires fewer adjustments to the hours worked and hours paid as submitted by the employee. We recommend that the adjustments occur on the last day of the week based on total hours worked in a seven day period.

MANAGEMENT RESPONSE: The Village of Eagle Nest will change the current time sheet as recommended by the auditors in the following ways:

The time sheets will reflect the separation of the weeks in the pay period. One (1) week per line- total hours worked and adjustments made on a weekly basis.

Employees will make all adjustments and will not sign the timesheet until adjustments have been approved by the administrator/clerk and treasurer.

**FINDING 2011-2 FINDING – NO NOTICE SENT TO THE SAO FOR DISPOSITION OF PROPERTY**

CONDITION: No notice was sent to the State Auditor’s Office for disposition of property.

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**FINDING 2011-2 FINDING – NO NOTICE SENT TO THE SAO FOR DISPOSITION OF PROPERTY (CONTINUED)**

CRITERIA: Section 13-6-1. NMSA 1978- Disposition of obsolete, worn-out or unusable tangible personal property requires that notice be given to the State Auditor's Office thirty days prior to disposing of assets..

CAUSE OF CONDITION: No notice was sent to SAO.

EFFECT OF THE CONDITION: They violated the above mentioned state statute.

RECOMMENDATION: The Village is required to send a notice to SAO 30 days prior to disposition of property to notify the SAO of the disposition.

MANAGEMENT RESPONSE: The Finance Officer, CMC, Cathy Cobby was under the impression she did not need to write to the State Auditor. She thought that she did not need to contact them from information provided from the staff at the State Auditor's Office. She had contacted them previously about not receiving letters responding to the Village letters about surplus property. She was told that they do not send back letters. The Finance Officer will, in the future send letters to notify the State Auditor. They will be sent 30 days in advance. She was obviously mistaken and should have continued to send the letters as she had in the past.

**FS-2011-03 PLEDGED COLLATERAL**

CONDITION: During our review of pledged collateral, we noted that one of the banks for the Village of Eagle Nest did not maintain adequate pledged collateral to meet the requirements set forth in state statutes.

CRITERIA: Section 6.10.16, NMSA 1978 states that securities which are obligations of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be accepted as security at par value. All other securities shall be accepted as security at market value. The restrictions of Subsection A of this section apply to all securities subject to this subsection.

CAUSE OF CONDITION: A lack of monitoring of pledged collateral by the Village and the bank did not provide sufficient pledged collateral for the bank balances.

EFFECT OF CONDITION: The Village of Eagle Nest is out of compliance with 6.10.16, NMSA 1978 pertaining to pledged collateral of public funds.

RECOMMENDATION: We recommend that management of the Village of Eagle Nest contact the bank and request that the bank come into compliance with the required statutes and that the Village implement a monitoring process for pledged collateral on a monthly basis.

COSTS AND BENEFITS OF RECOMMENDED ACTION: There is no cost to the Village of Eagle Nest yet the benefits are compliance with state statute 6.10.16, NMSA 1978.

CLIENT RESPONSE The Finance Director has discussed the lack of sufficient pledged collateral with the Accounting Manager and the Accounting Supervisor of the International Bank. The bank

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apologized for the deficiency as they inadvertently missed checking the box necessary to ensure that pledged collateral was associated with the account. The bank has assured the Village that the Village's bank account balances will be sufficiently collateralized as required by state statute.

**FS 2011-04 PREPARATION OF ACCOUNTS RECEIVABLE SCHEDULES**

**CONDITION:** In accordance with SAS 115, the Village is required to furnish to the auditors an accounts receivable schedule as of June 30, 2011. The Village did not provide the auditors with such a schedule.

**CRITERIA:** Management is responsible for the financial statements and their supporting schedules and other audit evidence. The auditor is responsible for verifying the accuracy and reasonableness of such data.

**CAUSE OF CONDITION:** The books and records are maintained by the Village on a cash basis. Special schedules need to be prepared at year-end to reflect the accrual transactions. These schedules were not prepared by the Village.

**EFFECT OF THE CONDITION:** The accounts receivable schedules were prepared by the auditor and verified by the Village management. The auditors had to take additional steps to insure that their independence was not compromised.

**RECOMMENDATION:** We recommend that the Village prepare accounts receivable schedules in the future.

**MANAGEMENT RESPONSE:** The Village will prepare the accounts receivable schedule in the future.

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**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 22, 2011. 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