

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
AUDIT REPORT
JUNE 30, 2012**

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INTRODUCTORY SECTION

OFFICIAL ROSTER

Village Council

Name

Richard Cordova

Jeff Carr

Darrell Mecklenburg

Jamie McCaslin

Forrest Thompson

Laura Bowers

Title

Mayor

Mayor Pro-Tem/Councilor

Councilor

Councilor

Councilor

Councilor

Administrative Officials

Lynda Perry

Cathy Coppy, CMC

Mary Turnquist

Village Administrator

Village Finance Officer

Deputy Clerk

FINANCIAL STATEMENTS SECTION

INDEPENDENT AUDITORS' REPORT

Richard Cordova, Mayor
and the
Village Council
Village of Eagle Nest
Eagle Nest, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue fund of the Village of Eagle Nest, New Mexico (Village), as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparisons for the major capital project funds, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Village of Eagle Nest, New Mexico's management. Our responsibility is to express opinions on these financial statements based on our audit.

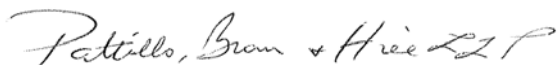
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Eagle Nest, New Mexico, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue fund 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 previously present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the Village as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The additional schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
November 15, 2012

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
STATEMENT OF NET ASSETS
JUNE 30, 2012**

Assets	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash	\$ 367,289	\$ 87,233	\$ 454,522
Investments	85,654	87,370	173,024
Receivables (net of allowance for uncollectibles)	71,626	36,767	108,393
Deposits	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Total current assets	<u>542,569</u>	<u>211,370</u>	<u>753,939</u>
Noncurrent assets:			
Restricted cash	64,575	9,479	74,054
Land	332,700	179,500	512,200
Capital assets being depreciated, net	<u>3,522,718</u>	<u>736,768</u>	<u>4,259,486</u>
Total noncurrent assets	<u>3,919,993</u>	<u>925,747</u>	<u>4,845,740</u>
Total assets	<u>4,462,562</u>	<u>1,137,117</u>	<u>5,599,679</u>

The notes to the financial statements are an integral part of this statement.

Liabilities	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	63,918	6,097	70,015
Accrued payroll expenses	7,160	-	7,160
Advances	5,250	-	5,250
Encroachment and meter deposits	1,408	9,479	10,887
Accrued legal expenses	11,890	-	11,890
Current portion of long term debt	<u>26,838</u>	<u>-</u>	<u>26,838</u>
Total current liabilities	<u>116,464</u>	<u>15,576</u>	<u>132,040</u>
Noncurrent liabilities:			
Compensated absences	12,176	1,136	13,312
Loans payable	<u>304,182</u>	<u>-</u>	<u>304,182</u>
Total noncurrent liabilities	<u>316,358</u>	<u>1,136</u>	<u>317,494</u>
Total liabilities	<u>432,822</u>	<u>16,712</u>	<u>449,534</u>
Net Assets			
Invested in capital assets, net of related debt	3,524,398	916,268	4,440,666
Restricted for:			
Capital projects	3,377	-	3,377
Debt service	63,167	-	63,167
Unrestricted	<u>438,798</u>	<u>204,137</u>	<u>642,935</u>
Total net assets	<u>\$ 4,029,740</u>	<u>\$ 1,120,405</u>	<u>\$ 5,150,145</u>

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental activities:				
General government	\$ 263,737	\$ 3,340	\$ 43,000	\$ -
Culture and recreation	44,906	49	10,421	-
Public safety	137,809	28,179	101,377	100,000
Public works	198,677	500	-	114,960
Health and welfare	11,549	488	-	-
Interest on long-term debt	17,196	-	-	-
Total governmental activities	<u>673,874</u>	<u>32,556</u>	<u>154,798</u>	<u>214,960</u>
Business-type activities:				
Joint Utility	<u>234,788</u>	<u>225,953</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 908,662</u>	<u>\$ 258,509</u>	<u>\$ 154,798</u>	<u>\$ 214,960</u>

General revenues:

Taxes:

Property

Gross receipts

State shared

Lodgers'

Franchise

Interest on investments

Miscellaneous

Transfers

Total general revenues

Change in net assets

Net assets, beginning of year

Restatement

Net assets, as restated

Net assets, end of year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue
and Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$(217,397)	\$ -	\$(217,397)
(34,436)	-	(34,436)
91,747	-	91,747
(83,217)	-	(83,217)
(11,061)	-	(11,061)
(17,196)	-	(17,196)
<u>(271,560)</u>	<u>-</u>	<u>(271,560)</u>
<u>-</u>	<u>(8,835)</u>	<u>(8,835)</u>
<u>(271,560)</u>	<u>(8,835)</u>	<u>(280,395)</u>
36,133	-	36,133
134,183	10,725	144,908
13,403	-	13,403
39,347	-	39,347
10,938	-	10,938
926	203	1,129
18,506	1,031	19,537
14,214	(14,214)	-
<u>267,650</u>	<u>(2,255)</u>	<u>265,395</u>
<u>(3,910)</u>	<u>(11,090)</u>	<u>(15,000)</u>
4,030,094	1,131,495	5,161,589
<u>3,556</u>	<u>-</u>	<u>3,556</u>
<u>4,033,650</u>	<u>1,131,495</u>	<u>5,165,145</u>
<u>\$ 4,029,740</u>	<u>\$ 1,120,405</u>	<u>\$ 5,150,145</u>

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General Fund</u>	<u>Fire Protection</u>	<u>MAP 7607</u>
Assets			
Cash	\$ 18,767	\$ 202,622	\$ -
Investment	6,999	5,845	-
Accounts receivable (net of allowance for uncollectible)	24,990	-	-
Due from other funds	26,800	-	-
Deposits	-	-	-
Restricted cash	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 77,556</u>	<u>\$ 208,467</u>	<u>\$ -</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 63,918	\$ -
Accrued payroll expenses	7,160	-	-
Due to other funds	-	-	-
Advances	-	-	-
Encroachment deposits	-	-	-
Deferred revenue	4,649	-	-
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>11,809</u>	<u>63,918</u>	<u>-</u>
Fund balances:			
Nonspendable	-	-	-
Restricted for:			
Special revenue	-	144,549	-
Capital projects	-	-	-
Debt Service	-	-	-
Unassigned	65,747	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>65,747</u>	<u>144,549</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 77,556</u>	<u>\$ 208,467</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

NMED SWD	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 145,900	\$ 367,289
-	72,810	85,654
23,129	23,507	71,626
-	-	26,800
-	18,000	18,000
-	64,575	64,575
<u>\$ 23,129</u>	<u>\$ 324,792</u>	<u>\$ 633,944</u>
\$ -	\$ -	\$ 63,918
-	-	7,160
23,129	3,671	26,800
-	5,250	5,250
-	1,408	1,408
-	-	4,649
<u>23,129</u>	<u>10,329</u>	<u>109,185</u>
-	18,000	18,000
-	229,919	374,468
-	3,377	3,377
-	63,167	63,167
-	-	65,747
<u>-</u>	<u>314,463</u>	<u>524,759</u>
<u>\$ 23,129</u>	<u>\$ 324,792</u>	<u>\$ 633,944</u>

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**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund balances - total government funds		\$ 524,759
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Governmental capital assets	\$ 8,046,561	
Less accumulated depreciation	<u>(4,191,143)</u>	3,855,418
A portion of property taxes is not available to pay for current period expenditures and, therefore, is deferred in the funds		
		4,649
Long-term liabilities, including loans payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Loans payable	\$(342,910)	
Compensated absences	<u>(12,176)</u>	<u>(355,086)</u>
Change in net assets of governmental activities		<u>\$ 4,029,740</u>

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Fire Protection</u>	<u>MAP 7607</u>
Revenues			
Taxes:			
Gross receipts	\$ 110,643	\$ -	\$ -
Property	31,484	-	-
Other state shared	1,496	-	-
Lodgers'	-	-	-
Franchise	10,938	-	-
Licenses and permits	3,912	-	-
Intergovernmental			
Federal	-	-	-
State	43,000	174,377	-
Fines and forfeitures	2,416	-	-
Charges for services	-	-	-
Other	7,186	-	-
Investment	456	300	-
	<u>211,531</u>	<u>174,677</u>	<u>-</u>
Total revenues			
	<u>211,531</u>	<u>174,677</u>	<u>-</u>
Expenditures			
Current operations:			
General government	253,870	-	-
Culture and recreation	-	-	-
Public safety	-	41,242	-
Public works	-	-	-
Health and welfare	-	-	-
Debt Service			
Principal	-	18,770	-
Interest	-	5,878	-
Capital outlay	<u>-</u>	<u>107,891</u>	<u>207,926</u>
	<u>253,870</u>	<u>173,781</u>	<u>207,926</u>
Total expenditures			
	<u>253,870</u>	<u>173,781</u>	<u>207,926</u>
Excess (deficiency) of revenues over expenditures	(42,339)	896	(207,926)
Other financing sources (uses):			
Transfers in (out)	(12)	-	-
Net change in fund balances	<u>(42,351)</u>	<u>896</u>	<u>(207,926)</u>
Fund balances, beginning of year	108,098	143,653	207,926
Restatement	-	-	-
Fund balances, as restated	<u>108,098</u>	<u>143,653</u>	<u>207,926</u>
Fund balances, end of year	<u>\$ 65,747</u>	<u>\$ 144,549</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

<u>NMED SWD</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 23,540	\$ 134,183
-	-	31,484
-	11,907	13,403
-	39,347	39,347
-	-	10,938
-	-	3,912
-	40,935	40,935
74,025	37,421	328,823
-	829	3,245
-	25,399	25,399
-	11,320	18,506
-	170	926
<u>74,025</u>	<u>190,868</u>	<u>651,101</u>
-	-	253,870
-	44,906	44,906
-	26,688	67,930
-	37,893	37,893
-	6,489	6,489
-	-	18,770
-	12,279	18,157
<u>74,025</u>	<u>14,169</u>	<u>404,011</u>
<u>74,025</u>	<u>142,424</u>	<u>852,026</u>
-	48,444	(200,925)
-	14,226	14,214
-	62,670	(186,711)
-	248,237	707,914
-	3,556	3,556
-	251,793	711,470
<u>\$ -</u>	<u>\$ 314,463</u>	<u>\$ 524,759</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 ENDED JUNE 30, 2012**

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

Net change in fund balances - total governmental funds	\$(186,711)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.

Capital outlay	404,011
Depreciation expense	(259,284)

The repayment of the principal of long-term debt and accrued legal expenses consumes the current financial resources of governmental funds.	30,770
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Recognition of accounts receivable and deferred revenues is reflected on the full accrual basis within the statement of activities. The Village has determined that the receivables are not available, therefore the revenues have been deferred within the governmental funds.	4,649
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest expense	961
Compensated absences	<u>1,694</u>

Change in net assets of governmental activities	\$(<u><u>3,910</u></u>)
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The notes to the financial statements are an integral part of this statement.

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**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Taxes:				
Gross receipts	\$ 124,269	\$ 124,269	\$ 123,632	\$(637)
Property	15,453	15,453	27,471	\$ 12,018
Other state shared	1,585	1,585	1,496	(89)
Franchise tax	14,984	14,984	10,938	(4,046)
Licenses and permits	2,263	2,263	3,912	1,649
Intergovernmental				
State	46,000	46,000	43,438	(2,562)
Fines and forfeitures	5,630	5,630	2,416	(3,214)
Investment	100	100	456	356
Other	<u>3,401</u>	<u>107,406</u>	<u>7,186</u>	<u>(100,220)</u>
Total revenues	<u>213,685</u>	<u>317,690</u>	<u>220,945</u>	<u>(96,745)</u>
Expenditures				
Current operations:				
General government	<u>270,379</u>	<u>370,379</u>	<u>256,994</u>	<u>113,385</u>
Total expenditures	<u>270,379</u>	<u>370,379</u>	<u>256,994</u>	<u>113,385</u>
Excess (deficiency) of revenues over expenditures	(56,694)	(52,689)	(36,049)	16,640
Other financing sources (uses):				
Transfers in (out)	(12)	(12)	(12)	-
Net change in fund balances	<u>\$(56,706)</u>	<u>\$(52,701)</u>	<u>\$(36,061)</u>	<u>\$ 16,640</u>
Beginning cash	<u>\$ 86,802</u>	<u>\$ 86,802</u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			(4,765)	
Change in payables			2,312	
Change in accrued payroll expenses			812	
Change in deferred revenue			<u>(4,649)</u>	
Net change in fund balances GAAP basis			<u>\$(42,351)</u>	

The notes to the financial statements are an integral part of this statement.

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**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
FIRE PROTECTION FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental				
State	\$ 74,785	\$ 174,785	\$ 174,377	\$(408)
Investment	<u>300</u>	<u>300</u>	<u>300</u>	<u>-</u>
Total revenues	<u>75,085</u>	<u>175,085</u>	<u>174,677</u>	<u>(408)</u>
Expenditures				
Current operations:				
Public safety	72,577	64,686	41,242	23,444
Debt Service				
Principal	18,770	18,770	18,770	-
Interest	5,878	5,878	5,878	-
Capital outlay	<u>-</u>	<u>107,891</u>	<u>43,973</u>	<u>63,918</u>
Total expenditures	<u>97,225</u>	<u>197,225</u>	<u>109,863</u>	<u>87,362</u>
Net change in fund balances	<u>\$(22,140)</u>	<u>\$(22,140)</u>	64,814	<u>\$ 86,954</u>
Beginning cash	<u>\$ 143,653</u>	<u>\$ 143,653</u>		
RECONCILIATION TO GAAP BASIS				
Change in payables			<u>(63,918)</u>	
Net change in fund balances GAAP basis			<u>\$ 896</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012**

ASSETS

Current assets:

Cash	87,233
Investments	87,370
Accounts receivable (net of allowance for uncollectible)	<u>36,767</u>
Total current assets	<u>211,370</u>

Noncurrent assets:

Restricted assets:

Cash and investments:

Meter deposits	<u>9,479</u>
Total restricted assets	<u>9,479</u>

Capital assets:

Non-depreciable assets

Land	179,500
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Capital assets being depreciated, net	<u>736,768</u>
---------------------------------------	----------------

Total capital assets	<u>916,268</u>
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Total noncurrent assets	<u>925,747</u>
--------------------------------	----------------

Total assets	<u>1,137,117</u>
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The notes to the financial statements are an integral part of this statement.

LIABILITIES**Current liabilities:**

Accounts payable	6,097
Meter deposits	<u>9,479</u>

Total current liabilities 15,576

Noncurrent liabilities:

Compensated absences	<u>1,136</u>
----------------------	--------------

Total noncurrent liabilities 1,136

Total liabilities 16,712

Net Assets

Invested in capital assets, net of related debt	916,268
Unrestricted	<u>204,137</u>

Total net assets \$ 1,120,405

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**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDING JUNE 30, 2012**

Operating revenues:	
Charges for services	\$ 225,953
Miscellaneous	<u>1,031</u>
Total operating revenues	<u>226,984</u>
Operating expenses:	
Personnel services	70,715
Depreciation	41,179
Contract services	2,134
Other operating expense	<u>120,760</u>
Total operating expenses	<u>234,788</u>
Operating income (loss)	<u>(7,804)</u>
Non-operating revenues (expenses):	
Investment	203
Gross receipts taxes	<u>10,725</u>
Total non-operating revenues (expenses)	<u>10,928</u>
Income (loss) before transfers	<u>3,124</u>
Other financing sources (uses):	
Transfers in (out)	<u>(14,214)</u>
Total other financing sources (uses)	<u>(14,214)</u>
Change in net assets	<u>(11,090)</u>
Total net assets - beginning	<u>1,131,495</u>
Total net assets - ending	<u><u>\$ 1,120,405</u></u>

The notes to the financial statements are an integral part of this statement.

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**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDING JUNE 30, 2012**

Cash flows from operating activities

Receipts from customers and users	\$ 225,735
Payments to employees for services	(75,317)
Payments to suppliers for goods and services	<u>(128,323)</u>
Net cash provided (used) by operating activities	<u>22,095</u>

Cash flows from noncapital financing activities

Taxes collected	10,725
Transfers to other funds	<u>(14,214)</u>
Net cash provided (used) by capital and related activities	<u>(3,489)</u>

Cash flows from investing activities

Transfer (to) from restricted cash	(9,479)
Interest on investments	<u>203</u>
Net cash provided by investing activities	<u>(9,276)</u>

Net increase in cash and cash equivalents 9,330

Cash and equivalents beginning of year 165,273

Cash and equivalents end of year \$ 174,603

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$(7,804)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	41,179
Change in assets and liabilities:	
Receivables, net	(1,915)
Customer deposits	666
Accounts payables	(5,429)
Accrued liabilities	(2,200)
Compensated absences	<u>(2,402)</u>
Net cash provided by operating activities	<u>\$ 22,095</u>

The notes to the financial statements are an integral part of this statement.

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**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Eagle Nest (Village) was incorporated in 1971 under Section 3 of the New Mexico State Statutes Annotated 1978 Compilation operating under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water and sewer, refuse collection, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

A. Reporting Entity

This summary of significant accounting policies of the Village of Eagle Nest (Village) is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management who is responsible for their integrity and objectivity. 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 Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP).

The basic (but not the only) criteria 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, or whether the activity is conducted within the geographic boundaries of the government and is generally available to 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.

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) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-like activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 revenue are reported instead as *general revenue*.

Separate financial statements are provided for governmental funds and proprietary funds. 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 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 revenue in the year for which they are levied. Sales, franchise, gas, and other similar taxes are recognized when the underlying exchange transaction takes place. 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 revenue to be available if 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.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Protection 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 by State Statute Chapter 178, Laws of 1978.

The Capital Project - MAP 7607 - accounts for the grant funds used for the design, reconstruction, and drainage improvements of Village roads. Authorized by NMSA 1978, Section 67-3-28, as amended.

The Capital Project - NMED-SWD - accounts for the grant funds used to establish or modify solid waste facilities. Authorized by the Solid Waste Act, NMSA 1978 paragraph 74-9-40.

The Village reports the following major proprietary fund:

The Proprietary Fund is used to account for activities of the Village's water, sewer and solid waste utility service.

The Village reports the following fund types:

The Fiduciary Fund is purely custodial (assets equal liabilities) and does not involve the measurement of results of operations. The Village's fiduciary fund was used to account for the collection and expenditure of volunteer fire donations. This fund was closed during the fiscal year ending June 30, 2012.

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 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 government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's joint utility function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Amounts reported as program revenues include: 1) charges for services to taxpayers or applicants who purchase, use or directly benefit from the goods or services provided by the 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and 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 restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

D. Assets, Liabilities, and Net Assets or Equity

Cash and Investments

Cash and cash equivalents include amounts in demand deposits. Investments are deposits in the State Treasurer's Investment Pool. Investments are stated at fair market value. For the purposes of the statement of cash flows, cash and investments include unrestricted amounts in demand deposits and the State Treasurer's Investment Pool.

Receivables

Accounts receivable of the enterprise fund represent the amounts due from customer utility accounts. The governmental funds report taxes and other fees collected at the Village, County and State level as receivables. All trade and tax receivables are shown net of an allowance for uncollectible.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Property Taxes

An enforceable legal claim to taxable property arises on January 1 in the year of levy. Taxes are due on November 10 and May 10 and are collected by the Colfax County Treasurer. Taxes not paid within 30 days are declared delinquent. The Village records all delinquent property taxes not collected within 60 days of year-end as deferred revenue in the fund financial statements. All property taxes received after the 60-day period are accrued in the government-wide financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, improvements, and water and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Village defines capital assets as assets with an initial, individual cost of more than \$5,000 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government-wide statements. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, improvements, equipment, and water and sewer systems are depreciated using the straight-line method over the following useful lives:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

Qualified employees are entitled to accumulate annual leave, which includes vacation and sick days, according to a graduated leave schedule of ten days to twenty days per year, depending on length of service. Employees may accumulate annual leave and carry that leave forward from calendar year to calendar year. Upon termination, employees will be paid for a maximum of 360 hours of accrued annual leave.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Village council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Village council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the Village’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Village council has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Village or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Village Clerk-Treasurer submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Clerk-Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico State Department of Finance, Division of Local Governments. That is, expenditures in each fund may not exceed the budgeted appropriation for that fund.
3. Formal budgetary integration is employed as a management control device during the year for the Governmental and Enterprise Funds.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classifications detail in which expenditures or expenses may not legally exceed appropriation for each budget is in fund total. Appropriations lapse at year end.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (continued)

6. Budgets for Governmental and Enterprise Funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for Governmental and Enterprise Funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

3. DETAILED NOTES ON ALL FUNDS

Deposits and Investments

The Village invests its funds in accordance with state statutes which require that financial institutions pledge collateral consisting of approved federal or state securities whose market value is equal to at least 50% of the deposits in excess of FDIC insurance coverage. In accordance with state statutes, the Village may have deposits only in financial institutions, federal direct obligations, or the New Mexico State Treasurer's Local Government Pooled Investment Plan.

3. DETAILED NOTES ON ALL FUNDS (Continued)

Cash and Investments

	Balance Per Bank <u>June 30</u>	Add Deposits In Transit	Less Outstanding Checks	Balance Per Books <u>June 30</u>
International Bank				
Checking Accounts				
Operating	\$ 346,531	\$ -	\$ 28,037	\$ 318,494
Emergency Response	150	-	-	150
CDBG	100	-	-	100
Fire	204,499	-	1,878	202,621
First National Bank				
Checking Accounts				
Enchanted Eagle Park	5,885	-	-	5,885
Beautification	1,325	-	-	1,325
State of New Mexico				
Investment Accounts				
LGIP Fund	172,931	-	-	172,931
Reserve Contingencies Fund	<u>94</u>	<u>-</u>	<u>-</u>	<u>94</u>
Total Cash in Banks	<u>\$ 731,515</u>	<u>\$ -</u>	<u>\$ 29,915</u>	<u>\$ 701,600</u>
As Reported in the Financial Statements:				
Equity in Cash				
	Cash			\$ 454,522
	Restricted Cash			74,054
	Investments			<u>173,024</u>
				<u>\$ 701,600</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

Cash and Investments (continued)

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities which are obligations of the State of New Mexico, its agencies, institutions, counties, or municipalities or other subdivisions are accepted as security at par value; all other securities are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation.

	International Bank	First National Bank	Total
Amount on Deposit in Bank	\$ 551,280	\$ 7,210	\$ 558,490
FDIC Coverage	(250,000)	(7,210)	\$(257,210)
Total uninsured public funds	301,280	-	301,280

Collateral pledged:

Held by pledging bank's trust department
not in the Village's name

International Bank

FHLB, 9/12/14

CUSIP #313370JS8	(125,000)	-	(125,000)
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FNNT, 8/25/15

CUSIP #3136FPBB2	(100,000)	-	(100,000)
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Uninsured and uncollateralized	<u>\$ 76,280</u>	<u>\$ -</u>	<u>\$ 76,280</u>
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Collateral requirement

(50% of uninsured funds)	\$ 150,640	\$ -	\$ 150,640
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Pledged collateral	<u>225,000</u>	<u>-</u>	<u>225,000</u>
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Over (under) collateralized	<u>\$ 74,360</u>	<u>\$ -</u>	<u>\$ 74,360</u>
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Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$-0- of the Village's bank balance of \$558,490 was exposed to custodial credit risk.

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

Cash and Investments (continued)

Investments

The Village invests excess cash in the State Treasurer Local Government Investment Pool. The Pool's investments are valued at fair value based on quoted market prices as of the valuation date. The New Mexico State Treasurer Investment Pool is not registered with the SEC. 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 fund in securities that are issued or backed by the United States Government or by its departments or agencies and are either direct obligations of the United States Government or agencies sponsored by the United States Government. The LGIP investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per 6-10-10.1 F, NMSA 1978, 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 were invested. Participation in the fund is voluntary. At June 30, 2012 the Village had \$172,931 invested in the LGIP which is AAAM rated with a 83-day weighted average maturity to final and \$94 in the reserve contingencies fund which is not rated and is considered a non-performing asset.

Receivables

Receivables as of year-end for the Village's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Total
	General	NMED SWD	Non- Major	Proprietary Fund	
Receivables:					
Customer	\$ -	\$ -	\$ 14,945	\$ 44,854	\$ 59,799
Taxes					
Gross receipts	13,516	-	2,876	1,079	17,471
Property	8,662	-	-	-	8,662
Lodgers'			12,031	-	12,031
Other governments	2,812	23,129	2,622	-	28,563
Gross receivables	24,990	23,129	32,474	45,933	126,526
Less: allowance for uncollectibles	-	-	8,967	9,166	18,133
Net total receivables	\$ 24,990	\$ 23,129	\$ 23,507	\$ 36,767	\$ 108,393

3. DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 376,425	\$ -	\$ -	\$(43,725)	\$ 332,700
Construction in Progress	<u>1,307,489</u>	<u>-</u>	<u>-</u>	<u>(1,307,489)</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,683,914</u>	<u>-</u>	<u>-</u>	<u>(1,351,214)</u>	<u>332,700</u>
Capital assets, being depreciated:					
Infrastructure	3,290,980	216,195	-	1,307,489	4,814,664
Building and improvements	1,525,548	74,025	-	-	1,599,573
Equipment and vehicles	<u>1,187,930</u>	<u>113,791</u>	<u>(45,822)</u>	<u>43,725</u>	<u>1,299,624</u>
Total capital assets being depreciated	<u>6,004,458</u>	<u>404,011</u>	<u>(45,822)</u>	<u>1,351,214</u>	<u>7,713,861</u>
Less accumulated depreciation:					
Infrastructure	(2,183,628)	(160,489)	-	-	(2,344,117)
Building and improvements	(929,127)	(41,518)	-	25,501	(945,144)
Equipment and vehicles	<u>(864,926)</u>	<u>(57,277)</u>	<u>45,822</u>	<u>(25,501)</u>	<u>(901,882)</u>
Total accumulated depreciation	<u>(3,977,681)</u>	<u>(259,284)</u>	<u>45,822</u>	<u>-</u>	<u>(4,191,143)</u>
Total capital assets being depreciated, net	<u>2,026,777</u>	<u>144,727</u>	<u>-</u>	<u>1,351,214</u>	<u>3,522,718</u>
Governmental activities capital assets, net	<u>\$ 3,710,691</u>	<u>\$ 144,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,855,418</u>

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ <u>179,500</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>179,500</u>
Total capital assets not being depreciated	<u>179,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,500</u>
Capital assets, being depreciated:					
Building and improvements	1,603,072	-	-	-	1,603,072
Equipment and vehicles	<u>20,652</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,652</u>
Total capital assets being depreciated	<u>1,623,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,623,724</u>
Less accumulated depreciation:					
Building and improvements	(787,673)	(40,929)	-	-	(828,602)
Equipment and vehicles	<u>(58,104)</u>	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>(58,354)</u>
Total accumulated depreciation	<u>(845,777)</u>	<u>(41,179)</u>	<u>-</u>	<u>-</u>	<u>(886,956)</u>
Total capital assets being depreciated, net	<u>777,947</u>	<u>(41,179)</u>	<u>-</u>	<u>-</u>	<u>736,768</u>
Business-type activities capital assets, net	<u>\$ 957,447</u>	<u>\$ (41,179)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 916,268</u>

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

Governmental Activities:	
General government	\$ 23,561
Public safety	69,879
Health & Welfare	5,060
Public Works	<u>160,784</u>
Total depreciation expense - Governmental Activities:	<u>\$ 259,284</u>
Business-type Activities:	
Joint Utility	<u>\$ 41,179</u>
Total depreciation expense - Business-type Activities:	<u>\$ 41,179</u>

3. DETAILED NOTES ON ALL FUNDS (Continued)

Interfund Receivables, Payables and Transfers

The outstanding balances between funds result mainly from the time lag between the dates the (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The Inter-fund receivables and payables at June 30, 2012 were as follows:

Fund Description	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 26,800	\$ -
NMED - SWD	-	23,129
Non-Major	<u>-</u>	<u>3,671</u>
	<u>\$ 26,800</u>	<u>\$ 26,800</u>

Operating Transfers:

Transfers between funds are used to (1) move capital project outlay to the fund which received the benefit from the outlay, and (2) to move the allocation of payments between funds.

	<u>Transfers out</u>			<u>Total</u>
	<u>General</u>	<u>Non- Major</u>	<u>Joint Utility</u>	
Transfers In:				
Non-Major	\$ <u>12</u>	\$ <u>-</u>	\$ <u>14,214</u>	\$ <u>14,226</u>
Total transfers out	12	-	14,214	14,226
Less transfers in	<u>-</u>	<u>(14,226)</u>	<u>-</u>	<u>(14,226)</u>
Net transfers	<u>\$ 12</u>	<u>\$(14,226)</u>	<u>\$ 14,214</u>	<u>\$ -</u>

Advances

Advances represent a grant from the New Mexico Centennial Foundation. Seventy-five percent of the grant was paid out to the Village upon award. As of June 30, 2012, the Village had not meet the grant requirements.

Short Term Debt

The Village does not have any short-term debt.

3. DETAILED NOTES ON ALL FUNDS (Continued)

Long Term Debt – Governmental activities

The Village entered into a loan agreement with the New Mexico Finance Authority (NMFA), pursuant to Village Resolution No. 2007-14, dated August 10, 2007. The proceeds of the note were used for the acquisitions of a fire pumper truck. The Principal amount of the loan was \$200,000, with 3.504% interest, including an administrative fee. Principal payments are due May 1st of every year and interest payments are due November 1st and May 1st of every year. The note matures in 2018. Revenues pledged to the repayment of this loan are from the annual State Fire Protection Fund distribution.

The Village entered into a loan agreement with the New Mexico Environment Department (NMED), pursuant to Village Ordinance 2009-06, approved on October 20, 2009, Amended Ordinance 2009-08 approved on November 17, 2009 and Amended Ordinance 2010-02 approved on February 8, 2012. A sub-grant of funds from a federal grant to NMED under ARRA was also part of the loan agreement and will be used for the purpose of subsidizing the amount loaned to the Village. The amount of the loan subsidy was \$466,698. The proceeds of the note and grant were used for the purpose of design and construction of a lagoon for the wastewater facilities. The principal amount of the loan was \$199,978, with 3.00% interest, including an administrative fee. Principal and interest payments are due June 3rd of every year. The note matures in 2032. Revenues pledged to the repayment of this loan are from the net revenues of the Joint Utility fund.

Annual debt service requirements for notes payable are as follows:

June 30,	Notes		Total
	Principal	Interest	
2013	\$ 26,838	\$ 9,806	\$ 36,644
2014	26,960	8,851	35,811
2015	27,908	7,856	35,764
2016	28,892	6,814	35,706
2017	29,918	5,726	35,644
2018 - 2022	75,824	18,768	94,592
2023 - 2027	53,099	12,059	65,158
2028 - 2032	61,581	4,830	66,411
	<u>\$ 331,020</u>	<u>\$ 74,710</u>	<u>\$ 405,730</u>

The NMED loan agreement requires certain reserve accounts be set up to help insure the successful repayment of the loan. The following schedule shows the amounts calculated for each reserve required as of June 30, 2012.

Next Payment Due	Annual Loan Repayment Required	Debt Service Reserve	Replacement Reserve Account
\$ 12,570	\$ 12,570	\$ 12,570	\$ 33,335

3. DETAILED NOTES ON ALL FUNDS (Continued)

Long Term Debt – Governmental activities (continued)

At June 30, 2012 the Village had restricted cash in the following debt service funds:

<u>Fund</u>	<u>Restricted Cash</u>
Debt Service Reserve Fund	\$ 13,444
Replacement Reserve Fund	30,000
Debt Service Fund	<u>19,723</u>
Cash restricted for debt service	<u>\$ 63,167</u>

Changes in Long-term Liabilities – Enterprise Funds

Long-term liability activity for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Loans	\$ 349,790	\$ -	\$ 18,770	\$ 331,020	\$ 26,838
Compensated absences	<u>13,870</u>	<u>9,857</u>	<u>11,551</u>	<u>12,176</u>	<u>-</u>
Governmental activities- long-term liabilities	<u>\$ 363,660</u>	<u>\$ 9,857</u>	<u>\$ 30,321</u>	<u>\$ 343,196</u>	<u>\$ 26,838</u>

The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Accrued Legal Expenses

The Village of Eagle Nest incurred a significant amount of legal fees in an election dispute in a prior year. The Village owed approximately \$59,891. This balance is being paid off at the rate of \$1,000 per month. At June 30, 2012, the Village owed \$11,890. The Village fully expects that the remainder will be paid off in the fiscal year ending June 30, 2013.

Restricted Net Assets/Reserved Fund Balances

The cash balances for the meter and encroachment deposit accounts are restricted in the amount of \$9,479 and \$1,408, respectively. Cash balances have also been restricted in the amount of \$63,167. Therefore, total cash balances of \$74,054 are reported as restricted in the government-wide financial statements and the proprietary statement of net assets.

3. DETAILED NOTES ON ALL FUNDS (Continued)

Post-Employment Benefits:

Public Employees Retirement Association

Plan Description. Substantially all of the Village'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 Employees 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 benefits, 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, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 7% to 8% of their gross salary. The Village is required to contribute 7% to 11% of the gross covered salary for regular members. The contribution requirements of plan members and the Village are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the fiscal years ending June 30, 2012, 2011 and 2010 were \$12,341, \$12,143, and \$12,611, respectively, which equal the amount of the required contributions for each fiscal year.

State Retiree Health Care Plan

The Retiree Health Care Act (the "Act"), Chapter 10, Article 7C, NMSA, 1978, provides comprehensive core group health insurance for person 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.

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 to employees; and natural disasters. The Village has obtained insurance through the Self Insurance Fund operating as a common risk management and insurance program. The Village pays an annual premium to the New Mexico Self Insurers Fund for its general insurance coverage and all risk of loss is transferred. No losses were reported or incurred during the year.

3. **DETAILED NOTES ON ALL FUNDS** (Continued)

Joint Powers and Cooperative Agreements

Law Enforcement Services

The Village entered into an agreement with Colfax County, dated July 1, 2011, for law enforcement services to be provided by the Colfax County Sheriff.

The Village qualified for LEP funds in the amount of \$20,000. The Village agrees that this money will be used to purchase qualified law enforcement property, equipment and purposes and will be dedicated and maintained for the exclusive use of members of the Colfax County Sheriff's Office. The Colfax County Sheriff agrees to provide four man hours of law enforcement coverage within the municipal limits of the Village per day or, alternately six man hours per day for a five day period.

This agreement is effective for the fiscal year ending June 30, 2012 and is subject to obtainment and receipt by the Village of LEP funds.

Taos Regional Landfill Board

This agreement is for the purpose of establishing, financing and operating the Taos Regional Landfill Facility and is between the following participants:

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

The County of Taos is to act as the fiscal agent and administrator of the Taos Regional Landfill. This agreement is effective starting June 19, 2001 and will continue for fifty years.

Energy, Minerals and Natural Resources Department

This agreement is for wildland fire protection and suppression, was entered on April 15, 2008 and continues indefinitely. Both parties agree to cooperate and participate in the suppression of any wildland fires.

Refuse Collection

This agreement is between the Village of Eagle Nest and Colfax County for the collection and disposal of refuse from real property located within the county boundaries. The Village will furnish a solid waste disposal at a site determined by the County. Residents that are located in the subject property will be charged a fee set by the Village and approved by the Colfax County Board of Commissioners. The Village will do the billing and collection of fees.

This agreement is effective starting December 18, 2001 and will continue in effect from year to year unless one of the parties notifies the other of its termination.

3. DETAILED NOTES ON ALL FUNDS (Continued)

Joint Powers and Cooperative Agreements (continued)

Emergency Medical Services

The Village entered into a cooperative agreement in July 22, 2009, for Emergency Medical Services which will provide for cooperative interagency assistance and response to large scale EMS incidents. This agreement is referred to as “The Enchanted Circle EMS Cooperative Agreement” and is in conjunction with agencies in the areas of Taos, Colfax, and Mora Counties. Each agency agrees to supply personnel, equipment, and services to assist and aid any other participating agency as deemed necessary. No party to this agreement shall be entitled to any reimbursement for all or any part of costs incurred in furnishing interagency assistance. This agreement is in effect until June 30, 2015.

Restatements

The financial statements reflect an adjustment of \$3,556 to beginning fund balance in the Debt Service Fund. This adjustment was required to adjust the beginning balance of accounts payable.

Capital Outlay Appropriations

The Village’s capital outlay appropriations are as follows:

<u>Capital Project</u>	<u>Project Appropriations</u>	<u>Expenditures to Date</u>	<u>Unexpended Balance</u>	<u>Appropriation Period</u>
Preliminary Engineering Report	\$ 50,000	\$ 5,250	\$ 44,750	11/11 to 4/13
Wastewater Improvements	113,000	113,000	-	6/10 to 6/12
Roadway Reconstruction and Drainage Improvements	40,000	-	40,000	8/11 to 12/12
Solid Waste Facilities	<u>74,025</u>	<u>74,025</u>	<u>-</u>	9/11 to 6/12
Total	<u>\$ 277,025</u>	<u>\$ 192,275</u>	<u>\$ 84,750</u>	

The term of the grants are contingent upon sufficient state appropriations and may be reverted prior to the expiration dates.

Deficit Fund Balance

The following fund had a deficit fund balance at June 30, 2012

Senior Citizen’s Special Revenue Fund \$2,932

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SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

SPECIAL REVENUE FUNDS

Local Corrections Fund – authorized by State Statute Chapter 35, Section 14-11 and is used to account for the proceeds collected from a correction fee charged to persons violating the law relating to the operations of a motor vehicle.

EMS Fund – authorized by State Statute 24-10A-1 to 24-10A-10, to account for operations of emergency medical and trauma services. Financing is provided by the EMS grant.

Law Enforcement Fund – authorized by NMSA 29-13-12, to account for grant funds used for maintenance and development of the Village’s police force.

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.

Lodgers’ Tax Fund – authorized by NMSA 1978 Section 3-38-13 and is used to account for a lodger’s tax imposed and used for cultural and recreational purposes.

Recreation Fund – authorized by NMSA 7-12-1 and 7-12-15, to account for the operation and maintenance of recreational facilities in the Village. Financing is provided by a specific annual cigarette tax levy.

Senior Citizen’s Fund – to account for program income and expenditure related to the Senior Citizen’s program. Authority is Village ordinance and DHHS 45 CFR Part 92.

Water Rights Fund – authorized by Village Council Resolution 2004-13. This fund is used to account for the fees charged for water rights and expenditures made to obtain water rights.

Activities Fund – authorized by Village Resolution 76-6, to account for revenues raised and expenditures of promotional activities of the Village.

CWSRF-ARRA – to account for monies received under a grant and loan from the ARRA Act for a waste water project. Funding is provided by a stimulus grant ARRA CWSRF-10 under CDFA No. 66-458.

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.

Enchanted Eagle Park – to account for donations and related expenditures for a recreational use park within the Village. Authority is a legally adopted budget, NMSA 1978 6-6-5.

Aquaponics Fund – to account for the grant funds from the NM Centennial Foundation for an Aquaponics project. Authority is a legally adopted budget, NMSA 1978 6-6-5.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

SPECIAL REVENUE FUNDS

Municipal Street Fund – to account for revenues from a 1 cent gasoline tax which is used to repair and construct roads.

Recycle Fund – to account for revenues raised and expenditures of the recycling activities of the Village. Authority is Ordinance Resolution 76-7.

CAPITAL PROJECT FUNDS

Ambulance Replacement Fund – authorized by Village council Ordinance 73-12, to account for the funds designated by the Village Council for ambulance replacement.

Public Works Vehicle Replacement Fund – authorized by Village Council Resolution 93-14, to account for funds designated by Council for the purchase of vehicles for public works projects.

2008 State Coop Fund – 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.

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

DEBT SERVICE FUNDS

Debt Service Reserve – to account for monies set aside from the joint utility revenue each month to accumulate a reserve for payment of the waste water improvement loan. Authority is Village Ordinance No. 2010-02 and the loan agreement with the New Mexico Environment Department, Loan Number ARRA CWSRF 05.

Replacement Reserve – To account for monies set-aside in reserve for any maintenance to the joint utility system in the case of an emergency. Authority is Village Ordinance No. 2010-02 and the loan agreement with the New Mexico Environment Department, Loan Number ARRA CWSRF 05.

Debt Service Fund – To account for monies set-aside to pay the principal and interest on the NMED/ARRA loan when due. Authority is Village Ordinance No. 2010-02 and the loan agreement with the New Mexico Environment Department, Loan Number ARRA CWSRF 05.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue			
	Local Corrections	EMS	Law Enforcement	Library
Assets				
Cash	\$ 4,292	\$ 6,580	\$ 18,068	\$ 3,381
Investments	4,458	8,466	3,291	332
Accounts receivable	-	5,978	-	2,622
Deposits	-	-	18,000	-
Restricted cash	-	-	-	-
	-	-	-	-
Total assets	\$ 8,750	\$ 21,024	\$ 39,359	\$ 6,335
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Advances	-	-	-	-
Encroachment deposits	-	-	-	-
	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Nonspendable	-	-	18,000	-
Restricted for:				
Special revenue	8,750	21,024	21,359	6,335
Capital projects	-	-	-	-
Debt service	-	-	-	-
	-	-	-	-
Total fund balances	8,750	21,024	39,359	6,335
Total liabilities and fund balances	\$ 8,750	\$ 21,024	\$ 39,359	\$ 6,335

The notes to the financial statements are an integral part of this statement.

Special Revenue

<u>Lodgers' Tax</u>	<u>Recreation</u>	<u>Senior Citizen's</u>	<u>Water Rights</u>	<u>Activities</u>	<u>CWSRF ARRA</u>	<u>Beautification</u>
\$ 18,730	\$ 904	\$ 739	\$ 3,449	\$ 150	\$ -	\$ 1,163
2,020	461	-	570	3,402	-	-
12,031	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 32,781</u>	<u>\$ 1,365</u>	<u>\$ 739</u>	<u>\$ 4,019</u>	<u>\$ 3,552</u>	<u>\$ -</u>	<u>\$ 1,163</u>
-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,671	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	<u>3,671</u>	-	-	-	-
-	-	-	-	-	-	-
32,781	1,365	(2,932)	4,019	3,552	-	1,163
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>32,781</u>	<u>1,365</u>	<u>(2,932)</u>	<u>4,019</u>	<u>3,552</u>	<u>-</u>	<u>1,163</u>
<u>\$ 32,781</u>	<u>\$ 1,365</u>	<u>\$ 739</u>	<u>\$ 4,019</u>	<u>\$ 3,552</u>	<u>\$ -</u>	<u>\$ 1,163</u>

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue			
	Enchanted Eagle Park	Aquaponics	Municipal Street	Recycle
Assets				
Cash	\$ 2,542	\$ 5,250	\$ 38,630	\$ 2,635
Investments	-	-	37,354	12,308
Accounts receivable	-	-	2,876	-
Deposits	-	-	-	-
Restricted cash	-	-	1,408	-
	<u>2,542</u>	<u>5,250</u>	<u>80,268</u>	<u>14,943</u>
Total assets	<u>\$ 2,542</u>	<u>\$ 5,250</u>	<u>\$ 80,268</u>	<u>\$ 14,943</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Advances	-	5,250	-	-
Encroachment deposits	-	-	1,408	-
	<u>-</u>	<u>-</u>	<u>1,408</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>5,250</u>	<u>1,408</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted for:				
Special revenue	2,542	-	78,860	14,943
Capital projects	-	-	-	-
Debt service	-	-	-	-
	<u>2,542</u>	<u>-</u>	<u>78,860</u>	<u>14,943</u>
Total fund balances	<u>2,542</u>	<u>-</u>	<u>78,860</u>	<u>14,943</u>
Total liabilities and fund balances	<u>\$ 2,542</u>	<u>\$ 5,250</u>	<u>\$ 80,268</u>	<u>\$ 14,943</u>

The notes to the financial statements are an integral part of this statement.

Total Special Revenue Funds	Capital Project				Total Capital Project Funds
	Ambulance Replacement	PW Vehicle Replacement	2008 State Coop	CDBG	
\$ 106,513	\$ 36,000	\$ 10	\$ 3,277	\$ 100	\$ 39,387
72,662	146	2	-	-	148
23,507	-	-	-	-	-
18,000	-	-	-	-	-
<u>1,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 222,090</u>	<u>\$ 36,146</u>	<u>\$ 12</u>	<u>\$ 3,277</u>	<u>\$ 100</u>	<u>\$ 39,535</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,671	-	-	-	-	-
5,250	-	-	-	-	-
<u>1,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>10,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
18,000	-	-	-	-	-
193,761	36,146	12	-	-	36,158
-	-	-	3,277	100	3,377
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>211,761</u>	<u>36,146</u>	<u>12</u>	<u>3,277</u>	<u>100</u>	<u>39,535</u>
<u>\$ 222,090</u>	<u>\$ 36,146</u>	<u>\$ 12</u>	<u>\$ 3,277</u>	<u>\$ 100</u>	<u>\$ 39,535</u>

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Debt Service			Total
	Debt Service Reserve	Replacement Reserve	Debt Service	Debt Service Funds
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Deposits	-	-	-	-
Restricted cash	<u>13,444</u>	<u>30,000</u>	<u>19,723</u>	<u>63,167</u>
Total assets	<u>\$ 13,444</u>	<u>\$ 30,000</u>	<u>\$ 19,723</u>	<u>\$ 63,167</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Advances	-	-	-	-
Encroachment deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted for:				
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Debt service	<u>13,444</u>	<u>30,000</u>	<u>19,723</u>	<u>63,167</u>
Total fund balances	<u>13,444</u>	<u>30,000</u>	<u>19,723</u>	<u>63,167</u>
Total liabilities and fund balances	<u>\$ 13,444</u>	<u>\$ 30,000</u>	<u>\$ 19,723</u>	<u>\$ 63,167</u>

The notes to the financial statements are an integral part of this statement.

**Total
Nonmajor
Governmental
Funds**

\$ 145,900
72,810
23,507
18,000
64,575

\$ 324,792

\$ -
3,671
5,250
1,408

10,329

18,000
229,919
3,377
63,167

314,463

\$ 324,792

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Special Revenue</u>			
	<u>Local Corrections</u>	<u>EMS</u>	<u>Law Enforcement</u>	<u>Library</u>
Revenues				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Other state shared	-	1,669	-	-
Lodgers'	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	7,000	20,000	10,421
Fines and forfeitures	780	-	-	49
Charges for services	-	24,983	-	-
Other	-	1,016	-	2,196
Investment	<u>10</u>	<u>20</u>	<u>8</u>	<u>1</u>
Total revenues	<u>790</u>	<u>34,688</u>	<u>20,008</u>	<u>12,667</u>
Expenditures				
Current operations:				
Culture and recreation	-	-	-	10,807
Public safety	26	25,159	1,478	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Debt Service				
Interest	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>26</u>	<u>25,159</u>	<u>1,478</u>	<u>10,807</u>
Excess (deficiency) of revenues over expenditures	764	9,529	18,530	1,860
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>764</u>	<u>9,529</u>	<u>18,530</u>	<u>1,860</u>
Fund balances, beginning of year	7,986	11,495	20,829	4,475
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, as restated	<u>7,986</u>	<u>11,495</u>	<u>20,829</u>	<u>4,475</u>
Fund balances, end of year	<u>\$ 8,750</u>	<u>\$ 21,024</u>	<u>\$ 39,359</u>	<u>\$ 6,335</u>

The notes to the financial statements are an integral part of this statement.

Special Revenue

Lodgers' Tax	Recreation	Senior Citizen's	Water Rights	Activities	CWSRF ARRA	Beautification
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
39,347	-	-	-	-	-	-
-	-	-	-	-	22,773	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
130	-	5,401	-	-	-	-
<u>5</u>	<u>1</u>	<u>-</u>	<u>2</u>	<u>7</u>	<u>-</u>	<u>-</u>
<u>39,482</u>	<u>1</u>	<u>5,401</u>	<u>2</u>	<u>7</u>	<u>22,773</u>	<u>-</u>
30,575	3,463	-	-	26	-	-
-	-	-	-	-	-	-
-	-	-	26	-	8,604	-
-	-	6,003	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	14,169	-
<u>30,575</u>	<u>3,463</u>	<u>6,003</u>	<u>26</u>	<u>26</u>	<u>22,773</u>	<u>-</u>
8,907	(3,462)	(602)	(24)	(19)	-	-
3	-	-	-	-	-	-
<u>8,910</u>	<u>(3,462)</u>	<u>(602)</u>	<u>(24)</u>	<u>(19)</u>	<u>-</u>	<u>-</u>
23,871	4,827	(2,330)	4,043	3,571	-	1,163
-	-	-	-	-	-	-
<u>23,871</u>	<u>4,827</u>	<u>(2,330)</u>	<u>4,043</u>	<u>3,571</u>	<u>-</u>	<u>1,163</u>
<u>\$ 32,781</u>	<u>\$ 1,365</u>	<u>\$ (2,932)</u>	<u>\$ 4,019</u>	<u>\$ 3,552</u>	<u>\$ -</u>	<u>\$ 1,163</u>

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Special Revenue</u>			
	<u>Enchanted Eagle Park</u>	<u>Aquaponics</u>	<u>Municipal Street</u>	<u>Recycle</u>
Revenues				
Taxes				
Gross receipts	\$ -	\$ -	\$ 23,540	\$ -
Other state shared	-	-	10,238	-
Lodgers'	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	416
Other	2,577	-	-	-
Investment	-	-	87	29
Total revenues	<u>2,577</u>	<u>-</u>	<u>33,865</u>	<u>445</u>
Expenditures				
Current operations:				
Culture and recreation	35	-	-	-
Public safety	-	-	-	-
Public works	-	-	11,101	0
Health and welfare	-	-	-	486
Debt Service				
Interest	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>35</u>	<u>-</u>	<u>11,101</u>	<u>486</u>
Excess (deficiency) of revenues over expenditures	2,542	-	22,764	(41)
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,542</u>	<u>-</u>	<u>22,764</u>	<u>(41)</u>
Fund balances, beginning of year	-	-	56,096	14,984
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, as restated	<u>-</u>	<u>-</u>	<u>56,096</u>	<u>14,984</u>
Fund balances, end of year	<u>\$ 2,542</u>	<u>\$ -</u>	<u>\$ 78,860</u>	<u>\$ 14,943</u>

The notes to the financial statements are an integral part of this statement.

Total Special Revenue Funds	Capital Project				Total Capital Project Funds
	Ambulance Replacement	Public Works Vehicle Replacement	2008 State Coop	CDBG	
\$ 23,540	\$ -	\$ -	\$ -	\$ -	\$ -
11,907	-	-	-	-	-
39,347	-	-	-	-	-
22,773	-	-	-	18,162	18,162
37,421	-	-	-	-	-
829	-	-	-	-	-
25,399	-	-	-	-	-
11,320	-	-	-	-	-
170	-	-	-	-	-
<u>172,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,162</u>	<u>18,162</u>
44,906	-	-	-	-	-
26,663	25	-	-	-	25
19,731	-	-	-	18,162	18,162
6,489	-	-	-	-	-
-	-	-	-	-	-
<u>14,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>111,958</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>18,162</u>	<u>18,187</u>
60,748	(25)	-	-	-	(25)
<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>60,751</u>	<u>(25)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25)</u>
151,010	36,171	12	3,277	100	39,560
-	-	-	-	-	-
<u>151,010</u>	<u>36,171</u>	<u>12</u>	<u>3,277</u>	<u>100</u>	<u>39,560</u>
<u>\$ 211,761</u>	<u>\$ 36,146</u>	<u>\$ 12</u>	<u>\$ 3,277</u>	<u>\$ 100</u>	<u>\$ 39,535</u>

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Debt Service			Total Debt Service Funds
	Debt Service Reserve	Replacement Reserve	Debt Service	
Revenues				
Taxes				
Gross receipts	\$ -	\$ -	\$ -	\$ -
Other state shared	-	-	-	-
Lodgers'	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Investment	-	-	-	-
	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Current operations:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Debt Service				
Interest	-	-	12,279	12,279
Capital outlay	-	-	-	-
Total expenditures	-	-	12,279	12,279
Excess (deficiency) of revenues over expenditures	-	-	(12,279)	(12,279)
Other financing sources (uses):				
Transfers in (out)	-	-	14,223	14,223
Net change in fund balances	-	-	1,944	1,944
Fund balances, beginning of year	13,444	30,000	14,223	57,667
Restatement	-	-	3,556	3,556
Fund balances, as restated	13,444	30,000	17,779	61,223
Fund balances, end of year	\$ 13,444	\$ 30,000	\$ 19,723	\$ 63,167

The notes to the financial statements are an integral part of this statement.

**Total
Nonmajor
Governmental
Funds**

\$ 23,540
11,907
39,347

40,935
37,421
829
25,399
11,320

170

190,868

44,906
26,688
37,893
6,489

12,279

14,169

142,424

48,444

14,226

62,670

248,237

3,556

251,793

\$ 314,463

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
LOCAL CORRECTIONS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Fines and forfeitures	\$ 1,265	\$ 1,265	\$ 780	\$(485)
Investment	<u>10</u>	<u>10</u>	<u>10</u>	<u>-</u>
Total revenues	<u>1,275</u>	<u>1,275</u>	<u>790</u>	<u>(485)</u>
Expenditures				
Current operations:				
Public safety	<u>1,350</u>	<u>1,350</u>	<u>26</u>	<u>1,324</u>
Total expenditures	<u>1,350</u>	<u>1,350</u>	<u>26</u>	<u>1,324</u>
Net change in fund balances	<u>\$(75)</u>	<u>\$(75)</u>	<u>\$ 764</u>	<u>\$ 839</u>
Beginning cash	<u>\$ 7,986</u>	<u>\$ 7,986</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
EMS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Other state shared	\$ 1,669	\$ 1,669	\$ 1,669	\$ -
Intergovernmental				
State	7,000	7,000	7,000	-
Charges for services	8,995	10,040	10,038	(2)
Investment	20	20	20	-
Miscellaneous	<u>1,016</u>	<u>1,016</u>	<u>1,016</u>	<u>-</u>
Total revenues	<u>18,700</u>	<u>19,745</u>	<u>19,743</u>	<u>(2)</u>
Expenditures				
Current operations:				
Public safety	<u>24,410</u>	<u>24,410</u>	<u>16,392</u>	<u>8,018</u>
Total expenditures	<u>24,410</u>	<u>24,410</u>	<u>16,392</u>	<u>8,018</u>
Net change in fund balances	<u>\$(5,710)</u>	<u>\$(4,665)</u>	3,351	<u>\$ 8,016</u>
Beginning cash	<u>\$ 11,695</u>	<u>\$ 11,695</u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			5,978	
Change in accrued payroll expenses			<u>200</u>	
Net change in fund balances GAAP basis			<u>\$ 9,529</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
LAW ENFORCEMENT PROTECTION FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Intergovernmental				
State	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Investment	<u>15</u>	<u>15</u>	<u>8</u>	<u>(7)</u>
Total revenues	<u>20,015</u>	<u>20,015</u>	<u>20,008</u>	<u>(7)</u>
Expenditures				
Current operations:				
Public safety	17,000	17,000	1,478	15,522
Capital outlay	<u>18,000</u>	<u>18,000</u>	<u>18,000</u>	<u>-</u>
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>19,478</u>	<u>15,522</u>
Net change in fund balances	<u>\$ (14,985)</u>	<u>\$ (14,985)</u>	530	<u>\$ 15,515</u>
Beginning cash	<u>\$ 20,829</u>	<u>\$ 20,829</u>		
RECONCILIATION TO GAAP BASIS				
Change in deposits			<u>18,000</u>	
Net change in fund balances GAAP basis			<u>\$ 18,530</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
LIBRARY FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Intergovernmental				
State	\$ 11,792	\$ 12,307	\$ 12,302	\$(5)
Fines and forfeitures	49	49	49	-
Investment	-	-	1	1
Miscellaneous	<u>2,196</u>	<u>2,196</u>	<u>2,196</u>	<u>-</u>
Total revenues	<u>14,037</u>	<u>14,552</u>	<u>14,548</u>	<u>(4)</u>
Expenditures				
Current operations:				
Culture and recreation	<u>11,289</u>	<u>11,289</u>	<u>10,807</u>	<u>482</u>
Total expenditures	<u>11,289</u>	<u>11,289</u>	<u>10,807</u>	<u>482</u>
Net change in fund balances	<u>\$ 2,748</u>	<u>\$ 3,263</u>	3,741	<u>\$ 478</u>
Beginning cash	<u>\$ 358</u>	<u>\$ 358</u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			(1,881)	
Net change in fund balances GAAP basis			<u>\$ 1,860</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
LODGERS' TAX FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Taxes:				
Lodgers'	\$ 34,920	\$ 34,920	\$ 32,307	\$(2,613)
Investment	5	5	5	-
Miscellaneous	<u>130</u>	<u>130</u>	<u>130</u>	<u>-</u>
Total revenues	<u>35,055</u>	<u>35,055</u>	<u>32,442</u>	<u>(2,613)</u>
Expenditures				
Current operations:				
Culture and recreation	<u>39,406</u>	<u>39,406</u>	<u>30,801</u>	<u>8,605</u>
Total expenditures	<u>39,406</u>	<u>39,406</u>	<u>30,801</u>	<u>8,605</u>
Excess (deficiency) of revenues over expenditures	(4,351)	(4,351)	1,641	5,992
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Net change in fund balances	<u>\$(4,351)</u>	<u>\$(4,351)</u>	<u>\$ 1,644</u>	<u>\$ 5,995</u>
Beginning cash	<u>\$ 19,106</u>	<u>\$ 19,106</u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			7,040	
Change in payables			<u>226</u>	
Net change in fund balances GAAP basis			<u>\$ 8,910</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
RECREATION FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Investment	\$ 15	\$ 15	\$ 1	\$(14)
Total revenues	<u>15</u>	<u>15</u>	<u>1</u>	<u>(14)</u>
Expenditures				
Current operations:				
Culture and recreation	<u>3,000</u>	<u>4,000</u>	<u>3,463</u>	<u>537</u>
Total expenditures	<u>3,000</u>	<u>4,000</u>	<u>3,463</u>	<u>537</u>
Net change in fund balances	<u>\$(2,985)</u>	<u>\$(3,985)</u>	<u>\$(3,462)</u>	<u>\$ 523</u>
Beginning cash	<u>\$ 4,827</u>	<u>\$ 4,827</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SENIOR CITIZEN'S FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Miscellaneous	\$ <u>11,937</u>	\$ <u>11,937</u>	\$ <u>5,401</u>	\$(<u>6,536</u>)
Total revenues	<u>11,937</u>	<u>11,937</u>	<u>5,401</u>	<u>(6,536)</u>
Expenditures				
Current operations:				
Health and welfare	<u>11,937</u>	<u>15,609</u>	<u>6,894</u>	<u>8,715</u>
Total expenditures	<u>11,937</u>	<u>15,609</u>	<u>6,894</u>	<u>8,715</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	\$ <u><u>-</u></u>	\$ <u><u>(3,672)</u></u>	(<u>1,493</u>)	\$ <u><u>2,179</u></u>
Beginning cash	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>		
RECONCILIATION TO GAAP BASIS				
Change in payables			<u>891</u>	
Net change in fund balances GAAP basis			<u><u>\$(602)</u></u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
WATER RIGHTS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Investment	\$ <u>15</u>	\$ <u>15</u>	\$ <u>2</u>	\$(<u>13</u>)
Total revenues	<u>15</u>	<u>15</u>	<u>2</u>	<u>(13)</u>
Expenditures				
Current operations:				
Public works	<u>4,045</u>	<u>4,045</u>	<u>26</u>	<u>4,019</u>
Total expenditures	<u>4,045</u>	<u>4,045</u>	<u>26</u>	<u>4,019</u>
Net change in fund balances	<u>\$(4,030)</u>	<u>\$(4,030)</u>	<u>\$(24)</u>	<u>\$ 4,006</u>
Beginning cash	<u>\$ 4,043</u>	<u>\$ 4,043</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
ACTIVITIES FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Investment	\$ <u>75</u>	\$ <u>75</u>	\$ <u>7</u>	\$(<u>68</u>)
Total revenues	<u>75</u>	<u>75</u>	<u>7</u>	<u>(68)</u>
Expenditures				
Current operations:				
Culture and recreation	<u>-</u>	<u>30</u>	<u>26</u>	<u>4</u>
Total expenditures	<u>-</u>	<u>30</u>	<u>26</u>	<u>4</u>
Net change in fund balances	\$ <u><u>75</u></u>	\$ <u><u>45</u></u>	\$ <u><u>(19)</u></u>	\$ <u><u>(64)</u></u>
Beginning cash	\$ <u><u>3,571</u></u>	\$ <u><u>3,571</u></u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
CWSRF - ARRA FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental				
Federal	\$ <u>159,429</u>	\$ <u>162,161</u>	\$ <u>162,140</u>	\$(<u>21</u>)
Total revenues	<u>159,429</u>	<u>162,161</u>	<u>162,140</u>	<u>(21)</u>
Expenditures				
Current operations:				
Public works	13,956	13,956	8,604	5,352
Capital outlay	<u>145,473</u>	<u>148,205</u>	<u>153,536</u>	<u>(5,331)</u>
Total expenditures	<u>159,429</u>	<u>162,161</u>	<u>162,140</u>	<u>21</u>
Net change in fund balances	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	-	\$ <u><u>-</u></u>
Beginning cash	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			(139,367)	
Change in payables			<u>139,367</u>	
Net change in fund balances GAAP basis			\$ <u><u>-</u></u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
BEAUTIFICATION FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Miscellaneous	\$ -	\$ 2,500	\$ -	\$(2,500)
Total revenues	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>
Expenditures				
Current operations:				
Public works	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total expenditures	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning cash	<u>\$ 1,163</u>	<u>\$ 1,163</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
ENCHANTED EAGLE PARK FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ 5,866	\$ 2,577	\$(3,289)
Total revenues	<u>-</u>	<u>5,866</u>	<u>2,577</u>	<u>(3,289)</u>
Expenditures				
Current operations:				
Culture and recreation	\$ -	\$ 4,500	\$ 35	\$ 4,465
Total expenditures	<u>-</u>	<u>4,500</u>	<u>35</u>	<u>4,465</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 1,366</u>	<u>\$ 2,542</u>	<u>\$ 1,176</u>
Beginning cash	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
AQUAPONICS FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Miscellaneous	\$ <u>7,000</u>	\$ <u>7,000</u>	\$ <u>5,250</u>	\$(<u>1,750</u>)
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>5,250</u>	<u>(1,750)</u>
Expenditures				
Current operations:				
Culture and recreation	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Net change in fund balances	\$ <u>-</u>	\$ <u>-</u>	5,250	\$ <u>5,250</u>
Beginning cash	\$ <u>-</u>	\$ <u>-</u>		
RECONCILIATION TO GAAP BASIS				
Change in advances			<u>(5,250)</u>	
Net change in fund balances GAAP basis			<u>\$ -</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
MUNICIPAL STREET FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Taxes:				
Gross receipts	\$ 56,767	\$ 56,767	\$ 25,718	\$(31,049)
Other state shared	10,238	10,238	10,238	-
Investment	<u>87</u>	<u>87</u>	<u>87</u>	<u>-</u>
Total revenues	<u>67,092</u>	<u>67,092</u>	<u>36,043</u>	<u>(31,049)</u>
Expenditures				
Current operations:				
Public works	<u>74,914</u>	<u>74,914</u>	<u>11,328</u>	<u>63,586</u>
Total expenditures	<u>74,914</u>	<u>74,914</u>	<u>13,376</u>	<u>61,538</u>
Net change in fund balances	<u>\$(7,822)</u>	<u>\$(7,822)</u>	22,667	<u>\$ 30,489</u>
Beginning cash	<u>\$ 53,317</u>	<u>\$ 53,317</u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			(2,178)	
Change in payables			227	
Change in accrued payroll expenses			<u>2,048</u>	
Net change in fund balances GAAP basis			<u>\$ 22,764</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
RECYCLE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Charges for services	\$ 3,021	\$ 3,021	\$ 416	\$(2,605)
Investment	<u>29</u>	<u>29</u>	<u>29</u>	<u>-</u>
Total revenues	<u>3,050</u>	<u>3,050</u>	<u>445</u>	<u>(2,605)</u>
Expenditures				
Current operations:				
Health and welfare	<u>11,300</u>	<u>11,300</u>	<u>486</u>	<u>10,814</u>
Total expenditures	<u>11,300</u>	<u>11,300</u>	<u>486</u>	<u>10,814</u>
Net change in fund balances	<u>\$(8,250)</u>	<u>\$(8,250)</u>	<u>\$(41)</u>	<u>\$ 8,209</u>
Beginning cash	<u>\$ 14,984</u>	<u>\$ 14,984</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
MAP 7607 FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Intergovernmental				
State	\$ <u>173,912</u>	\$ <u>173,912</u>	\$ <u>-</u>	\$(<u>173,912</u>)
Total revenues	<u>173,912</u>	<u>173,912</u>	<u>-</u>	<u>(173,912)</u>
Expenditures				
Capital outlay	<u>211,030</u>	<u>211,030</u>	<u>207,926</u>	<u>3,104</u>
Total expenditures	<u>211,030</u>	<u>211,030</u>	<u>207,926</u>	<u>3,104</u>
Net change in fund balances	\$(<u>37,118</u>)	\$(<u>37,118</u>)	\$(<u>207,926</u>)	\$(<u>170,808</u>)
Beginning cash	\$ <u>211,030</u>	\$ <u>211,030</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
NMED SWD FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Intergovernmental				
State	\$ <u>74,025</u>	\$ <u>74,025</u>	\$ <u>50,896</u>	\$(<u>23,129</u>)
Total revenues	<u>74,025</u>	<u>74,025</u>	<u>50,896</u>	(<u>23,129</u>)
Expenditures				
Capital outlay	<u>74,025</u>	<u>74,025</u>	<u>74,025</u>	<u>-</u>
Total expenditures	<u>74,025</u>	<u>74,025</u>	<u>74,025</u>	<u>-</u>
Net change in fund balances	\$ <u>-</u>	\$ <u>-</u>	(<u>23,129</u>)	\$(<u>23,129</u>)
Beginning cash	\$ <u>-</u>	\$ <u>-</u>		
RECONCILIATION TO GAAP BASIS				
Change in receivables			<u>23,129</u>	
Net change in fund balances GAAP basis			\$ <u>-</u>	

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
AMBULANCE REPLACEMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Investment	\$ <u>15</u>	\$ <u>15</u>	\$ <u>-</u>	\$(<u>15</u>)
Total revenues	<u>15</u>	<u>15</u>	<u>-</u>	<u>(15)</u>
Expenditures				
Current operations:				
Public safety	<u>-</u>	<u>30</u>	<u>25</u>	<u>5</u>
Total expenditures	<u>-</u>	<u>30</u>	<u>25</u>	<u>5</u>
Net change in fund balances	<u>\$ 15</u>	<u>\$(15)</u>	<u>\$(25)</u>	<u>\$(10)</u>
Beginning cash	<u>\$ 36,171</u>	<u>\$ 36,171</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
PUBLIC WORKS VEHICLE REPLACEMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Miscellaneous	\$ <u>5,025</u>	\$ <u>5,025</u>	\$ -	\$(<u>5,025</u>)
Total revenues	<u>5,025</u>	<u>5,025</u>	-	(<u>5,025</u>)
Net change in fund balances	\$ <u><u>5,025</u></u>	\$ <u><u>5,025</u></u>	\$ <u><u>-</u></u>	\$ <u><u>(5,025)</u></u>
Beginning cash	\$ <u><u>12</u></u>	\$ <u><u>12</u></u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
CDBG FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Intergovernmental				
Federal	\$ <u>62,912</u>	\$ <u>62,912</u>	\$ <u>18,162</u>	\$(<u>44,750</u>)
Total revenues	<u>62,912</u>	<u>62,912</u>	<u>18,162</u>	<u>(44,750)</u>
Expenditures				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>62,912</u>	<u>62,912</u>	<u>18,162</u>	<u>44,750</u>
Net change in fund balances	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
Beginning cash	\$ <u><u>100</u></u>	\$ <u><u>100</u></u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET (Non-GAAP Basis) and ACTUAL (Budgetary Basis)
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Expenditures				
Debt Service				
Interest	\$ <u>13,444</u>	\$ <u>13,444</u>	\$ <u>12,279</u>	\$ <u>1,165</u>
Total expenditures	<u>13,444</u>	<u>13,444</u>	<u>12,279</u>	<u>1,165</u>
Excess (deficiency) of revenues over expenditures	(13,444)	(13,444)	(12,279)	1,165
Other financing sources (uses):				
Transfers in (out)	<u>13,444</u>	<u>13,444</u>	<u>14,223</u>	<u>779</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,944</u>	<u>\$ 1,944</u>
Beginning cash	<u>\$ 17,779</u>	<u>\$ 17,779</u>		

The notes to the financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
PROPRIETARY FUND
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Operating revenues:				
Charges for services	\$ 251,960	\$ 311,960	\$ 225,953	\$(86,007)
Miscellaneous	-	-	1,031	1,031
Total operating revenues	<u>251,960</u>	<u>311,960</u>	<u>226,984</u>	<u>(84,976)</u>
Operating expenses:				
Personnel services	152,486	182,486	70,715	111,771
Contract services	-	-	2,134	(2,134)
Other operating expense	<u>114,223</u>	<u>145,220</u>	<u>120,760</u>	<u>24,460</u>
Total operating expenses	<u>266,709</u>	<u>327,706</u>	<u>193,609</u>	<u>134,097</u>
Net operating income excluding non-budgeted expenses	<u>(14,749)</u>	<u>(15,746)</u>	<u>33,375</u>	<u>(219,073)</u>
Non-operating revenues (expenses):				
Investment	150	150	203	53
Gross receipts taxes	<u>-</u>	<u>-</u>	<u>10,725</u>	<u>10,725</u>
Total non-operating revenues (deductions)	<u>150</u>	<u>150</u>	<u>10,928</u>	<u>10,778</u>
Net income (loss) excluding non-budgeted expenses	<u>(14,599)</u>	<u>(15,596)</u>	<u>44,303</u>	<u>(208,295)</u>
Less non-budgeted revenues (expenses):				
Depreciation	<u>-</u>	<u>-</u>	<u>(41,179)</u>	<u>41,179</u>
Total non-budgeted revenues (expenses)	<u>-</u>	<u>-</u>	<u>(41,179)</u>	<u>41,179</u>
Net income (loss)	<u><u>\$(14,599)</u></u>	<u><u>\$(15,596)</u></u>	<u><u>\$ 3,124</u></u>	<u><u>\$(167,116)</u></u>

The notes to the financial statements are an integral part of this statement.

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OTHER SUPPLEMENTARY INFORMATION

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**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2012**

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
ASSETS				
Cash	\$ 1,081	\$ -	\$(1,081)	\$ -
Investments	<u>10,131</u>	<u>-</u>	<u>(10,131)</u>	<u>-</u>
Total assets	<u><u>\$ 11,212</u></u>	<u><u>\$ -</u></u>	<u><u>\$(11,212)</u></u>	<u><u>\$ -</u></u>
LIABILITIES				
Due to other entity	<u>\$ 11,212</u>	<u>\$ -</u>	<u>\$(11,212)</u>	<u>\$ -</u>
Total liabilities	<u><u>\$ 11,212</u></u>	<u><u>\$ -</u></u>	<u><u>\$(11,212)</u></u>	<u><u>\$ -</u></u>

**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**

Richard Cordova, Mayor
and the
Village Council
Village of Eagle Nest
Eagle Nest, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Village of Eagle Nest, New Mexico (Village), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 15, 2012. 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

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

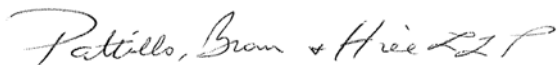
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting: 2010-02 and 2012-2. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item: 2012-1.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Village Council, the State Auditor, the New Mexico Legislature, applicable 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.



Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
November 15, 2012

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**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012**

Financial Statement Findings

Prior Year

2008-01	Expenditures in Excess of Budget - Resolved
2010-02	Cross-Training and Segregation of Duties – Repeated and Modified
2011-1	Paycheck Miscalculation of Hours Worked - Resolved
2011-2	No Notice Sent to the SAO for Disposition of Property - Resolved
2011-03	Pledged Collateral - Resolved
2011-04	Preparation of Accounts Receivable Schedules - Resolved

Current Year

2010-02	Cross-Training – Repeated and Modified
2012-1	Budget Deficit in Excess of Cash
2012-2	EMS Billing

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012**

2010-02

Cross-Training
(significant deficiency)

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 an 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 an emergency or situation arise. To provide that coverage, employees need to know the duties and procedures of all positions within the Village administrative office.

Effect:

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.

Cause:

The workload of the present employees has not provided any time for cross-training.

Recommendation:

The Village should devote time and resources necessary to complete cross-training of employees.

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.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012**

2012-1 **Budget Deficit in Excess of Cash**
(significant deficiency)

Condition: The Village’s final approved budgets include deficits that exceeded the beginning cash balances for the following funds:

<u>Fund</u>	<u>Budget Deficit in Excess of Cash</u>
Senior Citizen’s Fund	\$3,672

Criteria: The New Mexico State Statute, Section 6-6-11 NMSA 1978, states “it is unlawful for any municipal governing body for any purpose whatever to become indebted or contract any debts of any kind or nature whatsoever during any current year which, at the end of such current year, is not and cannot be paid out of the money actually collected and belonging to that current year.”

Effect: The Village’s final approved budget included expenditures in excess of revenues and the beginning cash balance, in violation of state statutes. Expenditures budgeted in excess of available cash balances increase the likelihood of the Village overspending.

Cause: The Village inadvertently budgeted expenditures that exceeded the beginning cash balances, and anticipated revenues.

Recommendation: The Village should review available cash balances when preparing the budget, to ensure that they have the necessary funds available.

Response: The Village agrees with this recommendation.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012**

2012-2

EMS Billing
(significant deficiency)

Condition:

The Village uses an independent individual to provide billing services for the EMS/Ambulance services. The Village does not provide any oversight or verification of the billing procedures. Neither are there any reconciliation processes in place to verify that the services provided are being correctly billed.

Criteria:

Section 6-5-2A. NMSA 1978 “State agencies shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal laws and rules related to financial matters.”

Effect:

The Village does not know if all services billed for EMS/Ambulance are being billed, billed correctly and collected.

Cause:

The Village has never had any type of reconciliation process in place to review amounts being billed and collected, in part due to limited Village staff.

Recommendation:

The Village should have a process in place to reconcile amounts billed by the independent contractor with service provided by the Village. This reconciliation should be performed at least monthly.

Response:

The Village agrees with this recommendation.

**STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012**

EXIT CONFERENCE

An exit conference was held on November 15, 2012 at the Village's offices. In attendance were Richard Cordova, Mayor, Lynda Perry, Village Administrator and Cathy Coppy, Village Finance Officer, from the Village of Eagle Nest. Regina Gordon, CPA was in attendance for Pattillo, Brown & Hill, L.L.P.

PREPARATION OF FINANCIAL STATEMENTS

The financial statements presented in this report have been prepared by the auditors, Pattillo, Brown, and Hill, L.L.P., Certified Public Accountants; however the financial statements are the responsibility of the management.