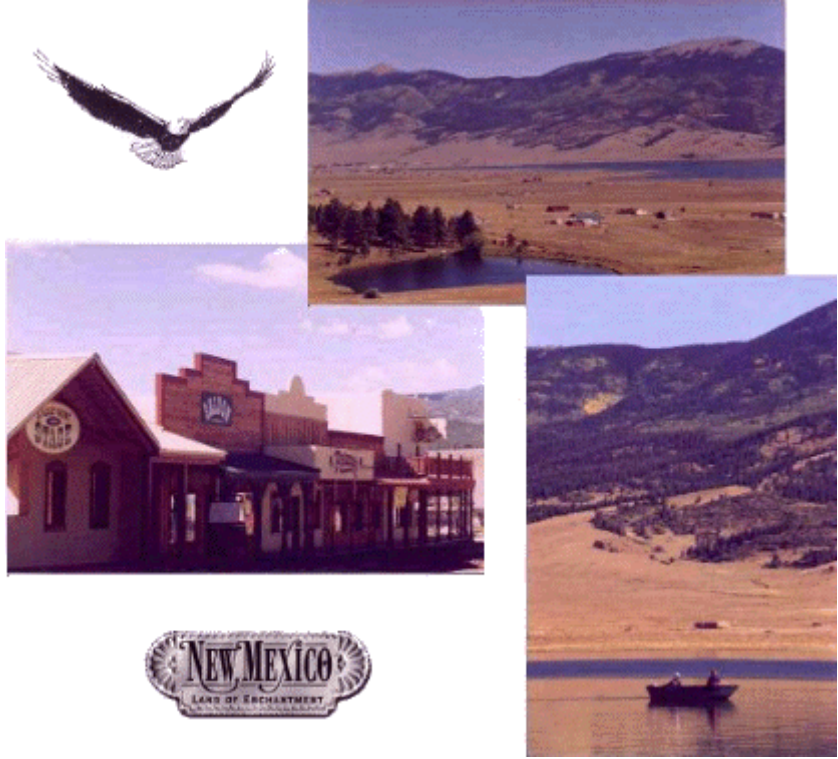


**STATE OF NEW MEXICO**



**VILLAGE OF EAGLE NEST  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2017**

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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
OFFICIAL ROSTER  
June 30, 2017

**Name**

Village Council

**Title**

Richard Cordova

Mayor

Bill Lowery

Mayor Pro-tem/Councilor

Fox Guinn

Council Member

Jamie McCaslin

Council Member

Aaron Becton

Council Member

Village Officials

Mary Berglund

Village Administrator

Cathy Coppy, CMC

Village Finance Officer

Joyce Freidt

Village Clerk

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State of New Mexico  
Village of Eagle Nest  
**ANNUAL FINANCIAL REPORT**  
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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget and  
The Governing Board  
Village of Eagle Nest  
Eagle Nest, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Village of Eagle Nest (the "Village") as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise Village of Eagle Nest's basic financial statements as listed in the table of contents. We did not audit the 2016 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employee Retirement Association (PERA), the administrator of the cost sharing pension plan for the Village. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Village, is based solely on the report of the other auditors.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Eagle Nest's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Eagle Nest's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## **Opinions**

In our opinion, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Eagle Nest, as of June 30, 2017, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds, and major capital project funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-20, the *Schedule of Proportionate Share of Net Pension liability* on page 91, the *Schedule of Contributions* on page 93, and the *notes to required supplementary information* on page 95 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on Village of Eagle Nest's financial statements, that collectively comprise the Village of Eagle Nest's basic financial statements.

The combining and individual fund financial statements, and other supplemental information required by 2.2.2 NMAC, presented in the supplementary information section of the Table of Contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and other Schedules, presented in the supplementary information section of the Table of Contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and Schedules, presented in the supplementary information section of the Table of Contents, required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2017 on our consideration of the Village of Eagle Nest's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Eagle Nest's internal control over financial reporting and compliance.

*Precision Accounting, LLC*

Precision Accounting, LLC  
Albuquerque, New Mexico  
October 26, 2017

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STATE OF NEW MEXICO  
Village of Eagle Nest  
Management's Discussion and Analysis  
for the Year Ended June 30, 2017

As management of the Village of Eagle Nest, we offer readers of the Village of Eagle Nest financial statements this narrative overview and analysis of the financial activities of the Village of Eagle Nest for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements of the Village of Eagle Nest and additional information provided.

#### FINANCIAL HIGHLIGHTS

- The assets \$7,544,170 of the Village of Eagle Nest exceeded its liabilities of \$1,265,077 and its deferred inflows of resources of \$3,647 at the close of the most recent fiscal year by \$6,275,446 (*net position*). Of this amount, \$601,709 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$391,459 during the fiscal year. The majority of this increase is due to the decrease in liabilities and increase in grant funding.
- As of June 30, 2017, the Village's governmental funds reported combined ending fund balances of \$702,741 of this total; (\$858) is restricted for capital projects, \$23,628 is restricted for debt service, and \$436,044 is restricted for special revenue funds.

#### Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found at Exhibits A-1 and A-2 of this report.

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

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

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

The Village of Eagle Nest maintains thirty one individual governmental funds organized according to their type. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Protection Fund, Senior Citizen Fund, Deep/Tunnel MAP Capital Projects Fund and the CDBG Capital Project Fund all of which are considered to be major funds. Data from the other twenty six governmental funds are combined into a single, aggregated presentation.

The Village of Eagle Nest adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the General Fund, Fire Protection Fund, and the Senior Citizen Fund to demonstrate compliance with this budget.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-68 of this report.

STATE OF NEW MEXICO  
Village of Eagle Nest  
Management's Discussion and Analysis  
for the Year Ended June 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Eagle Nest, assets exceeded liabilities by \$6,275,446 at the close of the current fiscal year.

The largest portion of the Village of Eagle Nest's net position represents the Village's investment of \$4,645,770 in capital assets (e.g., land improvements, buildings, infrastructure and machinery & equipment); less any related outstanding debt used to acquire those assets. The Village of Eagle Nest uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Eagle Nest's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

<b>Village of Eagle Nest's Net Position</b>						
	June 30, 2017			June 30, 2016		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
<b>Assets</b>						
Current and other assets	\$ 1,196,868	\$ 335,027	\$ 1,531,895	\$ 985,464	314,444	1,299,908
Restricted Cash	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	5,037,532	814,491	5,852,023	4,762,037	864,953	5,626,990
<b>Deferred Outflows of resources</b>	160,252	-	160,252	18,815	-	18,815
Total Assets	6,394,652	1,149,518	7,544,170	5,766,316	1,179,397	6,945,713
<b>Liabilities</b>						
Long-term liabilities outstanding	586,001	81,380	667,381	444,383	92,983	537,366
Other Liabilities	558,876	38,820	597,696	474,191	28,605	502,796
Total Liabilities	1,144,877	120,200	1,265,077	918,574	121,588	1,040,162
Deferred inflow of resources	3,647	-	3,647	21,564	-	21,564
<b>Net position</b>						
Net investment in capital assets	3,898,713	747,057	4,645,770	4,418,416	780,383	5,198,799
Restricted	995,054	-	1,027,967	651,105	-	651,105
Unrestricted	352,361	282,261	601,709	(243,343)	277,426	34,083
Total Net Position	5,246,128	1,029,318	6,275,446	4,826,178	1,057,809	5,883,987
Total Liabilities, Deferred inflow of resources and Net Position	6,394,652	1,149,518	7,544,170	\$ 5,766,316	\$ 1,179,397	\$ 6,945,713

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Village of Eagle Nest  
Management's Discussion and Analysis  
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A portion of the Village of Eagle Nest's net position represents resources that are subject to restrictions. The restrictions relate to capital projects and debt service.

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

The Village of Eagle Nest's total net position increased by \$391,459 during the current fiscal year. This increase is explained in the government and business-type activities discussion below, and is primarily a result of an increase in grant income.

Statement of Activities  
For the Year Ended June 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Revenue</b>			
<b>Program revenue</b>			
Charges for Service	147,761	329,994	477,755
Operating grants and contributions	311,183	-	311,183
Capital Grants and Contributions	746,335	-	746,335
<b>General Revenue</b>			
Property Taxes	57,159	-	57,159
Franchise Taxes	17,769	-	17,769
Gas Taxes	10,400	-	10,400
Gross Receipts Taxes	132,167	-	132,167
Public Service Taxes	6,217	-	6,217
Interest Income	4,350	428	4,778
Misc Revenues	166,055	-	166,055
Total Revenue	1,605,546	330,422	1,929,818
<b>Expenses</b>			
General Government	695,373	-	695,373
Public Safety	95,195	-	95,195
Public Works	252,328	-	256,984
Culture and recreation	113,802	-	113,802
Health and Welfare	31,178	-	31,178
Interest on Long-term debt	-	-	-
Business-Type Funds	-	350,483	350,483
Total Expenses	1,187,876	350,483	1,538,359
(Decrease) Increase in Assets before transfer	413,014	(21,555)	394,545
Transfers	39,849	(39,849)	-
(Decrease) Increase in Net position	451,369	(59,910)	391,459
Net position, Beginning of Year, restated	4,794,759	1,089,228	5,883,987
Ending Net position, beginning	5,246,128	1,029,318	6,275,446

STATE OF NEW MEXICO  
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Governmental activities: Governmental activities increased the Village of Eagle Nest's net position by \$452,863.

Business-type activities: Business-type activities decrease the Village's net position by \$(61,404).

Statement of Activities  
For the Year Ended June 30, 2016

	Governmental Activities	Business-Type Activities	Total
<b>Revenue</b>			
<b>Program revenue</b>			
Charges for Service	131,764	305,314	437,078
Operating grants and contributions	221,869	-	221,869
Capital Grants and Contributions	282,561	-	282,561
<b>General Revenue</b>			
Property Taxes	57,285	-	57,285
Franchise Taxes	17,955	-	17,955
Gas Taxes	9,209	-	9,209
Gross Receipts Taxes	211,293	-	211,293
Public Service Taxes	6,916	-	6,916
Interest Income	1,751	213	1,964
Misc Revenues	20,243	-	20,243
Total Revenue	960,846	305,527	1,266,373
<b>Expenses</b>			
General Government	633,164	-	633,164
Public Safety	80,997	-	80,997
Public Works	45,105	-	45,105
Culture and recreation	12,032	-	12,032
Health and Welfare	35,298	-	35,298
Interest on Long-term debt	-	-	-
Business-Type Funds	-	294,866	294,866
Total Expenses	906,596	294,866	1,201,462
(Decrease) Increase in Assets before transfer	54,250	10,661	64,911
Transfers	36,298	(36,298)	-
(Decrease) Increase in Net position	90,548	(25,637)	64,911
Net position, Beginning of Year, restated	4,735,630	1,083,446	5,819,076
Ending Net position, beginning	4,826,178	1,057,809	5,883,987

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Village of Eagle Nest  
Management's Discussion and Analysis  
for the Year Ended June 30, 2017  
Unaudited

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

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

As of the end of the current fiscal year, Village of Eagle Nest's governmental funds reported combined ending fund balances of \$702,741 an increase of \$175,567 in comparison with the prior year. Of this amount, \$243,927 constitutes *unreserved fund balance*, which is available for spending at the government's discretion, \$436,044 constitutes reserved fund balances for special revenue funds, \$23,628 reserved for debt service and (\$858) constitutes reserved fund balance for capital project funds.

Revenues for governmental activities overall totaled \$1,686,694 in the fiscal year ended June 30, 2017, which represents an increase of \$732,235 from the fiscal year ended June 30, 2016. Expenditures for governmental activities, totaling \$1,582,395 increased by \$592,857 from the fiscal year ended June 30, 2016.

The General Fund is the chief operating fund of Village of Eagle Nest. At the end of the current fiscal year, *unreserved* fund balance of the general fund was \$243,927 of which \$243,927 was unassigned.

The fund balance of Village of Eagle Nest's general fund increased by \$43,519 during the current fiscal year due to an increase in revenues.

*Fire Protection Fund.* The Fire Protection Fund has a fund balance \$87,566. The net increase in fund balance for the current year was \$78,364. The increase in fund balance is due primarily to an increase in state grant revenues.

*Senior Citizen Fund.* The Senior Citizen Fund has a fund balance of \$36,317. The net increase in fund balance for the year was \$3,654 due to revenues exceeding expenditures.

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

At the end of the fiscal year, the net position for Joint Utility Fund was \$914,526 and \$81,879 for the Solid Waste Fund. The total decrease in net position for the proprietary funds was \$(59,910). Factors concerning the finances of this fund have been addressed previously in the discussion of the Village's business-type activities.

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General Fund Budgetary Highlights

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

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

General Fund Expenditure Budget Performance

Final Budget	Actual non-GAAP Cash Basis	Favorable/(Unfavorable) Variance
\$568,373	\$449,858	\$118,515

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

The Capital Project Funds (non-major) are included in the original budget which is submitted to the Department of Finance and Administration (DFA). However, these funds are spent on a project-by-project basis so the budgets are constantly changing. The individual project budgets for these funds are created during the year through budget adjustment requests (BAR's).

Capital Asset and Debt Administration

Capital assets. Village of Eagle Nest's capital assets for its governmental and business-type activities as of June 30, 2017 amount to \$5,852,023 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, and machinery and equipment and vehicles. There was no increase in the Village's governmental capital assets (excluding accumulated depreciation) for the current fiscal year. There was no increase (excluding accumulated depreciation) in business-type capital assets during the current fiscal year.

Capital Assets, June 30, 2017

	Governmental Total Activities	Business-type Activities
Infrastructure	\$ 7,085,626	\$ -
Land	363,906	179,500
Buildings and improvements	1,654,103	1,603,072
Equipment and Vehicles	1,436,097	138,484
Total capital assets	10,539,732	1,921,056
Accumulated depreciation	5,502,200	1,106,565
Capital assets, net of accumulated depreciation	\$ 5,037,532	\$ 814,491

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 7 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

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Debt Administration- At the end of the current fiscal year, Village of Eagle Nest had total long-term obligations outstanding of \$331,285. Of this amount, \$234,122 is associated with long term note payables.

Village of Eagle Nest's Outstanding Debt  
As of June 30, 2017

	Governmental Activities	Business-type Activities	Total
Loans	\$ 234,122	\$ -	\$ 234,122
Compensated Absences	\$ 15,116	\$ 14,613	\$ 29,729
Capital Lease Payable-Caterpillar	\$ -	\$ 67,434	\$ 67,434
Total long-term liabilities	\$ 249,238	\$ 82,047	\$ 331,285

See Note 8 in the accompanying Notes to the Financial Statements for further information regarding Village of Eagle Nest's long-term debt.

Economic Factors and Next Year's Budgets and Rates

The following are currently known factors, decisions, or conditions that are expected to have a significant effect and impact on the Village's financial position or results of operations. After a two year cycle of large infrastructure project that impact gross receipt taxes, the Village is facing one additional year infrastructure improvements with an otherwise lean year due to a down economy. With this in mind, the Village budgeted Gross Receipt Taxes a slight decrease based on FY 2016/2017 GRT revenues. The Village continues with a frugal spending controls and will maintain a tight rein on the budget. The Village was awarded and completed a \$500,000 Community Development Block Grant Water System Improvements infrastructure project in January 2017. This allowed the Village to apply and be awarded \$750,000 Community Development Block Grant for the continuation of the Water System Improvements to a portion of West Lake Subdivision that is anticipated to complete by December of 2018. Additionally the Village was awarded \$189,909 MAP Grant and \$40,000 New Mexico Department of Transportation COOP Grant to be completed in November of 2017. As a result of the Village of Eagle Nest being named a New Mexico Frontier Community, The Village was assisted with the development of "Main Street" and the Enchanted Eagle Park as a venue site. In August of 2017 the Village held the Second Annual EagleFest music event and Soaring Eagle 5K Challenge. Enchanted Eagle Park continues to be a top priority for development and improvements towards a park that will provide activities for residents and visitors alike. Other areas of development include additional Senior Center service, attracting new businesses, including broadband corporations and Healthcare Clinic or Urgent Care facility. With the help of a New Mexico Finance Authority grant the Village will complete a \$50,000 updated Professional Engineers Report and a \$50,000 Asset Management Plan. The Village has received legislative appropriations for the Eagle Nest Senior Center which include \$26,250 for ADA doors and \$81,600 for Senior Center facility improvements. An application for the Angel Fire Community Foundation for improvements to the Eagle Nest Village Hall and Community Center was awarded in the amount of \$30,000 and will be completed by June of 2018. The Village will complete applications for FY 17/18 CDBG Planning Grant for a revised Village of Eagle Nest Comprehensive Plan, \$300,000 New Mexico Department of Transportation MAP application for Village street improvements and \$2,752,219.62 Water Trust Board Application for water system improvements to the entire Village. The Village continues exploring water and waste water infrastructure improvements. An analysis of the enterprise funds is being conducted to see where the Village can make improvements and consider whether an increase in rates is needed. In May of 2017 a solid waste rate increase was implemented to address the rising cost of equipment, maintenance of equipment, disposal fees and transportation of solid waste. A review of the increase will be conducted to determine if the increase was adequate to address the rising cost. Through the efforts of the elected officials, Village employees and the community, the Village will continue to strive for continued improvements to economic development and infrastructure improvements.

REQUESTS FOR INFORMATION

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

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



**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**STATEMENT OF NET POSITION**  
June 30, 2017

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ 811,899	\$ -	\$ 811,899
Due from Pooled Cash	273,115	208,644	481,759
Investments	83,243	88,340	171,583
Taxes receivable	2,463	-	2,463
Accounts receivable	26,148	38,043	64,191
Prepaid Deposits	-	-	-
	1,196,868	335,027	1,531,895
Total Current Assets			
Noncurrent Assets			
Restricted Cash due from Pooled Cash	-	-	-
Capital assets	10,539,732	1,921,056	12,460,788
Less: accumulated depreciation	(5,502,200)	(1,106,565)	(6,608,765)
	5,037,532	814,491	5,852,023
Total Noncurrent Assets			
Deferred outflows of resources			
Deferred Outflows related to Net Pension liability	160,252	-	160,252
Total Deferred outflows of resources	160,252	-	160,252
	6,394,652	1,149,518	7,544,170
Total Assets	\$ 6,394,652	\$ 1,149,518	\$ 7,544,170

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**STATEMENT OF NET POSITION**  
June 30, 2017

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Current Liabilities			
Due to Pooled Cash	\$ 476,795	\$ -	\$ 476,795
Accounts payable	39,956	20,318	60,274
Accrued salaries and benefits	5,756	1,366	7,122
Accrued interest	1,136	-	1,136
Current portion of loans/bonds payable	35,233	17,136	52,369
Total Current Liabilities	558,876	38,820	597,696
Noncurrent Liabilities			
Deposits Payable	4,533	16,469	21,002
Accrued Compensated Absences	15,116	14,613	29,729
Loans/bonds payable	198,889	50,298	249,187
Net Pension Liability	367,463	-	367,463
Total Noncurrent Liabilities	586,001	81,380	667,381
Total Liabilities	1,144,877	120,200	1,265,077
Deferred inflows of resources			
Deferred Inflows related to Net Pension Liability	3,647	-	3,647
Unavailable revenue-property taxes	-	-	-
Total Deferred inflows of resources	3,647	-	3,647
<b>Net Position</b>			
Net Investment in Capital Assets	3,930,132	747,057	4,677,189
Restricted for:			
Capital projects	484,844	-	484,844
Special revenue funds	509,429	-	509,429
Debt Service funds	781	-	781
Unrestricted	320,942	282,261	603,203
Total Net Position	5,246,128	1,029,318	6,275,446
Total Liabilities, Deferred inflows of resources and Net Position	\$ 6,394,652	\$ 1,149,518	\$ 7,544,170

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**STATEMENT OF ACTIVITIES**  
For the Year Ending June 30, 2017

Exhibit A-2

	<b>Program Revenues</b>		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government</b>			
General government	\$ 726,792	\$ 130,530	\$ 1,417
Public safety	95,195	1,622	198,262
Public works	252,328	7,874	10,619
Culture and recreation	113,802	7,735	2,106
Health and welfare	31,178	-	98,779
Interest on long-term debt	-	-	-
	<u>1,219,295</u>	<u>147,761</u>	<u>311,183</u>
<b>Total governmental activities</b>			
<b>Business-type Activities:</b>			
Joint Utilities	350,483	361,413	-
	<u>350,483</u>	<u>361,413</u>	<u>-</u>
<b>Total business type activities</b>			
	<u>350,483</u>	<u>361,413</u>	<u>-</u>
<b>Total</b>	<u>\$ 1,569,778</u>	<u>\$ 509,174</u>	<u>\$ 311,183</u>

**General Revenues:**

Taxes

Property taxes, levied for general purposes

Franchise taxes

Gas taxes

Gross receipts taxes

Public service taxes

Interest income

Miscellaneous income

Transfers

Total General Revenues and Transfers

Changes in net position

Net position, beginning

Net position, ending

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**STATEMENT OF ACTIVITIES**  
For the Year Ending June 30, 2017

Exhibit A-2

<u>Program Revenues</u>	<u>Net Program (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
<u>Capital Grants and Contributions</u>	<u>Government Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ -	\$ (594,845)	\$ -	\$ (594,845)
-	104,689	-	104,689
713,993	480,158	-	480,158
-	(103,961)	-	(103,961)
32,342	99,943	-	99,943
-	-	-	-
<u>746,335</u>	<u>(14,016)</u>	<u>-</u>	<u>(14,016)</u>
-	-	10,930	10,930
-	-	10,930	10,930
<u>\$ 746,335</u>	<u>(14,016)</u>	<u>10,930</u>	<u>(3,086)</u>
	57,159	-	57,159
	17,769	-	17,769
	10,400	-	10,400
	132,167	-	132,167
	6,217	-	6,217
	4,350	428	4,778
	166,055	-	166,055
	<u>39,849</u>	<u>(39,849)</u>	<u>-</u>
	<u>433,966</u>	<u>(39,421)</u>	<u>394,545</u>
	419,950	(28,491)	391,459
	4,826,178	1,057,809	5,883,987
	<u>\$ 5,246,128</u>	<u>\$ 1,029,318</u>	<u>\$ 6,275,446</u>

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STATE OF NEW MEXICO  
VILLAGE OF EAGLE NEST  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2017

	General Fund	Fire Protection Fund	Senior Citizen Fund	Deep Tunnel/Tomboy MAP Capital Project Fund	CDBG Capital Project Fund	Other Governmental Funds	Total
<i>Assets</i>							
Cash and cash equivalents	\$ 708,177	\$ 98,241	\$ -	\$ -	\$ -	\$ 10,445	\$ 816,863
Due from Pooled Cash	-	-	37,164	-	-	232,292	269,456
Investments	7,073	5,908	-	-	-	70,262	83,243
Other receivables	16,489	-	1,417	-	-	10,705	28,611
Prepaid Deposits	-	-	-	-	-	-	-
<i>Total assets</i>	<u>\$ 731,739</u>	<u>\$ 104,149</u>	<u>\$ 38,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,704</u>	<u>\$ 1,198,173</u>
<i>Liabilities and fund balances</i>							
<i>Liabilities</i>							
Due to Pooled Cash	\$ 476,795	\$ -	\$ -	\$ -	\$ -	\$ 1,305	\$ 478,100
Accounts payable	6,639	16,583	886	11,070	-	9,311	44,489
Accrued salaries and benefits	4,378	-	1,378	-	-	-	5,756
<i>Total liabilities</i>	<u>487,812</u>	<u>16,583</u>	<u>2,264</u>	<u>11,070</u>	<u>-</u>	<u>10,616</u>	<u>528,345</u>
<i>Deferred inflows of resources</i>							
Unavailable revenue-property taxes	0	-	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>							
Fund Balance							
Restricted for:							
General Fund	-	-	-	-	-	-	-
Special Revenue Funds	-	87,566	36,317	(11,070)	-	290,318	403,131
Capital Projects Funds	-	-	-	-	-	(858)	(858)
Debt Service Funds	-	-	-	-	-	23,628	23,628
Committed for:							
General Fund	-	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-
Assigned for:							
General Fund	-	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-
Unassigned for:							
General Fund	243,927	-	-	-	-	-	243,927
<i>Total fund balances</i>	<u>243,927</u>	<u>87,566</u>	<u>36,317</u>	<u>(11,070)</u>	<u>-</u>	<u>313,088</u>	<u>669,828</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 731,739</u>	<u>\$ 104,149</u>	<u>\$ 38,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,704</u>	<u>\$ 1,198,173</u>

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STATE OF NEW MEXICO  
VILLAGE OF EAGLE NEST  
RECONCILIATION OF BALANCE SHEET-GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2017

Exhibit B-1  
Page 2 of 2

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

Fund balances - total governmental funds	\$ 669,828
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,037,532
Long-term liabilities, including notes payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds	<u>(461,232)</u>
Net position of governmental activities	<u>\$ 5,246,128</u>

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STATE OF NEW MEXICO  
VILLAGE OF EAGLE NEST  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS  
For the Year Ending June 30, 2017

	General Fund	Fire Protection Fund	Senior Citizen Fund	Deep Tunnel/Tombay MAP Capital Project Fund	CDBG Capital Project Fund	Other Governmental Funds	Total
<i>Revenues:</i>							
Taxes							
Gross receipts taxes	\$ 105,473	\$ -	\$ -	\$ -	\$ -	\$ 49,094	\$ 154,567
Property taxes	40,159	-	-	-	-	-	40,159
Lodgers' tax	-	-	-	-	-	-	-
Gasoline tax	-	-	-	-	-	-	-
Franchise tax	17,769	5,000	-	-	-	-	22,769
State Grant Income	15,264	178,273	100,026	171,473	436,440	160,528	1,062,004
Charges for Services	90,000	-	-	-	-	67,446	157,446
Licenses and Fees	8,461	-	-	-	-	33	8,494
Investment Income (Loss)	3,584	429	-	-	-	337	4,350
Miscellaneous	201,433	-	170	-	-	29,152	230,755
	<u>482,143</u>	<u>183,702</u>	<u>100,196</u>	<u>171,473</u>	<u>436,440</u>	<u>306,590</u>	<u>1,680,544</u>
<i>Expenditures:</i>							
Current:							
General Government	458,250	-	-	-	-	21,533	479,783
Public Safety	-	105,338	-	-	-	20,000	125,338
Public Works	-	-	-	182,543	436,440	143,563	762,546
Culture and Recreation	-	-	102,542	-	-	30,429	132,971
Health and Welfare	-	-	-	-	-	63,659	63,659
Capital Outlay	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	13,442	13,442
Interest	-	-	-	-	-	-	-
	<u>458,250</u>	<u>105,338</u>	<u>102,542</u>	<u>182,543</u>	<u>436,440</u>	<u>292,626</u>	<u>1,577,739</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>23,893</u>	<u>78,364</u>	<u>(2,346)</u>	<u>(11,070)</u>	<u>-</u>	<u>13,964</u>	<u>102,805</u>
<i>Other financing sources (uses)</i>							
Transfers (Out)	(6,000)	-	6,000	-	-	-	-
Transfers In	25,626	-	-	-	-	14,223	39,849
<i>Total other financing sources (uses)</i>	<u>19,626</u>	<u>-</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>14,223</u>	<u>39,849</u>
<i>Net change in fund balance</i>	<u>43,519</u>	<u>78,364</u>	<u>3,654</u>	<u>(11,070)</u>	<u>-</u>	<u>28,187</u>	<u>142,654</u>
<i>Fund balance - beginning of year</i>	<u>200,408</u>	<u>9,202</u>	<u>32,663</u>	<u>-</u>	<u>-</u>	<u>284,901</u>	<u>527,174</u>
<i>Fund balance - end of year</i>	<u>\$ 243,927</u>	<u>\$ 87,566</u>	<u>\$ 36,317</u>	<u>\$ (11,070)</u>	<u>\$ -</u>	<u>\$ 313,088</u>	<u>\$ 669,828</u>

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STATE OF NEW MEXICO  
VILLAGE OF EAGLE NEST

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ending June 30, 2017

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

Net change in fund balances - total governmental funds	\$	142,654
<p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital expenditures		568,467
Depreciation expense		(292,972)
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Change in Deferred inflows/outflows of Net Pension Liability		(34,908)
Decrease in accrued interest		778
Principal payments on notes payable		34,974
Decrease in accrued compensated absences		957
		957
Change in net position of governmental activities	\$	419,950

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ 187,792	\$ 187,792	\$ 181,601	\$ (6,191)
State Grant Income	3,850	128,490	3,974	(124,516)
Charges For Services	90,000	90,000	90,000	-
Licenses and Fees	9,015	9,015	8,461	(554)
Interest Income	850	850	3,584	2,734
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	199,089	199,089
<i>Total revenues</i>	291,507	416,147	486,709	70,562
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	443,733	568,373	449,858	118,515
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	443,733	568,373	449,858	118,515
<i>Excess (deficiency) of revenues over expenditures</i>	(152,226)	(152,226)	36,851	189,077
<i>Other financing sources (uses)</i>				
Designated Cash	152,226	152,226	-	(152,226)
Transfers In	-	-	25,626	25,626
Transfers Out	19,626	19,626	(6,000)	(25,626)
<i>Total other financing sources (uses)</i>	171,852	171,852	19,626	(152,226)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	19,626	19,626	56,477	36,851
<i>Cash Balance - Beginning of Year</i>	-	-	174,905	174,905
<i>Cash Balance - End of Year</i>	\$ 19,626	\$ 19,626	\$ 231,382	\$ 211,756
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(15,242)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			2,284	
<i>Net Change in Fund Balance (GAAP basis)</i>			\$ 43,519	

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**FIRE PROTECTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
State Grant Income	81,728	178,273	178,273	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	400	400	429	29
Miscellaneous	500	500	-	(500)
<i>Total revenues</i>	<u>87,628</u>	<u>184,173</u>	<u>183,702</u>	<u>(471)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	96,956	191,596	89,320	102,276
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>96,956</u>	<u>191,596</u>	<u>89,320</u>	<u>102,276</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,328)</u>	<u>(7,423)</u>	<u>94,382</u>	<u>101,805</u>
<i>Other financing sources (uses)</i>				
Designated Cash	9,328	7,423	-	(7,423)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,328</u>	<u>7,423</u>	<u>-</u>	<u>(7,423)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	94,382	94,382
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>9,767</u>	<u>9,767</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,149</u>	<u>\$ 104,149</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			-	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			<u>(16,018)</u>	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ 78,364</u>	

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**SENIOR CITIZEN'S CENTER SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	101,193	102,539	102,545	6
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	17,000	17,000	170	(16,830)
<i>Total revenues</i>	<u>118,193</u>	<u>119,539</u>	<u>102,715</u>	<u>(16,824)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	128,672	130,018	100,993	29,025
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>128,672</u>	<u>130,018</u>	<u>100,993</u>	<u>29,025</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,479)</u>	<u>(10,479)</u>	<u>1,722</u>	<u>12,201</u>
<i>Other financing sources (uses)</i>				
Designated Cash	10,479	10,479	-	(10,479)
Transfers (In) Out	-	-	6,000	6,000
<i>Total other financing sources (uses)</i>	<u>10,479</u>	<u>10,479</u>	<u>6,000</u>	<u>(4,479)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	7,722	7,722
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>29,442</u>	<u>29,442</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,164</u>	<u>\$ 37,164</u>
Adjustment expenditures for payables, payroll taxes, prepaid expenses and other accruals			(2,519)	
Adjustment for revenues for tax accruals, earnings on investments, and other deferrals and accruals			(1,549)	
<i>Net Change in Fund Balance (GAAP basis)</i>			<u>\$ 3,654</u>	

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
June 30, 2017

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from Pooled Cash	170,834	37,810	208,644
Investments	74,754	13,586	88,340
Accounts receivable, net of allowance	<u>16,279</u>	<u>21,764</u>	<u>38,043</u>
Total Current Assets	<u>261,867</u>	<u>73,160</u>	<u>335,027</u>
Noncurrent Assets			
Capital assets	1,862,140	58,916	1,921,056
Less: accumulated depreciation	<u>(1,097,545)</u>	<u>(9,020)</u>	<u>(1,106,565)</u>
Total Noncurrent Assets	<u>764,595</u>	<u>49,896</u>	<u>814,491</u>
Total Assets	<u>\$ 1,026,462</u>	<u>\$ 123,056</u>	<u>\$ 1,149,518</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts payable	\$ 18,374	\$ 1,944	\$ 20,318
Due to Pooled Cash	-	-	-
Accrued salaries and benefits	1,366	-	1,366
Current Portion Lease Payable	<u>8,568</u>	<u>8,568</u>	<u>17,136</u>
Total Current Liabilities	<u>28,308</u>	<u>10,512</u>	<u>38,820</u>
Noncurrent Liabilities			
Deposits Payable	16,469	-	16,469
Lease Payable	25,149	25,149	50,298
Accrued Compensated Absences	<u>9,097</u>	<u>5,516</u>	<u>14,613</u>
Total Noncurrent Liabilities	<u>50,715</u>	<u>30,665</u>	<u>81,380</u>
Total Liabilities	<u>79,023</u>	<u>41,177</u>	<u>120,200</u>
<b>Net Position</b>			
Net Investment in Capital Assets	739,446	24,747	764,193
Unrestricted	<u>207,993</u>	<u>57,132</u>	<u>265,125</u>
Total Net Position	<u>947,439</u>	<u>81,879</u>	<u>1,029,318</u>
Total Net Position and Liabilities	<u>\$ 1,026,462</u>	<u>\$ 123,056</u>	<u>\$ 1,149,518</u>

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2017

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<i>Operating revenues:</i>			
Charges for services	\$ 228,451	\$ 132,962	\$ 361,413
<i>Total operating revenues</i>	<u>228,451</u>	<u>132,962</u>	<u>361,413</u>
<i>Operating expenses:</i>			
Operating Expenses	98,574	14,925	113,499
Travel	125	-	125
Depreciation	45,952	4,510	50,462
Contract Services	29,173	75,359	104,532
Salaries	49,228	27,512	76,740
Supplies	4,599	526	5,125
<i>Total operating expenses</i>	<u>227,651</u>	<u>122,832</u>	<u>350,483</u>
<i>Operating income (loss)</i>	<u>800</u>	<u>10,130</u>	<u>10,930</u>
<i>Non-operating revenues (expenses):</i>			
Interest Income	362	66	428
<i>Total non-operating revenues (expenses)</i>	<u>362</u>	<u>66</u>	<u>428</u>
<i>Income (loss) before transfers</i>	1,162	10,196	11,358
Transfers	<u>(39,849)</u>	<u>-</u>	<u>(39,849)</u>
<i>Change in net position</i>	(38,687)	10,196	(28,491)
<i>Net position, beginning of year</i>	<u>986,126</u>	<u>71,683</u>	<u>1,057,809</u>
<i>Net Position, end of year</i>	<u>\$ 947,439</u>	<u>\$ 81,879</u>	<u>\$ 1,029,318</u>

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS**  
For the Year Ended June 30, 2017

	<u>Joint Utility Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 228,451	\$ 132,962	\$ 361,413
Cash payments to employees for services	(49,228)	(27,512)	(76,740)
Cash payments to suppliers for goods and services	(112,866)	(84,056)	(196,922)
<i>Net cash provided by operating activities</i>	<u>66,357</u>	<u>21,394</u>	<u>87,751</u>
<i>Cash flows from capital and related financing activities:</i>			
Acquisition of capital assets	-	-	-
Proceeds from loan	-	-	-
Principal paid on debt	(8,568)	(8,568)	(17,136)
Transfers from other funds	(39,487)	-	(39,487)
Interest paid on debt	-	-	-
<i>Net cash used by financing activities:</i>	<u>(48,055)</u>	<u>(8,568)</u>	<u>(56,623)</u>
<i>Cash flows from capital and related investing activities:</i>			
Interest earned	-	-	-
<i>Net cash used by investing activities:</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net decrease in cash and cash equivalents</i>	18,302	12,826	31,128
<i>Cash and cash equivalents - beginning of year</i>	<u>227,286</u>	<u>38,570</u>	<u>265,856</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 245,588</u>	<u>\$ 51,396</u>	<u>\$ 296,984</u>
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>			
<i>by operating activities</i>			
Operating income (loss)	\$ 800	\$ 10,130	\$ 10,930
Adjustments to reconcile operating (loss) to net cash (used)			
by operating activities			
Depreciation	45,952	4,510	50,462
Changes in assets and liabilities			
Receivables	5,158	1,480	6,638
Accrued expenses	2,225	-	2,225
Accounts payable	13,470	(242)	13,228
Accrued compensated absences	(1,248)	5,516	4,268
<i>Net cash (used) by operating activities</i>	<u>\$ 66,357</u>	<u>\$ 21,394</u>	<u>\$ 87,751</u>

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 1. Summary of Significant Accounting Policies**

The Village of Eagle Nest (“Village”) was incorporated in 1976, under provisions of Chapter 3, Article 2, NMSA, 1978 as amended. The Village operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water and sewer services, refuse collection, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

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

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

This summary of significant accounting policies of the 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 Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the Village’s accounting policies are described below.

**A. Financial Reporting Entity**

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB statements No. 61. Blended component units are in substance, although legally separate entities, are part of the government’s operations. Each discreetly presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

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

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 1.**

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary 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 revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 1.**

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

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

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

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

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

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

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

*General Fund* – 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. Revenues are provided primarily through property, gross receipts and other miscellaneous taxes.

*Fire Protection Fund* - to account for the financial resources from a state grant and charges for services rendered. Expenditures include all costs associated with the fire protection fund. Authority by State Statute Chapter 178, Laws of 1978. No minimum balance required according to legislation.

*Senior Citizen's Fund* - to account for program income and expenditures related to the Senior Citizen's program. Authority is Village ordinance and DHHS 45 CFR Part 92. No minimum balance required according to legislation.

*Deep Tunnel/Tomboy Capital Project Fund* - to account for program income and expenditures related to the Capital project program. No minimum balance required according to legislation.

*CDBG Capital Projects Fund* - to account for program income and expenditures related to the Capital project program. No minimum balance required according to legislation.

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

The *Solid Waste Fund* (Enterprise Fund) accounts for activities of solid waste utility service to the Village and the corresponding costs of delivering those services.

Additionally, the government reports the following fund types:

The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village has no fiduciary funds.

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 1. C. Measurement focus, basis of accounting, and financial statement presentation (continued)**

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

Program revenues reduce the cost of the function to be financed from the Village's general revenues. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing service in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village's water & sewer utilities. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Position or Equity**

**Deposits and Investments:** The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Village to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the Village are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of interfund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

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

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 1. D. Assets, Liabilities, and Net Position or Equity (continued)**

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

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Library books are expensed as purchased.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

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

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

**Deferred Inflow/Outflows of Resources:** GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period. Property taxes levied but not received are recorded as deferred inflows of resources unless the amount is undetermined.

**Compensated Absences:** Qualified employees are entitled to accumulate annual leave according to a graduated leave schedule of ten days to twenty days per year, depending on length of service. Employees may accumulate up to 240 hours of annual leave and carry that leave forward from calendar year to calendar year. Upon termination, employees will be paid for up to 240 hours of accrued annual leave. Qualified employees are entitled to accumulate sick leave up to 120 hours at a rate of twelve days per year. Sick leave can be carried over from year to year. Upon termination employees receive pay for sick time accumulated up to 120 hours.

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

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

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

premium or discount.

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

**Net Position or Fund Equity:**

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

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

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

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

Net investment in capital assets consists of net position including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from a fund that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

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

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

**Tax Revenues:** The Village receives mill levy and ad-valorem tax revenues. Property taxes are assessed on January 1<sup>st</sup> of each year and are payable in two equal installments, on November 10<sup>th</sup> of the year in which the tax bill is prepared and May 10<sup>th</sup> of the following year with the levies becoming delinquent 30 days (one month) thereafter. The Village recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The Village records only the portion of the taxes considered 'measureable' and 'available' in the governmental fund financial statements. Descriptions of the individual general, debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

**Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 2. Stewardship, Compliance, and Accountability**

*Budgetary Information*

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

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

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The Village is required to balance its budgets each year. Accordingly, amounts that are in excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures. The Village Council may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017 is presented as part of the budgetary statements.

**NOTE 3. Deposits and Investments**

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2016.

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

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

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

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

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**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3. Deposits and Investments (continued)**

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

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

	International Bank	Bank of America	First National Bank
Checking, Interest Bearing	\$ 856,221	\$ 5,098	\$ 5,232
Total Deposits	856,221	5,098	5,232
Less: FDIC Coverage	250,000	-	-
Total uninsured public funds	606,221	5,098	5,232
50% Collateral requirement	303,111	-	-
Pledged Securities	421,591	-	-
(Over)Under collateralized	\$ (118,480)	\$ -	\$ -

**Custodial Credit Risk-Deposits**

Account Balance	\$ 866,551
FDIC Insured	260,330
Pledged Collateral:	
Collateral held by the pledging bank, not in the Village's name	421,591
Uninsured and uncollateralized	184,630
Total Deposits	<u>\$ 866,551</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2017, \$606,221 of the Village's bank balance of \$866,551 was exposed to custodial credit risk.

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

**Reconciliation of Cash and Temporary Investments**

Carrying amounts by fund per financial statement at June 30, 2017 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit B-1	\$724,375
Cash and cash equivalents per Exhibit D-1	264,071
Add outstanding deposits and checks	49,688
Less State Treasurers LGIP reflected in investments	<u>(171,583)</u>
Total	<u>\$ 866,551</u>

**STATE OF NEW MEXICO**  
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June 30, 2017

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

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

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

The Village does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The Village’s investments at June 30, 2017 include the following:

State Treasurer LGIP	AAAm	58-day WAM(R)	<u>\$ 171,583</u>
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The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distributed dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2017. Participation in the Local Government Investment Pool is voluntary.

NM State Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Village for at least 102% of the amount on deposit with the institution. There are no repurchase agreements for the year ended June 30, 2017.

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

**STATE OF NEW MEXICO**  
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**NOTE 4. Receivables**  
Receivables as of June 30, 2017, are as follows:

	General Fund	Senior Citizen Fund	Other Governmental Funds	Total
Property Taxes Receivables	\$ -	\$ -	\$ -	\$ -
Due from other governments:	-	-	-	-
Other accounts receivable	16,489	1,417	10,705	28,611
	\$ 16,489	\$ 1,417	\$ 10,705	\$ 28,611

	Joint Utility	Solid Waste
Accounts receivable, net of allowance of \$0	\$ 16,279	\$ 21,764
Total	\$ 16,279	\$ 21,764

The above receivables are deemed 100% collectible. In accordance with GASB No.33, property tax receivables are presented net of unearned revenue in the governmental balance sheet. In accordance with GASB No.65, Deferred inflows of resources accounts for delinquent property taxes that are due to the Village but that have not been remitted to the Village. The deferred inflows of resources totaling \$0, is presented in the general fund.

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5. 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 Village Council authorizes transfers between funds to cover the expenditures in the receiving funds. Interfund balances are due within one year. Transfers are a result of the Village transferring money from the general fund and the Water Fund to cover expenditures in other funds.

<b>Due from other funds</b>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$ 476,795
Local Correction	6,416	-
EMS Fund	7,068	-
Library Fund	11,970	-
Lodger's Tax Fund	24,269	-
Municipal Street	72,002	-
Water Rights	7,649	-
Recreation Fund	343	-
Senior Citizen's	37,164	-
Infrastructure/Impact Fee Fund	1,909	-
Ambulance Replacement	33,523	-
Public Works Vehicle Replacement	10	-
Debt Service Reserve	30,000	-
Debt Replacement Fund	13,444	-
Aquaponics	1,970	-
Debt Service	23,628	-
Recycle Fund	-	1,305
Joint Utility – Proprietary Fund	168,925	-
Solid Waste – Proprietary Fund	37,810	-
Total	\$ <u>478,100</u>	\$ <u>478,100</u>

<b>Transfers</b>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 25,626	\$ 6,000
Senior Citizen's	6,000	-
Debt Service Fund	14,223	-
Joint Utility – Proprietary Fund	-	57,759
Joint Utility – Emergency Fund	17,910	-
Total	\$ <u>63,759</u>	\$ <u>63,759</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 6. Accounts Payables**

Accounts payable as of June 30, 2017, are as follows:

Payable to suppliers	\$ 44,489
Accrued salaries and taxes	<u>5,756</u>
 Total accounts payable and accrued expenses	 <u><u>\$ 50,245</u></u>

**NOTE 7. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows.

<b>Governmental Activities</b>	<u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 363,906	\$ -	\$ -	\$ 363,906
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>363,906</u>	<u>-</u>	<u>-</u>	<u>363,906</u>
 Capital assets being depreciated:				
Infrastructure	6,561,132	524,494	-	7,085,626
Buildings & Improvements	1,642,813	11,290	-	1,654,103
Equipment and vehicles	<u>1,403,414</u>	<u>32,683</u>	<u>-</u>	<u>1,436,097</u>
Total capital assets being depreciated	<u>9,607,359</u>	<u>568,467</u>	<u>-</u>	<u>10,175,826</u>
Total Capital Assets	<u>9,648,521</u>	<u>568,467</u>	<u>-</u>	<u>10,539,732</u>
 Less accumulated depreciation:				
Infrastructure	2,900,418	172,479	-	3,072,897
Buildings & Improvements	1,121,811	44,954	-	1,166,765
Equipment and vehicles	<u>1,186,999</u>	<u>75,539</u>	<u>-</u>	<u>1,262,538</u>
Total Accumulated Depreciation	<u>5,209,228</u>	<u>292,972</u>	<u>-</u>	<u>5,502,200</u>
Total capital assets net of depreciation	<u>\$ 4,762,037</u>	<u>275,495</u>	<u>-</u>	<u>\$ 5,037,532</u>

Capital assets, net of accumulated depreciation, at June 30, 2017 appear in the Statement of Net position as follows:

Governmental activities	\$ 5,037,532
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Depreciation expense for the year ended June 30, 2017 was charged to the following functions and funds:

General Government	\$ 20,229
Public Safety	108,570
Public Works	162,111
Culture and Recreation	-
Health and Welfare	<u>2,062</u>
Total depreciation expense governmental funds	<u>\$ 276,946</u>

**STATE OF NEW MEXICO**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7. Capital Assets (continued)**

<b>Business-Like Activities</b>	June 30, 2016	Additions	Deletions	June 30, 2017
Capital assets, not being depreciated				
Land	\$ 179,500	\$ -	\$ -	\$ 179,500
Total Capital assets, not being depreciated	179,500	-	-	179,500
Capital assets being depreciated:				
Building & Improvements	1,603,072	-	-	1,603,072
Equipment & Vehicles	138,484	-	-	138,484
Total Capital assets being depreciated	1,921,056	-	-	1,921,056
Total Capital Assets	1,921,056	-	-	1,921,056
Less accumulated depreciation:				
Building & Improvements	1,026,431	32,257	-	1,058,688
Equipment & Vehicles	29,672	18,205	-	47,877
Total Accumulated Depreciation	1,056,103	50,462	-	1,106,565
Total capital assets net of depreciation	<u>\$ 864,953</u>	<u>\$ 50,462</u>	<u>\$ -</u>	<u>\$ 814,491</u>

Depreciation expense relating to business-like activities for the year ended June 30, 2017 totaled \$50,462.

**NOTE 8. Long-term Debt**

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

<b>Governmental Activities</b>	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Loans	\$ 268,298	\$ -	\$ 34,176	\$ 234,122	\$ 35,233
Compensated Absences	16,073	8,139	8,571	15,641	524
Total Long-Term Debt	<u>\$ 317,229</u>	<u>\$ 8,139</u>	<u>\$ 42,747</u>	<u>\$ 249,763</u>	<u>\$ 35,757</u>

In prior years, the General Fund has typically liquidated the compensated absences.

**STATE OF NEW MEXICO**  
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**NOTE 8. Long-term Debt (continued)**  
**Business-type Activities:**

Description	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Capital Lease Payable-Caterpillar	\$ 84,570	\$ -	\$ 17,136	\$ 67,434	\$ 17,136
Compensated Absences	11,305	3,553	245	14,613	-
<b>Total</b>	<b>\$ 95,875</b>	<b>\$ 3,553</b>	<b>\$ 17,381</b>	<b>\$ 87,047</b>	<b>\$ 17,136</b>

The annual requirements to amortize the 2008 loan payable-NMFA as of June 30, 2017, including interest payments are as follows:

Year Ended	Principal	Interest	Total
2018	\$ 23,726	\$ 793	\$ 24,519
<b>Total</b>	<b>\$ 23,726</b>	<b>\$ 793</b>	<b>\$ 24,519</b>

The annual requirements to amortize the NMED ARRA loan as of June 30, 2016, including interest payments are as follows:

Year Ended	Principal	Interest	Total
2018	\$ 8,628	\$ 4,115	\$ 12,743
2019	8,887	3,894	12,781
2020	9,153	3,666	12,819
2021	9,428	3,431	12,859
2022	9,711	3,189	12,900
2023-2027	53,101	12,059	65,160
2028-2032	61,558	4,830	66,388
<b>Total</b>	<b>\$ 160,466</b>	<b>\$ 35,184</b>	<b>\$ 195,650</b>

The annual requirements to amortize the NMFA Water Project Fund as of June 30, 2017, including interest payments are as follows:

Year Ended	Principal	Interest	Total
2018	\$ 2,879	\$ 125	\$ 3,004
2019	2,886	118	3,004
2020	2,893	110	3,003
2021	2,900	103	3,003
2022	2,908	96	3,004
2023-2027	14,647	371	15,018
2028-2032	14,832	186	15,018
2033-2034	5,985	23	6,008
<b>Total</b>	<b>\$ 49,930</b>	<b>\$ 1,132</b>	<b>\$ 51,062</b>

The annual requirements to amortize the Caterpillar-Lease as of June 30, 2017, including interest payments are as follows:

Year Ended	Principal	Interest	Total
2018	\$ 17,136	\$ 5,828	\$ 22,964
2019	17,136	5,828	22,964
2020	17,136	5,828	22,964
2021	16,026	5,080	21,106
<b>Total</b>	<b>\$ 67,434</b>	<b>\$ 22,564</b>	<b>\$ 89,998</b>



**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 9. Risk Management**

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Village of Eagle Nest participates in the New Mexico Self-Insurer's Fund risk pool. The Village pays an annual premium to the pool based on claim experience and the status of the pool. The Village is not liable for more than the premium paid.

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

At June 30, 2017, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance.

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

**NOTE 10. Other Required Individual Fund Disclosures**

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

A. Deficit fund balance of individual funds.

Deep Tunner/Tomboy MAP Captial Project Fund	\$11,070
Water System Improvements III Capital Project Fund	\$ 958

Fund deficits will be funded by general fund transfers or by grant revenues.

B. No expenditures exceeded appropriations by fund.

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11. PERA Pension Plans**

**Plan description.** Public Employees Retirement Fund is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

**Benefits provided.** Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

**TIER II.** The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

**Contributions.** See PERA's compressive annual financial report for Contribution provided description

**STATE OF NEW MEXICO**  
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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11. PERA Pension Plans (continued)**

<b>PERA Contribution Rates and Pension Factors as of July 1, 2016</b>						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
State Plan 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
Municipal Plan 1 (plan open to new employers)	7.0 %	8.5 %	7.4 %	2.0 %	2.0 %	90 %
Municipal Plan 2 (plan open to new employers)	9.15 %	10.65 %	9.55 %	2.5 %	2.0 %	90 %
Municipal Plan 3 (plan closed to new employers 6/95)	13.15 %	14.65 %	9.55 %	3.0 %	2.5 %	90 %
Municipal Plan 4 (plan closed to new employers 6/00)	15.65 %	17.15 %	12.05 %	3.0 %	2.5 %	90 %
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2017, the Village of Eagle Nest reported a liability of \$367,463 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The Village of Eagle Nest’s proportion of the net pension liability was based on a projection of the Village of Eagle Nest’s long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the Village of Eagle Nest’s proportion was 0.0230%, which was a decrease of 0.0043% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Village of Eagle Nest recognized pension expense of \$52,914. At June 30, 2017, Village of Eagle Nest reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**NOTE 11. PERA Pension Plans (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	18,361	\$ 3,586
Changes of assumptions	21,547	61
Net difference between projected and actual earnings on pension plan investments	67,612	-
Changes in proportion and differences between the Village contributions and proportionate share of contributions	35,119	-
Village contributions subsequent to the measurement date	18,804	-
Total	\$ 161,443	\$ 3,647

\$18,804 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	34,157
2018		34,157
2019		52,580
2020		18,098
Thereafter	\$	-

**STATE OF NEW MEXICO**  
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**NOTE 11. PERA Pension Plans (continued)**

**Actuarial assumptions.** The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

<b>PERA</b>	
<b>Actuarial valuation date</b>	June 30, 2015
<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization method</b>	Level Percentage of Pay, Open
<b>Amortization period</b>	Solved for based on statutory rates
<b>Asset valuation method</b>	Fair Value
<b>Actuarial Assumptions:</b>	
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	2.75% for first 10 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 years
	2.75% all other years
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>ALL FUNDS - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.5	1.79
Credit Oriented Fixed Income	15.0	5.77
Real Assets	<u>20.00</u>	7.35
<b>Total</b>	<b>100.00%</b>	

Discount rate: A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 11. PERA Pension Plans (continued)**

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Village’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Village of Eagle Nest’s proportionate share of the net pension liability calculated using the discount rate of 7.48 percent, as well as what the Village of Eagle Nest’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

<b>PERA Fund Division – General Division</b>	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Village’s proportionate share of the net pension liability	\$ 547,854	\$ 367,463	\$ 217,837

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

Payables to the pension plan. At June 30, 2017, the Village had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2017.

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**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12. Post-Employment Benefits**

The Retiree Health Care Act 10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the Village has elected not to participate in the program for the current year.

**NOTE 13. Contingent Liabilities**

The Village is party to various claims and lawsuits arising in the normal course of business. Management and the Village's attorney are unaware of any material pending or threatened litigation, claims or assessments against the Village which are not covered by the Village's insurance as described in Note 9.

**NOTE 14. Federal and State Grants**

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

**NOTE 15. Joint Powers Agreements**

Law Enforcement Services

*Purpose:* The Village entered into an agreement with the Colfax County for law enforcement services provided by the Colfax County Sheriff. Using grant funds, the Village will purchase qualified law enforcement property and equipment and dedicate and maintain them 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 period.

*Participants:* Colfax County and Village of Eagle Nest

*Responsible Party for Operation and Audit:* Village of Eagle Nest

*Beginning and Ending Date of Agreement:* Effective June 30, 2015 and is subject to the obtainment and receipt by the Village of LEP funds.

*Total Estimated Amount of Project and Actual Amount Contributed:* None

Energy Minerals and Natural Resources Department (EMNRD)

*Purpose:* An agreement between EMNRD and the Village for cooperation and participation in the wildland fire protection and suppression of any wildland fires.

*Participants:* EMNRD and Village of Eagle Nest

*Responsible Party for Operation and Audit:* EMNRD

*Beginning and Ending Date of Agreement:* Entered on April 15, 2008 and continues indefinitely

*Total Estimated Amount of Project and Actual Amount Contributed:* Unknown

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2017

**NOTE 15. Joint Powers Agreements (continued)**

Taos Regional Landfill Board

*Purpose:* To establish, finance and operate the Taos Regional Landfill Facility.

*Participants:* County of Taos, Town of Taos, Village of Questa, Village of Red River, Village of Taos Ski Valley, and Village of Eagle Nest

*Responsible Party for Operation and Audit:* County of Taos

*Beginning and Ending Date of Agreement:* Effective June 19, 2001 and continue for fifty years.

*Total Estimated Amount of Project and Actual Amount Contributed:* None

Refuse Collection

*Purpose:* An agreement between the Village and Colfax County for the collection and disposal of refuse from real property located within the county boundaries.

*Participants:* Colfax County and Village of Eagle Nest

*Responsible Party for Operation and Audit:* Village of Eagle Nest

*Beginning and Ending Date of Agreement:* Effective December 18, 2001 and will continue from year to year unless a party notifies the other of its termination.

*Total Estimated Amount of Project and Actual Amount Contributed:* None

**NOTE 16. Related Party Transactions**

An employee who is a cook at the Senior Citizen's Center also sits on the Village's council.

**NOTE 17. Commitments**

The Village had the following commitments on contracts at June 30, 2017:

During Fiscal Year 2016-2017, the Village of Eagle Nest entered into a contract with Dennis Engineering for Senior Center Improvements Construction Contract Award for \$81,600. As of June 30, 2017, the Village of Eagle Nest had paid \$ 16,179 on this contract and has a balance of \$65,420.62 remaining under the contract.

During Fiscal Year 2016-2017, the Village of Eagle Nest entered into a contract with Dennis Engineering for the Design Phase for the Fire Department 2 Bay Storage for \$16,059. As of June 30, 2017, the Village of Eagle Nest had paid \$ 0 on this contract and has a balance of \$16,059 remaining under the contract.

During Fiscal Year 2016-2017, the Village of Eagle Nest entered into a contract with Dennis Engineering for the Design Phase of the Eagle Nest Water Improvements for \$50,000. As of June 30, 2017, the Village of Eagle Nest had paid \$ 48,691 on this contract and has a balance of \$1,309 remaining under the contract.

**NOTE 18. Subsequent Review**

The Village of Eagle Nest has evaluated subsequent events through October 26, 2017, which is the date the financial statements were available for issuance. The Village received a donation of land for the Fire Substation in October 2017.



**SUPPLEMENTARY INFORMATION**

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**NON-MAJOR GOVERNMENTAL FUNDS**

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
June 30, 2017

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the Village with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

**Local Corrections Fund** - to establish an additional source of funds to municipalities to offset the costs of corrections. The source of the fund is a twenty dollar court cost fee, which must be paid by all persons violating the law relating to the operations of a motor vehicle. Authority is State Statute Chapter 35, section 14-11. No minimum balance required according to legislation.

**Emergency Medical Services (EMS) Fund** - to account for the acquisitions of the emergency medical equipment and the operation of the equipment financed through a grant from the State of New Mexico. Authority by State Statute 24-10A-1 to 24-10A-10. No minimum balance required according to legislation.

**Law Enforcement Protection Fund** - to account for grant funds used for maintenance and development of the Village's police force. Financing is provided by a grant from the State of New Mexico. Such revenue provides for purchase and repairs of equipment as well as classes to update the training of police personnel and may be used only for these purposes. Authority is NMSA 29-13-1. No minimum balance required according to legislation.

**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. No minimum balance required according to legislation.

**Lodgers' Tax Fund** - To account for a lodger's tax imposed and used for cultural and recreational purposes. Authority is NMSA 1978 Section 3-38-13. No minimum balance required according to legislation.

**Recreation Fund** - to account for the operation and maintenance of recreational facilities in the Village. Financing is provided by a specific annual cigarette tax levy. Authority NMSA 7-12-1 & 7-12-15. No minimum balance required according to legislation.

**Water Rights Fund** - to account for the fees charged for water rights and expenditures made to obtain water rights. Authority is Village Council Resolution 2004-13. No minimum balance required according to legislation.

**Activities Fund** - to account for revenues raised and expenditures of promotional activities of the Village. Authority is ordinance Resolution 76-6. No minimum balance required according to legislation.

**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. No minimum balance required according to legislation.

**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. No minimum balance required according to legislation.

**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. No minimum balance required according to legislation.

**Recycle Fund** - to account for revenues raised and expenditures of the recycling activities of the Village. Authority is Ordinance Resolution 76-7. No minimum balance required according to legislation.

**Ambulance Replacement Fund** - to account for funds designated by the Village Council for ambulance replacement. Authority is Village council action June 12, 1984 Ordinance 73-12. No minimum balance required according to legislation.

**Public Works Vehicle Replacement Fund** - to account for funds designated by village council for the purchase of vehicles for public works projects. Authority is Village Council Resolution 93-14. No minimum balance required according to legislation.

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**VILLAGE OF EAGLE NEST**  
June 30, 2017

**SPECIAL REVENUE FUNDS**

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

**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 loan agreement with the New Mexico Environment Department, Loan Number ARRA CWSRF 05. No minimum balance required according to legislation.

**All funds are on a reimbursement basis, therefore there are no reverting fund requirements.**

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
June 30, 2017  
**CAPITAL PROJECT FUNDS**

**CDBG Fund (307)** - to account for receipts under the Community Development Block Grant and expenditures related to the grant. Authority is federal grant under Title 1 of the Housing and Community Development Act of 1974.

**Park Replacement Fund (302)** - to account for funds received under a state capital appropriation project to remove asbestos, including demolition and debris removal, from abandoned buildings in Enchanted Eagle Park. Authority is NMSA 1978, sections 9-6-5 and 9-6-5.1.

**WTR System Improvement 13-1440-STB (326)** – to account for the grant funds used to plan, design, construct and equip water system improvements, including a water tank and installation of water lines. Authority by Laws of 2013, Chapter 226, Section 23, Paragraph 8.

**DEBT SERVICE FUNDS**

**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 loan agreement with the New Mexico Environment Department, Loan Number ARRA CWSRF 05.

**PROPRIETARY MAJOR FUNDS**

**Joint Utility Fund**

To account for the activities of the Village's water and sewer operations.

**Solid Waste Fund**

To account for the activities of the Village's solid waste operations.

STATE OF NEW MEXICO  
VILLAGE OF EAGLE NEST  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2017

	Local Corrections Fund	Emergency Medical Services Fund	Law Enforcement Protection Fund	Library Fund
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from Pooled Cash	6,416	7,068	-	11,970
Investments	4,505	8,558	1	334
Other receivables	-	1,622	-	2,106
Prepaid Deposits	-	-	-	-
<b>Total assets</b>	<b>\$ 10,921</b>	<b>\$ 17,248</b>	<b>\$ 1</b>	<b>\$ 14,410</b>
<i>Liabilities</i>				
Due to Pooled Cash	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	100	-	157
Accrued salaries and benefits	-	-	-	-
Accrued compensated absences	-	-	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>157</b>
<i>Deferred inflows of resources</i>				
Unavailable revenue-property taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Fund Balances</i>				
Fund Balance				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	10,921	17,148	1	14,253
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:				
General Fund	-	-	-	-
<b>Total fund balances</b>	<b>10,921</b>	<b>17,148</b>	<b>1</b>	<b>14,253</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 10,921</b>	<b>\$ 17,248</b>	<b>\$ 1</b>	<b>\$ 14,410</b>



STATE OF NEW MEXICO  
VILLAGE OF EAGLE NEST  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2017

Schedule A-1  
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<u>Lodgers' Tax Fund</u>	<u>Municipal Street Fund</u>	<u>Recreation Fund</u>	<u>Water Rights Fund</u>	<u>Infrastructure Fund</u>	<u>Activities Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150
24,269	72,002	343	7,649	-	-
2,039	37,767	464	574	-	3,438
3,765	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 30,073</u>	<u>\$ 109,769</u>	<u>\$ 807</u>	<u>\$ 8,223</u>	<u>\$ -</u>	<u>\$ 3,588</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	4,874	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>10</u>	<u>4,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
30,063	104,895	807	8,223	-	3,588
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>30,063</u>	<u>104,895</u>	<u>807</u>	<u>8,223</u>	<u>-</u>	<u>3,588</u>
<u>\$ 30,073</u>	<u>\$ 109,769</u>	<u>\$ 807</u>	<u>\$ 8,223</u>	<u>\$ -</u>	<u>\$ 3,588</u>

STATE OF NEW MEXICO  
VILLAGE OF EAGLE NEST  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2017

	Beautification Fund	Enchanted Eagle Park Fund	Aquaponics Fund	Recycle Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 992	\$ 4,239	\$ -	\$ -
Due from Pooled Cash	-	-	1,970	-
Investments	-	-	-	12,435
Other receivables	-	-	-	-
Prepaid Deposits	-	-	-	-
<i>Total assets</i>	<u>\$ 992</u>	<u>\$ 4,239</u>	<u>\$ 1,970</u>	<u>\$ 12,435</u>
<i>Liabilities</i>				
Due to Pooled Cash	\$ -	\$ -	\$ -	\$ 1,305
Accounts payable	-	-	-	-
Accrued salaries and benefits	-	-	-	-
Accrued compensated absences	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,305</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue-property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>				
Fund Balance				
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	992	4,239	1,970	11,130
Capital Projects Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed for:	-	-	-	-
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Assigned for:	-	-	-	-
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Unassigned for:	-	-	-	-
General Fund	-	-	-	-
<i>Total fund balances</i>	<u>992</u>	<u>4,239</u>	<u>1,970</u>	<u>11,130</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 992</u>	<u>\$ 4,239</u>	<u>\$ 1,970</u>	<u>\$ 12,435</u>



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STATE OF NEW MEXICO  
VILLAGE OF EAGLE NEST  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
June 30, 2017

Schedule A-1  
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	Senior Center Improvements Capital Project Fund	Water System Improvement III Capital Project Fund	Debt Service Reserve	Debt Replacement Reserve	Debt Service Fund	Total Nonmajor Governmental Funds
<i>Assets</i>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,445
Due from Pooled Cash	-	-	13,444	30,000	23,628	232,292
Investments	-	-	-	-	-	70,262
Other receivables	3,212	-	-	-	-	10,705
Prepaid Deposits	-	-	-	-	-	-
<i>Total assets</i>	<u>\$ 3,212</u>	<u>\$ -</u>	<u>\$ 13,444</u>	<u>\$ 30,000</u>	<u>\$ 23,628</u>	<u>\$ 323,704</u>
<i>Liabilities</i>						
Due to Pooled Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,305
Accounts payable	3,212	958	-	-	-	9,311
Accrued salaries and benefits	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<i>Total liabilities</i>	<u>3,212</u>	<u>958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,616</u>
<i>Deferred inflows of resources</i>						
Unavailable revenue-property taxes	-	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>						
Fund Balance						
Restricted for:						
General Fund	-	-	-	-	-	-
Special Revenue Funds	-	-	13,444	30,000	-	290,318
Capital Projects Funds	-	(958)	-	-	-	(858)
Debt Service Funds	-	-	-	-	23,628	23,628
Committed for:	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-
Assigned for:	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-
Unassigned for:	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>(958)</u>	<u>13,444</u>	<u>30,000</u>	<u>23,628</u>	<u>313,088</u>
<i>Total liabilities, deferred inflows of resources, and fund</i>	<u>\$ 3,212</u>	<u>\$ -</u>	<u>\$ 13,444</u>	<u>\$ 30,000</u>	<u>\$ 23,628</u>	<u>\$ 323,704</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2017**

	Local Corrections Fund	Emergency Medical Services Fund	Law Enforcement Protection Fund	Library Fund
<i>Revenues:</i>				
Taxes				
Gross receipts taxes	\$ -	\$ 12,000	\$ -	\$ -
State Grant Income	-	-	20,000	2,106
Charges for Services	940	1,622	-	8,974
Licenses and Fees	-	27	-	6
Investment Income (Loss)	22	42	-	-
Miscellaneous	-	17,652	-	-
<i>Total revenues</i>	<u>962</u>	<u>31,343</u>	<u>20,000</u>	<u>11,086</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	20,000	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	8,532
Health and Welfare	-	31,317	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>31,317</u>	<u>20,000</u>	<u>8,532</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>962</u>	<u>26</u>	<u>-</u>	<u>2,554</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	962	26	-	2,554
<i>Fund balances - beginning of year</i>	<u>9,959</u>	<u>17,122</u>	<u>1</u>	<u>11,699</u>
<i>Fund balances - end of year</i>	<u>\$ 10,921</u>	<u>\$ 17,148</u>	<u>\$ 1</u>	<u>\$ 14,253</u>

<u>Lodgers' Tax Fund</u>	<u>Municipal Streets Fund</u>	<u>Recreation Fund</u>	<u>Water Rights Fund</u>	<u>Infrastructure Fund</u>	<u>Activities Fund</u>
\$ -	\$ 37,094	\$ -	\$ -	\$ -	\$ -
-	40,000	-	-	-	-
35,745	-	2	5,000	-	-
-	-	-	-	-	-
10	183	-	3	-	17
-	4,900	-	-	-	-
<u>35,755</u>	<u>82,177</u>	<u>2</u>	<u>5,003</u>	<u>-</u>	<u>17</u>
21,533	-	-	-	-	-
-	-	-	-	-	-
-	79,577	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>21,533</u>	<u>79,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>14,222</u>	<u>2,600</u>	<u>2</u>	<u>5,003</u>	<u>-</u>	<u>17</u>
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
<u>14,222</u>	<u>2,600</u>	<u>2</u>	<u>5,003</u>	<u>-</u>	<u>17</u>
<u>15,841</u>	<u>102,295</u>	<u>805</u>	<u>3,220</u>	<u>-</u>	<u>3,571</u>
<u>\$ 30,063</u>	<u>\$ 104,895</u>	<u>\$ 807</u>	<u>\$ 8,223</u>	<u>\$ -</u>	<u>\$ 3,588</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2017**

	Beautification Fund	Enchanted Eagle Park Fund	Aquaponics Fund	Recycle Fund
<i>Revenues:</i>				
Taxes				
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -
State Grant Income	-	-	-	-
Charges for Services	-	1,670	942	12,551
Licenses and Fees	-	-	-	-
Investment Income (Loss)	-	-	-	60
Miscellaneous	5,200	-	-	-
<i>Total revenues</i>	<u>5,200</u>	<u>1,670</u>	<u>942</u>	<u>12,611</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	5,200	1,062	830	14,805
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,200</u>	<u>1,062</u>	<u>830</u>	<u>14,805</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>608</u>	<u>112</u>	<u>(2,194)</u>
<i>Other financing sources (uses)</i>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	608	112	(2,194)
<i>Fund balances - beginning of year</i>	992	3,631	1,858	13,324
<i>Fund balances - end of year</i>	<u>\$ 992</u>	<u>\$ 4,239</u>	<u>\$ 1,970</u>	<u>\$ 11,130</u>



Ambulance Replacement Fund	PW Vehicle Replacement Fund	Run For the Wall Fund	Senior Citizen Refrigerator/Freezer Fund	Senior Citizen Icemakeker Fund	CDBG Capital Project Fund	Water System Improvement Capital Project Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	10,966	5,196	-	17,038
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,400	-	-	-	-
-	-	1,400	10,966	5,196	-	17,038
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	13,986
-	-	-	10,966	5,196	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	10,966	5,196	-	13,986
-	-	1,400	-	-	-	3,052
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,400	-	-	-	3,052
33,668	12	3,564	-	-	100	(3,052)
\$ 33,668	\$ 12	\$ 4,964	\$ -	\$ -	\$ 100	\$ -

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2017**

Schedule A-2  
Page 3 of 3

	Senior Center Improvement Capital Project Fund	Water System Improvement III Capital Project Fund	Debt Service Reserve	Debt Replacement Reserve	Debt Service Fund	Total Nonmajor Governmental Funds
<i>Revenues:</i>						
Taxes						
Gross receipts taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,094
State Grant Income	16,180	49,042	-	-	-	160,528
Charges for Services	-	-	-	-	-	67,446
Licenses and Fees	-	-	-	-	-	33
Investment Income (Loss)	-	-	-	-	-	337
Miscellaneous	-	-	-	-	-	29,152
<i>Total revenues</i>	<u>16,180</u>	<u>49,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306,590</u>
<i>Expenditures:</i>						
Current:						
General Government	-	-	-	-	-	21,533
Public Safety	-	-	-	-	-	20,000
Public Works	-	50,000	-	-	-	143,563
Culture and Recreation	-	-	-	-	-	30,429
Health and Welfare	16,180	-	-	-	-	63,659
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	13,442	13,442
Interest	-	-	-	-	-	-
<i>Total expenditures</i>	<u>16,180</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>13,442</u>	<u>292,626</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(958)</u>	<u>-</u>	<u>-</u>	<u>(13,442)</u>	<u>13,964</u>
<i>Other financing sources (uses)</i>						
Transfers In	-	-	-	-	14,223	14,223
Transfers Out	-	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,223</u>	<u>14,223</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>(958)</u>	<u>-</u>	<u>-</u>	<u>781</u>	<u>28,187</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>13,444</u>	<u>30,000</u>	<u>22,847</u>	<u>284,901</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (958)</u>	<u>\$ 13,444</u>	<u>\$ 30,000</u>	<u>\$ 23,628</u>	<u>\$ 313,088</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSION LIABILITY**

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STATE OF NEW MEXICO  
Village of Eagle Nest  
Required Supplementary Information  
June 30, 2017

**SCHEDULE OF THE VILLAGE’S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY OF PERA FUND DIVISION – GENERAL**

**Public Employees Retirement Association (PERA) Plan**

**Last 10 Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village’s proportion of the net pension liability (asset)	0.0230%	0.0185%	0.0185%
Village’s proportionate share of the net pension liability (asset)	\$367,463	\$ 190,663	\$ 144,320
Village’s covered-employee payroll	\$ 254,110	\$ 254,265	\$ 199,837
Village’s proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	141.85%	74.99%	72.22%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

*\*Governmental Accounting Standards Board Statement 68* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Village is not available prior to fiscal year 2015, the year the statement’s requirements became effective.

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STATE OF NEW MEXICO  
 Village of Eagle Nest  
 Required Supplementary Information  
 June 30, 2017

**SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS**

**Public Employees Retirement Association (PERA) Plan**

**PERA Fund Division - General**

**Last 10 Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 18,804	\$ 18,815	\$ 14,788
Contributions in relation to the contractually required contribution	\$ 18,804	\$ 18,815	\$ 14,788
Contribution deficiency (excess)	-	-	-

*\*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Village is not available prior to fiscal year 2015, the year the statement's requirements became effective.*

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STATE OF NEW MEXICO  
Village of Eagle Nest  
Required Supplementary Information  
June 30, 2017  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2017**

**Changes of benefit terms.** The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>.

**Assumptions.** The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org/>.

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## **SUPPORTING SCHEDULES**

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**SCHEDULE OF CASH AND INVESTMENT ACCOUNTS**  
**JUNE 30, 2017**

Schedule I

Bank Account Type/Name	International Bank	Bank of America	FNB NM	Total
Checking - Village of Eagle Nest	\$ -	\$ 5,098	\$ -	\$ 5,098
Checking - Beautification Committee	-	-	992	992
Checking - CDBG	100	-	-	100
Checking - Fire, Interest Bearing	98,357	-	-	98,357
Checking - General Pooled Account, Interest Bearing	752,650	-	-	752,650
Checking - Activities	5,114	-	-	5,114
Checking - Enchanted Eagle Park	-	-	4,240	4,240
<b>Total On Deposit</b>	<b>856,221</b>	<b>5,098</b>	<b>5,232</b>	<b>866,551</b>
Reconciling Items	(49,690)	-	-	(49,690)
Reconciled Balance	<u>\$ 806,531</u>	<u>\$ 5,098</u>	<u>\$ 5,232</u>	<u>\$ 816,861</u>
Investments in NM State Treasurer				<u>171,583</u>
<b>Total June 30, 2017</b>				<u><u>\$ 988,444</u></u>

This amount is reflected in the financial statements as follows:

Cash and cash equivalents-Governmental activities Ex-B-1	643,238
Cash and cash equivalents-Business type activities Ex-D-1	345,206
	<u>\$ 988,444</u>

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY**  
**FOR PUBLIC FUNDS**  
**JUNE 30, 2017**

Schedule II

Name of Depository	Description of Pledged Collateral	Market Value June 30, 2017	Name and Location of Safekeeper
International Bank	FNMA Cusip 3136G4GU1, 1.40% 11/25/2019	\$ 149,327	Bankers Bank of the West Denver, CO
International Bank	FNMA . Cusip 3136G12K4, 1.20% 12/20/2018	49,835	Bankers Bank of the West Denver, CO
International Bank	FFBC Cusip 3133EGKA2, 1.50% 7/6/2021	123,380	Bankers Bank of the West Denver, CO
International Bank	FHLMC Cusip 3134GAET7, 1.50% 9/30/2021	99,049	Bankers Bank of the West Denver, CO
		<u>\$ 421,591</u>	

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**COMPLIANCE SECTION**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
INDEPENDENT AUDITORS REPORT**

Timothy Keller  
New Mexico State Auditor  
The Office of Management and Budget and  
The Governing Board  
Village of Eagle Nest  
Eagle Nest, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Major Special Revenue funds, and capital project funds of the Village of Eagle Nest as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Village of Eagle Nest's basic financial statements, and the combining and individual and related budgetary comparisons of Village of Eagle Nest, presented as supplemental information, and have issued our report thereon dated October 26, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Village of Eagle Nest's internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Village of Eagle Nest's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Eagle Nest's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies described as 2015-003, 2017-001, 2017-002, 2017-003, and 2017-004.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Eagle Nest's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 items 2015-003, 2017-001, 2017-002, 2017-003, and 2017-004.

### **Village of Eagle Nest's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Village of Eagle Nest's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Village of Eagle Nest's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Precision Accounting LLC*

Precision Accounting LLC  
Albuquerque, New Mexico  
October 26, 2017

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**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**OTHER DISCLOSURES**  
June 30, 2017

**A. PRIOR YEAR AUDIT FINDINGS**

2015-001 Controls over Disbursements (Significant Deficiency) Cleared  
2015-003 Reconciliation of Utility Security Deposits (Significant Deficiency)

**B. FINDINGS-FINANCIAL STATEMENT AUDIT**

**2015-003 Reconciliation of Utility Security Deposits (Significant Deficiency), repeated and revised**

CONDITION: During our test work of utility security deposits are not being reconciled and adjusted accordingly. A difference of \$1,576 was noted between the RVS utility billing system and the Quickbooks System. Due to turnover in staffing, there was a lack of progress in reconciling the Security Deposits between the utility system and the General Ledger.

CRITERIA: NMSA 1978 section 6-5-2 states that proper internal controls should be designed and employed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

CAUSE: Unknown

EFFECT: By not reconciling the utility security deposits the Village may not be able to accurately account for customer security deposits or refunds or may be erroneously retaining customer deposits.

RECOMMENDATION: The Village should be reconciling the utility security deposits and refunding or applying customer balances in accordance with their policies.

COSTS AND BENEFITS OF RECOMMENDED ACTION: The costs of improvements to the system should be minimal and will allow the Village accurately account for customer utility security deposits.

CLIENT RESPONSE: The Village of Eagle Nest has recently, once again, filled the vacant position of Municipal Clerk/Joint Utility Billing Clerk. The Finance Officer and new Joint Utility Billing Clerk can begin to reconcile the differences in posting the Joint Utility Deposit to the billing system and the postings to QuickBooks. The correct amount of the Joint Utility posted deposits should match the posted balances in QuickBooks.

The new customer is required to pay a Joint Utility deposit (Utility Security deposit). The deposits are always recorded in the general receipt book and then posted to the main accounting system which is QuickBooks. A copy of the receipt is provided to the Joint Utility Billing Clerk. The billing clerk is to record the deposit as information only in the customer's account in the RVS Utility Billing system. The Billing Clerk and Finance Officer should have reports at the end of each month which reflect the same amount. The Administrator will be provided copies of the report for a check and balance system. Deposits are held for the term of service rendered by the Village to the customer. The deposit refund will be made within a reasonable time after receipt of notice from the customer that service needs to be terminated. The refund is contingent upon the final meter read and all amounts due to the Village have been settled in full. This is in accordance with Eagle Nest Ordinance 2010-04", "Water Use and Delinquent Water and Wastewater Accounts". The Finance Officer and Billing Clerk are responsible for administering and monitoring this process and corrective action will be effective as of December 1, 2017. Both systems must match by the end of June 30, 2018 (Fiscal Year 2017-2018) and must not be carried forward into the Fiscal Year of 2018-2019.

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**OTHER DISCLOSURES**  
June 30, 2017

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**2017-001 Utility Receipting (Significant Deficiency)**

CONDITION: During the course of the audit, we noted five (5) exceptions out of a sample of forty (40). The five (5) exceptions were the result of under-billing customers for services for a total amount of \$11.27. This could error could not be projected to the population because it only applied to billings in excess of the base rate on some accounts but not all utility accounts.

CRITERIA: The Village is in violation of their ordinance, 2013-02, in regards to water and sewer billing rates. The Village is not properly billing customers for water or sewer rates. NMSA 1978 sections 6-10-1 to 6-10-63 require proper management, handling and accountability of cash.

CAUSE: It appears that the utility billing system was not calculating the rates for usage in accordance with the Village's ordinance. The system was pro-rating the amount rather than charging the whole fee in excess of the base rate.

EFFECT: The RVS billing system was not properly calculating utility bills in accordance with the Village's ordinance and this resulted in under billings to customers for services.

RECOMMENDATION: The Village is recommended to perform a final check prior to final billing to ensure that all water and sewer rates are calculated correctly.

CLIENT RESPONSE: Joyce Friedt, Utility Billing Clerk, called RVS billing system support to walk her through the rate code for all water accounts. It was confirmed, during last Fiscal Year the RVS billing system was pro-rating the amount of water used over the minimum base allowed. While double checking for this Fiscal Year, it seems the previous Utilities Clerk noticed the problem and corrected it. While processing the last months utility billing the RVS billing system calculated the utility billing correctly. Joyce Friedt, Utility Billing Clerk, will perform a final check prior to the final posting of the billing each month.

**2017-002 Controls over Receipts (Significant Deficiency)**

CONDITION: During our test work of cash receipts, we noted five (5) transactions out of one hundred and thirty (130) sampled that did not have adequate supporting documentation. This resulted in a 3.8% error rate, and when projected to the population of 994 deposits represents approximately 38 potential errors.

CRITERIA: NMSA 1978 Section 6.5.2: "2. Document the receipt of money using a pre-numbered cash receipt slip, validated cash register receipt, or cash receipt log. Record the date, amount, and person issuing the receipt. Record the payer, when applicable."

CAUSE: The Village received five (5) electronic payments and did not record the deposit in their receipt book for record keeping.

EFFECT: It appears that the Village is in non-compliance with NMSA 1978 Section 6.5.2. Without adequate supporting documentation, this increases the Village's risk to misappropriation of assets.

RECOMMENDATION: We recommend the Village complies with internal controls and documents all deposits in the receipt books designated for the corresponding bank accounts.

CLIENT RESPONSE: Receipts are to be written in the general receipt book and then posted to the account being credited in the QuickBooks system. This accounting system will post all activity for the current projects in process for the Village of Eagle Nest. The accounting system reflects both revenues and expenditures. All deposits received by ACH transactions, from the State of New Mexico and Taxation and Revenue, are to have paper copies sent to the Village reflecting those particular transactions. That is not always the case and some transactions were posted from the reconciliations of the bank statements. The Finance Officer would normally post the transactions from the bank statement to the general receipt book. The Finance Officer was in a hurry to reconcile and did not do the paper trail of posting in the general receipt book. There were a few in Fiscal Year 2016-2017 that were not posted in the receipt book but posted from the bank statement. The monies being received electronically must always be posted and reflected in the general receipt book.

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**OTHER DISCLOSURES**  
June 30, 2017

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**2017-003 Lack of Bid Documentation- (Significant Deficiency)**

CONDITION: During our test work of bids for the fiscal year 2016- 2017 we identified one (1) instance where the Village of Eagle Nest was required to go to bid for “Grade 1 Base Course”. However, the Village only requested quotes from three different vendors. Adequate bid documentation could not be obtained from the Village as the procurement process was not followed. The quote was awarded to the vendor in the amount of \$46,116.00.

CRITERIA: NMSA 1978 13-1-103 thru 13-1-110 states “An invitation for bids shall be issued and shall include the specifications for the services, construction or items of tangible personal property to be procured, all contractual terms and conditions applicable to the procurement, the location where bids are to be received, the date, time, and place of the bid opening” Additionally, “An invitation for bids or a notice thereof shall be published not less than ten calendar days prior to the date set forth for the opening of bids.” “... The invitation or notice shall be published at least once in a newspaper of general circulation in the area which the central purchasing office is located.” “Central purchasing offices shall send copies of notice or invitation for bids involving the expenditure of more than \$20,000.00 to those businesses that have signified in writing an interest in submitting bids for particular categories of items of tangible personal property, construction, and services that have paid any required fees.”

CAUSE: Failure to properly follow the state procurement code.

EFFECT: The Village appears to be in noncompliance with NMSA 1978 sections 13-1-103 to 13-1-110 with regards to the regulations of the procurement process.

RECOMMENDATION: The Village should have all personnel in charge of reviewing and approving purchases to perform a review of the state statute regarding procurement rules and regulations ensuring compliance with procurements of services and other purchases. Adequate supporting documentation should be obtained, retained, and included as support to ensure the bid process took place, and to show whether or not the Village was following the State Procurement Code.

CLIENT RESPONSE: The Procurement Officer, in this case, did go out for “Request for Quote” and not for an “Invitation to Bid”. The “Request for Quote 2017-01” was to be marked and labeled as such on the front of the envelopes received for consideration. All parcels mailed, received and labeled on the outside of the envelope “Request for Quote 2017-01” were logged in as to date, time and person receiving the package. All received packages remained sealed and were not opened until after the time stated in the “Request for Quote 2017-01”. The instructions were stated in the packet as to time and place the proposals were to be received by the Village of Eagle Nest. There was a detailed description of the materials that were needed by the Village of Eagle Nest and where the materials were to be delivered. Commodity Codes were listed as required by the State of New Mexico. The Procurement Officer did not advertise or post as required by the State of New Mexico and mailed the “Request for Quote 2017-01” to all potential bidders in the surrounding area including Eagle Nest, Questa and Taos. The Procurement Officer realizes the mistake in the Procurement Code and will review the current Procurement Resolution 2016-33 by the Village of Eagle Nest and do a review of all State of New Mexico Procurement policies.

**STATE OF NEW MEXICO**  
**VILLAGE OF EAGLE NEST**  
**OTHER DISCLOSURES**  
June 30, 2017

**B. FINDINGS-FINANCIAL STATEMENT AUDIT (continued)**

**2017-004 Unreconciled Water Variances (Significant Deficiency)**

CONDITION: During our test work over utilities, we noted that the annual water loss is 3,767,547 gallons. This totals to an annual revenue loss of \$29,324.07 if calculated at the base water rate. The monthly average loss is \$2,443.67. This water loss ranges 11% to 16% higher than the acceptable water losses of 10% to 15% from public water system based on the EPA Report of Control and Mitigation of Drinking Water Losses in Distribution Systems.

CRITERIA: EPA Report of Control and Mitigation of Drinking Water Losses in Distribution Systems. The percentage of water loss exceeds the acceptable amount per the EPA report regarding water losses.

CAUSE: The Village does not pursue investigations into illegal tapping into their system. The Village does not have master water meters to check the accuracy of the well pumps output.

EFFECT: Without efforts to minimize water loss, the amount lost can increase and cause the water revenues to decrease for the Village.

RECOMMENDATION: We recommend that the Village pursue investigations into illegal tapping into the Village's water system. The Village is encouraged to perform their due diligence to ensure that the Village's water output is being accounted for and billed for the correct usage.

CLIENT RESPONSE: The Village of Eagle Nest pursues investigations of illegal tapping to the Village's water system on a regular basis. The Village has investigated and repaired 39 water leaks in the past year, of which 5 were major leaks. Major leaks that are undetected can result in hundreds of thousands of gallons water loss per day. The response to the possible leaks has occasionally been delayed. In an attempt to address the water loss a new water loss policy will be implemented by the Village Administrator for the Village water department stating all water leaks must be addressed within 24 hours.

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

The Village has the capability of understanding and accepting responsibility for its own GAAP-basis financial statements, however, the Village's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

**B. EXIT CONFERENCE**

The contents of this report were discussed on October 26, 2017. The following individuals were in attendance.

Village of Eagle Nest  
Richard Cordova, Mayor  
Mary Berglund, Village Administrator  
Cathy Coppy, CMC, Village Finance Officer  
Bill Lowry, Mayor Pro Tem

Precision Accounting LLC  
Melissa R. Santistevan, CPA, CFE, CGMA  
Alexandra Yebra, Staff Accountant  
Zachary Hayes, Staff Accountant