

STATE OF NEW MEXICO



ANNUAL FINANCIAL REPORT

JUNE 30, 2006

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2006

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STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2006

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STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST

OFFICIAL ROSTER
June 30, 2006

Village Council

Neva Z. Hascall
Forrest Thompson
Alice Baca
Kerry Perkins
Richard Cordova

Mayor
Council Member
Mayor Pro-Tem
Council Member
Council Member

Village Officials

Betty Ketchum
Cathy Coppy, CMC
Jeff Carr

Village Administrator
Village Finance Officer
Village Judge

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and major special revenue funds of the Village of Eagle Nest (the "Village") as of and for the year ended June 30, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements and budgetary comparison statements of each of the Village's non-major governmental funds and the budgetary comparisons for each enterprise fund presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2006 as listed in the table of contents. These financial statements are the responsibility of Village of Eagle Nest's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Village of Eagle Nest, as of June 30, 2006, and the respective changes in financial position and cash flows, thereof and the respective budgetary comparison statements for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of Village of Eagle Nest as of June 30, 2006, and the respective changes in financial position thereof and the respective budgetary comparisons for each non-major governmental fund, major capital projects fund, and enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2008 on our consideration of the Village of Eagle Nest's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

For the year ended June 30, 2006, the Village of Eagle Nest has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of the basic financial statements.

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

Precision Accounting, LLC
Albuquerque, New Mexico
December 31, 2008

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FINANCIAL SECTION

STATE OF NEW MEXICO

Exhibit A-1

Village of Eagle Nest
Statement of Net Assets
June 30, 2006

	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 135,298	\$ 56,137	\$ 191,435
Investments	94,022	79,674	173,696
Taxes receivable	27,529	-	27,529
Accounts receivable	1,167	9,000	10,167
Inventory	-	7,310	7,310
Total Current Assets	<u>258,016</u>	<u>152,121</u>	<u>410,137</u>
Noncurrent Assets			
Restricted cash and cash equivalents	-	-	-
Capital assets	5,773,808	1,340,414	7,114,222
Less: accumulated depreciation	<u>(3,018,967)</u>	<u>(657,815)</u>	<u>(3,676,782)</u>
Total Noncurrent Assets	<u>2,754,841</u>	<u>682,599</u>	<u>3,437,440</u>
Total Assets	<u><u>\$ 3,012,857</u></u>	<u><u>\$ 834,720</u></u>	<u><u>\$ 3,847,577</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit A-1

Village of Eagle Nest
Statement of Net Assets
June 30, 2006

	Governmental Activities	Business-type Activities	Total
Liabilities			
Current Liabilities			
Accounts payable	\$ 13,200	\$ 21,789	\$ 34,989
Accrued salaries and benefits	6,833	1,150	7,983
Accrued interest	1,021	-	1,021
Accrued compensated absences	11,436	1,265	12,701
Deposits payable	-	4,300	4,300
Current portion of loans and notes payable	23,348	5,109	28,457
Total Current Liabilities	55,838	33,613	89,451
Noncurrent Liabilities			
Accrued Compensated Absences	618	-	618
Loans and notes payable	48,444	3,250	51,694
Total Noncurrent Liabilities	49,062	3,250	52,312
Total Liabilities	104,900	36,863	141,763
Net Assets			
Invested in capital assets, net of related debt	2,683,049	679,349	3,362,398
Restricted for:			-
Capital projects	-	-	-
Unrestricted	224,908	118,508	343,416
Total Net Assets	2,907,957	797,857	3,705,814
Total Net Assets and Liabilities	\$ 3,012,857	\$ 834,720	\$ 3,847,577

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit A-2

Village of Eagle Nest

Statement of Activities

For the Year Ending June 30, 2006

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
General government	\$ 201,748	\$ 5,355	\$ 35,502	\$ -
Public safety	55,689	21,553	80,888	-
Public works	74,094	-	22,348	-
Culture and recreation	7,922	367	4,209	-
Health and welfare	8,419	-	-	-
Interest on long-term debt	4,989	-	-	-
Capital outlay:				
Depreciation	190,947	-	-	-
<i>Total governmental activities</i>	<u>543,808</u>	<u>27,275</u>	<u>142,947</u>	<u>-</u>
Business-type Activities:				
Joint Utility	<u>249,412</u>	<u>285,568</u>	<u>-</u>	<u>-</u>
<i>Total business type activities</i>	<u>249,412</u>	<u>285,568</u>	<u>-</u>	<u>-</u>
<i>Total</i>	<u>\$ 793,220</u>	<u>\$ 312,843</u>	<u>\$ 142,947</u>	<u>\$ -</u>

General Revenues:

Taxes

 Property taxes, levied for general purposes

 Franchise taxes

 Gross receipts taxes

 Public service taxes

Interest income

Miscellaneous income

Transfers

Total General Revenues and Transfers

Change in net assets

Net assets, beginning

Prior Year Restatement, Note 14

Net assets, ending

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit A-2

Village of Eagle Nest

Statement of Activities

For the Year Ending June 30, 2006

Net (Expense) Revenue and Changes in Net Assets

Primary Government		
Government Activities	Business Type Activities	Total
\$ (160,891)	\$ -	\$ (160,891)
46,752	-	46,752
(51,746)	-	(51,746)
(3,346)	-	(3,346)
(8,419)	-	(8,419)
(4,989)	-	(4,989)
<u>(190,947)</u>	<u>-</u>	<u>(190,947)</u>
<u>(373,586)</u>	<u>-</u>	<u>(373,586)</u>
<u>-</u>	<u>36,156</u>	<u>36,156</u>
<u>-</u>	<u>36,156</u>	<u>36,156</u>
<u>(373,586)</u>	<u>36,156</u>	<u>(337,430)</u>
7,335		7,335
8,250	-	8,250
109,636	14,119	123,755
32,717	-	32,717
4,389	875	5,264
20,196	32	20,228
<u>96,390</u>	<u>(96,390)</u>	<u>-</u>
<u>278,913</u>	<u>(81,364)</u>	<u>197,549</u>
<u>(94,673)</u>	<u>(45,208)</u>	<u>(139,881)</u>
3,003,165	853,688	3,856,853
(535)	(10,623)	(11,158)
<u>\$ 2,907,957</u>	<u>\$ 797,857</u>	<u>\$ 3,705,814</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
 Village of Eagle Nest
 Balance Sheet
 Governmental Funds
 June 30, 2006

	General Fund	Fire Fund	Municipal Streets Fund	Other Governmental Fund	Total
<i>Assets</i>					
Cash and cash equivalents	\$ 52,325	\$ 48,047	\$ 19,655	\$ 15,271	\$ 135,298
Investments	4,407	5,235	33,255	51,125	94,022
Accounts and taxes receivable	27,529	-	-	1,167	28,696
Due from other funds	-	-	-	-	-
<i>Total assets</i>	<u>\$ 84,261</u>	<u>\$ 53,282</u>	<u>\$ 52,910</u>	<u>\$ 67,563</u>	<u>\$ 258,016</u>
<i>Liabilities and fund balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 11,896	\$ -	\$ -	\$ 1,304	\$ 13,200
Accrued salaries and benefits	6,216	-	100	517	6,833
Due to other funds	-	-	-	-	-
Deferred revenue	699	-	-	-	699
<i>Total liabilities</i>	<u>18,811</u>	<u>-</u>	<u>100</u>	<u>1,821</u>	<u>20,732</u>
<i>Fund balances</i>					
Unreserved:					
Undesignated, reported in:					
General fund	65,450	-	-	-	65,450
Capital projects funds	-	-	-	-	-
Special revenue funds	-	53,282	52,810	65,742	171,834
<i>Total fund balances</i>	<u>65,450</u>	<u>53,282</u>	<u>52,810</u>	<u>65,742</u>	<u>237,284</u>
<i>Total liabilities and fund balances</i>	<u>\$ 84,261</u>	<u>\$ 53,282</u>	<u>\$ 52,910</u>	<u>\$ 67,563</u>	<u>\$ 258,016</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Village of Questa

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets

June 30, 2006

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	237,284
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		2,754,841
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds:		
Accrued compensated absences		(12,054)
Deferred property taxes		699
Accrued interest		(1,021)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		<u>(71,792)</u>
Net assets of governmental activities	\$	<u><u>2,907,957</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
 Village of Eagle Nest
 Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ending June 30, 2006

	General Fund	Fire Fund	Municipal Streets Fund	Other Governmental Funds	Total
<i>Revenues:</i>					
Taxes					
Property Taxes	\$ 6,636	\$ -	\$ -	\$ -	\$ 6,636
Gross Receipts Taxes	94,077	-	27,192	-	121,269
Franchise Taxes	8,250	-	-	-	8,250
Other Taxes	288	-	-	20,245	20,533
Federal Sources	-	-	-	-	-
State Sources	36,439	60,888	22,348	24,209	143,884
Charges for Services	112	-	-	27,748	27,860
Licenses and Fees	4,104	-	-	-	4,104
Investment Income (Loss)	2,017	103	975	1,294	4,389
Miscellaneous	2,138	7,729	-	5,254	15,121
	<u>154,061</u>	<u>68,720</u>	<u>50,515</u>	<u>78,750</u>	<u>352,046</u>
<i>Expenditures:</i>					
Current:					
General Government	171,194	-	-	27,734	198,928
Public Safety	-	42,516	-	37,812	80,328
Public Works	-	-	72,848	-	72,848
Culture and Recreation	-	-	-	7,922	7,922
Health and Welfare	-	-	-	8,419	8,419
Capital Outlay	-	26,204	-	-	26,204
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	<u>171,194</u>	<u>68,720</u>	<u>72,848</u>	<u>81,887</u>	<u>394,649</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(17,133)</u>	<u>-</u>	<u>(22,333)</u>	<u>(3,137)</u>	<u>(42,603)</u>
<i>Other financing sources (uses)</i>					
Note proceeds	-	-	-	-	-
Transfers In	48,430	50,281	-	2,723	101,434
Transfers (Out)	-	-	-	(5,044)	(5,044)
<i>Total other financing sources (use)</i>	<u>48,430</u>	<u>50,281</u>	<u>-</u>	<u>(2,321)</u>	<u>96,390</u>
<i>Net change in fund balance</i>	31,297	50,281	(22,333)	(5,458)	53,787
<i>Fund balance - beginning of year</i>	<u>34,153</u>	<u>3,001</u>	<u>75,143</u>	<u>71,200</u>	<u>183,497</u>
<i>Fund balance - end of year</i>	<u>\$ 65,450</u>	<u>\$ 53,282</u>	<u>\$ 52,810</u>	<u>\$ 65,742</u>	<u>\$ 237,284</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Village of Eagle Nest
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ending June 30, 2006

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

Net change in fund balances - total governmental funds	\$	53,787
<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		24,639
Depreciation expense		(190,947)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Property taxes		699
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>		
Increase in accrued compensated absences		(4,066)
Increase in accrued interest		(1,021)
Principal payments on notes payable		<u>22,236</u>
Change in net assets of governmental activities	\$	<u><u>(94,673)</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO

Village of Eagle Nest

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ending June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	83,482	\$ 83,482
Intergovernmental Income	-	-	36,439	36,439
Charges For Services	-	-	112	112
Licenses and Fees	-	-	4,104	4,104
Investment Income(Loss)	-	-	2,017	2,017
Miscellaneous	-	-	2,138	2,138
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>128,292</u>	<u>128,292</u>
<i>Expenditures:</i>				
Current:				
General Government	266,057	262,876	154,143	108,733
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>266,057</u>	<u>262,876</u>	<u>154,143</u>	<u>108,733</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(266,057)</u>	<u>(262,876)</u>	<u>(25,851)</u>	<u>237,025</u>
<i>Other financing sources (uses)</i>				
Designated Cash	266,057	262,876	-	(262,876)
Transfers In	-	-	48,430	48,430
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>266,057</u>	<u>262,876</u>	<u>48,430</u>	<u>(214,446)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	22,579	22,579
<i>Fund Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>34,153</u>	<u>34,153</u>
<i>Fund Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,732</u>	<u>\$ 56,732</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 22,579	
Adjustment to revenue for accruals and other deferrals			21,750	
Adjustment to expenditures for payables, prepaids and other accruals			(13,032)	
Net change in cash (GAAP basis)			<u>\$ 31,297</u>	

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Village of Eagle Nest
Fire Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ending June 30, 2006

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-
State Sources	48,820	48,820	34,684	(14,136)
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Investment Income	-	-	103	103
Miscellaneous	-	-	7,729	7,729
<i>Total revenues</i>	48,820	48,820	42,516	(6,304)
<i>Expenditures:</i>				
<i>Current:</i>				
General Government	-	-	-	-
Public Safety	22,622	63,163	49,643	13,520
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	22,622	63,163	49,643	13,520
<i>Excess (deficiency) of revenues over expenditures</i>	26,198	(14,343)	(7,127)	7,216
<i>Other financing sources (uses)</i>				
Designated Cash	(26,198)	14,343	-	(14,343)
Transfers In	-	-	50,281	50,281
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	(26,198)	14,343	50,281	35,938
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	43,154	43,154
<i>Cash Balance - Beginning of Year</i>	-	-	10,128	10,128
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 53,282	\$ 53,282
Net change in cash (Non-GAAP Budgetary basis)			\$ 43,154	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			7,127	
Net change in fund balance (GAAP basis)			\$ 50,281	

The accompanying notes are an integral ²⁷ part of these financial statements

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STATE OF NEW MEXICO

Village of Eagle Nest
 Joint Utility Fund
 Statement of Net Assets
 June 30, 2006

<i>Assets</i>	
<i>Current assets</i>	
Cash	\$ 56,137
Investments	79,674
Accounts receivable (less allowance for doubtful accounts of \$4,674)	9,000
Inventory	<u>7,310</u>
<i>Total current assets</i>	<u>152,121</u>
<i>Noncurrent assets</i>	
Capital assets	1,340,414
Accumulated depreciation	<u>(657,815)</u>
<i>Total noncurrent assets</i>	<u>682,599</u>
<i>Total Assets</i>	<u><u>\$ 834,720</u></u>
<i>Liabilities and Net Assets</i>	
<i>Liabilities:</i>	
<i>Current liabilities</i>	
Accounts payable	\$ 21,789
Accrued salaries and benefits	1,150
Accrued compensated absences	1,265
Deposits payable	4,300
Current maturity of bonds payable	<u>5,109</u>
<i>Total current liabilities</i>	<u>33,613</u>
<i>Noncurrent liabilities</i>	
Notes payable	<u>3,250</u>
<i>Total noncurrent liabilities</i>	<u>3,250</u>
<i>Total liabilities</i>	<u>36,863</u>
<i>Net Assets:</i>	
Net assets invested in capital assets, net of related debt	
Net assets unrestricted:	<u>797,857</u>
<i>Total net assets</i>	<u>797,857</u>
<i>Total Liabilities and Net Assets</i>	<u><u>\$ 834,720</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
 Village of Eagle Nest
 Statement of Revenues, Expenses and Changes in Net Assets
 Joint Utility Fund
 For the Year Ended June 30, 2006

<i>Operating revenues:</i>	
Charges for services	\$ 285,568
<i>Total operating revenues</i>	<u>285,568</u>
 <i>Operating expenses:</i>	
Depreciation	27,957
Personal services	26,526
Contractual services	154,638
Supplies and purchased power	15,939
Maintenance and materials	2,489
Miscellaneous	5,743
Heat, light and power	16,010
<i>Total operating expenses</i>	<u>249,302</u>
<i>Operating income (loss)</i>	<u>36,266</u>
 <i>Non-operating revenues (expenses):</i>	
Gross receipts taxes	14,119
Interest expense	(110)
Interest income	875
Miscellaneous income	32
<i>Total non-operating revenues (expenses)</i>	<u>14,916</u>
<i>Income (loss) before transfers</i>	51,182
Transfers Out	<u>(96,390)</u>
<i>Increase (Decrease) in net assets</i>	(45,208)
<i>Total net assets, beginning of year</i>	853,688
<i>Restatement Note 14</i>	<u>(10,623)</u>
<i>Total Net assets, as restated</i>	<u>843,065</u>
<i>Total net assets, end of year</i>	<u><u>\$ 797,857</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
 Village of Eagle Nest
 Statement of Cash Flows - Joint Utility Fund
 For the Year Ended June 30, 2006

	Total
<i>Cash flows from operating activities:</i>	
Cash received from user charges	\$ 297,403
Cash payments to employees for services	(28,174)
Cash payments to suppliers for goods and services	(181,151)
<i>Net cash used for operating activities</i>	88,078
<i>Cash flows from noncapital financing activities:</i>	
Accrued Compensated Absences	3,422
Additions to capital assets	-
Interest paid	(110)
Miscellaneous income	32
Increase in customer deposits	1,050
Transfers to other funds	(96,390)
<i>Net cash provided from noncapital financing activities:</i>	(91,996)
<i>Cash flows from capital and related financing activities:</i>	
Principal payments on bonds payable	(5,054)
<i>Net cash provided from capital and related financing activities:</i>	(5,054)
<i>Cash flows from investing activities:</i>	
Interest on investments	875
<i>Net cash provided from investing activities:</i>	875
<i>Net increase in cash and cash equivalents</i>	(8,097)
<i>Cash and cash equivalents - beginning of year</i>	143,908
<i>Cash and cash equivalents - end of year</i>	\$ 135,811
<i>Reconciliation of operating income (loss) to net cash provided (used)</i>	
<i>by operating activities</i>	
Operating income (loss)	\$ 36,266
Adjustments to reconcile operating (loss) to net cash (used)	
by operating activities	
Depreciation	27,957
Changes in assets and liabilities	
Receivables	11,835
Deposits payable	-
Accrued expenses	(1,648)
Accounts payable	13,668
<i>Net cash (used) by operating activities</i>	\$ 88,078

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Village of Eagle Nest
Fiduciary Funds
Statement of Fiduciary Assets and Liabilities-Agency Funds
June 30, 2006

	<u>Agency Funds</u>
<i>Assets</i>	
Cash	<u>\$ 56,729</u>
<i>Total assets</i>	<u><u>\$ 56,729</u></u>
<i>Liabilities</i>	
Due to other taxing units	<u>\$ 56,729</u>
<i>Total liabilities</i>	<u><u>\$ 56,729</u></u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 1. Summary of Significant Accounting Policies

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

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

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

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

A. Financial Reporting Entity

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

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

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The Village's fiduciary funds are used to account for the collection and payment of motor vehicle fees to other governmental agencies.

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

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

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

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

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

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

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

D. Implementation of New Accounting Principles

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

a. Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the Village's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations. This analysis is not presented by the Village.

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

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

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

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

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

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Assets, Liabilities, and Net Assets or Equity

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

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

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

Receivables and Payables: Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds or internal balances" (i.e., the current portion of inter-fund loans) or "advances to/from other funds or internal balances" (i.e., the non-current portion of inter-fund loans). There were no outstanding balances between funds at June 30, 2006.

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

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

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

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

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

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with Generally Accepted Accounting Principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2006 is presented.

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

NOTE 3. Deposits and investments

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States government obligations. All invested funds of the Village properly followed State investment requirements as of June 30, 2006.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 3. Deposits and investments (continued)

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

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

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

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

	Bank of America	International Bank	First National
Total of deposits in the bank	255,818	717	200
Less FDIC coverage	<u>(195,659)</u>	<u>(717)</u>	<u>(200)</u>
	60,159	-	-
Total uninsured public funds			
Collateral requirement	30,080		
Pledged collateral held by the pledging Bank's trust department but not in the Village's name	61,398		
 Custodial Credit Risk-Deposits			
Account Balance	\$ 256,735		
FDIC Insured	196,576		
Collateral:			
Collateral held by the pledging bank, not in the Village's name	60,159		
Uninsured and uncollateralized			
Total Deposits	256,735		

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

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2006, \$60,159 of the Village's bank balance of \$256,735 was exposed to custodial credit risk as follows:

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 3. Deposits and investments

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging bank's trust department not in the Village's name	3,429
Total	\$ 3,429

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

Carrying amounts by fund per financial statement at June 30, 2006 is:

Governmental Funds- Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 191,435
Cash and cash equivalents per Exhibit E-1	56,729
Add outstanding checks and other items	8,371
Balance per banks	\$ 256,535

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, 2006 include the following:

State Treasurer LGIP	AAAm	38-day WAM	\$ 173,695
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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, 2006. 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, 2006.

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 \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 4. Accounts Receivable

	General Fund	Special Projects Fund	Other Non-Major Projects	Total
Taxes:				
GRT Taxes	\$ 26,830	\$ -	\$ -	\$ 26,830
Other Taxes	699	-	1,167	1,866
Total Receivables	\$ 27,529	\$ -	\$ 1,167	\$ 28,696

The above receivables are deemed 100% collectible. In accordance with GASB No.33, property tax receivables are presented net of deferred revenue in the governmental balance sheet.

Deferred revenue- property taxes totaling \$699 is presented in the general fund.

NOTE 5. Transfers

Transfers have primarily been recorded when funds from one fund are used to cover expense in another fund. The composition of transfers are as follows:

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	\$ 48,430	\$ -
Law Enforcement Fund	-	5,044
Fire Fund	50,281	-
Water Rights Fund	2,723	-
Total Governmental Activities	\$ 101,434	\$ 5,044
Business-like Activities:		
Joint Utility	\$ -	\$ 96,390
Total Business-like Activities	-	96,390
Grand Total	\$ 101,434	\$ 101,434

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2006 follows. Land is not subject to depreciation.

Governmental Activities:

	Balance			Balance
	June 30, 2005	Additions	Deletions	June 30, 2006
Capital Assets, not being depreciated:				
Land	\$ 172,125	\$ -	\$ -	\$ 172,125
Capital Assets, being depreciated:				
Infrastructure	3,290,980	-	-	3,290,980
Buildings and Improvements	1,525,548	-	-	1,525,548
Machinery and Equipment	760,516	24,639	-	785,155
Subtotal Capital Assets	5,749,169	24,639	-	5,773,808
Accumulated Depreciation:				
Infrastructure	1,525,434	109,699	-	1,635,133
Buildings and Improvements	654,658	67,020	-	721,698
Machinery and Equipment	647,908	14,228	-	662,136
Subtotal Accumulated Depreciation	2,828,020	190,947	-	3,018,967
Net Capital Assets	\$ 2,921,149	\$ (166,308)	\$ -	\$ 2,754,841

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 6. Capital Assets (Continued)

Depreciation expense for the year ended June 30, 2006 was charged to the following functions and funds:

Public safety	\$ 108,511
General	1,055
Culture and Recreation	11,087
Public Works	70,294
Total depreciation expense: governmental activities	\$ 190,947

Business-like Activities:

	Balance			Balance
	June 30, 2005	Additions	Deletions	June 30, 2006
Land	\$ 179,500	\$ -	\$ -	\$ 179,500
Capital Assets, being depreciated:				
Buildings & Improvements	1,140,262	-	-	1,140,262
Machinery & Equipment	20,652	-	-	20,652
Subtotal Business-like Activities	1,340,414	-	-	1,340,414
Accumulated Depreciation:				
Buildings & Improvements	619,335	27,957	-	647,292
Machinery & Equipment	10,523	-	-	10,523
Subtotal Accumulated Depreciation	629,858	27,957	-	657,815
Net Capital Assets	\$ 710,556	\$ 27,957	\$ -	\$ 682,599

Depreciation expense for the year ended June 30, 2006, totaled \$27,957.

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 7. Long-term Debt

During the year ended June 30, 2006, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

Governmental Activities	Balance			Balance	
	6/30/2005	Additions	Retirements	6/30/2006	Due Within One Year
2001 Loan Payable-NMFA	\$ 94,028	\$ -	\$ 22,236	\$ 71,792	\$ 23,348
Accrued Absences	7,988	7,900	3,834	12,054	11,436
Total	\$ 102,016	\$ 7,900	\$ 26,070	\$ 83,846	\$ 34,349

The 2001 NMFA loan is paid through an intercept of the Village's annual fire allotment from the State.

The annual requirements to amortize long term debt as of June 30, 2006, including interest payments are as follows:

Fiscal Year	Principal	Interest	Total
2007	\$ 23,348	\$ 3,063	\$ 26,411
2008	24,296	2,093	26,389
2009	24,148	1,055	25,203
Total	\$ 71,792	\$ 6,211	\$ 78,003

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

Business-type Activities:

The Water and Sewer Fund has incurred various forms of debt, which were used for the purposed of constructing, expanding, repairing and making improvements to its property plant and equipment. The following schedule shows the changes to its various forms of debt during the fiscal year ended June 30, 2006.

Business-type Activities	Balance			Balance	
	6/30/2005	Additions	Retirements	6/30/2006	Due Within One Year
1996 Water Supply	\$ 3,663	\$ -	\$ 1,804	\$ 1,859	\$ 1,859
Note Payable	12,250	-	3,250	6,500	3,250
Accrued Absences	2,007	929	1,671	1,265	1,265
Total	\$ 17,920	\$ 929	\$ 6,725	\$ 9,624	\$ 6,374

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 7. Long-term Debt (continued)

The annual requirements to amortize the above long-term debt as of June 30, 2006, including interest payments are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	5,109	83	5,192
2008	3,250	-	3,250
Total	<u>\$ 8,359</u>	<u>\$ 83</u>	<u>\$ 8,442</u>

NOTE 8. Risk Management

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. The Village of Eagle Nest participates in the New Mexico Self-Insurer's Fund risk pool.

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

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

NOTE 9. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds: No funds have deficit fund balances as of June 30, 2006.
- B. Excess of expenditures over appropriations by fund and function.

Emergency Medical Services Fund	\$	3,099
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NOTE 10. PERA Pension Plans

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

STATE OF NEW MEXICO
 Village of Eagle Nest
 Notes to Financial Statements
 June 30, 2006

NOTE 10. PERA Pension Plans (continued)

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

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

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

Funding Policy. Regular employees, who are covered under “Municipal general member coverage plan 1” (Chapter 10, Article 11.45 through 11.49 NMSA 1978) contribute 7% of the employee’s defined gross salary to the plan. Employee contributions are 7% of the employee’s defined gross salary. Under municipal general member coverage plan 1, the amount of pension is equal to two percent of the final average salary multiplied by credited service. The amount shall not exceed sixty percent of the final average salary. The requirements may be amended by acts of the legislature. The Village’s contributions to PERA for the years ended June 30, 2006, 2005, and 2004 were \$9,604, \$10,353, and \$11,000 equal to the amount of the required contributions for the years, respectively.

NOTE 11. Post-Employment Benefits

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

NOTE 12. Contingent Liabilities

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

NOTE 13. Federal and State Grants

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

NOTE 14. Restatement

The Recycle fund was erroneously included in both the Proprietary funds and special revenue funds in the previous financial statements. For 2006, the fund is correctly shown as a non-major special revenue fund. In addition, the CDBG Fund balance of \$100 was not reflected in the 2005 audited financial statements.

Beginning Net Assets	\$ 3,856,853
Restatement for Recycle fund	10,623
Restatement for CDBG fund	<u>100</u>
Net Assets, restated	\$ 3,846,230

STATE OF NEW MEXICO
Village of Eagle Nest
Notes to Financial Statements
June 30, 2006

NOTE 15. Subsequent Events

In July 2006, the Village was court ordered to hold an election to overturn the previous election that was erroneously conducted. The election costs and legal fees are accrued in the financial statements.

NOTE 16. Joint Powers Agreements

Colfax county Sheriff's Office

Purpose

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

Participants

Colfax County and the Village of Eagle Nest

Responsible Party for Operation and Audit

County of Colfax

Beginning and Ending Date of Agreement

June 11, 2005 indefinitely

Total Estimated Amount of Project and Actual Amount Contributed

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

Taos Regional Landfill Board

Purpose:

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

Participants

Taos County

Village of Eagle Nest

Town of Taos

Village of Questa

Town of Red River

Village of Taos Ski Valley

Responsible Party for Operation and Audit

County of Taos

Beginning and Ending Date of Agreement

April 15, 2008 for fifty years

Total Estimated Amount of Project and Actual Amount Contributed

Unknown

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NON-MAJOR GOVERNMENTAL FUNDS

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Village of Eagle Nest
FUND DESCRIPTIONS

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

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

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

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

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.

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Village of Eagle Nest
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2006

Statement A-1
1 of 4

Special Revenue

	Local Corrections Fund	Emergency Medical Services	Recreation Fund	Water Rights Fund
<i>Assets</i>				
Cash and cash equivalents	\$ 69	\$ 3,936	\$ 144	\$ 718
Investments	3,989	16,472	3,141	530
Accounts and taxes receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 4,058</u>	<u>\$ 20,408</u>	<u>\$ 3,285</u>	<u>\$ 1,248</u>
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Unreserved				
Designated for subsequent year	-	-	-	-
Unreserved, undesignated	4,058	20,408	3,285	1,248
<i>Total fund balances</i>	<u>4,058</u>	<u>20,408</u>	<u>3,285</u>	<u>1,248</u>
<i>Total liabilities and fund balances</i>	<u>\$ 4,058</u>	<u>\$ 20,408</u>	<u>\$ 3,285</u>	<u>\$ 1,248</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2006

Statement A-1
2 of 4

Special Revenue				
Beautification Fund	Lodgers' Tax Fund	Law Enforcement Protection Fund		Library Fund
\$ 517	\$ 2,956	\$ 4,439	\$ 1,686	
-	1,820	2,951	319	
-	1,167	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
<u>\$ 517</u>	<u>\$ 5,943</u>	<u>\$ 7,390</u>	<u>\$ 2,005</u>	
\$ -	\$ -	\$ -	\$ 1,304	
517	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
<u>517</u>	<u>-</u>	<u>-</u>	<u>1,304</u>	
-	-	-	-	
-	5,943	7,390	701	
-	5,943	7,390	701	
<u>\$ 517</u>	<u>\$ 5,943</u>	<u>\$ 7,390</u>	<u>\$ 2,005</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2006

Statement A-1
3 of 4

	Special Revenue			
	Senior Citizen's Fund	Activities Fund	Ambulance Replacement Fund	Public Works Vehicle Replacement
<i>Assets</i>				
Cash and cash equivalents	\$ 606	\$ 100	\$ -	\$ -
Investments	-	3,050	153	7,727
Accounts and taxes receivable	-	-	-	-
Other receivables	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
Prepaid insurance	-	-	-	-
Due from other funds	-	-	-	-
<i>Total assets</i>	\$ 606	\$ 3,150	\$ 153	\$ 7,727
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Accrued compensated absences	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<i>Total liabilities</i>	-	-	-	-
<i>Fund balances</i>				
Unreserved				
Designated for subsequent year	-	-	-	-
Unreserved, undesignated	606	3,150	153	7,727
<i>Total fund balances</i>	606	3,150	153	7,727
<i>Total liabilities and fund balances</i>	\$ 606	\$ 3,150	\$ 153	\$ 7,727

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2006

Statement A-1
 4 of 4

CDBG 2008 Grant	Recycle fund	Total Nonmajor Governmental Funds
\$ 100	\$ -	\$ 15,271
-	10,973	51,125
-	-	1,167
-	-	-
-	-	-
-	-	-
-	-	-
\$ 100	\$ 10,973	\$ 67,563
\$ -	\$ -	\$ 1,304
-	-	517
-	-	-
-	-	-
-	-	1,821
-	-	-
100	10,973	65,742
100	10,973	65,742
\$ 100	\$ 10,973	\$ 67,563

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2006

	Special Revenue			
	Local Corrections Fund	Emergency Medical Services	Recreation Fund	Water Rights Fund
<i>Revenues:</i>				
Taxes				
Property taxes	\$ -	\$ -	\$ -	\$ -
Gross Receipts taxes	-	-	-	-
Franchise taxes	-	-	-	-
Other taxes	-	-	-	-
Federal Sources	-	-	-	-
State Sources	-	-	-	-
Charges for Services	662	11,226	-	7,380
Licenses and Fees	-	-	-	-
Investment Income (Loss)	78	307	61	79
Miscellaneous	-	509	551	-
<i>Total revenues</i>	<u>740</u>	<u>12,042</u>	<u>612</u>	<u>7,459</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	9,034
Public Safety	258	15,374	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	181	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>258</u>	<u>15,374</u>	<u>181</u>	<u>9,034</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>482</u>	<u>(3,332)</u>	<u>431</u>	<u>(1,575)</u>
<i>Other financing sources (uses)</i>				
Bond Proceeds	-	-	-	-
Transfers In	-	-	-	2,723
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,723</u>
<i>Net change in fund balances</i>	482	(3,332)	431	1,148
<i>Fund balances - beginning of year</i>	<u>3,576</u>	<u>23,740</u>	<u>2,854</u>	<u>100</u>
<i>Fund balances - end of year</i>	<u>\$ 4,058</u>	<u>\$ 20,408</u>	<u>\$ 3,285</u>	<u>\$ 1,248</u>

The accompanying notes are an integral part of these financial statements

<u>Special Revenue</u>		
<u>Lodgers' Tax Fund</u>	<u>Law Enforcement Fund</u>	<u>Library Fund</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
20,245	-	-
-	-	-
-	20,000	4,209
-	-	57
-	-	-
36	-	6
-	-	3,884
<u>20,281</u>	<u>20,000</u>	<u>8,156</u>
18,700	-	-
-	22,180	-
-	-	-
-	-	7,741
-	-	-
-	-	-
<u>18,700</u>	<u>22,180</u>	<u>7,741</u>
<u>1,581</u>	<u>(2,180)</u>	<u>415</u>
-	-	-
-	-	-
<u>-</u>	<u>(5,044)</u>	<u>-</u>
<u>-</u>	<u>(5,044)</u>	<u>-</u>
1,581	(7,224)	415
<u>4,362</u>	<u>14,614</u>	<u>286</u>
<u>\$ 5,943</u>	<u>\$ 7,390</u>	<u>\$ 701</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2006

	Special Revenue			Capital Project	
	Senior Citizen's Fund	Activities Fund	Recycle fund	Ambulance Replacement Fund	Public Works Vehicle Replacement
<i>Revenues:</i>					
Taxes					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Receipts taxes	-	-	-	-	-
Franchise taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
Federal Sources	-	-	-	-	-
State Sources	-	-	-	-	-
Charges for Services	8,423	-	-	-	-
Licenses and Fees	-	-	-	-	-
Investment Income (Loss)	-	105	350	5	267
Miscellaneous	310	-	-	-	-
<i>Total revenues</i>	<u>8,733</u>	<u>105</u>	<u>350</u>	<u>5</u>	<u>267</u>
<i>Expenditures:</i>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Health and Welfare	8,419	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>8,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>314</u>	<u>105</u>	<u>350</u>	<u>5</u>	<u>267</u>
<i>Other financing sources (uses)</i>					
Bond Proceeds	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	314	105	350	5	267
<i>Fund balances - beginning of year</i>	<u>292</u>	<u>3,045</u>	<u>10,623</u>	<u>148</u>	<u>7,460</u>
<i>Fund balances - end of year</i>	<u>\$ 606</u>	<u>\$ 3,150</u>	<u>\$ 10,973</u>	<u>\$ 153</u>	<u>\$ 7,727</u>

The accompanying notes are an integral part of these financial statements

CDBG 2008 Grant	Total Nonmajor Governmental Funds
\$ -	\$ -
-	-
-	20,245
-	-
-	24,209
-	27,748
-	-
-	1,294
-	5,254
<u>-</u>	<u>78,750</u>
-	27,734
-	37,812
-	-
-	7,922
-	8,419
-	-
-	-
<u>-</u>	<u>81,887</u>
<u>-</u>	<u>(3,137)</u>
-	-
-	2,723
<u>-</u>	<u>(5,044)</u>
<u>-</u>	<u>(2,321)</u>
-	(5,458)
<u>100</u>	<u>71,200</u>
<u>\$ 100</u>	<u>\$ 65,742</u>

The accompanying notes are an integral part of these financial statements

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STATE OF NEW MEXICO
Village of Eagle Nest
Local Corrections Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	1,000	1,000	662	(338)
Licenses and Fees	-	1,900	-	(1,900)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	78	78
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,000</u>	<u>2,900</u>	<u>740</u>	<u>(2,160)</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	1,000	2,900	258	2,642
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,000</u>	<u>2,900</u>	<u>258</u>	<u>2,642</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	482	482
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	482	482
<i>Cash Balance - Beginning of Year</i>	-	-	3,576	3,576
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,058</u>	<u>\$ 4,058</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 482	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 482</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Emergency Medical Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	8,000	8,000	11,226	3,226
Licenses and Fees	-	-	-	-
Interest Income	500	500	509	9
Investment Income(Loss)	-	-	307	307
Miscellaneous	-	-	-	-
<i>Total revenues</i>	8,500	8,500	12,042	3,542
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	12,275	12,275	15,374	(3,099)
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	12,275	12,275	15,374	(3,099)
<i>Excess (deficiency) of revenues over expenditures</i>	(3,775)	(3,775)	(3,332)	443
<i>Other financing sources (uses)</i>				
Designated Cash	3,775	3,775	-	(3,775)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	3,775	3,775	-	(3,775)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	(3,332)	(3,332)
<i>Cash Balance - Beginning of Year</i>	-	-	13,407	13,407
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 10,075	\$ 10,075
Net change in cash (Non-GAAP Budgetary basis)			\$ (3,332)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ (3,332)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	61	61
Miscellaneous	350	350	551	201
<i>Total revenues</i>	350	350	612	262
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	200	200	181	19
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	200	200	181	19
<i>Excess (deficiency) of revenues over expenditures</i>	150	150	431	281
<i>Other financing sources (uses)</i>				
Designated Cash	(150)	(150)	-	150
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	(150)	(150)	-	150
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	431	431
<i>Cash Balance - Beginning of Year</i>	-	-	3,285	3,285
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 3,716	\$ 3,716
Net change in cash (Non-GAAP Budgetary basis)			\$ 431	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ 431	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Water Rights Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	125,000	125,000	7,380	(117,620)
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	79	79
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>125,000</u>	<u>125,000</u>	<u>7,459</u>	<u>(117,541)</u>
<i>Expenditures:</i>				
Current:				
General Government	125,000	125,000	9,034	115,966
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>125,000</u>	<u>125,000</u>	<u>9,034</u>	<u>115,966</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,575)</u>	<u>(1,575)</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	2,723	2,723
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>2,723</u>	<u>2,723</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>1,148</u>	<u>1,148</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,248</u>	<u>\$ 1,248</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 1,148	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 1,148</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Lodgers' Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	20,245	\$ 20,245
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	36	36
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>20,281</u>	<u>20,281</u>
<i>Expenditures:</i>				
Current:				
General Government	21,960	21,960	18,700	3,260
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>21,960</u>	<u>21,960</u>	<u>18,700</u>	<u>3,260</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(21,960)</u>	<u>(21,960)</u>	<u>1,581</u>	<u>23,541</u>
<i>Other financing sources (uses)</i>				
Designated Cash	21,960	21,960	-	(21,960)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>21,960</u>	<u>21,960</u>	<u>-</u>	<u>(21,960)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	1,581	1,581
<i>Cash Balance - Beginning of Year</i>	<u>1,760</u>	<u>1,760</u>	<u>3,646</u>	<u>1,886</u>
<i>Cash Balance - End of Year</i>	<u>\$ 1,760</u>	<u>\$ 1,760</u>	<u>\$ 5,227</u>	<u>\$ 3,467</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 1,581	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 1,581</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Law Enforcement Protection Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	20,000	20,000	20,000	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	20,000	20,000	20,000	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	34,100	34,100	22,180	11,920
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	34,100	34,100	22,180	11,920
<i>Excess (deficiency) of revenues over expenditures</i>	(14,100)	(14,100)	(2,180)	11,920
<i>Other financing sources (uses)</i>				
Designated Cash	14,100	14,100	-	(14,100)
Transfers In	-	-	-	-
Transfers Out	(13,800)	13,800	(5,044)	(18,844)
<i>Total other financing sources (uses)</i>	300	27,900	(5,044)	(32,944)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(13,800)	13,800	(7,224)	(21,024)
<i>Cash Balance - Beginning of Year</i>	-	-	14,614	14,614
<i>Cash Balance - End of Year</i>	\$ (13,800)	\$ 13,800	\$ 7,390	\$ (6,410)
Net change in cash (Non-GAAP Budgetary basis)			\$ (7,224)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ (7,224)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Library Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	4,209	4,209
Charges For Services	75	75	57	(18)
Licenses and Fees	-	-	-	-
Interest Income	3,075	3,075	-	(3,075)
Investment Income(Loss)	-	-	6	6
Miscellaneous	-	-	3,884	3,884
<i>Total revenues</i>	3,150	3,150	8,156	5,006
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	12,121	12,121	7,741	4,380
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	12,121	12,121	7,741	4,380
<i>Excess (deficiency) of revenues over expenditures</i>	(8,971)	(8,971)	415	9,386
<i>Other financing sources (uses)</i>				
Designated Cash	8,971	8,971	-	(8,971)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	8,971	8,971	-	(8,971)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	415	415
<i>Cash Balance - Beginning of Year</i>	773	773	908	135
<i>Cash Balance - End of Year</i>	\$ 773	\$ 773	\$ 1,323	\$ 550
Net change in cash (Non-GAAP Budgetary basis)			\$ 415	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ 415	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 Senior Citizens Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	7,000	7,000	8,423	1,423
Licenses and Fees	-	-	-	-
Interest Income	700	700	310	(390)
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	7,700	7,700	8,733	1,033
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	1,205	-	1,205
Health and Welfare	7,700	7,700	8,419	(719)
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	7,700	8,905	8,419	486
<i>Excess (deficiency) of revenues over expenditures</i>	-	(1,205)	314	1,519
<i>Other financing sources (uses)</i>				
Designated Cash	-	1,205	-	(1,205)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	1,205	-	(1,205)
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	314	314
<i>Cash Balance - Beginning of Year</i>	-	-	(408)	(408)
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ (94)	\$ (94)
Net change in cash (Non-GAAP Budgetary basis)			\$ 314	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ 314	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Activities Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	8,654	-	(8,654)
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	105	105
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	8,654	105	(8,549)
<i>Expenditures:</i>				
Current:				
General Government	-	8,654	-	8,654
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	8,654	-	8,654
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	105	105
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	105	105
<i>Cash Balance - Beginning of Year</i>	-	-	3,045	3,045
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 3,150	\$ 3,150
Net change in cash (Non-GAAP Budgetary basis)			\$ 105	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ 105	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 Village of Eagle Nest
 Ambulance Replacement Capital Projects Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	5	5
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	328	-	328
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>328</u>	<u>-</u>	<u>328</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(328)</u>	<u>5</u>	<u>333</u>
<i>Other financing sources (uses)</i>				
Designated Cash	-	328	-	(328)
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>328</u>	<u>-</u>	<u>(328)</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>148</u>	<u>148</u>
<i>Cash Balance - End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153</u>	<u>\$ 153</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 5	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 5</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Public Works Vehicle Replacement Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	267	267
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>267</u>	<u>267</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>267</u>	<u>267</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(3)	(110)	-	110
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3)</u>	<u>(110)</u>	<u>-</u>	<u>110</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(3)</u>	<u>(110)</u>	<u>267</u>	<u>377</u>
<i>Cash Balance - Beginning of Year</i>	<u>(2,175)</u>	<u>(2,175)</u>	<u>7,460</u>	<u>9,635</u>
<i>Cash Balance - End of Year</i>	<u>\$ (2,178)</u>	<u>\$ (2,285)</u>	<u>\$ 7,727</u>	<u>\$ 10,012</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ 267	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in Fund Balance (GAAP basis)			<u>\$ 267</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
CDBG Grant Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	30,000	-	30,000
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	30,000	-	30,000
<i>Excess (deficiency) of revenues over expenditures</i>	-	(30,000)	-	30,000
<i>Other financing sources (uses)</i>				
Designated Cash	(3)	(110)	-	110
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	(3)	(110)	-	110
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	(3)	(30,110)	-	30,110
<i>Cash Balance - Beginning of Year</i>	-	-	100	100
<i>Cash Balance - End of Year</i>	\$ (3)	\$ (30,110)	\$ 100	\$ 30,210
Net change in cash (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Recycle Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	-	-	-	-
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	350	350
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	350	350
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	350	350
<i>Other financing sources (uses)</i>				
Designated Cash	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	-	-	350	350
<i>Cash Balance - Beginning of Year</i>	-	-	10,973	10,973
<i>Cash Balance - End of Year</i>	\$ -	\$ -	\$ 11,323	\$ 11,323
Net change in cash (Non-GAAP Budgetary basis)			\$ 350	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ 350	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Municipal Streets Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Basis)	Final to Actual
<i>Revenues:</i>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Income	(25,000)	(25,000)	22,348	47,348
Charges For Services	-	-	-	-
Licenses and Fees	-	-	-	-
Interest Income	-	-	-	-
Investment Income(Loss)	-	-	-	-
Miscellaneous	26,462	26,462	27,192	730
<i>Total revenues</i>	<u>1,462</u>	<u>1,462</u>	<u>49,540</u>	<u>48,078</u>
<i>Expenditures:</i>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	83,741	113,741	68,240	45,501
Culture and Recreation	-	-	-	-
Health and Welfare	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>83,741</u>	<u>113,741</u>	<u>68,240</u>	<u>45,501</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(82,279)</u>	<u>(112,279)</u>	<u>(18,700)</u>	<u>93,579</u>
<i>Other financing sources (uses)</i>				
Designated Cash	(3)	(110)	-	110
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3)</u>	<u>(110)</u>	<u>-</u>	<u>110</u>
<i>Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)</i>	<u>(82,282)</u>	<u>(112,389)</u>	<u>(18,700)</u>	<u>93,689</u>
<i>Cash Balance - Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>71,461</u>	<u>71,461</u>
<i>Cash Balance - End of Year</i>	<u>\$ (82,282)</u>	<u>\$ (112,389)</u>	<u>\$ 52,761</u>	<u>\$ 165,150</u>
Net change in cash (Non-GAAP Budgetary basis)			\$ (18,700)	
Adjustment to revenue for accruals and other deferrals			(4,930)	
Adjustment to expenditures for payables, prepaids and other accruals			1,297	
Net change in fund balance (GAAP basis)			<u>\$ (22,333)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Eagle Nest
Joint Utility Proprietary Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating revenues:</i>				
Charges for services	\$ -	\$ 108,050	\$ 285,568	\$ 177,518
	-	-	-	-
<i>Total operating revenues</i>	-	108,050	285,568	177,518
<i>Operating expenses:</i>				
Depreciation	-	28,000	27,957	43
Personal services	-	28,449	26,526	1,923
Contractual services	-	140,101	154,638	(14,537)
Supplies and purchased power	-	63,099	15,939	47,160
Maintenance and materials	-	3,450	2,489	961
Miscellaneous	-	5,000	5,743	(743)
Heat, light and power	-	22,000	16,010	5,990
	-	-	-	-
<i>Total operating expenses</i>	-	290,099	249,302	40,797
	-	-	-	-
<i>Operating income (loss)</i>	-	(182,049)	36,266	(145,783)
<i>Non-operating revenues (expenses):</i>				
Taxes	-	-	14,119	(14,119)
Interest expense	-	-	(110)	110
Interest income	-	1,550	875	675
Government contributions	-	-	-	-
Miscellaneous financing costs	-	-	-	-
Miscellaneous income	-	8,789	32	8,757
Transfers Out	-	-	(96,390)	(103,573)
	-	-	-	-
<i>Total non-operating revenues (exp)</i>	-	10,339	(81,474)	(118,110)
	-	-	-	-
<i>Change in net assets</i>	-	(171,710)	(45,208)	(126,502)
	-	-	-	-
<i>Cash, beginning of year</i>	-	71,201	181,019	109,818
	-	-	-	-
<i>Cash, end of year</i>	\$ -	\$ (100,509)	\$ 135,811	\$ (236,320)

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SUPPORTING SCHEDULES

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STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2006

Schedule I

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2006	Name and Location of Safekeeper
Bank of America	FNMA Pool 555424 Cusip 31385XAZO 5.5% Due 5/1/2033	\$ 61,398	Federal Reserve Bank Dallas, Texas
		<u>\$ 61,398</u>	

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

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STATE OF NEW MEXICO
VILLAGE OF EAGLE NEST
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2006

Schedule II

Bank Account Type/Name	Bank of America	International Bank	First National Bank	Total
Checking - General	\$ 151,042	\$ -	\$ -	\$ 151,042
Checking - Beautification	-	517	-	517
Checking - CDBG Grant	-	-	100	100
Checking - Activities fund	-	-	100	100
Checking - Fire Department	57,164	-	-	57,164
Checking - Volunteer fire	47,612	-	-	47,612
	-	-	-	-
Total On Deposit	<u>255,818</u>	<u>517</u>	<u>200</u>	<u>256,535</u>
Reconciling Items	<u>8,371</u>	<u>-</u>	<u>-</u>	<u>8,371</u>
Reconciled Balance at June 30, 2006	<u><u>\$ 247,447</u></u>	<u><u>\$ 517</u></u>	<u><u>\$ 200</u></u>	<u><u>\$ 248,164</u></u>

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

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FIDUCIARY FUNDS

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STATE OF NEW MEXICO
 Village of Eagle Nest
 Schedule of Changes in Assets and Liabilities-Agency Funds
 For The Year Ended June 30, 2006

	<u>Balance</u> <u>July 1, 2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>ASSETS</u>				
Cash	\$ <u>46,400</u>	\$ <u>60,200</u>	\$ <u>49,871</u>	\$ <u>56,729</u>
<u>LIABILITIES</u>				
Deposits held in trust for others	\$ <u>46,400</u>	\$ <u>60,200</u>	\$ <u>49,871</u>	\$ <u>56,729</u>

The accompanying notes are an integral part of these financial statements

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COMPLIANCE SECTION

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

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statements of the general fund and major special revenue funds of the Village of Eagle Nest (the Village), as of and for the year ended June 30, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents and have issued our report thereon dated December 31, 2008. We also have audited the financial statements of each of the Village's non-major governmental funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2006 as listed in the table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Eagle Nest's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Eagle Nest's financial statements that is more than inconsequential will not be prevented or detected by the Village of Eagle Nest's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as FS 2006-01 and FS 2006-02, FS 2006-03, FS 2006-04, FS 2006-05 and FS 2006-06.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Eagle Nest's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider FS 2006-01 and FS 2006-02 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Eagle Nest's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as items FS 2006-01, FS 2006-02, and FS 2006-07.

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

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

Precision Accounting LLC
Albuquerque, New Mexico
December 31, 2008

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STATE OF NEW MEXICO
Village of Eagle Nest
Schedule of Findings and Responses
June 30, 2006

A. FINDINGS

FS 06-01 Late Audit Report

CONDITION: The annual financial and compliance audit for the year ending June 30, 2006 was not submitted to the State Auditor on or before March 2009.

CRITERIA: NMAC 2.2.2.9 requires that the financial and compliance audit of a municipality be completed and submitted to the New Mexico State Auditor on or before December 1.

CAUSE OF CONDITION: The Village's computer hard drive was compromised causing the Village's data to be lost. All computerized records had to be recreated.

EFFECT OF CONDITION: The Village is in violation of NMAC 2.2.2.9 having failed to submit their annual audit by the required date which could jeopardize the Village's eligibility for funding from the State Legislature and Federal agencies.

RECOMMENDATION: We recommend that the Village comply with the regulatory requirements regarding the completion of the financial and compliance.

MANAGEMENT'S RESPONSE: The Village had to recreate the computerized records for an audit. The Village will ensure that future audits are performed timely in compliance with the State Auditor's Rule (NMAC 2.2.2.).

FS-2006-02 Municipal Court Records

CONDITION: The courts were unable to produce records supporting the receipts and expenditures of the court. Certain fees collected by the court must be remitted to the Administrative Office of the Courts.

CRITERIA: The courts are required to keep adequate records in accordance with NMSA Section 12-6-5 NMSA 1978.

EFFECT OF CONDITION: the auditors were not able to determine if the proper fees had been collected nor were we able to verify that the proper amounts had been turned over to the Administrative Office of the Courts.

CAUSE OF CONDITION: The Village did not maintain proper records.

RECOMMENDATION: The Village should maintain proper records and file the correct reports with the State of New Mexico.

MANAGEMENT'S RESPONSE: The Village build and maintain proper records of all receipts and expenditures of the municipal courts in the future.

FS-2006-03 Separation of Duties

CONDITION: The Village finance department consists of one person who posts transactions, reconciles the accounts and verifies the financial transactions.

CRITERIA: NMSA 12-6-5 states that the local entity must have segregation of duties in all transaction cycles.

EFFECT OF CONDITION: The Village has violated the statute mentioned above and may have processed transactions without proper approval or review.

CAUSE OF CONDITION: The Village failed to maintain segregation of duties and had one person performing several different duties.

RECOMMENDATION: We recommend that the Village establish procedures that will provide oversight, segregation of duties, and comply with proper internal controls.

MANAGEMENT'S RESPONSE: The Village has started cross training between Village employees to segregate duties and improve internal control.

STATE OF NEW MEXICO
Village of Eagle Nest
Schedule of Findings and Responses
June 30, 2006

FS-2006-04 Insurance Deductions from Payroll

CONDITION: During our test work, we noted that three of fifteen records tested the Village was withholding insurance premiums without proper written authorization from Village personnel and that certain insurance deductions amounts could not be verified.

CRITERIA: Per state statute NMSA 1978 section 12-6-5 requires that the Village maintain proper payroll records and receive authorization for deducting insurance from employee's checks.

EFFECT OF CONDITION: The Village has withheld insurance premiums without employee authorization.

CAUSE OF CONDITION: Village personnel have not maintained proper documentation in their employee's payroll files.

RECOMMENDATION: The Village needs to review their employee files and update for current payroll withholding authorization.

MANAGEMENT'S RESPONSE: The Village personnel will review the employee files and make sure that all required documentation is in the file.

FS-2006-05 Lack of Depreciation Expense by Function

CONDITION: The Village has a depreciation schedule which includes all assets and current depreciation expense. However, the schedule does not provide total depreciation expense by function.

CRITERIA: Accounting standards applicable to governmental entities requires depreciation expense be maintained by function.

EFFECT OF CONDITION: Depreciation is recorded as unallocated and as a single line item on the Statement of Activities instead of being shown by function.

CAUSE OF CONDITION: The Village has had their depreciation accrual calculated by an outside accounting firm which did not provide totals by function.

RECOMMENDATION: We recommend that the Village take over the responsibility of calculating depreciation accruals and provide sub-totals by function.

MANAGEMENTS RESPONSE: The Village will take over and properly maintain the depreciation schedules.

FS-2006-06 Accounting System Crash

CONDITION: The Village's accounting system software crashed in December, 2005. The accounting system was not properly backed up and the Village lost the first six months of accounting data.

CRITERIA: Good internal control (Section 12-6-5 NMSA 1978) requires that accounting systems be back up procedures be performed regularly and that back-up systems be tested periodically.

EFFECT: The Village lost its entire computer accounting records for the first six months of the fiscal year 2005-2006 and was required to re-enter all of the accounting data.

CAUSE: The Village did not have a standard operating procedure requiring periodic back-up nor did the Village ever back-up its accounting system.

RECOMMENDATION: We recommend that the Villager adopt standard operating procedures to back-up the computer system and data on a periodic basis. We further recommend that the back-up data be stored off-site

MANAGEMENTS RESPONSE: The Village has implemented a backup system to ensure that such an event does not occur in the future.

STATE OF NEW MEXICO
Village of Eagle Nest
Other Disclosures
June 30, 2006

FS-2006-07 Excess Expenditures over budget

CONDITION: During our test work of budgeted and actual expenditures, we noted budget overspending in the Emergency Medical Services fund as noted in note 9 to the financial statements.

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

EFFECT: The Village has violated State Statutes and DFA regulations related to budgetary process.

CAUSE: Although the Village prepared year end budget adjustments, they did not take into effect the expenses that the auditors located during their search for unrecorded liabilities. Entries made to Accounts payable after year end to record expenses in the proper period may cause a budget to be exceeded. As a result of the adjustments, the Village did not have adequate budgetary controls, thereby allowing expenditures to exceed budgetary authority.

RECOMMENDATION: We recommend that the Village implement controls to monitor spending in conjunction with approved budgets. For two months after year end, the Village should document all expenses paid to determine if they are a prior year expense or a current year expense. Once they have completed this process, the budget adjustments should be completed to ensure that budgetary authority is not exceeded due to items in accounts payable.

MANAGEMENTS RESPONSE: The Village will closely monitor expenditures to ensure that the budget is not overspent.

B. PRIOR YEAR AUDIT FINDINGS

None

STATE OF NEW MEXICO
Village of Eagle Nest
Other Disclosures
June 30, 2006

A. AUDITOR PREPARED FINANCIAL STATEMENTS

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

B. EXIT CONFERENCE

The contents of this report were discussed on December 18, 2008 and again on February 23, 2009. The following individuals were in attendance.

Village of Eagle Nest
Billy Odum, Mayor
Lynda Perry, Village Administrator
Cathy Coppy, Village Finance Officer

Precision Accounting LLC
Melissa R. Santistevan, CPA
C. Jack Emmons, CPA, CFE