# Village of Ruidoso

State of New Mexico

# Annual Financial Report

## June 30, 2012

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**INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**
Village of Ruidoso
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June 30, 2012


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**STATE OF NEW MEXICO**
Village of Ruidoso
Official Roster
June 30, 2012

**Village Council**

| Name | Title |
|---|---|
| Gus Raymond Alborn | Mayor |
| Rafael "Rifle" Salas | Mayor Pro Tem |
| Gloria Sayers | Councilor |
| Lynn D. Crawford | Councilor |
| Denise Dean | Councilor |
| James A. Stoddard | Councilor |
| Joseph W. Eby | Councilor |

**Administration**

| | |
|---|---|
| Debi Lee | Village Manager |
| Nancy Klingman | Director of Finance |

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**FINANCIAL SECTION**

**Accounting & Consulting Group, LLP**
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Hector Balderas
New Mexico State Auditor,
Village Manager, Mayor and
Village Council Members
Village of Ruidoso
Ruidoso, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the budgetary comparisons for the general fund and major special revenue funds and the aggregate remaining fund information of the Village of Ruidoso (the Village) as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds, the budgetary comparisons for the major capital projects fund, proprietary funds, and the respective budgetary comparisons for the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the Village'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 from material misstatement. An audit includes consideration of internal controls 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 agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, 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 nonmajor governmental fund as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with the budgetary basis of accounting as prescribed in the New Mexico Administrative Code, as more fully described in Note 2 to the financial statements, which is a comprehensive basis of accounting other than 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 April 3, 2013 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as Supporting Schedules I through IV in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, NM
April 3, 2013

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**BASIC**
**FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**
Village of Ruidoso
Statement of Net Assets
June 30, 2012

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Unit |
| **Assets** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ 11,024,904 | $ 2,318,033 | $ 13,342,937 | $ 1,906,997 |
| Investments | 2,977,262 | 6,149,851 | 9,127,113 | 1,345,101 |
| Receivables: | | | | |
| Property taxes receivable | 165,462 | - | 165,462 | - |
| Other taxes receivable | 1,281,044 | 422,187 | 1,703,231 | - |
| Other receivables | 39,734 | - | 39,734 | 216,319 |
| Customer receivables | - | 217,034 | 217,034 | 107,094 |
| Prepaids | 6,443 | 3,712 | 10,155 | - |
| Inventory | 261,622 | 591,818 | 853,440 | 52,435 |
| Total current assets | 15,756,471 | 9,702,635 | 25,459,106 | 3,627,946 |
| Noncurrent assets | | | | |
| Restricted cash and cash equivalents | 463,050 | 810,723 | 1,273,773 | - |
| Capital assets | 65,686,223 | 10,398,015 | 76,084,238 | 22,463,734 |
| Less: accumulated depreciation | (28,513,781) | (5,154,333) | (33,668,114) | (890,407) |
| Bond issuance costs, net | 137,902 | 257,321 | 395,223 | - |
| Total noncurrent assets | 37,773,394 | 6,311,726 | 44,085,120 | 21,573,327 |
| Total assets | $ 53,529,865 | $ 16,014,361 | $ 69,544,226 | $ 25,201,273 |

The accompanying notes are an integral part of these financial statements

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Unit |
| **Liabilities** | | | | |
| Current liabilities | | | | |
| Accounts payable | $ 508,654 | $ 667,453 | $ 1,176,107 | $ 75,180 |
| Accrued payroll expenses | 390,927 | 190,247 | 581,174 | 27,818 |
| Accrued compensated absences | 404,625 | 132,262 | 536,887 | 27,467 |
| Accrued interest | 272,810 | 8,304 | 281,114 | 293,470 |
| Meter deposits | - | 448,334 | 448,334 | - |
| Current portion of bonds and notes payable | 1,002,848 | 416,157 | 1,419,005 | 170,960 |
| Total current liabilities | 2,579,864 | 1,862,757 | 4,442,621 | 594,895 |
| Noncurrent liabilities | | | | |
| Bond premiums, net | 67,883 | - | 67,883 | - |
| Bonds and notes payable | 16,758,912 | 2,719,750 | 19,478,662 | 9,478,188 |
| Total noncurrent liabilities | 16,826,795 | 2,719,750 | 19,546,545 | 9,478,188 |
| Total liabilities | 19,406,659 | 4,582,507 | 23,989,166 | 10,073,083 |
| **Net Assets** | | | | |
| Invested in capital assets, net of related debt | 19,410,682 | 2,107,775 | 21,518,457 | 11,924,179 |
| Restricted for: | | | | |
| Debt service | 463,050 | 362,389 | 825,439 | - |
| Capital projects | 6,274,065 | - | 6,274,065 | - |
| Special revenue | 4,828,161 | - | 4,828,161 | - |
| Unrestricted | 3,147,248 | 8,961,690 | 12,108,938 | 3,204,011 |
| Total net assets | 34,123,206 | 11,431,854 | 45,555,060 | 15,128,190 |
| Total liabilities and net assets | $ 53,529,865 | $ 16,014,361 | $ 69,544,226 | $ 25,201,273 |

**STATE OF NEW MEXICO**
Village of Ruidoso
Statement of Activities
For the Year Ended June 30, 2012

| Functions/Programs | | Program Revenues | | |
|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| **Primary Government** | | | | |
| **Governmental Activities:** | | | | |
| General government | $ 4,498,989 | $ 824,724 | $ 600,914 | $ - |
| Public safety | 5,217,871 | 31,642 | 439,536 | 991,396 |
| Public works | 2,995,905 | 120,845 | - | - |
| Culture and recreation | 2,840,425 | 165,154 | - | - |
| Health and welfare | 929,432 | - | - | - |
| Interest on long-term debt | 805,733 | - | - | - |
| *Total governmental activities* | 17,288,355 | 1,142,365 | 1,040,450 | 991,396 |
| **Business-type Activities:** | | | | |
| Utility | 5,821,924 | 3,903,344 | 201,600 | - |
| Airport | 1,767,720 | 998,694 | 144,422 | - |
| Solid Waste | 2,714,300 | 2,183,061 | - | - |
| *Total business-type activities* | 10,303,944 | 7,085,099 | 346,022 | - |
| *Total primary government* | $ 27,592,299 | $ 8,227,464 | $ 1,386,472 | $ 991,396 |
| **Component Unit** | | | | |
| Regional Wastewater Treatment Plant | $ 3,033,506 | $ 3,579,807 | $ - | $ - |

**General Revenues:**
Taxes:
Property taxes, levied for general purposes
Gross receipts taxes
Gasoline and motor vehicle taxes
Other taxes
Investment income
Miscellaneous income
Transfers from (to) component unit
Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets, beginning
Restatement (Note 14)
Net assets, beginning as restated

Net assets, ending

The accompanying notes are an integral part of these financial statements

**Net (Expense) Revenue and Changes in Net Assets**

| Primary Government | | | |
|---|---|---|---|
| Governmental Activities | Business Type Activities | Total | Component Unit |
| $ (3,073,351) | $ - | $ (3,073,351) | |
| (3,755,297) | - | (3,755,297) | |
| (2,875,060) | - | (2,875,060) | |
| (2,675,271) | - | (2,675,271) | |
| (929,432) | - | (929,432) | |
| (805,733) | - | (805,733) | |
| (14,114,144) | - | (14,114,144) | |
| - | (1,716,980) | (1,716,980) | |
| - | (624,604) | (624,604) | |
| - | (531,239) | (531,239) | |
| - | (2,872,823) | (2,872,823) | |
| (14,114,144) | (2,872,823) | (16,986,967) | |
| - | - | - | $ 546,301 |
| 2,239,705 | - | 2,239,705 | - |
| 6,535,365 | 2,882,029 | 9,417,394 | 1,271,545 |
| 216,448 | - | 216,448 | - |
| 1,793,912 | - | 1,793,912 | - |
| 5,204 | 11,480 | 16,684 | 2,712 |
| 905,197 | 336,502 | 1,241,699 | 1,663 |
| 545,423 | (21,972,014) | (21,426,591) | 21,426,591 |
| 40,628 | (40,628) | - | - |
| 12,281,882 | (18,782,631) | (6,500,749) | 22,702,511 |
| (1,832,262) | (21,655,454) | (23,487,716) | 23,248,812 |
| 49,632,476 | 42,503,679 | 92,136,155 | (4,223,947) |
| (13,677,008) | (9,416,371) | (23,093,379) | (3,896,675) |
| 35,955,468 | 33,087,308 | 69,042,776 | (8,120,622) |
| $ 34,123,206 | $ 11,431,854 | $ 45,555,060 | $ 15,128,190 |

**STATE OF NEW MEXICO**
Village of Ruidoso
Balance Sheet
Governmental Funds
June 30, 2012

| | General Fund | GO Bond RWWTP | Lodger's Tax | Impact Fee |
|---|---|---|---|---|
| *Assets* | | | | |
| Cash and cash equivalents | $ 1,383,242 | $ 6,274,065 | $ 812,612 | $ 1,486,952 |
| Investments | 2,218,549 | - | - | 758,713 |
| Receivables: | | | | |
| Property taxes | 165,462 | - | | |
| Other taxes receivable | 884,231 | - | 104,239 | - |
| Other receivables | 39,734 | - | - | - |
| Inventory | 261,622 | - | - | - |
| Prepaid expenses | 3,792 | - | - | - |
| *Total assets* | $ 4,956,632 | $ 6,274,065 | $ 916,851 | $ 2,245,665 |
| *Liabilities and fund balances* | | | | |
| *Liabilities* | | | | |
| Accounts payable | $ 345,568 | $ - | $ 30,339 | $ 61,250 |
| Accrued payroll expenses | 375,937 | - | - | - |
| Deferred property tax revenue | 137,781 | - | - | - |
| *Total liabilities* | 859,286 | - | 30,339 | 61,250 |
| *Fund balances* | | | | |
| Nonspendable | 265,414 | - | - | - |
| Spendable | | | | |
| Restricted | | | | |
| General government | - | - | - | 2,184,415 |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | 886,512 | - |
| Health and Welfare | - | - | - | - |
| Capital projects | - | 6,274,065 | - | - |
| Committed: | | | | |
| Minimum fund balance | 990,871 | - | - | - |
| Unassigned | 2,841,061 | - | - | - |
| *Total fund balances* | 4,097,346 | 6,274,065 | 886,512 | 2,184,415 |
| *Total liabilities and fund balances* | $ 4,956,632 | $ 6,274,065 | $ 916,851 | $ 2,245,665 |

The accompanying notes are an integral part of these financial statements

| Other Governmental Funds | Total |
|---|---|
| $ 1,531,083 | $ 11,487,954 |
| - | 2,977,262 |
| - | 165,462 |
| 292,574 | 1,281,044 |
| - | 39,734 |
| - | 261,622 |
| 2,651 | 6,443 |
| $ 1,826,308 | $ 16,219,521 |
| $ 71,497 | $ 508,654 |
| 14,990 | 390,927 |
| - | 137,781 |
| 86,487 | 1,037,362 |
| 2,651 | 268,065 |
| 498,268 | 2,682,683 |
| 353,720 | 353,720 |
| 359,556 | 359,556 |
| 5,704 | 892,216 |
| 539,986 | 539,986 |
| - | 6,274,065 |
| - | 990,871 |
| (20,064) | 2,820,997 |
| 1,739,821 | 15,182,159 |
| $ 1,826,308 | $ 16,219,521 |

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**STATE OF NEW MEXICO**
Village of Ruidoso
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2012

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

| | | |
|---|---|---|
| Fund balances - total governmental funds | $ | 15,182,159 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | | 37,172,442 |
| Bond issuance costs used in governmental activities are not financial resources and, therefore, are not reported in the funds | | 137,902 |
| Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities | | 137,781 |
| Other revenues not collected within sixty days after year end are not considered "available" revenues and are deferred revenues in the fund financial statements | | |
| Certain liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds | | |
| Accrued interest | | (272,810) |
| Bond premiums | | (67,883) |
| Accrued compensated absences | | (404,625) |
| Bonds and notes payable | | (17,761,760) |
| Net assets of governmental activities | $ | 34,123,206 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**
Village of Ruidoso
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

| | General | GO Bond RWWTP | Lodger's Tax | Impact Fee |
|---|---|---|---|---|
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ 2,249,620 | $ - | $ - | $ - |
| Gross receipts | 4,774,272 | - | - | - |
| Gasoline and motor vehicle | 68,543 | - | - | - |
| Other taxes | 433,227 | - | 1,360,685 | - |
| Intergovernmental | | | | |
| Federal operating grants | 63,688 | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | 172,269 | - | - | - |
| Charges for services | 348,025 | - | - | - |
| Licenses and fees | 341,846 | - | - | 120,845 |
| Fines, forfeitures, and penalties | 119,890 | - | - | |
| Investment income | - | 1,539 | 1,984 | 1,094 |
| Miscellaneous | 877,485 | - | - | 128 |
| *Total revenues* | 9,448,865 | 1,539 | 1,362,669 | 122,067 |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | 2,801,911 | - | - | 25,091 |
| Public safety | 4,774,013 | - | - | - |
| Public works | 1,853,531 | 697,571 | 941,025 | - |
| Culture and recreation | 1,428,770 | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | 194,466 | 141,384 | - | 36,299 |
| Debt service: | | | | |
| Principal | 520,000 | - | 1,001,492 | - |
| Interest | 466,584 | - | 88,528 | - |
| *Total expenditures* | 12,039,275 | 838,955 | 2,031,045 | 61,390 |
| *Excess (deficiency) of revenues over expenditures* | (2,590,410) | (837,416) | (668,376) | 60,677 |
| *Other financing sources (uses)* | | | | |
| Transfers from component unit | 545,423 | - | - | - |
| Transfers in | 1,371,821 | - | - | - |
| Transfers out | (209,479) | (48,411) | (53,898) | - |
| *Total other financing sources (uses)* | 1,707,765 | (48,411) | (53,898) | - |
| *Net change in fund balance* | (882,645) | (885,827) | (722,274) | 60,677 |
| *Fund balance - beginning of year* | 4,207,667 | 7,230,957 | 1,369,233 | 2,123,738 |
| *Restatement (Note 14)* | 772,324 | (71,065) | 239,553 | - |
| *Fund balances - beginning of year, restated* | 4,979,991 | 7,159,892 | 1,608,786 | 2,123,738 |
| *Fund balance - end of year* | $ 4,097,346 | $ 6,274,065 | $ 886,512 | $ 2,184,415 |

The accompanying notes are an integral part of these financial statements

| Other Governmental Funds | Total |
|---|---|
| $ - | $ 2,249,620 |
| 1,761,093 | 6,535,365 |
| 147,905 | 216,448 |
| - | 1,793,912 |
| - | 63,688 |
| 991,396 | 991,396 |
| 804,493 | 976,762 |
| 165,154 | 513,179 |
| 46,605 | 509,296 |
| - | 119,890 |
| 587 | 5,204 |
| 27,584 | 905,197 |
| 3,944,817 | 14,879,957 |
| 29,045 | 2,856,047 |
| 354,592 | 5,128,605 |
| 374,427 | 3,866,554 |
| 385,187 | 1,813,957 |
| 929,432 | 929,432 |
| - | 372,149 |
| 511,591 | 2,033,083 |
| 192,218 | 747,330 |
| 2,776,492 | 17,747,157 |
| 1,168,325 | (2,867,200) |
| - | 545,423 |
| 244,267 | 1,616,088 |
| (1,263,672) | (1,575,460) |
| (1,019,405) | 586,051 |
| 148,920 | (2,281,149) |
| 1,287,545 | 16,219,140 |
| 303,356 | 1,244,168 |
| 1,590,901 | 17,463,308 |
| $ 1,739,821 | $ 15,182,159 |

**STATE OF NEW MEXICO**
Village of Ruidoso
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Net change in fund balances - total governmental funds | $ | (2,281,149) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: | | |
| Capital expenditures recorded in capital outlay | | 372,149 |
| Depreciation expense | | (2,048,075) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds: | | |
| Decrease in deferred revenue | | (9,915) |
| Expenses reported in the statement of activities that do require the use of current financial resources and therefore are not reported as expenditures in the governmental funds: | | |
| Decrease in accrued compensated absences | | 163,808 |
| Increase in accrued interest | | (55,301) |
| 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 premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities: | | |
| Amortization of bond issuance costs | | (3,760) |
| Amortization of bond premiums and discounts | | (3,102) |
| Principal payments on bonds and notes payable | | 2,033,083 |
| Change in net assets of governmental activities | $ | (1,832,262) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Exhibit C-1

Village of Ruidoso
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes | | | | |
| Property | $ 2,099,706 | $ 2,218,898 | $ 2,252,583 | $ 33,685 |
| Gross receipts | 4,500,000 | 4,515,000 | 4,750,321 | 235,321 |
| Gasoline and motor vehicle | 58,000 | 58,000 | 64,046 | 6,046 |
| Other | 395,000 | 395,000 | 413,151 | 18,151 |
| Intergovernmental income: | | | | |
| Federal operating grants | 256,772 | 224,000 | 63,688 | (160,312) |
| State operating grants | 140,943 | 148,443 | 150,095 | 1,652 |
| Charges for services | 387,337 | 387,337 | 342,465 | (44,872) |
| Licenses and fees | 350,200 | 350,200 | 342,046 | (8,154) |
| Fines, forfeitures and penalties | 148,000 | 148,000 | 119,890 | (28,110) |
| Miscellaneous | 831,066 | 821,066 | 865,485 | 44,419 |
| *Total revenues* | 9,167,024 | 9,265,944 | 9,363,770 | 97,826 |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | 2,293,529 | 2,331,497 | 2,118,056 | 213,441 |
| Public safety | 5,022,081 | 5,198,008 | 4,814,867 | 383,141 |
| Public works | 2,221,447 | 2,220,337 | 1,694,803 | 525,534 |
| Culture and recreation | 1,417,149 | 1,394,259 | 1,334,181 | 60,078 |
| Capital outlay | 654,595 | 746,348 | 568,659 | 177,689 |
| Debt service: | | | | |
| Principal | - | - | 520,000 | (520,000) |
| Interest | - | - | 222,742 | (222,742) |
| *Total expenditures* | 11,608,801 | 11,890,449 | 11,273,308 | 617,141 |
| *Excess (deficiency) of revenues over expenditures* | (2,441,777) | (2,624,505) | (1,909,538) | 714,967 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | (152,668) | 30,060 | - | (30,060) |
| Transfers in | 2,857,278 | 2,857,278 | 1,673,402 | (1,183,876) |
| Transfers out | (262,833) | (262,833) | (209,479) | 53,354 |
| *Total other financing sources (uses)* | 2,441,777 | 2,624,505 | 1,463,923 | (1,160,582) |
| *Net change in fund balance* | - | - | (445,615) | (445,615) |
| *Fund balance - beginning of year* | - | - | 3,275,082 | 3,275,082 |
| *Fund balance - end of year* | $ - | $ - | $ 3,601,791 | $ 3,601,791 |

| | |
|---|---|
| Net change in fund balance (non-GAAP budgetary basis) | $ (445,615) |
| Adjustments to revenues for receivables, deferred property tax revenue and debt proceeds | 328,937 |
| Adjustments to expenditures for prepaid expenses, accounts payable and accrued payroll | (765,967) |
| Net change in fund balance (GAAP) | $ (882,645) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Exhibit C-2

Village of Ruidoso
Lodger's Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | 1,156,000 | 1,156,000 | 1,301,475 | 145,475 |
| Intergovernmental income: | | | | |
| Federal operating grants | - | - | - | - |
| State operating grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Fines, forfeitures and penalties | - | - | - | - |
| Miscellaneous | 986,110 | 1,340,048 | 1,984 | (1,338,064) |
| *Total revenues* | 2,144,110 | 2,498,048 | 1,303,459 | (1,194,589) |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | 1,868,557 | 1,269,179 | 926,531 | 342,648 |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | 210,655 | 1,072,971 | 1,001,492 | 71,479 |
| Interest | - | - | 88,528 | (88,528) |
| *Total expenditures* | 2,079,212 | 2,342,150 | 2,016,551 | 325,599 |
| *Excess (deficiency) of revenues over expenditures* | 64,898 | 155,898 | (713,092) | (868,990) |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | (1,000) | (92,000) | - | 92,000 |
| Transfers in | - | - | - | - |
| Transfers out | (63,898) | (63,898) | (53,898) | 10,000 |
| *Total other financing sources (uses)* | (64,898) | (155,898) | (53,898) | 102,000 |
| *Net change in fund balance* | - | - | (766,990) | (766,990) |
| *Fund balance - beginning of year* | - | - | 1,579,602 | 1,579,602 |
| *Fund balance - end of year* | $ - | $ - | $ 812,612 | $ 812,612 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ (766,990) |
| Adjustments to revenues for other taxes receivable | | | | 59,210 |
| Adjustments to expenditures for accounts payable | | | | (14,494) |
| Net change in fund balance (GAAP) | | | | $ (722,274) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Exhibit C-3

Village of Ruidoso
Impact Fees Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental income: | | | | |
| Federal operating grants | - | - | - | - |
| State operating grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | 113,253 | 180,753 | 120,845 | (59,908) |
| Fines, forfeitures and penalties | - | - | - | - |
| Miscellaneous | 1,001,290 | 1,000,000 | 1,222 | (998,778) |
| *Total revenues* | 1,182,043 | 1,182,043 | 122,067 | (1,059,976) |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | 140 | (140) |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | 43,528 | - | 43,528 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | - | 43,528 | 140 | 43,388 |
| *Excess (deficiency) of revenues over expenditures* | 1,182,043 | 1,138,515 | 121,927 | (1,016,588) |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | (1,152,043) | (1,108,515) | - | 1,108,515 |
| Transfers in | - | - | - | - |
| Transfers out | (30,000) | (30,000) | - | 30,000 |
| *Total other financing sources (uses)* | (1,182,043) | (1,138,515) | - | 1,138,515 |
| *Net change in fund balance* | - | - | 121,927 | 121,927 |
| *Fund balance - beginning of year* | - | - | 2,123,738 | 2,123,738 |
| *Fund balance - end of year* | $ - | $ - | $ 2,245,665 | $ 2,245,665 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ 121,927 |
| No adjustments to revenues | | | | - |
| Adjustments to expenditures for accounts payable | | | | (61,250) |
| Net change in fund balance (GAAP) | | | | $ 60,677 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Exhibit D-1

Village of Ruidoso
Statement of Net Assets
Proprietary Funds
June 30, 2012

| | Utility | Airport | Solid Waste | Total |
|---|---|---|---|---|
| *Assets* | | | | |
| *Current assets* | | | | |
| Cash and cash equivalents | $ 1,065,205 | $ 539,971 | $ 712,857 | $ 2,318,033 |
| Investments | 6,149,851 | - | - | 6,149,851 |
| Receivables: | | | | |
| Other taxes | 398,614 | - | 23,573 | 422,187 |
| Customer receivables | 148,034 | - | 69,000 | 217,034 |
| Prepaids | - | 3,712 | - | 3,712 |
| Inventory | 352,269 | 157,371 | 82,178 | 591,818 |
| Due from other funds | - | - | 633 | 633 |
| *Total current assets* | 8,113,973 | 701,054 | 888,241 | 9,703,268 |
| *Noncurrent assets* | | | | |
| Restricted cash and cash equivalents | 672,334 | - | 138,389 | 810,723 |
| Capital assets | 1,908,830 | 4,407,904 | 4,081,281 | 10,398,015 |
| Accumulated depreciation | (1,130,004) | (2,192,380) | (1,831,949) | (5,154,333) |
| Bond issuance costs, net | 254,586 | - | 2,735 | 257,321 |
| *Total noncurrent assets* | 1,705,746 | 2,215,524 | 2,390,456 | 6,311,726 |
| *Total Assets* | $ 9,819,719 | $ 2,916,578 | $ 3,278,697 | $ 16,014,994 |
| *Liabilities and Net Assets* | | | | |
| *Liabilities* | | | | |
| *Current liabilities* | | | | |
| Accounts payable | $ 232,304 | $ 314,981 | $ 120,168 | $ 667,453 |
| Accrued payroll expenses | 101,163 | 13,110 | 75,974 | 190,247 |
| Accrued compensated absences | 74,010 | 7,984 | 50,268 | 132,262 |
| Meter deposits | 448,334 | - | - | 448,334 |
| Due to other funds | 633 | - | - | 633 |
| Accrued interest payable | 6,904 | - | 1,400 | 8,304 |
| Bonds and notes payable | 175,000 | 17,700 | 223,457 | 416,157 |
| *Total current liabilities* | 1,038,348 | 353,775 | 471,267 | 1,863,390 |
| *Noncurrent liabilities* | | | | |
| Bonds and notes payable | 2,705,000 | 14,750 | - | 2,719,750 |
| *Total noncurrent liabilities* | 2,705,000 | 14,750 | - | 2,719,750 |
| *Total liabilities* | 3,743,348 | 368,525 | 471,267 | 4,583,140 |
| *Net Assets* | | | | |
| Invested in capital assets, net of related debt | (2,101,174) | 2,183,074 | 2,025,875 | 2,107,775 |
| Restricted for debt service | 224,000 | - | 138,389 | 362,389 |
| Unrestricted net assets | 7,953,545 | 364,979 | 643,166 | 8,961,690 |
| *Total net assets* | 6,076,371 | 2,548,053 | 2,807,430 | 11,431,854 |
| *Total Liabilities and Net Assets* | $ 9,819,719 | $ 2,916,578 | $ 3,278,697 | $ 16,014,994 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Exhibit D-2

Village of Ruidoso

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2012

| | Utility | Airport | Solid Waste | Total |
|---|---|---|---|---|
| *Operating revenues:* | | | | |
| Charges for services | $ 3,903,344 | $ 998,694 | $ 2,183,061 | $ 7,085,099 |
| *Total operating revenues* | 3,903,344 | 998,694 | 2,183,061 | 7,085,099 |
| *Operating expenses:* | | | | |
| General and administrative | 619,311 | 753,922 | 835,371 | 2,208,604 |
| Personnel services | 2,024,643 | 347,518 | 974,399 | 3,346,560 |
| Contractual services | 1,006,633 | 64,313 | 79,995 | 1,150,941 |
| Supplies and purchased power | 191,536 | 5,775 | 16,708 | 214,019 |
| Maintenance and materials | 1,138,228 | 294,020 | 327,496 | 1,759,744 |
| Utilities | 498,103 | 76,428 | 44,851 | 619,382 |
| Depreciation | 180,872 | 225,744 | 421,567 | 828,183 |
| Miscellaneous | 9,874 | - | - | 9,874 |
| *Total operating expenses* | 5,669,200 | 1,767,720 | 2,700,387 | 10,137,307 |
| *Operating income (loss)* | (1,765,856) | (769,026) | (517,326) | (3,052,208) |
| *Non-operating revenues (expenses):* | | | | |
| Intergovernmental grants | 201,600 | 144,422 | - | 346,022 |
| Interest income | 11,285 | 195 | - | 11,480 |
| Interest expense | (152,724) | - | (13,913) | (166,637) |
| Gross receipts tax revenue | 2,723,086 | - | 158,943 | 2,882,029 |
| Miscellaneous | 326,710 | - | 9,792 | 336,502 |
| *Total non-operating revenues (expenses)* | 3,109,957 | 144,617 | 154,822 | 3,409,396 |
| Transfers in | - | 1,176,998 | - | 1,176,998 |
| Transfers out | (735,469) | (321,065) | (161,092) | (1,217,626) |
| Transfer to component unit | (21,972,014) | - | - | (21,972,014) |
| *Net transfers* | (22,707,483) | 855,933 | (161,092) | (22,012,642) |
| *Change in net assets* | (21,363,382) | 231,524 | (523,596) | (21,655,454) |
| *Beginning net assets, as previously stated* | 31,221,297 | 8,547,590 | 2,734,792 | 42,503,679 |
| *Restatement (see note 14)* | (3,781,544) | (6,231,061) | 596,234 | (9,416,371) |
| *Beginning net assets, as restated* | 27,439,753 | 2,316,529 | 3,331,026 | 33,087,308 |
| *Net assets, end of year* | $ 6,076,371 | $ 2,548,053 | $ 2,807,430 | $ 11,431,854 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**
Village of Ruidoso
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

| | Utility | Airport | Solid Waste |
|---|---|---|---|
| *Cash flows from operating activities:* | | | |
| Cash received from user charges | $ 4,308,606 | $ 998,694 | $ 2,306,262 |
| Cash payments to employees for services | (2,608,517) | (1,105,426) | (1,790,334) |
| Cash payments to suppliers for goods and services | (2,783,558) | (200,924) | (353,564) |
| *Net cash provided (used) by operating activities* | (1,083,469) | (307,656) | 162,364 |
| *Cash flows from noncapital financing activities:* | | | |
| Intergovernmental grants | 201,600 | 144,422 | - |
| Gross receipts taxes received | 2,324,472 | - | 349,667 |
| Miscellaneous income | 326,710 | - | 9,792 |
| Internal transfers and loans | (734,836) | 855,933 | (161,092) |
| *Net cash provided by noncapital financing activities* | 2,117,946 | 1,000,355 | 198,367 |
| *Cash flows from capital and related financing activities:* | | | |
| Acquisition of capital assets | (84,027) | (230,397) | |
| Bond issuance cost | (114,799) | - | - |
| Principal paid on capital debt | (120,000) | (17,700) | (215,507) |
| Interest paid on capital debt | (160,551) | - | (15,235) |
| *Net cash (used) by capital and related financing activities* | (479,377) | (248,097) | (230,742) |
| *Cash flows from investing activities:* | | | |
| Interest on investments | 11,285 | - | - |
| Proceeds from sale of investments | 194,205 | - | - |
| *Net cash provided by investing activities* | 205,490 | - | - |
| *Net increase in cash and cash equivalents* | 760,590 | 444,602 | 129,989 |
| *Cash and cash equivalents - beginning of year* | 976,949 | 95,369 | 583,458 |
| *Cash restatement (Note 14)* | - | - | 137,799 |
| *Cash and cash equivalents - beginning of year, restated* | 976,949 | 95,369 | 721,257 |
| *Cash and cash equivalents - end of year* | $ 1,737,539 | $ 539,971 | $ 851,246 |
| *Reconciliation of operating (loss) to net cash provided (used) by operating activities:* | | | |
| Operating (loss) | $ (1,765,856) | $ (769,026) | $ (517,326) |
| Adjustments to reconcile operating (loss) to net cash (used) by operating activities: | | | |
| Depreciation | 180,872 | 225,744 | 421,567 |
| Changes in assets and liabilities: | | | |
| Receivables | 405,262 | - | 123,201 |
| Inventory | (164,132) | (67,841) | 1,757 |
| Prepaid expenses | - | 43 | - |
| Accounts payable | 209,108 | 307,410 | 113,729 |
| Accrued payroll expenses | 45,149 | 4,245 | 50,193 |
| Accrued compensated absences | (9,712) | (8,231) | (30,757) |
| Meter other refundable deposits | 15,840 | - | - |
| *Net cash provided (used) by operating activities* | $ (1,083,469) | $ (307,656) | $ 162,364 |

The accompanying notes are an integral part of these financial statements

| | Total |
|---|---|
| $ | 7,613,562 |
| | (5,504,277) |
| | (3,338,046) |
| | (1,228,761) |
| | |
| | 346,022 |
| | 2,674,139 |
| | 336,502 |
| | (39,995) |
| | |
| | 3,316,668 |
| | |
| | (314,424) |
| | (114,799) |
| | (353,207) |
| | (175,786) |
| | |
| | (958,216) |
| | |
| | 11,285 |
| | 194,205 |
| | 205,490 |
| | 1,335,181 |
| | 1,655,776 |
| | 137,799 |
| | 1,793,575 |
| $ | 3,128,756 |
| | |
| $ | (3,052,208) |
| | |
| | 828,183 |
| | |
| | 528,463 |
| | (230,216) |
| | 43 |
| | 630,247 |
| | 99,587 |
| | (48,700) |
| | 15,840 |
| $ | (1,228,761) |

**STATE OF NEW MEXICO**
Village of Ruidoso
Statement of Cash Flows
Supplemental Non-Cash Disclosures
Proprietary Funds
For the Year Ended June 30, 2012

1) The Village refunded bonds of $2,380,000 in the Joint Utility Fund during fiscal year 2012, but no cash was received or paid.

2) The Village refinanced notes payable of $520,284 in the Joint Utility Fund during fiscal year 2012, but no cash was received or paid.

3) The Village financed $49,716 in closing costs in the Joint Utility Fund during fiscal year 2012, but no cash was received or paid.

**STATE OF NEW MEXICO** Exhibit E-1

Village of Ruidoso

Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2012

| | |
|---|---|
| *Assets* | |
| Cash | $ 3,084 |
| *Liabilities* | |
| Deposits held in trust for others | $ 3,084 |

The accompanying notes are an integral part of these financial statements

## NOTE 1. Summary of Significant Accounting Policies

The Village of Ruidoso (the "Village") is a political subdivision of the State of New Mexico established and regulated by the constitution of the State of New Mexico. The Village was incorporated during 1945, under the New Mexico Constitution, Article X, Section 6, into its present Commission-Manager form of government. The Village has an elected mayor and six-member council. The Village provides the following services as authorized by its charter: public law, public safety (police and fire); highways and streets, sanitation, health and social services, cultural and recreation, public infrastructure improvements, planning and zoning, and general administrative services.

The Village of Ruidoso 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 summary of significant accounting policies of the Village is presented to assist in the understanding of the Village's financial statements. The financial statements and notes are the representation of the Village's management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard 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. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance. The more significant of the Village's accounting policies are described below.

### *A. Financial Reporting Entity*

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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 Statement No.'s 14 and 39.

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.

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

### *A. Financial Reporting Entity (continued)*

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 Village of Ruidoso and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Village and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Village has a component unit, the Village of Ruidoso's and City of Ruidoso Downs' Regional Wastewater Treatment Plant (Plant).

The financial statements of the Plant have been included in the Village's financial statements as a "discretely presented" component unit.

This component unit has a separate board and provides wastewater treatment services to the Village and the City of Ruidoso Downs, New Mexico generally within the governments' boundaries. The Plant is reported as a proprietary fund type. The Village appoints some of the board members, performs all administrative functions including all accounting duties, and is able to impose its will on the Plant. Additionally, the Village's manager is responsible for the daily operations of the Plant.

Separately issued financial statements may be obtained directly from their administrative offices as follows: Village Clerk, Village of Ruidoso, 313 Cree Meadows Drive, Ruidoso, NM 88345.

There are no other component units during the fiscal year ended June 30, 2012.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental 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.*

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

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

***B. Government-wide and fund financial statements (continued)***

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

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

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

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. 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, subject to the availability criterion. 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.

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Village's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues. Program revenues are categorized as (a) charges for services, which include revenues collected for fees and use of Village facilities, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as small cities assistance to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

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 capital assets and the servicing of general long-term debt.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Village's enterprise fund is charges for services for the Village's 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.

Under the requirements of GASB No. 34, the Village is required to present certain of its governmental funds as major based upon specific criteria.

The Village reports the following major governmental funds:

The G*eneral 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 *GO Bond Regional Wastewater Treatment Plant Capital Projects Fund* accounts for bond proceeds for the Village's cost of constructing and equipping the wastewater treatment plant.

The *Lodger's Tax Fund* is used to account for the collection and disbursement of local lodging tax whose use is restricted to the promotional or rural areas within the Village. Authority for the creation of this fund is NMSA, 3-38-18 to 3-38-34.

The *Impact Fee Fund* is used to account for the proceeds of water, sewer and wastewater system connection fees that are to be used for the improvement of distribution lines. Authority for creation of this fund is NMSA, 3-26.

The Village reports its proprietary funds as major funds. Proprietary funds include:

The *Utility Fund* accounts for water and wastewater (sewer) system services provided for residents of the Village, including administration, operations, maintenance, debt service, billing and collection. Utility services are provided to Village residents.

The *Airport Fund* accounts for the air service activities of the Village's airport, including administration operations, maintenance, debt service, billing and collection.

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

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

The *Solid Waste Fund* accounts for the operations of the Village's refuse collection and disposal services, including yard waste disposal. Revenues are generated through user charges. Refuse collection services are provided to Village residents.

The *Proprietary Funds* are used to account for activities similar to those found in the private sector where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

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

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

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

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

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

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

**Receivables and Payables**: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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, net of estimated refunds and uncollectible amounts.

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 10$^{th}$ and April 10$^{th}$ 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. Property taxes are collected by Lincoln County and remitted monthly to the Village.

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

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

**Inventory:** The Village's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of supplies and materials. The cost of purchased supplies and materials is recorded as an expenditure at the time individual inventory items are consumed.

**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 fund financial statements.

**Restricted Assets:** Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

**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 if purchased or constructed. Because the Village is a phase III government for purposes of implementing GASB 34, it is not required to retroactively report its major general infrastructure assets. However, it must report all infrastructure assets purchased or built after July 1, 2003. Donated capital assets are recorded at estimated fair market value at the date of donation. The Village does not develop any software. Library books are expensed when purchased because their estimated useful life is less than one year.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction related interest is capitalized only in the proprietary funds.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

| Assets | Years |
|---|---|
| Buildings and improvements | 40 |
| Infrastructure | 30 |
| Equipment | 5-10 |
| Vehicles | 5-10 |

**Accrued Expenses:** Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2012, along with applicable retirement benefits.

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

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

**Deferred Revenue:** There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, then those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is "unavailable revenue." Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred revenue.

**Compensated Absences:** Village employees are entitled to certain compensated absences based on their employment classification and length of employment. Earned vacation, up to the amount the employee accrued each year is allowed to be carried over from one calendar year to the next. Upon termination, employees shall receive payment for unused, accrued vacation. With minor exceptions, the Village allows 40 hour week employees to accumulate vacation leave to a maximum of 240 hours for regular employees and 318 hours for fire department employees. Vacation benefit vesting is on a bi-weekly basis as follows:

| Employment Duration | Regular Employees | Fire Employees |
|---|---|---|
| 1 to 12 months | 3.39 hours | 4.50 hours |
| 13 to 24 months | 3.70 hours | 4.91 hours |
| 25 to 36 months | 4.00 hours | 5.30 hours |
| 37 to 48 months | 4.31 hours | 5.72 hours |
| 49 to 168 months | 4.62 hours | 6.13 hours |
| 169 months and over | 6.16 hours | 8.16 hours |

Certain employees are entitled to receive payment of accrued, vested sick leave upon termination. The Village has adopted the following vesting schedule as follows:

| Employment Duration | Vesting % | Maximum Hours Payable |
|---|---|---|
| 1 to 5 years | 0% | 0 hours |
| 6 to 10 years | 25% | 130 hours |
| 11 to 15 years | 50% | 260 hours |
| 16 to 20 years | 75% | 390 hours |
| ≥ 20 years | 100% | 520 hours |

All vested compensated absences are accrued in the government-wide and proprietary fund financial statements.

**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. For bonds issued after the Village implemented GASB 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or straight line if the difference is immaterial. Bonds payable are reported net of the applicable bond premium or discount.

**Fund Balance Classification Policies and Procedures**: For committed fund balance the Village's highest level of decision-making authority is the Village Council. The formal action that is required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council at a Village Council meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made.

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

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

For assigned fund balance, the Village Council has approved the Village Manager as an authorized official to assign fund balance to a specific purpose.

When multiple categories of fund balance are available for expenditures, the Village will start with the most restricted category and spend those funds first before moving down to the next category of available funds.

**Nonspendable Fund Balance:** At June 30, 2012, the nonspendable fund balance in the general fund is made up of prepaid expenses in the amount of $6,443 and inventory in the amount of $261,622 that is not in spendable form.

**Restricted Fund Balance:** At June 30, 2012, the restricted fund balance on the governmental fund balance sheet of $11,102,226 is restricted for the purpose of each fund as described on pages 37 and 60-61.

**Minimum Fund Balance Policy:** It is the policy of the Village to achieve and maintain a minimum fund balance in the General Fund equal to 8.33% or 1/12th of budgeted expenditures. This amounts totals $990,871 at June 30, 2012. The Village considers a balance of less that 8.33% or 1/12th to be cause for concern, barring unusual or deliberate circumstances.

**Equity Classifications**

*Government-wide Statements*

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt:
Net assets invested in 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 those assets.

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

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

**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.

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

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

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine 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. Significant estimates in the Village's financial statements include management's estimate of depreciation on assets over their estimated useful lives, accrued compensated absences, and the allowance for uncollectible accounts.

**Reclassifications:** Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

## 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 Commissioners, 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 Commissioners 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 at the fund level.

The governmental and proprietary fund budgets are prepared on the non-GAAP budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. The budgetary information presented in these financial statements has been amended in accordance with the above procedures. These amendments resulted in the following changes:

| | Excess (deficiency) of revenues over expenditures | |
|---|---|---|
| | Original Budget | Final Budget |
| Budgeted Funds: | | |
| Governmental Funds: | | |
| General Fund | $ (2,441,777) | $ (2,624,505) |
| GO Bond RWWTP | $ (799,000) | $ 1,327,926 |
| Lodgers Tax Fund | $ 64,898 | $ 155,898 |
| Impact Fee Revenue Fund | $ 1,182,043 | $ 1,138,515 |
| Other Governmental Funds | $ 9,023,217 | $ 6,346,202 |

| | Change in Net Assets | |
|---|---|---|
| | Original Budget | Final Budget |
| Proprietary Funds: | | |
| Utility | $ (70,549) | $ 6,164,949 |
| Airport | $ 251,073 | $ 7,098,079 |
| Solid Waste | $ - | $ 26,155 |

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

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

The Village is required to balance its budgets each year. Accordingly, amounts that are 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 the 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, 2012 is presented. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis, by fund, can be found on each individual 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 fund of the Village properly followed State investment requirements as of June 30, 2012.

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 are collateralized as required by statute.

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.

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

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state were insured up to $250,000 in aggregate and separate from the $250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts at all FDIC-insured depository institutions. The separate coverage on non-interest bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2012 accounts held by an official custodian for a government unit are insured up to $250,000 for the combined total of all time and savings deposits (including NOW accounts), and unlimited coverage for non-interest-bearing transaction (demand deposit) accounts. Through July 20, 2012 there is no difference in deposits insurance coverage when an official custodian deposits money in-state or out-of-state.

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

*Custodial Credit Risk – Deposits* Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2012, $25,803,911 of the Village's bank balances of $26,803,911 was exposed to custodial credit risk. $15,656,859 was uninsured and collateralized by securities held by the pledging bank's trust department, not in the Village's name and $10,147,052 was uninsured and uncollateralized. Bank accounts were collateralized as follows:

| | Wells Fargo Bank | City Bank of New Mexico | Pioneer Bank | First National Bank | Total |
|---|---|---|---|---|---|
| Amount of deposits | $ 22,552,082 | $ 1,302,717 | $ 2,338,243 | $ 610,869 | $ 26,803,911 |
| Deposit Accounts Covered by the FDIC Coverage | (250,000) | (250,000) | (250,000) | (250,000) | (1,000,000) |
| Total uninsured public funds | 22,302,082 | 1,052,717 | 2,088,243 | 360,869 | 25,803,911 |
| Collateralized by securities held by pledging institutions or by its trust department or agent in other than the City's name | 12,155,030 | 1,052,717 | 2,088,243 | 360,869 | 15,656,859 |
| Uninsured and uncollateralized | 10,147,052 | - | - | - | 10,147,052 |
| Collateral requirement (50% of uninsured funds) | 11,151,041 | 526,359 | 1,044,122 | 180,435 | 12,901,956 |
| Pledged Collateral | 12,155,030 | 1,325,000 | 2,293,858 | 984,156 | 16,758,044 |
| Over (Under) collateralized | $ 1,003,989 | $ 798,642 | $ 1,249,737 | $ 803,722 | $ 3,856,089 |

Reconciliation to the Statement of Net Assets:

| | |
|---|---|
| Cash and cash equivalents - Governmental Activities Exhibit A-1 | $ 11,024,904 |
| Cash and cash equivalents - Proprietary Funds Exhibit A-1 | 2,318,033 |
| Total cash and cash equivalents component unit per Exhibit A-1 | 1,906,997 |
| Restricted cash and cash equivalents - Governmental Activities Exhibit A-1 | 463,050 |
| Restricted cash and cash equivalents - Proprietary Funds Exhibit A-1 | 810,723 |
| Investments - Governmental Activities Exhibit A-1 | 2,977,262 |
| Investments - Proprietary Funds Exhibit A-1 | 6,149,851 |
| Total investments component unit per exhibit A-1 | 1,345,101 |
| Cash - Statement of Fiduciary Assets and Liabilities - Exhibit E-1 | 3,084 |
| Total cash, cash equivalents, and investments | 26,999,005 |
| Add: outstanding checks | 804,228 |
| Less: deposits in transit | (101,989) |
| Less: investments held in NM State Treasurer's LGIP | (70,449) |
| Less: cash held at the NMFA | (825,439) |
| Less: petty cash | (1,445) |
| Bank balance of deposits | $ 26,803,911 |

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

**Investments**

The Village's investments at June 30, 2012 include the following:

| Investments | Rated | Weighted Average Maturity | Fair Value |
|---|---|---|---|
| *New MexiGROW* LGIP | AAAm | 60 days | $ 70,449 |
| Total | | | $ 70,449 |

The New MexiGrow Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The pool does not have unit shares. Per section 6-10-10(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. As of June 30, 2012, the Village's investment in the State Treasurer Local Government Investment Pool was rated AAAm by Standard & Poor's.

The statement of net assets reports brokerage accounts and certificates of deposit with original maturities in excess of three months as investments for financial statement reporting purposes. For note disclosure purposes these are classified as deposits. Investments classified as deposits for not disclosure purposes total $10,401,765 which includes the component unit share of investments at June 30, 2012.

*Interest Rate Risk – Investments.* The Village's policy related to interest rate risk with investments is to comply with the state as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

**NOTE 4. Receivables**

Governmental funds receivables as of June 30, 2012 are shown as follows:

| | General | Lodger's Tax Fund | Nonmajor Governmental Funds | Total |
|---|---|---|---|---|
| Property taxes | $ 165,462 | $ - | $ - | $ 165,462 |
| Other taxes: | - | - | - | |
| Gross receipts taxes | 814,355 | - | 280,974 | 1,095,329 |
| Franchise taxes | 65,379 | | | 65,379 |
| Lodger's taxes | - | 104,239 | - | 104,239 |
| Gasoline tax | - | - | 11,600 | 11,600 |
| Auto tax | 4,497 | - | - | 4,497 |
| Other receivables: | | | | |
| State | 22,174 | - | - | 22,174 |
| Local | 17,560 | - | - | 17,560 |
| Totals by category | $ 1,089,427 | $ 104,239 | $ 292,574 | $ 1,486,240 |

In accordance with GASB No. 33 property tax revenues in the amount of $137,781 that were not collected within the period of availability have been reclassified as deferred revenue in the governmental fund financial statements as of June 30, 2012.

**NOTE 4. Receivables-(continued)**

Proprietary fund receivables as of June 30, 2012 are shown as follows:

| | Utility | Solid Waste | Total |
|---|---|---|---|
| Other taxes: | | | |
| Gross receipts taxes | $ 398,614 | $ 23,573 | $ 422,187 |
| Customer Receivables | 148,034 | 69,000 | 217,034 |
| Totals by category | $ 546,648 | $ 92,573 | $ 639,221 |

All receivables are considered by the Village to be 100% collectible.

**NOTE 5. Interfund Receivables, Payables, and Transfers**

Amounts owed to the Solid Waste fund from the Joint Utility Fund are for solid waste services rendered to the Village's Joint Utility Fund and are expected to be repaid within one year.

| Due form other funds | Due to other funds | Amount |
|---|---|---|
| Solid Waste Fund | Joint Utility Fund | $ 633 |
| Total | | $ 633 |

Operating transfers that occurred during the year were made to close out funds and to supplement other funding sources as follows:

| Transfers In | Transfers Out | Amount |
|---|---|---|
| General Fund | Utility Fund | $ 478,734 |
| General Fund | Utility Fund | 256,735 |
| General Fund | Solid Waste Fund | 161,092 |
| General Fund | Lodger's Tax Fund | 53,898 |
| General Fund | GO Bond RWWTP | 48,411 |
| General Fund | Airport | 321,065 |
| General Fund | 1/8 Infrastructure Fund | 51,886 |
| Convention Center Fund | General Fund | 209,479 |
| Special Revenue Street Fund | 1/8 Infrastructure Fund | 34,788 |
| Airport Fund | 1/2 GRT Fund | 1,176,998 |
| Total | | $ 2,793,086 |

| Transfers In | Transfers Out | Amount |
|---|---|---|
| General Fund | Component Unit | $ 243,842 |
| General Fund | Component Unit | 301,581 |
| Component Unit | Utility | 21,972,014 |
| | | $ 22,517,437 |

## NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2012, follow. Land and construction in progress are not subject to depreciation. There were no asset deletions in the current year end.

| | Balance June 30, 2011 | June 30, 2011 Restatement | June 30, 2011 Restated | Additions | Balance June 30, 2012 |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Capital assets not being depreciated: | | | | | |
| Art | $ - | $ 18,200 | $ 18,200 | $ - | $ 18,200 |
| Land | 3,273,160 | 6,510,035 | 9,783,195 | - | 9,783,195 |
| Construction in progress | 22,335,836 | (22,335,836) | - | 93,872 | 93,872 |
| Total capital assets not being depreciated | 25,608,996 | (15,807,601) | 9,801,395 | 93,872 | 9,895,267 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 17,444,821 | (4,382,771) | 13,062,050 | - | 13,062,050 |
| Infrastructure | 46,187,554 | (10,449,227) | 35,738,327 | - | 35,738,327 |
| Vehicles | - | 4,718,722 | 4,718,722 | 32,887 | 4,751,609 |
| Equipment | 14,600,724 | (12,607,144) | 1,993,580 | 245,390 | 2,238,970 |
| Total capital assets being depreciated | 78,233,099 | (22,720,420) | 55,512,679 | 278,277 | 55,790,956 |
| Total capital assets | 103,842,095 | (38,528,021) | 65,314,074 | 372,149 | 65,686,223 |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | 7,761,238 | (2,836,601) | 4,924,637 | 326,551 | 5,251,188 |
| Infrastructure | 33,322,669 | (14,812,892) | 18,509,777 | 893,458 | 19,403,235 |
| Vehicles | - | 1,786,932 | 1,786,932 | 678,801 | 2,465,733 |
| Equipment | 9,068,932 | (7,824,572) | 1,244,360 | 149,265 | 1,393,625 |
| Total accumulated depreciation | 50,152,839 | (23,687,133) | 26,465,706 | 2,048,075 | 28,513,781 |
| Total capital assets net, of depreciation | $ 53,689,256 | | | | $ 37,172,442 |

There were no deletions of capital assets exceeding the capital asset threshold during fiscal year 2012. Depreciation expense for the year ended June 30, 2012 was charged to governmental activities as follows:

| | |
|---|---|
| General government | $ 1,802,989 |
| Public safety | 89,266 |
| Public works | 70,376 |
| Culture and recreation | 85,444 |
| Total depreciation expense, governmental activities | $ 2,048,075 |

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

| | Balance June 30, 2011 | June 30, 2011 Restatement | June 30, 2011 Restated | Additions (Transfers) | Balance June 30, 2012 |
|---|---|---|---|---|---|
| **Business-type Activities:** | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | $ 3,160,515 | $ (3,160,515) | $ - | $ - | $ - |
| Water rights | 4,423,779 | (4,423,779) | - | - | - |
| Construction in progress | 1,412,345 | (1,412,345) | - | 266,577 | 266,577 |
| | | | - | | |
| Total capital assets not being depreciated | 8,996,639 | (8,996,639) | - | 266,577 | 266,577 |
| Capital assets being depreciated: | | | | | |
| Buildings and improvements | 17,341,424 | (12,903,891) | 4,437,533 | - | 4,437,533 |
| Utility distribution system | 45,453,865 | (23,482,851) | 21,971,014 | (21,971,014) | - |
| Utility infrastructure | 1,398,184 | (1,107,684) | 290,500 | - | 290,500 |
| Vehicles | - | 4,542,699 | 4,542,699 | 47,847 | 4,590,546 |
| Equipment | 15,381,142 | (14,568,283) | 812,859 | - | 812,859 |
| Total capital assets being depreciated | 79,574,615 | (47,520,010) | 32,054,605 | (21,923,167) | 10,131,438 |
| Total capital assets | 88,571,254 | (56,516,649) | 32,054,605 | (21,656,590) | 10,398,015 |
| Less accumulated depreciation: | | | | | |
| Buildings and improvements | 8,878,884 | (7,271,372) | 1,607,512 | 110,938 | 1,718,450 |
| Utility distribution system | 29,094,084 | (29,094,084) | - | - | - |
| Utility infrastructure | 482,861 | (270,404) | 212,458 | 7,263 | 219,720 |
| Vehicles | - | 1,996,911 | 1,996,911 | 655,792 | 2,652,703 |
| Equipment | 12,686,604 | (12,177,334) | 509,270 | 54,190 | 563,460 |
| Total accumulated depreciation | 51,142,433 | (46,816,283) | 4,326,150 | 828,183 | 5,154,333 |
| Total capital assets, net of depreciation | $ 37,428,821 | | | | $ 5,243,682 |

There were no deletions of capital assets exceeding the capital asset threshold during fiscal year 2012. Ownership of utility distribution system in the amount of $21,972,014 was transferred to the Regional Waste Water Treatment Plant (component unit) from the Village of Ruidoso on June 30, 2012.

## NOTE 7. Long-term Debt

### Governmental Activities

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

| | Balance June 30, 2011 | Restatements | Additions | Retirements | Balance June 30, 2012 | Due Within One Year |
|---|---|---|---|---|---|---|
| Bonds | $ 14,975,000 | $ - | $ - | $ 660,000 | $ 14,315,000 | $ 685,000 |
| NMFA Loans | 4,694,843 | 125,000 | - | 1,373,083 | 3,446,760 | 317,848 |
| Compensated | - | - | | - | - | - |
| Absences | 360,494 | - | 581,728 | 537,597 | 404,625 | 404,625 |
| Total | $ 20,030,337 | $ 125,000 | $ 581,728 | $ 2,570,680 | $ 18,166,385 | $ 1,407,473 |

Typically, the general fund has been used to liquidate the compensated absences.

**Revenue Bonds**

The Village issues revenue bonds for the governmental activities where the Village pledges income derived from municipal gross receipts tax, lodger's tax and property tax Revenue bonds outstanding at year end for governmental activities are as follows:

| Series | Issue | Maturity | Rate | Outstanding |
|---|---|---|---|---|
| 2006 Gross Receipts Tax Refunding and Improvement Bond | $ 4,020,000 | 6/1/2026 | 3.50%-4.75% | $ 2,740,000 |
| 2008 Ad Valorem Property Tax and Improvement Bond | 12,600,000 | 7/1/2027 | 3.15%-4.74% | 11,575,000 |
| Total | | | | $ 14,315,000 |

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

### Governmental Activities (continued)

**NMFA Loans and Notes Payable**

On February 28, 2011, the Village borrowed $955,000 from the New Mexico Finance Authority for the purpose of refinancing an existing debt on the commercial building for the Police Administration Building. Principal is paid annually with interest paid semiannually. The note is secured by and payable from the revenues derived from the Municipal Gross Receipts Tax and Municipal Infrastructure Gross Receipts Tax.

On January 23, 2004, the Village borrowed $1,295,471 from the New Mexico Finance Authority for the purpose of acquiring and improvement of 9.2 acres of land for a Village square and events plaza. Principal is paid annually with interest paid semiannually. The note is secured by and payable from the Lodger's Tax imposed by the Village at a rate of 4.25%. 51.47% of the Village's Lodger's Tax is pledged towards repayment of the loan. This note was completely retired as of the fiscal yearend June 30, 2012.

On April 14, 2006, the Village borrowed $846,667 from the New Mexico Finance Authority for the purpose of acquiring street maintenance equipment for the Village's Road Department. Principal is paid annually with interest paid semiannually. The note is secured by and payable from the gasoline tax distributions.

On September 4, 2009, the Village borrowed $1,015,000 from the New Mexico Finance Authority for the purpose of acquiring a Fire Truck. Principal is paid annually with interest paid semiannually. The note is secured by and payable from the distributions of fire protection fund and revenues received by the Village from the State Treasurer.

On October 16, 2009, the Village borrowed $1,537,768 from the New Mexico Finance Authority for the purpose of remodeling the Civic Center. Principal is paid annually with interest paid semiannually. The note is secured by and payable from revenues received by the Village from the State Treasurer.

Outstanding notes payable at the end of the year for governmental activities are as follows:

| Series | Original Issue | Final Maturity | Interest Rate | Outstanding |
|---|---|---|---|---|
| NMFA - Police Building | 955,000 | 5/1/2019 | 0.63%-3.24% | $ 760,000 |
| NMFA - Special Street Equipment | 846,667 | 5/1/2016 | 3.02%-3.70% | 379,765 |
| NMFA - Fire Truck | 1,015,000 | 5/1/2025 | 0.68%-4.41% | 922,062 |
| NMFA - Civic Center Remodel | 1,537,768 | 5/1/2029 | 0.65%-4.65% | 1,384,933 |
| Total | | | | $ 3,446,760 |

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

**Governmental Activities (continued)**

**Debt Service Requirements**

Debt service requirements on long-term debt for governmental activities at June 30, 2012 are as follows:

**Bonds Payable:**

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2013 | $ 685,000 | $ 612,545 | $ 1,297,545 |
| 2014 | 705,000 | 573,645 | 1,278,645 |
| 2015 | 730,000 | 548,063 | 1,278,063 |
| 2016 | 760,000 | 519,840 | 1,279,840 |
| 2017 | 785,000 | 489,732 | 1,274,732 |
| 2018-2022 | 4,445,000 | 1,924,925 | 6,369,925 |
| 2023-2027 | 5,230,000 | 848,750 | 6,078,750 |
| 2028 | 975,000 | 23,108 | 998,108 |
| | $ 14,315,000 | $ 5,540,607 | $ 19,855,607 |

**New Mexico Finance Authority Loans:**

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2013 | $ 317,848 | $ 113,142 | $ 430,990 |
| 2014 | 323,351 | 106,559 | 429,910 |
| 2015 | 329,486 | 98,986 | 428,472 |
| 2016 | 336,322 | 90,375 | 426,697 |
| 2017 | 244,379 | 80,810 | 325,189 |
| 2018-2022 | 968,957 | 297,461 | 1,266,418 |
| 2023-2027 | 711,372 | 134,042 | 845,414 |
| 2028-2029 | 215,045 | 15,038 | 230,083 |
| | $ 3,446,760 | $ 936,413 | $ 4,383,173 |

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

**Business-Type Activities**

During the year ended June 30, 2012, the following changes occurred in the liabilities reported in the proprietary funds statement of net assets:

| | Balance June 30, 2011 | Restatements | Additions | Retirements | Balance June 30, 2012 | Due Within One Year |
|---|---|---|---|---|---|---|
| Bonds | $ 2,430,000 | $ - | $ 2,380,000 | $ 2,430,000 | $ 2,380,000 | $ 95,000 |
| NMFA Loans | 563,964 | (125,000) | - | 215,507 | 223,457 | 223,457 |
| Notes Payable | 520,284 | - | 570,000 | 590,284 | 500,000 | 80,000 |
| Capital Leases | 50,150 | - | - | 17,700 | 32,450 | 17,700 |
| Compensated Absences | 112,372 | - | 250,857 | 230,967 | 132,262 | 132,262 |
| Total | $ 3,676,770 | $ (125,000) | $ 3,200,857 | $ 3,484,458 | $ 3,268,169 | $ 548,419 |

The long-term compensated absences are usually paid out of the fund that incurs the related payroll expense.

**Revenue Bonds**

On July 1, 2001 the Village issued revenue bonds for business-type activities in the amount of $2,865,000. On May 31, 2012, the Village refunded the balance of these bonds in the amount of $2,430,000 through issuance of the Supplemental Gross Receipts Tax Revenue Bonds in the amount of $2,380,000. Cash flow differential and economic gain totaled $712,861. The Village has pledged income derived from the operation of the municipal Joint Water and Sewer System to service these bonds. Revenue bonds outstanding at year end for business-type activities are as follows:

| Series | Original Issue | Final Maturity | Interest Rate | Outstanding |
|---|---|---|---|---|
| 2012 Supplemental Gross Receipts Refunding Bonds | $ 2,380,000 | 6/1/2031 | 2.00%-3.25% | $ 2,380,000 |

**NMFA Loans**

On May 12, 2006, the Village borrowed $1,377,778 from the New Mexico Finance Authority for the purpose of acquiring 13 acres of land to design, equip, furnish and construct a building, and acquire various solid waste equipment for the Village's Solid Waste System. Principal is paid annually with interest paid semiannually. The note is secured by and payable from the net revenues of the Village's Solid Waste System.

On February 28, 2011, the Village borrowed $255,000 from the New Mexico Finance Authority for the purpose of refinancing New Mexico Municipal Sales Tax Refunding and Improvement Revenue Bonds, Series January 1, 1993. Principal is paid annually with interest paid semiannually. The note is secured by and payable from the revenues derived from the Municipal Gross Receipts Tax and Municipal Infrastructure Gross Receipts Tax. This note was defeated in the current fiscal year end June 30, 2012.

On November 15, 2011 The Village of Ruidoso settled with the Village of Capitan and Eagle Creek for the transfer of water rights. The Village of Ruidoso agreed to pay $894,161 to the Village of Capitan. The Village refinanced this note in the current year end in the amount of $570,000 over a period of six and a half years at an interest rate of 3.2%. The first payment was due June 1, 2012.

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

**Business-Type Activities (continued)**

Outstanding notes payable at the end of the year for business-type activities are as follows:

| Series | Original Issue | Final Maturity | Interest Rate | Outstanding |
|---|---|---|---|---|
| NMFA - Solid Waste Transer Station | $ 1,377,778 | 5/1/2013 | 3.02%-3.51% | $ 223,457 |
| Capital One - Water Rights | 570,000 | 6/1/2018 | 3.20% | 500,000 |
| Total | | | | $ 723,457 |

**Capital Leases**

On April 1, 2009 the Village negotiated a lease purchase agreement with AvFuel Corporation for a CCC 3000 Gallon Jet Truck in the amount of $138,993 with no interest. The lease calls for monthly payments of $1,475 and will be paid in full April 1, 2014.

**Debt Service Requirements**

Debt service requirements on long-term debt for business-type activities at June 30, 2012 are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2013 | $ 95,000 | $ 66,672 | $ 161,672 |
| 2014 | 100,000 | 64,588 | 164,588 |
| 2015 | 105,000 | 62,588 | 167,588 |
| 2016 | 105,000 | 60,488 | 165,488 |
| 2017 | 110,000 | 58,388 | 168,388 |
| 2018-2022 | 585,000 | 254,338 | 839,338 |
| 2023-2027 | 665,000 | 165,163 | 830,163 |
| 2028-2031 | 615,000 | 50,131 | 665,131 |
| | $ 2,380,000 | $ 782,353 | $ 3,162,353 |

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

**Business-type Activities (continued)**

**Debt Service Requirements (continued)**

**New Mexico Finance Authority Loans:**

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2013 | $ 223,457 | $ 8,402 | $ 231,859 |
| | $ 223,457 | $ 8,402 | $ 231,859 |

**Notes Payable:**

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2013 | $ 80,000 | $ 15,840 | $ 95,840 |
| 2014 | 80,000 | 13,440 | 93,440 |
| 2015 | 80,000 | 10,880 | 90,880 |
| 2016 | 85,000 | 8,320 | 93,320 |
| 2017 | 85,000 | 5,600 | 90,600 |
| 2018-2022 | 90,000 | 2,880 | 92,880 |
| | $ 500,000 | $ 56,960 | $ 556,960 |

**Capital Leases:**

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2013 | $ 17,700 | $ - | $ 17,700 |
| 2014 | 14,750 | - | 14,750 |
| | $ 32,450 | $ - | $ 32,450 |

**Landfill Closure and Post-Closure Care Costs**

The Village, County of Lincoln, Village of Capitan, City of Ruidoso Downs, Village of Corona, Town of Carrizozo, County of Otero, City of Alamogordo, Village of Tularosa and the Village of Cloudcroft have formed the Otero-Lincoln County regional landfill. All trash collected by the Village is transferred to the regional landfill. The financial accountability for the regional landfill is the responsibility of the City of Alamogordo. The Village has pledged environmental gross receipts tax collections to service bonds issued by the City of Alamogordo for facility construction. Financial assurances required by the State of New Mexico Environment Regulation Board for the closure and post-closure care costs are the responsibility of the City of Alamogordo. The Village has no landfill closure liability nor any post-closure costs associated with trash generated by the Village residents for the year ended June 30, 2012.

## NOTE 8. Risk Management

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The Village participates in the New Mexico Self-Insurers' 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 not 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 coverages have not changed significantly from prior years and coverages are expected to be continued.

At June 30, 2012, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the Village of Ruidoso.

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. PERA Pension Plan

*Plan Description*. Substantially all of the Village of Ruidoso's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

*Funding Policy*. Plan members are required to contribute the following percentages of their gross salary: 16.3% for law enforcement and fire protection employees and 9.15% for municipal employees. The Village was required to contribute the following percentages of the gross covered salary: 21.25% for fire protection plan members, 18.5% for law enforcement plan members, and 9.15% for municipal plan members. The contribution requirements of plan members and the Village are established in State Statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Village's contributions to PERA for the fiscal years ending June 30, 2012, 2011, and 2010 were $1,157,416, $1,185,781, and $909,766, respectively.

## NOTE 10. Deferred Compensation

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by International City Manager Association (ICMA). The assets and liabilities are held in trust by ICMA.

The plan is available to all Village employees. The plan permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Employees elect to contribute a certain percentage of their gross salary but the amount of contribution cannot exceed 33.5% of their salary up to a maximum dollar amount of $13,000 per year into the plan. All contributions withheld from the participants' wages by the Village have been paid to the plan administrator. Currently, there are forty-four employees participating in the plan.

**NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan**

The Retiree Health Care Act, Chapter IV, Article 7C, NMSA 1978 provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Village has elected not to participate in the post-employment health insurance plan.

**NOTE 12. Contingent Liabilities**

The Village is party to various claims and lawsuits in the normal course of business. As of the date of this report possible outcomes and liabilities associated with these claims and lawsuits were unable to be determined.

**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 expected to be material.

**NOTE 14. Restatements**

The Village has recorded restatements to net assets to correct errors in the presentation of the prior year financial statements. A summary of restatements are as follows:

| Fund Name | Net Assets/Fund Balance June 30, 2011 | Cash | Prior Year Accounts Receiveable | Long Term Debt | Issuance costs/Bond Premiums | Capital Assets | Restated Net Assets/Fund Balance June 30, 2011 |
|---|---|---|---|---|---|---|---|
| Governmental Activities | $ 49,632,476 | $ 1,324,446 | $ (80,278) | $ (125,000) | $ 44,712 | $ (14,840,888) | $ 35,955,468 |
| Business-type Activities | 42,503,679 | 137,799 | - | 125,000 | 20,196 | (9,699,366) | 33,087,308 |
| Governmental Funds: | | | | | | | |
| General fund | 4,207,667 | 772,324 | - | - | - | - | 4,979,991 |
| GO Bond RWWTP | 7,230,957 | - | (71,065) | - | - | - | 7,159,892 |
| Lodgers Tax | 1,369,233 | 239,553 | - | - | - | - | 1,608,786 |
| 1/8th Infrastructure Tax | 160,292 | 177,815 | - | - | - | - | 338,107 |
| State fire | 141,631 | 50,075 | - | - | - | - | 191,706 |
| Special Street | 138,816 | 84,679 | - | - | - | - | 223,495 |
| Convention Center | - | - | | | | - | - |
| Police grants | 53,353 | (44,140) | (9,213) | - | - | - | - |
| Auction proceeds trust fund | - | 44,140 | - | - | - | - | 44,140 |
| Proprietary Funds: | | | | | | | |
| Utility fund | 31,221,297 | - | - | - | 25,075 | (3,806,619) | 27,439,753 |
| Airport fund | 8,547,590 | - | - | 125,000 | (7,614) | (6,348,447) | 2,316,529 |
| Solid Waste fund | 2,734,792 | 137,799 | - | - | 2,735 | 455,700 | 3,331,026 |
| Total | $ 92,136,155 | $ 1,462,245 | $ (80,278) | $ - | $ 64,908 | $ (24,540,254) | $ 69,042,776 |

## NOTE 15. Subsequent Pronouncements

In November 2010, GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements,* Effective Date: For financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The Village is still evaluating the possible effects of this standard.

In November 2010, GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34,* Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The standard is expected to have no effect on the Village in upcoming years.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30*, *1989 FASB and AICPA Pronouncements*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The Village will implement this standard during fiscal year June 30, 2013.

In June 2011, GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* Effective Date: The provisions of Statement 63 are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the Village in upcoming years.

In June 2011, GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions*—an amendment of GASB Statement No. 53 Effective Date: The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged. The standard is expected to have no effect on the Village in upcoming years.

## NOTE 16. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance of individual funds. The following fund reflected a deficit fund balance as of June 30, 2012:

| | |
|---|---|
| Convention center | $ 20,064 |

These funds have a deficit fund balance because expenditures were in excess of revenues and available cash and there were not sufficient transfers to cover the deficit.

B. Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2012:

None

C. Designated cash appropriations exceeded prior year available balances. The following funds exceeded designated cash appropriations in excess of available balances for the year ended June 30, 2012:

None

## NOTE 17. Restricted Net Assets

The government-wide statement of net assets reports $11,927,665 of restricted net assets of which, $825,439 is restricted by enabling legislation for debt service, $6,274,065 is restricted for capital projects and $4,828,161 is restricted by enabling legislation referred to in the special revenue fund descriptions on pages 37 and 60-61.

## NOTE 18. Commitments

The following is a summary of commitments for governmental activities as of June 30, 2012:

| Department | Project | Estimate To Complete | Estimated Compleation Date |
|---|---|---|---|
| General fund-parks | Grindstone Bike Trail | $ 978 | Jun-13 |
| | Total | $ 978 | |

The following is a list of commitments for business activities as of June 30, 2012:

| Department | Project | Estimate To Complete | Estimated Compleation Date |
|---|---|---|---|
| Utilities | Emby Waterline Extension | $ 68,820 | Jul-12 |
| Airport | Runway pavement upgrades | 319,161 | Nov-12 |
| Utilities/Impact fund | Camelot | 356,250 | Jul-12 |
| Utilities/Impact fund | Pinecliff Sewer Extention | 330,346 | Jun-13 |
| | Total | $ 1,074,578 | |

## NOTE 19. Concentrations

The Village depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and federal and State appropriations.

## NOTE 20. Subsequent Events

The date to which events occurring after June 30, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is April 3, 2013 which is the date on which the financial statements were available to be issued. No events took place subsequent to year end.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**
Village of Ruidoso
Nonmajor Governmental Fund Descriptions
June 30, 2012

## SPECIAL REVENUE FUNDS

½% Gross Receipts Tax

To account for specifically designated local municipal enacted gross receipts taxes. Expenditures are restricted to airport improvements and repayment of debt. Authority for creation of this fund is NMSA, 3-34-1 to 3-34-5; 7-19A-1 to 7-19A-7.

Parks and Recreation

To account for state and Village cigarette tax revenue, which is to be used to operate and maintain the Village's various recreational facilities. Authority for creation of this fund is NMSA, 7-12-1 to 7-12-17.

1/8th Infrastructure Tax

To account for specifically designated state-shared gross receipts taxes. Expenditures are restricted to infrastructure improvements. Authority for creation of this fund is NMSA, 3-34-1 to 3-34-5; 7-19A-1 to 7-19A-7.

State Fire

To account for an annual grant from the State of New Mexico Fire Marshall's office. Funds are restricted for use on the maintenance of the fire department, the purchase, construction, maintenance, repair and operation of fire apparatus and equipment. Authority for creation of this fund is NMSA, 59-15-1 to 59-15-17.

Emergency Medical Services

To account for an annual grant from the Emergency Medical Service Fund Act. Funding is made available to municipalities in proportion to their needs, for use in the establishment and enhancement of local emergency medical services that assist in reducing injury and loss of life. Authority for creation of this fund is NMSA, 24-10A-1 to 24-10A-9.

Law Enforcement Protection

To account for state grant funds passed through the State of New Mexico that are to be utilized to enhance the efficiency and effectiveness of protection utilized in local law enforcement services. Authority for creation of this fund is NMSA, 29-13-1 to 29-13-9.

Traffic Safety Fees

To account for motor vehicle assessments that are to be utilized to enhance and improve traffic safety programs. Authority for creation of this fund is NMSA, 66-7-512.

Correction Fees

To account for the collection of fines which are used to supplement the cost of correctional facilities. Authority for creation of this fund is NMSA, 33-3-25.

Ruidoso Flood

To account for the federal reimbursement of funds from a signed Presidential disaster declaration; for the reparation, restoration, mitigation, and construction of Village property including infrastructure. Authority for the creation of this fund is budget approval by Village Council.

Special Street

To account for motor vehicle fees (10%) that is to be used only for additions and improvements to the Village's streets and highways. Authority for creation of this fund is NMSA, 7-24A-1 to 7-24A-21.

## SPECIAL REVENUE FUNDS (continued)

Convention Center

To account for the operation and maintenance of the convention and civic events center. Authority for creation of this fund is budget approval by Village Council.

Impact Fee

To account for the proceeds of water, sewer and wastewater system connection fees that are to be used for the improvement of distribution lines. Authority for creation of this fund is NMSA, 3-26.

RSVP

To account for grants received from the State of New Mexico that are to be used for the improvement of facilities and services for older adults. Authority for creation of this fund is budget approval by Village Council.

Forestry Operations

To account for grants received from the State of New Mexico that are to be used for forest management and improvement. Authority for creation of this fund is budget approval by Village Council.

Police Grants

To account for grants received from the State of New Mexico that are to be used for police equipment and training. Authority for creation of this fund is budget approval by Village Council.

DWI Grant

To account for state and federal grants that are to be used for implementation of improved traffic safety and drug control awareness. Authority for creation of this fund is budget approval by Village Council.

## CAPITAL PROJECT FUND

Auction Proceeds Trust Fund

To account for proceeds from the sale of capital assets and other equipment that is to be used for equipment replacement. This fund was created at the direction of the Village manager and approved by the Village Council through the budget approval process.

**STATE OF NEW MEXICO**
Village of Ruidoso
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

| | Special Revenue | | | |
|---|---|---|---|---|
| | 1/2% Gross Receipts Tax | Parks and Recreation | 1/8th Infrastructure Tax | State Fire |
| *Assets* | | | | |
| Cash and cash equivalents | $ - | $ 5,704 | $ 162,338 | $ 283,618 |
| Investments | - | - | - | - |
| Receivables: | | | | |
| Other taxes | 201,845 | - | 79,129 | - |
| Other receivables | - | - | - | - |
| Prepaid insurance | - | - | - | 2,651 |
| *Total assets* | $ 201,845 | $ 5,704 | $ 241,467 | $ 286,269 |
| *Liabilities* | | | | |
| Accounts payable | $ - | $ - | $ - | $ 1,975 |
| Accrued payroll expenses | - | - | - | - |
| *Total liabilities* | - | - | - | 1,975 |
| *Fund balances* | | | | |
| Nonspendable | - | - | - | 2,651 |
| Spendable | | | | |
| Restricted | | | | |
| General government | 201,845 | - | 241,467 | - |
| Public safety | - | - | - | 281,643 |
| Public works | - | - | - | - |
| Culture and recreation | - | 5,704 | - | - |
| Health and Welfare | - | - | - | - |
| Unassigned | - | - | - | - |
| *Total fund balances* | 201,845 | 5,704 | 241,467 | 284,294 |
| *Total liabilities and fund balances* | $ 201,845 | $ 5,704 | $ 241,467 | $ 286,269 |

The accompanying notes are an integral part of these financial statements

| Special Revenue | | | | |
|---|---|---|---|---|
| Emergency Medical Services | Law Enforcement Protection | Traffic Safety Fees | Correction Fees | Ruidoso Flood |
| $ 7,327 | $ 1,712 | $ 1,451 | $ 90,451 | $ 569,454 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| $ 7,327 | $ 1,712 | $ 1,451 | $ 90,451 | $ 569,454 |
| $ - | $ - | $ - | $ 30,726 | $ 31,482 |
| - | - | - | - | - |
| - | - | - | 30,726 | 31,482 |
| - | - | - | - | - |
| - | - | - | - | - |
| 7,327 | 1,712 | 1,451 | 59,725 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 537,972 |
| - | - | - | - | - |
| 7,327 | 1,712 | 1,451 | 59,725 | 537,972 |
| $ 7,327 | $ 1,712 | $ 1,451 | $ 90,451 | $ 569,454 |

**STATE OF NEW MEXICO**
Village of Ruidoso
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

| | Special Revenue | | | |
|---|---|---|---|---|
| | Special Street | Convention Center | RSVP | Forestry Operations |
| *Assets* | | | | |
| Cash and cash equivalents | $ 235,807 | $ 30 | $ 4,204 | $ 112,169 |
| Investments | - | - | - | - |
| Receivables: | | | | |
| Other taxes receivable | 11,600 | - | - | - |
| Other receivables | - | - | - | - |
| Prepaid insurance | - | - | - | - |
| *Total assets* | $ 247,407 | $ 30 | $ 4,204 | $ 112,169 |
| *Liabilities* | | | | |
| Accounts payable | $ - | $ 7,292 | $ 2 | $ 20 |
| Accrued payroll expenses | - | 12,802 | 2,188 | - |
| *Total liabilities* | - | 20,094 | 2,190 | 20 |
| *Fund balances* | | | | |
| Nonspendable | - | - | - | - |
| Spendable | | | | |
| Restricted | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 247,407 | - | - | 112,149 |
| Culture and recreation | - | - | - | - |
| Health and Welfare | - | - | 2,014 | - |
| Unassigned | - | (20,064) | - | - |
| *Total fund balances* | 247,407 | (20,064) | 2,014 | 112,149 |
| *Total liabilities and fund balances* | $ 247,407 | $ 30 | $ 4,204 | $ 112,169 |

The accompanying notes are an integral part of these financial statements

| Special Revenue | | Capital Projects | |
|---|---|---|---|
| Police Grants | DWI Grant | Auction Proceeds Trust Fund | Total Nonmajor Governmental Funds |
| $ - | $ 1,862 | $ 54,956 | $ 1,531,083 |
| - | - | - | - |
| | | - | |
| - | - | - | 292,574 |
| - | - | - | - |
| - | - | - | 2,651 |
| $ - | $ 1,862 | $ 54,956 | $ 1,826,308 |
| | | | |
| $ - | $ - | $ - | $ 71,497 |
| - | - | - | 14,990 |
| - | - | - | 86,487 |
| | | | |
| - | - | - | 2,651 |
| | | | |
| - | - | 54,956 | 498,268 |
| - | 1,862 | - | 353,720 |
| - | - | - | 359,556 |
| - | - | - | 5,704 |
| - | - | - | 539,986 |
| - | - | | (20,064) |
| - | 1,862 | 54,956 | 1,739,821 |
| | | | |
| $ - | $ 1,862 | $ 54,956 | $ 1,826,308 |

**STATE OF NEW MEXICO**
Village of Ruidoso
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

| | Special Revenue | | | |
|---|---|---|---|---|
| | 1/2% Gross Receipts Tax | Parks and Recreation | 1/8th Infrastructure Tax | State Fire |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Gross receipts | $ 1,262,117 | $ - | $ 498,976 | $ - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | - | - | - | 241,429 |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Investment income | - | - | 537 | 50 |
| Miscellaneous | - | 2,075 | - | - |
| *Total revenues* | 1,262,117 | 2,075 | 499,513 | 241,479 |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | 58,925 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | - | - | - | |
| Debt service: | | | | |
| Principal | - | - | 365,000 | 60,104 |
| Interest | - | - | 144,479 | 29,862 |
| *Total expenditures* | - | - | 509,479 | 148,891 |
| *Excess (deficiency) of revenues over expenditures* | 1,262,117 | 2,075 | (9,966) | 92,588 |
| *Other financing sources (uses)* | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (1,176,998) | - | (86,674) | - |
| *Total other financing sources (uses)* | (1,176,998) | - | (86,674) | - |
| *Net change in fund balances* | 85,119 | 2,075 | (96,640) | 92,588 |
| *Fund balances - beginning of year* | 116,726 | 3,629 | 160,292 | 141,631 |
| *Restatement* | - | - | 177,815 | 50,075 |
| *Fund balances - beginning of year, restated* | 116,726 | 3,629 | 338,107 | 191,706 |
| *Fund balances - end of year* | $ 201,845 | $ 5,704 | $ 241,467 | $ 284,294 |

The accompanying notes are an integral part of these financial statements

| Special Revenue | | | | |
|---|---|---|---|---|
| Emergency Medical Services | Law Enforcement Protection | Traffic Safety Fees | Correction Fees | Ruidoso Flood |
| $ - | $ - | $ - | $ - | $ - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 991,396 |
| 7,000 | 27,130 | - | - | - |
| - | - | - | - | - |
| - | - | 5,895 | 40,662 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 7,000 | 27,130 | 5,895 | 40,662 | 991,396 |
| - | - | 14,716 | - | - |
| 8,469 | 27,715 | - | 95,805 | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | 895,541 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 8,469 | 27,715 | 14,716 | 95,805 | 895,541 |
| (1,469) | (585) | (8,821) | (55,143) | 95,855 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| (1,469) | (585) | (8,821) | (55,143) | 95,855 |
| 8,796 | 2,297 | 10,272 | 114,868 | 442,117 |
| - | - | - | - | - |
| 8,796 | 2,297 | 10,272 | 114,868 | 442,117 |
| $ 7,327 | $ 1,712 | $ 1,451 | $ 59,725 | $ 537,972 |

**STATE OF NEW MEXICO**
Village of Ruidoso
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

| | Special Revenue | | | |
|---|---|---|---|---|
| | Special Street | Convention Center | RSVP | Forestry Operations |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Gross receipts | $ - | $ - | $ - | $ - |
| Gasoline and motor vehicle | 147,905 | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | - | - | 31,804 | 333,153 |
| Charges for services | - | 165,154 | - | - |
| Licenses and fees | - | 48 | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | 364 | - | - | - |
| *Total revenues* | 148,269 | 165,202 | 31,804 | 333,153 |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 54,781 | - | - | 319,646 |
| Culture and recreation | - | 385,187 | - | - |
| Health and welfare | - | - | 33,891 | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | 86,487 | - | - | - |
| Interest | 17,877 | - | - | - |
| *Total expenditures* | 159,145 | 385,187 | 33,891 | 319,646 |
| *Excess (deficiency) of revenues over expenditures* | (10,876) | (219,985) | (2,087) | 13,507 |
| *Other financing sources (uses)* | | | | |
| Transfers in | 34,788 | 209,479 | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | 34,788 | 209,479 | - | - |
| *Net change in fund balances* | 23,912 | (10,506) | (2,087) | 13,507 |
| *Fund balances - beginning of year* | 138,816 | (9,558) | 4,101 | 98,642 |
| *Restatement* | 84,679 | - | - | - |
| *Fund balances - beginning of year, restated* | 223,495 | (9,558) | 4,101 | 98,642 |
| *Fund balances - end of year* | $ 247,407 | $ (20,064) | $ 2,014 | $ 112,149 |

The accompanying notes are an integral part of these financial statements

| Special Revenue | | Capital Projects | |
|---|---|---|---|
| Police Grants | DWI Grant | Auction Proceeds Trust Fund | Total Nonmajor Governmental Funds |
| $ - | $ - | $ - | $ 1,761,093 |
| - | - | - | 147,905 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | 991,396 |
| - | 163,977 | - | 804,493 |
| - | - | - | 165,154 |
| - | - | - | 46,605 |
| - | - | - | 587 |
| - | - | 25,145 | 27,584 |
| - | 163,977 | 25,145 | 3,944,817 |
| - | - | 14,329 | 29,045 |
| - | 163,678 | - | 354,592 |
| - | - | - | 374,427 |
| - | - | - | 385,187 |
| - | - | - | 929,432 |
| - | - | - | - |
| - | - | - | 511,591 |
| - | - | - | 192,218 |
| - | 163,678 | 14,329 | 2,776,492 |
| - | 299 | 10,816 | 1,168,325 |
| - | - | - | 244,267 |
| - | - | - | (1,263,672) |
| - | - | - | (1,019,405) |
| - | 299 | 10,816 | 148,920 |
| 53,353 | 1,563 | - | 1,287,545 |
| (53,353) | - | 44,140 | 303,356 |
| - | 1,563 | 44,140 | 1,590,901 |
| $ - | $ 1,862 | $ 54,956 | $ 1,739,821 |

**STATE OF NEW MEXICO**
Village of Ruidoso
1/2% Gross Receipts Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | 1,083,000 | 1,083,000 | 1,176,998 | 93,998 |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental income: | | | | |
| Federal operating grants | - | - | - | - |
| State operating grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Fines, forfeitures and penalties | - | - | - | - |
| Miscellaneous | - | - | - | - |
| *Total revenues* | 1,083,000 | 1,083,000 | 1,176,998 | 93,998 |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | - | - | - | - |
| *Excess (deficiency) of revenues over expenditures* | 1,083,000 | 1,083,000 | 1,176,998 | 93,998 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | (1,083,000) | (1,083,000) | (1,176,998) | (93,998) |
| *Total other financing sources (uses)* | (1,083,000) | (1,083,000) | (1,176,998) | (93,998) |
| *Net change in fund balance* | - | - | - | - |
| *Fund balance - beginning of year* | - | - | - | - |
| *Fund balance - end of year* | $ - | $ - | $ - | $ - |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ - |
| Adjustments to revenues for other taxes receivable | | | | 85,119 |
| No adjustments to expenditures | | | | - |
| Net change in fund balance (GAAP) | | | | $ 85,119 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-2

Village of Ruidoso
Parks and Recreation Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental income: | | | | |
| Federal operating grants | - | - | - | - |
| State operating grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Fines, forfeitures and penalties | - | - | - | - |
| Miscellaneous | - | - | 2,075 | 2,075 |
| *Total revenues* | - | - | 2,075 | 2,075 |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | 200 | - | 200 |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | - | 200 | - | 200 |
| *Excess (deficiency) of revenues over expenditures* | - | (200) | 2,075 | 2,275 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | - | 200 | - | (200) |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | - | 200 | - | (200) |
| *Net change in fund balance* | - | - | 2,075 | 2,075 |
| *Fund balance - beginning of year* | - | - | 3,629 | 3,629 |
| *Fund balance - end of year* | $ - | $ - | $ 5,704 | $ 5,704 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ 2,075 |
| No adjustments to revenue | | | | - |
| No adjustments to expenditures | | | | - |
| Net change in fund balance (GAAP) | | | | $ 2,075 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-3

Village of Ruidoso
1/8th Infrastructure Tax Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | 541,378 | 541,378 | 580,139 | 38,761 |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental income: | | | | |
| Federal operating grants | - | - | - | - |
| State operating grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Fines, forfeitures and penalties | - | - | - | - |
| Miscellaneous | - | - | 537 | 537 |
| *Total revenues* | 541,378 | 541,378 | 580,676 | 39,298 |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | 453,000 | 453,000 | 429,787 | 23,213 |
| Interest | - | - | - | - |
| *Total expenditures* | 453,000 | 453,000 | 429,787 | 23,213 |
| *Excess (deficiency) of revenues over expenditures* | 88,378 | 88,378 | 150,889 | 62,511 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | 91,448 | 91,448 | - | (91,448) |
| Transfers in | - | - | - | - |
| Transfers out | (179,826) | (179,826) | (166,366) | 13,460 |
| *Total other financing sources (uses)* | (88,378) | (88,378) | (166,366) | (77,988) |
| *Net change in fund balance* | - | - | (15,477) | (15,477) |
| *Fund balance - beginning of year* | - | - | 177,815 | 177,815 |
| *Fund balance - end of year* | $ - | $ - | $ 162,338 | $ 162,338 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ (15,477) |
| Adjustments to revenues for other taxes receivable | | | | (81,163) |
| No adjustments to expenditures | | | | - |
| Net change in fund balance (GAAP) | | | | $ (96,640) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**
Village of Ruidoso
State Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental income: | | | | |
| Federal operating grants | - | - | - | - |
| State operating grants | 246,353 | 246,353 | 241,429 | (4,924) |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Fines, forfeitures and penalties | - | - | - | - |
| Miscellaneous | 135,000 | 141,630 | 50 | (141,580) |
| *Total revenues* | 381,353 | 387,983 | 241,479 | (146,504) |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 87,784 | 89,410 | 58,484 | 30,926 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | 198,500 | 198,500 | 1,117 | 197,383 |
| Debt service: | | | | |
| Principal | - | 90,069 | 89,966 | 103 |
| Interest | - | - | - | - |
| *Total expenditures* | 286,284 | 377,979 | 149,567 | 228,412 |
| *Excess (deficiency) of revenues over expenditures* | 95,069 | 10,004 | 91,912 | 81,908 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | (95,069) | (10,004) | - | 10,004 |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | (95,069) | (10,004) | - | 10,004 |
| *Net change in fund balance* | - | - | 91,912 | 91,912 |
| *Fund balance - beginning of year* | - | - | 191,706 | 191,706 |
| *Fund balance - end of year* | $ - | $ - | $ 283,618 | $ 283,618 |

| | |
|---|---|
| Net change in fund balance (non-GAAP budgetary basis) | $ 91,912 |
| No adjustments to revenue | - |
| Adjustments to expenditures for accounts payable & prepaid insurance | 676 |
| Net change in fund balance (GAAP) | $ 92,588 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-5

Village of Ruidoso
Emergency Medical Services Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental income: | | | | |
| Federal operating grants | - | - | - | - |
| State operating grants | - | 7,000 | 7,000 | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Fines, forfeitures and penalties | - | - | - | - |
| Miscellaneous | - | - | - | - |
| *Total revenues* | - | 7,000 | 7,000 | - |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | 15,795 | 8,469 | 7,326 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | - | 15,795 | 8,469 | 7,326 |
| *Excess (deficiency) of revenues over expenditures* | - | (8,795) | (1,469) | 7,326 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | - | 8,795 | - | (8,795) |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | - | 8,795 | - | (8,795) |
| *Net change in fund balance* | - | - | (1,469) | (1,469) |
| *Fund balance - beginning of year* | - | - | 8,796 | 8,796 |
| *Fund balance - end of year* | $ - | $ - | $ 7,327 | $ 7,327 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ (1,469) |
| No adjustments to revenue | | | | - |
| No adjustments to expenditures | | | | - |
| Net change in fund balance (GAAP) | | | | $ (1,469) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-6

Village of Ruidoso

Law Enforcement Protection Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | 27,130 | 27,130 | 27,130 | - |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | - | 2,297 | - | (2,297) |
| *Total revenues* | 27,130 | 29,427 | 27,130 | (2,297) |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 10,630 | 15,927 | 15,937 | (10) |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | 16,500 | 13,500 | 11,778 | 1,722 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | 27,130 | 29,427 | 27,715 | 1,712 |
| *Excess (deficiency) of revenues over expenditures* | - | - | (585) | (585) |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | - | - | - | - |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | - | - | - | - |
| *Net change in fund balance* | - | - | (585) | (585) |
| *Fund balance - beginning of year* | - | - | 2,297 | 2,297 |
| *Fund balance - end of year* | $ - | $ - | $ 1,712 | $ 1,712 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ (585) |
| No adjustments to revenues | | | | - |
| No adjustments to expenditures | | | | - |
| Net change in fund balance (GAAP) | | | | $ (585) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-7

Village of Ruidoso

Traffic Safety Fees Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | - | - | - | - |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | 7,700 | 7,700 | 5,895 | (1,805) |
| Investment income | - | - | - | - |
| Miscellaneous | - | 10,272 | - | (10,272) |
| *Total revenues* | 7,700 | 17,972 | 5,895 | (12,077) |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | 7,700 | 17,972 | 14,716 | 3,256 |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | 7,700 | 17,972 | 14,716 | 3,256 |
| *Excess (deficiency) of revenues over expenditures* | - | - | (8,821) | (8,821) |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | - | - | - | - |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | - | - | - | - |
| *Net change in fund balance* | - | - | (8,821) | (8,821) |
| *Fund balance - beginning of year* | - | - | 10,272 | 10,272 |
| *Fund balance - end of year* | $ - | $ - | $ 1,451 | $ 1,451 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ (8,821) |
| No adjustments to revenues | | | | - |
| No adjustments to expenditures | | | | - |
| Net change in fund balance (GAAP) | | | | $ (8,821) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-8

Village of Ruidoso
Correction Fees Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | - | - | - | - |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | 50,000 | 50,000 | 40,662 | (9,338) |
| Investment income | - | - | - | - |
| Miscellaneous | - | 114,868 | - | (114,868) |
| *Total revenues* | 50,000 | 164,868 | 40,662 | (124,206) |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 50,000 | 164,868 | 65,079 | 99,789 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | 50,000 | 164,868 | 65,079 | 99,789 |
| *Excess (deficiency) of revenues over expenditures* | - | - | (24,417) | (24,417) |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | - | - | - | - |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | - | - | - | - |
| *Net change in fund balance* | - | - | (24,417) | (24,417) |
| *Fund balance - beginning of year* | - | - | 114,868 | 114,868 |
| *Fund balance - end of year* | $ - | $ - | $ 90,451 | $ 90,451 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ (24,417) |
| No adjustments to revenues | | | | - |
| Adjustments to expenditures for accounts payable | | | | (30,726) |
| Net change in fund balance (GAAP) | | | | $ (55,143) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-9

Village of Ruidoso

Ruidoso Flood Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | 1,829,817 | 1,024,218 | 991,396 | (32,822) |
| State operating grants | - | - | - | - |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| *Total revenues* | 1,829,817 | 1,024,218 | 991,396 | (32,822) |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | 451,013 | 993,338 | 981,182 | 12,156 |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | 451,013 | 993,338 | 981,182 | 12,156 |
| *Excess (deficiency) of revenues over expenditures* | 1,378,804 | 30,880 | 10,214 | (20,666) |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | (1,378,804) | (30,880) | - | 30,880 |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | (1,378,804) | (30,880) | - | 30,880 |
| *Net change in fund balance* | - | - | 10,214 | 10,214 |
| *Fund balance - beginning of year* | - | - | 2,395,751 | 2,395,751 |
| *Fund balance - end of year* | $ - | $ - | $ 569,454 | $ 569,454 |

| | |
|---|---|
| Net change in fund balance (non-GAAP budgetary basis) | $ 10,214 |
| No adjustments to revenues | - |
| Adjustments to expenditures for accounts payable | 85,641 |
| Net change in fund balance (GAAP) | $ 95,855 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-10

Village of Ruidoso
Special Street Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | 164,056 | 164,056 | 149,165 | (14,891) |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | - | - | - | - |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | - | 125,955 | 364 | (125,591) |
| *Total revenues* | 164,056 | 290,011 | 149,529 | (140,482) |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 59,725 | 185,680 | 54,781 | 130,899 |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | 104,331 | 104,331 | 104,364 | (33) |
| Interest | - | - | - | - |
| *Total expenditures* | 164,056 | 290,011 | 159,145 | 130,866 |
| *Excess (deficiency) of revenues over expenditures* | - | - | (9,616) | (9,616) |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | - | - | - | - |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | 34,788 | 34,788 |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | - | - | 34,788 | 34,788 |
| *Net change in fund balance* | - | - | 25,172 | 25,172 |
| *Fund balance - beginning of year* | - | - | 210,635 | 210,635 |
| *Fund balance - end of year* | $ - | $ - | $ 235,807 | $ 235,807 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ 25,172 |
| Adjustments to revenues for other receivables | | | | (1,260) |
| No adjustments to expenditures | | | | - |
| Net change in fund balance (GAAP) | | | | $ 23,912 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-11

Village of Ruidoso
Convention Center Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | - | - | - | - |
| State capital grants | - | - | - | - |
| Charges for services | 148,730 | 148,730 | 165,154 | 16,424 |
| Licenses and fees | - | - | 48 | 48 |
| Investment income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| *Total revenues* | 148,730 | 148,730 | 165,202 | 16,472 |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | 407,263 | 399,943 | 373,853 | 26,090 |
| Health and welfare | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | 407,263 | 399,943 | 373,853 | 26,090 |
| *Excess (deficiency) of revenues over expenditures* | (258,533) | (251,213) | (208,651) | 42,562 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | (4,300) | (11,620) | - | 11,620 |
| Loan proceeds | - | - | - | - |
| Transfers in | 262,833 | 262,833 | 209,479 | (53,354) |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | 258,533 | 251,213 | 209,479 | (41,734) |
| *Net change in fund balance* | - | - | 828 | 828 |
| *Fund balance - beginning of year* | - | - | (798) | (798) |
| *Fund balance - end of year* | $ - | $ - | $ 30 | $ 30 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ 828 |
| No adjustments to revenues | | | | - |
| Adjustments to expenditures for accounts payable/accrued payroll | | | | (11,334) |
| Net change in fund balance (GAAP) | | | | $ (10,506) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-12

Village of Ruidoso
RSVP Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | 33,616 | 33,280 | 32,885 | (395) |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | - | 395 | - | (395) |
| *Total revenues* | 33,616 | 33,675 | 32,885 | (790) |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | 30,541 | 33,459 | 32,284 | 1,175 |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | 30,541 | 33,459 | 32,284 | 1,175 |
| *Excess (deficiency) of revenues over expenditures* | 3,075 | 216 | 601 | 385 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | (3,075) | (216) | - | 216 |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | (3,075) | (216) | - | 216 |
| *Net change in fund balance* | - | - | 601 | 601 |
| *Fund balance - beginning of year* | - | - | 3,603 | 3,603 |
| *Fund balance - end of year* | $ - | $ - | $ 4,204 | $ 4,204 |

| | |
|---|---|
| Net change in fund balance (non-GAAP budgetary basis) | $ 601 |
| Adjustments to revenues for other receivables | (1,081) |
| Adjustments to expenditures for accounts payable & accrued payroll | (1,607) |
| Net change in fund balance (GAAP) | $ (2,087) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-13

Village of Ruidoso
Forestry Operations Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | 261,000 | 261,000 | 333,153 | 72,153 |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | 98,642 | 98,642 | - | (98,642) |
| *Total revenues* | 359,642 | 359,642 | 333,153 | (26,489) |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 339,000 | 334,100 | 319,626 | 14,474 |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | 339,000 | 334,100 | 319,626 | 14,474 |
| *Excess (deficiency) of revenues over expenditures* | 20,642 | 25,542 | 13,527 | (12,015) |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | (20,642) | (25,542) | - | 25,542 |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | (20,642) | (25,542) | - | 25,542 |
| *Net change in fund balance* | - | - | 13,527 | 13,527 |
| *Fund balance - beginning of year* | - | - | 98,642 | 98,642 |
| *Fund balance - end of year* | $ - | $ - | $ 112,169 | $ 112,169 |

| | |
|---|---|
| Net change in fund balance (non-GAAP budgetary basis) | $ 13,527 |
| No adjustments to revenues | - |
| Adjustments to expenditures for accounts payable | (20) |
| Net change in fund balance (GAAP) | $ 13,507 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-14

Village of Ruidoso

Police Grants Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | - | - | - | - |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| *Total revenues* | - | - | - | - |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | - | - | - | - |
| *Excess (deficiency) of revenues over expenditures* | - | - | - | - |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | - | - | - | - |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | - | - | - | - |
| *Net change in fund balance* | - | - | - | - |
| *Fund balance - beginning of year* | - | - | - | - |
| *Fund balance - restatement* | - | - | - | - |
| *Fund balance - beginning as restated* | - | - | - | - |
| *Fund balance - end of year* | $ - | $ - | $ - | $ - |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ - |
| No adjustments to revenues | | | | - |
| No adjustments to expenditures | | | | - |
| Net change in fund balance (GAAP) | | | | $ - |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-15

Village of Ruidoso
DWI Grant Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | 160,269 | 163,977 | 163,977 | - |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| *Total revenues* | 160,269 | 163,977 | 163,977 | - |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 154,269 | 163,679 | 163,678 | 1 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | 154,269 | 163,679 | 163,678 | 1 |
| *Excess (deficiency) of revenues over expenditures* | 6,000 | 298 | 299 | 1 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | (6,000) | (298) | - | 298 |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | (6,000) | (298) | - | 298 |
| *Net change in fund balance* | - | - | 299 | 299 |
| *Fund balance - beginning of year* | - | - | 1,563 | 1,563 |
| *Fund balance - end of year* | $ - | $ - | $ 1,862 | $ 1,862 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ 299 |
| No adjustments to revenues | | | | - |
| No adjustments to expenditures | | | | - |
| Net change in fund balance (GAAP) | | | | $ 299 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-16

Village of Ruidoso

Auction Proceeds Trust Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | - | - |
| State operating grants | - | - | - | - |
| State capital grants | - | - | - | - |
| Charges for services | - | - | 25,145 | 25,145 |
| Licenses and fees | - | - | - | - |
| Investment income | - | - | - | - |
| Miscellaneous | - | - | - | - |
| *Total revenues* | - | - | 25,145 | 25,145 |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | 44,029 | 14,329 | 29,700 |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | - | 44,029 | 14,329 | 29,700 |
| *Excess (deficiency) of revenues over expenditures* | - | (44,029) | 10,816 | 54,845 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | - | 44,029 | - | (44,029) |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| *Total other financing sources (uses)* | - | 44,029 | - | (44,029) |
| *Net change in fund balance* | - | - | 10,816 | 10,816 |
| *Fund balance - beginning of year* | - | - | 44,140 | 44,140 |
| *Fund balance - end of year* | $ - | $ - | $ 54,956 | $ 54,956 |
| Net change in fund balance (non-GAAP budgetary basis) | | | | $ 10,816 |
| No adjustments to revenues | | | | - |
| No adjustments to expenditures | | | | - |
| Net change in fund balance (GAAP) | | | | $ 10,816 |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement B-17

Village of Ruidoso
GO Bond RWWTP Capital Projects Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual | Variances Favorable (Unfavorable) |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Budgetary Basis) | Final to Actual |
| *Revenues:* | | | | |
| Taxes: | | | | |
| Property | $ - | $ - | $ - | $ - |
| Gross receipts | - | - | - | - |
| Gasoline and motor vehicle | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal operating grants | - | - | - | - |
| Federal capital grants | - | - | 111,267 | 111,267 |
| State operating grants | - | - | - | - |
| State capital grants | - | - | - | - |
| Charges for services | - | - | - | - |
| Licenses and fees | - | - | - | - |
| Investment income | - | - | 1,539 | 1,539 |
| Miscellaneous | - | - | - | - |
| *Total revenues* | - | - | 112,806 | 112,806 |
| *Expenditures:* | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 368,000 | 443,000 | 234,124 | 208,876 |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Capital outlay | 431,000 | 884,926 | 633,141 | 251,785 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| *Total expenditures* | 799,000 | 1,327,926 | 867,265 | 460,661 |
| *Excess (deficiency) of revenues over expenditures* | (799,000) | (1,327,926) | (754,459) | 573,467 |
| *Other financing sources (uses)* | | | | |
| Designated cash (budgeted cash increase) | 890,885 | 1,419,811 | - | (1,419,811) |
| Loan proceeds | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | (91,885) | (91,885) | (48,411) | 43,474 |
| *Total other financing sources (uses)* | 799,000 | 1,327,926 | (48,411) | (1,376,337) |
| *Net change in fund balance* | - | - | (802,870) | (802,870) |
| *Fund balance - beginning of year* | - | - | 7,076,935 | 7,076,935 |
| *Fund balance - end of year* | $ - | $ - | $ 6,274,065 | $ 6,274,065 |

| | |
|---|---|
| Net change in fund balance (non-GAAP budgetary basis) | $ (802,870) |
| Adjustments to revenues for other taxes receivable & other receivables | (111,267) |
| Adjustments to expenditures for accounts payable | 28,310 |
| Net change in fund balance (GAAP) | $ (885,827) |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement C-1

Village of Ruidoso
Utility Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Assets
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2012

| | Budget Amounts | | Actual | Variances |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Basis) | Favorable (Unfavorable) |
| *Operating revenues:* | | | | |
| Charges for services | $ 4,762,512 | $ 4,375,992 | $ 3,805,442 | $ (570,550) |
| *Total operating revenues* | 4,762,512 | 4,375,992 | 3,805,442 | (570,550) |
| *Operating expenses:* | | | | |
| General and administrative | 336,700 | 447,010 | 421,474 | 25,536 |
| Personnel services | 2,243,827 | 2,122,507 | 1,956,648 | 165,859 |
| Contractual services | 3,873,286 | 1,815,207 | 1,082,815 | 732,392 |
| Supplies and purchased power | 4,758,374 | 4,027,711 | 1,072,542 | 2,955,169 |
| Maintenance and materials | 371,300 | 660,023 | 551,686 | 108,337 |
| Utilities | 399,060 | 479,219 | 484,596 | (5,377) |
| Miscellaneous | (50,000) | (13,000) | 6,893 | (19,893) |
| *Total operating expenses* | 11,932,547 | 9,538,677 | 5,576,654 | 3,962,023 |
| *Operating income (loss)* | (7,170,035) | (5,162,685) | (1,771,212) | 3,391,473 |
| *Non-operating revenues (expenses):* | | | | |
| Operating grants | 3,224,000 | 224,000 | 201,600 | (22,400) |
| Interest income | 16,000 | 7,000 | 11,285 | 4,285 |
| Interest expense | (303,993) | (1,007,923) | (893,355) | 114,568 |
| Gross receipts tax revenue | 4,223,188 | 4,330,888 | 2,350,866 | (1,980,022) |
| Gross receipts tax expense | - | - | - | - |
| Miscellaneous revenue | 1,594,631 | 9,428,009 | 759,406 | (8,668,603) |
| Landfill closure/postclosure care costs | - | - | - | - |
| *Total non-operating revenues (expenses)* | 8,753,826 | 12,981,974 | 2,429,802 | (10,552,172) |
| Proceeds from sale of capital assets | - | - | 115,865 | 115,865 |
| Transfers in | - | - | - | - |
| Transfers out | (1,654,340) | (1,654,340) | (735,469) | 918,871 |
| *Capital grants and net transfers* | (1,654,340) | (1,654,340) | (619,604) | 1,034,736 |
| *Change in net assets* | (70,549) | 6,164,949 | 38,986 | (6,125,963) |
| Designated cash | 70,549 | (6,164,949) | - | 6,164,949 |
| *Total net assets, beginning of year* | - | - | 7,847,771 | 7,847,771 |
| *Total net assets, end of year* | $ - | $ - | $ 7,886,757 | $ 7,886,757 |
| *Change in net assets, above* | | | $ 38,986 | |
| Depreciation | | | (180,872) | |
| Adjustments to revenues for accounts receivable, prepaids, transfers. | | | (22,050,453) | |
| Adjustments to expenditures for accounts payable, accrued payroll, etc. | | | 828,957 | |
| *Change in net assets, Exhibit D-2* | | | $ (21,363,382) | |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement C-2

Village of Ruidoso
Airport Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Assets
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2012

| | Budget Amounts | | Actual | Variances |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Basis) | Favorable (Unfavorable) |
| *Operating revenues:* | | | | |
| Charges for services | $ 919,000 | $ 1,015,500 | $ 1,006,115 | $ (9,385) |
| *Total operating revenues* | 919,000 | 1,015,500 | 1,006,115 | (9,385) |
| *Operating expenses:* | | | | |
| General and administrative | 672,403 | 818,291 | 771,910 | 46,381 |
| Personnel services | 470,294 | 410,596 | 343,561 | 67,035 |
| Contractual services | 101,650 | 76,200 | 60,023 | 16,177 |
| Supplies and purchased power | 1,029,423 | 1,009,894 | 251,013 | 758,881 |
| Maintenance and materials | 31,000 | 67,530 | 56,645 | 10,885 |
| Utilities | 52,500 | 76,345 | 71,705 | 4,640 |
| Miscellaneous | (50,000) | (13,000) | - | (13,000) |
| *Total operating expenses* | 2,307,270 | 2,445,856 | 1,554,857 | 890,999 |
| *Operating income (loss)* | (1,388,270) | (1,430,356) | (548,742) | 881,614 |
| *Non-operating revenues (expenses):* | | | | |
| Operating grants | 986,291 | 814,959 | 137,766 | (677,193) |
| Interest income | - | - | - | - |
| Interest expense | (126,170) | (126,170) | (79,692) | 46,478 |
| Gross receipts tax revenue | - | - | - | - |
| Gross receipts tax expense | - | - | - | - |
| Miscellaneous revenue | 1,000 | 7,061,424 | - | (7,061,424) |
| *Total non-operating revenues (expenses)* | 861,121 | 7,750,213 | 58,074 | (7,692,139) |
| Capital grants | - | - | - | - |
| Transfers in | 1,083,000 | 1,083,000 | 1,176,998 | 93,998 |
| Transfers out | (304,778) | (304,778) | (241,373) | 63,405 |
| *Capital grants and net transfers* | 778,222 | 778,222 | 935,625 | 157,403 |
| *Change in net assets* | 251,073 | 7,098,079 | 444,957 | (6,653,122) |
| Designated cash | (251,073) | (7,098,079) | - | 7,098,079 |
| *Total net assets, beginning of year* | - | - | 95,014 | 95,014 |
| *Total net assets, end of year* | $ - | $ - | $ 539,971 | $ 539,971 |
| *Change in net assets, above* | | | $ 444,957 | |
| Depreciation | | | (225,744) | |
| Adjustments to revenues for accounts receivable, prepaids, etc. | | | (7,421) | |
| Adjustments to expenditures for accounts payable, accrued payroll, etc. | | | 19,732 | |
| *Change in net assets, Exhibit D-2* | | | $ 231,524 | |

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO** Statement C-3

Village of Ruidoso
Solid Waste Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Assets
Budget (Non-GAAP Basis) and Actual
For the Year Ended June 30, 2012

| | Budget Amounts | | Actual | Variances |
|---|---|---|---|---|
| | Original | Final | (Non-GAAP Basis) | Favorable (Unfavorable) |
| *Operating revenues:* | | | | |
| Charges for services | $ 2,567,120 | $ 2,741,120 | $ 2,094,888 | $ (646,232) |
| *Total operating revenues* | 2,567,120 | 2,741,120 | 2,094,888 | (646,232) |
| *Operating expenses:* | | | | |
| General and administrative | 786,385 | 879,609 | 726,881 | 152,728 |
| Personnel services | 1,026,840 | 1,026,840 | 938,681 | 88,159 |
| Contractual services | - | 1,000 | 1,000 | - |
| Supplies and purchased power | 24,460 | 23,960 | 16,888 | 7,072 |
| Maintenance and materials | 318,481 | 368,731 | 330,690 | 38,041 |
| Utilities | 38,288 | 51,064 | 44,849 | 6,215 |
| Miscellaneous | - | - | - | - |
| *Total operating expenses* | 2,194,454 | 2,351,204 | 2,058,989 | 292,215 |
| *Operating income (loss)* | 372,666 | 389,916 | 35,899 | (354,017) |
| *Non-operating revenues (expenses):* | | | | |
| Operating grants | - | - | - | - |
| Interest income | - | - | - | - |
| Interest expense | (327,441) | (327,736) | (327,437) | 299 |
| Gross receipts tax revenue | 135,000 | 135,000 | 144,958 | 9,958 |
| Gross receipts tax expense | - | - | - | - |
| Miscellaneous | - | 9,200 | 9,792 | 592 |
| *Total non-operating revenues (expenses)* | (192,441) | (183,536) | (172,687) | 10,849 |
| Capital grants | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | (180,225) | (180,225) | (161,092) | 19,133 |
| *Capital grants and net transfers* | (180,225) | (180,225) | (161,092) | 19,133 |
| *Change in net assets* | - | 26,155 | (297,880) | (324,035) |
| Designated cash | - | (26,155) | - | 26,155 |
| *Total net assets, beginning of year* | - | - | 1,149,759 | 1,149,759 |
| *Total net assets, end of year* | $ - | $ - | $ 851,879 | $ 851,879 |
| *Change in net assets, above* | | | $ (297,880) | |
| Depreciation | | | (421,567) | |
| Adjustments to revenues for accounts receivable, prepaids, etc. | | | 102,158 | |
| Adjustments to expenditures for accounts payable, accrued payroll, etc. | | | 93,693 | |
| *Change in net assets, Exhibit D-2* | | | $ (523,596) | |

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**

Village of Ruidoso

Schedule of Deposit and Investment Accounts

For the Year Ended June 30, 2012

| Bank Account Type/Name | Wells Fargo Bank | City Bank of New Mexico | Pioneer Bank |
|---|---|---|---|
| **Deposits** | | | |
| Operating - Checking-interest bearing | $ 40,070 | $ - | $ - |
| RWWTP - Checking-interest bearing | 6,296,955 | - | - |
| Impact Fees - Checking-interest bearing | 1,486,952 | - | - |
| FEMA - Checking-interest bearing | 569,454 | - | - |
| Water Meter Trust - Checking-interest bearing | 462,994 | - | - |
| Bail Bond Trust - Checking-interest bearing | 2,352 | | |
| Benevolent Fund - Checking-interest bearing | - | 2,707 | - |
| Wells Fargo Brokerage - Money Market | 1,159,868 | - | - |
| Wells Fargo Brokerage - Money Market | 789,090 | - | - |
| Wells Fargo-Sweep Account-interest bearing | 7,540,711 | - | - |
| New Mexico Finance Authority | - | - | - |
| Ruidoso - Certificate of Deposit | 4,203,685 | - | - |
| Ruidoso - Certificate of Deposit | - | 1,300,010 | - |
| Ruidoso - Certificate of Deposit | - | - | 2,338,243 |
| Ruidoso - Certificate of Deposit | - | - | - |
| Total on deposit | 22,552,131 | 1,302,717 | 2,338,243 |
| Outstanding items | (801,570) | (2,707) | - |
| Deposits in transit | 99,282 | 2,707 | - |
| **Book balance** | $ 21,849,843 | $ 1,302,717 | $ 2,338,243 |
| | | | |
| **Investments** | | | |
| Local Government Investment Pool | $ - | $ - | $ - |

See independent auditors' report

| First National Bank | New Mexico State Treasurer | New Mexico Finance Authority | Totals |
|---|---|---|---|
| $ - | $ - | $ - | $ 40,070 |
| - | - | - | 6,296,955 |
| - | - | - | 1,486,952 |
| - | - | - | 569,454 |
| - | - | - | 462,994 |
| | | - | 2,352 |
| - | - | - | 2,707 |
| - | - | - | 1,159,868 |
| - | - | - | 789,090 |
| - | - | - | 7,540,711 |
| - | - | 825,439 | 825,439 |
| - | - | - | 4,203,685 |
| - | - | - | 1,300,010 |
| - | - | - | 2,338,243 |
| 610,869 | - | - | 610,869 |
| 610,869 | - | 825,439 | 27,629,399 |
| - | - | - | (804,277) |
| - | - | - | 101,989 |
| $ 610,869 | $ - | $ 825,439 | $ 26,927,111 |
| $ - | $ 70,449 | | $ 70,449 |
| Petty cash | | | 1,445 |
| Total deposits and investments | | | $ 26,999,005 |

| | |
|---|---|
| Total cash and cash equivalents primary government per Exhibit A-1 | $ 13,342,937 |
| Total cash and cash equivalents component unit per Exhibit A-1 | 1,906,997 |
| Total restricted cash and cash equivalents per Exhibit A-1 | 1,273,773 |
| Total investments primary government per exhibit A-1 | 9,127,113 |
| Total investments component unit per exhibit A-1 | 1,345,101 |
| Total agency funds cash and cash equivalents per Exhibit E-1 | 3,084 |
| Total cash, cash equivalents and investments | $ 26,999,005 |

**STATE OF NEW MEXICO**
Village of Ruidoso
Schedule of Pledged Collateral
For the Year Ended June 30, 2012

| Name of Depository | Description | Maturity | CUSIP Number |
|---|---|---|---|
| City Bank of New Mexico | Credit number # 294800140 | 1/30/2013 | N/A |
| First National Bank | BERNALILLO NM MUN SCH DIST NO | 8/1/2020 | 085279NY9 |
| First National Bank | BRAZORIA CNTY TX | 9/1/2021 | 10606PAQ4 |
| First National Bank | BRAZORIA CNTY TX MUN UTIL DIST NO 18 | 9/1/2022 | 106056DZ4 |
| Pioneer Bank | 080409 GNMA II 7% | 5/20/2030 | 36225CN36 |
| Pioneer Bank | 080477 GNMA 6% | 12/20/2030 | 36225CQ74 |
| Pioneer Bank | 1B0951 FHLMC 1 YR LIBOR +1.75% | 7/1/2033 | 31336STG3 |
| Pioneer Bank | 661745 FNMA ARM 5.15% | 9/1/2032 | 31391BES2 |
| Pioneer Bank | 696460 FNMA 1YR CMT+2.215% | 4/1/2033 | 31400SWV7 |
| Pioneer Bank | 745130 FNMA 1 YR LBR +1.669% | 11/1/2035 | 31403CY39 |
| Pioneer Bank | 759453 FNMA 1 YR CMT +2.125% | 1/1/2034 | 31403VWN5 |
| Pioneer Bank | 780217 FHLMC H15T1Y +2.223% | 1/1/2033 | 31342AG29 |
| Pioneer Bank | 781086 FHLMC 1 YR TR +2.23% | 12/1/2033 | 31349SF32 |
| Pioneer Bank | 781721 FHLMC 1 YR CMT +2.25% | 7/1/2034 | 31349S4E0 |
| Pioneer Bank | 782804 FHLMC 1 YR CMT +2.237% | 11/1/2034 | 31349UDH8 |
| Pioneer Bank | 782928 FHLMC 1 YR +2.227% | 1/1/2035 | 31349UHD3 |
| Pioneer Bank | 789868 FHLMC 1 YR CMT +2.25% | 9/1/2032 | 31295N6D5 |
| Pioneer Bank | 805152 FNMA 1 YR LBR +1.776% | 1/1/2035 | 31406BQD5 |
| Wells Fargo Bank | FHG-1 J13170 | 12/1/2040 | 31292K6A0 |
| Wells Fargo Bank | FN-30 AH4385 | 3/1/2042 | 3138E5LF3 |
| Wells Fargo Bank | FN AH3394 | 1/1/2041 | 3138A4XY6 |
| Wells Fargo Bank | FN AJ4148 | 11/1/2026 | 3138AVTE5 |
| Wells Fargo Bank | FN MA1027 | 4/1/2042 | 31418AD96 |
| Wells Fargo Bank | FN AH6221 | 3/1/2041 | 3138A74F2 |
| Wells Fargo Bank | FN AH2340 | 1/1/2041 | 3138A3S65 ` |
| Wells Fargo Bank | FN AH8121 | 3/1/2026 | 3138AAAX9 |
| Wells Fargo Bank | FN AE0981 | 3/1/2041 | 31419BCT0 |
| Total Collateral Pledged | | | |

* As per NMSA 2.2.2.10 (N) (4)(5)(e), the value of collateral consisting of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions, shall be par value.

See independent auditors' report

| Fair Market / Par Value | | Name and Location of Safe Keeper |
|---|---|---|
| $ 1,325,000 | | Federal Home Loan Bank Dallas, TX |
| $ 1,325,000 | | |
| | | |
| $ 450,000 | * | Federal Home Loan Bank Dallas, TX |
| 233,526 | | Federal Home Loan Bank Dallas, TX |
| 300,630 | | Federal Home Loan Bank Dallas, TX |
| $ 984,156 | | |
| | | |
| $ 208,195 | | Federal Home Loan Bank Dallas, TX |
| 29,358 | | Federal Home Loan Bank Dallas, TX |
| 46,282 | | Federal Home Loan Bank Dallas, TX |
| 12,016 | | Federal Home Loan Bank Dallas, TX |
| 367,388 | | Federal Home Loan Bank Dallas, TX |
| 737,937 | | Federal Home Loan Bank Dallas, TX |
| 98,217 | | Federal Home Loan Bank Dallas, TX |
| 19,591 | | Federal Home Loan Bank Dallas, TX |
| 84,126 | | Federal Home Loan Bank Dallas, TX |
| 457,601 | | Federal Home Loan Bank Dallas, TX |
| 69,377 | | Federal Home Loan Bank Dallas, TX |
| 37,364 | | Federal Home Loan Bank Dallas, TX |
| 41,835 | | Federal Home Loan Bank Dallas, TX |
| 84,571 | | Federal Home Loan Bank Dallas, TX |
| $ 2,293,858 | | |
| | | |
| $ 985,584 | | Federal Reserve Bank San Francisco, CA |
| 5,437,311 | | Federal Reserve Bank San Francisco, CA |
| 1,120,542 | | Federal Reserve Bank San Francisco, CA |
| 8,876 | | Federal Reserve Bank San Francisco, CA |
| 173,061 | | Federal Reserve Bank San Francisco, CA |
| 72,310 | | Federal Reserve Bank San Francisco, CA |
| 4,725 | | Federal Reserve Bank San Francisco, CA |
| 31,575 | | Federal Reserve Bank San Francisco, CA |
| 4,321,046 | | Federal Reserve Bank San Francisco, CA |
| $ 12,155,030 | | |
| | | |
| $ 16,758,044 | | |

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**STATE OF NEW MEXICO** Schedule III

Village of Ruidoso

Schedule of Changes in Fiduciary Assets and Liabilities

Agency Funds

Year Ended June 30, 2012

| | Balance July 1, 2011 | Additions | Deletions | Balance June 30, 2012 |
|---|---|---|---|---|
| *Crime Lab Test Fund* | | | | |
| Assets | | | | |
| Cash and cash equivalents | $ 9 | 18,431 | $ 17,358 | $ 1,082 |
| *Total assets* | 9 | 18,431 | 17,358 | 1,082 |
| Liabilities | | | | |
| Deposits held and due to others | 9 | 18,431 | 17,358 | 1,082 |
| *Total liabilities* | $ 9 | $ 18,431 | $ 17,358 | $ 1,082 |
| *Bail Bond Trust Fund* | | | | |
| Assets | | | | |
| Cash and cash equivalents | $ 397 | $ 2,133 | $ 528 | $ 2,002 |
| *Total assets* | 397 | 2,133 | 528 | 2,002 |
| Liabilities | | | | |
| Deposits held and due to others | 397 | 2,133 | 528 | 2,002 |
| *Total liabilities* | $ 397 | $ 2,133 | $ 528 | $ 2,002 |
| *Total Agency Funds* | | | | |
| Assets | | | | |
| Cash and cash equivalents | $ 406 | $ 20,564 | $ 17,886 | $ 3,084 |
| *Total assets* | 406 | 20,564 | 17,886 | 3,084 |
| Liabilities | | | | |
| Deposits held and due to others | 406 | 20,564 | 17,886 | 3,084 |
| *Total liabilities* | $ 406 | $ 20,564 | $ 17,886 | $ 3,084 |

See independent auditors' report

**State of New Mexico**
Village of Ruidoso
Schedule of Joint Powers Agreements and
Memorandums of Understanding
June 30, 2012

| Participants | Responsible Party | Description |
|---|---|---|
| Village of Ruidoso and the Board of Education for the Ruidoso Municipal School District | Both | Placement of a School Resource Officer at Ruidoso Schools |
| Village of Ruiodoso Police Department and Lincon County Narcotics Enforcement Unit | Both | To be a member of the Lincoln County Drug Task Force and provide an officer to the task force and to employ a speical response tactical team |
| Village of Ruidoso and Lincoln County | Both | To provide mutual aid fire response |
| Village of Ruidoso Police Department and New Mexico Law Enforcement Professional Standards Council | Both | To assist in the agency toward the goal of accredited status through compliance with the standards adopted by said council |
| Village of Ruidoso and New Mexico Department of Public Safety | Both | To provide police services for Village inhabitants and have Police officers with powers to enforce state laws and act with the same authoity as sheriffs and constables |
| Village of Ruidoso, Sierra Blanca Regional Airport and the Bureau of Land Management | Both | To allow public land users to ingress and egress the Airport's East and South approach corridors |
| Village of Ruidoso and the New Mexico Tourism Department | Both | To create a partnership for the use of space at the Billy the Kid Byway Visitor Center |
| Village of Ruidoso and City of Ruidoso Downs, Town of Carrizozo, Lincoln County, Village of Capitan | All | DWI enforcement activities including overtime |
| Village of Ruidoso and United States Department of Agriculture | Both | To provide a framework for cooperation upon which VOR and forest service may jointly plan and accomplish mutually benefical projects and activities |
| Interior | Both | Operation and maintenance of the streamflow gages |
| Village of Ruidoso and the New Mexico Law Enforcement Professional Standards Council | Both | To provide the Village manuals, forms, and technicial assistance necessary to assist the Village in their accreditation effort |
| Village of Ruidoso and the New Mexico Office of the State Engineer | Both | To identify and track water discovered through a leak detection program |
| Village of Ruidoso and Lincoln County | Both | To offer library services for all in the vicinty of Ruidoso |

See independent auditors' report

| Begin Date | End Date | Estimated Amount of Project | Amount Contributed in Fiscal Year | Audit Responsibility | Fiscal Agent | Name of Govt Agency Report Rev & Exp |
|---|---|---|---|---|---|---|
| 7/1/2011 | 6/30/2012 | $ 42,668 | $ 39,454 | None | None | Both |
| 9/27/2011 | 8/31/2012 | $ 14,400 | $ - | None | None | Both |
| 2/23/2010 | Indefinitely | N/A | N/A | None | None | Both |
| 10/1/2009 | Until Complete | N/A | N/A | None | None | Both |
| 7/1/2010 | Indefinitely | N/A | N/A | Both | None | Both |
| 12/1/2011 | 12/1/2016 | N/A | N/A | None | None | Both |
| 2/28/2012 | 2/28/2016 | N/A | N/A | Both | None | Both |
| 7/1/2012 | 5/31/2013 | $ 11,000 | None | None | Village of Ruidoso | All |
| 6/4/2008 | 8/4/2013 | N/A | N/A | None | None | Both |
| 7/1/2011 | 6/30/2012 | $ 72,280 | $ 72,280 | None | None | Both |
| 9/1/2009 | Indefinitely | N/A | N/A | None | None | Both |
| 4/28/2009 | Indefinitely | N/A | N/A | None | None | Both |
| 6/21/2011 | 6/21/2012 | 30,000.00 | $ - | None | None | Both |

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**COMPLIANCE SECTION**

**Accounting & Consulting Group, LLP**
Certified Public Accountants

**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***

Mr. Hector Balderas
New Mexico State Auditor
Village Manager, Mayor
Village Council Members
Village of Ruidoso
Ruidoso, New Mexico

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparisons for the general fund and major special revenue funds and the aggregate remaining fund information of Village of Ruidoso (the Village) New Mexico as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents, and have issued our report thereon dated April 3, 2013. We also have audited the financial statements of each of the Village's nonmajor governmental funds, and the budgetary comparisons for the major capital projects fund, and the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents and have issued our report thereon dated April 3, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identity all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weakness have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness [see finding FS 2012-2].



2700 San Pedro NE Albuquerque NM 87110 T: 505.883.2727 F: 505.884.6719 www.acgnm.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings FS 2005-7, FS 2011-2, FS 2011-7, FS 2012-1, FS 2012-3 and FS 2012-4.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, Village Council, the New Mexico Legislature, New Mexico Department of Finance and Administration-Local Government Division, 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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Roswell, NM
April 3, 2013

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**FEDERAL FINANCIAL ASSISTANCE**

**Accounting & Consulting Group, LLP**
Certified Public Accountants

**INDPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector Balderas
New Mexico State Auditor
To Village Manager, Mayor
Village Council Members
Village of Ruidoso
Ruidoso, New Mexico

Compliance

We have audited Village of Ruidoso, New Mexico's (the Village) compliance, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular *A-133 Compliance Supplement* that could have a direct and material effect on the Village's major federal programs for the year ended June 30, 2012. The Village's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

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

In our opinion, the Village complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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



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

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, Village Council, the New Mexico Legislature, New Mexico Department of Finance and Administration-Local Government Division, 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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
April 3, 2013

**STATE OF NEW MEXICO**
Village of Ruidoso
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

| Federal Grantor Program Title | Federal CFDA Number | Federal or Pass Through Grant / Project Number | | Federal Expenditures |
|---|---|---|---|---|
| Federal Grantor/Pass Through Grantor/Program or Cluster Title | | | | |
| **U.S. Department of Transportation** | | | | |
| Airport Improvement Program | 20.106 | 3-35-052-022-2011 | | $ 182,932 |
| **U.S. Department of Agriculture** | | | | |
| Hazardous Fuels Reduction | 10.664 | 10-DG-11031600-061 | * | 236,547 |
| Hazardous Fuels Reduction | 10.664 | 09-DG-11031600-061 | * | 11,927 |
| Hazardous Fuels Reduction | 10.664 | 09-DG-11031600-016 | * | 60,393 |
| Trail Flagging Work/Contractual Services | 10.665 | 11DG-1103-0800-017 | | 101,762 |
| Total U.S. Department of Agriculture | | | | 410,629 |
| **U.S. Department of Justice** | | | | |
| Crime Victim Assistance | 16.575 | 2011-VA-GX-0005 | | 34,451 |
| **U.S. Department of Homeland Security** | | | | |
| Disaster Grants - Public Assistance - FEMA | 97.036 | FEMA-1783-DR-NM-005 | * | 978,283 |
| 2011 Emergency Management Performance Grant | 97.042 | EMW-2011-SS-00051 | | 1,711 |
| Siren Purchase | 97.067 | 2010-SS-T0-0011-Village | | 19,807 |
| 2011 State Homeland Security Grant Program | 97.067 | EMW-2011-SS-00051 | | 113,700 |
| Total U.S. Department of Homeland Security | | | | 1,113,501 |
| Total Expenditures of Federal Awards | | | | $ 1,741,513 |

* Major Program

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented on the cash basis of accounting, which is a different basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Sub-recipients

The Village did not provide any federal awards to sub-recipients during the year.

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

| | | |
|---|---|---|
| Total federal awards expended per Schedule of Expenditures of Federal Awards | $ | 1,741,513 |
| Total expenditures funded by other sources | | 25,850,786 |
| Total expenses per Exhibit A-2 | $ | 27,592,299 |

**STATE OF NEW MEXICO**
Village of Ruidoso
Schedule of Findings and Questioned Costs
June 30, 2012

**Section I – Summary of Audit Results**

*Financial Statements:*

1. Type of auditors' report issued — Unqualified

1. Internal control over financial reporting:

   a. Material weakness identified? — Yes

   b. Significant deficiencies identified not considered to be material weaknesses? — No

   c. Noncompliance material to the financial statements noted? — No

*Federal Awards:*

1. Internal control over major programs:

   a. Material weaknesses identified? — No

   b. Significant deficiencies identified not considered to be material weaknesses? — No

2. Type of auditors' report issued on compliance for major programs — Unqualified

3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? — No

4. Identification of major programs:

| CFDA Number | Federal Program |
|---|---|
| 10.664 | Hazardous Fuel Reduction |
| 97.036 | Disaster Grants-Public Assistance (Presidentially Declared Disasters) |

5. Dollar threshold used to distinguish between type A and type B programs: — $300,000

6. Auditee qualified as low-risk auditee? — No

**Section II – Financial Statement Findings and Questioned Costs**

**FS2005-7 Regional Wastewater Treatment Plant (other matter)-repeated**

*Condition:* The Village of Ruidoso and the Village of Ruidoso Downs have entered into a joint powers agreement to create a separate entity to operate a Regional Wastewater Treatment Plant (RWWTP). The agreement was executed on July 3, 1974. A board that is composed of members of each government governs the RWWTP.

The Village performs all administrative functions for the RWWTP including all accounting functions. Each government contributes funds to maintain and operate the facility.

The Village has created a separate fund within their general ledger to account for all revenues and expenditures. The cash belonging to the RWWTP is pooled with the Village's other cash. All costs and expenses related to the payroll function are charged to the RWWTP fund; however, the employees who provide services for the RWWTP have been treated as a department of the Village.

The intention of the agreement was to create a separate entity; however the Village has not treated the RWWTP as a separate entity, rather the RWWTP has been treated as a department of the Village.

*Criteria:* The RWWTP was created with authority of the Joint Powers Agreement Act as defined in New Mexico State Statutes. According to Section 11-1-5B NMSA 1978, the administering agency under any such agreement shall be considered under the provision of this Joint Powers Agreements Act (11-1-1 to 11-1-7 NMSA 1978) as an entity separate from the parties to such agreement.

*Effect:* By treating the RWWTP as a department rather than a separate legal entity, the Village has misreported financial information to various other governments. For example, the payroll reports reported to the Internal Revenue Service contain the wages of employees who provided services to the RWWTP. All payroll activity has been reported to the Internal Revenue Service, New Mexico Taxation and Revenue Department, and the New Mexico Public Employee Retirement Association as activity belonging to the Village. The employees have accrued vacation and sick leave based on the policies established by the Village rather than the RWWTP.

*Cause:* In order to streamline operations, prior Village administrations and the current Village administration has accounted for the RWWTP as a department rather than as a separate entity.

*Auditors' Recommendation:* We recommend that the RWWTP be dissolved as a separate entity and be treated as an enterprise fund of the Village.

*Views of Responsible Officials and Planned Corrective Actions:* The Village as begun the process of creating a separate legal entity for the RWWTP in FY 13. A mediation process was conducted by court order and the ruling was determined to not dissolve the JUB but to create a separate legal entity for the RWWTP. The Village of Ruidoso and City of Ruidoso Downs are meeting and the legal representatives are beginning to outline the process.

**FS2011-2 Lack of Internal Controls Over Voided Checks (other matter)-repeated and modified**

*Condition:* During our test work over 63 voided checks we noted 7 instances in which the checks actually cleared the bank. See checks 2091532-20981538.

*Criteria: The Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that management is responsible for maintaining internal control that will, among other things, initiate, authorize, record, process and report transactions (as well as events and conditions) consistent with management's assertions embodies in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Good internal control policy dictates that the Village shall establish and maintain a cash management program to safeguard voided checks. Systems of internal control with the most favorable designs include procedures designed to prevent or detect errors due to misclassification of transactions in the accounting records. (AU 325.21 appdx) Section 12-6-5, NMSA 1978 requires the audit report to set out in detail any violation of good accounting practices found by the audit.

*Effect:* This results in an increased risk of theft of voided checks and potential for misappropriation of Village funds.

*Cause:* Responsible officials do not have the communication between departments that is necessary to ensure that checks are voided when they are supposed to be. In addition, responsible officials are not ensuring that an adequate amount of time is taken for checks to be properly voided in the accounting system.

*Auditors' Recommendation:* The Village should review cash management procedures with the responsible individuals monthly to ensure that all areas of cash have sufficient internal controls, including accounting for all voided checks residing at the entity as well as a documented policy that states who is responsible for voided checks in the system.

*Views of Responsible Officials and Planned Corrective Actions:* It was determined that these checks were voided before the new system was in place. The July bank statement was still being processed on an excel spreadsheet as the old AS400 did not have a module to do bank reconciliations in the system. This can no longer occur as bank reconciliations are done within the new Incode system and internal controls have been put in place.

**FS2011-7 Lack of Internal Controls Over the Accounts Receivable/Payable Process (other matter)-repeated and modified**

*Condition:* The Village does not have a comprehensive documented internal control structure. We noted the following areas in which the Village does not have sufficient key internal controls in place.

- The Village does not reconcile accounts receivable aging reports or accounts payable reports to the general ledger,
- The Village does not have a policy in place that requires the balancing of interfund receivables and payables, and
- The Village does not have an accounting policy for calculating or recording an allowance for uncollectable accounts.

*Criteria: The Codification of Statements on Auditing Standards* (SAS AU) paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

The SAS No. 115 Appendix lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." SAS 115 paragraph 15 states that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.
*Effect*: Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

**FS2011-7 Lack of Internal Controls Over the Accounts Receivable Process (other matter)-repeated and modified (continued)**

*Cause:* For the fiscal year 2012 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under SAS No. 115 to provide effective oversight of internal control and the financial reporting process.

*Auditors' Recommendation:* We recommend that the Village prepare a written policy that dictates the accounts receivable process.

*Views of Responsible Officials and Planned Corrective Actions:*
The Finance Department is working on amending their Internal Control Policy to include the accounts receivable process. This is a work in progress.

**FS 2012-1 Travel and Per Diem Act (other matter)**

*Condition:* During our test work of the Village's compliance with the travel and per diem mileage act, we noted one instance out of five tested where the employee was reimbursed at the incorrect mileage rate of .55 cents per mile instead of the required rate of .505 (See check 207886 paid on 10/5/2011).

*Criteria:* DFA regulation 2.42..2.11 (C) requires the rate to reimbursed at the statutory rate unless such rates have been reduced by the governing goodies of the local public body pursuant to Section 10-8-5 (D) NMSA 1978. The statutory rate is the internal revenue service standard mileage rate set January 1st of the previous year.

*Effect:* This specific reimbursement exceeded the required disbursement by $13.34. The city was not in compliance with the state's Travel and Per Diem Act.

*Cause:* The City did not updated the reimbursement form which computed the reimbursement based on an out dated rate.

*Auditors 'Recommendation:* We recommend the person approve reimbursement request for payment double check the mileage rate to ensure the rate is current. We also recommend notify departments when the rate is changed.

*Views of Responsible Officials and Planned Corrective Actions:*
This finding was addressed immediately with Resolution 2012-18, A resolution adopting the Village of Ruidoso Travel Policy per diem and mileage for all public officials, employees and authorized individuals pursuant to the authority granted in ss 10-8-1, NMSA 1978.

**FS 2012-2 Deficiencies in Inventory Management (material weakness)**

*Condition:* During the test work of consumable inventory, several deficiencies were noted:

- The majority of departments are not maintaining an accurate inventory listing. There were many instances of unit price and quantity amounts missing from the listing as well as miscalculations in formulas.
- Departments are not ensuring that the only items on the listing are ones currently on hand. It was noted that several items were included on the listing that should not have been there.
- The Regional Wastewater Treatment Plant (RWWTP) included approximately $74,564 in capital assets on the inventory listing.
- Small tools have also been included in inventory as a consumable item.
- Material journal entries were needed for inventory.
- Year-end reconciliations and listings were not provided timely to the auditors.

*Criteria: Auditing Standards* state that the management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements. Good accounting policies require maintenance of an inventory listing, an interface between all financial systems and a documented inventory process.

**FS 2012-2 Deficiencies in Inventory Management (material weakness) – (continued)**

*Criteria-continued:* *Auditing Standards* lists the following circumstances as possible control deficiency, significant deficiency, or material weakness, "inadequate documentation of the components of internal control." Further, the *Standards* state that ineffective oversight of the agency's financial reporting and internal control by those charged with governance should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Sections 6-5-1 through 6-5-6 NMSA, 1978 require internal accounting controls designed to prevent accounting errors and violations of state and federal laws and rules related to financial matters.

*Effect:* Because the internal controls are inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets and ensure compliance with internal policies, laws and regulations. Adequate controls are not in place to prevent or detect misstatements of accounting information, therefore misstatements and non-compliance with internal policies, laws and regulations may occur and not be prevented or detected by management or staff during the course of their normal duties.

*Cause:* For the fiscal year 2012 management did not have a documented policy to ensure internal controls were in place and working properly. Also, the governing body was unaware of requirements under SAS No. 115 to provide effective oversight of internal control and the financial reporting process.

*Auditors' Recommendation:* The Village should ensure that a comprehensive internal control structure is designed, documented, and implemented. The body charged with governance should provide effective oversight of the internal control and financial reporting process.

*Views of Responsible Officials and Planned Corrective Actions:* The Finance Department had sent documentation to each department outlining the definition of consumable inventory and been available for any questions from department staff. The plan now is to meet with each department and review the process and therefore be more involved in the process.

**FS 2012-3 Expenditures paid without department approval (other matter)**

*Condition:* During our test work of internal controls over the disbursement process we noted 2 instances out of 5 tested in which there was no evidence of department approval (See checks 208223 and 208247).

*Criteria:* Good accounting practices requirement each disbursement to exhibit approval by the department director.

*Effect:* If approvals are not evidenced on invoices fraudulent purchases could go undetected or unallowable purchases could be made.

*Cause:* The Department Directors failed to evidence their approvals on invoice

*Auditors' Recommendation:* We recommend management of the city offer periodic training to department directors to ensure they are following good accounting practices and to ensure evidence of approval is exhibited on the face of the invoice being paid.

*Views of Responsible Officials and Planned Corrective Actions:* The Village has a new accounts payable person and created the proper internal controls. The policy states that all invoices are to be signed off prior to payment. The Assistant Finance Director or designee reviews the invoices for accuracy and signatures prior to printing of checks.

**FS 2012-4 Late Audit-(other matter)**

*Condition:* The Village's fiscal year 2012 audit was not submitted to the New Mexico State Auditor's Office by the statutory deadline of December 1, 2012. The report was submitted the state auditor's office on April 12, 2013.

*Criteria:* Section 2.2.2.9 Report Due Dates of the 2012 New Mexico State Audit Rule required the report to be delivered to the state auditor by December 1, 2012. State Audit rule also requires the auditor to include this instance of noncompliance as an audit finding in the audit report.

*Effect:* Noncompliance with section 2.2.2.9 of the state audit rule. The users of the financial statements such as legislators, creditors, bondholders, state and federal grantors, etc. do not have timely audit reports and financial statements for their review. Late audit reports could impact funding from federal and state sources.

*Cause:* The reason for the late audit report is due to various logistical factors unique to the current audit. The Village during fiscal year 2012 implemented a new accounting system and completed a full physical inventory of capital assets. These factors required additional time for the auditors to complete the audit.

*Recommendation:* We recommend the Village co-develop with the auditors an expected timeline for completion of the audit that includes estimated completion dates for audit fieldwork, findings, drafting of financial statements, and submission of the report to the State Auditor. We further recommend both the Village and the auditors review the current logistical status of the current audit in process in comparison with the estimated completion dates to prevent any further unexpected outcomes.

*Views of Responsible Officials and Planned Corrective Actions:* The Village concurs with the above recommendations.

**STATE OF NEW MEXICO**
Village of Ruidoso
Schedule of Findings and Questioned Costs
June 30, 2012

**Section III - Schedule of Prior Year Audit Findings**

| | | |
|---|---|---|
| FS 2005-1 | Information System Disaster Recovery Policy | Resolved |
| FS 2005-7 | Regional Wastewater Treatment Plant | Repeated |
| FS 2007-3 | Utility Meter Deposits | Resolved |
| FS 2007-11 | Auditor Prepared Financial Statements | Resolved |
| FS 2008-2 | Bank Reconciliations | Resolved |
| FS 2008-4 | Expenditures in Excess of Budget | Resolved |
| FS 2009-2 | Segregation of Duties – Cash Disbursements | Resolved |
| FS 2009-3 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-8 | PERA Reports and General Ledger | Resolved |
| FS 2009-9 | Capital Assets | Resolved |
| FS 2009-10 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-26 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-42 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-70 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-99 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-100 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-125 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-126 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-127 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-129 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-130 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FS 2009-132 | Designated cash appropriations exceeded prior year available balances | Resolved |
| FS 2010-2 | Lack of Internal Controls - Cash Receipts | Resolved |
| FS 2010-4 | Inventory - Tracking | Resolved |
| FS 2010-5 | Inventory - Airport | Resolved |
| FS 2010-8 | Inventory - Recording Inventory | Resolved |
| FS 2011-1 | Cash activity not recorded | Resolved |
| FS 2011-2 | Lack of Internal Controls Over Voided Checks | Repeated and modified |
| FS 2011-3 | Lack of Internal Controls-Use of Manual Checks | Resolved |
| FS 2011-4 | Inaccurate Cash and Accounts Payable Balances-Backdating of Checks | Resolved |
| FS 2011-5 | Deficiencies in Internal Control Structure Design, Operating and Oversight-Wire Transfers | Resolved |
| FS 2011-6 | Deficiencies in Internal Control Structure Design, Operation and Oversight-No approval for checking accounts | Resolved |
| FS 2011-7 | Lack of Internal Controls Over the Accounts Receivable Process | Repeated and modified |
| FS`2011-8 | Journal entries | Resolved |
| FS 2011-9 | Failure to Maintain a Separate Bank Account for the Component Unit | Resolved |
| FA 2009-2 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FA 2009-3 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FA 2009-9 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FA 2009-22 | Deficiencies in Internal Control Structure Design, Operation and Oversight | Resolved |
| FA 2011-1 | Data Collection Form Submission | Resolved |

## Exit Conference

An exit conference was held on April 3, 2013. In attendance were the following:

**Representing the Village of Ruidoso:**

| | |
|---|---|
| Gus Raymond Alborn | Mayor |
| Debi Lee | Village Manager |
| Nancy Klingman | Finance Director |
| Karen Gutierrez | Staff Accountant |

**Representing the Regional Wastewater Treatment Plant:**

| | |
|---|---|
| Gus Raymond Alborn | Mayor |

**Representing Accounting & Consulting Group, LLP:**

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|---|---|
| Jeff McWhorter, CPA | Partner |
| Morgan Browning, CPA, CGFM | Audit Supervisor |

## Auditor Prepared Financial Statements

Although it would be preferred and desirable for the Village to prepare its own financial statements, the Village's personnel did not have the time to prepare them. Accounting & Consulting Group, LLP prepared the financial statements of the Village of Ruidoso from the original books and records provided to them by the management of the Village. The responsibility remains with the Village.