

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
AUDIT REPORT
JUNE 30, 2007**

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
AUDIT REPORT
JUNE 30, 2007**

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**STATE OF NEW MEXICO
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**INTRODUCTORY SECTION
OFFICIAL ROSTER**

VILLAGE COUNCIL

<u>Name</u>	<u>Title</u>
Lonnie Ray Nunley	Mayor
James Stoddard	Mayor Pro-Tem
Greg Cory	City Councilor
Ronald D. Hardeman	City Councilor
Michele P. Rebstock	City Councilor
Angel C. Shaw	City Councilor
Donald A. Williams	City Councilor

VILLAGE OFFICIALS

Dan Higgins	Village Manager
Elaine Beltran	Director of Finance



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Lonnie Ray Nunley, Mayor
Village Council
Village of Ruidoso
Ruidoso, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregated remaining fund information of the Village of Ruidoso, as of and for the year ended June 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Village's nonmajor governmental funds and internal service funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Village of Ruidoso New Mexico's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not set up accounting policies, procedures and review for the activity at the Airport Fund. Due to the lack of management oversight and inconsistencies with the accounting records examined, as stated in findings 2006-4, 2007-9 and 2007-10, the effects on the fund balances, revenues and expenses is not reasonably determinable.

In our opinion, except for the effects as described in the preceding paragraph for the Airport Fund, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Ruidoso, New Mexico as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the

United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund, and internal service fund of the Village of Ruidoso, New Mexico as of June 30, 2007, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for all nonmajor funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2009, on our consideration of the Village of Ruidoso New Mexico'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 this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Village of Ruidoso has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required part of, the basic financial statements

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Pattillo, Brown & Hill LLP

Pattillo, Brown, & Hill, L.L.P.
Albuquerque, New Mexico
October 16, 2009

FINANCIAL STATEMENT SECTION

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF NET ASSETS
JUNE 30, 2007**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 7,260,151	\$ 2,710,971	\$ 9,971,122	\$ -
Investments	5,110,584	1,720,200	6,830,784	397,000
Receivables (net of allowances for uncollectible)	2,012,855	511,725	2,524,580	23,152
Inventories	100,249	195,522	295,771	2,462
Total current assets	<u>14,483,839</u>	<u>5,138,418</u>	<u>19,622,257</u>	<u>422,614</u>
Other assets:				
Restricted cash	206,470	321,735	528,205	-
Restricted investment	-	250,000	250,000	-
Total other assets	<u>206,470</u>	<u>571,735</u>	<u>778,205</u>	<u>-</u>
Noncurrent assets:				
Other assets - Bond issue cost	144,059	12,863	156,922	-
Non-depreciable assets:				
Land and Improvements	3,409,480	7,584,294	10,993,774	892,723
Capital assets being depreciated, net	50,020,453	34,115,774	84,136,227	4,710,994
Total noncurrent assets	<u>53,573,992</u>	<u>41,712,931</u>	<u>95,286,923</u>	<u>5,603,717</u>
Total assets	<u>\$ 68,264,301</u>	<u>\$ 47,423,084</u>	<u>\$ 115,687,385</u>	<u>\$ 6,026,331</u>

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF NET ASSETS
JUNE 30, 2007**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 795,845	\$ 161,585	\$ 957,430	\$ 40,308
Bank overdraft	-	-	-	43,587
Accrued payroll liabilities	249,617	92,733	342,350	17,224
Accrued interest payable	58,751	12,732	71,483	4,574
Deposits payable	41,404	432,494	473,898	-
Current maturities of:				
Bonds payable	450,000	165,000	615,000	-
Notes payable	287,510	222,043	509,553	66,088
Capital leases payable	41,883	46,592	88,475	30,779
Total current liabilities	<u>1,925,010</u>	<u>1,133,179</u>	<u>3,058,189</u>	<u>202,560</u>
Noncurrent liabilities:				
Bonds payable	7,320,000	180,000	7,500,000	-
Notes payable	3,375,231	1,697,900	5,073,131	1,256,476
Capital leases payable	161,056	94,440	255,496	32,429
Bond premium	91,626	-	91,626	-
Compensated absences	430,398	170,465	600,863	89,908
Total noncurrent liabilities	<u>11,378,311</u>	<u>2,142,805</u>	<u>13,521,116</u>	<u>1,378,813</u>
Total liabilities	<u>13,303,321</u>	<u>3,275,984</u>	<u>16,579,305</u>	<u>1,581,373</u>
NET ASSETS				
Invested in capital assets, net of related debt	41,846,686	39,306,956	81,153,642	4,217,945
Restricted for:				
Capital projects	2,716,493	-	2,716,493	-
Debt service	954,675	138,945	1,093,620	-
Unrestricted	<u>9,443,126</u>	<u>4,701,199</u>	<u>14,144,325</u>	<u>227,013</u>
Total net assets	<u>\$ 54,960,980</u>	<u>\$ 44,147,100</u>	<u>\$ 99,108,080</u>	<u>\$ 4,444,958</u>

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 2,595,359	\$ 1,622,903	\$ 304,622	\$ -
Public safety	4,313,364	19,922	507,935	-
Public works	6,387,554	-	445,635	799,237
Culture and recreation	1,956,777	258,976	150,948	-
Health and welfare	164,684	6,625	51,033	-
Interest and fees on long-term debt	578,622	-	-	-
Total governmental activities	<u>15,996,360</u>	<u>1,908,426</u>	<u>1,460,173</u>	<u>799,237</u>
Business-type activities:				
Utilities	6,381,258	4,146,493	275,000	-
Airport	1,945,669	656,098	-	-
Solid waste	1,913,244	2,442,394	-	-
Total business-type activities	<u>10,240,171</u>	<u>7,244,985</u>	<u>275,000</u>	<u>-</u>
Total primary government	<u>\$ 26,236,531</u>	<u>\$ 9,153,411</u>	<u>\$ 1,735,173</u>	<u>\$ 799,237</u>
Component Unit:				
Regional Wastewater Treatment Plant	<u>\$ 1,584,187</u>	<u>\$ 1,147,163</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
State shared				
Sales				
Local effort				
Franchise				
Investment earnings				
Gain on disposal of capital assets				
Miscellaneous				
Total general revenues, special items, and transfers				
Transfers, net				
Change in net assets				
Net assets, beginning				
Restatement				
Net assets, beginning as restated				
Net assets, ending				

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$(667,834)	\$ -	\$(667,834)	
(3,785,507)	-	(3,785,507)	
(5,142,682)	-	(5,142,682)	
(1,546,853)	-	(1,546,853)	
(107,026)	-	(107,026)	
(578,622)	-	(578,622)	
<u>(11,828,524)</u>	<u>-</u>	<u>(11,828,524)</u>	
	(1,959,765)	(1,959,765)	
-	(1,289,571)	(1,289,571)	
-	529,150	529,150	
-	(2,720,186)	(2,720,186)	
<u>(11,828,524)</u>	<u>(2,720,186)</u>	<u>(14,548,710)</u>	
			\$(437,024)
1,562,358	-	1,562,358	-
2,534,337	-	2,534,337	-
6,539,621	148,292	6,687,913	-
1,340,195	-	1,340,195	-
399,136	-	399,136	-
515,682	221,287	736,969	19,385
88,439	-	88,439	-
222,320	15,801	238,121	-
<u>13,202,088</u>	<u>385,380</u>	<u>13,587,468</u>	<u>19,385</u>
<u>(2,095,240)</u>	<u>2,095,240</u>	<u>-</u>	<u>-</u>
<u>(721,676)</u>	<u>(239,566)</u>	<u>(961,242)</u>	<u>(417,639)</u>
55,413,503	44,386,666	99,800,169	4,862,597
269,153	-	269,153	-
<u>55,682,656</u>	<u>44,386,666</u>	<u>100,069,322</u>	<u>4,862,597</u>
<u>\$ 54,960,980</u>	<u>\$ 44,147,100</u>	<u>\$ 99,108,080</u>	<u>\$ 4,444,958</u>

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General Fund	Supplemental Gross Receipts Fund	Fire Station Fund	Special Street Fund
ASSETS				
Cash	\$ 976,234	\$ 1,776,016	\$ 488,345	\$ 497,980
Investments	603,267	1,544,351	1,010,702	-
Receivables (net of allowance for uncollectible)	960,630	407,007	-	27,343
Inventories	37,591	-	-	-
Cash - restricted	24,802	-	-	85,385
Total assets	\$ 2,602,524	\$ 3,727,374	\$ 1,499,047	\$ 610,708
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 44,059	\$ -	386,985	359,998
Accrued payroll liabilities	213,107	-	-	-
Deferred revenue	21,288	-	-	27,343
Refundable deposits	29,900	-	-	-
Total liabilities	308,354	-	386,985	387,341
Fund balances:				
Reserved for:				
Inventories	37,591	-	-	-
Debt service	-	-	-	85,385
Capital projects	-	-	1,112,062	132,862
Unreserved, reported in:				
General fund	2,256,579	-	-	-
Special revenue funds	-	3,727,374	-	5,120
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	2,294,170	3,727,374	1,112,062	223,367
Total liabilities and fund balances	\$ 2,602,524	\$ 3,727,374	\$ 1,499,047	\$ 610,708

Long term liabilities, including bonds, notes, capital leases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Internal service funds are used by management to charge the costs of merit compensation and government-wide internal services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Recognition of accounts receivable revenues is reflected on the full accrual basis within the statement of net assets. The Village has determined that the receivables are not available, therefore, the revenues have been deferred within the governmental funds.

Accrued interest payable reported in the statement of net assets does not require the use of current financial resources and, are not reported as liabilities in the governmental funds.

Net assets of governmental activities

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

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,434,496	\$ 7,173,071
1,832,264	4,990,584
617,875	2,012,855
-	37,591
96,283	206,470
<u>\$ 5,980,918</u>	<u>\$ 14,420,571</u>

\$ 4,012	\$ 795,054
24,866	237,973
56,462	105,093
11,504	41,404
<u>96,844</u>	<u>1,179,524</u>

-	37,591
869,290	954,675
1,471,569	2,716,493
-	2,256,579
3,483,795	7,216,289
-	-
59,420	59,420
<u>5,884,074</u>	<u>13,241,047</u>
<u>\$ 5,980,918</u>	

(11,984,733)

53,300,413

357,911

105,093

(58,751)

\$ 54,960,980

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>General</u>	<u>Supplemental Gross Receipts Fund</u>	<u>Fire Station Fund</u>	<u>Special Street Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes						
Gross receipts tax	\$ 4,746,381	\$ -	\$ -	\$ -	\$ 1,793,240	\$ 6,539,621
Property taxes	1,573,031	-	-	-	2,816	1,575,847
Lodgers tax	-	-	-	-	1,261,481	1,261,481
Other state shared taxes	471,821	2,355,302	-	151,692	6,029	2,984,844
Licenses and permits	451,713	-	-	-	279,118	730,831
Intergovernmental	472,909	-	-	-	1,730,981	2,203,890
Charges for services	600,249	-	-	-	264,442	864,691
Sale of assets	86,639	-	-	-	1,800	88,439
Fines and forfeitures	45,515	-	-	-	-	45,515
Miscellaneous	426,247	157,388	108,592	33,578	302,407	1,028,212
Total revenues	<u>8,874,505</u>	<u>2,512,690</u>	<u>108,592</u>	<u>185,270</u>	<u>5,642,314</u>	<u>17,323,371</u>
EXPENDITURES						
Current operations:						
General government	1,735,151	1,603	-	-	737,542	2,474,296
Public safety	3,503,186	-	-	-	296,334	3,799,520
Public works	1,797,079	-	-	83,220	648,033	2,528,332
Culture and recreation	586,826	-	-	-	1,182,984	1,769,810
Health and welfare	120,315	-	-	-	44,369	164,684
Capital outlay	212,509	-	2,508,189	667,856	727,774	4,116,328
Debt service:						
Principal	49,434	-	-	62,835	611,022	723,291
Interest & fiscal charges	8,397	-	-	30,140	540,930	579,467
Total expenditures	<u>8,012,897</u>	<u>1,603</u>	<u>2,508,189</u>	<u>844,051</u>	<u>4,788,988</u>	<u>16,155,728</u>
Excess (deficiency) of revenues over expenditures	<u>861,608</u>	<u>2,511,087</u>	<u>(2,399,597)</u>	<u>(658,781)</u>	<u>853,326</u>	<u>1,167,643</u>
Other financing sources (uses):						
Debt Proceeds	60,000	-	-	-	-	60,000
Debt issuance premium	-	-	-	-	-	-
Transfers in	854,229	-	-	-	2,170,611	3,024,840
Transfers (out)	<u>(1,670,526)</u>	<u>(1,928,475)</u>	<u>-</u>	<u>-</u>	<u>(2,364,742)</u>	<u>(5,963,743)</u>
Total other financing sources (uses)	<u>(756,297)</u>	<u>(1,928,475)</u>	<u>-</u>	<u>-</u>	<u>(194,131)</u>	<u>(2,878,903)</u>
Net change in fund balances	<u>105,311</u>	<u>582,612</u>	<u>(2,399,597)</u>	<u>(658,781)</u>	<u>659,195</u>	<u>(1,711,260)</u>
Fund balances, beginning of year	2,171,932	3,144,762	3,511,659	882,148	4,972,653	14,683,154
Restatement	16,927	-	-	-	252,226	269,153
Fund balances restated	<u>2,188,859</u>	<u>3,144,762</u>	<u>3,511,659</u>	<u>882,148</u>	<u>5,224,879</u>	<u>14,952,307</u>
Fund balances, end of year	<u>\$ 2,294,170</u>	<u>\$ 3,727,374</u>	<u>\$ 1,112,062</u>	<u>\$ 223,367</u>	<u>\$ 5,884,074</u>	<u>\$ 13,241,047</u>

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

**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, 2007**

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

Net change in fund balances - total governmental funds	\$(1,711,260)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expense exceeded depreciation expense.	441,743
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	663,291
Accrued interest payable reported in the statement of net assets do not require the use of current financial resources and, are not reported as liabilities in the governmental funds.	3,678
Recognition of revenue is reflected on the full accrual basis within the statement of net assets. Governmental funds recognize revenue on the modified accrual basis	(73,803)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	36,781
Internal service funds are used by management to charge the costs of merit compensation and government-wide internal services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(<u>82,106</u>)
Change in net assets of governmental activities	\$(<u>721,676</u>)

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes				
Gross receipts tax	\$ 4,857,829	\$ 4,846,968	\$ 4,778,495	\$(68,473)
Property taxes	1,485,000	1,485,661	1,573,031	87,370
Other state shared taxes	528,000	538,200	471,821	(66,379)
Licenses and permits	475,020	475,020	451,713	(23,307)
Intergovernmental	466,776	486,776	472,909	(13,867)
Charges for services	669,178	719,178	600,249	(118,929)
Fines and forfeitures	56,000	56,000	45,515	(10,485)
Miscellaneous	308,827	521,681	512,886	(8,795)
Total revenues	<u>8,846,630</u>	<u>9,129,484</u>	<u>8,906,619</u>	<u>(222,865)</u>
EXPENDITURES				
Current operations:				
General government	1,619,190	1,773,388	1,643,531	129,857
Public safety	3,993,211	4,020,516	3,503,186	517,330
Public works	1,935,378	1,967,565	1,797,079	170,486
Culture and recreation	646,929	671,917	586,826	85,091
Health and welfare	135,311	135,311	120,315	14,996
Capital outlay	334,509	394,723	212,509	182,214
Debt service:				
Principal	51,564	73,363	49,434	23,929
Interest & fiscal charges	-	-	8,397	(8,397)
Total expenditures	<u>8,716,092</u>	<u>9,036,783</u>	<u>7,921,277</u>	<u>1,115,506</u>
Excess (deficiency) of revenues over expenditures	130,538	92,701	985,342	892,641
Other financing sources (uses):				
Debt proceeds	-	-	60,000	60,000
Transfers in	1,022,146	1,047,283	854,229	(193,054)
Transfers (out)	(1,710,463)	(1,680,526)	(1,670,526)	10,000
Total other financing sources (uses)	<u>(688,317)</u>	<u>(633,243)</u>	<u>(756,297)</u>	<u>(123,054)</u>
Net change in fund balances	<u>\$(557,779)</u>	<u>\$(540,542)</u>	<u>\$ 229,045</u>	<u>\$ 769,587</u>
Beginning cash balance	<u>\$ 1,065,531</u>	<u>\$ 1,065,531</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 229,045	
Change in receivables			(186,129)	
Change in inventories			(21,525)	
Change in payables			(44,059)	
Change in accrued payroll liabilities			(26,036)	
Change in deferred revenues			154,015	
Net change in fund balances GAAP basis			<u>\$ 105,311</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SUPPLEMENTAL GROSS RECEIPTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Other state shared taxes	\$ 2,405,113	\$ 2,405,113	\$ 2,359,530	\$(45,583)
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>157,388</u>	<u>107,388</u>
Total revenues	<u>2,455,113</u>	<u>2,455,113</u>	<u>2,516,918</u>	<u>61,805</u>
EXPENDITURES				
Current operations:				
General government	<u>7,000</u>	<u>7,000</u>	<u>1,603</u>	<u>5,397</u>
Total expenditures	<u>7,000</u>	<u>7,000</u>	<u>1,603</u>	<u>5,397</u>
Excess (deficiency) of revenues over expenditures	2,448,113	2,448,113	2,515,315	67,202
Other financing sources (uses):				
Transfers (out)	(4,724,868)	(4,724,868)	(1,928,475)	2,796,393
Total other financing sources (uses)	(4,724,868)	(4,724,868)	(1,928,475)	2,796,393
Net change in fund balances	\$(2,276,755)	\$(2,276,755)	\$ 586,840	\$ 2,863,595
Beginning cash balance	\$ 1,478,527	\$ 1,478,527		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 586,840	
Change in receivables			(4,228)	
Net change in fund balances GAAP basis			<u>\$ 582,612</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SPECIAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Other state shared taxes	\$ 203,000	\$ 203,000	\$ 127,716	\$(75,284)
Miscellaneous	-	-	33,578	33,578
Total revenues	<u>203,000</u>	<u>203,000</u>	<u>161,294</u>	<u>(41,706)</u>
EXPENDITURES				
Current operations:				
Public works	103,000	103,000	83,220	19,780
Capital outlay	-	846,667	667,856	178,811
Debt service:				
Principal	-	100,000	62,835	37,165
Interest & fiscal charges	-	-	30,140	(30,140)
Total expenditures	<u>103,000</u>	<u>1,049,667</u>	<u>844,051</u>	<u>205,616</u>
Excess (deficiency) of revenues over expenditures	<u>100,000</u>	<u>(846,667)</u>	<u>(682,757)</u>	<u>163,910</u>
Other financing sources (uses):				
Debt proceeds	846,667	846,667	-	(846,667)
Total other financing sources (uses)	<u>846,667</u>	<u>846,667</u>	<u>-</u>	<u>(846,667)</u>
Net change in fund balances	<u>\$ 946,667</u>	<u>\$ -</u>	<u>\$(682,757)</u>	<u>\$(682,757)</u>
Beginning cash balance	<u>\$ 766,294</u>	<u>\$ 766,294</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(682,757)	
Change in receivables			(3,367)	
Change in deferred revenue			<u>27,343</u>	
Net change in fund balances GAAP basis			<u>\$(658,781)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007**

	Enterprise Funds			Total Proprietary Funds	Internal Service Fund
	Utility Fund	Airport Fund	Solid Waste Fund		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,242,167	\$ 51,939	\$ 1,416,865	\$ 2,710,971	\$ 87,080
Investments	1,685,200	-	35,000	1,720,200	120,000
Accounts receivable (net of allowance for uncollectible)	209,809	16,671	285,245	511,725	-
Inventory	155,443	40,079	-	195,522	62,658
Total current assets	<u>3,292,619</u>	<u>108,689</u>	<u>1,737,110</u>	<u>5,138,418</u>	<u>269,738</u>
Restricted assets:					
Cash	182,790	-	138,945	321,735	-
Investments	250,000	-	-	250,000	-
Total restricted assets	<u>432,790</u>	<u>-</u>	<u>138,945</u>	<u>571,735</u>	<u>-</u>
Capital assets:					
Non-depreciable assets:					
Land and Improvements	6,496,344	1,067,750	20,200	7,584,294	-
Capital assets being depreciated, net	22,001,910	10,716,409	1,397,455	34,115,774	129,520
Total capital assets	<u>28,498,254</u>	<u>11,784,159</u>	<u>1,417,655</u>	<u>41,700,068</u>	<u>129,520</u>
Other assets - Bond issue cost	<u>12,863</u>	<u>-</u>	<u>-</u>	<u>12,863</u>	<u>-</u>
Total assets	<u>\$ 32,236,526</u>	<u>\$ 11,892,848</u>	<u>\$ 3,293,710</u>	<u>\$ 47,423,084</u>	<u>\$ 399,258</u>

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007**

	<u>Enterprise Funds</u>				<u>Internal Service Fund</u>
	<u>Utility Fund</u>	<u>Airport Fund</u>	<u>Solid Waste Fund</u>	<u>Total Proprietary Funds</u>	
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 144,974	\$ -	\$ 16,611	\$ 161,585	\$ 791
Accrued payroll liabilities	49,680	13,667	29,386	92,733	11,644
Accrued interest payable	6,034	-	6,698	12,732	-
Payable from restricted assets:					
Deposits	432,494	-	-	432,494	-
Current maturities of:					
Bonds payable	165,000	-	-	165,000	-
Notes payable	36,223	-	185,820	222,043	-
Capital leases payable	9,052	-	37,540	46,592	-
Total current liabilities	<u>843,457</u>	<u>13,667</u>	<u>276,055</u>	<u>1,133,179</u>	<u>12,435</u>
Long term liabilities:					
Bonds payable	180,000	-	-	180,000	-
Notes payable	653,412	-	1,044,488	1,697,900	-
Capital leases payable	22,096	-	72,344	94,440	-
Compensated absences	77,659	40,096	52,710	170,465	28,912
Total long-term liabilities	<u>933,167</u>	<u>40,096</u>	<u>1,169,542</u>	<u>2,142,805</u>	<u>28,912</u>
Total liabilities	<u>1,776,624</u>	<u>53,763</u>	<u>1,445,597</u>	<u>3,275,984</u>	<u>41,347</u>
Net Assets					
Invested in capital assets, net of related debt	27,445,334	11,784,159	77,463	39,306,956	129,520
Restricted for debt service	-	-	138,945	138,945	-
Unrestricted	3,014,568	54,926	1,631,705	4,701,199	228,391
Total net assets	<u>\$ 30,459,902</u>	<u>\$ 11,839,085</u>	<u>\$ 1,848,113</u>	<u>\$ 44,147,100</u>	<u>\$ 357,911</u>

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Enterprise Funds				Internal Service Fund
	Utility Fund	Airport Fund	Solid Waste Fund	Total Proprietary Funds	
Operating Revenues:					
Charges for services	\$ 4,146,493	\$ 656,098	\$ 2,442,394	\$ 7,244,985	\$ 101,418
Miscellaneous revenues	12,184	3,030	587	15,801	11,714
Total operating revenues	<u>4,158,677</u>	<u>659,128</u>	<u>2,442,981</u>	<u>7,260,786</u>	<u>113,132</u>
Operating Expenses:					
Personnel services	1,447,543	411,062	804,794	2,663,399	412,257
General operating	2,969,897	747,292	798,039	4,515,228	616,487
Depreciation	1,872,823	787,315	252,463	2,912,601	17,381
Total operating expenses	<u>6,290,263</u>	<u>1,945,669</u>	<u>1,855,296</u>	<u>10,091,228</u>	<u>1,046,125</u>
Operating income (loss)	<u>(2,131,586)</u>	<u>(1,286,541)</u>	<u>587,685</u>	<u>(2,830,442)</u>	<u>(932,993)</u>
Non-operating revenues (expenses):					
State grants	275,000	-	-	275,000	-
Sales taxes	-	-	148,292	148,292	-
Interest expense	(90,995)	-	(57,948)	(148,943)	-
Interest income	159,893	-	61,394	221,287	7,224
Total non-operating revenues (expenses)	<u>343,898</u>	<u>-</u>	<u>151,738</u>	<u>495,636</u>	<u>7,224</u>
Other financing sources (uses):					
Transfers in	1,782,131	540,000	6,059	2,328,190	843,663
Transfers (out)	(90,354)	(37,188)	(105,408)	(232,950)	-
Total other financing sources (uses)	<u>1,691,777</u>	<u>502,812</u>	<u>(99,349)</u>	<u>2,095,240</u>	<u>843,663</u>
Change in net assets	<u>(95,911)</u>	<u>(783,729)</u>	<u>640,074</u>	<u>(239,566)</u>	<u>(82,106)</u>
Net assets, beginning of year	<u>30,555,813</u>	<u>12,622,814</u>	<u>1,208,039</u>	<u>44,386,666</u>	<u>440,017</u>
Net assets, end of year	<u>\$ 30,459,902</u>	<u>\$ 11,839,085</u>	<u>\$ 1,848,113</u>	<u>\$ 44,147,100</u>	<u>\$ 357,911</u>

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Enterprise Funds			Total Proprietary Funds	Internal Service Fund
	Utility Fund	Airport Fund	Solid Waste Fund		
Cash flows from operating activities					
Cash received from customers	\$ 4,352,653	\$ 676,312	\$ 2,280,862	\$ 7,309,827	\$ 113,132
Cash payments to employees for services	(1,434,178)	(410,070)	(792,037)	(2,636,285)	(415,698)
Cash payments to supplies for goods and services	(2,893,937)	(672,553)	(781,523)	(4,348,013)	(625,597)
Net cash provided by operating activities	<u>24,538</u>	<u>(406,311)</u>	<u>707,302</u>	<u>325,529</u>	<u>(928,163)</u>
Cash flows from noncapital financing activities					
Transfers from other funds	1,782,131	540,000	6,059	2,328,190	843,663
Transfers to other funds	(90,354)	(37,188)	(105,408)	(232,950)	-
Net cash provided by capital and related activities	<u>1,691,777</u>	<u>502,812</u>	<u>(99,349)</u>	<u>2,095,240</u>	<u>843,663</u>
Cash flows from capital and related financing activities					
(Acquisition) disposition of capital assets	(1,253,539)	(154,330)	(362,392)	(1,770,261)	-
Grant proceeds	275,000	-	-	275,000	-
Receipt of tax	-	-	148,292	148,292	-
Principal paid on debt	(196,393)	-	(195,770)	(392,163)	-
Interest paid on debt	(90,995)	-	(57,948)	(148,943)	-
Net cash provided by capital financing activities	<u>(1,265,927)</u>	<u>(154,330)</u>	<u>(467,818)</u>	<u>(1,888,075)</u>	<u>-</u>
Cash flows from investing activities					
Purchase & sale of investments	(550,000)	-	(25,000)	(575,000)	5,000
Interest on investments	159,893	-	61,394	221,287	7,224
Net cash provided by investing activities	<u>(390,107)</u>	<u>-</u>	<u>36,394</u>	<u>(353,713)</u>	<u>12,224</u>
Net increase (decrease) in cash and cash equivalents	60,281	(57,829)	176,529	178,981	(72,276)
Cash and equivalents beginning of year	1,364,676	109,768	1,379,281	2,853,725	159,356
Cash and equivalents end of year	<u>\$ 1,424,957</u>	<u>\$ 51,939</u>	<u>\$ 1,555,810</u>	<u>\$ 3,032,706</u>	<u>\$ 87,080</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income	\$(2,131,586)	\$(1,286,541)	\$ 587,685	\$(2,830,442)	\$(932,993)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:					
Depreciation expense	1,872,823	787,315	252,463	2,912,601	17,381
Provision for bad debt	13,184	-	-	13,184	-
Decrease (increase) in customer receivable	161,395	35,781	(162,119)	35,057	-
Decrease (increase) in other receivables	1,618	-	-	1,618	-
Decrease (increase) in inventory	(1,400)	74,739	-	73,339	(10,964)
Decrease (increase) Bond issue costs	6,432	-	-	6,432	-
Increase (decrease) in accounts payable	70,928	-	16,516	87,444	791
Increase (decrease) in accrued payroll liabilities	6,563	46	11,951	18,560	1,063
Increase (decrease) in deferred revenue	-	(18,597)	-	(18,597)	-
Increase (decrease) in customer deposits	17,779	-	-	17,779	-
Increase (decrease) in compensated absences	6,802	946	806	8,554	(3,441)
Net cash provided by operating activities	<u>\$ 24,538</u>	<u>\$(406,311)</u>	<u>\$ 707,302</u>	<u>\$ 325,529</u>	<u>\$(928,163)</u>

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2007**

ASSETS

Cash	\$ <u>3,899</u>
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LIABILITIES

Held for others	\$ <u>3,899</u>
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The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Ruidoso (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.

A. Reporting Entity

This summary of significant accounting policies of the Village of Ruidoso is presented to assist in the understanding of the Village of Ruidoso's financial statements. The financial statements and notes are the representation of the Village of Ruidoso's management who are responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

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

The basic (but not the only) criteria for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Village has a component unit, the Village of Ruidoso and City of Ruidoso Downs Regional Wastewater Treatment Plant (Plant).

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

A. **Reporting Entity** (continued)

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 office 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, 2007.

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

C. **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

The Village reports the following major governmental funds:

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

The **Supplemental Gross Receipts Fund** accounts for specifically designated state shared gross receipts taxes. Expenditures are restricted to infrastructure improvements and repayment of debt. New Mexico State Statutes 1978A, Section 7-19-18 authorizes the creation of this fund.

The **Fire Station Capital Fund** accounts for bond proceeds for the Village's cost of constructing and equipping a new main fire station.

The **Special Street Fund** (NMSA, 7-24A-1 to 7-24A-21) – To account for motor vehicle fees – 10% that is to be used only for additions and improvements to the Village's streets and highways.

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

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

The Village reports the following major business-type funds:

The ***Utility Fund*** accounts for water and sewer system services provided for residents of the Village including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

The ***Airport Fund*** accounts for the air service activities of the Village's airport.

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

Additionally, the Village reports the following fund types:

The ***Fiduciary Fund*** accounts for resources held for others in a custodial capacity in an Agency Fund. The Village reports three combined agency funds; the *Crime Lab Trust Fund* to account for agency type monies collected and remitted to other New Mexico governmental agencies on behalf of citizens and residents who had been assessed crime laboratory fees; the *Bail Bond Trust Fund* to account for bail receipts and disbursements; and the *Taxes Payable Fund* to account for taxes collected from various Village activities for distribution to taxing authorities.

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

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

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenue includes all taxes.

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

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

(continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

D. Assets, Liabilities, and Net Assets or Equity

Cash and Investments

Cash and investments include amounts in demand deposits, certificates of deposit and investments with a maturity date within a year of the date acquired by the Village. All other investments are carried at fair market value using quoted market prices. Interest income, realized gains and losses on investment transactions, and amortization of premiums/discounts on investment purchases are included for financial statement purposes as investment income and are allocated to participating funds based on the specific identification of the source of funds for a given investment.

Receivables

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

Inventory

Inventories are recorded at the lower of cost or market or a first-in, first-out basis, and consist of operating supplies held for use in operations and are recorded as an expense when consumed rather than when purchased.

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

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

Restricted Assets

Certain long-term assets in the proprietary funds are classified as restricted assets on the balance sheet because their use is limited to payments for debt service or other purposes such as “deposits held in trust for others.”

Capital Assets

Capital assets, which include: property, plant, utility systems, equipment (including computer hardware and software), and infrastructure assets. Infrastructure includes streets, sidewalks, bridges, drainage systems, lighting systems, and similar items. Such assets are reported in the applicable governmental or business type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year. Assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. Pursuant to the implementation of GASB No. 34, the historical cost of infrastructure assets, (retroactive to 1979) is included as part of the governmental capital assets reported in the government-wide financial statements. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset’s lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year the Village did not capitalize any interest costs.

Net revenue bond interest cost incurred during construction is capitalized when material. The Village did not incur any interest on construction projects during the current fiscal year and, as such, no interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Land and Improvements	40
Buildings	40
Utility Systems	33
Infrastructure	30
Machinery and Equipment	5-10
Computer Hardware and Software	3-7
Library Books	5

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

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

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, and is as follows:

<u>Employment Duration</u>	<u>Regular Employees</u>	<u>Fire Employees</u>
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, and is as follows:

<u>Employee Duration</u>	<u>Vesting %</u>	<u>Maximum Hours Payable</u>
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 and forward	100%	520 hours

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

Short-Term Obligations

No short-term debt occurred during the current fiscal year.

Long-term Obligations

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

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

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

Long-term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

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

Net Assets

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

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Governmental-Wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds and net assets-governmental activities* as reported in the governmental-wide statement of net assets.

One element of that reconciliation explains, "long-term liabilities, including notes payable, that are not due and payable in the current period and, therefore, are not reported in the funds." The details of this difference are as follows:

Bonds payable current	\$ 450,000
Bonds payable long-term	7,320,000
Bonds premium (to be amortized over life of bond)	91,626
Less: Bond issue costs (to be amortized over life of bond)	(144,059)
Notes payable current	287,510
Notes payable long-term	3,375,231
Compensated absences payable	401,486
Capital leases current	41,883
Capital leases long-term	<u>161,056</u>
Net adjustment to reduce fund balance- total governmental funds to arrive at net assets- governmental activities	<u>\$ 11,984,733</u>

Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances-total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlay 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." The details of this difference are as follows:

Capital outlay	\$ 4,116,328
Depreciation expense	<u>(3,674,585)</u>
Net adjustment to decrease net changes in fund balances total government funds to arrive at changes in net assets of governmental activities.	<u>\$ 441,743</u>

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

(Continued)

Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

Another element of the reconciliation explains that, *the issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets.* The details of this difference are as follows:

Proceeds from issuance of debt	\$ 60,000
Principal payments of long-term debt	<u>(723,291)</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ (663,291)</u>

Another element of the reconciliation explains that, *some expenses recorded in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.* The details of this difference are as follows:

Amortization of bond issue costs	\$ 7,786
Amortization of bond premium	(4,953)
Compensated absences - increase	<u>(39,614)</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ (36,781)</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Prior to June 1, the Village Finance Director submits to the Village Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Village Hall to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Village Finance Director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Village Council and New Mexico Department of Finance, Division of Local Governments. The original budget that was adopted in July was amended during the fiscal year in a legally permissible manner.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Budgetary Information (continued)

3. Formal budgetary integration is employed as a management control device during the year.
4. Encumbrances are not reported in the budgets or financial statements.
5. The level of classifications detail in which expenditures or expenses may not legally exceed appropriations for each budget is in fund total. Appropriations lapse at year end.
6. Budgets for the Funds are adopted on a basis not consistent with generally accepted accounting principles. Throughout the year the accounting records are maintained on the non-GAAP basis of cash receipts and disbursements. Accordingly, certain revenues and the related assets are recognized when paid rather than when the obligation is incurred. The financial statements are presented on the modified accrual basis of accounting. Budgetary comparisons presented for the Funds in this report are on the non-GAAP budgetary basis and actual (cash basis).

Deposits

The Village invests its funds in accordance with state statutes which require that financial institutions pledge collateral consisting of approved federal or state securities whose market value is equal to at least 50% of the deposits in excess of FDIC insurance coverage. In accordance with state statutes, the Village may have deposits only in financial institutions, federal direct obligations, or the New Mexico State Treasurer's Local Government Pooled Investment Plan. As of June 30, 2007 the Village had \$12,270,326 in financial institutions and \$3,285,000 invested in the New Mexico State Treasurer's Local Government Pooled Investment.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Cash, and Investments

The total cash, investments, accrued interest and cash with fiscal agents of the Village at June 30, 2007, consist of the following:

	Balance Per Bank June 30, 2007	Add Deposits In Transit	Less Outstanding Checks	Adjustment	Balance Per Books June 30, 2007
First Federal Bank					
Checking Accounts					
SGRT Bond Revenue Fund	\$ 490,502	\$ -	\$ 241	\$ -	\$ 490,261
General Obligation Fund	2,702	223	-	-	2,925
Checking Account	2,981,500	144,021	610,959	(7,647)	2,506,915
Revenue Bond Fund	4,780	-	710	-	4,070
Utility Fund	56,760	832	-	-	57,592
Utility Impact Fees Fund	222,765	4,085	-	(956)	225,894
Relocate Fire Station	512,864	-	24,519	-	488,345
Certificates of Deposit (3)	300,000	-	-	-	300,000
					-
Pioneer Savings					
Certificates of Deposit (11)	2,347,212	22,073	-	185	2,369,470
					-
1st National Bank					
Certificates of Deposit (5)	1,403,437	-	-	-	1,403,437
					-
City Bank of NM					
Certificates of Deposit (8)	1,475,000	-	-	-	1,475,000
					-
Wells Fargo					
Certificates of Deposit (6)	848,974	-	-	-	848,974
					-
Total Cash in Banks	<u>\$ 10,646,496</u>	<u>\$ 171,234</u>	<u>\$ 636,429</u>	<u>\$ (8,418)</u>	<u>\$ 10,172,883</u>

Funds Held by the New Mexico Finance Authority:

Loan Funds	1,973,880
Loan Reserve Accounts	528,417
State Treasurers Office	3,285,000
Wells Fargo Brokerage Services	<u>1,623,830</u>
Total cash and investments per books	<u>\$ 17,584,010</u>
As Reported in Financial Statements	
Equity in Cash:	
Cash	\$ 9,971,122
Restricted Cash	528,205
Investments	6,830,784
Restricted Investments	250,000
Agency Fund	<u>3,899</u>
	<u>\$ 17,584,010</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Pledged Collateral

	First Federal Bank	Pioneer Savings	1st National Bank	City Bank of NM	Wells Fargo	Total
Deposits	\$ 4,571,873	\$ 2,347,212	\$ 1,403,437	\$ 1,475,000	\$ 848,974	\$ 10,646,496
FDIC	(200,000)	(100,000)	(100,000)	(100,000)	(100,000)	(600,000)
Uninsured public funds	<u>4,371,873</u>	<u>2,247,212</u>	<u>1,303,437</u>	<u>1,375,000</u>	<u>748,974</u>	<u>10,046,496</u>
Pledged collateral held by pledging bank's trust department or agent but not in the agency's name						
Federal Home Loan Bank of Dallas						
FNMA 31410AAD8, 6%, 7/1/36	3,192,178					3,192,178
Federal Home Loan Bank of Dallas						
GNMA II 080409/001, 05/20/30, 7%	-	128,469	-			128,469
GNMA 080477/001, 12/20/30, 6%	-	81,093	-			81,093
FHLMC 1b0951/001, 7/01/33, 5.439%, 1 YR LIBOR+1.755	-	199,895	-			199,895
FNMA ARM 66174/001,9/01/32, 5.15%	-	48,384	-			48,384
FHLMC 781086/001, 1/1/33, H15T1Y+2.223%	-	122,215	-			122,215
FHLMC 78186/001, 12/01/33, 1YR+ TR + 2.23%	-	191,249	-			191,249
FNMA 759453/001, 1/1/34, CMT+2.125%	-	330,680	-			330,680
FHLMC 782928/001, 01/2035, 1YR+2.227%	-	128,263	-			128,263
Federal Home Loan Bank of Dallas						
Sandoval Cnty NM 80004PAX0, 8/15/08, 3.90% (PAR)	-	-	230,000			230,000
Brazoria Cnty TX 10606PAQ4, 9/01/21 4.35% (PAR)	-	-	230,000			230,000
Brazoria Cnty TX Muni Util Dist No 18 106056DZ4, 9/1/22, 4.3% (PAR)	-	-	300,000			300,000
FHLB Letter of credit, LOC# 7432000910, 3/31/08				1,025,000		1,025,000
Wells Fargo NA						
FNCL 31410DQA1, 8/01/36, 6%	-	-	-		214,008	214,008
G2SF 36202DNY3, 7/20/31, 6.5%	-	-	-		511,012	511,012
G2SF 36202DUV1, 1/20/32, 6%	-	-	-		184,040	184,040
	<u>3,192,178</u>	<u>1,230,248</u>	<u>760,000</u>	<u>1,025,000</u>	<u>909,060</u>	<u>7,116,486</u>
Uninsured and uncollateralized	<u>\$ 1,179,695</u>	<u>\$ 1,016,964</u>	<u>\$ 543,437</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 3,090,096</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. As of June 30, 2007, \$10,046,496 of the Village's bank balance of \$10,646,496 was exposed to custodial credit risk as follows:

	First Federal Bank	Pioneer Savings	1st National Bank	City Bank of NM	Wells Fargo	Total
Uninsured and uncollateralized	\$ 1,179,695	\$ 1,016,964	\$ 543,437	\$ 350,000	\$ -	\$ 3,090,096
Uninsured and collateral held by pledging bank's trust department or agent not in the Village's name	<u>3,192,178</u>	<u>1,230,248</u>	<u>760,000</u>	<u>1,025,000</u>	<u>748,974</u>	<u>6,956,400</u>
	<u>\$ 4,371,873</u>	<u>\$ 2,247,212</u>	<u>\$ 1,303,437</u>	<u>\$ 1,375,000</u>	<u>\$ 748,974</u>	<u>\$ 10,046,496</u>

Six debt service accounts are on deposit with the New Mexico Finance Authority (NMFA) and are managed by NMFA in the Village's name. These debt service accounts are for the refunding of the Village's outstanding Joint Utility System Revenue Bonds, Series February 1, 1987, the purchase of street maintenance equipment for the Village's Road Department and the acquisition and improvement of land for the Village Square and Events Plaza. These accounts are uncollateralized and are exposed to custodial credit risk in the amount of \$ 2,502,297.

NMFA- Reserve Funds Payable, Solid Waste	\$ 138,945
NMFA- Reserve Fire Fund	59,501
NMFA- Program Funds, Solid Waste	1,107,227
NMFA- Reserve Funds Payable, Road Dept	85,385
NMFA- Program Funds, Road Dept	492,860
NMFA- Reserve Funds Payable, Village Square	96,283
NMFA- Reserve Funds, Revenue Bond Fund	123,501
NMFA- Reserve Funds, STO Reverse 911	24,802
NMFA- Program Funds, Village Square	<u>373,793</u>
Total	<u>\$ 2,502,297</u>

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Investments

Investments at June 30, 2007 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
NM State Treasurer		
Local Government Investment Pool	\$ 3,285,000	38-day WAM AAAm rated
Wells Fargo Brokerage Services		
Freddie Mac Discount Note	1,010,702	
Freddie Mac Discount Note	613,128	
	<u>\$ 4,908,830</u>	

The amounts reported as investments for the primary government within the financial statement are displayed as:

Statement of Net Assets:	
Investments	\$ 4,908,830
CD's maturity excess 90 days	1,921,954
Restricted investments	250,000
	<u>\$ 7,080,784</u>

The Village invests excess cash in the State Treasurer Local Government Investment Pool and Freddie Mac Discount Notes. The Pool's investments and the Freddie Mac Discount Notes are valued at fair value based on quoted market prices as of the valuation date.

The New Mexico State Treasurer Investment Pool is not SEC registered. Section 6-10-10.I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued or backed by the United States Government or by its departments or agencies and are either direct obligations of the United States Government or agencies sponsored by the United States Government. The Local Government Investment Pool investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contribution entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the fund is voluntary. The Pool is AAAM rated with a 38-day weighted average maturity.

4. DETAILED NOTES ON ALL FUNDS

Accounts Receivable

Accounts receivable at June 30, 2007 for the Village's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities				Business-Type Activities		
	General	Supplemental Gross Receipts	Special Street Fund	Non- Major	Utility	Airport	Solid Waste
Property taxes	\$ 71,546	\$ -	\$ -	\$ 947	\$ -	\$ -	\$ -
Franchise taxes	57,451	-	-	-	-	-	-
Lodgers taxes	-	-	-	151,703	-	-	-
Motor Vehicle taxes	5,567	-	-	-	-	-	-
Cigarette taxes	-	-	-	-	-	-	-
Gross Receipts taxes	807,069	400,186	27,343	305,771	-	-	25,012
Interst	-	6,821	-	-	4,110	-	-
Golf Course	-	-	-	-	-	-	-
Customer accounts	-	-	-	-	235,548	39,119	277,815
Other governments	18,997	-	-	159,454	-	-	-
	<u>960,630</u>	<u>407,007</u>	<u>27,343</u>	<u>617,875</u>	<u>239,658</u>	<u>39,119</u>	<u>302,827</u>
Less: allowance for uncollectable	-	-	-	-	29,849	22,448	17,582
Net total receivables	<u>\$ 960,630</u>	<u>\$ 407,007</u>	<u>\$ 27,343</u>	<u>\$ 617,875</u>	<u>\$ 209,809</u>	<u>\$ 16,671</u>	<u>\$ 285,245</u>

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

CAPITAL ASSETS

Capital assets for the fiscal year ended June 30, 2007 are as follows:

	Balance 6/30/2006	Increase	Increase (Decrease)	Balance 6/30/2007
Governmental Activities:				
Capital assets, not being depreciated:				
Land and Land Improvements:	\$ 3,328,585	\$ -	\$ (55,425)	\$ 3,273,160
Construction in process	-	136,320	-	136,320
Total other capital assets, not being depreciated	<u>3,328,585</u>	<u>136,320</u>	<u>(55,425)</u>	<u>3,409,480</u>
Other capital assets, being depreciated:				
Buildings and improvements	12,713,028	3,016,843	55,425	15,785,296
Infrastructure	78,477,509	-	-	78,477,509
Machinery and equipment	8,033,944	963,165	-	8,997,109
Total other capital assets, being depreciated	<u>99,224,481</u>	<u>3,980,008</u>	<u>55,425</u>	<u>103,259,914</u>
Less accumulated depreciation for:				
Buildings and improvements	5,791,512	343,470	-	6,134,982
Infrastructure	38,652,528	2,615,917	-	41,268,445
Machinery and equipment	5,103,455	732,579	-	5,836,034
Total accumulated depreciation	<u>49,547,495</u>	<u>3,691,966</u>	<u>-</u>	<u>53,239,461</u>
Other capital assets, net	<u>49,676,986</u>	<u>288,042</u>	<u>55,425</u>	<u>50,020,453</u>
Total capital assets, net	<u>\$ 53,005,571</u>	<u>\$ 424,362</u>	<u>\$ -</u>	<u>\$ 53,429,933</u>

Depreciation expense was charged to functions (programs) as follows:

General government	\$ 152,921
Public safety	513,844
Public works	2,820,853
Culture and recreation	186,967
Internal service fund	17,381
	<u>\$ 3,691,966</u>

4. DETAILED NOTES ON ALL FUNDS (Continued)

CAPITAL ASSETS (continued)

	Balance 6/30/2006	Increases	Decreases	Balance 6/30/2007
Business-Type Activities:				
Capital assets, not being depreciated				
Land and improvements	\$ 3,160,515	\$ -	\$ -	\$ 3,160,515
Water rights	4,423,779	-	-	4,423,779
	-	-	-	-
Total capital assets not being depreciated	7,584,294	-	-	7,584,294
Other capital assets, being depreciated:				
Building and improvements	15,840,974	1,407,869	-	17,248,843
Utility distribution system	42,682,044	-	-	42,682,044
Airport infrastructure	1,357,411	-	-	1,357,411
Machinery and equipment	11,726,553	362,392	-	12,088,945
	-	-	-	-
Total other capital assets, being depreciated	71,606,982	1,770,261	-	73,377,243
Less accumulated depreciation for:				
Buildings and improvements	6,355,204	490,284	-	6,845,488
Utility distribution system	21,787,814	1,438,702	-	23,226,516
Airport infrastructure	74,819	79,854	-	154,673
Machinery and equipment	8,131,031	903,761	-	9,034,792
	-	-	-	-
Total accumulated depreciation	36,348,868	2,912,601	-	39,261,469
	-	-	-	-
Other capital assets, net	35,258,114	(1,142,340)	-	34,115,774
	-	-	-	-
Total capital assets, net	\$ 42,842,408	\$ (1,142,340)	\$ -	\$ 41,700,068

RESERVED FUND BALANCE/RESTRICTED NET ASSETS

Reserved for Capital Projects – Fire Station Fund, Municipal Water Construction Fund, Airport Improvement Fund, Special Street Fund, Special Projects Fund, and Regional Wastewater Construction Fund – The amounts are to be used for capital project expenditures as restricted by the grants and bond issues. The restricted amount of \$2,716,493 is shown as restricted in the government-wide statements.

Reserved for Debt Service – All Debt Service Funds, Special Street Fund, and Special Projects Fund – The reserve of \$954,675 is to be used for future debt service payments and is restricted by the debt agreements. This amount is restricted in the government-wide statements.

Restricted for Debt Service – Solid Waste Proprietary Fund – The restriction of \$138,945 represents the amount to be used for future debt service as required by the debt agreement.

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

SHORT-TERM DEBT

The Village does not have any short-term debt.

LONG-TERM OBLIGATIONS

Description of Governmental Activities Bonds, Notes Payable and Capital Leases

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 revenue derived from the operation of the municipal Joint Water and Sewer System. Revenue bonds outstanding at year end are as follows:

<u>Series</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>
1993 Sales Tax Refunding and Improvement Bonds	\$ 2,985,000	8/1/2012	3.15% - 6.625%	\$ 1,305,000
2006 Sales Tax Refunding and Improvement Bonds	4,020,000	6/1/2026	3.50% - 4.75%	3,770,000
2001 Supplemental Gross Receipts Tax Revenue Bonds	2,865,000	6/1/2031	3.75% - 5.20%	<u>2,695,000</u>
				<u>\$ 7,770,000</u>

Notes Payable

On November 1, 2000, the Village borrowed \$1,472,459 from the New Mexico Finance Authority for the purpose of purchasing an existing 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 first two increments of municipal infrastructure gross receipts tax.

On November 1, 2003, the Village borrowed \$175,000 from the New Mexico Finance Authority for the purpose of purchasing a Class A Fire Pumper Truck and associated equipment. Principal is paid annually with interest paid semiannually. The note is secured by and payable from the distributions of fire protection fund revenues received by the Village from the State Treasurer.

On November 1, 2004, the Village borrowed \$589,992 from the New Mexico Finance Authority to purchase two Class A Fire Pumper Trucks. Principal is paid annually with interest paid semiannually. The note is secured by and payable from the distributions of fire protection fund revenues received by the Village from the State Treasurer.

4. DETAILED NOTES ON ALL FUNDS (Continued)

LONG-TERM OBLIGATIONS (continued)

Description of Governmental Activities Bonds, Notes Payable and Capital Leases (continued)

Notes Payable (continued)

The Village borrowed \$1,295,471 from the New Mexico Finance Authority on January 23, 2004 for the acquisition 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. At June 30, 2007 the Village had not yet expended \$373,793 of these loan proceeds.

The Village borrowed \$846,667 from the New Mexico Finance Authority on April 14, 2006 to acquire 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. The first payment is due November 1, 2006. At June 30, 2007 the Village had not yet expended \$492,860 of these loan proceeds.

The Village borrowed \$60,000 from the New Mexico Finance Authority on December 15, 2006 to acquire reverse 911 software and hardware for emergency management and public awareness. The note is secured by, and payable from the first two increments of municipal infrastructure gross receipts tax. The first payment is due May 1, 2007.

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

<u>Loans</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rate</u>	<u>Outstanding</u>
NMFA - Police Building	\$ 1,472,459	5/1/2020	4.03% - 5.45%	\$ 1,116,743
NMFA - Fire Pumper Truck	175,000	5/1/2014	0.88% - 3.49%	129,709
NMFA - 2 Fire Pumper Trucks	589,992	5/1/2014	0.90% - 3.27%	426,802
NMFA - 9 acres of land and improvements	1,295,471	5/1/2024	0.79% - 4.38%	1,155,208
NMFA - Special Street Equipment	846,667	5/1/2016	3.02% - 3.70%	783,832
NMFA - Reverse 911 hardware	60,000	5/1/2009	3.42%	50,447
				<u>\$ 3,662,741</u>

Capital Leases

In May of 2001 the Village negotiated a lease purchase agreement with Caterpillar Financial for a Caterpillar CS431C in the amount of \$86,000 with an interest rate of 5.50%. The lease calls for monthly payments of \$1,178 and will be paid in full in fiscal year 2008.

On January 1, 2005 the Village negotiated a lease purchase agreement with Wagner Equipment for a Backhoe Loader in the amount of \$74,822 with an interest rate of 5.00%. The lease calls for monthly payments of \$1,585 and will be paid in full in fiscal year 2009.

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

LONG-TERM OBLIGATIONS (continued)

Description of Governmental Activities Bonds, Notes Payable and Capital Leases (continued)

Capital Leases (continued)

On January 19, 2005 the Village negotiated a lease purchase agreement with Caterpillar Financial for a Backhoe Loader in the amount of \$176,437 with an interest rate of 5.00%. The lease calls for monthly payments of \$1,412 and will be paid in full in fiscal year 2010.

Description of Business-Type Activities Revenue Bonds, Notes Payable and Capital Leases

Revenue Bonds

The Village issues revenue bonds for the business-type activities where the Village pledges income derived from the operation of the municipal Joint Water and Sewer System. Revenue bonds outstanding at year end for the business-type activities are as follows:

<u>Series</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>
1987 Joint Water and Sewer Refunding Bonds	\$ 1,270,000	4/1/2009	4.25% - 5.40%	\$ 345,000

Notes Payable

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 to be financed over twenty years with annual payments at a 10.5% interest rate. The first payment was due on June 26, 1999.

The Village borrowed \$1,377,778 from the New Mexico Finance Authority on May 12, 2006 to acquire 13 acres of land, 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. The first payment is due November 1, 2006. At June 30, 2007 the Village had not yet expended \$1,107,227 of these loan proceeds.

Notes payable outstanding at year end for the business-type activities are as follows:

<u>Loans</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>
Village of Capitan - Water Rights	\$ 894,161	5/26/2018	10.50%	\$ 689,635
NMFA - Solid Waste System	1,377,778	5/1/2013	3.02% - 3.51%	1,230,308
				<u>\$ 1,919,943</u>

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

LONG-TERM OBLIGATIONS (continued)

Description of Business-Type Activities Revenue Bonds, Notes Payable and Capital Leases
(continued)

Capital Leases

On September 1, 2005 the Village negotiated a lease purchase agreement with Wagner Equipment for a Backhoe Loader in the amount of \$45,943 with an interest rate of 5.00%. The lease calls for monthly payments of \$867 and will be paid in full August 1, 2010.

On March 14, 2003 the Village negotiated a lease purchase agreement with BancLeasing, Inc. for a Grapple Truck in the amount of \$100,049 with an interest rate of 5.25%. The lease calls for monthly payments of \$1,426 and will be paid in full March 13, 2010.

On March 14, 2003 the Village negotiated a lease purchase agreement with BancLeasing, Inc. for a Refuse Truck in the amount of \$147,433 with an interest rate of 5.25%. The lease calls for monthly payments of \$2,101 and will be paid in full March 13, 2010.

4. DETAILED NOTES ON ALL FUNDS (Continued)

LONG-TERM OBLIGATIONS (continued)

Debt service requirements on long-term debt for both governmental activities and business-type activities at June 30, 2007 are as follows:

Governmental Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Notes Payable:			
2008	\$ 287,510	\$ 142,382	\$ 429,892
2009	296,740	133,891	430,631
2010	280,142	124,601	404,743
2011	290,028	115,439	405,467
2012	297,830	108,174	406,004
2013-2017	1,315,638	369,006	1,684,644
2018-2022	715,907	123,719	839,626
2023-2026	178,946	11,765	190,711
Total	<u>\$ 3,662,741</u>	<u>\$ 1,128,977</u>	<u>\$ 4,791,718</u>
Revenue bonds payable:			
2008	\$ 450,000	\$ 326,594	\$ 776,594
2009	480,000	307,272	787,272
2010	505,000	295,506	800,506
2011	530,000	279,847	809,847
2012	455,000	253,039	708,039
2013-2017	1,470,000	1,074,315	2,544,315
2018-2022	1,540,000	784,421	2,324,421
2023-2027	1,395,000	895,381	2,290,381
2028-2031	945,000	264,397	1,209,397
Total	<u>\$ 7,770,000</u>	<u>\$ 4,480,772</u>	<u>\$ 12,250,772</u>
Capital Leases:			
2008	\$ 41,883	\$ 681	\$ 42,564
2009	32,309	6,304	38,613
2010	128,747	2,843	131,590
Total	<u>\$ 202,939</u>	<u>\$ 9,828</u>	<u>\$ 212,767</u>

Business Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Notes Payable:			
2008	\$ 222,043	\$ 112,599	\$ 334,642
2009	232,068	103,054	335,122
2010	242,836	92,783	335,619
2011	254,448	81,683	336,131
2012	266,979	69,686	336,665
2013-2017	603,257	182,957	786,214
2018-2022	98,312	10,323	108,635
Total	<u>\$ 1,919,943</u>	<u>\$ 653,085</u>	<u>\$ 2,573,028</u>
Revenue bonds payable:			
2008	\$ 165,000	\$ 18,630	\$ 183,630
2009	180,000	9,720	189,720
Total	<u>\$ 345,000</u>	<u>\$ 28,350</u>	<u>\$ 373,350</u>
Capital Leases:			
2008	\$ 46,592	\$ 6,135	\$ 52,727
2009	49,074	3,653	52,727
2010	42,784	1,077	43,861
2011	2,582	22	2,604
Total	<u>\$ 141,032</u>	<u>\$ 10,887</u>	<u>\$ 151,919</u>

4. DETAILED NOTES ON ALL FUNDS (Continued)

LONG-TERM OBLIGATIONS (continued)

Changes in long-term obligations during the year ended June 30, 2007, are as follows:

	Balance 6/30/06	Additions	Deletions	Balances 6/30/07	Due Within One Year
Governmental Activities:					
Notes payable	\$ 3,856,151	\$ 60,000	\$ (253,410)	\$ 3,662,741	\$ 287,510
Revenue bonds payable	8,200,000	-	(430,000)	7,770,000	450,000
Capital Leases	242,820	-	(39,881)	202,939	41,883
Compensated absences					
- governmental	441,100	326,221	(365,835)	401,486	-
Compensated absences					
- internal service	32,353	16,646	(20,087)	28,912	-
Total	\$ 12,772,424	\$ 402,867	\$ (1,109,213)	\$ 12,066,078	\$ 779,393
Business-Type Activities					
Note Payable	\$ 2,100,194	\$ -	\$ (180,251)	\$ 1,919,943	\$ 222,043
Revenue bonds payable	500,000	-	(155,000)	345,000	165,000
Capital leases	197,944	-	(56,912)	141,032	46,592
Compensated absences	161,911	144,026	(135,472)	170,465	-
Total	\$ 2,960,049	\$ 144,026	\$ (527,635)	\$ 2,576,440	\$ 433,635

Compensated Absences

A liability for unused vacation for all full-time employees is calculated and reported in the government-wide statements. For financial reporting, the following criteria must be met to be considered as compensated absences.

- leave or compensation is attributable to service already rendered.
- leave or compensation is not contingent on a specific event (such as illness)

Compensated absences are accrued in the government-wide statements. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

LANDFILL CLOSURE AND POST-CLOSURE 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.

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

INTERFUND TRANSFERS

	Transfer In						Total
	General Fund	Utility Fund	Airport Fund	Solid Waste Fund	Internal Service Fund	Non-major Fund	
Transfers (out):							
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 657,361	\$ 1,013,165	\$ 1,670,526
Supplemental Gross Receipts Fund	-	1,732,131	-	-	-	196,344	1,928,475
Utility Fund	-	-	-	-	61,854	28,500	90,354
Airport Fund	-	-	-	-	37,188	-	37,188
Solid Waste Fund	-	50,000	-	-	55,408	-	105,408
Non-major Funds	854,229	-	540,000	6,059	31,852	932,602	2,364,742
Total transfer out	<u>\$ 854,229</u>	<u>\$ 1,782,131</u>	<u>\$ 540,000</u>	<u>\$ 6,059</u>	<u>\$ 843,663</u>	<u>\$ 2,170,611</u>	<u>\$ 6,196,693</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend. Additionally, transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

RESTATEMENTS

The restatement in the funds are due to accounts receivable and accounts payable as follows:

General Fund – Accounts receivable on the Voca Grant was not recorded	\$ 16,927
Recreation Fund – Accounts payable adjustment by the Village for taxes payable	\$ (8,868)
Emergency Medical Service – LCM reimbursement applied to prior year expense	\$170,505
DWI Enforcement Fund – Accounts receivable over stated prior year	\$ (4,336)
Airport Improvement Fund – Reimbursement request for prior year overstated	\$ (22,222)
General Obligation Fund – Delinquent property taxes adjustment	\$ 6,354

The restatement in the Revenue Bond Fund of \$123,501 was due to an NMFA debt service account and a reserve funds payable account absent from the Village’s records in the prior year.

4. DETAILED NOTES ON ALL FUNDS (Continued)

RETIREMENT PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description. Substantially all of the Village's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978) of the State of New Mexico. The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost sharing, multiple employer defined benefit 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. This report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy Plan members are required to contribute 4.75% to 11.9% depending upon the plan – i.e., municipal general, municipal police, municipal fire, municipal correction officers of their gross salary. The Village is required to contribute 11.9% to and 25.95% of the gross covered salary. 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 legislature. The Village's contributions to PERA for the years ended June 30, 2007, 2006 and 2005 were \$994,026, \$994,590, and \$867,256, respectively, equal to the amount of the required contributions for each year.

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 ½ % 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 thirty-eight employees participating in the plan.

POST-EMPLOYMENT BENEFITS

The Retire Health Care Act, Chapter IV, Article 7C, NMSA 1978 provides a 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.

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

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insured Fund, a public entity risk pool currently operates as a common risk management and insurance program for local governments. The Village pays an annual premium to New Mexico Self-Insured Fund for its general insurance coverage, and all risk of loss is transferred.

CONTINGENT LIABILITIES

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Village's legal counsel that resolution of these matters will not have material adverse effect on the financial condition of the Village.

JOINT POWERS AGREEMENTS

The Ruidoso/Ruidoso Downs Joint Use Board is an agreement between the Village of Ruidoso, the City of Ruidoso Downs and the County of Lincoln whereby the entities secured funds for the construction of a wastewater treatment plant for the benefit of both municipalities. The budgetary and financial accountability for the operation of the plant lies within the Village of Ruidoso.

The Village of Ruidoso and the New Mexico Energy, Minerals and Natural Resources Department entered into a joint agreement to protect forests and provide forest management technical assistance including forest health. The budgetary and financial accountability for the operation lies within the NM Energy, Minerals and Natural Resources Department.

The Village of Ruidoso and the Ruidoso Municipal School District entered into a joint agreement the purpose of which is for the Village to assign a police officer to provide law enforcement services on a full-time basis to all the Ruidoso public schools. The term of the agreement is for one year ending July 31, 2007. The budgetary and financial accountability for the service lies within the Village of Ruidoso.

EXPENDITURES IN EXCESS OF BUDGET

Actual expenditures exceeded budgeted expenditures for the following funds:

Retired Senior Volunteer Fund	\$34
Merit Liability Fund	\$18,190

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

AIRPORT GROSS RECEIPTS FUND – (NMSA, 3-34-1 to 3-34-5; 7-19A-1 to 7-19A-7) – To account for specifically designated local municipal enacted gross receipts taxes. Expenditures are restricted to airport improvements and repayment of debt.

RECREATION FUND – (NMSA, 7-12-1 to 7-12-17) - To account for state and Village cigarette tax revenue, which is to be used to operate and maintain the Village's various recreational facilities.

CEMETARY FUND – (NMSA, 3-40-3) - To account for the operations and maintenance of the Village cemetery. Funding is provided through charges for services.

INFRASTRUCTURE GROSS RECEIPTS FUND – (NMSA, 3-34-1 to 3-34-5; 7-19A-1 to 7-19A-7)- To account for specifically designated state-shared gross receipts taxes. Expenditures are restricted to infrastructure improvements.

FIRE FUND – (NMSA, 59-15-1 to 59-15-17) – 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.

SCENIC BYWAYS FUND – (Authorized by Commission at Budget Approval) - To account for the revenues and expenditures of state and local funds restricted to improvements to scenic byways within the Village geographic boundaries.

EMERGENCY MEDICAL SERVICES FUND – (NMSA, 24-10A-1 to 24-10A-9) - 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.

LAW ENFORCEMENT PROTECTION FUND – (NMSA, 29-13-1 to 29-13-9) – 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.

TRAFFIC SAFETY FUND – (NMSA, 66-7-512) – To account for motor vehicle assessments that are to be utilized to enhance and improve traffic safety programs.

LOCAL GOVERNMENTAL CORRECTIONS FUND – (NMSA, 33-3-25) – To account for the collection and disbursement of local lodging tax whose use is restricted to the promotion of rural areas within the Village.

LODGER'S TAX FUND – (NMSA, 3-38-18 to 3-38-24) - To account for the collection and disbursement of local lodging tax whose use is restricted to the promotion or rural areas within the Village.

SPECIAL DONATIONS – (Authorized by Commission at Budget Approval) - To account for donation revenues generated by various hosting events at legislative and community functions.

CONVENTION CENTER FUND – (Authorized by Commission at Budget Approval) – To account for the operations and maintenance of the convention and civic events center.

UTILITY IMPACT FEES FUND – (NMSA, 3-26) – To account for the proceeds of water, sewer and wastewater system connection fees, that are to be used for the improvement of distribution lines.

RETIRED SENIOR VOLUNTEER FUND – (Authorized by Commission at Budget Approval) – To account for grants from the State of New Mexico, that are to be used for the improvement of facilities and services for older adults.

FOREST RESTORATION FUND – (Authorized by Commission at Budget Approval) – To account for grants from the State of New Mexico that are to be used for forest management and improvement.

CAPITAL EQUIPMENT FUND – (Authorized by Commission at Budget Approval) – To account for state grants and local source revenues that are to be used for the purchase of capital assets.

DWI ENFORCEMENT FUND – (Authorized by Commission at Budget Approval) – To account for state and federal grants that are to be used for implementation of improved traffic safety and drug control awareness.

SPECIAL PROJECTS FUND – (Authorized by Commission at Budget Approval) – To account for private grants and donation revenue restricted to grantor approved purposes.

CDBG MASTER PLAN – (Authorized by Commission at Budget Approval) – To account for federal community development block grant.

ARTS COMMISSION FUND – (Authorized by Commission at Budget Approval) – To act as liaison to the arts community for the purpose of improving the public's quality of life by encouraging the development of the arts.

DEBT SERVICE FUNDS

GENERAL OBLIGATION – To account for the accumulation of resources for and the payment of governmental activities long-term debt principal, interest and related costs specifically for general obligation tax bonds. The fund's source or revenue is a 1.5 property tax mill levy approved by the Village of Ruidoso Council for note obligation repayment.

REVENUE BOND FUND – To account for the accumulation of resources for and the payment of governmental activities long-term debt principal, interest and related costs specifically for the revenue bonds. The fund's source or revenue is a municipal gross receipts tax approved by the Village of Ruidoso Council for note obligation repayment.

CAPITAL PROJECTS FUNDS

INFRASTRUCTURE CAPITAL IMPROVEMENT – To account for the Village's cost of constructing, purchasing, furnishing, equipping, rehabilitating, making additions to or making improvements to one or more public buildings, public parks, public recreational buildings and other public facilities.

MUNICIPAL WATER CONSTRUCTION – To account for the Village's cost of construction, expansion and improvement to water distribution systems.

AIRPORT IMPROVEMENT – To account for the Village's cost of constructing acquiring and improving the Village's airport and system.

REGIONAL WASTEWATER IMPROVEMENT – To account for the Village's cost of constructing acquiring and improving the Village's regional wastewater treatment plant and system.

ENTERPRISE FUNDS

UTILITY FUND – 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.

AIRPORT FUND – The airport fund accounts for the air service activities of the Villages airport including administration, operations, maintenance, debt service billing and collection.

SOLID WASTE FUND – 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.

INTERNAL SERVICE FUNDS

MERIT LIABILITY FUND – To account for merit compensation adjustments and sick and vacation compensation for departments of the Village of Ruidoso.

INTERNAL SERVICE FUND – To account for inventory and distribution of goods and services provided to other departments of the Village of Ruidoso.

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

Special Revenue

	Airport Gross Receipts Fund	Recreation Fund	Cemetery Fund	Infrastructure Gross Receipts Fund	Fire Fund
ASSETS					
Cash	\$ 26,710	\$ 67,341	\$ 20,551	\$ -	\$ 124,203
Investments	-	-	40,000	-	100,000
Accounts receivable	206,027	680	-	99,064	-
Cash - restricted	-	-	-	-	-
Total assets	\$ 232,737	\$ 68,021	\$ 60,551	\$ 99,064	\$ 224,203
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 2,309	\$ -	\$ -	\$ 1,703
Accrued payroll liabilities	-	17,995	-	-	-
Deferred revenues	-	-	-	-	-
Refundable deposits	-	-	-	-	-
Total liabilities	-	20,304	-	-	1,703
Fund balances:					
Fund balances:					
Reserved for debt service	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-
Unreserved and undesignated	232,737	47,717	60,551	99,064	222,500
Total fund balances	232,737	47,717	60,551	99,064	222,500
Total liabilities and fund balances	\$ 232,737	\$ 68,021	\$ 60,551	\$ 99,064	\$ 224,203

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

Special Revenue

Scenic Byways Fund	Emergency Medical Services Fund	Law Enforcement Protection Fund	Traffic Safety Fund	Local Government Correction Fund	Lodger's Tax Fund	Special Donations Fund
\$ -	\$ 147,892	\$ 32,987	\$ 4,644	\$ 21,549	\$ 137,593	\$ 6,916
-	50,000	-	-	-	490,000	-
-	-	-	-	-	151,703	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 197,892</u>	<u>\$ 32,987</u>	<u>\$ 4,644</u>	<u>\$ 21,549</u>	<u>\$ 779,296</u>	<u>\$ 6,916</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	197,892	32,987	4,644	21,549	779,296	6,916
-	197,892	32,987	4,644	21,549	779,296	6,916
<u>\$ -</u>	<u>\$ 197,892</u>	<u>\$ 32,987</u>	<u>\$ 4,644</u>	<u>\$ 21,549</u>	<u>\$ 779,296</u>	<u>\$ 6,916</u>

(Continued)

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>Special Revenue</u>			
	<u>Convention Center Fund</u>	<u>Utility Impact Fees Fund</u>	<u>Retired Senior Volunteer Fund</u>	<u>Forest Restoration Fund</u>
ASSETS				
Cash	\$ 147,366	\$ 525,894	\$ 3,743	\$ 29,741
Investments	-	950,000	-	-
Accounts receivable	-	-	3,452	77,840
Cash - restricted	-	-	-	-
Total assets	<u>\$ 147,366</u>	<u>\$ 1,475,894</u>	<u>\$ 7,195</u>	<u>\$ 107,581</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	6,593	-	278	-
Deferred revenues	-	-	-	55,515
Refundable deposits	11,504	-	-	-
Total liabilities	<u>18,097</u>	<u>-</u>	<u>278</u>	<u>55,515</u>
Fund balances:				
Fund balances:				
Reserved for debt service	-	-	-	-
Reserved for capital projects	-	-	-	-
Unreserved and undesignated	129,269	1,475,894	6,917	52,066
Total fund balances	<u>129,269</u>	<u>1,475,894</u>	<u>6,917</u>	<u>52,066</u>
Total liabilities and fund balances	<u>\$ 147,366</u>	<u>\$ 1,475,894</u>	<u>\$ 7,195</u>	<u>\$ 107,581</u>

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

Special Revenue

Capital Equipment Fund	DWI Enforcement Fund	Special Projects Fund	CDBG Master Plan Fund	Arts Commission Fund	Total
\$ 20,000	\$ 57,243	\$ 373,793	\$ -	\$ 17,811	\$ 1,765,977
-	-	-	-	-	1,630,000
-	18,742	-	-	-	557,508
-	-	96,283	-	-	96,283
<u>\$ 20,000</u>	<u>\$ 75,985</u>	<u>\$ 470,076</u>	<u>\$ -</u>	<u>\$ 17,811</u>	<u>\$ 4,049,768</u>
\$ -	\$ -	\$ -	\$ -	\$ -	4,012
-	-	-	-	-	24,866
-	-	-	-	-	55,515
-	-	-	-	-	11,504
-	-	-	-	-	95,897
-	-	96,283	-	-	96,283
-	-	373,793	-	-	373,793
20,000	75,985	-	-	17,811	3,483,795
20,000	75,985	470,076	-	17,811	3,953,871
<u>\$ 20,000</u>	<u>\$ 75,985</u>	<u>\$ 470,076</u>	<u>\$ -</u>	<u>\$ 17,811</u>	<u>\$ 4,049,768</u>

(Continued)

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Debt Service			Capital Projects	
	General Obligation Fund	Revenue Bond Fund	Total	Infrastructue Capital Improvements Fund	Municipal Water Construction Fund
ASSETS					
Cash	\$ 443,172	\$ 127,571	\$ 570,743	\$ -	\$ 996,311
Investments	202,264	-	202,264	-	-
Accounts receivable	947	-	947	59,420	-
Cash - restricted	-	-	-	-	-
Total assets	<u>\$ 646,383</u>	<u>\$ 127,571</u>	<u>\$ 773,954</u>	<u>\$ 59,420</u>	<u>\$ 996,311</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Deferred revenues	947	-	947	-	-
Refundable deposits	-	-	-	-	-
Total liabilities	<u>947</u>	<u>-</u>	<u>947</u>	<u>-</u>	<u>-</u>
Fund balances:					
Fund balances:					
Reserved for debt service	645,436	127,571	773,007	-	-
Reserved for capital projects	-	-	-	-	996,311
Unreserved and undesignated	-	-	-	59,420	-
Total fund balances	<u>645,436</u>	<u>127,571</u>	<u>773,007</u>	<u>59,420</u>	<u>996,311</u>
Total liabilities and fund balances	<u>\$ 646,383</u>	<u>\$ 127,571</u>	<u>\$ 773,954</u>	<u>\$ 59,420</u>	<u>\$ 996,311</u>

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

Capital Projects

Airport Improvement Fund	Regional Wastewater Construction Fund	Total	Total Nonmajor Governmental Funds
\$ 10,091	\$ 91,374	\$ 1,097,776	\$ 3,434,496
-	-	-	1,832,264
-	-	59,420	617,875
-	-	-	96,283
<u>\$ 10,091</u>	<u>\$ 91,374</u>	<u>\$ 1,157,196</u>	<u>\$ 5,980,918</u>
\$ -	\$ -	\$ -	\$ 4,012
-	-	-	24,866
-	-	-	56,462
-	-	-	11,504
-	-	-	96,844
-	-	-	869,290
10,091	91,374	1,097,776	1,471,569
-	-	59,420	3,543,215
<u>10,091</u>	<u>91,374</u>	<u>1,157,196</u>	<u>5,884,074</u>
<u>\$ 10,091</u>	<u>\$ 91,374</u>	<u>\$ 1,157,196</u>	<u>\$ 5,980,918</u>

(Continued)

**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, 2007**

	Special Revenue				
	Airport Gross Receipts Fund	Recreation Fund	Cemetery Fund	Infrastructure Gross Receipts Fund	Fire Fund
REVENUES					
Taxes					
Gross receipts tax	\$ 1,211,114	\$ -	\$ -	\$ 582,126	\$ -
Property taxes	-	-	-	-	-
Lodger's tax	-	-	-	-	-
Other state shared taxes	-	6,029	-	-	-
Licenses and permits	-	970	-	-	-
Intergovernmental	-	11,415	-	-	186,686
Charges for services	-	103,454	6,625	-	-
Sale of assets	-	-	1,800	-	-
Miscellaneous	13,614	6,640	2,081	-	5,082
Total revenues	<u>1,224,728</u>	<u>128,508</u>	<u>10,506</u>	<u>582,126</u>	<u>191,768</u>
EXPENDITURES					
Current operations:					
General government	-	-	-	-	-
Public safety	-	-	-	-	67,063
Public works	-	-	-	-	-
Culture and recreation	-	742,211	-	-	-
Health and welfare	-	-	7,277	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	70,767
Interest	-	-	-	-	17,540
Total expenditures	<u>-</u>	<u>742,211</u>	<u>7,277</u>	<u>-</u>	<u>155,370</u>
Excess (deficiency) of revenues over expenditures	1,224,728	(613,703)	3,229	582,126	36,398
Other financing sources (uses):					
Transfers in	29,095	678,000	-	-	-
Transfers (out)	(1,349,838)	(19,860)	-	(582,528)	-
Total other financing sources (uses)	<u>(1,320,743)</u>	<u>658,140</u>	<u>-</u>	<u>(582,528)</u>	<u>-</u>
Net change in fund balances	<u>(96,015)</u>	<u>44,437</u>	<u>3,229</u>	<u>(402)</u>	<u>36,398</u>
Fund balances, beginning of year	328,752	12,148	57,322	99,466	186,102
Restatement	-	(8,868)	-	-	-
Fund balances, as restated	<u>328,752</u>	<u>3,280</u>	<u>57,322</u>	<u>99,466</u>	<u>186,102</u>
Fund balances, end of year	<u>\$ 232,737</u>	<u>\$ 47,717</u>	<u>\$ 60,551</u>	<u>\$ 99,064</u>	<u>\$ 222,500</u>

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

Special Revenue

<u>Scenic Byways Fund</u>	<u>Emergency Medical Services Fund</u>	<u>Law Enforcement Protection Fund</u>	<u>Traffic Safety Fund</u>	<u>Local Government Correction Fund</u>	<u>Lodger's Tax Fund</u>	<u>Special Donations Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	1,261,481	-
-	-	-	2,514	17,408	-	-
11,328	18,473	32,000	-	-	20,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2,981	-	-	-	31,430	1,900
<u>11,328</u>	<u>21,454</u>	<u>32,000</u>	<u>2,514</u>	<u>17,408</u>	<u>1,312,911</u>	<u>1,900</u>
-	-	-	-	-	709,951	-
-	64,531	-	1,300	9,387	-	-
-	-	-	-	-	-	-
11,942	-	-	-	-	-	1,651
-	-	-	-	-	-	-
-	75,850	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11,942</u>	<u>140,381</u>	<u>-</u>	<u>1,300</u>	<u>9,387</u>	<u>709,951</u>	<u>1,651</u>
(614)	(118,927)	32,000	1,214	8,021	602,960	249
165	-	-	-	-	-	-
-	-	-	-	-	(162,696)	-
<u>165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(162,696)</u>	<u>-</u>
(449)	(118,927)	32,000	1,214	8,021	440,264	249
449	146,314	987	3,430	13,528	339,032	6,667
-	170,505	-	-	-	-	-
<u>449</u>	<u>316,819</u>	<u>987</u>	<u>3,430</u>	<u>13,528</u>	<u>339,032</u>	<u>6,667</u>
\$ -	\$ 197,892	\$ 32,987	\$ 4,644	\$ 21,549	\$ 779,296	\$ 6,916

(Continued)

**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, 2007**

	Special Revenue				
	Convention Center Fund	Utility Impact Fees Fund	Retired Senior Volunteer Fund	Forest Restoration Fund	Capital Equipment Fund
REVENUES					
Taxes					
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-
Lodger's tax	-	-	-	-	-
Other state shared taxes	-	-	-	-	-
Licenses and permits	-	258,226	-	-	-
Intergovernmental	-	-	38,290	311,590	-
Charges for services	154,363	-	-	-	-
Sale of assets	-	-	-	-	-
Miscellaneous	150	37,419	-	-	-
Total revenues	<u>154,513</u>	<u>295,645</u>	<u>38,290</u>	<u>311,590</u>	<u>-</u>
EXPENDITURES					
Current operations:					
General government	-	-	-	-	1,990
Public safety	-	-	-	-	-
Public works	-	-	-	384,664	-
Culture and recreation	366,940	-	-	-	-
Health and welfare	-	-	37,092	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>366,940</u>	<u>-</u>	<u>37,092</u>	<u>384,664</u>	<u>1,990</u>
Excess (deficiency) of revenues over expenditures	(212,427)	295,645	1,198	(73,074)	(1,990)
Other financing sources (uses):					
Transfers in	355,000	-	-	-	-
Transfers (out)	(11,992)	-	-	(54,205)	-
Total other financing sources (uses)	<u>343,008</u>	<u>-</u>	<u>-</u>	<u>(54,205)</u>	<u>-</u>
Net change in fund balances	<u>130,581</u>	<u>295,645</u>	<u>1,198</u>	<u>(127,279)</u>	<u>(1,990)</u>
Fund balances, beginning of year	(1,312)	1,180,249	5,719	179,345	21,990
Restatement	-	-	-	-	-
Fund balances, as restated	<u>(1,312)</u>	<u>1,180,249</u>	<u>5,719</u>	<u>179,345</u>	<u>21,990</u>
Fund balances, end of year	<u>\$ 129,269</u>	<u>\$ 1,475,894</u>	<u>\$ 6,917</u>	<u>\$ 52,066</u>	<u>\$ 20,000</u>

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

Special Revenue					Debt Service		
DWI Enforcement Fund	Special Projects Fund	CDBG Master Plan Fund	Arts Commission Fund	Total	General Obligation Fund	Revenue Bond Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 1,793,240	\$ -	\$ -	\$ -
-	-	-	-	-	2,816	-	2,816
-	-	-	-	1,261,481	-	-	-
-	-	-	-	6,029	-	-	-
-	-	-	-	279,118	-	-	-
206,619	95,343	-	-	931,744	-	-	-
-	-	-	-	264,442	-	-	-
-	-	-	-	1,800	-	-	-
-	17,937	-	-	119,234	9	55	64
<u>206,619</u>	<u>113,280</u>	<u>-</u>	<u>-</u>	<u>4,657,088</u>	<u>2,825</u>	<u>55</u>	<u>2,880</u>
-	10,781	-	-	722,722	-	5,195	5,195
154,053	-	-	-	296,334	-	-	-
-	-	-	-	384,664	-	-	-
-	38,051	-	22,189	1,182,984	-	-	-
-	-	-	-	44,369	-	-	-
6,950	-	-	-	82,800	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	70,767	-	540,255	540,255
-	-	-	-	17,540	-	523,390	523,390
<u>161,003</u>	<u>48,832</u>	<u>-</u>	<u>22,189</u>	<u>2,802,180</u>	<u>-</u>	<u>1,068,840</u>	<u>1,068,840</u>
45,616	64,448	-	(22,189)	1,854,908	2,825	(1,068,785)	(1,065,960)
-	-	-	40,000	1,102,260	-	1,068,351	1,068,351
(5,000)	(54,227)	(6,404)	-	(2,246,750)	-	-	-
(5,000)	(54,227)	(6,404)	40,000	(1,144,490)	-	1,068,351	1,068,351
40,616	10,221	(6,404)	17,811	710,418	2,825	(434)	2,391
39,705	459,855	6,404	-	3,086,152	648,965	4,504	653,469
(4,336)	-	-	-	157,301	(6,354)	123,501	117,147
35,369	459,855	6,404	-	3,243,453	642,611	128,005	770,616
<u>\$ 75,985</u>	<u>\$ 470,076</u>	<u>\$ -</u>	<u>\$ 17,811</u>	<u>\$ 3,953,871</u>	<u>\$ 645,436</u>	<u>\$ 127,571</u>	<u>\$ 773,007</u>

(Continued)

**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, 2007**

	Capital Projects					Nonmajor Governmental Funds
	Infrastructue Capital Improvements Fund	Municipal Water Construction Fund	Airport Improvement Fund	Regional Wastewater Construction	Total	
REVENUES						
Taxes						
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,793,240
Property taxes	-	-	-	-	-	2,816
Lodger's tax	-	-	-	-	-	1,261,481
Other state shared taxes	-	-	-	-	-	6,029
Licenses and permits	-	-	-	-	-	279,118
Intergovernmental	799,237	-	-	-	799,237	1,730,981
Charges for services	-	-	-	-	-	264,442
Sale of assets	-	-	-	-	-	1,800
Miscellaneous	-	33,348	-	149,761	183,109	302,407
Total revenues	<u>799,237</u>	<u>33,348</u>	<u>-</u>	<u>149,761</u>	<u>982,346</u>	<u>5,642,314</u>
EXPENDITURES						
Current operations:						
General government	-	-	9,625	-	9,625	737,542
Public safety	-	-	-	-	-	296,334
Public works	262,127	1,242	-	-	263,369	648,033
Culture and recreation	-	-	-	-	-	1,182,984
Health and welfare	-	-	-	-	-	44,369
Capital outlay	508,654	-	-	136,320	644,974	727,774
Debt service:						
Principal	-	-	-	-	-	611,022
Interest	-	-	-	-	-	540,930
Total expenditures	<u>770,781</u>	<u>1,242</u>	<u>9,625</u>	<u>136,320</u>	<u>917,968</u>	<u>4,788,988</u>
Excess (deficiency) of revenues over expenditures	28,456	32,106	(9,625)	13,441	64,378	853,326
Other financing sources (uses):						
Transfers in	-	-	-	-	-	2,170,611
Transfers (out)	(88,897)	-	-	(29,095)	(117,992)	(2,364,742)
Total other financing sources (uses)	<u>(88,897)</u>	<u>-</u>	<u>-</u>	<u>(29,095)</u>	<u>(117,992)</u>	<u>(194,131)</u>
Net change in fund balances	<u>(60,441)</u>	<u>32,106</u>	<u>(9,625)</u>	<u>(15,654)</u>	<u>(53,614)</u>	<u>659,195</u>
Fund balances, beginning of year	119,861	964,205	41,938	107,028	1,233,032	4,972,653
Restatement	-	-	(22,222)	-	(22,222)	252,226
Fund balances, as restated	<u>119,861</u>	<u>964,205</u>	<u>19,716</u>	<u>107,028</u>	<u>1,210,810</u>	<u>5,224,879</u>
Fund balances, end of year	<u>\$ 59,420</u>	<u>\$ 996,311</u>	<u>\$ 10,091</u>	<u>\$ 91,374</u>	<u>\$ 1,157,196</u>	<u>\$ 5,884,074</u>

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
AIRPORT GROSS RECEIPTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Gross receipts tax	\$ 1,259,965	\$ 1,238,329	\$ 1,214,801	\$(23,528)
Miscellaneous	<u>10,000</u>	<u>15,000</u>	<u>13,614</u>	<u>(1,386)</u>
Total revenues	<u>1,269,965</u>	<u>1,253,329</u>	<u>1,228,415</u>	<u>(24,914)</u>
Other financing sources (uses):				
Transfers in	-	66,620	29,095	(37,525)
Transfers (out)	<u>(1,343,587)</u>	<u>(1,433,062)</u>	<u>(1,349,838)</u>	<u>83,224</u>
Total other financing sources (uses)	<u>(1,343,587)</u>	<u>(1,366,442)</u>	<u>(1,320,743)</u>	<u>45,699</u>
Net change in fund balances	<u>\$(73,622)</u>	<u>\$(113,113)</u>	<u>\$(92,328)</u>	<u>\$ 20,785</u>
Beginning cash balance	<u>\$ 119,038</u>	<u>\$ 119,038</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(92,328)	
Change in receivables			<u>(3,687)</u>	
Net change in fund balances GAAP basis			<u>\$(96,015)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes				
Other state shared taxes	\$ 6,700	\$ 6,700	\$ 6,572	\$(128)
Licenses and permits	700	700	970	270
Intergovernmental	12,000	12,000	11,415	(585)
Charges for services	111,100	111,100	103,454	(7,646)
Miscellaneous	<u>5,500</u>	<u>8,945</u>	<u>6,640</u>	<u>(2,305)</u>
Total revenues	<u>136,000</u>	<u>139,445</u>	<u>129,051</u>	<u>(10,394)</u>
EXPENDITURES				
Current operations:				
Culture and recreation	<u>797,912</u>	<u>803,957</u>	<u>736,869</u>	<u>67,088</u>
Total expenditures	<u>797,912</u>	<u>803,957</u>	<u>736,869</u>	<u>67,088</u>
Excess (deficiency) of revenues over expenditures	<u>(661,912)</u>	<u>(664,512)</u>	<u>(607,818)</u>	<u>56,694</u>
Other financing sources (uses):				
Transfers in	678,000	678,000	678,000	-
Transfers (out)	<u>(19,860)</u>	<u>(19,860)</u>	<u>(19,860)</u>	<u>-</u>
Total other financing sources (uses)	<u>658,140</u>	<u>658,140</u>	<u>658,140</u>	<u>-</u>
Net change in fund balances	<u>\$(3,772)</u>	<u>\$(6,372)</u>	<u>\$ 50,322</u>	<u>\$ 56,694</u>
Beginning cash balance	<u>\$ 25,887</u>	<u>\$ 25,887</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 50,322	
Change in receivables			(543)	
Change in payables			(2,309)	
Change in accrued payroll liabilities			<u>(3,033)</u>	
Net change in fund balances GAAP basis			<u>\$ 44,437</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 32,000	\$ 32,000	\$ 6,625	\$(25,375)
Sale of Assets	-	-	1,800	\$ 1,800
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>2,081</u>	<u>1,081</u>
Total revenues	<u>33,000</u>	<u>33,000</u>	<u>10,506</u>	<u>(22,494)</u>
EXPENDITURES				
Current operations:				
Health and welfare	<u>36,255</u>	<u>36,255</u>	<u>7,277</u>	<u>28,978</u>
Total expenditures	<u>36,255</u>	<u>36,255</u>	<u>7,277</u>	<u>28,978</u>
Excess (deficiency) of revenues over expenditures	<u>(3,255)</u>	<u>(3,255)</u>	<u>3,229</u>	<u>6,484</u>
Net change in fund balances	<u>\$(3,255)</u>	<u>\$(3,255)</u>	<u>\$ 3,229</u>	<u>\$ 6,484</u>
Beginning cash balance	<u>\$ 17,322</u>	<u>\$ 17,322</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
INFRASTRUCTURE GROSS RECEIPTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Gross receipts tax	\$ 594,696	\$ 594,696	\$ 582,528	\$(12,168)
Total revenues	<u>594,696</u>	<u>594,696</u>	<u>582,528</u>	<u>(12,168)</u>
Other financing sources (uses):				
Transfers (out)	(594,696)	(594,696)	(582,528)	12,168
Total other financing sources (uses)	<u>(594,696)</u>	<u>(594,696)</u>	<u>(582,528)</u>	<u>12,168</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ -	
Change in receivables			(402)	
Net change in fund balances GAAP basis			<u>\$(402)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
FIRE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 178,833	\$ 178,833	\$ 283,494	\$ 104,661
Miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>5,082</u>	<u>1,082</u>
Total revenues	<u>182,833</u>	<u>182,833</u>	<u>288,576</u>	<u>105,743</u>
EXPENDITURES				
Current operations:				
Public safety	70,851	86,520	65,360	21,160
Capital outlay:	21,958	6,289	-	6,289
Debt service:				
Principal	-	89,898	70,767	19,131
Interest & fiscal charges	<u>-</u>	<u>-</u>	<u>17,540</u>	<u>(17,540)</u>
Total expenditures	<u>92,809</u>	<u>182,707</u>	<u>153,667</u>	<u>29,040</u>
Excess (deficiency) of revenues over expenditures	<u>90,024</u>	<u>126</u>	<u>134,909</u>	<u>134,783</u>
Net change in fund balances	<u>\$ 90,024</u>	<u>\$ 126</u>	<u>\$ 134,909</u>	<u>\$ 134,783</u>
Beginning cash balance	<u>\$ 272,910</u>	<u>\$ 272,910</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 134,909	
Change in payables			(1,703)	
Change in deferred revenues			(96,808)	
Net change in fund balances GAAP basis			<u>\$ 36,398</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCENIC BYWAYS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 14,061	\$ 14,061	\$ 11,543	\$(2,518)
Total revenues	<u>14,061</u>	<u>14,061</u>	<u>11,543</u>	<u>(2,518)</u>
EXPENDITURES				
Current operations:				
Culture and recreation	14,061	14,061	11,942	2,119
Total expenditures	<u>14,061</u>	<u>14,061</u>	<u>11,942</u>	<u>2,119</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(399)</u>	<u>(399)</u>
Other financing sources (uses):				
Transfers in	-	-	165	165
Transfers (out)	(234)	(234)	-	(234)
Total other financing sources (uses)	<u>(234)</u>	<u>(234)</u>	<u>165</u>	<u>(69)</u>
Net change in fund balances	<u>\$(234)</u>	<u>\$(234)</u>	<u>\$(234)</u>	<u>\$(468)</u>
Beginning cash balance	<u>\$ 234</u>	<u>\$ 234</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(234)	
Change in receivables			(215)	
Net change in fund balances GAAP basis			<u>\$(449)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
EMERGENCY MEDICAL SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u> </u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 18,473	\$ 18,473
Miscellaneous	<u>-</u>	<u>173,579</u>	<u>2,981</u>	<u>(170,598)</u>
Total revenues	<u>-</u>	<u>173,579</u>	<u>21,454</u>	<u>(152,125)</u>
EXPENDITURES				
Current operations:				
Public safety	70,464	70,464	64,531	5,933
Capital outlay:	<u>75,850</u>	<u>75,850</u>	<u>75,850</u>	<u>-</u>
Total expenditures	<u>146,314</u>	<u>146,314</u>	<u>140,381</u>	<u>5,933</u>
Excess (deficiency) of revenues over expenditures	<u>(146,314)</u>	<u>27,265</u>	<u>(118,927)</u>	<u>(146,192)</u>
Net change in fund balances	<u>\$(146,314)</u>	<u>\$ 27,265</u>	<u>\$(118,927)</u>	<u>\$(146,192)</u>
Beginning cash balance	<u>\$ 66,314</u>	<u>\$ 66,314</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
LAW ENFORCEMENT PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDEGTARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	<u>32,500</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
Total revenues	<u>32,500</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>32,500</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>
Net change in fund balances	<u>\$ 32,500</u>	<u>\$ 32,000</u>	<u>\$ 32,000</u>	<u>\$ -</u>
Beginning cash balance	<u>\$ 987</u>	<u>\$ 987</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
TRAFFIC SAFETY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 2,000	\$ 2,000	\$ 2,514	\$ 514
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>2,514</u>	<u>514</u>
EXPENDITURES				
Current operations:				
Public safety	-	1,300	1,300	-
Capital outlay:	<u>5,430</u>	<u>4,130</u>	<u>-</u>	<u>4,130</u>
Total expenditures	<u>5,430</u>	<u>5,430</u>	<u>1,300</u>	<u>4,130</u>
Excess (deficiency) of revenues over expenditures	<u>(3,430)</u>	<u>(3,430)</u>	<u>1,214</u>	<u>4,644</u>
Net change in fund balances	<u>\$(3,430)</u>	<u>\$(3,430)</u>	<u>\$ 1,214</u>	<u>\$ 4,644</u>
Beginning cash balance	<u>\$ 3,430</u>	<u>\$ 3,430</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
LOCAL GOVERNMENT CORRECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 13,000	\$ 13,000	\$ 17,408	\$ 4,408
Total revenues	<u>13,000</u>	<u>13,000</u>	<u>17,408</u>	<u>4,408</u>
EXPENDITURES				
Current operations:				
Public safety	<u>22,999</u>	<u>23,000</u>	<u>9,387</u>	<u>13,613</u>
Total expenditures	<u>22,999</u>	<u>23,000</u>	<u>9,387</u>	<u>13,613</u>
Excess (deficiency) of revenues over expenditures	(9,999)	(10,000)	<u>8,021</u>	<u>18,021</u>
Net change in fund balances	<u>\$(9,999)</u>	<u>\$(10,000)</u>	<u>\$ 8,021</u>	<u>\$ 18,021</u>
Beginning cash balance	<u>\$ 13,528</u>	<u>\$ 13,528</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
LODGERS' TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Lodgers tax	\$ 907,000	\$ 907,000	\$ 1,196,814	\$ 289,814
Intergovernmental	-	20,000	20,000	-
Miscellaneous	<u>15,000</u>	<u>15,000</u>	<u>31,430</u>	<u>16,430</u>
Total revenues	<u>922,000</u>	<u>942,000</u>	<u>1,248,244</u>	<u>306,244</u>
EXPENDITURES				
Current operations:				
General government	<u>975,584</u>	<u>1,006,064</u>	<u>787,305</u>	<u>218,759</u>
Total expenditures	<u>975,584</u>	<u>1,006,064</u>	<u>787,305</u>	<u>218,759</u>
Excess (deficiency) of revenues over expenditures	<u>(53,584)</u>	<u>(64,064)</u>	<u>460,939</u>	<u>525,003</u>
Other financing sources (uses):				
Transfers (out)	<u>(165,598)</u>	<u>(165,598)</u>	<u>(162,696)</u>	<u>2,902</u>
Total other financing sources (uses)	<u>(165,598)</u>	<u>(165,598)</u>	<u>(162,696)</u>	<u>2,902</u>
Net change in fund balances	<u>\$ (219,182)</u>	<u>\$ (229,662)</u>	<u>\$ 298,243</u>	<u>\$ 527,905</u>
Beginning cash balance	<u>\$ 239,350</u>	<u>\$ 239,350</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 298,243	
Change in receivables			64,667	
Change in payables			<u>77,354</u>	
Net change in fund balances GAAP basis			<u>\$ 440,264</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SPECIAL DONATIONS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 3,000	\$ 3,000	\$ 1,900	\$(1,100)
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>1,900</u>	<u>(1,100)</u>
EXPENDITURES				
Current operations:				
Culture and recreation	<u>9,667</u>	<u>9,667</u>	<u>1,651</u>	<u>8,016</u>
Total expenditures	<u>9,667</u>	<u>9,667</u>	<u>1,651</u>	<u>8,016</u>
Excess (deficiency) of revenues over expenditures	<u>(6,667)</u>	<u>(6,667)</u>	<u>249</u>	<u>6,916</u>
Net change in fund balances	<u>\$(6,667)</u>	<u>\$(6,667)</u>	<u>\$ 249</u>	<u>\$ 6,916</u>
Beginning cash balance	<u>\$ 6,667</u>	<u>\$ 6,667</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
CONVENTION CENTER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 158,150	\$ 158,750	\$ 157,409	\$(1,341)
Miscellaneous	<u>-</u>	<u>-</u>	<u>150</u>	<u>150</u>
Total revenues	<u>158,150</u>	<u>158,750</u>	<u>157,559</u>	<u>(1,191)</u>
EXPENDITURES				
Current operations:				
Culture and recreation	498,159	498,159	366,510	131,649
Capital outlay:	<u>-</u>	<u>5,581</u>	<u>-</u>	<u>5,581</u>
Total expenditures	<u>498,159</u>	<u>503,740</u>	<u>366,510</u>	<u>137,230</u>
Excess (deficiency) of revenues over expenditures	<u>(340,009)</u>	<u>(344,990)</u>	<u>(208,951)</u>	<u>136,039</u>
Other financing sources (uses):				
Transfers in	355,000	355,000	355,000	-
Transfers (out)	<u>(11,992)</u>	<u>(11,992)</u>	<u>(11,992)</u>	<u>-</u>
Total other financing sources (uses)	<u>343,008</u>	<u>343,008</u>	<u>343,008</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,999</u>	<u>\$(1,982)</u>	<u>\$ 134,057</u>	<u>\$ 136,039</u>
Beginning cash balance	<u>\$ 20,261</u>	<u>\$ 20,261</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 134,057	
Change in accrued payroll liabilities			(430)	
Change in refundable deposits			<u>(3,046)</u>	
Net change in fund balances GAAP basis			<u>\$ 130,581</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
UTILITY IMPACT FEES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Licenses and permits	\$ 323,680	\$ 323,680	\$ 258,226	\$(65,454)
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>37,419</u>	<u>17,419</u>
Total revenues	<u>343,680</u>	<u>343,680</u>	<u>295,645</u>	<u>(48,035)</u>
EXPENDITURES				
Capital outlay:	<u>1,433,780</u>	<u>1,433,780</u>	<u>-</u>	<u>1,433,780</u>
Total expenditures	<u>1,433,780</u>	<u>1,433,780</u>	<u>-</u>	<u>1,433,780</u>
Excess (deficiency) of revenues over expenditures	<u>(1,090,100)</u>	<u>(1,090,100)</u>	<u>295,645</u>	<u>1,385,745</u>
Net change in fund balances	<u>\$(1,090,100)</u>	<u>\$(1,090,100)</u>	<u>\$ 295,645</u>	<u>\$ 1,385,745</u>
Beginning cash balance	<u>\$ 880,249</u>	<u>\$ 880,249</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
RETIRED SENIOR VOLUNTEER FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 34,613	\$ 37,085	\$ 40,808	\$ 3,723
Miscellaneous	<u>3,415</u>	<u>3,415</u>	<u>-</u>	<u>(3,415)</u>
Total revenues	<u>38,028</u>	<u>40,500</u>	<u>40,808</u>	<u>308</u>
EXPENDITURES				
Current operations:				
Health and welfare	<u>34,614</u>	<u>37,085</u>	<u>37,119</u>	<u>(34)</u>
Total expenditures	<u>34,614</u>	<u>37,085</u>	<u>37,119</u>	<u>(34)</u>
Excess (deficiency) of revenues over expenditures	<u>3,414</u>	<u>3,415</u>	<u>3,689</u>	<u>274</u>
Other financing sources (uses):				
Transfers (out)	<u>(3,415)</u>	<u>(3,415)</u>	<u>-</u>	<u>3,415</u>
Total other financing sources (uses)	<u>(3,415)</u>	<u>(3,415)</u>	<u>-</u>	<u>3,415</u>
Net change in fund balances	\$ <u>(1)</u>	\$ <u>-</u>	\$ <u>3,689</u>	\$ <u>3,689</u>
Beginning cash balance	\$ <u>-</u>	\$ <u>-</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 3,689	
Change in accounts receivable			(2,518)	
Change in accrued payroll liabilities			<u>27</u>	
Net change in fund balances GAAP basis			<u>\$ 1,198</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
FOREST RESTORATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 591,426	\$ 861,426	\$ 289,265	\$(572,161)
Total revenues	<u>591,426</u>	<u>861,426</u>	<u>289,265</u>	<u>(572,161)</u>
EXPENDITURES				
Current operations:				
Public works	698,498	941,498	384,664	556,834
Total expenditures	<u>698,498</u>	<u>941,498</u>	<u>384,664</u>	<u>556,834</u>
Excess (deficiency) of revenues over expenditures	<u>(107,072)</u>	<u>(80,072)</u>	<u>(95,399)</u>	<u>(15,327)</u>
Other financing sources (uses):				
Transfers (out)	(72,273)	(99,273)	(54,205)	45,068
Total other financing sources (uses)	<u>(72,273)</u>	<u>(99,273)</u>	<u>(54,205)</u>	<u>45,068</u>
Net change in fund balances	<u>\$(179,345)</u>	<u>\$(179,345)</u>	<u>\$(149,604)</u>	<u>\$ 29,741</u>
Beginning cash balance	<u>\$ 179,345</u>	<u>\$ 179,345</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(149,604)	
Change in receivables			77,840	
Change in deferred revenue			<u>(55,515)</u>	
Net change in fund balances GAAP basis			<u>\$(127,279)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
CAPITAL EQUIPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current operations:				
General government	\$ 1,990	\$ 1,990	\$ 1,990	\$ -
Capital outlay:	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>21,990</u>	<u>21,990</u>	<u>1,990</u>	<u>20,000</u>
Excess (deficiency) of revenues over expenditures	<u>(21,990)</u>	<u>(21,990)</u>	<u>(1,990)</u>	<u>(20,000)</u>
Net change in fund balances	<u>\$(21,990)</u>	<u>\$(21,990)</u>	<u>\$(1,990)</u>	<u>\$(20,000)</u>
Beginning cash balance	<u>\$ 21,990</u>	<u>\$ 21,990</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
DWI ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 121,460	\$ 223,173	\$ 201,839	\$(21,334)
Total revenues	<u>121,460</u>	<u>223,173</u>	<u>201,839</u>	<u>(21,334)</u>
EXPENDITURES				
Current operations:				
Public safety	126,003	268,350	199,019	69,331
Capital outlay:	-	-	6,950	(6,950)
Total expenditures	<u>126,003</u>	<u>268,350</u>	<u>205,969</u>	<u>62,381</u>
Excess (deficiency) of revenues over expenditures	<u>(4,543)</u>	<u>(45,177)</u>	<u>(4,130)</u>	<u>41,047</u>
Other financing sources (uses):				
Transfers (out)	-	(5,000)	(5,000)	-
Total other financing sources (uses)	-	(5,000)	(5,000)	-
Net change in fund balances	<u>\$(4,543)</u>	<u>\$(50,177)</u>	<u>\$(9,130)</u>	<u>\$ 41,047</u>
Beginning cash balance	<u>\$ 70,709</u>	<u>\$ 70,709</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(9,130)	
Change in receivables			4,780	
Change in payables			<u>44,966</u>	
Net change in fund balances GAAP basis			<u>\$ 40,616</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SPECIAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 95,343	\$ 95,343	\$ -
Miscellaneous income	-	-	17,937	17,937
Total revenues	<u>-</u>	<u>95,343</u>	<u>113,280</u>	<u>17,937</u>
EXPENDITURES				
Current operations:				
General Government	-	10,781	10,781	-
Culture and recreation	-	3,116	38,051	(34,935)
Capital outlay:	<u>333,812</u>	<u>333,812</u>	<u>-</u>	<u>333,812</u>
Total expenditures	<u>333,812</u>	<u>347,709</u>	<u>48,832</u>	<u>298,877</u>
Excess (deficiency) of revenues over expenditures	<u>(333,812)</u>	<u>(252,366)</u>	<u>64,448</u>	<u>(187,918)</u>
Other financing sources (uses):				
Debt proceeds	333,812	333,812	-	(333,812)
Transfers (out)	-	99,943	(54,227)	(154,170)
Total other financing sources (uses)	<u>333,812</u>	<u>433,755</u>	<u>(54,227)</u>	<u>379,528</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 181,389</u>	<u>\$ 10,221</u>	<u>\$ 171,168</u>
Beginning cash balance	<u>\$ 363,285</u>	<u>\$ 363,285</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
CDBG MASTER PLAN FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Transfers (out)	(6,403)	(6,403)	(6,404)	(1)
Total other financing sources (uses)	(6,403)	(6,403)	(6,404)	(1)
Net change in fund balances	\$(6,403)	\$(6,403)	\$(6,404)	\$(1)
Beginning cash balance	\$ 6,404	\$ 6,404		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
ARTS COMMISSION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Current operations:				
Culture and recreation	\$ 40,000	\$ 40,000	\$ 22,189	\$ 17,811
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>22,189</u>	<u>17,811</u>
Other financing sources (uses):				
Transfers in	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total other financing sources (uses)	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,811</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
GENERAL OBLIGATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Taxes				
Property taxes	1,200	1,200	9,170	7,970
Miscellaneous	(10)	(10)	9	19
Total revenues	<u>1,190</u>	<u>1,190</u>	<u>9,179</u>	<u>7,989</u>
Excess (deficiency) of revenues over expenditures	<u>1,190</u>	<u>1,190</u>	<u>9,179</u>	<u>7,989</u>
Other financing sources (uses):				
Transfers (out)	(1,210)	(1,210)	-	1,210
Total other financing sources (uses)	<u>(1,210)</u>	<u>(1,210)</u>	<u>-</u>	<u>1,210</u>
Net change in fund balances	<u>\$(20)</u>	<u>\$(20)</u>	<u>\$ 9,179</u>	<u>\$ 9,199</u>
Beginning cash balance	<u>\$ 642,611</u>	<u>\$ 642,611</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 9,179	
Change in accounts receivable			(9,000)	
Change in deferred revenue			<u>2,646</u>	
Net change in fund balances GAAP basis			<u>\$ 2,825</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
REVENUE BOND FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Miscellaneous	\$ 50	\$ 50	\$ 55	\$ 5
Total revenues	<u>50</u>	<u>50</u>	<u>55</u>	<u>5</u>
EXPENDITURES				
Current operations:				
General government	3,000	2,997	5,195	(2,198)
Debt service:				
Principal	1,224,751	1,224,754	540,255	684,499
Interest & fiscal charges	-	-	523,390	(523,390)
Total expenditures	<u>1,227,751</u>	<u>1,227,751</u>	<u>1,068,840</u>	<u>158,911</u>
Excess (deficiency) of revenues over expenditures	<u>(1,227,701)</u>	<u>(1,227,701)</u>	<u>(1,068,785)</u>	<u>158,916</u>
Other financing sources (uses):				
Transfers in	<u>1,227,751</u>	<u>1,227,751</u>	<u>1,068,351</u>	<u>(159,400)</u>
Total other financing sources (uses)	<u>1,227,751</u>	<u>1,227,751</u>	<u>1,068,351</u>	<u>(159,400)</u>
Net change in fund balances	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$(434)</u>	<u>\$(484)</u>
Beginning cash balance	<u>\$ 4,504</u>	<u>\$ 4,504</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
INFRASTRUCTURE CAPITAL IMPROVEMENTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 925,848	\$ 1,400,848	\$ 859,678	\$(541,170)
Total revenues	<u>925,848</u>	<u>1,400,848</u>	<u>859,678</u>	<u>(541,170)</u>
EXPENDITURES				
Current operations:				
Public works	265,523	272,272	262,127	10,145
Capital outlay:	<u>515,404</u>	<u>983,655</u>	<u>508,654</u>	<u>475,001</u>
Total expenditures	<u>780,927</u>	<u>1,255,927</u>	<u>770,781</u>	<u>485,146</u>
Excess (deficiency) of revenues over expenditures	<u>144,921</u>	<u>144,921</u>	<u>88,897</u>	<u>(56,024)</u>
Other financing sources (uses):				
Transfers in	40,000	40,000	-	(40,000)
Transfers (out)	(184,921)	(184,921)	(88,897)	96,024
Total other financing sources (uses)	<u>(144,921)</u>	<u>(144,921)</u>	<u>(88,897)</u>	<u>56,024</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning cash balance	<u>\$ -</u>	<u>\$ -</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ -	
Change in receivables			(60,441)	
Net change in fund balances GAAP basis			<u>\$(60,441)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
MUNICIPAL WATER CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 20,000	\$ 20,000	\$ 33,348	\$ 13,348
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>33,348</u>	<u>13,348</u>
EXPENDITURES				
Current operations:				
Public works	228,278	228,278	1,242	227,036
Capital outlay:	<u>735,925</u>	<u>685,925</u>	<u>-</u>	<u>685,925</u>
Total expenditures	<u>964,203</u>	<u>914,203</u>	<u>1,242</u>	<u>912,961</u>
Excess (deficiency) of revenues over expenditures	<u>(944,203)</u>	<u>(894,203)</u>	<u>32,106</u>	<u>(899,613)</u>
Net change in fund balances	<u>\$ (944,203)</u>	<u>\$ (894,203)</u>	<u>\$ 32,106</u>	<u>\$ (899,613)</u>
Beginning cash balance	<u>\$ 964,205</u>	<u>\$ 964,205</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
AIRPORT IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 900,000	\$ 956,440	\$ 24,787	\$(931,653)
Total revenues	<u>900,000</u>	<u>956,440</u>	<u>24,787</u>	<u>(931,653)</u>
EXPENDITURES				
Current operations:				
General government	-	-	9,625	(9,625)
Capital outlay:	<u>879,626</u>	<u>138,165</u>	<u>-</u>	<u>138,165</u>
Total expenditures	<u>879,626</u>	<u>138,165</u>	<u>9,625</u>	<u>128,540</u>
Excess (deficiency) of revenues over expenditures	<u>20,374</u>	<u>818,275</u>	<u>15,162</u>	<u>803,113</u>
Other financing sources (uses):				
Transfers in	-	81,725	-	(81,725)
Transfers (out)	(37,525)	(37,525)	-	37,525
Total other financing sources (uses)	<u>(37,525)</u>	<u>44,200</u>	<u>-</u>	<u>(44,200)</u>
Net change in fund balances	<u>\$(17,151)</u>	<u>\$ 862,475</u>	<u>\$ 15,162</u>	<u>\$ 847,313</u>
Beginning cash balance	<u>\$ 17,151</u>	<u>\$ 17,151</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 15,162	
Change in receivables			(24,787)	
Net change in fund balances GAAP basis			<u>\$(9,625)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
REGIONAL WASTEWATER CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 3,487,164	\$ 3,487,164	\$ -	\$(3,487,164)
Miscellaneous	<u>120,666</u>	<u>120,666</u>	<u>149,761</u>	<u>29,095</u>
Total revenues	<u>3,607,830</u>	<u>3,607,830</u>	<u>149,761</u>	<u>(3,458,069)</u>
EXPENDITURES				
Current operations:				
Public works	1,486,220	1,486,220	-	1,486,220
Capital outlay:	<u>1,963,925</u>	<u>1,963,925</u>	<u>136,320</u>	<u>1,827,605</u>
Total expenditures	<u>3,450,145</u>	<u>3,450,145</u>	<u>136,320</u>	<u>3,313,825</u>
Excess (deficiency) of revenues over expenditures	<u>157,685</u>	<u>157,685</u>	<u>13,441</u>	<u>(144,244)</u>
Other financing sources (uses):				
Transfers (out)	<u>-</u>	<u>-</u>	<u>(29,095)</u>	<u>(29,095)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(29,095)</u>	<u>(29,095)</u>
Net change in fund balances	<u>\$ 157,685</u>	<u>\$ 157,685</u>	<u>\$(15,654)</u>	<u>\$(173,339)</u>
Beginning cash balance	<u>\$ 107,028</u>	<u>\$ 107,028</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
FIRE STATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Miscellaneous	\$ 70,000	\$ 70,000	\$ 108,592	\$ 38,592
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>108,592</u>	<u>38,592</u>
EXPENDITURES				
Current operations:				
Capital outlay	3,465,921	3,465,921	2,508,189	957,732
Total expenditures	<u>3,465,921</u>	<u>3,465,921</u>	<u>2,508,189</u>	<u>957,732</u>
Excess (deficiency) of revenues over expenditures	<u>(3,395,921)</u>	<u>(3,395,921)</u>	<u>(2,399,597)</u>	<u>996,324</u>
Other financing sources (uses):				
Debt proceeds	-	-	-	-
Transfers in	40,000	40,000	-	(40,000)
Total other financing sources (uses)	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
Net change in fund balances	<u>\$(3,355,921)</u>	<u>\$(3,355,921)</u>	<u>\$(2,399,597)</u>	<u>\$ 956,324</u>
Beginning cash balance	<u>\$ 2,511,659</u>	<u>\$ 2,511,659</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
UTILITY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Postive (Negative)
Operating Revenues:				
Charges for services	\$ 4,088,035	\$ 4,088,035	\$ 4,322,690	\$ 234,655
Miscellaneous revenues	71,401	71,401	12,184	(59,217)
Total operating revenues	<u>4,159,436</u>	<u>4,159,436</u>	<u>4,334,874</u>	<u>175,438</u>
Operating Expenses:				
Current operations:				
Personnel services	1,681,955	1,681,955	1,440,741	241,214
General operating	3,310,365	4,058,544	2,601,206	1,457,338
Capital outlay	5,598,884	5,077,756	1,253,539	3,824,217
Total operating expenses	<u>10,591,204</u>	<u>10,818,255</u>	<u>5,295,486</u>	<u>5,522,769</u>
Operating income (loss)	<u>(6,431,768)</u>	<u>(6,658,819)</u>	<u>(960,612)</u>	<u>5,698,207</u>
Non-operating revenues (expenses):				
State grants	275,000	500,000	275,000	(225,000)
Interest income	90,000	90,000	159,893	69,893
Interfund services	(278,734)	(278,734)	(278,734)	-
Retirement of debt	-	-	(84,961)	(84,961)
Total non-operating revenues (expenses)	<u>86,266</u>	<u>311,266</u>	<u>71,198</u>	<u>(240,068)</u>
Other financing sources (uses):				
Transfers in	4,578,524	4,333,170	1,782,131	(2,551,039)
Transfers (out)	(245,353)	-	(90,354)	(90,354)
Total other financing sources (uses)	<u>4,333,171</u>	<u>4,333,170</u>	<u>1,691,777</u>	<u>(2,641,393)</u>
Net change in fund balance	<u>\$(2,012,331)</u>	<u>\$(2,014,383)</u>	<u>\$ 802,363</u>	<u>\$ 2,816,746</u>
Beginning cash balance	<u>\$ 1,193,860</u>	<u>\$ 1,193,860</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			802,363	
Capital assets purchased			1,253,539	
Depreciation expense			(1,872,823)	
Change in accounts receivable			(176,197)	
Accrued liabilities			(90,327)	
Accrued interest payable			(6,034)	
Amortization of bond issue costs			(6,432)	
Change in net assets GAAP Basis			<u>\$(95,911)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
AIRPORT FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Operating Revenues:				
Charges for services	\$ 787,100	\$ 787,100	\$ 673,282	\$(113,818)
Miscellaneous revenues	<u>8,000</u>	<u>8,000</u>	<u>3,030</u>	<u>(4,970)</u>
Total operating revenues	<u>795,100</u>	<u>795,100</u>	<u>676,312</u>	<u>(118,788)</u>
Operating Expenses:				
Personnel services	119,531	402,062	410,070	(8,008)
General operating	761,654	892,483	690,197	202,286
Capital outlay	<u>85,000</u>	<u>161,000</u>	<u>154,330</u>	<u>6,670</u>
Total operating expenses	<u>966,185</u>	<u>1,455,545</u>	<u>1,254,597</u>	<u>194,278</u>
Operating income (loss)	<u>(171,085)</u>	<u>(660,445)</u>	<u>(578,285)</u>	<u>82,160</u>
Non-operating revenues (expenses):				
Interfund services	(57,095)	(57,095)	(57,095)	-
State grants	<u>-</u>	<u>1,850</u>	<u>-</u>	<u>(1,850)</u>
Total non-operating revenues (expenses)	<u>(57,095)</u>	<u>(55,245)</u>	<u>(57,095)</u>	<u>(1,850)</u>
Other financing sources (uses):				
Transfers in	490,000	502,812	540,000	37,188
Transfers (out)	<u>(37,188)</u>	<u>-</u>	<u>(37,188)</u>	<u>(37,188)</u>
Total other financing sources (uses)	<u>452,812</u>	<u>502,812</u>	<u>502,812</u>	<u>-</u>
Net change in fund balance	<u>\$ 224,632</u>	<u>\$(212,878)</u>	<u>\$(132,568)</u>	<u>\$ 80,310</u>
Beginning cash balance	<u>\$ 109,768</u>	<u>\$ 109,768</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(132,568)	
Capital assets purchased			154,330	
Depreciation expense			(787,315)	
Change in accounts receivable			(35,781)	
Change in payables			(992)	
Deferred revenue			<u>18,597</u>	
Change in net assets GAAP Basis			<u>\$(783,729)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SOLID WASTE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Operating Revenues:				
Charges for services	\$ 1,913,253	\$ 1,913,253	\$ 2,280,275	\$ 367,022
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>587</u>	<u>587</u>
Total operating revenues	<u>1,913,253</u>	<u>1,913,253</u>	<u>2,280,862</u>	<u>367,609</u>
Operating Expenses:				
Personnel services	877,849	869,849	798,735	71,114
General operating	926,892	927,892	633,720	294,172
Capital outlay	<u>428,657</u>	<u>970,409</u>	<u>362,392</u>	<u>608,017</u>
Total operating expenses	<u>2,233,398</u>	<u>2,768,150</u>	<u>1,794,847</u>	<u>973,303</u>
Operating income (loss)	<u>(320,145)</u>	<u>(854,897)</u>	<u>486,015</u>	<u>1,340,912</u>
Non-operating revenues (expenses):				
Taxes	150,319	150,319	148,292	(2,027)
Intergovernmental	-	-	-	-
Interfund services	(147,803)	(147,803)	(147,803)	-
Retirement of debt	-	-	(51,250)	(51,250)
Interest income	<u>500</u>	<u>500</u>	<u>61,394</u>	<u>60,894</u>
Total non-operating revenues (expenses)	<u>3,016</u>	<u>3,016</u>	<u>10,633</u>	<u>7,617</u>
Other financing sources (uses):				
Debt proceeds	1,163,657	1,163,657	-	(1,163,657)
Transfers in	-	-	6,059	6,059
Transfers (out)	(105,408)	(105,408)	(105,408)	-
Total other financing sources (uses)	<u>1,058,249</u>	<u>1,058,249</u>	<u>(99,349)</u>	<u>(1,157,598)</u>
Net change in fund balance	<u>\$ 741,120</u>	<u>\$ 206,368</u>	<u>\$ 397,299</u>	<u>\$ 190,931</u>
Beginning cash balance	<u>\$ 1,241,150</u>	<u>\$ 1,241,150</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$ 397,299	
Capital assets purchased			362,392	
Depreciation expense			(252,463)	
Change in accounts receivable			162,119	
Accrued liabilities			(6,059)	
Accrued interest payable			(6,698)	
Accounts payable			(16,516)	
Change in net assets GAAP Basis			<u>\$ 640,074</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2007**

	Merit Liability Fund	Internal Service Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,752	\$ 78,328	\$ 87,080
Investments	120,000	-	120,000
Inventory	-	62,658	62,658
Total current assets	128,752	140,986	269,738
Capital assets:			
Capital assets being depreciated, net	-	129,520	129,520
Total capital assets	-	129,520	129,520
Total assets	128,752	270,506	399,258
LIABILITIES			
Current Liabilities:			
Accounts payable	-	791	791
Accrued payroll liabilities	-	11,644	11,644
Total current liabilities	-	12,435	12,435
Long term liabilities:			
Compensated absences	-	28,912	28,912
Total long-term liabilities	-	28,912	28,912
Total liabilities	-	41,347	41,347
Net Assets			
Invested in capital assets	-	129,520	129,520
Unrestricted	128,752	99,639	228,391
Total net assets	\$ 128,752	\$ 229,159	\$ 357,911

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	Merit Liability Fund	Internal Service Fund	Total Internal Service Funds
Operating Revenues:			
Charges for services	\$ -	\$ 101,418	\$ 101,418
Miscellaneous revenues	-	11,714	11,714
Total operating revenues	-	113,132	113,132
Operating Expenses:			
Personnel services	108,190	304,067	412,257
General operating	-	616,487	616,487
Depreciation	-	17,381	17,381
Total operating expenses	108,190	937,935	1,046,125
Operating income (loss)	(108,190)	(824,803)	(932,993)
Non-operating revenues (expenses):			
Interest income	7,224	-	7,224
Total non-operating revenues (expenses)	7,224	-	7,224
Other financing sources (uses):			
Transfers in	30,000	813,663	843,663
Transfers (out)	-	-	-
Total other financing sources (uses)	30,000	813,663	843,663
Change in net assets	(70,966)	(11,140)	(82,106)
Net assets, beginning of year	199,718	240,299	440,017
Net assets, end of year	\$ 128,752	\$ 229,159	\$ 357,911

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Merit Liability Fund</u>	<u>Internal Service Fund</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities			
Cash received from interfund services provided	\$ -	\$ 113,132	\$ 113,132
Cash payments to suppliers for goods and services	-	(625,597)	(625,597)
Cash payments to employees for services	(108,190)	(307,508)	(415,698)
Net cash provided by operating activities	<u>(108,190)</u>	<u>(819,973)</u>	<u>(928,163)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	30,000	813,663	843,663
Transfers to other funds	-	-	-
Net cash provided by capital and related activities	<u>30,000</u>	<u>813,663</u>	<u>843,663</u>
Cash flows from investing activities			
Proceeds from investments	5,000	-	5,000
Interest on investments	7,224	-	7,224
Net cash provided by capital and related activities	<u>12,224</u>	<u>-</u>	<u>12,224</u>
Net increase (decrease) in cash and cash equivalents	(65,966)	(6,310)	(72,276)
Cash and equivalents beginning of year	<u>74,718</u>	<u>84,638</u>	<u>159,356</u>
Cash and equivalents end of year	<u>\$ 8,752</u>	<u>\$ 78,328</u>	<u>\$ 87,080</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income	\$(108,190)	\$(824,803)	\$(932,993)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:			
Depreciation expense	-	17,381	17,381
Decrease (increase) in inventory	-	(10,964)	(10,964)
Increase (decrease) in accounts payable	-	791	791
Increase (decrease) in accrued liabilities	-	1,063	1,063
Increase (decrease) in compensated absences	-	(3,441)	(3,441)
Net cash provided by operating activities	<u>\$(108,190)</u>	<u>\$(819,973)</u>	<u>\$(928,163)</u>

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
MERIT LIABILITY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues:				
Miscellaneous.	<u>9,000</u>	<u>9,000</u>	-	<u>9,000</u>
Operating Expenses:				
Personnel services	<u>90,000</u>	<u>90,000</u>	108,190	(18,190)
Total operating expenses	<u>90,000</u>	<u>90,000</u>	108,190	(18,190)
Operating income (loss)	<u>(81,000)</u>	<u>(81,000)</u>	(108,190)	(9,190)
Non-operating revenues (expenses):				
Interest income	<u>5,000</u>	<u>5,000</u>	7,224	2,224
Total non-operating revenues (expenses)	<u>5,000</u>	<u>5,000</u>	7,224	2,224
Other financing sources (uses):				
Transfers in	<u>30,000</u>	<u>30,000</u>	30,000	-
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	30,000	-
Net change in fund balance	<u>\$(46,000)</u>	<u>\$(46,000)</u>	<u>\$(70,966)</u>	<u>\$(6,966)</u>
Beginning cash & investment balance	<u>\$ 128,752</u>	<u>\$ 128,752</u>		

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Operating Revenues:				
Charges for services	\$ 112,000	\$ 112,000	\$ 101,418	\$(10,582)
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>11,714</u>	<u>11,714</u>
Total operating revenues	<u>112,000</u>	<u>112,000</u>	<u>113,132</u>	<u>1,132</u>
Operating Expenses:				
Personnel services	347,198	347,198	306,445	40,753
General operating	<u>662,816</u>	<u>662,816</u>	<u>626,660</u>	<u>36,156</u>
Total operating expenses	<u>1,010,014</u>	<u>1,010,014</u>	<u>933,105</u>	<u>76,909</u>
Operating income (loss)	<u>(898,014)</u>	<u>(898,014)</u>	<u>(819,973)</u>	<u>78,041</u>
Other financing sources (uses):				
Transfers in	<u>888,482</u>	<u>829,873</u>	<u>813,663</u>	<u>(16,210)</u>
Total other financing sources (uses)	<u>888,482</u>	<u>829,873</u>	<u>813,663</u>	<u>(16,210)</u>
Net change in fund balance	<u>\$(9,532)</u>	<u>\$(68,141)</u>	<u>\$(6,310)</u>	<u>\$ 61,831</u>
Beginning cash balance	<u>\$ 78,328</u>	<u>\$ 78,328</u>		
RECONCILIATION TO GAAP BASIS				
Net increase (decrease) in fund balances budget basis			\$(6,310)	
Change in inventory			10,964	
Change in accounts payable			(791)	
Change in accrued payroll liabilities			(1,063)	
Change in compensated absences			3,441	
Depreciation expense			<u>(17,381)</u>	
Change in net assets GAAP Basis			<u>\$(11,140)</u>	

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES FOR THE AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Balance</u> <u>June 30, 2006</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2007</u>
Crime Lab Test Fund				
Assets:				
Cash	\$ <u>655</u>	<u>10,127</u>	<u>9,880</u>	\$ <u>902</u>
Liabilities:				
Held for others	\$ <u>655</u>	<u>10,127</u>	<u>9,880</u>	\$ <u>902</u>
Bail Bond Trust Fund				
Assets:				
Cash	\$ <u>2,058</u>	<u>2,907</u>	<u>1,968</u>	\$ <u>2,997</u>
Liabilities:				
Held for others	\$ <u>2,058</u>	<u>2,907</u>	<u>1,968</u>	\$ <u>2,997</u>
Taxes Payable Fund				
Assets:				
Cash	\$ <u>-</u>	<u>349,987</u>	<u>349,987</u>	\$ <u>-</u>
Liabilities:				
Held for others	\$ <u>-</u>	<u>349,987</u>	<u>349,987</u>	\$ <u>-</u>
Summary				
Assets:				
Cash	\$ <u>2,713</u>	<u>363,021</u>	<u>361,835</u>	\$ <u>3,899</u>
Liabilities:				
Held for others	\$ <u>2,713</u>	<u>363,021</u>	<u>361,835</u>	\$ <u>3,899</u>

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

FEDERAL COMPLIANCE AND FINDINGS

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDING JUNE 30, 2007**

Program	Federal CFDA Number	Grant ID Number	Award Amount	Federal Expenditures
<u>U.S. Department of Justice</u>				
Passed through the NM Crime Victims				
Reparation Commission:				
Victims of Crime Assistance	16.575	2007-VA-256	\$ 21,890	\$ 21,662
Passed through the NM Children, Youth and Families Department:				
Enforcing Underage Drinking Laws				
Program: Rural Communities Initiative	16.548	2004-AH-FX-0053	75,000	74,528
Total U.S. Department of Justice			96,890	96,190
<u>U.S. Department of Homeland Security</u>				
Passed through the NM Department of Public Safety				
Disaster Relief and Emergency Assistance	97.xxx	FEMA-1659-DR-NM	151,058	92,227
Disaster Relief and Emergency Assistance	97.xxx	2006-EM-E6-RIOD	22,938	12,241
Disaster Relief and Emergency Assistance	97.xxx	2007-EM-E7-0035	22,099	10,490
Total U.S. Department of Homeland Security			196,095	114,958
<u>U.S. Department of Agriculture</u>				
Passed through NM EMNRD				
Fire Suppression Tank	10.664	05-521-2352-0050	275,000	275,000
Forestry Assistance	10.664	02-521-0486-0053	270,000	260,741
			545,000	535,741
<u>U.S. Department of Labor</u>				
Passed through the ENMU-Lincoln County Works Center				
Job Training	17.xxx		32,448	32,448
<u>U.S. Department of Transportation</u>				
Passed through the NM Department of Tourism:				
Billy the Kid Scenic Byways	20.xxx	D104491	11,328	11,328
Total Federal Financial Awards Expenditures			\$ 881,761	\$ 790,665

Note A - Significant Accounting Policies:

The accompanying schedule of expenditures of federal awards is prepared on the modified accrual basis of accounting.



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' 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***

Lonnie Ray Nunley, Mayor
Village Council
Village of Ruidoso
Ruidoso, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the business-type activities, the discretely presented component unit, the aggregated remaining fund information, and the budgetary comparisons, of the Village of Ruidoso as of and for the year ended June 30, 2007, and have issued our report thereon, dated October 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a

timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Ruidoso, New Mexico's ability to initiate, authorize, record, process, or report financial data reliable in accordance with generally accepted principles such that there is more than a remote likelihood that a misstatement of the Village of Ruidoso, New Mexico's financial statements that is more than inconsequential will not be prevented or detected by the Village of Ruidoso, New Mexico's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting of findings 2006-2, 2006-4, 2007-1, 2007-2, 2007-3, 2007-4, 2007-5, 2007-7, 2007-8, 2007-9, 2007-10 and 2007-11.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that 2007-1, 2007-9 and 2007-10 of the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Ruidoso basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance, or other matters that are required to be reported under *Governmental Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2005-1, 2005-2, 2005-7, 2005-11, 2006-1, 2007-6 and 2007-12.

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

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

Pattillo, Brown & Hill LLP

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
October 16, 2009



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

Lonnie Ray Nunley, Mayor
Village Council
Village of Ruidoso
Ruidoso, New Mexico
and
Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

We have audited the compliance of the Village of Ruidoso, New Mexico, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Village of Ruidoso, New Mexico's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village of Ruidoso, New Mexico's management. Our responsibility is to express an opinion on the Village of Ruidoso, New Mexico's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Ruidoso, New Mexico'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 on the Village of Ruidoso, New Mexico's compliance with those requirements.

In our opinion, the Village of Ruidoso, New Mexico complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of

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noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2005-11.

Internal Control Over Compliance

In our opinion, the Village of Ruidoso, New Mexico, complied in all material respects, with the requirements referred to above that are applicable to each major federal programs for the year ended June 30, 2007. The management of the Village of Ruidoso, New Mexico, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Ruidoso, New Mexico's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Ruidoso, New Mexico's control over compliance.

A control deficiency in an entity's internal control over compliance 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 non compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

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

Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
October 16, 2009

Pattillo, Brown & Hill LLP

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A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion except for the Airport Fund on the financial statements of the Village of Ruidoso.
2. Twelve significant deficiencies were disclosed during the audit. Three of the deficiencies are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal awards programs for the Village of Ruidoso expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:
 - U.S. Department of Agriculture – Fire Suppression Tank CFDA #10.664 05-521-2352-0050
 - Forestry Assistance CFDA #10.664 02-521-0486-0053
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Village of Ruidoso was not determined to qualify as a low risk auditee.

B. Findings – Financial Statements Audit

Prior Year

- 2005-1 Information System Disaster Recovery Policy – General Government and Component Unit - modified
- 2005-2 Accounting Policies and Procedures Manual – General Government and Component Unit - modified
- 2005-7 Regional Wastewater Treatment Plant - General Government and Component Unit - repeat
- 2005-8 Payment of Professional Services - resolved
- 2005-11 Audit Report Submission to the New Mexico State Auditor – General Government and Component -modified
- 2005-13 Deposits Held - resolved
- 2005-14 Water, Sewer, and Solid Waste Billing - resolved
- 2006-1 Budget Adjustment Request - repeat
- 2006-2 Untimely Deposits - repeat
- 2006-3 Airport Inventory Count - resolved
- 2006-4 Airport Outstanding Receivables - repeat

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Prior Year (continued)

2006-5 Under Collateralized Cash - resolved

Current Year

2005-1 Information System Disaster Recovery Policy – General Government and Component Unit

2005-2 Accounting Policies and Procedures Manual – General Government and Component Unit

2005-7 Regional Wastewater Treatment Plant - General Government and Component Unit

2005-11 Audit Report Submission to the New Mexico State Auditor, and A-133 Data Collection Form – General Government and Component Unit

2006-1 Budget Adjustment Request

2006-2 Untimely Deposits

2006-4 Airport Outstanding Receivables – modified

2007-1 Airport Inventory and Sales

2007-2 RWWTP Accounts Receivable and Billings – General Government and Component Unit

2007-3 Utility Meter Deposits

2007-4 Missing Invoices – General Government and Component Unit

2007-5 Outstanding Check List – General Government and Component Unit

2007-6 Procurement – General Government and Component Unit

2007-7 Monitoring Grants

2007-8 Depreciation Schedule

2007-9 Airport Fuel Sales

2007-10 Airport Fuel Sales and Purchases

2007-11 Auditor Prepared Financial Statements – General Government and Component Unit

2007-12 Expenditures in Excess of Budget

C. Findings – Federal Awards

Prior Year

2005-11 Audit Report Submission - modified

2006-6 EPA- resolved

Current Year Findings

2005-11 Audit Report Submission and A-133 Data Collection Form

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CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2005-1 Information System Disaster Recovery Policy – General Government and Component Unit

Condition: The Village and the Regional Waste Water Treatment Plant (Plant) do not have an approved information system disaster recovery or technology plan. There are information system manuals, but they have not been reviewed and approved by the administration, Village council, or finance committee members, and the Plant board, and formally placed in service by administrative policy.

Criteria: Information system controls require that a comprehensive plan and procedures be documented in a place for computer system recovery in the eventuality of emergencies and/or natural disasters. The information system plan is a generally accepted tool to help insure best results in connection with the planning function, budgeting, training and maximizing strategic productivity for computer systems.

Effect: System usage could be impaired or rendered useless for a significant period of time, which could severely impact the Village's and the Plant's ability to conduct daily operations. Additionally, productivity and effectiveness may be increased with a sound information system and technology planning.

Cause: The Village and Plant have not placed a high priority on adopting a formal disaster recovery or technology plan.

Recommendation: The Village and Plant should adopt a disaster recovery plan that would provide procedures and processes for appropriate computer locations. The plan should address items not limited to: system redundancy, data storage, system firewall monitoring, back-up systems, restoration, contact personnel, and vendors. The adopted plan should be tested and communicated to all necessary parties. Annually, the plan should be assessed by information system personnel for content and revised with approvals when appropriate or necessary.

Response: The Village of Ruidoso Governing Body has adopted a new Information Technology (I.T.) Policies & Procedures Manual that includes a policy on Security of its servers, computers and telephone systems, Records management and Backup Policy and a Disaster Recovery Policy.

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2005-2 Accounting Policies and Procedures Manual – General Government and Component Unit

Condition: During a prior year audit, it was noted that the Village and the Regional Waste Water Treatment Plant (Plant) did not have a formal accounting policies and procedures manual. The Village and Plant have procedures established by each department however, the procedures have not been compiled into one accounting policies and procedures manual that has been approved by the governing board of the Village and the Plant board as of fiscal year end.

Criteria: Elements of an effective internal control system include guidelines on whom, how and when the more significant accounting transactions should be authorized, recorded and reconciled during the accounting cycle. Formal documented accounting procedures increases the likelihood transactions are executed in accordance with management's intentions and recorded in accordance with accounting policies established by the federal, and state governments along with generally accepted accounting principles.

Effect: Not documenting formal accounting policies and procedures could allow employees to incorrectly reflect transactions that have occurred. Incorrect transactions could allow misstatement of financial data prepared by the finance department.

Cause: The ongoing changes in the Village's and Plant's policies, information systems and related financial reporting and accounting principles applicable to local governments have not been reduced to a specific accounting manual approved by management, the Village Council and the Plant board.

Recommendation: The Village should review all of the procedures from each department, make the appropriate changes, and adopt an accounting manual that is approved by management, the Village Council and the Plant board.

Response: The Village of Ruidoso Governing Body has adopted a new Accounting & Financial Policies Manual that includes policies associated with revenues and cash receipts, expenditures and disbursements, specific asset and liability accounts, policies associated with financial and tax reporting, financial management policies and policies associated with Federal and State Awards.

2005-7 Regional Wastewater Treatment Plant (RWWTP) – General Government and Component Unit

Condition: The Village of Ruidoso and the City 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

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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 provisions 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 have accounted for the RWWTP as a department rather than as a separate entity.
- Recommendation: The prior auditor suggested that the RWWTP be treated as a separate legal entity as stated in the agreement creating the entity and in compliance with New Mexico State Statutes. The prior auditor suggested that the RWWTP have it's own checking account and that none of it's cash be pooled with the Village's or the City of Ruidoso Downs accounts. Further, the prior auditor suggested that the RWWTP apply for its own federal and state identification numbers and all payrolls should be reported as payroll of the RWWTP not employees of the Village. The employees should earn benefits as outlined in policies established by the board of the RWWTP

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Response: The Joint Use Board (JUB) has received a federal identification number for the Regional Wastewater Treatment Plant Facility construction and operations. The JUB has been in negotiations regarding municipal representation and has just voted to extend the contract for the JUB Attorney to mediate and finalize discussions regarding the future of the JUB authority.

2005-11 **Audit Report Submission to the New Mexico State Auditor and A-133 Data Collection Form – General Government and Component Unit**

Condition: The required submission date of the audit report for the fiscal year ended June 30, 2007, to the New Mexico State Auditor was December 1, 2008. The audit report was not submitted until October 21, 2009. In addition the report was due to the Federal Clearing House no later than 9 months after the end of the fiscal year .

Criteria: Section 2.2.2.9.A of the State Audit Rule sets the due date for audit reports for municipalities as December 1st. Per OMB Circular A-133 the single audit data collection form was to be submitted no later than 9 months after the end of the fiscal year.

Effect: Noncompliance with section 2.2.2.9 A of the State Audit Rule 2007. Late audit reports and financial statements could also impact funding from federal and state sources.

Cause: The Village had substantial turnover during the performance of the audit. New employees could not find or locate information needed for the audit.

Recommendation: The Village should submit the audit report each year on a timely basis.

Response: The complications related to the Golf Course development and special audit along with the disastrous flood created the delay for the Village. Also, the Village experienced a turnover in their Finance Department contributing to the delay. The Village has hired a new Village Manager and will be selecting a new Finance Director by October and will be working to get audits submitted in a timely manner.

2006-1 **Budget Adjustment Request**

Condition: Two Budget Adjustment Requests (BARs) were tested which requested a total of \$974,643 in expenditure increases in the General fund and five special revenue funds. All expenditures were made prior to approval from the Department of Finance and Administration (DFA).

Criteria: NMSA 6.3.25 lists the procedures to be followed to amend a budget.

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- Effect:** The Village expended monies prior to approval by DFA. Per state statute any employee or public official violating this ordinance may be subject to legal action by DFA.
- Cause:** The Village does not have the proper budgetary tools in place to timely seek approval from DFA for expenditures that will exceed approved budgetary expenditures. The Village has also had a high rate of turnover during the fiscal year which has hampered their efforts to place those budgetary tools into place.
- Recommendation:** The Village needs to monitor their budgets, request BARs in a timely manner and not expend any money until after BARs are approved by DFA.
- Response:** The Village adopted an Accounting & Financial Policies and Manual which establishes a policy for Budget preparation including a calendar, budget adjustments and monitoring performance. Also, the new Village Manager has implemented a new Budget Manual with multiple forms, instructions and calendar to ensure that DFA approval and compliance with NMSA 6.3.25.

2006-2 **Untimely Deposits**

- Condition:** Deposits for the Airport were tested by selecting four deposits totaling \$79,670. Review of these receipts, the general ledger and discussions with Airport personnel showed that the Airport was only making at the most weekly deposits and in some months only two deposit were made.
- Criteria:** Pursuant to Chapter 4.3 of Budget and Finance Manual issued by DFA, all monies receipted must be deposited with in 24 hours.
- Effect:** The Village was not in compliance with the Finance Manual issued by DFA. Deposits were not made within the 24 hour time period specified by DFA. Not making timely deposits could result in loss or misplacement of monies collected by Village personnel.
- Cause:** The Village doe not have procedures in place to monitor the airport or provide adequate over site. This problem is compounded by the fact that the airport is ina remote location.
- Recommendation:** The Village should ensure the timely deposits of public monies. All receipts collected should be deposited within 24 hours of the receipt date.
- Response:** At the direction of the Village Council, the Interim Village Manager reorganized the management at the Airport and conducted an assessment of Airport Operations providing multiple recommendations. As a result of this assessment, the policy is now that daily deposits are being made.

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2006-4 Airport Outstanding Receivables

Condition: During testing of revenue and receivables for the Airport it was noted that accounts receivable outstanding over 60 days old were approximately 55% of the total accounts receivable balance. The airport is not following any procedures for collecting these outstanding receivables over 60 days old.

Criteria: Section 6-5-2 NMSA 1978 authorizes DFA to establish Model Accounting Practices (MAP). MAP requires that every effort must be made to collect all accounts receivable.

Effect: The Village is in violation of MAP requiring efforts to collect all accounts receivable. Without collection efforts the Village is not collecting their accounts receivable in a timely manner and may not be able to collect all outstanding receivables.

Cause: The Village does not have procedures in place to effectively monitor accounts receivable and collection efforts. The airport is also on a separate accounting system which makes it difficult for Village personnel in the accounting department to effectively monitor these procedures.

Recommendation: The accounts receivable should be reviewed on a monthly basis and collection procedures should be followed on outstanding accounts. The Village should monitor airport personnel and provide the proper over site to verify that employees are properly performing their duties.

Response: At the direction of the Council, the Interim Village Manager reorganized the management at the Airport and conducted an assessment of Airport Operations providing multiple recommendations. As a result, a full time Airport Manager is in place at the Airport and has instituted new policies for Airport personnel whereby all funds collected are being deposited with the Finance Department where they are reviewed on a monthly basis. Collection procedures are now in place for all outstanding accounts.

2007-1 Airport Inventory and Sales

Condition: The Village has not been properly tracking inventory and sales. Due to a lack of controls and proper use of accounting software testing could not be done on AR, inventory or sales. Based on analytical reviews, fuel sales decreased, fuel expenditures increased and the gross profit percentage on fuel sales decreased from approximately 40% to 14%.

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- Criteria:** 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 law and rules related to financial matters.
- Effect:** The Village has not developed procedures to monitor or track fuel sales with inventory and fuel expenditures. Fuel could be used with no corresponding sale being made or recorded.
- Cause:** Improper over site and management of the Airport have left employees without proper supervision or training and accounting software is not being fully utilized to properly track and record sales and inventory.
- Recommendation:** The Village should train employees on the proper use of the accounting software, inventory should be taken at least monthly and fuel sales, purchases and inventory should be tracked to account for all inflows and outflows.
- Response:** A reorganization of the Airport has resulted in a full time Airport Manager at the Airport and has instituted new policies for Airport personnel whereby the sale of fuel is reconciled with funds collected. The Airport Manager is now tracking all fuel sales and fuel inventory on at least a monthly basis. During busier times, fuel inventories may occur every two weeks.

2007-2 RWWTP Accounts Receivable and Billings

- Condition:** The Village of Ruidoso and the City of Ruidoso Downs have entered into a joint powers agreement to create a separate entity to operate a Regional Wastewater Treatment Plant (RWWTP). See finding 2005-7. 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 tracks RWWTP expenditures and bills the City of Ruidoso Downs (City) for their portion of expenditures as well as tracking and accounting for payments made by the City. In prior years the Village maintained a schedule showing RWWTP expenditures, the portion billed to the City and the collections received from the City. During the fiscal year ending June 30, 2007 this schedule could not be located. At year end it was necessary to estimate what the accounts receivable should be.
- Criteria:** Sections 6-5-1 through 6-5-6 NMSA, 1978 require internal accounting control designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.
- Effect:** The Village was unable to verify what was due from the City at June 30, 2007 and whether monthly billings had been done and/or collected. The City has been contesting some of the billings and only remitting a portion of what was

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due. At June 30, 2007 the Village had no records to verify what was being contested. The Village is not properly managing their administrative function.

Cause: Employee turnover has created gaps in the accounting department and this duty was overlooked. One employee quit before a new employee could be hired and trained to take over the functions necessary for this duty.

Recommendation: Employees within the accounting department should be cross-trained. In the event that one employee quits prior to the hiring of another, someone else within the Village will be properly trained to either fill in or train a new replacement.

Response: Employees with the Village are now cross trained on the billings to the City of Ruidoso Downs (CORD) for the RWWTP and the Village Manager meets with the City of Ruidoso Downs Clerk and Finance Director almost weekly to review billings and other issues related to the RWWTP. On occasion, the Finance Director for CORD meets with the Village Finance staff.

2007-3 Utility Meter Deposits

Condition: The Village is not using their utility billing system to track meter deposits or keep it current. A separate spreadsheet was maintained and updated monthly with the utility meter deposits. This separate spreadsheet did agree to the general ledger at June 30, 2007 however, it did not agree to the meter deposit listing in the utility billing software.

Criteria: 2.2.2 NMAC 10(I) discusses the need for the Village to maintain good accounting practices. The Village should be balancing their subsidiary ledger for utility deposits to their general ledger at least monthly.

Effect: The Village should be utilizing their utility billing software to track and maintain meter deposits. Additional work is being created to maintain separate spreadsheets and the chance for error and abuse is increased by not properly utilizing an automated process available within the utility system.

Cause: When the Village converted to their current utility software the customer deposits did not update properly. Village employees have not updated this portion of the software and started to rely on the stand alone spreadsheet to document customer deposits.

Recommendation: The utility software should be updated to reflect the proper deposits for current customers and old outdated balances should be removed. In the future the meter deposit listing within the utility system should be monitored and agreed to the general ledger at least monthly.

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Response: The Village Council has adopted new Finance Procedures and eliminated any stand alone financial spreadsheets. The Council also identified IT infrastructure and enhancements as their top priority where the General Services Director is soliciting proposals for updating software for the Finance/Utility Department. Village staff will ensure that the new software will properly reflect all deposits for current customers and have the ability to remove outdated balances. The Village is hiring a new Finance Director who will be responsible to monitor all meter deposits and reconciled to the general ledger.

2007-4 Missing Invoices

Condition: During testing of internal controls, sixty cash disbursements were tested. Of the sixty items tested the client could not locate six invoices totaling \$2206.

Criteria: 2.2.2 NMAC J (2) states that the agency shall maintain adequate accounting records. Without out proper records adequate testing cannot be performed on expenditures of the Village.

Effect: Of the sixty items tested six invoices could not be located. The appearance is that the Village does not have proper documentation of expenditures.

Cause: The turnover in the accounting department has hindered uniformity of filing procedures for paid invoices.

Recommendation: Filing procedures and maintenance of documentation for invoices should be established and documented. In the future should turnover occur accounting procedures will be documented and can be followed regardless of the change in personnel.

Response: The Council has adopted new Accounting and Finance Policies which are now being implemented by the Interim Finance Director and Accounts Payable Clerk. The Village is in the process of hiring a competent Finance Director that will be responsible for proper procedures and maintenance of documentation for invoices and where cross training will occur.

2007-5 Outstanding Check List

Condition: The Village could not provide an outstanding check list at June 30, 2007. Outstanding checks in the general operating account were \$699,925. The outstanding check list was maintained in separate lotus spreadsheets. We performed additional procedures in subsequent months and the outstanding checks per the reconciliation were reasonable.

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Criteria: NMSA 1978 6-10-2 Public money states that it is the duty of every public agency to maintain a cash record and that cash record should be balanced daily. Without a proper outstanding check list the Village's cash cannot be accurately balanced.

Effect: The Village cannot effectively reconcile their bank accounts without maintaining an outstanding check list. Cash in bank cannot be accurately reflected on the financial statements.

Cause: The turnover in the accounting department has transpired without the retiring employee training the incoming replacement. Due to this schedules are being either misplaced or cannot be found.

Recommendation: Employees within the accounting department should be cross-trained. In the event that one employee quits prior to the hiring of another, someone else within the Village will be properly trained to either fill in or train a new replacement. The Village should also use current accounting software to reconcile bank accounts rather than using outdated software to prepare schedules that can be more efficiently and accurately done with current software.

Response: The Village is in the process of selecting new software for the Finance and Utility Office where maintaining an outstanding check list will be part of the monthly maintenance. Cross training will occur with a new Finance Director, Staff Accountant and Accounts Payable Clerk.

2007-6 Procurement

Condition: Twenty-nine invoices were selected for procurement testing. Of the twenty-nine invoices selected totaling \$1,909,045, thirteen of those invoices totaling \$1,057,177, did not have documentation available to be able to determine if the Village was properly following state procurement procedures.

Criteria: 1.4.1 NMAC establishes procurement procedures to follow in the expenditure of public monies. Without proper documentation the Village cannot document their compliance with state procurement procedures.

Effect: The Village is possibly in violation of state procurement statutes.

Cause: The purchasing department is responsible for verifying that each department is following procurement procedures. The department head for the purchasing department retired. This function was then managed by the Finance Director, who then quite. Due to these transitions the new department head and other

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Village employees were unsure of where the procurement information could be found.

Recommendation: The purchasing department should be properly trained in state procurement statutes as well as what documents need to be maintained for documentation. Procurement policies within the Village should be established and followed by each department with the purchasing department supervising and overseeing this function.

Response: The Council has adopted new Procurement Policies & Procedures Manual which is being provided to every employee and Department Director. The new policy requires that a member from the Governing Body participate in the evaluation committee on RFPs. The new Village Manager has reorganized and moved Purchasing under the direction of the Finance Department. The Purchasing Director has now taken procurement training and is planning to give training sessions for all Department Directors.

2007-7 Monitoring Grants

Condition: During the review of state grant revenue and state appropriations there were two deposits for \$57,595 and \$34,632, that could not be identified. Grants are not being properly monitored and grant reimbursement requests are not being followed up on to make sure all funds are being received and received on a timely basis.

Criteria: 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 law and rules related to financial matters.

Effect: The Village is not managing grants. Without a monitoring process grant funds remain unreimbursed or improperly accounted for.

Cause: Due to turnover in various Village departments, grants are not being properly monitored.

Recommendation: The Village should designate an individual to monitor all grants for proper reimbursement requests.

Response: The Village has hired an individual to manage all grants and projects funded with grants and special funds. The new Village Manager has re-organized and moved this position to be supervised by the Finance Director to ensure that all grants are properly managed and request for reimbursements are being made correctly and on a timely basis.

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2007-8 Depreciation Schedule

Condition: The Village of Ruidoso sold land lots for \$86,639. Land is listed on the depreciation schedule but not with enough detail to be able to determine what lots were sold and what should be retired from the schedule. Neither did the Village conduct an annual physical inventory of movable chattels and equipment.

Criteria: Subsection Y of 2.2.2.10.NMAC (2) requires agencies to conduct an annual physical inventory. That inventory should be in enough detail to verify specific items.

Effect: When assets become obsolete or sold, without enough detail on the depreciation schedule the correct assets will not be removed. The annual physical inventory will serve to identify missing and obsolete assets. Without these procedures the Village will not have an accurate inventory listing.

Cause: Due to Village turnover, a physical inventory was not done. The land that was sold was added twenty five years ago. Current Village employees do not have the documentation available to determine what the original cost of the land should be.

Recommendation: An annual physical inventory should be taken and the depreciation schedule should be update with enough detail to identify specific assets.

Response: The Village is in process of developing a physical inventory as required by the recently adopted Accounting and Finance Policy. With the hiring of a new Finance Director, an annual review of the physical inventory will be taken and the depreciation schedule will be updated to identify specific assets.

2007-9 Airport Fuel Sales

Condition: Based on other findings at the airport as note at finding 2007-1, the lack of internal controls and management over site, procedures were extended and additional testing was done on fuel sales. Thirty nine sales receipts were selected for testing out of about 440 sales receipts for jet fuel. Four of the tested sales receipts showed a total of 4,259 gallons pumped with the customer being charged for 3,173 gallons, with a difference of 1,086 gallons, resulting in a loss of \$4,121 in sales.

Criteria: 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 law and rules related to financial matters.

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Effect: For the invoices tested, fuel sales are noting being properly charged to the customer. For the invoices tested this resulted in a loss of revenue in the amount of \$4,121.

Cause: The Village does not have procedures in place to properly monitor or track fuel sales, nor is the Village providing the proper over site to ensure that employees are performing their job functions correctly.

Recommendation: Internal controls to monitor fuel sales should be set up and documented by the Village. These internal controls should be communicated to employees and then monitored by management.

Response: At the direction of the Council, the Interim Village Manager reorganized the management at the Airport and conducted an assessment of Airport Operations providing recommendations for internal controls. As a result, a full time Airport Manager is in place at the Airport and has instituted new policies for Airport personnel whereby fuel sales are monitored and tracked and where employees are now being monitored by management.

2007-10 Airport Fuel Sales and Purchases

Condition: Jet Fuel and 100LL fuel were tested by reviewing all purchase invoices for the year and comparing that to gallons sold per the airport day sheets and the ending inventory at June 30, 2007. Based on this comparison, there was 17,803 gallons of jet fuel unaccounted for and 7,169 of 100LL fuel unaccounted for. Using an average cost of \$2.63 and \$3.62 per gallon, respectively, this equates to a total of \$72,774 in unaccounted fuel.

Criteria: 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 law and rules related to financial matters.

Effect: Because there are no internal control procedures in place to properly track and monitor inventory and fuel sales it is difficult to determine the exact loss the Village has experienced.

Cause: The Village does not have procedures in place to properly monitor or track fuel sales, nor is the Village providing the proper over site to ensure that employees are performing their job functions correctly.

Recommendation: Internal controls to monitor fuel sales should be set up and documented by the Village. These internal controls should be communicated to employees and then monitored by management.

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Response: At the direction of the Council, the Interim Village Manager reorganized the management at the Airport and conducted an assessment of Airport Operations providing multiple recommendations. As a result, a full time Airport Manager is in place at the Airport and has instituted new policies for Airport personnel whereby internal controls are in place to monitor fuel sales. All fuel sales are now reconciled with the Finance Department.

2007-11 Auditor Prepared Financial Statements

Condition: Due to turnover at the Village there were not any personnel with adequate qualifications and training sufficient enough to prepare the Village's financial statements.

Criteria: Per the provisions of Subsection J of 2.2.2.8 NMAX, SAS 112, insufficient expertise in selecting and applying accounting principles, including the preparation of the Village's financial statements, is considered to be significant deficiency in internal control.

Effect: A significant deficiency in internal control.

Cause: The Village has had a complete turnover in the accounting and finance department. During this period the Village did not have personnel with adequate qualification and training sufficient enough to prepare the Village's financial statements.

Recommendation: Accounting and finance personnel currently employed by the Village should take an active part in the preparation and review of annual financial statements prepared and submitted to the state auditor and IPA.

Response: A new Finance Director is being hired for the Village of Ruidoso and all staff in the Finance Department will be cross trained and participate in the preparation and review of the annual financial statements submitted to the State Auditor.

2007-12 Expenditures in Excess of Budget

Condition: The Village's actual expenditures exceeded budgeted expenditures in the following funds by the noted amounts:

Retired Senior Volunteer Fund	\$34
Merit Liability Fund	18,190

Criteria: NMSA 1978 6-6-6 requires that the Village keep expenditures within the budgeted amounts.

Effect: Improper management of budgets can create cash short falls.

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007**

Cause: High turnover rates in all departments have created inconsistencies in following Village procedures.

Recommendation: The Village should monitor accounting records to budgets on a monthly basis to ensure expenditures do not exceed budgets.

Response: The Village agrees with the recommendation.

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
EXIT CONFERENCE
JUNE 30, 2007**

EXIT CONFERENCE

The audit report for the Village and Component Unit for the fiscal year ended June 30, 2007, was discussed during the exit conference held on October 16, 2009. Present for the Village was Lonnie Ray Nunley, Mayor, Greg Cory, Councilor; Debi Lee, Village Manager, William Morris, Deputy Village Manager; and Giselle Hughbanks, Interim Finance Director. Also present for the Component Unit was Lonnie Ray Nunley, Board Member. Present for Pattillo, Brown, & Hill, L.L.P., were Cindy James, CPA and Regina Gordon, CPA.

FINANCIAL STATEMENT PREPARATION

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