

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
AUDIT REPORT  
JUNE 30, 2008**

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
AUDIT REPORT  
JUNE 30, 2008**

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

**VILLAGE COUNCIL**

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

**VILLAGE OFFICIALS**

William Morris	Interim, Village Manager
Barbara Fleming	Interim, Director of Finance

## **FINANCIAL STATEMENTS SECTION**



## 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 basic 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, 2008, 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, 2008, 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.

During the year ended June 30, 2008, the Village did not perform bank reconciliations in a timely and accurate manner. As of fiscal year-end, the Village's cash balance reported in the financial statements did not agree to the bank reconciliation by approximately \$110,000. The Village made an adjustment to properly state the cash balance as of June 30, 2008. The related effect of this error on the financial statements is not reasonably determinable.

In our opinion, except for the effects as described in the preceding paragraph, 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, 2008, 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, 2008, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the major debt service fund, each nonmajor fund and the internal service 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 February 2, 2010, 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  
February 2, 2010



**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Current assets:				
Cash and cash equivalents	\$ 21,772,609	\$ 2,236,591	\$ 24,009,200	\$ -
Investments	1,923,040	2,076,950	3,999,990	397,000
Receivables (net of allowances for uncollectible)	2,256,789	642,696	2,899,485	296,438
Receivable - Village of Ruidoso	-	-	-	573,865
Internal balances	142,163	( 142,163)	-	-
Inventory	70,872	195,522	266,394	1,920
Total current assets	26,165,473	5,009,596	31,175,069	1,269,223
Other assets:				
Restricted cash	273,468	332,755	606,223	-
Restricted investment	-	250,000	250,000	-
Total other assets	273,468	582,755	856,223	-
Noncurrent assets:				
Other assets - Bond issue cost	293,621	6,431	300,052	-
Non-depreciable assets:				
Land and Improvements	3,720,115	7,615,918	11,336,033	892,723
Capital assets being depreciated, net	48,758,412	34,567,197	83,325,609	4,329,613
Total noncurrent assets	52,772,148	42,189,546	94,961,694	5,222,336
Total assets	\$ 79,211,089	\$ 47,781,897	\$ 126,992,986	\$ 6,491,559

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, 2008**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 183,943	\$ 1,354,159	\$ 1,538,102	\$ -
Bank overdraft	57,647	-	57,647	68,677
Accounts payable- Regional WWTP	573,865	-	573,865	
Accrued payroll liabilities	254,973	99,270	354,243	18,047
Accrued interest payable	144,561	11,458	156,019	2,094
Deferred revenue	-	-	-	
Deposits payable	42,476	432,494	474,970	-
Current maturities of:				
Bonds payable	480,000	180,000	660,000	-
Notes payable	296,740	232,068	528,808	67,410
Capital leases payable	29,693	43,480	73,173	32,430
Total current liabilities	<u>2,063,898</u>	<u>2,352,929</u>	<u>4,416,827</u>	<u>188,658</u>
Noncurrent liabilities:				
Bonds payable	19,440,000	-	19,440,000	-
Notes payable	3,078,491	1,463,622	4,542,113	1,189,065
Capital leases payable	128,747	40,724	169,471	-
Bond premium	86,673	-	86,673	-
Compensated absences	460,056	184,280	644,336	98,283
Total noncurrent liabilities	<u>23,193,967</u>	<u>1,688,626</u>	<u>24,882,593</u>	<u>1,287,348</u>
Total liabilities	<u>25,257,865</u>	<u>4,041,555</u>	<u>29,299,420</u>	<u>1,476,006</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	29,231,804	40,229,652	69,461,456	3,933,431
Restricted for:				
Capital projects	13,400,022	-	13,400,022	-
Debt service	1,084,750	138,154	1,222,904	
Unrestricted	10,236,648	3,372,536	13,609,184	1,082,122
Total net assets	<u>\$ 53,953,224</u>	<u>\$ 43,740,342</u>	<u>\$ 97,693,566</u>	<u>\$ 5,015,553</u>

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
General government	\$ 4,804,028	\$ 1,435,707	\$ 549,556	\$ 307,535
Public safety	5,172,045	-	420,027	95,185
Public works	4,998,442	-	57,947	555,362
Culture and recreation	2,020,885	302,645	-	-
Health and welfare	167,161	5,025	-	-
Interest and fees on long-term debt	-	-	-	-
Total governmental activities	<u>17,162,561</u>	<u>1,743,377</u>	<u>1,027,530</u>	<u>958,082</u>
Business-type activities:				
Utilities	6,276,326	4,571,928	-	-
Airport	1,958,956	766,529	-	-
Solid waste	2,217,904	2,548,514	-	-
Total business-type activities	<u>10,453,186</u>	<u>7,886,971</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 27,615,747</u>	<u>\$ 9,630,348</u>	<u>\$ 1,027,530</u>	<u>\$ 958,082</u>
Component Unit:				
Regional Wastewater Treatment Plant	<u>\$ 1,570,993</u>	<u>\$ 1,961,255</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
State shared				
Sales				
Local effort				
Franchise				
Investment earnings				
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		Total	Component Unit
Governmental Activities	Business-type Activities		
\$( 2,511,230)	\$ -	\$( 2,511,230)	
( 4,656,833)	-	( 4,656,833)	
( 4,385,133)	-	( 4,385,133)	
( 1,718,240)	-	( 1,718,240)	
( 162,136)	-	( 162,136)	
-	-	-	
<u>( 13,433,572)</u>	<u>-</u>	<u>( 13,433,572)</u>	
	( 1,704,398)	( 1,704,398)	
-	( 1,192,427)	( 1,192,427)	
-	330,610	330,610	
-	<u>( 2,566,215)</u>	<u>( 2,566,215)</u>	
<u>( 13,433,572)</u>	<u>( 2,566,215)</u>	<u>( 15,999,787)</u>	
			\$ 390,262
1,783,667	-	1,783,667	-
2,802,094	-	2,802,094	-
7,225,711	148,195	7,373,906	-
1,170,026	-	1,170,026	-
393,544	-	393,544	-
308,896	120,684	429,580	6,994
475,237	81,266	556,503	173,339
<u>14,159,175</u>	<u>350,145</u>	<u>14,509,320</u>	<u>180,333</u>
<u>( 1,802,604)</u>	<u>1,802,604</u>	<u>-</u>	<u>-</u>
<u>( 1,077,001)</u>	<u>( 413,466)</u>	<u>( 1,490,467)</u>	<u>570,595</u>
54,960,980	44,147,100	99,108,080	4,444,958
69,245	6,708	75,953	-
<u>55,030,225</u>	<u>44,153,808</u>	<u>99,184,033</u>	<u>4,444,958</u>
<u>\$ 53,953,224</u>	<u>\$ 43,740,342</u>	<u>\$ 97,693,566</u>	<u>\$ 5,015,553</u>

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<b>General Fund</b>	<b>Supplemental Gross Receipts Fund</b>	<b>Go Bond RWWTP Fund</b>
<b>ASSETS</b>			
Cash	\$ 986,953	\$ 3,486,507	\$ 12,443,050
Investments	-	460,647	-
Receivables (net of allowance for uncollectible)	1,139,142	483,358	-
Inventories	37,591	-	-
Due from other funds	878,318	-	-
Cash - restricted	5,628	-	-
<b>Total assets</b>	<b>\$ 3,047,632</b>	<b>\$ 4,430,512</b>	<b>\$ 12,443,050</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Bank overdraft	\$ -	\$ -	\$ -
Accounts payable	114,022	-	-
Payable- Regional Wastewater Treatment Plant	573,865	-	-
Due to other funds	-	-	-
Accrued payroll liabilities	227,117	-	-
Deferred revenue	27,346	-	-
Refundable deposits	29,400	-	-
<b>Total liabilities</b>	<b>971,750</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>			
<b>Reserved for:</b>			
Inventories	37,591	-	-
Debt service	-	-	-
Capital projects	-	-	12,443,050
<b>Unreserved, reported in:</b>			
General fund	2,038,291	-	-
Special revenue funds	-	4,430,512	-
Debt service funds	-	-	-
Capital projects funds	-	-	-
<b>Total fund balances</b>	<b>2,075,882</b>	<b>4,430,512</b>	<b>12,443,050</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,047,632</b>	<b>\$ 4,430,512</b>	<b>\$ 12,443,050</b>

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>
\$ 4,746,391	\$ 21,662,901
1,342,393	1,803,040
634,289	2,256,789
-	37,591
-	878,318
267,840	273,468
<u>\$ 6,990,913</u>	<u>\$ 26,912,107</u>
\$ 57,647	\$ 57,647
69,921	183,943
-	573,865
736,155	736,155
15,108	242,225
52,898	80,244
13,076	42,476
<u>944,805</u>	<u>1,916,555</u>
-	37,591
1,084,750	1,084,750
956,972	13,400,022
-	2,038,291
4,004,386	8,434,898
-	-
-	-
<u>6,046,108</u>	<u>24,995,552</u>
<u>\$ 6,990,913</u>	
	( 23,685,832)
	52,362,782
	345,039
	80,244
	( 144,561)
	<u>\$ 53,953,224</u>

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Supplemental Gross Receipts Fund</u>	<u>Go Bond RWWTP Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes					
Gross Receipts Taxes	\$ 5,254,132	\$ -	\$ -	\$ 1,971,579	\$ 7,225,711
Property Taxes	1,778,491	-	-	65	1,778,556
Lodgers Tax	-	-	-	1,170,026	1,170,026
Other State Shared Taxes	51,570	2,600,514	-	177,353	2,829,437
Franchise Tax	393,544	-	-	-	393,544
Licenses and permits	391,829	-	-	387,881	779,710
Intergovernmental	462,470	-	-	1,525,759	1,988,229
Charges for services	599,892	-	-	308,070	907,962
Fines and forfeitures	56,509	-	-	-	56,509
Investment income	75,918	98,113	-	133,279	307,310
Miscellaneous	368,186	-	2,390	31,121	401,697
<b>Total revenues</b>	<u>9,432,541</u>	<u>2,698,627</u>	<u>2,390</u>	<u>5,705,133</u>	<u>17,838,691</u>
<b>EXPENDITURES</b>					
<b>Current operations:</b>			-		
General government	1,712,320	1,604	-	975,372	2,689,296
Public safety	4,410,508	-	-	298,810	4,709,318
Public works	1,676,438	-	-	604,537	2,280,975
Culture and recreation	658,136	-	-	1,188,648	1,846,784
Health and welfare	121,970	-	-	45,191	167,161
<b>Capital outlay</b>	342,063	-	-	2,551,315	2,893,378
<b>Debt service:</b>			-		
Principal	69,260	-	-	712,749	782,009
Interest & fiscal charges	9,778	-	159,340	478,381	647,499
<b>Total expenditures</b>	<u>9,000,473</u>	<u>1,604</u>	<u>159,340</u>	<u>6,855,003</u>	<u>16,016,420</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>432,068</u>	<u>2,697,023</u>	<u>( 156,950)</u>	<u>( 1,149,870)</u>	<u>1,822,271</u>
<b>Other financing sources (uses):</b>					
Debt Proceeds	-	-	12,600,000	-	12,600,000
Debt issuance premium	-	-	-	-	-
Transfers in	988,319	-	-	2,227,341	3,215,660
Transfers (out)	( 1,638,675)	( 1,993,885)	-	( 2,320,111)	( 5,952,671)
<b>Total other financing sources (uses)</b>	<u>( 650,356)</u>	<u>( 1,993,885)</u>	<u>12,600,000</u>	<u>( 92,770)</u>	<u>9,862,989</u>
<b>Net change in fund balances</b>	<u>( 218,288)</u>	<u>703,138</u>	<u>12,443,050</u>	<u>( 1,242,640)</u>	<u>11,685,260</u>
<b>Fund balances, beginning of year</b>	2,294,170	3,727,374	-	7,219,503	13,241,047
<b>Restatement</b>	-	-	-	69,245	69,245
<b>Fund balances, beginning of year</b>	<u>2,294,170</u>	<u>3,727,374</u>	<u>-</u>	<u>7,288,748</u>	<u>13,310,292</u>
<b>Fund balances, end of year</b>	<u>\$ 2,075,882</u>	<u>\$ 4,430,512</u>	<u>\$ 12,443,050</u>	<u>\$ 6,046,108</u>	<u>\$ 24,995,552</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, 2008**

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

Net change in fund balances - total governmental funds	\$ 11,685,260
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 depreciation expense exceeded capital outlay.	( 937,631)
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.	( 11,658,651)
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.	( 85,810)
Recognition of property tax revenue is reflected on full accrual basis within the statement of net assets. Governmental funds recognize property tax on the modified accrual basis	( 77,747)
Recognition of accounts receivable and deferred revenue is reflected on 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 in the governmental funds.	52,898
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.	( 42,448)
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.	( 12,872)
Change in net assets of governmental activities	<u>\$ ( 1,077,001)</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 7,020,655	\$ 6,539,074	\$ 7,304,783	\$ 765,709
Licenses and permits	325,000	433,870	391,829	( 42,041)
Intergovernmental	572,555	572,555	462,470	( 110,085)
Charges for services	695,593	695,593	599,892	( 95,701)
Fines and forfeitures	56,000	56,000	56,509	509
Investment income	-	-	75,918	75,918
Miscellaneous	176,827	176,827	368,186	191,359
<b>Total revenues</b>	<u>8,846,630</u>	<u>8,473,919</u>	<u>9,259,587</u>	<u>785,668</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	1,560,750	1,555,908	1,677,888	( 121,980)
Public safety	4,095,069	4,379,373	4,410,508	( 31,135)
Public works	1,868,753	1,868,128	1,676,438	191,690
Culture and recreation	1,054,770	1,053,642	658,136	395,506
Health and welfare	136,750	135,019	121,970	13,049
<b>Capital outlay</b>	-	258,600	342,063	( 83,463)
<b>Debt service:</b>				
Principal	-	-	69,260	( 69,260)
Interest & fiscal charges	-	-	9,778	( 9,778)
<b>Total expenditures</b>	<u>8,716,092</u>	<u>9,250,670</u>	<u>8,966,041</u>	<u>284,629</u>
<b>Excess (deficiency) of revenues over expenditures</b>	130,538	( 776,751)	293,546	1,070,297
<b>Other financing sources (uses):</b>				
Transfers in	1,023,593	1,023,593	988,319	( 35,274)
Transfers (out)	( 1,598,510)	( 1,598,510)	( 1,638,675)	( 40,165)
<b>Total other financing sources (uses)</b>	<u>( 574,917)</u>	<u>( 574,917)</u>	<u>( 650,356)</u>	<u>( 75,439)</u>
<b>Net change in fund balances</b>	<u>\$ ( 444,379)</u>	<u>\$ ( 1,351,668)</u>	<u>\$ ( 356,810)</u>	<u>\$ 994,858</u>
<b>Beginning cash &amp; investment balance</b>	<u>\$ 1,579,501</u>	<u>\$ 1,579,501</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 356,810)	
<b>Change in receivables</b>			178,512	
<b>Change in payables</b>			( 20,422)	
<b>Change in accrued payroll liabilities</b>			( 14,010)	
<b>Change in deferred revenues &amp; refundable deposits</b>			( 5,558)	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 218,288)</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>          </u>
<b>REVENUES</b>				
Taxes	\$ 2,600,514	\$ 2,405,113	\$ 2,524,163	\$ 119,050
Investment income	<u>          -</u>	<u>          -</u>	<u>98,113</u>	<u>98,113</u>
<b>Total revenues</b>	<u>2,600,514</u>	<u>2,405,113</u>	<u>2,622,276</u>	<u>217,163</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	<u>7,000</u>	<u>7,000</u>	<u>1,604</u>	<u>5,396</u>
<b>Total expenditures</b>	<u>7,000</u>	<u>7,000</u>	<u>1,604</u>	<u>5,396</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,593,514</u>	<u>2,398,113</u>	<u>2,620,672</u>	<u>222,559</u>
<b>Other financing sources (uses):</b>				
Transfers (out)	<u>( 1,996,885)</u>	<u>( 1,996,885)</u>	<u>( 1,993,885)</u>	<u>3,000</u>
<b>Total other financing sources (uses)</b>	<u>( 1,996,885)</u>	<u>( 1,996,885)</u>	<u>( 1,993,885)</u>	<u>3,000</u>
<b>Net change in fund balances</b>	<u>\$ 596,629</u>	<u>\$ 401,228</u>	<u>\$ 626,787</u>	<u>\$ 225,559</u>
<b>Beginning cash &amp; investment balance</b>	<u>\$ 3,320,367</u>	<u>\$ 3,320,367</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$ 626,787	
Change in receivables			<u>76,351</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$ 703,138</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, 2008**

	<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>	
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 1,126,632	\$ 480	\$ 1,109,479	\$ 2,236,591	\$ 109,708
Investments	2,041,950	-	35,000	2,076,950	120,000
Accounts receivable (net of allowance for uncollectible)	332,931	20,538	289,227	642,696	-
Inventory	155,443	40,079	-	195,522	33,281
Due from other funds	420	-	-	420	-
<b>Total current assets</b>	<u>3,657,376</u>	<u>61,097</u>	<u>1,433,706</u>	<u>5,152,179</u>	<u>262,989</u>
<b>Restricted assets:</b>					
Cash	194,601	-	138,154	332,755	-
Investments	250,000	-	-	250,000	-
<b>Total restricted assets</b>	<u>444,601</u>	<u>-</u>	<u>138,154</u>	<u>582,755</u>	<u>-</u>
<b>Capital assets:</b>					
Non-depreciable assets:					
Land and Improvements	6,527,968	1,067,750	20,200	7,615,918	-
Capital assets being depreciated, net	<u>22,752,620</u>	<u>9,972,519</u>	<u>1,842,058</u>	<u>34,567,197</u>	<u>115,745</u>
<b>Total capital assets</b>	<u>29,280,588</u>	<u>11,040,269</u>	<u>1,862,258</u>	<u>42,183,115</u>	<u>115,745</u>
<b>Other assets - Bond issue cost</b>	<u>6,431</u>	<u>-</u>	<u>-</u>	<u>6,431</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 33,388,996</u>	<u>\$ 11,101,366</u>	<u>\$ 3,434,118</u>	<u>\$ 47,924,480</u>	<u>\$ 378,734</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, 2008**

	<b>Enterprise Funds</b>				<b>Internal Service Fund</b>
	<b>Utility Fund</b>	<b>Airport Fund</b>	<b>Solid Waste Fund</b>	<b>Total Proprietary Funds</b>	
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable	\$ 1,347,634	\$ 6,525	\$ -	\$ 1,354,159	\$ -
Due to other funds	-	142,162	421	142,583	-
Accrued payroll liabilities	59,383	12,125	27,762	99,270	12,748
Accrued interest payable	5,717	-	5,741	11,458	-
Payable from restricted assets:					
Deposits	432,494	-	-	432,494	-
Current maturities of:					
Bonds payable	180,000	-	-	180,000	-
Notes payable	40,026	-	192,042	232,068	-
Capital leases payable	9,515	-	33,965	43,480	-
<b>Total current liabilities</b>	<u>2,074,769</u>	<u>160,812</u>	<u>259,931</u>	<u>2,495,512</u>	<u>12,748</u>
<b>Long term liabilities:</b>					
Notes payable	613,386	-	850,236	1,463,622	-
Capital leases payable	12,581	-	28,143	40,724	-
Compensated absences	88,468	42,096	53,716	184,280	20,947
<b>Total long-term liabilities</b>	<u>714,435</u>	<u>42,096</u>	<u>932,095</u>	<u>1,688,626</u>	<u>20,947</u>
<b>Total liabilities</b>	<u>2,789,204</u>	<u>202,908</u>	<u>1,192,026</u>	<u>4,184,138</u>	<u>33,695</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	28,431,511	11,040,269	757,872	40,229,652	115,745
Restricted for debt service	-	-	138,154	138,154	-
Unrestricted	2,168,281	( 141,811)	1,346,066	3,372,536	229,294
<b>Total net assets</b>	<u>\$ 30,599,792</u>	<u>\$ 10,898,458</u>	<u>\$ 2,242,092</u>	<u>\$ 43,740,342</u>	<u>\$ 345,039</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, 2008**

	<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>	
<b>Operating Revenues:</b>					
Charges for services	\$ 4,571,928	766,529	2,548,514	7,886,971	55,705
Miscellaneous revenues	65,194	16,072	-	81,266	17,031
<b>Total operating revenues</b>	<u>4,637,122</u>	<u>782,601</u>	<u>2,548,514</u>	<u>7,968,237</u>	<u>72,736</u>
<b>Operating Expenses:</b>					
Personnel services	1,597,754	410,674	839,121	2,847,549	344,238
General operating	2,719,857	794,328	978,157	4,492,342	663,588
Depreciation	1,860,153	753,954	356,134	2,970,241	13,775
<b>Total operating expenses</b>	<u>6,177,764</u>	<u>1,958,956</u>	<u>2,173,412</u>	<u>10,310,132</u>	<u>1,021,601</u>
<b>Operating income (loss)</b>	<u>( 1,540,642)</u>	<u>( 1,176,355)</u>	<u>375,102</u>	<u>( 2,341,895)</u>	<u>( 948,865)</u>
<b>Non-operating revenues (expenses):</b>					
Sales taxes	-	-	148,195	148,195	-
Interest expense	( 98,562)	-	( 44,492)	( 143,054)	-
Interest income	84,639	-	36,045	120,684	1,586
<b>Total non-operating revenues (expenses)</b>	<u>( 13,923)</u>	<u>-</u>	<u>139,748</u>	<u>125,825</u>	<u>1,586</u>
<b>Other financing sources (uses):</b>					
Transfers in	1,850,000	280,795	-	2,130,795	934,407
Transfers (out)	( 155,545)	( 45,067)	( 127,579)	( 328,191)	-
<b>Total other financing sources (uses)</b>	<u>1,694,455</u>	<u>235,728</u>	<u>( 127,579)</u>	<u>1,802,604</u>	<u>934,407</u>
<b>Change in net assets</b>	<u>139,890</u>	<u>( 940,627)</u>	<u>387,271</u>	<u>( 413,466)</u>	<u>( 12,872)</u>
<b>Net assets, beginning of year</b>	30,459,902	11,839,085	1,848,113	44,147,100	357,911
<b>Restatement</b>	-	-	6,708	6,708	-
<b>Net assets, as restated</b>	<u>30,459,902</u>	<u>11,839,085</u>	<u>1,854,821</u>	<u>44,153,808</u>	<u>357,911</u>
<b>Net assets, end of year</b>	<u>\$ 30,599,792</u>	<u>\$ 10,898,458</u>	<u>\$ 2,242,092</u>	<u>\$ 43,740,342</u>	<u>\$ 345,039</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, 2008**

	Enterprise Funds				Internal Service Fund
	Utility Fund	Airport Fund	Solid Waste Fund	Total Proprietary Funds	
<b>Cash flows from operating activities</b>					
Cash received from customers	\$ 4,514,000	\$ 778,734	\$ 2,544,532	\$ 7,837,266	\$ 72,736
Cash payments to employees for services	( 1,577,559)	( 410,216)	( 840,696)	( 2,828,471)	( 351,099)
Cash payments to supplies for goods and services	( 1,511,185)	( 787,803)	( 994,768)	( 3,293,756)	( 635,002)
Net cash provided by operating activities	<u>1,425,256</u>	<u>( 419,285)</u>	<u>709,068</u>	<u>1,715,039</u>	<u>( 913,365)</u>
<b>Cash flows from noncapital financing activities</b>					
Due to other funds	-	142,162	421	142,583	-
Transfers from other funds	1,850,000	280,795	-	2,130,795	934,407
Transfers to other funds	( 155,545)	( 45,067)	( 127,579)	( 328,191)	-
Net cash provided by capital and related activities	<u>1,694,455</u>	<u>377,890</u>	<u>( 127,158)</u>	<u>1,945,187</u>	<u>934,407</u>
<b>Cash flows from capital and related financing activities</b>					
(Acquisition) disposition of capital assets	( 2,642,487)	( 10,064)	( 800,737)	( 3,453,288)	-
Receipt of tax	-	-	148,195	148,195	-
Principal paid on debt	( 210,275)	-	( 235,806)	( 446,081)	-
Interest paid on debt	( 98,562)	-	( 37,784)	( 136,346)	-
Net cash provided by capital financing activities	<u>( 2,951,324)</u>	<u>( 10,064)</u>	<u>( 926,132)</u>	<u>( 3,887,520)</u>	<u>-</u>
<b>Cash flows from investing activities</b>					
Proceeds from sale and maturities of securities	1,935,200	-	35,000	1,970,200	-
Interest on investments	84,639	-	36,045	120,684	121,586
Net cash provided by investing activities	<u>2,019,839</u>	<u>-</u>	<u>71,045</u>	<u>2,090,884</u>	<u>121,586</u>
Net increase (decrease) in cash and cash equivalents	2,188,226	( 51,459)	( 273,177)	1,863,590	142,628
Cash and equivalents beginning 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>
Cash and equivalents end of year	<u>\$ 3,613,183</u>	<u>\$ 480</u>	<u>\$ 1,282,633</u>	<u>\$ 4,896,296</u>	<u>\$ 229,708</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income	\$( 1,540,642)	\$( 1,176,355)	\$ 375,102	\$( 2,341,895)	\$( 948,865)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:					
Depreciation expense	1,860,153	753,954	356,134	2,970,241	13,775
Provision for bad debt	( 1,804)	-	-	( 1,804)	-
Decrease (increase) in customer receivable	( 123,193)	( 3,867)	-	( 127,060)	-
Decrease (increase) in other receivables	1,455	-	( 3,982)	( 2,527)	-
Decrease (increase) in inventory	-	-	-	-	29,377
Decrease (increase) Bond issue costs	6,432	-	-	6,432	-
Increase (decrease) in accounts payable	1,202,660	6,525	( 16,611)	1,192,574	( 791)
Increase (decrease) in accrued payroll liabilities	9,386	( 1,542)	( 2,581)	5,263	1,104
Increase (decrease) in compensated absences	10,809	2,000	1,006	13,815	( 7,965)
Net cash provided by operating activities	<u>\$ 1,425,256</u>	<u>\$( 419,285)</u>	<u>\$ 709,068</u>	<u>\$ 1,715,039</u>	<u>\$( 913,365)</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, 2008**

**ASSETS**

Cash	\$ <u>6,195</u>
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**LIABILITIES**

Held for others	\$ <u>6,195</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, 2008**

**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, 2008.

### 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 ***Go Bond Regional Waste Water Treatment Plant Fund*** accounts for bond proceeds for the Village's cost of constructing and equipping the wastewater treatment plant.

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 Equivalents 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. All amounts included in pooled cash and investments with an original maturity of 90 days or less are considered to be cash equivalents for the purposes of the statement of cash flows.

**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:

Assets	Years
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	\$ 480,000
Bonds payable long-term	19,440,000
Bonds premium (to be amortized over life of bond)	86,673
Less: Bond issue costs (to be amortized over life of bond)	(293,621)
Notes payable current	296,740
Notes payable long-term	3,078,491
Compensated absences payable	439,109
Capital leases current	29,693
Capital leases long-term	<u>128,747</u>
Net adjustment to reduce fund balance- total governmental funds to arrive at net assets- governmental activities	<u>\$ 23,685,832</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	\$ 2,893,378
Depreciation expense	<u>(3,831,009)</u>
Net adjustment to decrease net changes in fund balances total government funds to arrive at changes in net assets of governmental activities.	<u>\$ (937,631)</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	\$ 12,600,000
Bond issue costs	(159,340)
Principal payments of long-term debt	<u>(782,009)</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ 11,658,651</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	\$ 9,778
Amortization of bond premium	(4,953)
Compensated absences - increase	<u>37,623</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities.	<u>\$ 42,448</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, 2008 the Village had \$23,844,379 in financial institutions and \$2,888,000 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, 2008, consist of the following:

	<u>Balance Per Bank June 30, 2008</u>	<u>Add Deposits In Transit</u>	<u>Less Outstanding Checks</u>	<u>Adjustment</u>	<u>Balance Per Books June 30, 2008</u>
<b>First Federal Bank</b>					
<b>Checking Accounts</b>					
Checking Account	1,617,310	78,055	58,534	(8,750)	1,628,081
Water Meter Trust	7,745	60	1,440	-	6,365
Cemetery Fund	30,375	-	-	8,490	38,865
Certificates of Deposit (10)	761,211	-	-	-	761,211
<b>Pioneer Savings</b>					
Certificates of Deposit (12)	2,392,865	-	-	-	2,392,865
<b>1st National Bank</b>					
Certificates of Deposit (5)	903,437	-	-	-	903,437
<b>City Bank of NM</b>					
Certificates of Deposit (14)	2,505,000	-	-	-	2,505,000
<b>Wells Fargo</b>					
SGRT Bond Revenue Fund	400,066	-	-	-	400,066
General Obligation Fund	1,000	-	-	-	1,000
Utility Impact Fees Fund	573,009	-	-	-	573,009
Revenue Bond Fund	1,000	-	-	-	1,000
Relocate Fire Station	1,997	-	-	-	1,997
Go Bonds Fund	12,472,366	-	-	-	12,472,366
Checking Account	1,473,469	423,181	1,353,421	-	543,229
Water Meter Trust	62,303	-	-	-	62,303
Certificates of Deposit (6)	848,974	-	-	-	848,974
<b>Total Cash in Banks</b>	<u>\$ 24,052,127</u>	<u>\$ 501,296</u>	<u>\$ 1,413,395</u>	<u>\$ (260)</u>	<u>\$ 23,139,768</u>
<b>Funds Held by the New Mexico Finance Authority:</b>					
Loan Funds					836,255
Loan Reserve Accounts					587,948
<b>State Treasurers Office</b>					2,888,000
<b>Wells Fargo Brokerage Services</b>					<u>1,361,990</u>
<b>Total cash and investments per books</b>					<u>\$ 28,813,961</u>
<b>As Reported in Financial Statements</b>					
Equity in Cash:	Cash				\$ 23,951,553
	Restricted Cash				606,223
	Investments				3,999,990
	Restricted Investments				250,000
	Agency Fund				<u>6,195</u>
					<u>\$ 28,813,961</u>

### 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

#### Pledged Collateral

	First Federal Bank	City Bank of NM	1st National Bank	Pioneer Savings	Wells Fargo	Total
Deposits	\$ 2,416,641	\$ 2,505,000	\$ 903,437	\$ 2,392,865	\$ 15,834,184	\$ 24,052,127
FDIC	(200,000)	(100,000)	(100,000)	(100,000)	(200,000)	(700,000)
Uninsured public funds	2,216,641	2,405,000	803,437	2,292,865	15,634,184	23,352,127
<b>Pledged collateral held by pledging bank's trust department or agent but not in the agency's name</b>						
<b>Federal Home Loan Bank of Dallas</b>						
FNMA 31410AAD8, 6%, 7/1/36	2,710,063					2,710,063
<b>Federal Home Loan Bank of Dallas</b>						
GNMA II 080409/001, 05/20/30, 7%				76,673		76,673
GNMA 080477/001, 12/20/30, 6%				43,741		43,741
FHLMC 1b0951/001, 7/01/33, 5.439%, 1 YR LIBOR+1.755				75,684		75,684
FNMA ARM 66174/001,9/01/32, 5.15%				17,625		17,625
FHLMC 781086/001, 1/1/33, H15T1Y+2.223%				46,691		46,691
FHLMC 78186/001, 12/01/33, 1YR+ TR + 2.23%				165,349		165,349
FNMA 759453/001, 1/1/34, CMT+2.125%				216,238		216,238
FHLMC 782928/001, 01/2035, 1YR+2.227%				108,269		108,269
FHLMC 78172/001, 07/2034, 1YR+2.25%				906,770		906,770
FHLB letter of credit, LOC#7432000910, 1/5/10		1,325,000				1,325,000
<b>Federal Home Loan Bank of Dallas</b>						
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
<b>Wells Fargo NA</b>						
FNCL 31414APLO, 1/1/38, 5.5%					1,472,803	1,472,803
FNCL 31409W2S9, 4/1/36, 6%					401,450	401,450
FNCL 31414MLH7, 5/1/38, 5%					861,616	861,616
FGIOH 312MTA73 004499,6/1/37, 5.5%					889,423	889,423
FNCL 3149FGNZ, 4/1/36, 6%					823,635	823,635
FNCL 31413SGT5, 11/1/37, 6..%					5,874,547	5,874,547
FNCL 31410WKQ, 6/1/37, 5.5%					162,361	162,361
	2,710,063	1,325,000	760,000	1,657,040	10,485,835	16,937,938
Uninsured and uncollateralized	\$ -	\$ 1,080,000	\$ 43,437	\$ 635,825	\$ 5,148,349	\$ 6,414,189

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, 2008, \$23,352,127 of the Village's bank balance of \$24,052,127 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	\$ -	\$ 43,437	\$ 635,825	\$ 1,080,000	\$ 5,148,349	\$ 6,907,611
Uninsured and collateral held by pledging bank's trust department or agent not in the Village's name	<u>2,216,641</u>	<u>760,000</u>	<u>1,657,040</u>	<u>1,325,000</u>	<u>10,485,835</u>	<u>16,444,516</u>
	<u>\$ 2,216,641</u>	<u>\$ 803,437</u>	<u>\$ 2,292,865</u>	<u>\$ 2,405,000</u>	<u>\$ 15,634,184</u>	<u>\$ 23,352,127</u>

Ten 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 \$1,424,203.

NMFA- Reserve Funds Payable, Solid Waste	\$ 138,154
NMFA- Reserve Fire Fund	59,160
NMFA- Program Funds, Solid Waste	331,636
NMFA- Reserve Funds Payable, Road Dept	84,898
NMFA- Program Funds, Road Dept	139,740
NMFA- Reserve Funds Payable, Village Square	95,731
NMFA- Reserve Funds, Revenue Bond Fund	122,794
NMFA- Reserve Funds, Bond Fund	59,128
NMFA- Reserve Funds, STO Reverse 911	28,083
NMFA- Program Funds, Village Square	<u>364,879</u>
Total	<u>\$ 1,424,203</u>

3. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

**Investments**

Investments at June 30, 2008 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
<b>NM State Treasurer</b>		
Local Government Investment Pool	\$ 2,888,000	46-day WAM AAAm rated
<b>Wells Fargo Brokerage Services</b>		
Money Market Funds	261,990	
Brokered CD's	1,100,000	
	<u>\$ 4,249,990</u>	

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

Statement of Net Assets:	
Investments	\$ 3,999,990
Restricted investments	250,000
	<u>\$ 4,249,990</u>

The Village invests excess cash in the State Treasurer Local Government Investment Pool and Brokered CD's. The Pool's investments and Brokered CD's 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 46-day weighted average maturity.

**4. DETAILED NOTES ON ALL FUNDS**

**Accounts Receivable**

Accounts receivable at June 30, 2008 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	Non- Major	Utility	Airport	Solid Waste
Property taxes	\$ 86,147	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise taxes	73,508	-	-	-	-	-
Lodgers taxes	-	-	90,559	-	-	-
Motor Vehicle taxes	-	-	-	-	-	-
Cigarette taxes	-	-	-	-	-	-
Gross Receipts taxes	976,476	481,805	369,458	-	-	30,111
Interest	1,756	1,553	1,486	2,235	-	-
Golf Course	-	-	-	-	-	-
Customer accounts	-	-	-	358,741	42,986	274,801
Other governments	1,255	-	172,786	-	-	-
	<u>1,139,142</u>	<u>483,358</u>	<u>634,289</u>	<u>360,976</u>	<u>42,986</u>	<u>304,912</u>
Less: allowance for uncollectable	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,045</u>	<u>22,448</u>	<u>15,685</u>
Net total receivables	<u>\$ 1,139,142</u>	<u>\$ 483,358</u>	<u>\$ 634,289</u>	<u>\$ 332,931</u>	<u>\$ 20,538</u>	<u>\$ 289,227</u>



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

**CAPITAL ASSETS**

Capital assets for the fiscal year ended June 30, 2008 are as follows:

	<u>Balance 6/30/2007</u>	<u>Increase</u>	<u>Increase (Decrease)</u>	<u>Balance 6/30/2008</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land and Land Improvements:	\$ 3,273,160	\$ -	\$ -	\$ 3,273,160
Construction in process	<u>136,320</u>	<u>310,635</u>	<u>-</u>	<u>446,955</u>
Total other capital assets, not being depreciated	<u>3,409,480</u>	<u>310,635</u>	<u>-</u>	<u>3,720,115</u>
Other capital assets, being depreciated:				
Buildings and improvements	15,785,296	1,659,525	-	17,444,821
Infrastructure	78,477,509	138,665	-	78,616,174
Machinery and equipment	<u>8,997,109</u>	<u>784,553</u>	<u>-</u>	<u>9,781,662</u>
Total other capital assets, being depreciated	<u>103,259,914</u>	<u>2,582,743</u>	<u>-</u>	<u>105,842,657</u>
Less accumulated depreciation for:				
Buildings and improvements	6,134,982	406,564	-	6,541,546
Infrastructure	41,268,445	2,622,059	-	43,890,504
Machinery and equipment	<u>5,836,034</u>	<u>816,161</u>	<u>-</u>	<u>6,652,195</u>
Total accumulated depreciation	<u>53,239,461</u>	<u>3,844,784</u>	<u>-</u>	<u>57,084,245</u>
Other capital assets, net	<u>50,020,453</u>	<u>(1,262,041)</u>	<u>-</u>	<u>48,758,412</u>
Total capital assets, net	<u>\$ 53,429,933</u>	<u>\$ (951,406)</u>	<u>\$ -</u>	<u>\$ 52,478,527</u>

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

General government	\$ 476,714
Public safety	462,727
Public works	2,717,467
Culture and recreation	174,101
Internal service fund	<u>13,775</u>
	<u>\$ 3,844,784</u>

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

**CAPITAL ASSETS** (continued)

	Balance 6/30/2007	Increases	(Decreases)	Balance 6/30/2008
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated				
Land and improvements	\$ 3,160,515	\$ -	\$ -	\$ 3,160,515
Construction in process	-	31,624	-	31,624
Water rights	4,423,779	-	-	4,423,779
Total capital assets not being depreciated	<u>7,584,294</u>	<u>31,624</u>	<u>-</u>	<u>7,615,918</u>
Other capital assets, being depreciated:				
Building and improvements	17,248,843	92,581	-	17,341,424
Utility distribution system	42,682,044	897,749	-	43,579,793
Airport infrastructure	1,357,411	-	-	1,357,411
Machinery and equipment	12,088,945	2,431,334	-	14,520,279
Total other capital assets, being depreciated	<u>73,377,243</u>	<u>3,421,664</u>	<u>-</u>	<u>76,798,907</u>
Less accumulated depreciation for:				
Buildings and improvements	6,845,488	508,349	-	7,353,837
Utility distribution system	23,226,516	1,466,892	-	24,693,408
Airport infrastructure	154,673	82,047	-	236,720
Machinery and equipment	9,034,792	912,953	-	9,947,745
Total accumulated depreciation	<u>39,261,469</u>	<u>2,970,241</u>	<u>-</u>	<u>42,231,710</u>
Other capital assets, net	<u>34,115,774</u>	<u>451,423</u>	<u>-</u>	<u>34,567,197</u>
Total capital assets, net	<u>\$ 41,700,068</u>	<u>\$ 483,047</u>	<u>\$ -</u>	<u>\$ 42,183,115</u>

**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 \$13,400,022 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 \$1,084,750 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 \$138,154 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, property 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%	\$ 1,125,000
2006 Sales Tax Refunding and Improvement Bonds	4,020,000	6/1/2026	3.50% - 4.75%	3,560,000
2001 Supplemental Gross Receipts Tax Revenue Bonds	2,865,000	6/1/2031	3.75% - 5.20%	2,635,000
2008 - Ad Valorem Property Tax and Improvement Bonds	12,600,000	4/16/2028	3.15% - 4.74%	<u>12,600,000</u>
				<u>\$ 19,920,000</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, 2008 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, 2008 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%	\$ 1,054,868
NMFA - Fire Pumper Truck	175,000	5/1/2014	0.88% - 3.49%	112,725
NMFA - 2 Fire Pumper Trucks	589,992	5/1/2014	0.90% - 3.27%	370,464
NMFA - 9 acres of land and improvements	1,295,471	5/1/2024	0.79% - 4.38%	1,103,116
NMFA - Special Street Equipment	846,667	5/1/2016	3.02% - 3.70%	708,372
NMFA - Reverse 911 hardware	60,000	5/1/2009	3.42%	25,686
				<u>\$ 3,375,231</u>

**Capital Leases**

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%	\$ 180,000

**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, 2008 the Village had not yet expended \$331,636 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%	\$ 653,412
NMFA - Solid Waste System	1,377,778	5/1/2013	3.02% - 3.51%	1,042,278
				<u>\$ 1,695,690</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, 2008 are as follows:

##### Governmental Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Notes Payable:</b>			
2009	\$ 296,740	\$ 133,891	\$ 430,631
2010	280,142	124,601	404,743
2011	290,028	115,439	405,467
2012	300,835	105,386	406,221
2013	312,537	94,463	407,000
2014-2018	1,175,133	302,555	1,477,688
2019-2023	628,352	90,388	718,740
2024	91,464	4,006	95,470
Total	<u>\$ 3,375,231</u>	<u>\$ 970,729</u>	<u>\$ 4,345,960</u>
<b>Revenue bonds payable:</b>			
2009	\$ 480,000	\$ 674,552	\$ 1,154,552
2010	505,000	816,060	1,321,060
2011	1,035,000	792,448	1,827,448
2012	975,000	749,211	1,724,211
2013	790,000	596,781	1,386,781
2014-2018	3,705,000	3,140,917	6,845,917
2019-2023	5,850,000	2,172,669	8,022,669
2024-2028	5,890,000	1,402,745	7,292,745
2029-2031	690,000	264,397	954,397
Total	<u>\$ 19,920,000</u>	<u>\$ 10,609,780</u>	<u>\$ 30,529,780</u>
<b>Capital Leases:</b>			
2009	\$ 29,693	\$ 6,270	\$ 35,963
2010	128,747	2,843	131,590
Total	<u>\$ 158,440</u>	<u>\$ 9,113</u>	<u>\$ 167,553</u>

##### Business Activities

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Notes Payable:</b>			
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	292,755	56,710	349,465
2014-2018	406,604	136,570	543,174
Total	<u>\$ 1,695,690</u>	<u>\$ 540,486</u>	<u>\$ 2,236,176</u>
<b>Revenue bonds payable:</b>			
2009	\$ 180,000	\$ 9,720	\$ 189,720
Total	<u>\$ 180,000</u>	<u>\$ 9,720</u>	<u>\$ 189,720</u>
<b>Capital Leases:</b>			
2009	\$ 43,480	\$ 6,135	\$ 49,615
2010	38,143	3,653	41,796
2011	2,581	1,077	3,658
Total	<u>\$ 84,204</u>	<u>\$ 10,865</u>	<u>\$ 95,069</u>

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

**LONG-TERM OBLIGATIONS** (continued)

Changes in long-term obligations during the year ended June 30, 2008, are as follows:

	Balance 6/30/07	Additions	Deletions	Balances 6/30/08	Due Within One Year
<b>Governmental Activities:</b>					
Notes payable	\$ 3,662,741	\$ -	\$ (287,510)	\$ 3,375,231	\$ 296,740
Revenue bonds payable	7,770,000	12,600,000	(450,000)	19,920,000	480,000
Capital Leases	202,939	-	(44,499)	158,440	29,693
Compensated absences					
- governmental	401,486	382,315	(344,692)	439,109	-
Compensated absences					
- internal service	28,912	17,845	(25,810)	20,947	-
Total	<u>\$ 12,066,078</u>	<u>\$ 13,000,160</u>	<u>\$ (1,152,511)</u>	<u>\$ 23,913,727</u>	<u>\$ 806,433</u>
<b>Business-Type Activities</b>					
Note Payable	\$ 1,919,943	\$ -	\$ (224,253)	\$ 1,695,690	\$ 232,068
Revenue bonds payable	345,000	-	(165,000)	180,000	180,000
Capital leases	134,324	-	(50,120)	84,204	43,480
Compensated absences	170,465	154,750	(140,935)	184,280	-
Total	<u>\$ 2,569,732</u>	<u>\$ 154,750</u>	<u>\$ (580,308)</u>	<u>\$ 2,144,174</u>	<u>\$ 455,548</u>

**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 RECEIVABLES, PAYABLES AND TRANSFERS**

The outstanding balances between funds result mainly from the time lag between the dates the interfund good and services are provided or reimbursable expenditures occur. Transactions are recorded in the accounting system and payments between funds are made.

The Inter-fund receivables and payable at June 30, 2088 were as follows:

Fund Description	Interfund Receivables	Interfund Payables
Major Governmental Funds:		
General Fund	\$ 878,318	\$ -
Non-Major Governmental Funds:		
Infrastructure Capital Improv. Fund	-	322,663
Special Street Fund	-	51,821
Retired Senior Volunteer Fund	-	4,763
Forest Restoration Fund	-	60,410
Special Projects Fund	-	18,120
Airport Improvement Fund	-	82,080
Regional Wastewater Const. Fund	-	173,865
Fire Station Fund	-	22,433
Business-type Funds:		
Utility fund	420	-
Airport fund	-	142,162
Solid Waste Fund	-	421
	\$ 878,738	\$ 878,738

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.

	Transfer In						Total
	General Fund	Utility Fund	Airport Fund	Solid Waste Fund	Internal Service Fund	Non-major Fund	
Transfers (out):	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund	-	-	-	-	410,838	1,227,837	1,638,675
Supplemental Gross							
Receipts Fund	193,885	1,800,000	-	-	-	-	1,993,885
Infrastructure Capital Imp	-	-	-	-	-	99,420	99,420
Utility Fund	78,859	-	-	-	76,686	-	155,545
Airport Fund	-	-	-	-	39,117	5,950	45,067
Solid Waste Fund	11,266	50,000	-	-	66,313	-	127,579
Non-major Funds	704,309	-	280,795	-	341,453	894,134	2,220,691
Total transfer out	\$ 988,319	\$ 1,850,000	\$ 280,795	\$ -	\$ 934,407	\$ 2,227,341	\$ 6,280,862

**RESTATEMENTS**

The restatement in the funds are as follows:

Solid Waste Fund – Lease note adjustment – cash flow lease	\$ 6,708
Fire Fund – Note adjustment per confirmation	\$10,307
Revenue Bond Fund – NMFA reserved funds per confirmation	\$48,938
Municipal Water Construction Fund – Revenue from prior year	\$10,000

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

##### **RETIREMENT PLAN**

*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](http://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, 2008, 2007 and 2006 were \$756,583, \$994,026, and \$994,590, 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.

**EXPENDITURES IN EXCESS OF BUDGET**

Actual expenditures exceeded budgeted expenditures for the following funds:

Fire Fund	\$42,378
Scenic Byways Fund	4,198
Forest Restoration Fund	215,029
DWI Enforcement Fund	43,009
Fire Station Fund	29,430

**DEFICIT FUND BALANCES**

The following funds at the fiscal year end had deficit fund balances:

Retired Senior Volunteer Fund	\$5,038
Infrastructure Capital Improvement Fund	322,663
Airport Improvement Fund	82,080
Fire Station Fund	11,731
Regional Wastewater Construction Fund	82,491

The deficit's will be funded by transfers from the general fund and future increases in revenue.

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

**Capital Outlay Appropriations**

Capital Outlay appropriations are as follows:

<b>CAPITAL PROJECT FUND</b>	<b>GRANT NUMBER</b>	<b>PROJECT APPROPRIATIONS</b>	<b>2007-2008 EXPENDITURES</b>	<b>EXPENDITURES 6/30/08</b>	<b>OUTSTANDING BALANCE</b>	<b>EXPIRATION DATE</b>
SEWERLINE/GRINDSTONE	SAP-04-0598-CP	25,000	-	-	25,000	
SEWERLINE EXTENSION	SAP-04-0600-CP	250,000	-	-	250,000	
TRANSFER STATION	SAP-05-1116-GF	65,000	-	-	65,000	6/30/2010
EMERG EVACUATION ROUTE	ST-7327-234	475,000	79,072	79,072	395,928	6/30/2010
PARKS/REC	07-L-G-5318	50,000	50,000	50,000	-	
POLICE VEHICLES	07-L-G-5320	225,000	213,500	213,500	11,500	6/30/2009
PARKS/REC	NMDFA 08-7340	25,000	-	-	25,000	
SOLID WASTE BEAR PROOF	NMDFA 08-4341	10,000	-	-	10,000	6/30/2010
VILLAGE HALL REMODEL	NMDFA 08-4342	90,000	54,490	54,490	35,510	6/30/2012
RIVER RESTORATION	08-1254-GF	30,000	-	-	30,000	
RWWTP	03-T-023	400,000	400,000	400,000	-	
RWWTP	SAP 05-1182-GF	25,000	-	-	25,000	6/30/2010
RWWTP	SAP 05-0084-STB	346,500	346,500	346,500	-	
RWWTP	SAP 06-0179-STB	200,000	200,000	200,000	-	6/30/2010
RWWTP	SAP 06-1143-GF	489,000	-	-	489,000	6/30/2010
RWWTP	SAP 07-4494-GF	325,000	-	-	325,000	6/30/2011
RWWTP	SAP 07-4495-GF	2,500,000	-	-	2,500,000	6/30/2011
RWWTP	SAP 08-3114-STB	750,000	397,526	397,526	352,474	6/30/2012

Unexpended appropriations will be recorded as revenue at the time the related costs are incurred.

**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.

**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/

**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.

**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 Villages airport and system.

**FIRE STATION CAPITAL FUND** – To account for bond proceeds for the Village's cost of constructing and equipping a new main fire station.

**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 Village's 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, 2008**

	<u>Special Revenue</u>				
	<u>Airport Gross Receipts Fund</u>	<u>Recreation Fund</u>	<u>Cemetery Fund</u>	<u>Infrastructure Gross Receipts Fund</u>	<u>Fire Fund</u>
<b>ASSETS</b>					
Cash	\$ 42,615	\$ 93,724	\$ 18,540	\$ 32,282	\$ 90,000
Investments	-	-	40,000	-	110,129
Accounts receivable	243,765	630	-	120,012	-
Cash - restricted	-	-	-	-	-
<b>Total assets</b>	<u>\$ 286,380</u>	<u>\$ 94,354</u>	<u>\$ 58,540</u>	<u>\$ 152,294</u>	<u>\$ 200,129</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ 8,528
Accounts payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued payroll liabilities	-	8,132	-	-	-
Deferred revenue	-	-	-	-	-
Refundable deposits	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>8,132</u>	<u>-</u>	<u>-</u>	<u>8,528</u>
<b>Fund balances:</b>					
Fund balances:					
Reserved for debt service	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-
Unreserved and undesignated	286,380	86,222	58,540	152,294	191,601
<b>Total fund balances</b>	<u>286,380</u>	<u>86,222</u>	<u>58,540</u>	<u>152,294</u>	<u>191,601</u>
<b>Total liabilities and fund balances</b>	<u>\$ 286,380</u>	<u>\$ 94,354</u>	<u>\$ 58,540</u>	<u>\$ 152,294</u>	<u>\$ 200,129</u>

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

**Special Revenue**

<b>Scenic Byways Fund</b>	<b>Emergency Medical Services Fund</b>	<b>Law Enforcement Protection Fund</b>	<b>Traffic Safety Fund</b>	<b>Local Government Correction Fund</b>	<b>Lodger's Tax Fund</b>	<b>Special Donations Fund</b>
\$ 114	\$ -	\$ 22,957	\$ 8,370	\$ 43,249	\$ 472,089	\$ 4,953
-	50,000	-	-	-	490,000	-
-	-	-	-	-	90,773	-
-	-	-	-	-	-	-
<u>\$ 114</u>	<u>\$ 50,000</u>	<u>\$ 22,957</u>	<u>\$ 8,370</u>	<u>\$ 43,249</u>	<u>\$ 1,052,862</u>	<u>\$ 4,953</u>
\$ -	\$ 49,119	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	49,119	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
114	881	22,957	8,370	43,249	1,052,862	4,953
114	881	22,957	8,370	43,249	1,052,862	4,953
<u>\$ 114</u>	<u>\$ 50,000</u>	<u>\$ 22,957</u>	<u>\$ 8,370</u>	<u>\$ 43,249</u>	<u>\$ 1,052,862</u>	<u>\$ 4,953</u>

(Continued)

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<u>Special Revenue</u>				
	<u>Special Street Fund</u>	<u>Convention Center Fund</u>	<u>Utility Impact Fees Fund</u>	<u>Retired Senior Volunteer Fund</u>	<u>Forest Restoration Fund</u>
<b>ASSETS</b>					
Cash	139,740	\$ 120,827	\$ 1,420,382	\$ 4	\$ 5,547
Investments	-	-	450,000	-	-
Accounts receivable	5,681	-	696	-	172,156
Cash - restricted	112,981	-	-	-	-
<b>Total assets</b>	<u>\$ 258,402</u>	<u>\$ 120,827</u>	<u>\$ 1,871,078</u>	<u>\$ 4</u>	<u>\$ 177,703</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Due to other funds	51,821	-	-	4,763	60,410
Accrued payroll liabilities	-	6,697	-	279	-
Deferred revenue	-	-	-	-	52,898
Refundable deposits	-	13,076	-	-	-
<b>Total liabilities</b>	<u>51,821</u>	<u>19,773</u>	<u>-</u>	<u>5,042</u>	<u>113,308</u>
<b>Fund balances:</b>					
Fund balances:					
Reserved for debt service	112,981	-	-	-	-
Reserved for capital projects	93,600	-	-	-	-
Unreserved and undesignated	-	101,054	1,871,078	( 5,038)	64,395
<b>Total fund balances</b>	<u>206,581</u>	<u>101,054</u>	<u>1,871,078</u>	<u>( 5,038)</u>	<u>64,395</u>
<b>Total liabilities and fund balances</b>	<u>\$ 258,402</u>	<u>\$ 120,827</u>	<u>\$ 1,871,078</u>	<u>\$ 4</u>	<u>\$ 177,703</u>

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

**Special Revenue**

<b>Capital Equipment Fund</b>	<b>DWI Enforcement Fund</b>	<b>Special Projects Fund</b>	<b>Arts Commission Fund</b>	<b>Total</b>
20,000	\$ 18,265	\$ 364,879	\$ 26,209	\$ 2,944,746
-	-	-	-	1,140,129
-	-	-	-	633,713
-	-	95,731	-	208,712
<u>20,000</u>	<u>\$ 18,265</u>	<u>\$ 460,610</u>	<u>\$ 26,209</u>	<u>\$ 4,927,300</u>
\$ -	\$ -	\$ -	\$ -	\$ 57,647
-	-	-	-	-
-	-	18,120	-	135,114
-	-	-	-	15,108
-	-	-	-	52,898
-	-	-	-	13,076
<u>-</u>	<u>-</u>	<u>18,120</u>	<u>-</u>	<u>273,843</u>
-	-	95,731	-	208,712
-	-	346,759	-	440,359
<u>20,000</u>	<u>18,265</u>	<u>-</u>	<u>26,209</u>	<u>4,004,386</u>
<u>20,000</u>	<u>18,265</u>	<u>442,490</u>	<u>26,209</u>	<u>4,653,457</u>
<u>\$ 20,000</u>	<u>\$ 18,265</u>	<u>\$ 460,610</u>	<u>\$ 26,209</u>	<u>\$ 4,927,300</u>

(Continued)

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	Debt Service			Capital Projects	
	General Obligation Fund	Revenue Bond Fund	Total	Infrastructure Capital Improvements Fund	Municipal Water Construction Fund
<b>ASSETS</b>					
Cash	\$ 443,242	\$ 241,325	\$ 684,567	\$ -	\$ 1,015,002
Investments	202,264		202,264	-	-
Accounts receivable	-		-	-	576
Cash - restricted	-	59,128	59,128	-	-
<b>Total assets</b>	<u>\$ 645,506</u>	<u>\$ 300,453</u>	<u>\$ 945,959</u>	<u>\$ -</u>	<u>\$ 1,015,578</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	69,921	69,921	-	-
Due to other funds	-	-	-	322,663	-
Accrued salaries	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Refundable deposits	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>69,921</u>	<u>69,921</u>	<u>322,663</u>	<u>-</u>
<b>Fund balances:</b>					
Fund balances:					
Reserved for debt service	645,506	230,532	876,038	-	-
Reserved for capital projects	-	-	-	( 322,663)	1,015,578
Unreserved and undesignated	-	-	-	-	-
<b>Total fund balances</b>	<u>645,506</u>	<u>230,532</u>	<u>876,038</u>	<u>( 322,663)</u>	<u>1,015,578</u>
<b>Total liabilities and fund balances</b>	<u>\$ 645,506</u>	<u>\$ 300,453</u>	<u>\$ 945,959</u>	<u>\$ -</u>	<u>\$ 1,015,578</u>

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

**Capital Projects**

<b>Airport Improvement Fund</b>	<b>Fire Station Fund</b>	<b>Regional Wastewater Construction Fund</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 10,702	\$ 91,374	\$ 1,117,078	\$ 4,746,391
-	-	-	-	1,342,393
-	-	-	576	634,289
-	-	-	-	267,840
<u>\$ -</u>	<u>\$ 10,702</u>	<u>\$ 91,374</u>	<u>\$ 1,117,654</u>	<u>\$ 6,990,913</u>
\$ -	\$ -	\$ -	\$ -	\$ 57,647
-	-	-	-	69,921
82,080	22,433	173,865	601,041	736,155
-	-	-	-	15,108
-	-	-	-	52,898
-	-	-	-	13,076
<u>82,080</u>	<u>22,433</u>	<u>173,865</u>	<u>601,041</u>	<u>944,805</u>
-	-	-	-	1,084,750
( 82,080)	( 11,731)	( 82,491)	516,613	956,972
-	-	-	-	4,004,386
<u>( 82,080)</u>	<u>( 11,731)</u>	<u>( 82,491)</u>	<u>516,613</u>	<u>6,046,108</u>
<u>\$ -</u>	<u>\$ 10,702</u>	<u>\$ 91,374</u>	<u>\$ 1,117,654</u>	<u>\$ 6,990,913</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, 2008**

**Special Revenue**

	<b>Special Revenue</b>				
	<b>Airport Gross Receipts Fund</b>	<b>Recreation Fund</b>	<b>Cemetery Fund</b>	<b>Infrastructure Gross Receipts Fund</b>	<b>Fire Fund</b>
<b>REVENUES</b>					
Taxes					
Gross receipts tax	\$ 1,323,653	\$ -	\$ -	\$ 647,926	\$ -
Property taxes	-	-	-	-	-
Lodgers tax	-	-	-	-	-
Other state shared taxes	-	5,802	-	-	-
Licenses and permits	-	1,030	-	-	-
Intergovernmental	-	29,400	-	-	199,756
Charges for services	-	137,745	5,425	-	-
Investment income	10,029	-	705	-	6,552
Miscellaneous	-	82	-	-	-
<b>Total revenues</b>	<u>1,333,682</u>	<u>174,059</u>	<u>6,130</u>	<u>647,926</u>	<u>206,308</u>
<b>EXPENDITURES</b>					
<b>Current operations:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	74,194
Public works	-	-	-	-	-
Culture and recreation	-	750,696	-	-	-
Health and welfare	-	-	8,141	-	-
<b>Capital outlay</b>	-	18,993	-	-	83,438
<b>Debt service:</b>					
Principal	-	-	-	-	73,322
Interest & fiscal charges	-	-	-	-	16,560
<b>Total expenditures</b>	<u>-</u>	<u>769,689</u>	<u>8,141</u>	<u>-</u>	<u>247,514</u>
<b>Excess (deficiency) of revenues over expenditures</b>	1,333,682	( 595,630)	( 2,011)	647,926	( 41,206)
<b>Other financing sources (uses):</b>					
Debt proceeds	-	-	-	-	-
Transfers in	-	655,000	-	-	-
Transfers (out)	( 1,280,039)	( 20,865)	-	( 594,696)	-
<b>Total other financing sources (uses)</b>	<u>( 1,280,039)</u>	<u>634,135</u>	<u>-</u>	<u>( 594,696)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>53,643</u>	<u>38,505</u>	<u>( 2,011)</u>	<u>53,230</u>	<u>( 41,206)</u>
<b>Fund balances, beginning of year</b>	232,737	47,717	60,551	99,064	222,500
<b>Restatement</b>	-	-	-	-	10,307
<b>Fund balances, as restated</b>	<u>232,737</u>	<u>47,717</u>	<u>60,551</u>	<u>99,064</u>	<u>232,807</u>
<b>Fund balances, end of year</b>	<u>\$ 286,380</u>	<u>\$ 86,222</u>	<u>\$ 58,540</u>	<u>\$ 152,294</u>	<u>\$ 191,601</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	1,170,026	-
-	-	-	3,726	25,118	-	-
4,147	-	31,400	-	-	-	-
-	-	-	-	-	-	-
-	881	-	-	-	16,551	-
-	-	-	-	-	3,622	95
<u>4,147</u>	<u>881</u>	<u>31,400</u>	<u>3,726</u>	<u>25,118</u>	<u>1,190,199</u>	<u>95</u>
-	-	-	-	-	811,033	-
-	-	-	-	3,418	-	-
4,198	-	-	-	-	-	2,058
-	-	-	-	-	-	-
-	-	41,430	-	-	-	-
-	-	-	-	-	-	-
<u>4,198</u>	<u>-</u>	<u>41,430</u>	<u>-</u>	<u>3,418</u>	<u>811,033</u>	<u>2,058</u>
( 51)	881	( 10,030)	3,726	21,700	379,166	( 1,963)
-	-	-	-	-	-	-
165	-	-	-	-	-	-
-	( 197,892)	-	-	-	( 105,600)	-
<u>165</u>	<u>( 197,892)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 105,600)</u>	<u>-</u>
<u>114</u>	<u>( 197,011)</u>	<u>( 10,030)</u>	<u>3,726</u>	<u>21,700</u>	<u>273,566</u>	<u>( 1,963)</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>\$ 114</u>	<u>\$ 881</u>	<u>\$ 22,957</u>	<u>\$ 8,370</u>	<u>\$ 43,249</u>	<u>\$ 1,052,862</u>	<u>\$ 4,953</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, 2008**

**Special Revenue**

	<b>Special Street Fund</b>	<b>Convention Center Fund</b>	<b>Utility Impact Fees Fund</b>	<b>Retired Senior Volunteer Fund</b>	<b>Forest Restoration Fund</b>
<b>REVENUES</b>					
Taxes					
Gross receipts tax	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	-
Lodgers' tax	-	-	-	-	-
Other shared taxes	171,551	-	-	-	-
Licenses and permits	-	-	358,007	-	-
Intergovernmental	-	-	-	25,095	471,584
Charges for services	-	164,900	-	-	-
Investment income	12,314	1,778	44,788	-	-
Miscellaneous	-	325	-	-	-
<b>Total revenues</b>	<b>183,865</b>	<b>167,003</b>	<b>402,795</b>	<b>25,095</b>	<b>471,584</b>
<b>EXPENDITURES</b>					
<b>Current operations:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	26,046	-	-	-	483,888
Culture and recreation	-	397,619	-	-	-
Health and welfare	-	-	-	37,050	-
<b>Capital outlay</b>	<b>70,301</b>	<b>-</b>	<b>7,611</b>	<b>-</b>	<b>-</b>
<b>Debt service:</b>					
Principal	75,460	-	-	-	-
Interest & fiscal charges	28,844	-	-	-	-
<b>Total expenditures</b>	<b>200,651</b>	<b>397,619</b>	<b>7,611</b>	<b>37,050</b>	<b>483,888</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>( 16,786)</b>	<b>( 230,616)</b>	<b>395,184</b>	<b>( 11,955)</b>	<b>( 12,304)</b>
<b>Other financing sources (uses):</b>					
Debt proceeds	-	-	-	-	-
Transfers in	-	215,000	-	-	24,633
Transfers (out)	-	( 12,599)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>202,401</b>	<b>-</b>	<b>-</b>	<b>24,633</b>
<b>Net change in fund balances</b>	<b>( 16,786)</b>	<b>( 28,215)</b>	<b>395,184</b>	<b>( 11,955)</b>	<b>12,329</b>
<b>Fund balances, beginning of year</b>	<b>223,367</b>	<b>129,269</b>	<b>1,475,894</b>	<b>6,917</b>	<b>52,066</b>
<b>Restatement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, as restated</b>	<b>223,367</b>	<b>129,269</b>	<b>1,475,894</b>	<b>6,917</b>	<b>52,066</b>
<b>Fund balances, end of year</b>	<b>\$ 206,581</b>	<b>\$ 101,054</b>	<b>\$ 1,871,078</b>	<b>( 5,038)</b>	<b>\$ 64,395</b>

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

**Special Revenue**

<u>Capital Equipment Fund</u>	<u>DWI Enforcement Fund</u>	<u>Special Projects Fund</u>	<u>Arts Commission Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,971,579
-	-	-	-	-
-	-	-	-	1,170,026
-	-	-	-	177,353
-	-	-	-	387,881
-	170,129	3,121	-	934,632
-	-	-	-	308,070
-	-	11,935	-	105,533
-	-	-	-	4,124
<u>-</u>	<u>170,129</u>	<u>15,056</u>	<u>-</u>	<u>5,059,198</u>
-	-	-	-	811,033
-	221,198	-	-	298,810
-	-	-	-	509,934
-	-	2,475	31,602	1,188,648
-	-	-	-	45,191
-	6,651	40,167	-	268,591
-	-	-	-	-
-	-	-	-	148,782
-	-	-	-	45,404
<u>-</u>	<u>227,849</u>	<u>42,642</u>	<u>31,602</u>	<u>3,316,393</u>
-	( 57,720)	( 27,586)	( 31,602)	1,742,805
-	-	-	-	-
-	-	-	40,000	934,798
-	-	-	-	( 2,211,691)
<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>( 1,276,893)</u>
-	( 57,720)	( 27,586)	8,398	465,912
20,000	75,985	470,076	17,811	4,177,238
-	-	-	-	10,307
<u>20,000</u>	<u>75,985</u>	<u>470,076</u>	<u>17,811</u>	<u>4,187,545</u>
<u>\$ 20,000</u>	<u>\$ 18,265</u>	<u>\$ 442,490</u>	<u>\$ 26,209</u>	<u>\$ 4,653,457</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, 2008**

	Debt Service			Capital Projects	
	General Obligation Fund	Revenue Bond Fund	Total	Infrastructue Capital Improvements Fund	Municipal Water Construction Fund
<b>REVENUES</b>					
Taxes					
Gross receipts tax	\$ -	\$ -	-	\$ -	\$ -
Property taxes	65	-	65	-	-
Lodgers' tax	-	-	-	-	-
Other state shared taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	35,765	-
Charges for services	-	-	-	-	-
Investment income	5	9,265	9,270	-	18,476
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>70</b>	<b>9,265</b>	<b>9,335</b>	<b>35,765</b>	<b>18,476</b>
<b>EXPENDITURES</b>					
<b>Current operations:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	85,394	9,209
Culture and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
<b>Capital outlay</b>	-	-	-	233,034	-
<b>Debt service:</b>					
Principal	-	563,967	563,967	-	-
Interest & fiscal charges	-	432,977	432,977	-	-
<b>Total expenditures</b>	<b>-</b>	<b>996,944</b>	<b>996,944</b>	<b>318,428</b>	<b>9,209</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>70</b>	<b>( 987,679)</b>	<b>( 987,609)</b>	<b>( 282,663)</b>	<b>9,267</b>
<b>Other financing sources (uses):</b>					
Debt proceeds	-	-	-	-	-
Transfers in	-	1,041,702	1,041,702	-	-
Transfers (out)	-	-	-	( 99,420)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>1,041,702</b>	<b>1,041,702</b>	<b>( 99,420)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>70</b>	<b>54,023</b>	<b>54,093</b>	<b>( 382,083)</b>	<b>9,267</b>
<b>Fund balances, beginning of year.</b>	<b>645,436</b>	<b>127,571</b>	<b>773,007</b>	<b>59,420</b>	<b>996,311</b>
<b>Restatement</b>	<b>-</b>	<b>48,938</b>	<b>48,938</b>	<b>-</b>	<b>10,000</b>
<b>Fund balances, as restated</b>	<b>645,436</b>	<b>176,509</b>	<b>821,945</b>	<b>59,420</b>	<b>1,006,311</b>
<b>Fund balances, end of year</b>	<b>\$ 645,506</b>	<b>\$ 230,532</b>	<b>876,038</b>	<b>\$ ( 322,663)</b>	<b>\$ 1,015,578</b>

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

**Capital Projects**

<u>Airport Improvement Fund</u>	<u>Fire Station Fund</u>	<u>Regional Wastewater Construction</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,971,579
-	-	-	-	65
-	-	-	-	1,170,026
-	-	-	-	177,353
-	-	-	-	387,881
155,362	-	400,000	591,127	1,525,759
-	-	-	-	308,070
-	-	-	18,476	133,279
-	26,997	-	26,997	31,121
<u>155,362</u>	<u>26,997</u>	<u>400,000</u>	<u>636,600</u>	<u>5,705,133</u>
-	-	164,339	164,339	975,372
-	-	-	-	298,810
-	-	-	94,603	604,537
-	-	-	-	1,188,648
-	-	-	-	45,191
300,482	1,348,682	400,526	2,282,724	2,551,315
-	-	-	-	712,749
-	-	-	-	478,381
<u>300,482</u>	<u>1,348,682</u>	<u>564,865</u>	<u>2,541,666</u>	<u>6,855,003</u>
( 145,120)	( 1,321,685)	( 164,865)	( 1,905,066)	( 1,149,870)
-	-	-	-	-
52,949	197,892	-	250,841	2,227,341
-	-	( 9,000)	( 108,420)	( 2,320,111)
<u>52,949</u>	<u>197,892</u>	<u>( 9,000)</u>	<u>142,421</u>	<u>( 92,770)</u>
( 92,171)	( 1,123,793)	( 173,865)	( 1,762,645)	( 1,242,640)
10,091	1,112,062	91,374	2,269,258	7,219,503
-	-	-	10,000	69,245
<u>10,091</u>	<u>1,112,062</u>	<u>91,374</u>	<u>2,279,258</u>	<u>7,288,748</u>
<u>\$( 82,080)</u>	<u>\$( 11,731)</u>	<u>\$( 82,491)</u>	<u>\$ 516,613</u>	<u>6,046,108</u>

(Continued)

**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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 1,238,329	\$ 1,238,329	\$ 1,323,653	\$ 85,324
Investment income	-	-	10,029	10,029
<b>Total revenues</b>	<u>1,238,329</u>	<u>1,238,329</u>	<u>1,333,682</u>	<u>95,353</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,238,329</u>	<u>1,238,329</u>	<u>1,333,682</u>	<u>95,353</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers (out)	( 1,280,039)	( 1,280,039)	( 1,280,039)	-
<b>Total other financing sources (uses)</b>	<u>( 1,280,039)</u>	<u>( 1,280,039)</u>	<u>( 1,280,039)</u>	<u>-</u>
<b>Net change in fund balances</b>	\$( <u>41,710</u> )	\$( <u>41,710</u> )	<u>53,643</u>	<u>95,353</u>
<b>Beginning cash balance</b>	<u>26,710</u>	<u>26,710</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 6,000	\$ 6,000	\$ 5,852	\$( 148)
Licenses and permits	700	700	1,030	330
Intergovernmental	62,100	62,100	29,400	( 32,700)
Charges for services	106,200	106,200	137,745	31,545
Miscellaneous	<u>250</u>	<u>250</u>	<u>82</u>	<u>( 168)</u>
<b>Total revenues</b>	<u>175,250</u>	<u>175,250</u>	<u>174,109</u>	<u>( 1,141)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	805,000	807,032	762,868	44,164
<b>Capital outlay:</b>	<u>50,000</u>	<u>50,000</u>	<u>18,993</u>	<u>31,007</u>
<b>Total expenditures</b>	<u>855,000</u>	<u>857,032</u>	<u>781,861</u>	<u>75,171</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 679,750)</u>	<u>( 681,782)</u>	<u>( 607,752)</u>	<u>74,030</u>
<b>Other financing sources (uses):</b>				
Transfers in	655,000	655,000	655,000	-
Transfers (out)	<u>( 20,865)</u>	<u>( 20,865)</u>	<u>( 20,865)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>634,135</u>	<u>634,135</u>	<u>634,135</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$( 45,615)</u>	<u>\$( 47,647)</u>	<u>\$ 26,383</u>	<u>\$ 74,030</u>
<b>Beginning cash balance</b>	<u>\$ 67,341</u>	<u>\$ 67,341</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$ 26,383	
<b>Change in receivables</b>			( 50)	
<b>Change in payables</b>			2,309	
<b>Change in accrued payroll liabilities</b>			<u>9,863</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$ 38,505</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 10,000	\$ 10,000	\$ 5,025	\$( 4,975)
Sale of Assets	600	700	400	( 300)
Investment income	-	-	705	705
<b>Total revenues</b>	<u>10,600</u>	<u>10,700</u>	<u>6,130</u>	<u>( 4,570)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Health and welfare	<u>35,305</u>	<u>35,305</u>	<u>8,141</u>	<u>27,164</u>
<b>Total expenditures</b>	<u>35,305</u>	<u>35,305</u>	<u>8,141</u>	<u>27,164</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 24,705)</u>	<u>( 24,605)</u>	<u>( 2,011)</u>	<u>22,594</u>
<b>Net change in fund balances</b>	<u>\$( 24,705)</u>	<u>\$( 24,605)</u>	<u>\$( 2,011)</u>	<u>\$ 22,594</u>
<b>Beginning cash &amp; investments balance</b>	<u>\$ 60,551</u>	<u>\$ 60,551</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 594,696	\$ 594,696	\$ 527,914	\$( 66,782)
<b>Total revenues</b>	<u>594,696</u>	<u>594,696</u>	<u>527,914</u>	<u>( 66,782)</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>594,696</u>	<u>594,696</u>	<u>527,914</u>	<u>( 66,782)</u>
<b>Other financing sources (uses):</b>				
Transfers (out)	( 594,696)	( 594,696)	( 594,696)	-
<b>Total other financing     sources (uses)</b>	<u>( 594,696)</u>	<u>( 594,696)</u>	<u>( 594,696)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$( 66,782)</u>	<u>\$( 66,782)</u>
 <b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 66,782)	
<b>Change in receivables</b>			<u>120,012</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$ 53,230</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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 158,833	\$ 178,833	\$ 199,756	\$ 20,923
Miscellaneous	<u>24,000</u>	<u>5,000</u>	<u>6,552</u>	<u>1,552</u>
<b>Total revenues</b>	<u>182,833</u>	<u>183,833</u>	<u>206,308</u>	<u>22,475</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public safety	92,809	88,412	68,760	19,652
<b>Capital outlay:</b>	20,000	20,000	83,438	( 63,438)
<b>Debt service:</b>				
Principal	73,000	73,322	73,322	-
Interest & fiscal charges	<u>16,000</u>	<u>16,577</u>	<u>15,169</u>	<u>1,408</u>
<b>Total expenditures</b>	<u>201,809</u>	<u>198,311</u>	<u>240,689</u>	<u>( 42,378)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 18,976)</u>	<u>( 14,478)</u>	<u>( 34,381)</u>	<u>( 19,903)</u>
<b>Net change in fund balances</b>	<u>\$( 18,976)</u>	<u>\$( 14,478)</u>	<u>\$( 34,381)</u>	<u>\$( 19,903)</u>
<b>Beginning cash balance</b>	<u>\$ 124,203</u>	<u>\$ 124,203</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 34,381)	
Change in payables			<u>( 6,825)</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 41,206)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 4,542	\$ 4,542	\$ 4,147	\$( 395)
<b>Total revenues</b>	<u>4,542</u>	<u>4,542</u>	<u>4,147</u>	<u>( 395)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	-	-	4,198	( 4,198)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>4,198</u>	<u>( 4,198)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>4,542</u>	<u>4,542</u>	<u>( 51)</u>	<u>( 4,593)</u>
<b>Other financing sources (uses):</b>				
Transfers out	( 4,542)	( 4,542)	-	4,542
Transfers in	-	-	165	165
<b>Total other financing sources (uses)</b>	<u>( 4,542)</u>	<u>( 4,542)</u>	<u>165</u>	<u>4,707</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ 114</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment income	\$ -	\$ -	\$ 881	\$ 881
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>881</u>	<u>881</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>881</u>	<u>881</u>
<b>Other financing sources (uses):</b>				
Transfers out	( 197,892)	( 197,892)	( 197,892)	-
<b>Total other financing sources (uses)</b>	<u>( 197,892)</u>	<u>( 197,892)</u>	<u>( 197,892)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ ( 197,011)</u>	<u>\$ 881</u>
<b>Beginning cash &amp; investments balance</b>	<u>\$ 197,892</u>	<u>\$ 197,892</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 32,000	\$ 31,400	\$ 31,400	\$ -
<b>Total revenues</b>	<u>32,000</u>	<u>31,400</u>	<u>31,400</u>	<u>-</u>
<b>EXPENDITURES</b>				
Capital outlay:	64,387	64,387	41,430	22,957
<b>Total expenditures</b>	<u>64,387</u>	<u>64,387</u>	<u>41,430</u>	<u>22,957</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 32,387)</u>	<u>( 32,987)</u>	<u>( 10,030)</u>	<u>22,957</u>
<b>Net change in fund balances</b>	<u>\$( 32,387)</u>	<u>\$( 32,987)</u>	<u>\$( 10,030)</u>	<u>\$ 22,957</u>
<b>Beginning cash balance</b>	<u>\$ 32,987</u>	<u>\$ 32,987</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>REVENUES</b>				
Licenses and permits	\$ 2,500	\$ 2,500	\$ 3,726	\$ 1,226
<b>Total revenues</b>	<u>2,500</u>	<u>2,500</u>	<u>3,726</u>	<u>1,226</u>
<b>EXPENDITURES</b>				
Public safety	<u>4,632</u>	<u>4,632</u>	-	<u>4,632</u>
<b>Total expenditures</b>	<u>4,632</u>	<u>4,632</u>	-	<u>4,632</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 2,132)</u>	<u>( 2,132)</u>	<u>3,726</u>	<u>5,858</u>
<b>Net change in fund balances</b>	<u>\$( 2,132)</u>	<u>\$( 2,132)</u>	<u>\$ 3,726</u>	<u>\$ 5,858</u>
<b>Beginning cash balance</b>	<u>\$ 4,644</u>	<u>\$ 4,644</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses and permits	\$ 16,600	\$ 16,600	\$ 25,118	\$ 8,518
<b>Total revenues</b>	<u>16,600</u>	<u>16,600</u>	<u>25,118</u>	<u>8,518</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public safety	<u>38,069</u>	<u>38,069</u>	<u>3,418</u>	<u>34,651</u>
<b>Total expenditures</b>	<u>38,069</u>	<u>38,069</u>	<u>3,418</u>	<u>34,651</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 21,469)</u>	<u>( 21,469)</u>	<u>21,700</u>	<u>43,169</u>
<b>Net change in fund balances</b>	<u>\$( 21,469)</u>	<u>\$( 21,469)</u>	<u>\$ 21,700</u>	<u>\$ 43,169</u>
<b>Beginning cash balance</b>	<u>\$ 21,549</u>	<u>\$ 21,549</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 1,052,500	\$ 1,072,500	\$ 1,231,170	\$ 158,670
Investment income	-	-	16,551	16,551
Miscellaneous	<u>500</u>	<u>500</u>	<u>3,622</u>	<u>3,122</u>
<b>Total revenues</b>	<u>1,053,000</u>	<u>1,073,000</u>	<u>1,251,343</u>	<u>178,343</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	<u>930,061</u>	<u>923,061</u>	<u>811,033</u>	<u>112,028</u>
<b>Total expenditures</b>	<u>930,061</u>	<u>923,061</u>	<u>811,033</u>	<u>112,028</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>122,939</u>	<u>149,939</u>	<u>440,310</u>	<u>290,371</u>
<b>Other financing sources (uses):</b>				
Transfers (out)	<u>( 85,600)</u>	<u>( 105,600)</u>	<u>( 105,600)</u>	<u>-</u>
<b>Total other financing     sources (uses)</b>	<u>( 85,600)</u>	<u>( 105,600)</u>	<u>( 105,600)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 37,339</u>	<u>\$ 44,339</u>	<u>\$ 334,710</u>	<u>\$ 290,371</u>
<b>Beginning cash balance</b>	<u>\$ 259,449</u>	<u>\$ 259,449</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$ 334,710	
Change in receivables			<u>( 61,144)</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$ 273,566</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 95	\$ 95
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	<u>5,135</u>	<u>5,135</u>	<u>2,058</u>	<u>3,077</u>
<b>Total expenditures</b>	<u>5,135</u>	<u>5,135</u>	<u>2,058</u>	<u>3,077</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 5,135)</u>	<u>( 5,135)</u>	<u>( 1,963)</u>	<u>3,172</u>
<b>Net change in fund balances</b>	<u>\$( 5,135)</u>	<u>\$( 5,135)</u>	<u>\$( 1,963)</u>	<u>\$ 3,172</u>
<b>Beginning cash balance</b>	<u>\$ 6,916</u>	<u>\$ 6,916</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 197,000	\$ 197,000	\$ 193,213	\$( 3,787)
Miscellaneous	<u>538,809</u>	<u>538,809</u>	<u>12,314</u>	<u>( 526,495)</u>
<b>Total revenues</b>	<u>735,809</u>	<u>735,809</u>	<u>205,527</u>	<u>( 530,282)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public works	97,816	97,816	26,046	71,770
<b>Capital outlay</b>	538,809	538,809	430,299	108,510
<b>Debt service:</b>				
Principal	75,460	75,460	75,460	-
Interest & fiscal charges	<u>28,844</u>	<u>28,844</u>	<u>28,844</u>	<u>-</u>
<b>Total expenditures</b>	<u>740,929</u>	<u>740,929</u>	<u>560,649</u>	<u>180,280</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 5,120)</u>	<u>( 5,120)</u>	<u>( 355,122)</u>	<u>( 350,002)</u>
<b>Net change in fund balances</b>	<u>\$( 5,120)</u>	<u>\$( 5,120)</u>	<u>\$( 355,122)</u>	<u>\$( 350,002)</u>
<b>Beginning cash &amp; investments balance</b>	<u>\$ 497,980</u>	<u>\$ 497,980</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 355,122)	
<b>Change in receivables</b>			( 21,662)	
<b>Change in payables</b>			<u>359,998</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 16,786)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services	\$ 178,900	\$ 178,900	\$ 166,472	\$( 12,428)
Miscellaneous	<u>-</u>	<u>-</u>	<u>2,103</u>	<u>2,103</u>
<b>Total revenues</b>	<u>178,900</u>	<u>178,900</u>	<u>168,575</u>	<u>( 10,325)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	<u>481,687</u>	<u>481,687</u>	<u>397,515</u>	<u>84,172</u>
<b>Total expenditures</b>	<u>481,687</u>	<u>481,687</u>	<u>397,515</u>	<u>84,172</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 302,787)</u>	<u>( 302,787)</u>	<u>( 228,940)</u>	<u>73,847</u>
<b>Other financing sources (uses):</b>				
Transfers in	215,000	215,000	215,000	-
Transfers (out)	<u>( 12,599)</u>	<u>( 12,599)</u>	<u>( 12,599)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>202,401</u>	<u>202,401</u>	<u>202,401</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$( 100,386)</u>	<u>\$( 100,386)</u>	<u>\$( 26,539)</u>	<u>\$ 73,847</u>
<b>Beginning cash balance</b>	<u>\$ 147,366</u>	<u>\$ 147,366</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 26,539)	
<b>Change in accrued payroll liabilities</b>			( 104)	
<b>Change in refundable deposits</b>			<u>( 1,572)</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 28,215)</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Licenses and permits	\$ 352,508	\$ 352,508	\$ 358,007	\$ 5,499
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>44,788</u>	<u>( 5,212)</u>
<b>Total revenues</b>	<u>402,508</u>	<u>402,508</u>	<u>402,795</u>	<u>287</u>
<b>EXPENDITURES</b>				
Capital outlay:	<u>1,354,142</u>	<u>1,354,142</u>	<u>7,611</u>	<u>1,346,531</u>
<b>Total expenditures</b>	<u>1,354,142</u>	<u>1,354,142</u>	<u>7,611</u>	<u>1,346,531</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 951,634)</u>	<u>( 951,634)</u>	<u>395,184</u>	<u>1,346,818</u>
<b>Net change in fund balances</b>	<u>\$( 951,634)</u>	<u>\$( 951,634)</u>	<u>\$ 395,184</u>	<u>\$ 1,346,818</u>
<b>Beginning cash &amp; investments balance</b>	<u>\$ 1,465,894</u>	<u>\$ 1,465,894</u>		

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

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
RETIRE 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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 37,085	\$ 37,085	\$ 28,547	\$( 8,538)
<b>Total revenues</b>	<u>37,085</u>	<u>37,085</u>	<u>28,547</u>	<u>( 8,538)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Health and welfare	37,085	37,085	37,046	39
<b>Total expenditures</b>	<u>37,085</u>	<u>37,085</u>	<u>37,046</u>	<u>39</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>-</u>	<u>( 8,499)</u>	<u>( 8,499)</u>
<b>Other financing sources (uses):</b>				
Transfers (out)	-	( 3,743)	-	( 3,743)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>( 3,743)</u>	<u>-</u>	<u>( 3,743)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$( 3,743)</u>	<u>\$( 8,499)</u>	<u>\$( 12,242)</u>
<b>Beginning cash balance</b>	<u>\$ 3,743</u>	<u>\$ 3,743</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 8,499)	
Change in accounts receivable			( 3,452)	
Change in accrued payroll liabilities			( 4)	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 11,955)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 214,485	\$ 214,485	\$ 374,651	\$ 160,166
<b>Total revenues</b>	<u>214,485</u>	<u>214,485</u>	<u>374,651</u>	<u>160,166</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public works	<u>268,859</u>	<u>268,859</u>	<u>483,888</u>	<u>( 215,029)</u>
<b>Total expenditures</b>	<u>268,859</u>	<u>268,859</u>	<u>483,888</u>	<u>( 215,029)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 54,374)</u>	<u>( 54,374)</u>	<u>( 109,237)</u>	<u>( 54,863)</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>24,633</u>	<u>24,633</u>	<u>24,633</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>24,633</u>	<u>24,633</u>	<u>24,633</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ ( 29,741)</u>	<u>\$ ( 29,741)</u>	<u>\$ ( 84,604)</u>	<u>\$ ( 54,863)</u>
<b>Beginning cash balance</b>	<u>\$ 29,741</u>	<u>\$ 29,741</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 84,604)	
Change in receivables			41,418	
Change in deferred revenues			<u>55,515</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$ 12,329</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	\$ -	\$ 20,000	\$ -	\$ 20,000
<b>Total expenditures</b>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>( 20,000)</u>	<u>-</u>	<u>( 20,000)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$( 20,000)</u>	<u>\$ -</u>	<u>\$ 20,000</u>
<b>Beginning cash balance</b>	<u>\$ 20,000</u>	<u>\$ 20,000</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 184,602	\$ 184,602	\$ 188,871	\$ 4,269
<b>Total revenues</b>	<u>184,602</u>	<u>184,602</u>	<u>188,871</u>	<u>4,269</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public safety	240,580	184,840	221,198	( 36,358)
<b>Capital outlay:</b>	-	-	6,651	( 6,651)
<b>Total expenditures</b>	<u>240,580</u>	<u>184,840</u>	<u>227,849</u>	<u>( 43,009)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 55,978)</u>	<u>( 238)</u>	<u>( 38,978)</u>	<u>( 38,740)</u>
<b>Net change in fund balances</b>	<u>\$( 55,978)</u>	<u>\$( 238)</u>	<u>\$( 38,978)</u>	<u>\$( 38,740)</u>
<b>Beginning cash balance</b>	<u>\$ 57,243</u>	<u>\$ 57,243</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 38,978)	
<b>Change in receivables</b>			( 18,742)	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 57,720)</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 3,121	\$ 3,121
Investment income	-	-	11,935	11,935
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>15,056</u>	<u>15,056</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	-	4,128	2,475	1,653
<b>Capital outlay:</b>	-	307,630	40,167	267,463
<b>Total expenditures</b>	<u>-</u>	<u>311,758</u>	<u>42,642</u>	<u>269,116</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>( 311,758)</u>	<u>( 27,586)</u>	<u>284,172</u>
<b>Other financing sources (uses):</b>				
Debt proceeds	-	333,812	-	( 333,812)
Transfers (out)	-	( 22,054)	-	22,054
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>311,758</u>	<u>-</u>	<u>( 311,758)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ ( 27,586)</u>	<u>\$ ( 27,586)</u>
<b>Beginning cash balance</b>	<u>\$ 373,793</u>	<u>\$ 373,793</u>		

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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Culture and recreation	\$ <u>17,811</u>	\$ <u>17,811</u>	\$ <u>31,602</u>	\$ <u>13,791</u>
<b>Total expenditures</b>	<u>17,811</u>	<u>17,811</u>	<u>31,602</u>	<u>13,791</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<b>Total other financing     sources (uses)</b>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
<b>Net change in fund balances</b>	\$( <u>17,811</u> )	\$ <u>22,189</u>	\$ <u>8,398</u>	\$ <u>13,791</u>
<b>Beginning cash balance</b>	\$ <u>17,811</u>	\$ <u>17,811</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 10	\$ 10	\$ 65	\$ 55
Miscellaneous	<u>2,000</u>	<u>2,000</u>	( 942)	( 2,942)
<b>Total revenues</b>	<u>2,010</u>	<u>2,010</u>	( 877)	( 2,887)
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,010</u>	<u>2,010</u>	( 877)	( 2,887)
<b>Other financing sources (uses):</b>				
Transfers (out)	( 4,935)	( 4,935)	-	4,935
<b>Total other financing     sources (uses)</b>	( 4,935)	( 4,935)	-	4,935
<b>Net change in fund balances</b>	<u>\$( 2,925)</u>	<u>\$( 2,925)</u>	<u>\$( 877)</u>	<u>\$ 2,048</u>
<b>Beginning cash balance</b>	<u>\$ 443,172</u>	<u>\$ 443,172</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 877)	
Change in deferred revenue			<u>947</u>	
Net change in fund balances GAAP basis			<u>\$ 70</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, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ -	\$ 50	\$ 9,265	\$ 9,215
<b>Total revenues</b>	-	50	9,265	9,215
<b>EXPENDITURES</b>				
<b>Debt service:</b>				
Principal	795,355	795,355	494,046	301,309
Interest & fiscal charges	432,977	432,977	432,977	-
<b>Total expenditures</b>	1,228,332	1,228,332	927,023	301,309
<b>Excess (deficiency) of revenues over expenditures</b>	( 1,228,332)	( 1,228,282)	( 917,758)	310,524
<b>Other financing sources (uses):</b>				
Transfers in	1,225,332	1,225,332	1,041,702	( 183,630)
<b>Total other financing sources (uses)</b>	1,225,332	1,225,332	1,041,702	( 183,630)
<b>Net change in fund balances</b>	\$( 3,000)	\$( 2,950)	\$ 123,944	\$ 126,894
<b>Beginning cash balance</b>	\$ 127,571	\$ 127,571		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$ 123,944	
Change in payables			( 69,921)	
Net change in fund balances GAAP basis			\$ 54,023	

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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 574,420	\$ 574,420	\$ 95,185	\$( 479,235)
<b>Total revenues</b>	<u>574,420</u>	<u>574,420</u>	<u>95,185</u>	<u>( 479,235)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public works	-	-	85,394	( 85,394)
<b>Capital outlay:</b>	<u>475,000</u>	<u>475,000</u>	<u>233,034</u>	<u>241,966</u>
<b>Total expenditures</b>	<u>475,000</u>	<u>475,000</u>	<u>318,428</u>	<u>156,572</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>99,420</u>	<u>99,420</u>	<u>( 223,243)</u>	<u>( 322,663)</u>
<b>Other financing sources (uses):</b>				
Transfers (out)	( 99,420)	( 99,420)	( 99,420)	-
<b>Total other financing     sources (uses)</b>	<u>( 99,420)</u>	<u>( 99,420)</u>	<u>( 99,420)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$( 322,663)</u>	<u>\$( 322,663)</u>
<b>Beginning cash balance</b>	<u>\$ -</u>	<u>\$ -</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
Net increase (decrease) in fund balances budget basis			\$( 322,663)	
Change in receivables			( 59,420)	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 382,083)</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Miscellaneous	\$ 30,000	\$ 30,000	\$ 18,476	\$( 11,524)
<b>Total revenues</b>	<u>30,000</u>	<u>30,000</u>	<u>18,476</u>	<u>( 11,524)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Public works	10,000	10,000	9,209	791
<b>Capital outlay:</b>	<u>980,261</u>	<u>980,261</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>990,261</u>	<u>990,261</u>	<u>9,209</u>	<u>981,052</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 960,261)</u>	<u>( 960,261)</u>	<u>9,267</u>	<u>969,528</u>
<b>Net change in fund balances</b>	<u>\$( 960,261)</u>	<u>\$( 960,261)</u>	<u>\$ 9,267</u>	<u>\$ 969,528</u>
<b>Beginning cash balance</b>	<u>\$ 996,311</u>	<u>\$ 996,311</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ <u>1,295,125</u>	\$ <u>1,295,125</u>	\$ <u>155,362</u>	\$( <u>1,139,763</u> )
<b>Total revenues</b>	<u>1,295,125</u>	<u>1,295,125</u>	<u>155,362</u>	<u>( 1,139,763)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General Government	-	-	-	-
<b>Capital outlay:</b>	<u>870,000</u>	<u>1,358,165</u>	<u>300,482</u>	<u>1,057,683</u>
<b>Total expenditures</b>	<u>870,000</u>	<u>1,358,165</u>	<u>300,482</u>	<u>1,057,683</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>425,125</u>	<u>( 63,040)</u>	<u>( 145,120)</u>	<u>( 82,080)</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>52,949</u>	<u>52,949</u>	<u>52,949</u>	<u>-</u>
<b>Total other financing     sources (uses)</b>	<u>52,949</u>	<u>52,949</u>	<u>52,949</u>	<u>-</u>
<b>Net change in fund balances</b>	\$ <u>478,074</u>	\$ <u>( 10,091)</u>	\$ <u>( 92,171)</u>	\$ <u>( 82,080)</u>
<b>Beginning cash balance</b>	\$ <u>10,091</u>	\$ <u>10,091</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>REVENUES</b>				
Miscellaneous	\$ 20,000	\$ 20,000	\$ 26,997	\$ 6,997
<b>Total revenues</b>	<u>20,000</u>	<u>20,000</u>	<u>26,997</u>	<u>6,997</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
Capital Outlay	<u>1,706,237</u>	<u>1,706,237</u>	<u>1,735,667</u>	<u>( 29,430)</u>
<b>Total expenditures</b>	<u>1,706,237</u>	<u>1,706,237</u>	<u>1,735,667</u>	<u>( 29,430)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>( 1,686,237)</u>	<u>( 1,686,237)</u>	<u>( 1,708,670)</u>	<u>( 22,433)</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>197,892</u>	<u>197,892</u>	<u>197,892</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>197,892</u>	<u>197,892</u>	<u>197,892</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$( 1,488,345)</u>	<u>\$( 1,488,345)</u>	<u>\$( 1,510,778)</u>	<u>\$( 22,433)</u>
<b>Beginning cash &amp; investments balance</b>	<u>\$ 1,499,047</u>	<u>\$ 1,499,047</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 1,510,778)	
<b>Change in accounts payable</b>			<u>386,985</u>	
<b>Net change in fund balances GAAP basis</b>			<u>\$( 1,123,793)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 3,487,164	\$ 400,000	\$( 3,087,164)
<b>Total revenues</b>	<u>-</u>	<u>3,487,164</u>	<u>400,000</u>	<u>( 3,087,164)</u>
<b>EXPENDITURES</b>				
<b>Current operations:</b>				
General government	-	-	164,339	( 164,339)
<b>Capital outlay:</b>	<u>-</u>	<u>3,313,825</u>	<u>400,526</u>	<u>2,913,299</u>
<b>Total expenditures</b>	<u>-</u>	<u>3,313,825</u>	<u>564,865</u>	<u>2,748,960</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>-</u>	<u>173,339</u>	<u>( 164,865)</u>	<u>( 338,204)</u>
<b>Other financing sources (uses):</b>				
Transfers (out)	<u>-</u>	<u>( 173,339)</u>	<u>( 9,000)</u>	<u>164,339</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>( 173,339)</u>	<u>( 9,000)</u>	<u>164,339</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$( 173,865)</u>	<u>\$( 173,865)</u>
<b>Beginning cash balance</b>	<u>\$ 91,374</u>	<u>\$ 91,374</u>		

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



**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
GO BOND - RWWTP 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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 2,390	\$ 2,390
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>2,390</u>	<u>2,390</u>
<b>EXPENDITURES</b>				
Interest and fiscal charges	-	159,340	159,340	-
<b>Total expenditures</b>	<u>-</u>	<u>159,340</u>	<u>159,340</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Debt proceeds	-	12,600,000	12,600,000	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>12,600,000</u>	<u>12,600,000</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ 12,600,000</u>	<u>\$ 12,443,050</u>	<u>\$ -</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		(Negative)
<b>Operating Revenues:</b>				
Charges for services	\$ 4,202,286	\$ 4,182,286	\$ 4,448,806	\$ 266,520
Miscellaneous revenues	<u>7,400</u>	<u>7,400</u>	<u>65,194</u>	<u>57,794</u>
<b>Total operating revenues</b>	<u>4,209,686</u>	<u>4,189,686</u>	<u>4,514,000</u>	<u>324,314</u>
<b>Operating Expenses:</b>				
<b>Current operations:</b>				
Personnel services	1,778,000	1,776,649	1,597,754	178,895
General operating	4,132,809	4,267,014	1,203,641	3,063,373
Capital outlay	<u>2,724,832</u>	<u>2,547,876</u>	<u>2,642,487</u>	( 94,611)
<b>Total operating expenses</b>	<u>8,635,641</u>	<u>8,591,539</u>	<u>5,443,882</u>	<u>3,147,657</u>
<b>Operating income (loss)</b>	( 4,425,955)	( 4,401,853)	( 929,882)	<u>3,471,971</u>
<b>Non-operating revenues (expenses):</b>				
State grants	-	-	-	-
Interest income	120,000	140,000	84,639	( 55,361)
Interfund services	( 254,008)	( 292,207)	( 287,327)	4,880
Retirement of debt	( 309,000)	( 309,000)	( 302,405)	<u>6,595</u>
<b>Total non-operating revenues (expenses)</b>	( 443,008)	( 461,207)	( 505,093)	( 43,886)
<b>Other financing sources (uses):</b>				
Transfers in	3,492,817	3,831,992	1,850,000	1,981,992
Transfers (out)	<u>-</u>	( 339,175)	( 155,545)	<u>183,630</u>
<b>Total other financing sources (uses)</b>	<u>3,492,817</u>	<u>3,492,817</u>	<u>1,694,455</u>	<u>1,798,362</u>
<b>Net change in fund balance</b>	\$( <u>1,376,146</u> )	\$( <u>1,370,243</u> )	\$ <u>259,480</u>	<u>1,629,723</u>
<b>Beginning cash &amp; investments balance</b>	\$ <u>2,927,367</u>	\$ <u>2,927,367</u>		

**RECONCILIATION TO GAAP BASIS**

<b>Net increase (decrease) in fund balances budget basis</b>	\$ 259,480
Capital assets purchased	2,642,487
Depreciation expense	( 1,860,153)
Change in accounts receivable	123,122
Accrued liabilities	( 1,223,172)
Accrued interest payable	( 5,717)
Amortization of bond issue costs	( 6,432)
Debt liability	<u>210,275</u>
<b>Change in net assets GAAP Basis</b>	\$ <u>139,890</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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Postive (Negative)
<b>Operating Revenues:</b>				
Charges for services	\$ 981,180	\$ 977,880	\$ 678,885	\$( 298,995)
Miscellaneous revenues	-	8,300	16,072	7,772
<b>Total operating revenues</b>	<u>981,180</u>	<u>986,180</u>	<u>694,957</u>	<u>( 291,223)</u>
<b>Operating Expenses:</b>				
Personnel services	447,000	447,642	410,674	36,968
General operating	699,749	700,803	740,016	( 39,213)
Capital outlay	25,000	23,304	10,064	13,240
<b>Total operating expenses</b>	<u>1,171,749</u>	<u>1,171,749</u>	<u>1,160,754</u>	<u>10,995</u>
<b>Operating income (loss)</b>	<u>( 190,569)</u>	<u>( 185,569)</u>	<u>( 465,797)</u>	<u>( 280,228)</u>
<b>Non-operating revenues (expenses):</b>				
Interfund services	( 60,339)	( 60,339)	( 47,339)	13,000
<b>Total non-operating revenues (expenses)</b>	<u>( 60,339)</u>	<u>( 60,339)</u>	<u>( 47,339)</u>	<u>13,000</u>
<b>Other financing sources (uses):</b>				
Transfers in	235,728	280,795	280,795	-
Transfers (out)	-	( 45,067)	( 45,067)	-
<b>Total other financing sources (uses)</b>	<u>235,728</u>	<u>235,728</u>	<u>235,728</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$( 15,180)</u>	<u>\$( 10,180)</u>	<u>\$( 277,408)</u>	<u>\$( 267,228)</u>
<b>Beginning cash balance</b>	<u>\$ 51,939</u>	<u>\$ 51,939</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 277,408)	
Capital assets purchased			10,064	
Depreciation expense			( 753,954)	
Change in accounts receivable			87,644	
Change in payables			( 6,973)	
<b>Change in net assets GAAP Basis</b>			<u>\$( 940,627)</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Operating Revenues:</b>				
Charges for services	\$ 2,365,869	\$ 2,365,869	\$ 2,544,532	\$ 178,663
<b>Total operating revenues</b>	<u>2,365,869</u>	<u>2,365,869</u>	<u>2,544,532</u>	<u>178,663</u>
<b>Operating Expenses:</b>				
Personnel services	831,403	831,403	840,745	( 9,342)
General operating	1,431,403	1,431,403	833,861	597,542
Capital outlay	<u>832,582</u>	<u>832,582</u>	<u>800,736</u>	<u>31,846</u>
<b>Total operating expenses</b>	<u>3,095,388</u>	<u>3,095,388</u>	<u>2,475,342</u>	<u>620,046</u>
<b>Operating income (loss)</b>	<u>( 729,519)</u>	<u>( 729,519)</u>	<u>69,190</u>	<u>798,709</u>
<b>Non-operating revenues (expenses):</b>				
Taxes	148,150	148,150	148,195	45
Interfund services	-	-	( 144,296)	( 144,296)
Retirement of debt	( 230,000)	( 231,800)	( 280,298)	( 48,498)
Interest income	<u>-</u>	<u>-</u>	<u>36,045</u>	<u>36,045</u>
<b>Total non-operating revenues (expenses)</b>	<u>( 81,850)</u>	<u>( 83,650)</u>	<u>( 240,354)</u>	<u>( 156,704)</u>
<b>Other financing sources (uses):</b>				
Transfers (out)	<u>( 127,579)</u>	<u>( 127,579)</u>	<u>( 127,579)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>( 127,579)</u>	<u>( 127,579)</u>	<u>( 127,579)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ ( 938,948)</u>	<u>\$ ( 940,748)</u>	<u>\$ ( 298,743)</u>	<u>\$ 642,005</u>
<b>Beginning cash balance</b>	<u>\$ 1,416,865</u>	<u>\$ 1,416,865</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 298,743)	
Capital assets purchased			800,736	
Depreciation expense			( 356,134)	
Change in accounts receivable			3,982	
Accrued liabilities			1,624	
Debt liability			<u>235,806</u>	
<b>Change in net assets GAAP Basis</b>			<u>\$ 387,271</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, 2008**

	<u>Merit Liability Fund</u>	<u>Internal Service Fund</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 98,174	\$ 11,534	\$ 109,708
Investments	120,000	-	120,000
Inventory	-	33,281	33,281
<b>Total current assets</b>	<u>218,174</u>	<u>44,815</u>	<u>262,989</u>
<b>Capital assets:</b>			
Capital assets being depreciated, net	-	115,745	115,745
<b>Total capital assets</b>	<u>-</u>	<u>115,745</u>	<u>115,745</u>
<b>Total assets</b>	<u>218,174</u>	<u>160,560</u>	<u>378,734</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accrued payroll liabilities	-	12,748	12,748
<b>Total current liabilities</b>	<u>-</u>	<u>12,748</u>	<u>12,748</u>
<b>Long term liabilities:</b>			
Compensated absences	-	20,947	20,947
<b>Total long-term liabilities</b>	<u>-</u>	<u>20,947</u>	<u>20,947</u>
<b>Total liabilities</b>	<u>-</u>	<u>33,695</u>	<u>33,695</u>
<b>Net Assets</b>			
Invested in capital assets	-	115,745	115,745
Unrestricted	218,174	11,120	229,294
<b>Total net assets</b>	<u>\$ 218,174</u>	<u>\$ 126,865</u>	<u>\$ 345,039</u>

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 CHANGE IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Merit Liability Fund</u>	<u>Internal Service Fund</u>	<u>Total Internal Service Funds</u>
<b>Operating Revenues:</b>			
Charges for services	\$ -	\$ 55,705	\$ 55,705
Miscellaneous revenues	-	17,031	17,031
<b>Total operating revenues</b>	<u>-</u>	<u>72,736</u>	<u>72,736</u>
<b>Operating Expenses:</b>			
Personnel services	2,164	342,074	344,238
General operating	-	663,588	663,588
Depreciation	-	13,775	13,775
<b>Total operating expenses</b>	<u>2,164</u>	<u>1,019,437</u>	<u>1,021,601</u>
<b>Operating income (loss)</b>	<u>( 2,164)</u>	<u>( 946,701)</u>	<u>( 948,865)</u>
<b>Non-operating revenues (expenses):</b>			
Interest income	1,586	-	1,586
<b>Total non-operating revenues (expenses)</b>	<u>1,586</u>	<u>-</u>	<u>1,586</u>
<b>Other financing sources (uses):</b>			
Transfers in	90,000	844,407	934,407
<b>Total other financing sources (uses)</b>	<u>90,000</u>	<u>844,407</u>	<u>934,407</u>
<b>Change in net assets</b>	89,422	( 102,294)	( 12,872)
<b>Net assets, beginning of year</b>	<u>128,752</u>	<u>229,159</u>	<u>357,911</u>
<b>Net assets, end of year</b>	<u>\$ 218,174</u>	<u>\$ 126,865</u>	<u>\$ 345,039</u>

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, 2008**

	<u>Merit Liability Fund</u>	<u>Internal Service Fund</u>	<u>Total Internal Service Funds</u>
<b>Cash flows from operating activities</b>			
Cash received from interfund services provided	\$ -	\$ 72,736	\$ 72,736
Cash payments to suppliers for goods and services	-	( 635,002)	(635,002)
Cash payments to employees for services	( 2,164)	( 348,935)	(351,099)
Net cash provided by operating activities	<u>(2,164)</u>	<u>(911,201)</u>	<u>(913,365)</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers from other funds	<u>90,000</u>	<u>844,407</u>	<u>934,407</u>
Net cash provided by capital and related activities	<u>90,000</u>	<u>844,407</u>	<u>934,407</u>
<b>Cash flows from investing activities</b>			
Interest on investments	<u>121,586</u>	<u>-</u>	<u>121,586</u>
Net cash provided by capital and related activities	<u>121,586</u>	<u>-</u>	<u>121,586</u>
Net increase (decrease) in cash and cash equivalents	209,422	(66,794)	142,628
Cash and equivalents beginning of year	<u>8,752</u>	<u>78,328</u>	<u>87,080</u>
Cash and equivalents end of year	<u>\$ 218,174</u>	<u>\$ 11,534</u>	<u>\$ 229,708</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income	\$( 2,164)	\$( 946,701)	\$( 948,865)
Adjustments to reconcile operating income to net cash provided (used) in operating activities:			
Depreciation expense	-	13,775	13,775
Decrease (increase) in inventory	-	29,377	29,377
Increase (decrease) in accounts payable	-	( 791)	(791)
Increase (decrease) in accrued liabilities	-	1,104	1,104
Increase (decrease) in compensated absences	<u>-</u>	<u>( 7,965)</u>	<u>(7,965)</u>
Net cash provided by operating activities	<u>\$( 2,164)</u>	<u>\$( 911,201)</u>	<u>\$( 913,365)</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, EXPENSES AND CHANGE IN FUND NET ASSETS  
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Postive (Negative)
<b>Operating Revenues:</b>				
Charges for services	\$ 110,000	\$ 110,000	\$ 55,705	\$( 54,295)
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>17,031</u>	<u>17,031</u>
<b>Total operating revenues</b>	<u>110,000</u>	<u>110,000</u>	<u>72,736</u>	<u>( 37,264)</u>
<b>Operating Expenses:</b>				
Personnel services	310,374	310,374	333,005	( 22,631)
General operating	<u>715,156</u>	<u>715,156</u>	<u>633,420</u>	<u>81,736</u>
<b>Total operating expenses</b>	<u>1,025,530</u>	<u>1,025,530</u>	<u>966,425</u>	<u>59,105</u>
<b>Operating income (loss)</b>	<u>( 915,530)</u>	<u>( 915,530)</u>	<u>( 893,689)</u>	<u>21,841</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>861,438</u>	<u>861,438</u>	<u>844,407</u>	<u>( 17,031)</u>
<b>Total other financing sources (uses)</b>	<u>861,438</u>	<u>861,438</u>	<u>844,407</u>	<u>( 17,031)</u>
<b>Net change in fund balance</b>	<u>\$( 54,092)</u>	<u>\$( 54,092)</u>	<u>\$( 49,282)</u>	<u>\$ 4,810</u>
<b>Beginning cash balance</b>	<u>\$ 87,080</u>	<u>\$ 87,080</u>		
<b>RECONCILIATION TO GAAP BASIS</b>				
<b>Net increase (decrease) in fund balances budget basis</b>			\$( 49,282)	
Change in inventory			( 29,377)	
Change in accounts payable			( 791)	
Change in accrued payroll liabilities			( 1,104)	
Change in compensated absences			( 7,965)	
Depreciation expense			<u>( 13,775)</u>	
<b>Change in net assets GAAP Basis</b>			<u>\$( 102,294)</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, EXPENSES AND CHANGE IN FUND NET ASSETS  
BUDGET (NON-GAAP BUDGETARY BASIS) and ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Miscellaneous.	\$ <u>5,000</u>	\$ <u>5,000</u>	\$ -	\$( <u>5,000</u> )
<b>Operating Expenses:</b>				
Personnel services	<u>60,000</u>	<u>60,000</u>	<u>2,164</u>	<u>57,836</u>
<b>Total operating expenses</b>	<u>60,000</u>	<u>60,000</u>	<u>2,164</u>	<u>57,836</u>
<b>Operating income (loss)</b>	<u>( 55,000)</u>	<u>( 55,000)</u>	<u>( 2,164)</u>	<u>52,836</u>
<b>Non-operating revenues (expenses):</b>				
Interest income	<u>-</u>	<u>-</u>	<u>1,586</u>	<u>1,586</u>
<b>Total non-operating         revenues (expenses)</b>	<u>-</u>	<u>-</u>	<u>1,586</u>	<u>1,586</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
<b>Total other financing         sources (uses)</b>	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ 89,422</u>	<u>\$ 54,422</u>
<b>Change in net assets GAAP Basis</b>			<u>\$ 89,422</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, 2008**

	Balance <u>June 30, 2007</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2008</u>
<b>Crime Lab Test Fund</b>				
Assets:				
Cash	\$ 902	12,619	13,309	\$ 212
Liabilities:				
Held for others	\$ 902	12,619	13,309	\$ 212
<b>Bail Bond Trust Fund</b>				
Assets:				
Cash	\$ 2,997	6,728	3,742	\$ 5,983
Liabilities:				
Held for others	\$ 2,997	6,728	3,742	\$ 5,983
<b>Taxes Payable Fund</b>				
Assets:				
Cash	\$ -	459,267	459,267	\$ -
Liabilities:				
Held for others	\$ -	459,267	459,267	\$ -
<b>Summary</b>				
Assets:				
Cash	\$ 3,899	478,614	476,318	\$ 6,195
Liabilities:				
Held for others	\$ 3,899	478,614	476,318	\$ 6,195

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

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDING JUNE 30, 2008**

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		\$ 21,410
Edward Byrne Memorial Justice Assistance	16.738	2007-F7471-NM-DJ	13,196	-
Total U.S. Department of Justice			13,196	21,410
<u>U.S. Department of Homeland Security</u>				
Passed through the NM Department of Public Safety				
Disaster Relief and Emergency Assistance	97.xxx	2007-EM-E7-0035	22,099	11,609
<u>U.S. Department of Agriculture</u>				
Passed through the NM EMNRD				
Forestry Assistance	10.664	04-521-0486-0053	735,000	407,925
<u>U.S. Department of Transportation</u>				
Federal Aviation Administration				
Pavement Maintenance	20.xxx	03-35-0052-017-2007	156,592	155,362
Extend Runway and Acquire equipment	20.xxx	03-35-0052-018-2008	129,910	-
Passed through the NM Department of Tourism				
	20.xxx	D104481	4,542	4,147
Total U.S. Department of Transportation			291,044	159,509
<u>U.S. Department of Labor</u>				
On the Job Training	17.xxx		3,996	3,996
Total Federal Financial Awards Expenditures			\$ 1,065,335	\$ 604,449

Note A - Significant Accounting Policies:

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

## **FEDERAL COMPLIANCE AND FINDINGS**



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, for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of the Village of Ruidoso as of and for the year ended June 30, 2008, and have issued our report thereon, dated February 2, 2010. The report was qualified due to unreconciled differences in the Village's cash accounts. Except as discussed in the preceding sentence, 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, 2007-3, 2007-7, 2007-9, 2007-10 2007-11, 2008-1, 2008-2 and 2008-3.

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, 2007-10 and 2008-2 of the significant deficiencies described above is a material weakness.

### **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 and 2008-4.

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, L.L.P.  
Albuquerque, New Mexico  
February 2, 2010

*Pattillo, Brown & Hill LLP*



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, 2008. 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, 2008. However, the results of our auditing procedures disclosed instances of

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 and 2007-7.

### **Internal Control Over Compliance**

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. *Pattillo, Brown & Hill LLP*  
Albuquerque, New Mexico  
February 2, 2010



**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2008**

**A. Summary of Audit Results**

1. The auditors' report expresses an qualified opinion on the financial statements of the Village of Ruidoso.
2. Eleven significant deficiencies were disclosed during the audit. Four of the deficiencies are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. There was two reportable condition disclosed during the audit of the major federal awards programs 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 a qualified opinion.
6. There were two audit findings relative to the major federal awards programs for the Village of Ruidoso to be reported in Part C of this schedule.
7. The programs tested as major programs included:
  - U.S. Department of Agriculture, FAA – Forestry Assistance
  - U.S. Department of Homeland Security – Disaster Relief and Emergency Assistance
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 - repeat
- 2005-2 Accounting Policies and Procedures Manual – General Government and Component Unit - repeat
- 2005-7 Regional Wastewater Treatment Plant - General Government and Component Unit - repeat
- 2005-11 Audit Report Submission to the New Mexico State Auditor – General Government and Component Unit - repeat
- 2006-1 Budget Adjustment Request - resolved
- 2006-2 Untimely Deposits - modified
- 2006-4 Airport Outstanding Receivables – modified
- 2007-1 Airport Inventory and Sales – General Government and Component Unit- modified
- 2007-2 RWWTP Accounts Receivable and Billings-General Government and Component Unit - resolved
- 2007-3 Utility Meter deposits- repeat

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2008**

Prior Year (Continued)

- 2007-4 Missing Invoices –General Government and Component Unit- resolved
- 2007-5 Outstanding Check List-General Government and Component Unit-resolved
- 2007-6 Procurement - resolved
- 2007-7 Monitoring Grants - modified
- 2007-8 Depreciation Schedule - resolved
- 2007-9 Airport Fuel Sales - modified
- 2007-10 Airport Fuel Sales and Purchases - modified
- 2007-11 Auditor Prepared Financial Statements - repeat

Current Year

- 2005-1 Information System Disaster Recovery Policy – General Government and Component Unit - repeat
- 2005-2 Accounting Policies and Procedures Manual – General Government and Component Unit - repeat
- 2005-7 Regional Wastewater Treatment Plant - General Government and Component Unit - repeat
- 2005-11 Audit Report Submission to the New Mexico State Auditor, and A-133 Data Collection Form– General Government and Component Unit - repeat
- 2006-2 Untimely Deposits - repeat
- 2006-4 Airport Outstanding Receivables – modified
- 2007-1 Airport Inventory and Sales - repeat
- 2007-3 Utility Meter Deposits - repeat
- 2007-7 Monitoring Grants - modified
- 2007-9 Airport Fuel Sales - modified
- 2007-10 Airport Fuel Sales and Purchases - modified
- 2007-11 Auditor Prepared Financial Statements-General Government and Component Unit- repeat
- 2008-1 Airport Contract Fuel Program
- 2008-2 Bank Reconciliations – General Government and Component Unit
- 2008-3 Inventories
- 2008-4 Expenditures in Excess of Budget

**C. Findings – Federal Awards**

- 2005-11 Audit Report Submission and A-133 Data Collection form - repeat
- 2007-7 Monitoring Grants - modified

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2008**

**CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

<b>2005-1</b>	<b>Information System Disaster Recovery Policy – General Government and Component Unit</b>
Condition:	The Village and the Regional Waste Water Treatment Plant (Plant) does 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 sound information system and technology planning.
Cause:	The Village and Plant has not placed a high priority to adopting the 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 Disaster Recovery Policy.

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

**Condition:**                      During the 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 includes 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 & State Awards.

**2005-7                      Regional Wastewater Treatment Plant – 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 board that is composed of members of each government governs the RWWTP.

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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 has 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 has 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 its own checking account and that none of its 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 and does keep the funds separated. The JUB is in negotiations regarding municipal representation and organization and is considering proposals on reorganization based on capacity of the plant and annual flows. Legal Counsels are working together to recommend revisions to the Joint Powers Agreements and/or creating bylaws that outline more specifically how the JUB should operate.

**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, 2008, to the New Mexico State Auditor was December 1, 2008. The audit report was not submitted until February 9, 2010. 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 1<sup>st</sup>. 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 2006. 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 Village had a disastrous flood in July 2008 creating a delay along with a special audit which took significant effort. The Village has also experienced a complete turnover in their Finance Department and management but has now hired a new Village Manager and Finance director. The Village has received approval for the FY 09-10 auditor and expects to be caught up by FY 10-11.

**2006-2                      Untimely Deposits**

Condition: Deposits for the Airport were tested by reviewing the airport quick book detail, the Village's general ledger detail and discussions with accounting personnel. Review of these items and discussions with personnel showed that the airport is only making deposits weekly.

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- Criteria:** Pursuant to Chapter 4.3 of Budget and Finance Manual issued by DFA, all monies received must be deposited within 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 does not have procedures in place to monitor the airport or provide adequate oversight. This problem is compounded by the fact that the airport is in a 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.

**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 86% of the total accounts receivable balance. Also included in accounts receivable were credits for the fuel purchase program (see finding 2008-1). The airport is not following any procedures for collecting these outstanding receivables over 60 days old nor are they addressing or attempting to get refunds for the credits.
- Criteria:** Section 6-5-2 NMSA 1978 authorizes DFA to establish Model Accounting Practices (MAP). MAP requires agencies to actively manage 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.
- 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 oversight to verify that employees are properly performing their duties.

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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 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, procedures were extended (see 2007-9 and 2007-10). At fiscal year end June 30, 2008, inventory was not taken by airport personnel.

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.

**2007-3 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



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general ledger at June 30, 2007, however it did not agree to the meter deposit listing in the utility billing software. During the fiscal year ending June 30, 2008 no one maintained this separate spreadsheet. Due to this all meter deposits and refunds have been reported as revenues and expenditures.

- 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. For the fiscal year ending June 30, 2008, revenues and expenditures are overstated.
- 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. Due to employee turnover in fiscal year 2008, no employee updated this separate spreadsheet.
- 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.
- 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 has hired a new Finance Director who will be responsible to monitor all meter deposits and reconciled to the general ledger.

**2007-7**

**Monitoring Grants**

- Condition: During the review of intergovernmental revenues there was one deposit for \$400,000 that was not properly identified and there were missing grant reports for the Homeland Security grant. Grants are not being properly monitored and grant reimbursement requests are not being maintained and followed up on to make sure all funds are being received and received on a timely basis.

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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 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 and reports are not being maintained in an available location.
- Recommendation:** The Village should designate an individual to monitor all grants for proper reimbursement requests.
- Response:** With the hiring of a Finance Director, the Village Manager is reorganizing all finance related functions and has designated a competent individual to manage all grants and special projects under the supervision of the Finance Director. Grants reimbursements are now being requested on a timely basis.

**2007-9 Airport Fuel Sales**

- Condition:** Based on other findings at the airport as note at finding 2007-1, and a lack of internal controls, procedures were extended and additional testing was done on fuel sales. Forty sales receipts were selected for testing out of about 640 sales receipts for jet fuel. Of the forty sales receipts selected for testing, six receipts were missing. The missing receipts totaled \$9331.24.
- 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:** Without proper documentation, fuel sales cannot be properly documented or monitored.
- 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

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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 per the accounting software. There was no ending inventory at June 30, 2008 as noted in finding 2007-1. Based on this comparison, there was between approximately 16,150 and 29,700 gallons of jet fuel that were unaccounted for. Using an average cost of \$3.06 per gallon, this represents between \$49,416 and \$90,937 in unaccounted fuel. Neither beginning nor ending inventories were taken into account.

**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 oversight 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 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 City's financial statements.

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**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 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 has been 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.

**2008-1                      Airport Contract Fuel Program**

**Condition:** Airport personnel allowed high volume customers to participate in Avfuel's contract fuel program. This program allows jet fuel customers to purchase fuel directly from Avfuel, with Avfuel establishing the price of the fuel. Avfuel then reimburses the Village a percentage of the sale. The reimbursements to the Village are shown as credits on the fuel invoices. These credits were not offset against fuel purchases. Village accounting personnel were not notified of this contract fuel program so credits were not requested in a timely manner. This contract fuel program also reduces the Villages gross profit on fuel sales as the dollars credited back to the Village are at a price about 20% less than what the Village would charge for fuel. The customer pays Avfuel direct, however Village personnel provide labor to fuel the planes. The Village is not being compensated for this labor.

**Criteria:** Sections 3-37-2 NMSA, 1978 require the governing body to control the finances and property of the municipality.

**Effect:** By allowing private citizens to purchase jet fuel directly from Avfuel, the Village is reducing their revenue stream and is providing services that they are effectively not being paid for.

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Cause: The Village has not provided proper over site at the airport. The airport manager allowed customers to enter into the contract fuel program without seeking proper approval from the Village council.

Recommendation: The Village should be providing direct over site for the airport and should be made aware of any types of contractual relationships with outside parties.

Response: The Village has reorganized the management at the Airport and has discontinued the Avfuel contract fuel program. All fuel sales are inventoried and managed by Village staff and no independent second contracts are allowed.

**2008-2 Bank Reconciliations**

Condition: The Village has not been reconciling their main operating account on a monthly basis. The operating accounts were reconciled in October 2009 and the Village made an adjustment of \$110,000 to balance the general ledger.

Criteria: NMSA 1978 6-6-3 discusses the need for the Village to keep all the books, records and accounts in their respective office in the form prescribed by the local government division and conform to the rules and regulations adopted by the local government division. Good accounting practices require that bank reconciliations be performed monthly to ensure that cash receipts and cash disbursements are recorded in a correct and timely manner and that differences or errors be followed up and corrected in a timely manner.

Effect: Without reconciled banks, the Village has no assurance that all revenues and disbursements have been recorded or recorded in a timely manner.

Cause: The turnover in the accounting department has transpired without the retiring employee training the incoming replacement and retiring employees leaving before replacements are found resulting in a lapse of duties and proper training. This turnover has also created a situation in which there is a backlog of work, making it difficult for current employees to catch-up.

Recommendation: The Village's Accounting Policies and Procedures manual should contain explicit instructions for all accounting related matters, as well as detailed instructions on the storage of monthly schedules used for reconciliation purposes.

Response: The Village Council has adopted a Accounting and Financial Policy Manual that provides financial policies and procedures for all finances and internal controls of the Finance Department. The Village Manager and Finance Director will be requesting an amendment to this Policy that strengthens the oversight of

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the Village's finances and requires the signature of the Village Manager on monthly reconciliations.

**2008-3 Inventories**

**Condition:** Village inventories were not available for all departments for the fiscal year ending June 30, 2008.

**Criteria:** NMSA 1978 6-6-3 Local public bodies; duties, states that every local public body shall keep all the books, records and accounts in their respective offices in the form prescribed by the local government division.

**Effect:** Without proper inventory controls, expenditures may not be properly reflected in the correct period.

**Cause:** The turnover in various Village departments has transpired without the retiring employee training the incoming replacement and retiring employees leaving before replacements are found resulting in a lapse of duties and proper training. Due to the turnover and lapse of replacements, the budgets are not being monitored as needed and BARs are not being requested as needed.

**Recommendation:** Each department should monitor their budgets. Multiple employees should be trained to manage budgets in the event of turnover.

**Response:** The General Services Director has worked with each Department Director to establish an inventory of all Village Property and assets. The new Finance Director will be working with each Department Director to ensure compliance with a Fixed Asset Inventory and monitoring.

**2008-4 Expenditures in Excess of Budget**

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

Fire Fund	\$ 42,378
Scenic Byways Funds	4,198
Forest Restoration Funds	215,029
DWI Enforcement Fund	43,009
Fire Station Fund	29,430

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

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

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 Manager has established a Budget Manual with instructions and forms to be used in the preparation of future budgets and mandatory budget workshop will be scheduled to train and inform Department Directors and staff of the new budget process. The Finance director and Village Manager will be recommending the purchase of new software and hardware that will replace an antiquated AS400 system. With the new software and operating system, limits will be set to restrict categories and line items from going over their allocation of funds in the budget.

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**EXIT CONFERENCE**

The audit report for the Village and Component Unit for the fiscal year ended June 30, 2008, was discussed during the exit conference held on February 2, 2010. Present for the Village was Don Williams, Councilor, Mayor Pro Tem, Greg Corey, Village Manager Debi Lee and Nancy Klingman, Finance Director. Also present for the Component Unit was Greg Corey, Chairperson. Present for Pattillo, Brown, & Hill, L.L.P., was Cindy James, 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.