



Village of Ruidoso

State of New Mexico

Annual Financial Report June 30, 2012



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INTRODUCTORY SECTION

STATE OF NEW MEXICO

Village of Ruidoso

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June 30, 2012

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STATE OF NEW MEXICO

Village of Ruidoso

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STATE OF NEW MEXICO

Village of Ruidoso

Official Roster

June 30, 2012

<u>Name</u>	<u>Village Council</u>	<u>Title</u>
Gus Raymond Alborn		Mayor
Rafael "Rifle" Salas		Mayor Pro Tem
Gloria Sayers		Councilor
Lynn D. Crawford		Councilor
Denise Dean		Councilor
James A. Stoddard		Councilor
Joseph W. Eby		Councilor

Administration

Debi Lee	Village Manager
Nancy Klingman	Director of Finance

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FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the budgetary comparisons for the general fund and major special revenue funds and the aggregate remaining fund information of the Village of Ruidoso (the Village) as of and for the year ended June 30, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Village's nonmajor governmental funds, the budgetary comparisons for the major capital projects fund, proprietary funds, and the respective budgetary comparisons for the remaining nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparisons referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with the budgetary basis of accounting as prescribed in the New Mexico Administrative Code, as more fully described in Note 2 to the financial statements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2013 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Accounting & Consulting Group, LLP

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

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO

Village of Ruidoso

Statement of Net Assets

June 30, 2012

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

The accompanying notes are an integral part of these financial statements

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

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

<u>Functions/Programs</u>	<u>Program Revenues</u>			
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government				
Governmental Activities:				
General government	\$ 4,498,989	\$ 824,724	\$ 600,914	\$ -
Public safety	5,217,871	31,642	439,536	991,396
Public works	2,995,905	120,845	-	-
Culture and recreation	2,840,425	165,154	-	-
Health and welfare	929,432	-	-	-
Interest on long-term debt	805,733	-	-	-
<i>Total governmental activities</i>	<u>17,288,355</u>	<u>1,142,365</u>	<u>1,040,450</u>	<u>991,396</u>
Business-type Activities:				
Utility	5,821,924	3,903,344	201,600	-
Airport	1,767,720	998,694	144,422	-
Solid Waste	2,714,300	2,183,061	-	-
<i>Total business-type activities</i>	<u>10,303,944</u>	<u>7,085,099</u>	<u>346,022</u>	<u>-</u>
<i>Total primary government</i>	<u>\$ 27,592,299</u>	<u>\$ 8,227,464</u>	<u>\$ 1,386,472</u>	<u>\$ 991,396</u>
Component Unit				
Regional Wastewater Treatment Plant	<u>\$ 3,033,506</u>	<u>\$ 3,579,807</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				
Gross receipts taxes				
Gasoline and motor vehicle taxes				
Other taxes				
Investment income				
Miscellaneous income				
Transfers from (to) component unit				
Transfers in (out)				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning				
Restatement (Note 14)				
Net assets, beginning as restated				
Net assets, ending				

The accompanying notes are an integral part of these financial statements

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

STATE OF NEW MEXICO

Village of Ruidoso

Balance Sheet

Governmental Funds

June 30, 2012

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

The accompanying notes are an integral part of these financial statements

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

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STATE OF NEW MEXICO

Village of Ruidoso
Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Assets
June 30, 2012

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$	15,182,159
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		37,172,442
Bond issuance costs used in governmental activities are not financial resources and, therefore, are not reported in the funds		137,902
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities		137,781
Other revenues not collected within sixty days after year end are not considered "available" revenues and are deferred revenues in the fund financial statements		
Certain liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds		
Accrued interest		(272,810)
Bond premiums		(67,883)
Accrued compensated absences		(404,625)
Bonds and notes payable		(17,761,760)
		(18,547,078)
Net assets of governmental activities	\$	34,123,206

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

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

The accompanying notes are an integral part of these financial statements

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

STATE OF NEW MEXICO

Village of Ruidoso

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Exhibit B-2

Page 2 of 2

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

Net change in fund balances - total governmental funds	\$	(2,281,149)
--	----	-------------

Governmental funds report capital outlays as expenditures. However, in
the statement of activities, the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense:

Capital expenditures recorded in capital outlay		372,149
Depreciation expense		(2,048,075)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the governmental funds:

Decrease in deferred revenue		(9,915)
------------------------------	--	---------

Expenses reported in the statement of activities that do require the use of
current financial resources and therefore are not reported as expenditures in
the governmental funds:

Decrease in accrued compensated absences		163,808
Increase in accrued interest		(55,301)

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net assets. Also, governmental funds
report the effect of premiums and similar items when debt is first issued, whereas
these amounts are deferred and amortized in the statement of activities:

Amortization of bond issuance costs		(3,760)
Amortization of bond premiums and discounts		(3,102)
Principal payments on bonds and notes payable		2,033,083

Change in net assets of governmental activities	\$	<u><u>(1,832,262)</u></u>
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STATE OF NEW MEXICO

Exhibit C-1

Village of Ruidoso

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ 2,099,706	\$ 2,218,898	\$ 2,252,583	\$ 33,685
Gross receipts	4,500,000	4,515,000	4,750,321	235,321
Gasoline and motor vehicle	58,000	58,000	64,046	6,046
Other	395,000	395,000	413,151	18,151
Intergovernmental income:				
Federal operating grants	256,772	224,000	63,688	(160,312)
State operating grants	140,943	148,443	150,095	1,652
Charges for services	387,337	387,337	342,465	(44,872)
Licenses and fees	350,200	350,200	342,046	(8,154)
Fines, forfeitures and penalties	148,000	148,000	119,890	(28,110)
Miscellaneous	831,066	821,066	865,485	44,419
<i>Total revenues</i>	<u>9,167,024</u>	<u>9,265,944</u>	<u>9,363,770</u>	<u>97,826</u>
<i>Expenditures:</i>				
Current:				
General government	2,293,529	2,331,497	2,118,056	213,441
Public safety	5,022,081	5,198,008	4,814,867	383,141
Public works	2,221,447	2,220,337	1,694,803	525,534
Culture and recreation	1,417,149	1,394,259	1,334,181	60,078
Capital outlay	654,595	746,348	568,659	177,689
Debt service:				
Principal	-	-	520,000	(520,000)
Interest	-	-	222,742	(222,742)
<i>Total expenditures</i>	<u>11,608,801</u>	<u>11,890,449</u>	<u>11,273,308</u>	<u>617,141</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,441,777)</u>	<u>(2,624,505)</u>	<u>(1,909,538)</u>	<u>714,967</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(152,668)	30,060	-	(30,060)
Transfers in	2,857,278	2,857,278	1,673,402	(1,183,876)
Transfers out	(262,833)	(262,833)	(209,479)	53,354
<i>Total other financing sources (uses)</i>	<u>2,441,777</u>	<u>2,624,505</u>	<u>1,463,923</u>	<u>(1,160,582)</u>
<i>Net change in fund balance</i>	-	-	(445,615)	(445,615)
<i>Fund balance - beginning of year</i>	-	-	3,275,082	3,275,082
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,601,791</u>	<u>\$ 3,601,791</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (445,615)
Adjustments to revenues for receivables, deferred property tax revenue and debt proceeds				328,937
Adjustments to expenditures for prepaid expenses, accounts payable and accrued payroll				(765,967)
Net change in fund balance (GAAP)				<u>\$ (882,645)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-2

Village of Ruidoso

Lodger's Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit C-3

Village of Ruidoso

Impact Fees Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-1

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

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Exhibit D-2

Village of Ruidoso

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

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

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

The accompanying notes are an integral part of these financial statements

Total

\$ 7,613,562
(5,504,277)
(3,338,046)
(1,228,761)

346,022
2,674,139
336,502
(39,995)

3,316,668

(314,424)
(114,799)
(353,207)
(175,786)

(958,216)

11,285
194,205
205,490

1,335,181
1,655,776
137,799
1,793,575

\$ 3,128,756

\$ (3,052,208)

828,183
528,463
(230,216)
43
630,247
99,587
(48,700)
15,840
\$ (1,228,761)

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

- 1) The Village refunded bonds of \$2,380,000 in the Joint Utility Fund during fiscal year 2012, but no cash was received or paid.
- 2) The Village refinanced notes payable of \$520,284 in the Joint Utility Fund during fiscal year 2012, but no cash was received or paid.
- 3) The Village financed \$49,716 in closing costs in the Joint Utility Fund during fiscal year 2012, but no cash was received or paid.

STATE OF NEW MEXICO

Exhibit E-1

Village of Ruidoso

Statement of Fiduciary Assets and Liabilities - Agency Funds

June 30, 2012

Assets

Cash

\$ 3,084

Liabilities

Deposits held in trust for others

\$ 3,084

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies

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

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

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

The summary of significant accounting policies of the Village is presented to assist in the understanding of the Village’s financial statements. The financial statements and notes are the representation of the Village’s management who is responsible for their integrity and objectivity. The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their government-wide financial statements, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance. The more significant of the Village’s accounting policies are described below.

A. Financial Reporting Entity

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

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No.’s 14 and 39.

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

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

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

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

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

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

B. Government-wide and fund financial statements

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

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

The Village reports the following major governmental funds:

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

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

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

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

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

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

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

Property taxes are levied on November 1 based on the assessed value of property as listed on the previous January 1 and are due in two payments by November 10th and April 10th. Property taxes uncollected after November 10th and April 10th are considered delinquent and the Village may assess penalties and interest. The taxes attach as an enforceable lien on property thirty (30) days thereafter, at which time they become delinquent. Property taxes are collected by Lincoln County and remitted monthly to the Village.

STATE OF NEW MEXICO
 Village of Ruidoso
 Notes to the Financial Statements
 June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Because the Village is a phase III government for purposes of implementing GASB 34, it is not required to retroactively report its major general infrastructure assets. However, it must report all infrastructure assets purchased or built after July 1, 2003. Donated capital assets are recorded at estimated fair market value at the date of donation. The Village does not develop any software. Library books are expensed when purchased because their estimated useful life is less than one year.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Infrastructure	30
Equipment	5-10
Vehicles	5-10

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. For bonds issued after the Village implemented GASB 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method or straight line if the difference is immaterial. Bonds payable are reported net of the applicable bond premium or discount.

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Equity Classifications

Government-wide Statements

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

- a. Invested in capital assets, net of related debt:
Net assets invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets:
Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets:
All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Village's financial statements include management's estimate of depreciation on assets over their estimated useful lives, accrued compensated absences, and the allowance for uncollectible accounts.

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

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

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

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
Governmental Funds:		
General Fund	\$ (2,441,777)	\$ (2,624,505)
GO Bond RWWTP	\$ (799,000)	\$ 1,327,926
Lodgers Tax Fund	\$ 64,898	\$ 155,898
Impact Fee Revenue Fund	\$ 1,182,043	\$ 1,138,515
Other Governmental Funds	\$ 9,023,217	\$ 6,346,202
	Change in Net Assets	
	Original Budget	Final Budget
Proprietary Funds:		
Utility	\$ (70,549)	\$ 6,164,949
Airport	\$ 251,073	\$ 7,098,079
Solid Waste	\$ -	\$ 26,155

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 2. Stewardship, Compliance and Accountability (continued)

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

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

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on the budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2012 is presented. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis, by fund, can be found on each individual budgetary statement.

NOTE 3. Deposits and Investments

State statutes authorize the investment of Village funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested fund of the Village properly followed State investment requirements as of June 30, 2012.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or are collateralized as required by statute.

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

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

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 3. Deposits and Investments (continued)

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

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

Reconciliation to the Statement of Net Assets:

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 3. Deposits and Investments (continued)

Investments

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

<u>Investments</u>	<u>Rated</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
<i>New MexiGROW</i> LGIP	AAAm	60 days	\$ 70,449
Total			\$ 70,449

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

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

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

NOTE 4. Receivables

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

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 4. Receivables-(continued)

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

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

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

NOTE 5. Interfund Receivables, Payables, and Transfers

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

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
Solid Waste Fund	Joint Utility Fund	\$ 633
Total		<u>\$ 633</u>

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

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Component Unit	\$ 243,842
General Fund	Component Unit	301,581
Component Unit	Utility	<u>21,972,014</u>
		<u>\$ 22,517,437</u>

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 6. Capital Assets

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

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

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

General government	\$ 1,802,989
Public safety	89,266
Public works	70,376
Culture and recreation	<u>85,444</u>
Total depreciation expense, governmental activities	\$ 2,048,075

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 6. Capital Assets (continued)

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 7. Long-term Debt

Governmental Activities

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

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

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

Revenue Bonds

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

NMFA Loans and Notes Payable

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

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

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

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

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

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 7. Long-term Debt (continued)

Governmental Activities (continued)

Debt Service Requirements

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

Bonds Payable:

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

New Mexico Finance Authority Loans:

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 7. Long-term Debt (continued)

Business-Type Activities

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

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

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

Revenue Bonds

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

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

NMFA Loans

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

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 7. Long-term Debt (continued)

Business-Type Activities (continued)

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

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

Capital Leases

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

Debt Service Requirements

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 7. Long-term Debt (continued)

Business-type Activities (continued)

Debt Service Requirements (continued)

New Mexico Finance Authority Loans:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	\$ 223,457	\$ 8,402	\$ 231,859
	<u>\$ 223,457</u>	<u>\$ 8,402</u>	<u>\$ 231,859</u>

Notes Payable:

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

Capital Leases:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2013	\$ 17,700	\$ -	\$ 17,700
2014	14,750	-	14,750
	<u>\$ 32,450</u>	<u>\$ -</u>	<u>\$ 32,450</u>

Landfill Closure and Post-Closure Care Costs

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 8. Risk Management

The Village is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The Village participates in the New Mexico Self-Insurers' Fund risk pool.

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

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

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

NOTE 9. PERA Pension Plan

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

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

NOTE 10. Deferred Compensation

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

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

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

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

NOTE 12. Contingent Liabilities

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

NOTE 13. Federal and State Grants

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

NOTE 14. Restatements

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

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

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 15. Subsequent Pronouncements

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

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

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

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

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

NOTE 16. Other Required Individual Fund Disclosures

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

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

Convention center	\$ 20,064
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These funds have a deficit fund balance because expenditures were in excess of revenues and available cash and there were not sufficient transfers to cover the deficit.

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

None

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

None

STATE OF NEW MEXICO
Village of Ruidoso
Notes to the Financial Statements
June 30, 2012

NOTE 17. Restricted Net Assets

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

NOTE 18. Commitments

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

<u>Department</u>	<u>Project</u>	<u>Estimate To Complete</u>	<u>Estimated Completion Date</u>
General fund-parks	Grindstone Bike Trail	\$ 978	Jun-13
	Total	<u>\$ 978</u>	

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

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

NOTE 19. Concentrations

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

NOTE 20. Subsequent Events

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

SUPPLEMENTARY INFORMATION

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

SPECIAL REVENUE FUNDS

½% Gross Receipts Tax

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

Parks and Recreation

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

1/8th Infrastructure Tax

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

State Fire

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

Emergency Medical Services

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

Law Enforcement Protection

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

Traffic Safety Fees

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

Correction Fees

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

Ruidoso Flood

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

Special Street

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

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

SPECIAL REVENUE FUNDS (continued)

Convention Center

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

Impact Fee

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

RSVP

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

Forestry Operations

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

Police Grants

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

DWI Grant

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

CAPITAL PROJECT FUND

Auction Proceeds Trust Fund

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

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

Special Revenue

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

The accompanying notes are an integral part of these financial statements

Special Revenue

<u>Emergency Medical Services</u>	<u>Law Enforcement Protection</u>	<u>Traffic Safety Fees</u>	<u>Correction Fees</u>	<u>Ruidoso Flood</u>
\$ 7,327	\$ 1,712	\$ 1,451	\$ 90,451	\$ 569,454
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 7,327</u>	<u>\$ 1,712</u>	<u>\$ 1,451</u>	<u>\$ 90,451</u>	<u>\$ 569,454</u>
\$ -	\$ -	\$ -	\$ 30,726	\$ 31,482
-	-	-	-	-
-	-	-	30,726	31,482
-	-	-	-	-
-	-	-	-	-
7,327	1,712	1,451	59,725	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	537,972
-	-	-	-	-
<u>7,327</u>	<u>1,712</u>	<u>1,451</u>	<u>59,725</u>	<u>537,972</u>
<u>\$ 7,327</u>	<u>\$ 1,712</u>	<u>\$ 1,451</u>	<u>\$ 90,451</u>	<u>\$ 569,454</u>

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

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

The accompanying notes are an integral part of these financial statements

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

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

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

The accompanying notes are an integral part of these financial statements

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

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

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

The accompanying notes are an integral part of these financial statements

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

STATE OF NEW MEXICO

Statement B-1

Village of Ruidoso

1/2% Gross Receipts Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

Village of Ruidoso

Parks and Recreation Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

Village of Ruidoso

1/8th Infrastructure Tax Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

Village of Ruidoso

State Fire Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
State operating grants	246,353	246,353	241,429	(4,924)
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	135,000	141,630	50	(141,580)
<i>Total revenues</i>	<u>381,353</u>	<u>387,983</u>	<u>241,479</u>	<u>(146,504)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	87,784	89,410	58,484	30,926
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	198,500	198,500	1,117	197,383
Debt service:				
Principal	-	90,069	89,966	103
Interest	-	-	-	-
<i>Total expenditures</i>	<u>286,284</u>	<u>377,979</u>	<u>149,567</u>	<u>228,412</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>95,069</u>	<u>10,004</u>	<u>91,912</u>	<u>81,908</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(95,069)	(10,004)	-	10,004
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(95,069)</u>	<u>(10,004)</u>	<u>-</u>	<u>10,004</u>
<i>Net change in fund balance</i>	-	-	91,912	91,912
<i>Fund balance - beginning of year</i>	-	-	191,706	191,706
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,618</u>	<u>\$ 283,618</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 91,912
No adjustments to revenue				-
Adjustments to expenditures for accounts payable & prepaid insurance				676
Net change in fund balance (GAAP)				<u>\$ 92,588</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

Village of Ruidoso

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

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

Village of Ruidoso

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

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-7

Village of Ruidoso

Traffic Safety Fees Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

Village of Ruidoso

Correction Fees Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-9

Village of Ruidoso

Ruidoso Flood Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	1,829,817	1,024,218	991,396	(32,822)
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,829,817</u>	<u>1,024,218</u>	<u>991,396</u>	<u>(32,822)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	451,013	993,338	981,182	12,156
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>451,013</u>	<u>993,338</u>	<u>981,182</u>	<u>12,156</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,378,804</u>	<u>30,880</u>	<u>10,214</u>	<u>(20,666)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(1,378,804)	(30,880)	-	30,880
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,378,804)</u>	<u>(30,880)</u>	<u>-</u>	<u>30,880</u>
<i>Net change in fund balance</i>	-	-	10,214	10,214
<i>Fund balance - beginning of year</i>	-	-	2,395,751	2,395,751
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 569,454</u>	<u>\$ 569,454</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 10,214
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				85,641
Net change in fund balance (GAAP)				<u>\$ 95,855</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

Village of Ruidoso

Special Street Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-11

Village of Ruidoso

Convention Center Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-12

Village of Ruidoso

RSVP Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	33,616	33,280	32,885	(395)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	395	-	(395)
<i>Total revenues</i>	<u>33,616</u>	<u>33,675</u>	<u>32,885</u>	<u>(790)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	30,541	33,459	32,284	1,175
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>30,541</u>	<u>33,459</u>	<u>32,284</u>	<u>1,175</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>3,075</u>	<u>216</u>	<u>601</u>	<u>385</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(3,075)	(216)	-	216
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(3,075)</u>	<u>(216)</u>	<u>-</u>	<u>216</u>
<i>Net change in fund balance</i>	-	-	601	601
<i>Fund balance - beginning of year</i>	-	-	3,603	3,603
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,204</u>	<u>\$ 4,204</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 601
Adjustments to revenues for other receivables				(1,081)
Adjustments to expenditures for accounts payable & accrued payroll				(1,607)
Net change in fund balance (GAAP)				<u>\$ (2,087)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-13

Village of Ruidoso

Forestry Operations Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	261,000	261,000	333,153	72,153
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	98,642	98,642	-	(98,642)
<i>Total revenues</i>	<u>359,642</u>	<u>359,642</u>	<u>333,153</u>	<u>(26,489)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	339,000	334,100	319,626	14,474
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>339,000</u>	<u>334,100</u>	<u>319,626</u>	<u>14,474</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>20,642</u>	<u>25,542</u>	<u>13,527</u>	<u>(12,015)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	(20,642)	(25,542)	-	25,542
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>(20,642)</u>	<u>(25,542)</u>	<u>-</u>	<u>25,542</u>
<i>Net change in fund balance</i>	-	-	13,527	13,527
<i>Fund balance - beginning of year</i>	-	-	98,642	98,642
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,169</u>	<u>\$ 112,169</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ 13,527
No adjustments to revenues				-
Adjustments to expenditures for accounts payable				(20)
Net change in fund balance (GAAP)				<u>\$ 13,507</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-14

Village of Ruidoso

Police Grants Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-15

Village of Ruidoso

DWI Grant Special Revenue Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-16

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

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-17

Village of Ruidoso

GO Bond RWWTP Capital Projects Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues:</i>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	111,267	111,267
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	1,539	1,539
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>112,806</u>	<u>112,806</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	368,000	443,000	234,124	208,876
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	431,000	884,926	633,141	251,785
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>799,000</u>	<u>1,327,926</u>	<u>867,265</u>	<u>460,661</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(799,000)</u>	<u>(1,327,926)</u>	<u>(754,459)</u>	<u>573,467</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted cash increase)	890,885	1,419,811	-	(1,419,811)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(91,885)	(91,885)	(48,411)	43,474
<i>Total other financing sources (uses)</i>	<u>799,000</u>	<u>1,327,926</u>	<u>(48,411)</u>	<u>(1,376,337)</u>
<i>Net change in fund balance</i>	-	-	(802,870)	(802,870)
<i>Fund balance - beginning of year</i>	-	-	7,076,935	7,076,935
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,274,065</u>	<u>\$ 6,274,065</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (802,870)
Adjustments to revenues for other taxes receivable & other receivables				(111,267)
Adjustments to expenditures for accounts payable				28,310
Net change in fund balance (GAAP)				<u>\$ (885,827)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-1

Village of Ruidoso

Utility Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (Non-GAAP Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-2

Village of Ruidoso

Airport Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (Non-GAAP Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement C-3

Village of Ruidoso

Solid Waste Proprietary Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget (Non-GAAP Basis) and Actual

For the Year Ended June 30, 2012

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

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Village of Ruidoso
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2012

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

See independent auditors' report

First National Bank	New Mexico State Treasurer	New Mexico Finance Authority	Totals
\$ -	\$ -	\$ -	\$ 40,070
-	-	-	6,296,955
-	-	-	1,486,952
-	-	-	569,454
-	-	-	462,994
-	-	-	2,352
-	-	-	2,707
-	-	-	1,159,868
-	-	-	789,090
-	-	-	7,540,711
-	-	825,439	825,439
-	-	-	4,203,685
-	-	-	1,300,010
-	-	-	2,338,243
610,869	-	-	610,869
610,869	-	825,439	27,629,399
-	-	-	(804,277)
-	-	-	101,989
\$ 610,869	\$ -	\$ 825,439	\$ 26,927,111
\$ -	\$ 70,449	-	\$ 70,449
Petty cash			1,445
Total deposits and investments			\$ 26,999,005
Total cash and cash equivalents primary government per Exhibit A-1			\$ 13,342,937
Total cash and cash equivalents component unit per Exhibit A-1			1,906,997
Total restricted cash and cash equivalents per Exhibit A-1			1,273,773
Total investments primary government per exhibit A-1			9,127,113
Total investments component unit per exhibit A-1			1,345,101
Total agency funds cash and cash equivalents per Exhibit E-1			3,084
			Total cash, cash equivalents and investments
			\$ 26,999,005

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

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

Total Collateral Pledged

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

See independent auditors' report

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

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STATE OF NEW MEXICO
Village of Ruidoso
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2012

Schedule III

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

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

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

See independent auditors' report

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

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

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

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

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

Accounting & Consulting Group, LLP

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

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

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

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

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

Accounting & Consulting Group, LLP

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

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

Schedule V

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

* Major Program

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Sub-recipients

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

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

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

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

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 1. Internal control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | | | | | | |
|---|---|-----------------|--------|--------------------------|--------|---|--|
| 1. Internal control over major programs: | | | | | | | |
| a. Material weaknesses identified? | No | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | No | | | | | | |
| 2. Type of auditors’ report issued on compliance for major programs | Unqualified | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No | | | | | | |
| 4. Identification of major programs: | | | | | | | |
| <table style="border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</td> <td style="text-align: center; border-bottom: 1px solid black;">Federal Program</td> </tr> <tr> <td style="text-align: center;">10.664</td> <td style="text-align: center;">Hazardous Fuel Reduction</td> </tr> <tr> <td style="text-align: center;">97.036</td> <td style="text-align: center;">Disaster Grants-Public Assistance (Presidentially Declared Disasters)</td> </tr> </table> | CFDA
Number | Federal Program | 10.664 | Hazardous Fuel Reduction | 97.036 | Disaster Grants-Public Assistance (Presidentially Declared Disasters) | |
| CFDA
Number | Federal Program | | | | | | |
| 10.664 | Hazardous Fuel Reduction | | | | | | |
| 97.036 | Disaster Grants-Public Assistance (Presidentially Declared Disasters) | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 | | | | | | |
| 6. Auditee qualified as low-risk auditee? | No | | | | | | |

Section II – Financial Statement Findings and Questioned Costs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effect: Because the internal control structure is inadequate and not documented, management and staff are unsure about what procedures and processes to follow or what key controls are in place to properly safeguard assets. Adequate controls are not in place to prevent or detect intentional misstatements of accounting information.

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

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

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

Views of Responsible Officials and Planned Corrective Actions:

The Finance Department is working on amending their Internal Control Policy to include the accounts receivable process. This is a work in progress.

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

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

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

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

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

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

Views of Responsible Officials and Planned Corrective Actions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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FS 2012-4 Late Audit-(other matter)

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

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

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

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

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

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

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Section III - Schedule of Prior Year Audit Findings

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

STATE OF NEW MEXICO

Village of Ruidoso

Other Disclosures

June 30, 2012

Exit Conference

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

Representing the Village of Ruidoso:

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

Representing the Regional Wastewater Treatment Plant:

Gus Raymond Alborn	Mayor
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Representing Accounting & Consulting Group, LLP:

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

Auditor Prepared Financial Statements

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