

VILLAGE OF RUIDOSO

Financial Report  
June 30, 2013



**AXIOM**

*Certified Public Accountants  
and Business Advisors LLC*

## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**

Village of Ruidoso

Table of Contents

June 30, 2013

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		1
Official Roster		4
<b>FINANCIAL SECTION</b>		
Independent Auditor's Report		5
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-wide Financial Statements		
Statement of Net Position	A-1	8
Statement of Activities	A-2	10
Fund Financial Statements:		
Balance Sheet - Governmental Funds	B-1	11
Reconciliation of the Balance Sheet to the Statement of Net Assets		12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	B-2	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – General Fund	C-1	15
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – G.O. Bonds Special Revenue Fund	C-2	16
Balance – Budget (Non-GAAP Budgetary Basis) and Actual – Lodger's Tax Special Revenue Fund	C-3	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual – Impact Fees Special Revenue Fund	C-4	18
Statement of Net Assets-Proprietary Funds	D-1	19
Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary Funds	D-2	20
Statement of Cash Flows-Proprietary Funds	D-3	21
Statement of Fiduciary Assets and Liabilities-Agency Funds	E-1	22

## NOTES TO THE FINANCIAL STATEMENTS

23

## SUPPLEMENTARY INFORMATION

	<u>Statement</u>	<u>Page</u>
Nonmajor Governmental Fund Descriptions		51
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	53
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	55
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
1/2% Gross Receipts Tax Special Revenue Fund	B-1	57
Parks and Recreation Special Revenue Fund	B-2	58
1/8th Infrastructure Tax Special Revenue Fund	B-3	59
State Fire Special Revenue Fund	B-4	60
Emergency Medical Services Special Revenue Fund	B-5	61
Law Enforcement Protection Special Revenue Fund	B-6	62
Traffic Safety Fees Special Revenue Fund	B-7	63
Correction Fees Special Revenue Fund	B-8	64
Ruidoso Flood Special Revenue Fund	B-9	65
Special Street Special Revenue Fund	B-10	66
Convention Center Special Revenue Fund	B-11	67
RSVP Special Revenue Fund	B-12	68
Forestry Operations Special Revenue Fund	B-13	69
DWI Grant Special Revenue Fund	B-14	70
Auction Proceeds Trust Special Revenue Fund	B-15	71
Statement of Revenues, Expenditures, and Changes in Net Assets - Budget (Non-GAAP Basis) and Actual		
Utility Proprietary Fund	C-1	72
Airport Proprietary Fund	C-2	73
Solid Waste Proprietary Fund	C-3	74
Wastewater Treatment Plant Fund	C-4	75
	<u>Schedule</u>	
<b>SUPPORTING SCHEDULES</b>		
Schedule of Deposit and Investment Accounts	I	76
Schedule of Pledged Collateral	II	77
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Funds	III	78
Schedule of Joint Powers Agreements and Memorandums of Understanding	IV	79

**COMPLIANCE SECTION**

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	80
---	----

**FEDERAL FINANCIAL ASSISTANCE**

Independent Auditor's 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	82	
Schedule of Expenditures of Federal Awards	V	85
Schedule of Findings and Questioned Costs	VI	86

<b>OTHER DISCLOSURES</b>	95
--------------------------	----

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
OFFICIAL ROSTER  
June 30, 2013**

**Village Council**

<b><u>Name</u></b>	<b><u>Title</u></b>
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
Ron Sena	Deputy Village Manager

**FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Village Council  
Village of Ruidoso  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Village of Ruidoso, New Mexico (the "Village"), as of and for the year ended June 30, 2013, and the related notes to the financial statements 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, and the budgetary comparisons for the major enterprise funds, capital projects fund, and all Nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that



are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in accordance 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 of the Village as of June 30, 2013, and the respective changes in financial positions thereof and the respective budgetary comparisons for major capital projects fund, and nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require 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 this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Village's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the other schedules required by 2.2.2.NMAC* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2.NMAC* are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected

to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2.NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 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* in considering the Village's internal control over financial reporting and compliance.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Albuquerque, New Mexico  
December 2, 2013

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF NET POSITION  
June 30, 2013**

Exhibit A-1  
(1 of 2)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 4,286,023	6,370,474	10,656,497
Investments	2,218,587	6,148,877	8,367,464
Receivables:			-
Property taxes receivable	160,139	-	160,139
Other taxes receivable	1,278,968	692,591	1,971,559
Other receivables	138,188	-	138,188
Customer receivables	-	882,285	882,285
Prepays	1,476	-	1,476
Inventory	280,455	547,127	827,582
Due from other funds	53,186	40,321	93,507
Total current assets	<u>8,417,022</u>	<u>14,681,675</u>	<u>23,098,697</u>
Noncurrent assets			
Restricted cash and cash equivalents	-	459,350	459,350
Capital assets, net	40,088,526	28,821,871	68,910,397
Bond issuance costs, net	<u>137,902</u>	<u>257,321</u>	<u>395,223</u>
Total noncurrent assets	<u>40,226,428</u>	<u>29,538,542</u>	<u>69,764,970</u>
Total Assets	<u>48,643,450</u>	<u>44,220,217</u>	<u>92,863,667</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF NET POSITION  
June 30, 2013**

Exhibit A-1  
(2 of 2)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Liabilities</b>			
Current liabilities			
Accounts payable	558,539	789,499	1,348,038
Accrued payroll expenses	343,931	193,654	537,585
Accrued compensated absences	620,429	142,299	762,728
Accrued interest	236,514	301,774	538,288
Meter deposits	-	439,210	439,210
Due to other funds	28,437	65,070	93,507
Current portion of bonds and notes payable	623,351	1,657,241	2,280,592
Total current liabilities	<u>2,411,201</u>	<u>3,588,747</u>	<u>5,999,948</u>
Noncurrent liabilities			
Bond premiums, net	67,884	-	67,884
Bonds and notes payable	5,245,561	15,467,304	20,712,865
Total noncurrent liabilities	<u>5,313,445</u>	<u>15,467,304</u>	<u>20,780,749</u>
Total liabilities	<u>7,724,646</u>	<u>19,056,051</u>	<u>26,780,697</u>
<b>Net Position</b>			
Net investment in capital assets	34,219,614	11,697,326	45,916,940
Restricted for			
Debt service	-	224,000	224,000
Capital projects	54,956	-	54,956
Special revenue	3,269,230	-	3,269,230
Unrestricted	3,375,004	13,242,840	16,617,844
Total Net Position	<u>\$ 40,918,804</u>	<u>25,164,166</u>	<u>66,082,970</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2013

Exhibit A-2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General government	\$ 3,197,318	1,212,144	163,488	-	(1,821,686)	-	(1,821,686)
Public safety	5,667,846	36,985	509,297	-	(5,121,564)	-	(5,121,564)
Public works	1,984,702	1,204	113,861	-	(1,869,637)	-	(1,869,637)
Culture and recreation	3,202,597	181,067	-	-	(3,021,530)	-	(3,021,530)
Health and welfare	1,181,806	-	1,048,559	-	(133,247)	-	(133,247)
Interest on long-term debt	938,295	-	-	-	(938,295)	(1,588,072)	(2,526,367)
<i>Total government Activities</i>	<u>16,172,564</u>	<u>1,431,400</u>	<u>1,835,205</u>	<u>-</u>	<u>(12,905,959)</u>	<u>(1,588,072)</u>	<u>(14,494,031)</u>
<b>Business-type Activities</b>							
Utility	5,274,503	4,439,265	86,126	-	-	(749,112)	(749,112)
Airport	1,687,688	1,307,687	648,530	-	-	268,529	268,529
Solid Waste	2,211,908	2,671,590	-	-	-	459,682	459,682
Wastewater Treatment Plant	2,278,841	3,782,120	-	-	-	1,503,279	1,503,279
<i>Total business-type activities</i>	<u>11,452,940</u>	<u>12,200,662</u>	<u>734,656</u>	<u>-</u>	<u>-</u>	<u>1,482,378</u>	<u>1,482,378</u>
<i>Total primary government</i>	<u>\$ 27,625,504</u>	<u>13,632,062</u>	<u>2,569,861</u>	<u>-</u>	<u>(12,905,959)</u>	<u>(105,694)</u>	<u>(13,011,653)</u>
<b>General Revenues</b>							
Taxes:							
Property taxes, levied for general purposes					2,341,318	-	2,341,318
Gross receipts taxes					6,780,721	3,882,066	10,662,787
Gasoline and motor vehicle taxes					193,385	-	193,385
Other taxes					1,503,416	-	1,503,416
Investment Income					5,025	11,242	16,267
Miscellaneous income					2,025,822	30,928	2,056,750
Transfers in (out)					5,651,839	(5,651,839)	-
<i>Total general revenues and transfers</i>					<u>18,501,526</u>	<u>(1,727,603)</u>	<u>16,773,923</u>
Change in net position					5,595,567	(1,833,297)	3,762,270
Net position, beginning					34,123,206	26,560,044	60,683,250
Restatement					1,200,031	437,419	1,637,450
Net position, restated					35,323,237	26,997,463	62,320,700
Net position, ending					<u>\$ 40,918,804</u>	<u>25,164,166</u>	<u>66,082,970</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013**

	General Fund	GO Bond RWWTP	Lodger's Tax	Impact Fee
<i>Assets</i>				
Cash and cash equivalents	\$ 925,494	-	504,531	1,248,144
Investments	2,218,587	-	-	-
Receivables:				
Property taxes	160,139	-	-	-
Other taxes receivable	957,672	-	-	-
Other receivables	82,959	55,229	-	-
Inventory	280,455	-	-	-
Due from other funds	28,437	-	-	24,749
Prepaid expenses	1,476	-	-	-
<i>Total assets</i>	<u>\$ 4,655,219</u>	<u>55,229</u>	<u>504,531</u>	<u>1,272,893</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 148,399	-	10,030	379,938
Accrued payroll expenses	334,861	-	-	-
Due to other funds	-	-	-	-
Deferred property tax revenue	126,893	-	-	-
<i>Total liabilities</i>	<u>610,153</u>	<u>-</u>	<u>10,030</u>	<u>379,938</u>
<i>Fund balances</i>				
Nonspendable	281,931	-	-	-
Spendable	-	-	-	-
Restricted				
General government	-	-	-	892,955
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	494,501	-
Health and Welfare	-	-	-	-
Capital projects	-	55,229	-	-
Committed				
Minimum fund balance	336,954	-	-	-
Unassigned	3,426,181	-	-	-
<i>Total fund balances</i>	<u>4,045,066</u>	<u>55,229</u>	<u>494,501</u>	<u>892,955</u>
<i>Total liabilities and fund balances</i>	<u>\$ 4,655,219</u>	<u>55,229</u>	<u>504,531</u>	<u>1,272,893</u>

See Notes to Financial Statements.

Other Governmental Funds	Total Governmental Funds
1,607,854	4,286,023
-	2,218,587
-	160,139
321,296	1,278,968
-	138,188
-	280,455
-	53,186
-	1,476
<u>1,929,150</u>	<u>8,417,022</u>
20,172	558,539
9,070	343,931
28,437	28,437
-	126,893
<u>57,679</u>	<u>1,057,800</u>
-	281,931
-	-
888,829	1,781,784
288,901	288,901
234,886	234,886
8,839	503,340
488,323	488,323
-	55,229
-	336,954
(38,307)	3,387,874
<u>1,871,471</u>	<u>7,359,222</u>
<u>1,929,150</u>	<u>8,417,022</u>



**STATE OF NEW MEXICO**  
**VILLAGE OF RUIDOSO**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**June 30, 2013**

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

Fund balances - total governmental funds	\$	7,359,222
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		40,088,526
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		126,893
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		(236,514)
Bond premiums		(67,884)
Accrued compensated absences		(620,429)
Bonds and notes payable		(5,868,912)
Net position of governmental activities	\$	<u>40,918,804</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2013**

	General Fund	GO Bond RWWTP	Lodger's Tax	Impact Fee
<i>Revenues</i>				
<i>Taxes:</i>				
Property	\$ 2,352,206	-	-	-
Gross receipts	4,950,811	-	-	-
Gasoline and motor vehicle	64,707	-	-	-
Other taxes	368,379	-	1,135,037	-
<i>Intergovernmental</i>				
Federal operating grants	148,547	-	-	-
Federal capital grants	-	-	-	-
State operating grants	14,941	-	-	-
Charges for services	587,345	-	-	-
Licenses and fees	357,954	-	-	149,858
Fines, forfeitures, and penalties	113,095	-	-	-
Investment income	2,691	1,204	403	727
Miscellaneous	941,844	1,071,229	8,823	-
<i>Total revenues</i>	<u>9,902,520</u>	<u>1,072,433</u>	<u>1,144,263</u>	<u>150,585</u>
<i>Expenditures:</i>				
<i>Current:</i>				
General government	2,872,296	-	-	26,057
Public safety	4,823,410	-	-	-
Public works	1,245,773	44,045	-	-
Culture and recreation	1,353,259	-	1,367,232	-
Health and welfare	97,344	-	-	-
Capital outlay	1,243,409	-	-	1,383,275
<i>Debt service</i>				
Principal	-	11,575,000	62,358	-
Interest and other charges	-	705,790	52,684	-
<i>Total expenditures</i>	<u>11,635,491</u>	<u>12,324,835</u>	<u>1,482,274</u>	<u>1,409,332</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,732,971)</u>	<u>(11,252,402)</u>	<u>(338,011)</u>	<u>(1,258,747)</u>
<i>Other Financing Sources (Uses)</i>				
Transfers, in	1,902,918	5,130,000	-	-
Transfers, out	(222,227)	(96,434)	(54,000)	(32,713)
<i>Total other financing sources (uses)</i>	<u>1,680,691</u>	<u>5,033,566</u>	<u>(54,000)</u>	<u>(32,713)</u>
<i>Net change in fund balances</i>	(52,280)	(6,218,836)	(392,011)	(1,291,460)
<i>Fund balances - beginning of year</i>	<u>4,097,346</u>	<u>6,274,065</u>	<u>886,512</u>	<u>2,184,415</u>
<i>Fund balances, end of year</i>	<u>\$ 4,045,066</u>	<u>55,229</u>	<u>494,501</u>	<u>892,955</u>

See Notes to Financial Statements.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	2,352,206
1,829,910	6,780,721
128,678	193,385
-	1,503,416
464,762	613,309
-	-
1,206,955	1,221,896
180,664	768,009
42,484	550,296
-	113,095
-	5,025
3,926	2,025,822
<u>3,857,379</u>	<u>16,127,180</u>
16,066	2,914,419
538,822	5,362,232
264,129	1,553,947
395,474	3,115,965
1,084,462	1,181,806
15,760	2,642,444
255,490	11,892,848
179,821	938,295
<u>2,750,024</u>	<u>29,601,956</u>
<u>1,107,355</u>	<u>(13,474,776)</u>
222,227	7,255,145
(1,197,932)	(1,603,306)
<u>(975,705)</u>	<u>5,651,839</u>
131,650	(7,822,937)
<u>1,739,821</u>	<u>15,182,159</u>
<u><u>1,871,471</u></u>	<u><u>7,359,222</u></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, 2013**

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

Net change in fund balances - total governmental funds	\$ (7,822,937)
--	----------------

Governmental funds reported 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	2,642,444
Depreciation expense	(926,392)

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	(10,888)
------------------------------	----------

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:

Increase in accrued compensated absences	(215,804)
Decrease in accrued interest	36,296

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:

Principal payments on bonds and notes payable	<u>11,892,848</u>
---	-------------------

Change in net position of governmental activities	<u>\$ 5,595,567</u>
---	---------------------

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**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, 2013**

Exhibit C-1

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ 2,284,393	2,284,393	2,352,206	67,813
Gross receipts	4,825,000	4,825,000	4,950,811	125,811
Gasoline and motor vehicle	59,300	59,300	64,707	5,407
Other taxes	420,000	420,000	368,379	(51,621)
Intergovernmental				
Federal operating grants	302,000	171,137	148,547	(22,590)
State operating grants	-	-	14,941	14,941
Charges for services	1,066,494	1,069,494	587,345	(482,149)
Licenses and fees	347,500	347,500	357,954	10,454
Fines, forfeitures, and penalties	126,000	103,000	113,095	10,095
Investment income	7,000	3,000	2,691	(309)
Miscellaneous	1,864,027	1,842,398	692,711	(1,149,687)
<i>Total revenues</i>	<u>11,301,714</u>	<u>11,125,222</u>	<u>9,653,387</u>	<u>(1,471,835)</u>
<i>Expenditures:</i>				
Current:				
General government	3,212,653	3,131,904	3,012,076	119,828
Public safety	5,188,033	5,258,918	4,823,410	435,508
Public works	1,540,734	1,553,634	1,245,773	307,861
Culture and recreation	1,273,478	1,272,493	1,353,259	(80,766)
Health and welfare	100,178	107,507	97,344	10,163
Capital outlay	1,240,475	1,191,305	1,243,409	(52,104)
Debt service				
Principal	67,897	68,357	-	68,357
Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,623,448</u>	<u>12,584,118</u>	<u>11,775,271</u>	<u>808,847</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,321,734)</u>	<u>(1,458,896)</u>	<u>(2,121,884)</u>	<u>(662,988)</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	-	-	-
Transfers, in	1,651,501	1,651,501	1,902,918	251,417
Transfers, out	-	-	(222,227)	(222,227)
<i>Total other financing sources (uses)</i>	<u>1,651,501</u>	<u>1,651,501</u>	<u>1,680,691</u>	<u>29,190</u>
<i>Net change in fund balances</i>	<u>329,767</u>	<u>192,605</u>	<u>(441,193)</u>	<u>(633,798)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,097,346</u>	<u>4,097,346</u>
<i>Fund balances, end of year</i>	<u>\$ 329,767</u>	<u>192,605</u>	<u>3,656,153</u>	<u>3,463,548</u>
Net change in fund balance (non-GAAP budgetary basis)				(441,193)
Adjustments to revenues for receivables, deferred property tax revenue and debt proceeds				249,133
Adjustments to expenditures for prepaid expenses, accounts payable and accrued payroll				139,780
Net change in fund balance (GAAP)				<u>\$ (52,280)</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
GO BOND RWWTP 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, 2013

Exhibit C-2

	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 taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	1,204	1,204
Miscellaneous	-	-	161,734	161,734
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>162,938</u>	<u>162,938</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	132,000	64,354	67,646
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	11,267,056	(11,267,056)
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>132,000</u>	<u>11,331,410</u>	<u>(11,199,410)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(132,000)</u>	<u>(11,168,472)</u>	<u>(11,036,472)</u>
Other Financing Sources (Uses)				
Designated cash (budget cash increase)	7,076,935	6,221,430	-	(6,221,430)
Transfers, in	-	-	5,130,000	5,130,000
Transfers, out	-	-	(96,434)	(96,434)
<i>Total other financing sources (uses)</i>	<u>7,076,935</u>	<u>6,221,430</u>	<u>5,033,566</u>	<u>(1,187,864)</u>
<i>Net change in fund balances</i>	<u>7,076,935</u>	<u>6,089,430</u>	<u>(6,134,906)</u>	<u>(12,224,336)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>6,274,065</u>	<u>6,274,065</u>
<i>Fund balances, end of year</i>	<u>\$ 7,076,935</u>	<u>6,089,430</u>	<u>139,159</u>	<u>(5,950,271)</u>
Net change in fund balance (non-GAAP budgetary basis)				(6,134,906)
Adjustments to revenues for receivables, deferred property tax revenue and debt proceeds				(104,239)
Adjustments to expenditures for prepaid expenses, accounts payable and accrued payroll				20,309
Net change in fund balance (GAAP)				<u>\$ (6,218,836)</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
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, 2013

Exhibit C-3

	Budgeted Amounts		Actual	Variations
	Original	Final	(Non-GAAP	Favorable
			Budgetary Basis)	(Unfavorable)
				Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	-	-	-
Gasoline and motor vehicle	-	-	-	-
Other taxes	1,255,000	1,255,000	1,239,276	(15,724)
Intergovernmental				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	1,500	1,500	403	(1,097)
Miscellaneous	-	-	8,823	8,823
<i>Total revenues</i>	<u>1,256,500</u>	<u>1,256,500</u>	<u>1,248,502</u>	<u>(7,998)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	1,206,707	1,464,657	1,387,541	77,116
Capital outlay	-	-	-	-
Debt service				
Principal	62,358	62,358	62,358	-
Interest	52,684	52,684	52,684	-
<i>Total expenditures</i>	<u>1,321,749</u>	<u>1,579,699</u>	<u>1,502,583</u>	<u>77,116</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(65,249)</u>	<u>(323,199)</u>	<u>(254,081)</u>	<u>69,118</u>
Other Financing Sources (Uses)				
Designated cash (budget cash increase)	677,628	419,678	-	(419,678)
Transfers, in	-	-	-	-
Transfers, out	(54,000)	(54,000)	(54,000)	-
<i>Total other financing sources (uses)</i>	<u>623,628</u>	<u>365,678</u>	<u>(54,000)</u>	<u>(419,678)</u>
<i>Net change in fund balances</i>	<u>558,379</u>	<u>42,479</u>	<u>(308,081)</u>	<u>(350,560)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>886,512</u>	<u>886,512</u>
<i>Fund balances, end of year</i>	<u>\$ 558,379</u>	<u>42,479</u>	<u>578,431</u>	<u>535,952</u>
Net change in fund balance (non-GAAP budgetary basis)				(308,081)
Adjustments to revenues for receivables, deferred property tax revenue and debt proceeds				(104,239)
Adjustments to expenditures for prepaid expenses, accounts payable and accrued payroll				20,309
Net change in fund balance (GAAP)				<u>\$ (392,011)</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**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, 2013**

Exhibit C-4

	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 taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
State operating grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	125,000	125,000	125,109	109
Investment income	700	700	727	27
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>125,700</u>	<u>125,700</u>	<u>125,836</u>	<u>136</u>
<i>Expenditures:</i>				
Current:				
General government	994,035	1,083,602	26,057	1,057,545
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	1,064,587	1,064,587	1,064,587	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,058,622</u>	<u>2,148,189</u>	<u>1,090,644</u>	<u>1,057,545</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,932,922)</u>	<u>(2,022,489)</u>	<u>(964,808)</u>	<u>1,057,681</u>
Other Financing Sources (Uses)				
Designated cash (budget cash increase)	2,123,729	2,220,915	-	(2,220,915)
Transfers, in	-	-	-	-
Transfers, out	(61,759)	(61,759)	(32,713)	29,046
<i>Total other financing sources (uses)</i>	<u>2,061,970</u>	<u>2,159,156</u>	<u>(32,713)</u>	<u>(2,191,869)</u>
<i>Net change in fund balances</i>	<u>129,048</u>	<u>136,667</u>	<u>(997,521)</u>	<u>(1,134,188)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,184,415</u>	<u>2,184,415</u>
<i>Fund balances, end of year</i>	<u>\$ 129,048</u>	<u>136,667</u>	<u>1,186,894</u>	<u>1,050,227</u>
Net change in fund balance (non-GAAP budgetary basis)				(997,521)
Adjustments to revenues for receivables, deferred property tax revenue and debt proceeds				24,749
Adjustments to expenditures for prepaid expenses, accounts payable and accrued payroll				(318,688)
Net change in fund balance (GAAP)				<u>\$ (1,291,460)</u>

See Notes to Financial Statements.



**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2013**

Exhibit D-1

	Utility	Airport	Solid Waste	Wastewater Treatment Plant	Total
<i>Assets</i>					
<i>Current Assets</i>					
Cash and cash equivalents	\$ 1,633,880	833,075	616,937	3,286,582	6,370,474
Investments	5,703,393	-	-	445,484	6,148,877
Receivables:					
Other taxes	451,868	-	26,747	213,976	692,591
Customer receivables	273,333	-	332,967	275,985	882,285
Inventory	202,549	120,177	81,094	143,307	547,127
Due from other funds	20,377	-	9,061	10,883	40,321
<i>Total current assets</i>	<u>8,285,400</u>	<u>953,252</u>	<u>1,066,806</u>	<u>4,376,217</u>	<u>14,681,675</u>
<i>Noncurrent assets</i>					
Restricted cash and cash equivalents	459,350	-	-	-	459,350
Capital assets, net	1,805,372	3,154,400	2,327,666	21,534,433	28,821,871
Bond issuance costs, net	254,586	-	2,735	-	257,321
<i>Total noncurrent assets</i>	<u>2,519,308</u>	<u>3,154,400</u>	<u>2,330,401</u>	<u>21,534,433</u>	<u>29,538,542</u>
<i>Total assets</i>	<u>\$ 10,804,708</u>	<u>4,107,652</u>	<u>3,397,207</u>	<u>25,910,650</u>	<u>44,220,217</u>
<i>Liabilities and Net Assets</i>					
<i>Liabilities</i>					
<i>Current Liabilities</i>					
Accounts payable	\$ 158,610	445,935	76,794	108,160	789,499
Accrued payroll expenses	81,118	37,691	48,002	26,843	193,654
Accrued compensated absences	50,245	21,790	49,803	20,461	142,299
Meter deposits	439,210	-	-	-	439,210
Due to other funds	65,070	-	-	-	65,070
Accrued interest payable	6,904	-	1,400	293,470	301,774
Bonds and notes payable	180,000	-	-	1,477,241	1,657,241
<i>Total current liabilities</i>	<u>981,157</u>	<u>505,416</u>	<u>175,999</u>	<u>1,926,175</u>	<u>3,588,747</u>
<i>Noncurrent Liabilities</i>					
Bonds and notes payable	2,530,000	-	-	12,937,304	15,467,304
<i>Total noncurrent liabilities</i>	<u>2,530,000</u>	<u>-</u>	<u>-</u>	<u>12,937,304</u>	<u>15,467,304</u>
<i>Net Position</i>					
Net investment in capital assets	(904,628)	3,154,400	2,327,666	7,119,888	11,697,326
Restricted for debt service	224,000	-	-	-	224,000
Unrestricted net position	7,974,179	447,836	893,542	3,927,283	13,242,840
<i>Total net position</i>	<u>7,293,551</u>	<u>3,602,236</u>	<u>3,221,208</u>	<u>11,047,171</u>	<u>25,164,166</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 10,804,708</u>	<u>4,107,652</u>	<u>3,397,207</u>	<u>25,910,650</u>	<u>44,220,217</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2013**

Exhibit D-2

	Utility	Airport	Solid Waste	Wastewater Treatment Plant	Total
<i>Operating Revenues</i>					
Charges for Services	\$ 4,439,265	1,307,687	2,671,590	3,782,120	12,200,662
<b>Total operating revenues</b>	<b>4,439,265</b>	<b>1,307,687</b>	<b>2,671,590</b>	<b>3,782,120</b>	<b>12,200,662</b>
<i>Operating Expenses</i>					
General and administrative	861,319	914,594	708,684	244,140	2,728,737
Personnel services	2,025,214	435,340	969,713	653,822	4,084,089
Contractual services	792,911	26,259	57,978	130,375	1,007,523
Supplies and purchased power	20,057	7,207	12,957	990	41,211
Maintenance and materials	951,965	143,906	193,574	67,885	1,357,330
Utilities	537,302	48,014	63,579	466,052	1,114,947
Depreciation	85,735	91,990	205,423	715,577	1,098,725
Grant matching	-	(3,577)	-	-	(3,577)
Miscellaneous	-	23,955	-	-	23,955
<i>Total operating expenses</i>	<i>5,274,503</i>	<i>1,687,688</i>	<i>2,211,908</i>	<i>2,278,841</i>	<i>11,452,940</i>
<i>Operation income (loss)</i>	<i>(835,238)</i>	<i>(380,001)</i>	<i>459,682</i>	<i>1,503,279</i>	<i>747,722</i>
<i>Non-operating revenues (expenses)</i>					
Intergovernmental grants	86,126	648,530	-	-	734,656
Interest income	8,890	-	148	2,204	11,242
Interest expense	(83,874)	-	(107,558)	(1,396,640)	(1,588,072)
Gross receipts tax revenue	2,586,715	-	143,234	1,152,117	3,882,066
Miscellaneous	12,450	3,917	14,561	-	30,928
<i>Total non-operating revenues (expenses)</i>	<i>2,610,307</i>	<i>652,447</i>	<i>50,385</i>	<i>(242,319)</i>	<i>3,070,820</i>
Income (Loss) Before Contributions and Transfers	1,775,069	272,446	510,067	1,260,960	3,818,542
Transfers in	-	802,614	-	-	802,614
Transfers out	(620,377)	(20,877)	(331,352)	(5,481,847)	(6,454,453)
<i>Net transfers</i>	<i>(620,377)</i>	<i>781,737</i>	<i>(331,352)</i>	<i>(5,481,847)</i>	<i>(5,651,839)</i>
<b>Change in net position</b>	<b>1,154,692</b>	<b>1,054,183</b>	<b>178,715</b>	<b>(4,220,887)</b>	<b>(1,833,297)</b>
<i>Beginning net position, as previously stated</i>	<i>6,076,371</i>	<i>2,548,053</i>	<i>2,807,430</i>	<i>15,128,190</i>	<i>26,560,044</i>
<i>Restatement</i>	<i>62,488</i>	<i>-</i>	<i>235,063</i>	<i>139,868</i>	<i>437,419</i>
<i>Beginning net position, as restated</i>	<i>6,138,859</i>	<i>2,548,053</i>	<i>3,042,493</i>	<i>15,268,058</i>	<i>26,997,463</i>
<i>Net position, end of year</i>	<i>\$ 7,293,551</i>	<i>3,602,236</i>	<i>3,221,208</i>	<i>11,047,171</i>	<i>25,164,166</i>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
June 30, 2013**

	Utility	Airport	Solid Waste
<i>Cash flows from operating activities:</i>			
Cash received from user charges	\$ 4,251,588	1,307,687	2,404,449
Cash payments to employees for services	(2,069,024)	(396,953)	(998,150)
Cash payments to suppliers for goods and services	(3,087,528)	(988,498)	(1,079,062)
<i>Net cash provided (used) by operating activities</i>	<u>(904,964)</u>	<u>(77,764)</u>	<u>327,237</u>
<i>Cash flows from noncapital financing activities:</i>			
Intergovernmental grants	86,126	648,530	-
Gross receipts taxes received	2,586,715	-	143,234
Miscellaneous income	12,450	3,917	14,561
Internal transfers and loans	(576,317)	781,737	(339,780)
<i>Net cash provided (used) by noncapital financing activities</i>	<u>2,108,974</u>	<u>1,434,184</u>	<u>(181,985)</u>
<i>Cash flows from capital and related financing activities:</i>			
Acquisition of capital assets	(1,112,281)	(1,030,866)	(283,757)
Proceeds from issuance of debt	-	-	-
Principal paid on capital debt	(170,000)	(32,450)	(223,457)
Interest paid on capital debt	(83,874)	-	(107,558)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(1,366,155)</u>	<u>(1,063,316)</u>	<u>(614,772)</u>
<i>Cash flows from investing activities:</i>			
Interest on investments	8,890	-	148
Proceeds from sale of investments	446,458	-	-
<i>Net cash provided by investing activities</i>	<u>455,348</u>	<u>-</u>	<u>148</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	<u>293,203</u>	<u>293,104</u>	<u>(469,372)</u>
<i>Cash and restricted cash equivalents - beginning of year</i>	1,737,539	539,971	851,246
<i>Cash restatement</i>	62,488	-	235,063
<i>Cash and cash equivalents - beginning of year, restated</i>	<u>1,800,027</u>	<u>539,971</u>	<u>1,086,309</u>
<i>Cash and restricted cash equivalents - end of year</i>	<u>\$ 2,093,230</u>	<u>833,075</u>	<u>616,937</u>
<i>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ (835,238)	(380,001)	459,682
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	85,735	91,990	205,423
Changes in assets and liabilities:			
Receivables	(178,553)	-	(267,141)
Inventory	149,720	37,194	1,084
Prepaid expenses	-	3,712	-
Accounts payable	(73,694)	130,954	(43,374)
Accrued payroll expenses	(20,045)	24,581	(27,972)
Accrued compensated absences	(23,765)	13,806	(465)
Meter and other refundable deposits	(9,124)	-	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ (904,964)</u>	<u>(77,764)</u>	<u>327,237</u>

See Notes to Financial Statements.

Exhibit D-3

Wastewater Treatment Plant	Total
3,615,572	11,579,296
(661,803)	(4,125,930)
(967,334)	(6,122,422)
<u>1,986,435</u>	<u>1,330,944</u>
-	734,656
1,152,117	3,882,066
-	30,928
<u>(5,492,730)</u>	<u>(5,627,090)</u>
<u>(4,340,613)</u>	<u>(979,440)</u>
(676,683)	(3,103,587)
5,130,000	5,130,000
(364,603)	(790,510)
<u>(1,396,640)</u>	<u>(1,588,072)</u>
<u>2,692,074</u>	<u>(352,169)</u>
2,204	11,242
899,617	1,346,075
<u>901,821</u>	<u>1,357,317</u>
<u>1,239,717</u>	<u>1,356,652</u>
1,906,997	5,035,753
139,868	437,419
<u>2,046,865</u>	<u>5,473,172</u>
<u>3,286,582</u>	<u>6,829,824</u>
1,503,279	747,722
715,577	1,098,725
(166,548)	(612,242)
(90,872)	97,126
-	3,712
32,980	46,866
(975)	(24,411)
(7,006)	(17,430)
<u>-</u>	<u>(9,124)</u>
<u>1,986,435</u>	<u>1,330,944</u>

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
June 30, 2013**

Exhibit E-1

*Assets*

Cash	\$	<u>3,709</u>
------	----	--------------

*Liabilities*

Deposits held in trust for others	\$	<u>3,709</u>
-----------------------------------	----	--------------

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**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

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

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.

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 no component units during the fiscal year ended June 30, 2013.

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

The government-wide financial statements (i.e., the statement of net position 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 Position 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 Position, 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 position are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

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

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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



STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 *Impact Fee Fund* accounts 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 *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.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

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.

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 *Regional Wastewater Treatment Fund* was established on July 3, 1974 with Plant from a joint powers agreement (JPA) between the Village of Ruidoso, and the City of Ruidoso Downs. The JPA created a Joint Use Board for the implementation of planning, construction, and regional control of wastewater treatment facilities for the Village of Ruidoso, the City of Ruidoso Downs and the surrounding area.

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.

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

**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 10<sup>th</sup> and April 10<sup>th</sup>. Property taxes uncollected after November 10<sup>th</sup> and April 10<sup>th</sup> 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.

**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 per Section 12-6-10 NMSA 1978 (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

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

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, 2013, along with applicable retirement benefits.

**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:

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

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

<u>Employment Duration</u>	<u>Vesting%</u>	<u>Maximum Hours Payable</u>
1 to 5 years	0%	0 hours
6 to 10 years	25%	130 hours
11 to 15 years	50%	260 hours
16 to 20 years	75%	390 hours
≥ 20 years	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.

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, 2013, the nonspendable fund balance in the general fund is made up of prepaid expenses in the amount of \$1,476 and inventory in the amount of \$18,833 that is not in spendable form.

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

**Restricted Fund Balance:** At June 30, 2013, the restricted fund balance on the governmental fund balance sheet of \$3,352,463 is restricted for the purpose of each fund as described on pages 26 and 51-52.

**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 \$336,954 at June 30, 2013, 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 position and displayed in three components:

a. Net Investment in Capital Assets:

Net investment in capital assets are capital assets 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 position:

Consists of net position 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 position:

All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

**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.

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

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

depreciation on assets over their estimated useful lives, accrued compensated absences, and the allowance for uncollectible accounts.

**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:

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, 2013 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, 2013.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks

**STATE OF NEW MEXICO**  
**VILLAGE OF RUIDOSO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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.

*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, 2013, \$18,764,214 of the Village's bank balances of \$20,016,504 was exposed to custodial credit risk. \$18,764,214 was uninsured and collateralized by securities held by the pledging bank's trust department, not in the Village's name and \$622,117 was uninsured and uncollateralized. Bank accounts were collateralized as follows:

	<u>Wells Fargo</u>	<u>City Bank of NM</u>	<u>Pioneer Savings</u>	<u>First National Bank</u>	<u>Total</u>
Funds on Deposit					
Deposits	\$ 13,666,142	2,290	-	-	13,668,432
Certificates of Deposit	3,020,439	850,003	2,131,442	346,188	6,348,072
<i>Total on deposit:</i>	16,686,581	852,293	2,131,442	346,188	20,016,504
Less: FDIC insurance	500,000	252,290	250,000	250,000	1,252,290
<i>Total uninsured public funds:</i>	<u>\$ 16,186,581</u>	<u>600,003</u>	<u>1,881,442</u>	<u>96,188</u>	<u>19,348,771</u>
Pledged Collateral Required:					
102% on repurchase agreements	9,261,009	-	-	-	9,261,009
50% on deposits	3,845,874	300,002	940,706	48,094	5,134,676
	13,106,883	300,002	940,706	48,094	14,395,685
Pledged Collateral at June 30, 2013	14,820,783	600,000	2,000,682	720,632	18,142,097
<i>Excess (Deficiency):</i>	<u>\$ 1,713,900</u>	<u>299,998</u>	<u>1,059,976</u>	<u>672,538</u>	<u>3,746,412</u>



**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

Reconciliation to the Statement of Net Position:

Total cash and cash equivalents primary government per Exhibit A-1	\$ 10,656,497
Total restricted cash and cash equivalents per Exhibit A-1	459,350
Total investments primary government per Exhibit A-1	8,367,464
Total agency funds cash and cash equivalents per Exhibit E-1	<u>3,709</u>
Total cash, cash equivalents, and investments	<u>19,487,020</u>
Add: outstanding checks	1,185,337
Less: deposits in transit	(1,865)
Less: investments held in NM State Treasurer's LGIP	(70,449)
Less: cash held at the NMFA	(582,094)
Less: petty cash	<u>(1,445)</u>
	529,484
Bank balance of deposits	<u>\$ 20,016,504</u>

**Investments**

The Village's investments at June 30, 2013 include the following:

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

The New Mexico 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, 2013, the Village's investment in the State Treasurer Local Government Investment Pool was rated AAAM by Standard & Poor's.

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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.

*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, 2013 are shown as follows:

	<b>General Fund</b>	<b>GO Bond RWWTP</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
Property taxes	\$ 160,139	-	-	160,139
Other taxes	957,672	-	321,296	1,278,968
Other receivables	82,959	55,229	-	138,188
Total by category	<u>\$ 1,200,770</u>	<u>55,229</u>	<u>321,296</u>	<u>1,577,295</u>

In accordance with GASB No. 33 property tax revenues in the amount of \$126,893 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, 2013.

Proprietary fund receivables as of June 30, 2013 are shown as follows:

	<b>Utility</b>	<b>Airport</b>	<b>Solid Waste</b>	<b>Wastewater Treatment Plant</b>	<b>Total</b>
Gross receipts taxes	\$ 451,868	-	26,747	213,976	692,591
Customer receivables	273,333	-	332,967	275,985	882,285
Total by category	<u>\$ 725,201</u>	<u>-</u>	<u>359,714</u>	<u>489,961</u>	<u>1,574,876</u>

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

The following is a schedule of due to and from at June 30, 2013:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Total</u>
General fund		\$ 28,437
Impact fees		24,749
Utility		20,377
Solid waste		9,061
Wastewater treatment plant		10,883
	Utility	(65,070)
	Traffic safety fees	(9,116)
	Correction fees	(16,544)
	Convention center	<u>(2,777)</u>
		\$ <u>-</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	Utility	\$ 538,100
General	Airport	20,877
General	RWWTP	351,847
General	SGRT	82,277
General	GRT 1/2%	395,318
General	Solid Waste	331,352
General	Lodgers Tax	54,000
General	Impact Fees	32,713
General	RWWTP Bond Fund	96,434
GO Bond WWTP	Wastewater Treatment Plant	5,130,000
Airport	GRT 1/2%	802,614
Convention Center	General	<u>222,227</u>
<b>Total</b>		<b>\$ <u>8,057,759</u></b>

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 6. Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2013, follow. Land and construction in progress are not subject to depreciation.

Category (Governmental Activities)	June 30, 2012 (As restated)	Additions	Deletions	Reclassification	June 30, 2013
ART	\$ 18,200	-	-	-	18,200
Land	9,783,195	-	-	532,564	10,315,759
Roads and Bridges	35,738,327	2,495,027	-	(498,139)	37,735,215
Buildings & building improvements	13,062,050	241,527	-	-	13,303,577
Furniture, fixtures & equipment	2,238,970	79,034	-	-	2,318,004
Vehicles	4,751,609	536,728	24,506	(34,425)	5,229,406
Construction in Progress	<u>1,293,903</u>	<u>608,537</u>	<u>1,293,903</u>	<u>-</u>	<u>608,537</u>
Total	<u>66,886,254</u>	<u>3,960,853</u>	<u>1,318,409</u>	<u>-</u>	<u>69,528,699</u>
Total capital assets not being depreciated	11,095,298	608,537	1,293,903	532,564	10,942,496
Total capital assets being depreciated	55,790,956	3,352,316	24,506	(532,564)	58,586,203
<b>Less accumulated depreciation:</b>					
Roads	19,403,235	515,055	-	-	19,918,290
Land		-	-	-	-
Buildings and building improvements	5,251,188	237,144	-	-	5,488,332
Furniture, fixtures & equipment	1,393,625	52,290	-	-	1,445,915
Vehicles	<u>2,465,733</u>	<u>121,903</u>	<u>-</u>	<u>-</u>	<u>2,587,636</u>
<b>Total accumulated depreciation:</b>	<u>28,513,781</u>	<u>926,392</u>	<u>-</u>	<u>-</u>	<u>29,440,173</u>
<b>Total capital assets net of depreciation:</b>	<b>\$ <u>38,372,473</u></b>	<b><u>3,034,461</u></b>	<b><u>1,318,409</u></b>	<b><u>-</u></b>	<b><u>40,088,526</u></b>

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

Category (Enterprise Funds)	June 30, 2012	Additions	Deletions	Reclassification	June 30, 2013
Land	\$ -	-	-	38,202	38,202
Buildings and building improvements	4,437,533	-	-	134,442	4,571,975
Utility Infrastructure	22,754,234	1,728,822	-	(508,648)	23,974,408
Furniture, fixtures & equipment	812,859	7,286	-	347,157	1,167,302
Vehicles	4,590,546	244,094	13,556	27,049	4,848,133
Construction in Progress	266,577	1,403,518	266,577	(38,202)	1,365,316
<b>Total</b>	<b>32,861,749</b>	<b>3,383,720</b>	<b>280,133</b>	<b>-</b>	<b>35,965,336</b>
Total capital assets not being depreciated	266,577	1,403,518	266,577	-	1,403,518
Total capital assets being depreciated	32,595,172	1,980,202	13,556	-	34,561,818
<b>Less accumulated depreciation:</b>					
Buildings and building improvements	1,718,450	89,103	-	-	1,807,553
Utility infrastructure	1,110,127	705,156	-	-	1,815,283
Furniture, fixtures & equipment	563,460	160,093	-	-	723,553
Vehicles	2,652,703	144,373	-	-	2,797,076
Construction in Progress	-	-	-	-	-
<b>Total accumulated depreciation:</b>	<b>6,044,740</b>	<b>1,098,725</b>	<b>-</b>	<b>-</b>	<b>7,143,465</b>
<b>Total capital assets net of depreciation:</b>	<b>\$ 26,817,009</b>	<b>2,284,995</b>	<b>280,133</b>	<b>-</b>	<b>28,821,871</b>

Depreciation expense for the year ended June 30, 2013 was charged to governmental activities as follows:

General Government	\$ 103,391
Public Safety	305,614
Public Works	430,755
Culture and Recreation	<u>86,632</u>
 Total depreciation expense, governmental activities	 \$ <u>926,392</u>

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 7. Long-term Debt**

**Governmental Activities**

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the government-wide statement of net assets:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2013</u>	<u>Due Within One Year</u>
Bonds	\$ 14,315,000	-	11,575,000	2,740,000	300,000
NMFA Loans	3,446,760	-	317,851	3,128,912	323,351
Compensated Absences	404,625	215,804	-	620,429	620,429
Total	\$ <u>18,166,385</u>	<u>215,804</u>	<u>11,892,848</u>	<u>6,489,341</u>	<u>1,243,780</u>

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>Original Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>
2006 Gross Receipts Tax Refunding and Improvement Bond	\$ 4,020,000	6/1/2026	3.50%-4.75%	\$ <u>2,740,000</u>
Total				\$ <u>2,740,000</u>

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 7. Long-term Debt (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 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%	\$	655,000
NMFA - Special Street Equipment		846,667	5/1/2016	3.02%-3.70%		290,088
NMFA - Fire Truck		1,015,000	5/1/2025	0.68%-4.41%		861,246
NMFA - Civic Center Remodel	\$	1,537,768	5/1/2029	0.65%-4.65%		<u>1,322,578</u>
Total					\$	<u><u>3,128,912</u></u>

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

**Debt Service Requirements**

Debt Service requirements on long-term debt for governmental activities at June 30, 2013 are as follows:

**Bonds Payable:**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 300,000	113,363	413,363
2015	155,000	107,363	262,363
2016	165,000	100,000	265,000
2017	170,000	92,163	262,163
2018	180,000	84,086	264,086
2019-2023	1,035,000	287,980	1,322,980
2024-2028	735,000	62,845	797,845
	\$ 2,740,000	847,800	3,587,800

**New Mexico Finance Authority Loans:**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	253,264	73,988	327,252
2019-2023	880,230	264,047	1,144,277
2024-2028	651,950	103,394	755,344
2029	109,930	5,112	115,042
	\$ 3,128,912	823,271	3,952,183



STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

**Business-Type Activities**

During the year ended June 30, 2013, the following changes occurred in the liabilities reported in the proprietary funds statement of net assets:

	<b>Balance</b>			<b>Balance</b>	<b>Due</b>
	<b>June 30, 2012</b>	<b>Additions</b>	<b>Retirement</b>	<b>June 30, 2013</b>	<b>Within One Year</b>
Bonds	\$ 10,957,000	5,130,000	382,641	15,704,359	1,498,701
NMFA Loans	1,295,605	-	300,418	995,187	78,540
Notes Payable	500,000	-	75,000	425,000	80,000
Capital Leases	32,450	-	32,450	-	-
Compensated Absences	132,262	10,037	-	142,299	142,299
	<u>\$ 12,917,317</u>	<u>5,140,036</u>	<u>790,509</u>	<u>17,266,845</u>	<u>1,821,490</u>

**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. On October 7, 2009, the Plant issued their Series 2009 Wastewater System Improvement Revenue Bonds in the amount of \$8,755,000 to the United States Department of Agriculture (USDA) for the purpose of improving and extending the Plant's wastewater system. Principal and interest are paid annually. The bonds are secured by and payable from the net revenues of the Regional Wastewater Treatment Plant. Revenue bonds outstanding at year end for business-type activities are as follows:

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

NOTE 7. Long-term Debt (Continued)

Series	Original Issue	Final Maturity	Interest Rate	Outstanding
2009 Wastewater Improvement	\$ 8,755,000	10/1/2049	4.25%	\$ 8,289,359
2013 GO Refunding Bond	5,130,000	7/1/2027	2.64%	5,130,000
2012 Supplemental Gross Receipts Refunding Bonds	\$ 2,380,000	6/1/2031	2.00%- 3.25%	<u>2,285,000</u>
				\$ <u><u>15,704,359</u></u>

**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.

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

Series	Original Issue	Final Maturity	Interest Rate	Outstanding
Capital One - Water Rights	\$ 570,000	6/1/2018	3.15%-4.74%	\$ <u>425,000</u>
<b>Total</b>				\$ <u><u>425,000</u></u>

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

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

**Debt Service Requirements**

Debt service requirements on long-term debt for business-type activities at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 1,498,701	558,647	2,057,348
2015	772,734	541,958	1,314,692
2016	797,726	526,991	1,324,717
2017	828,354	511,591	1,339,945
2018	854,646	495,617	1,350,263
2019-2023	4,712,911	2,214,658	6,927,569
2024-2028	5,137,585	1,703,137	6,840,722
2029-2032	1,101,702	298,019	1,399,721
	<u>\$ 15,704,359</u>	<u>6,850,618</u>	<u>22,554,977</u>

**New Mexico Finance Authority Loans:**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 78,540	20,409	98,949
2015	80,152	18,815	98,967
2016	81,797	17,188	98,985
2017	83,476	15,527	99,003
2018	85,191	13,833	99,024
2019-2023	452,945	42,486	495,431
2024-2028	120,075	5,785	125,860
2029-2030	13,011	503	13,514
	<u>\$ 995,187</u>	<u>134,546</u>	<u>1,129,733</u>

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**Notes Payable:**

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	\$ 80,000	13,600	93,600
2015	80,000	11,040	91,040
2016	85,000	8,480	93,480
2017	90,000	5,760	95,760
2018	90,000	2,880	92,880
	\$ 425,000	41,760	466,760

**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, 2013.

**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, 2013, 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.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 8. Risk Management (Continued)**

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

**NOTE 9. 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](http://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, 2013, 2012, and 2011 were \$1,255,056, \$1,157,416, and \$1,185,781, 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, 2013**

**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**

Construction in progress for Governmental Activities in the Statement of Net Position has been restated in which the June 30, 2012 beginning balance has been increased by \$1,200,031 to account for capital projects that were not properly capitalized. In the prior year expenses were overstated in the Statement of Activities and Capital Assets and the Net Position for Governmental Activities was understated.

Additionally, accounts receivable that were not recorded for Business Type Activities and Proprietary Funds (Utility Fund, Solid Waste Fund and Waste Water Treatment Facility Fund) have been restated in which the June 30, 2012 beginning balances have been increased as follows:

	Business-Type							
	<u>Activities</u>		<u>Utility</u>	<u>Solid Waste</u>	<u>Waste Water</u>			
Accts Receivable	\$	437,419	\$	62,488	\$	235,063	\$	139,868
Net Position	\$	437,419	\$	62,488	\$	235,063	\$	139,868
Revenue	\$	437,419	\$	62,488	\$	235,063	\$	139,868

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 15. Recent Accounting Pronouncements**

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement, which is effective for financial statements for periods beginning after June 15, 2012, provides, among other things, additional guidance to primary governments that are business-type activities reporting financial information in a single column. New guidance, which includes reporting a blended component unit, allows users to better distinguish between the primary government and its component unit by requiring condensed combining information in the notes to the financial statements. The Village adopted GASB Statement No. 61 during fiscal year 2013, and as a result, reported the Wastewater Treatment plant as an enterprise fund rather than component unit as previously reported within the financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement, which is effective for financial statements for periods beginning after December 15, 2011, supersedes GASB Statement No. 20. The Village adopted GASB Statement No. 62 during fiscal year 2013, and its provisions were applied retroactively for all periods presented. Adoption of GASB Statement No. 62 did not materially affect the Village's financial statements.

In June 2012, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes standards for reporting deferred outflows and deferred inflows of resources and net position. The statement requires reporting of deferred outflows of resources (consumption of net position applicable to future periods) and deferred inflows of resources (acquisition of net position applicable to future periods) in separate sections of the balance sheet following assets and liabilities. The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equals net position and net position should be displayed in three components as: net investment in capital assets, restricted, and unrestricted. GASB Statement No. 63 is effective for financial statement periods beginning after December 15, 2011. The Village adopted the provisions of the statement in fiscal year 2013. The adoption of GASB Statement No. 63 did not materially affect the Villages financial statements. At June 30, 2013, the Village had no items meeting the criteria of "deferred outflows" or "deferred inflows".

In March 2011, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65, which is effective for financial statements for periods beginning after December 15, 2012, amends or supersedes accounting and financial reporting guidance for certain items previously reported as assets or liabilities. The Village will adopt GASB Statement No. 65 in fiscal year 2014 by retroactively restating financial statements for all periods presented.

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.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 15. Subsequent Pronouncements (continued)**

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, 2013:

Traffic Safety Fees	\$(9,116)
Convention Fees	\$(16,544)
Convention Center	\$(12,647)

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, 2013:

Fund	Excess of Expenditures over Appropriations
G.O. Bond Fund	\$ (11,199,410)
Law Enforcement Protection Fund	(125)
Convention Center Fund	(405,668)
RSVP Fund	(21)

- 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, 2013:

None

**NOTE 17. Restricted Net Position**

The government-wide statement of net position reports \$3,548,186 of restricted net position of which, \$224,000 is restricted by enabling legislation for debt service, \$54,956 is restricted for capital projects and \$3,269,230 is restricted by enabling legislation referred to in the special revenue fund descriptions on pages 26 and 51-52.



**STATE OF NEW MEXICO  
 VILLAGE OF RUIDOSO  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013**

**NOTE 18. 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 19. Subsequent Events**

The date to which events occurring after June 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is December 2, 2013 which is the date on which the financial statements were available to be issued.

On July 12, 2013 issued the Wastewater System Improvement and Refunding Revenue Bonds Series 2013 for the purpose to acquire, extend, enlarge, better, repair or otherwise improve the Village's Wastewater System, and refinance, pay and discharge certain of the Village's outstanding Utility System debt. Interest and principal payments are due semiannually, and details of the bond are as follows:

<u>Date Issued</u>	<u>Amount</u>	<u>Interest</u>	<u>Maturity Date</u>
7/10/2013	8,445,000	3.56%	7/1/2030

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS  
JUNE 30, 2013**

**SPECIAL REVENUE FUNDS**

½%GrossReceiptsTax

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.

ParksandRecreation

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.

1/8<sup>th</sup> InfrastructureTax

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.

StateFire

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.

EmergencyMedicalServices

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.

LawEnforcementProtection

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.

TrafficSafetyFees

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.

CorrectionFees

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.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS  
JUNE 30, 2013**

**SPECIAL REVENUE FUNDS (CONTINUED)**

RuidosoFlood

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.

SpecialStreet

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.

ConventionCenter

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.

ImpactFee

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.

ForestryOperations

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.

DWIGrant

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.

STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2013

	Special Revenue			
	1/2% Gross Receipts Tax	Parks and Recreation	1/8th Infrastructure Tax	State Fire
<i>Assets</i>				
Cash and cash equivalents	\$ -	8,839	512,577	282,963
Investments	-	-	-	-
Receivables:				
Other taxes	228,836	-	92,460	-
Other receivables	-	-	-	-
Prepays insurance	-	-	-	-
<i>Total assets</i>	<u>\$ 228,836</u>	<u>8,839</u>	<u>605,037</u>	<u>282,963</u>
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	1,571
Due to other funds	-	-	-	-
Accrued payroll expenses	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,571</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Spendable				
Restricted				
General government	228,836	-	605,037	-
Public safety	-	-	-	281,392
Public works	-	-	-	-
Culture and recreation	-	8,839	-	-
Health and Welfare	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>228,836</u>	<u>8,839</u>	<u>605,037</u>	<u>281,392</u>
<i>Total liabilities and fund balances</i>	<u>\$ 228,836</u>	<u>8,839</u>	<u>605,037</u>	<u>282,963</u>

Special Revenue				
Emergency Medical Services	Law Enforcement Protection	Traffic Safety Fees	Correction Fees	Ruidoso Flood
2,229	1,331	-	-	488,688
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,229</u>	<u>1,331</u>	<u>-</u>	<u>-</u>	<u>488,688</u>
1	728	-	-	15,760
-	-	9,116	16,544	-
-	-	-	-	-
<u>1</u>	<u>728</u>	<u>9,116</u>	<u>16,544</u>	<u>15,760</u>
-	-	-	-	-
-	-	-	-	-
2,228	603	-	-	-
-	-	-	-	-
-	-	-	-	472,928
-	-	(9,116)	(16,544)	-
<u>2,228</u>	<u>603</u>	<u>(9,116)</u>	<u>(16,544)</u>	<u>472,928</u>
<u>2,229</u>	<u>1,331</u>	<u>-</u>	<u>-</u>	<u>488,688</u>

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2013**

	Special Revenue			
	Special Street	Convention Center	RSVP	Forestry Operations
<i>Assets</i>				
Cash and cash equivalents	\$ 175,786	30	15,395	59,136
Investments	-	-	-	-
Receivables:				
Other taxes	-	-	-	-
Other receivables	-	-	-	-
Prepays insurance	-	-	-	-
<i>Total assets</i>	<u>\$ 175,786</u>	<u>30</u>	<u>15,395</u>	<u>59,136</u>
<i>Liabilities</i>				
Accounts payable	\$ -	830	-	36
Due to other funds	-	2,777	-	-
Accrued payroll expenses	-	9,070	-	-
<i>Total liabilities</i>	<u>-</u>	<u>12,677</u>	<u>-</u>	<u>36</u>
<i>Fund balances</i>				
Nonspendable	-	-	-	-
Spendable				
Restricted				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	175,786	-	-	59,100
Culture and recreation	-	-	-	-
Health and Welfare	-	-	15,395	-
Unassigned	-	(12,647)	-	-
<i>Total fund balances</i>	<u>175,786</u>	<u>(12,647)</u>	<u>15,395</u>	<u>59,100</u>
<i>Total liabilities and fund balances</i>	<u>\$ 175,786</u>	<u>30</u>	<u>15,395</u>	<u>59,136</u>

See Notes to Financial Statements.

<u>Special Revenue</u>	<u>Capital Projects</u>	
	Auction Proceeds Trust Fund	Total Nonmajor Governmental Funds
DWI Grant		
5,924	54,956	1,607,854
-	-	-
-	-	321,296
-	-	-
-	-	-
<u>5,924</u>	<u>54,956</u>	<u>1,929,150</u>
1,246	-	20,172
-	-	28,437
-	-	9,070
<u>1,246</u>	<u>-</u>	<u>57,679</u>
-	-	-
-	54,956	888,829
4,678	-	288,901
-	-	234,886
-	-	8,839
-	-	488,323
-	-	(38,307)
<u>4,678</u>	<u>54,956</u>	<u>1,871,471</u>
<u>5,924</u>	<u>54,956</u>	<u>1,929,150</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, 2013**

	Special Revenue			
	1/2% Gross Receipts Tax	Parks and Recreation	1/8th Infrastructure Tax	State Fire
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ 1,224,923	-	604,987	-
Gasoline and motor vehicle	-	-	-	-
Other taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	285,741
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	3,135	438	45
<i>Total revenues</i>	<u>1,224,923</u>	<u>3,135</u>	<u>605,425</u>	<u>285,786</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	198,620
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	105,000	60,813
Interest	-	-	136,855	29,255
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>241,855</u>	<u>288,688</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>1,224,923</u>	<u>3,135</u>	<u>363,570</u>	<u>(2,902)</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	(1,197,932)	-	-	-
<i>Total other financing sources (uses)</i>	<u>(1,197,932)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	26,991	3,135	363,570	(2,902)
<i>Fund balances - beginning of year</i>	<u>201,845</u>	<u>5,704</u>	<u>241,467</u>	<u>284,294</u>
<i>Fund balances, end of year</i>	<u>\$ 228,836</u>	<u>8,839</u>	<u>605,037</u>	<u>281,392</u>

See Notes to Financial Statements.

Special Revenue				
Emergency Medical Services	Law Enforcement Protection	Traffic Safety Fees	Correction Fees	Ruidoso Flood
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	361,252
-	-	-	-	-
10,745	33,800	-	-	642,262
-	-	-	-	-
-	-	5,499	36,985	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,745	33,800	5,499	36,985	1,003,514
-	-	16,066	-	-
15,844	34,909	-	113,254	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,052,798
-	-	-	-	15,760
-	-	-	-	-
-	-	-	-	-
15,844	34,909	16,066	113,254	1,068,558
(5,099)	(1,109)	(10,567)	(76,269)	(65,044)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(5,099)	(1,109)	(10,567)	(76,269)	(65,044)
7,327	1,712	1,451	59,725	537,972
2,228	603	(9,116)	(16,544)	472,928

**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, 2013**

	Special Revenue			
	Special Street	Convention Center	RSVP	Forestry Operations
<i>Revenues</i>				
Taxes:				
Gross receipts	\$ -	-	-	-
Gasoline and motor vehicle	128,678	-	-	-
Other taxes	-	-	-	-
Intergovernmental				
Federal operating grants	-	-	-	103,510
Federal capital grants	-	-	-	-
State operating grants	-	-	45,045	10,351
Charges for services	-	180,664	-	-
Licenses and fees	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	308	-	-	-
<i>Total revenues</i>	<u>128,986</u>	<u>180,664</u>	<u>45,045</u>	<u>113,861</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	97,219	-	-	166,910
Culture and recreation	-	395,474	-	-
Health and welfare	-	-	31,664	-
Capital outlay	-	-	-	-
Debt service				
Principal	89,677	-	-	-
Interest	13,711	-	-	-
<i>Total expenditures</i>	<u>200,607</u>	<u>395,474</u>	<u>31,664</u>	<u>166,910</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(71,621)</u>	<u>(214,810)</u>	<u>13,381</u>	<u>(53,049)</u>
Other Financing Sources (Uses)				
Transfers, in	-	222,227	-	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>222,227</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(71,621)	7,417	13,381	(53,049)
<i>Fund balances - beginning of year</i>	<u>247,407</u>	<u>(20,064)</u>	<u>2,014</u>	<u>112,149</u>
<i>Fund balances, end of year</i>	<u>\$ 175,786</u>	<u>(12,647)</u>	<u>15,395</u>	<u>59,100</u>

See Notes to Financial Statements.

<u>Special Revenue</u>	<u>Capital Projects</u>	
	Auction Proceeds Trust Fund	Total Nonmajor Governmental Funds
<u>DWI Grant</u>		
-	-	1,829,910
-	-	128,678
-	-	-
-	-	464,762
-	-	-
179,011	-	1,206,955
-	-	180,664
-	-	42,484
-	-	-
-	-	3,926
<u>179,011</u>	<u>-</u>	<u>3,857,379</u>
-	-	16,066
176,195	-	538,822
-	-	264,129
-	-	395,474
-	-	1,084,462
-	-	15,760
-	-	255,490
-	-	179,821
<u>176,195</u>	<u>-</u>	<u>2,750,024</u>
<u>2,816</u>	<u>-</u>	<u>1,107,355</u>
-	-	222,227
-	-	(1,197,932)
-	-	(975,705)
2,816	-	131,650
<u>1,862</u>	<u>54,956</u>	<u>1,739,821</u>
<u>4,678</u>	<u>54,956</u>	<u>1,871,471</u>

**STATE OF NEW MEXICO**  
**VILLAGE OF RUIDOSO**  
**1/2% GROSS RECEIPTS TAX SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2013**

Statement B-1

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	1,300,000	1,300,000	1,251,914	(48,086)
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,251,914</u>	<u>(48,086)</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 (under) expenditures</i>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,251,914</u>	<u>(48,086)</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	-	-	-
Transfers, in	-	-	-	-
Transfers, out	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(1,197,932)</u>	<u>102,068</u>
<i>Total other financing sources (uses)</i>	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(1,197,932)</u>	<u>102,068</u>
<i>Net change in fund balances</i>	-	-	53,982	53,982
<i>Fund balances - beginning of year</i>	-	-	201,845	201,845
<i>Fund balances, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>255,827</u>	<u>255,827</u>
Net change in fund balance (non-GAAP budgetary basis)			\$	53,982
Adjustments to revenues				(26,991)
Adjustments to expenditures				-
Net change in fund balance (GAAP)			\$	<u>26,991</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-2

	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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	6,270	6,270
<i>Total revenues</i>	-	-	6,270	6,270
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	6,270	6,270
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	5,704	5,704	-	(5,704)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	5,704	5,704	-	(5,704)
<i>Net change in fund balances</i>	5,704	5,704	6,270	566
<i>Fund balances - beginning of year</i>	-	-	5,704	5,704
<i>Fund balances, end of year</i>	\$ 5,704	5,704	11,974	6,270
Net change in fund balance (non-GAAP budgetary basis)			\$	6,270
Adjustments to revenues				(3,135)
Adjustments to expenditures				-
Net change in fund balance (GAAP)			\$	3,135

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-3

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	600,000	600,000	618,318	18,318
Gasoline and motor vehicle	-	-	-	-
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	438	438
<i>Total revenues</i>	<u>600,000</u>	<u>600,000</u>	<u>618,756</u>	<u>18,756</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	255,000	255,000	105,000	150,000
Interest	136,855	136,855	136,855	-
<i>Total expenditures</i>	<u>391,855</u>	<u>391,855</u>	<u>241,855</u>	<u>150,000</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>208,145</u>	<u>208,145</u>	<u>376,901</u>	<u>168,756</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	-	-	-
Transfers, in	-	-	-	-
Transfers, out	(208,145)	(208,145)	-	208,145
<i>Total other financing sources (uses)</i>	<u>(208,145)</u>	<u>(208,145)</u>	<u>-</u>	<u>208,145</u>
<i>Net change in fund balances</i>	-	-	376,901	376,901
<i>Fund balances - beginning of year</i>	-	-	162,338	162,338
<i>Fund balances, end of year</i>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>539,239</u>	\$ <u>539,239</u>
Net change in fund balance (non-GAAP budgetary basis)			\$	376,901
Adjustments to revenues				(13,331)
Adjustments to expenditures				-
Net change in fund balance (GAAP)			\$	<u>363,570</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF RUIDOSO**  
**STATE FIRE SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2013**

Statement B-4

	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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	191,170	195,685	283,090	87,405
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	45	45
<b>Total revenues</b>	<b>191,170</b>	<b>195,685</b>	<b>283,135</b>	<b>87,450</b>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	90,000	90,742	198,216	(107,474)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	152,731	152,731	-	152,731
Debt service				
Principal	60,814	60,814	60,813	1
Interest	29,255	29,255	29,255	-
<b>Total expenditures</b>	<b>332,800</b>	<b>333,542</b>	<b>288,284</b>	<b>45,258</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<b>(141,630)</b>	<b>(137,857)</b>	<b>(5,149)</b>	<b>132,708</b>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	141,630	141,630	-	(141,630)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>141,630</b>	<b>141,630</b>	<b>-</b>	<b>(141,630)</b>
<i>Net change in fund balances</i>	-	3,773	(5,149)	(8,922)
<i>Fund balances - beginning of year</i>	-	-	283,618	283,618
<i>Fund balances, end of year</i>	\$ -	<b>3,773</b>	<b>278,469</b>	<b>274,696</b>
Net change in fund balance (non-GAAP budgetary basis)			\$	(5,149)
Adjustments to revenues				2,651
Adjustments to expenditures				(404)
Net change in fund balance (GAAP)			\$	<b>(2,902)</b>

See Notes to Financial Statements.



**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-5

	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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	10,745	10,745	10,745	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>10,745</b>	<b>10,745</b>	<b>10,745</b>	<b>-</b>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	19,540	19,540	15,845	3,695
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>19,540</b>	<b>19,540</b>	<b>15,845</b>	<b>3,695</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<b>(8,795)</b>	<b>(8,795)</b>	<b>(5,100)</b>	<b>3,695</b>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	8,795	8,795	-	(8,795)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>8,795</b>	<b>8,795</b>	<b>-</b>	<b>(8,795)</b>
<i>Net change in fund balances</i>	-	-	(5,100)	(5,100)
<i>Fund balances - beginning of year</i>	-	-	7,327	7,327
<i>Fund balances, end of year</i>	\$ -	-	<u>2,227</u>	<u>2,227</u>
Net change in fund balance (non-GAAP budgetary basis)			\$	(5,100)
Adjustments to revenues				-
Adjustments to expenditures				1
Net change in fund balance (GAAP)			\$	<u>(5,099)</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-6

	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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	33,800	33,800	33,800	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>33,800</u>	<u>33,800</u>	<u>33,800</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	22,012	21,990	35,637	(13,647)
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	13,500	13,522	-	13,522
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>35,512</u>	<u>35,512</u>	<u>35,637</u>	<u>(125)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,712)</u>	<u>(1,712)</u>	<u>(1,837)</u>	<u>(125)</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	1,712	1,712	-	(1,712)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,712</u>	<u>1,712</u>	<u>-</u>	<u>(1,712)</u>
<i>Net change in fund balances</i>	-	-	(1,837)	(1,837)
<i>Fund balances - beginning of year</i>	-	-	1,712	1,712
<i>Fund balances, end of year</i>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(125)</u>	\$ <u>(125)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$	(1,837)
Adjustments to revenues				-
Adjustments to expenditures				728
Net change in fund balance (GAAP)			\$	<u>(1,109)</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-7

	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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	6,000	6,000	5,499	(501)
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>6,000</b>	<b>6,000</b>	<b>5,499</b>	<b>(501)</b>
<i>Expenditures:</i>				
Current:				
General government	16,272	16,272	16,066	206
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>16,272</b>	<b>16,272</b>	<b>16,066</b>	<b>206</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<b>(10,272)</b>	<b>(10,272)</b>	<b>(10,567)</b>	<b>(295)</b>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	10,272	10,272	-	(10,272)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>10,272</b>	<b>10,272</b>	<b>-</b>	<b>(10,272)</b>
<i>Net change in fund balances</i>	-	-	(10,567)	(10,567)
<i>Fund balances - beginning of year</i>	-	-	1,451	1,451
<i>Fund balances, end of year</i>	\$ -	-	<b>(9,116)</b>	<b>(9,116)</b>
Net change in fund balance (non-GAAP budgetary basis)			\$	(10,567)
Adjustments to revenues				-
Adjustments to expenditures				-
Net change in fund balance (GAAP)			\$	<b>(10,567)</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-8

	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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	45,000	45,000	36,985	(8,015)
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>45,000</u>	<u>45,000</u>	<u>36,985</u>	<u>(8,015)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	45,000	159,000	143,980	15,020
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>45,000</u>	<u>159,000</u>	<u>143,980</u>	<u>15,020</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(114,000)</u>	<u>(106,995)</u>	<u>7,005</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	114,868	114,868	-	(114,868)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>114,868</u>	<u>114,868</u>	<u>-</u>	<u>(114,868)</u>
<i>Net change in fund balances</i>	114,868	868	(106,995)	(107,863)
<i>Fund balances - beginning of year</i>	-	-	90,451	90,451
<i>Fund balances, end of year</i>	<u>\$ 114,868</u>	<u>868</u>	<u>(16,544)</u>	<u>(17,412)</u>
Net change in fund balance (non-GAAP budgetary basis)			\$	(106,995)
Adjustments to revenues				-
Adjustments to expenditures				30,726
Net change in fund balance (GAAP)			\$	<u>(76,269)</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-9

	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	1,230,961	500,000	361,252	(138,748)
Federal capital grants	-	-	-	-
State operating grants	1,005,061	570,000	642,262	72,262
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>2,236,022</b>	<b>1,070,000</b>	<b>1,003,514</b>	<b>(66,486)</b>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	1,489,432	349,707	1,068,520	(718,813)
Capital outlay	736,608	953,148	15,760	937,388
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>2,226,040</b>	<b>1,302,855</b>	<b>1,084,280</b>	<b>218,575</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<b>9,982</b>	<b>(232,855)</b>	<b>(80,766)</b>	<b>152,089</b>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	559,240	569,454	-	(569,454)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>559,240</b>	<b>569,454</b>	<b>-</b>	<b>(569,454)</b>
<i>Net change in fund balances</i>	<b>569,222</b>	<b>336,599</b>	<b>(80,766)</b>	<b>(417,365)</b>
<i>Fund balances - beginning of year</i>	-	-	569,454	569,454
<i>Fund balances, end of year</i>	<b>\$ 569,222</b>	<b>336,599</b>	<b>488,688</b>	<b>152,089</b>
Net change in fund balance (non-GAAP budgetary basis)			\$	(80,766)
Adjustments to revenues				-
Adjustments to expenditures				15,722
Net change in fund balance (GAAP)			\$	<b>(65,044)</b>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
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, 2013

Statement B-10

	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	163,000	163,000	140,278	(22,722)
Other	-	-	-	-
Intergovernmental income:				
Federal operating grants	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	308	308
<b>Total revenues</b>	<b>163,000</b>	<b>163,000</b>	<b>140,586</b>	<b>(22,414)</b>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	184,617	184,617	97,219	87,398
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	90,627	90,627	89,677	950
Interest	13,711	13,711	13,711	-
<b>Total expenditures</b>	<b>288,955</b>	<b>288,955</b>	<b>200,607</b>	<b>88,348</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<b>(125,955)</b>	<b>(125,955)</b>	<b>(60,021)</b>	<b>65,934</b>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	125,955	125,955	-	(125,955)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>125,955</b>	<b>125,955</b>	<b>-</b>	<b>(125,955)</b>
<i>Net change in fund balances</i>	-	-	(60,021)	(60,021)
<i>Fund balances - beginning of year</i>	-	-	235,807	235,807
<i>Fund balances, end of year</i>	\$ -	-	<b>175,786</b>	<b>175,786</b>
Net change in fund balance (non-GAAP budgetary basis)			\$	(60,021)
Adjustments to revenues				(11,600)
Adjustments to expenditures				-
Net change in fund balance (GAAP)			\$	<b>(71,621)</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-11

	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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	180,664	180,664
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>180,664</u>	<u>180,664</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	405,668	(405,668)
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>405,668</u>	<u>(405,668)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(225,004)</u>	<u>(225,004)</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	-	-	-
Transfers, in	-	-	222,227	222,227
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>222,227</u>	<u>222,227</u>
<i>Net change in fund balances</i>	-	-	(2,777)	(2,777)
<i>Fund balances - beginning of year</i>	-	-	30	30
<i>Fund balances, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(2,747)</u>	<u>(2,747)</u>
Net change in fund balance (non-GAAP budgetary basis)				\$ (2,777)
Adjustments to revenues				-
Adjustments to expenditures				10,194
Net change in fund balance (GAAP)				\$ <u>7,417</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO  
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, 2013

Statement B-12

	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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	33,280	33,280	45,045	11,765
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>33,280</u>	<u>33,280</u>	<u>45,045</u>	<u>11,765</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	33,280	33,833	33,854	(21)
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>33,280</u>	<u>33,833</u>	<u>33,854</u>	<u>(21)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(553)</u>	<u>11,191</u>	<u>11,744</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	-	-	-
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	(553)	11,191	11,744
<i>Fund balances - beginning of year</i>	-	-	4,204	4,204
<i>Fund balances, end of year</i>	\$ <u>-</u>	\$ <u>(553)</u>	\$ <u>15,395</u>	\$ <u>15,948</u>
Net change in fund balance (non-GAAP budgetary basis)			\$	11,191
Adjustments to revenues				-
Adjustments to expenditures				2,190
Net change in fund balance (GAAP)			\$	<u>13,381</u>

See Notes to Financial Statements.



**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-13

	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	234,900	234,900	103,510	(131,390)
Federal capital grants	-	-	-	-
State operating grants	96,100	26,100	10,351	(15,749)
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>331,000</u>	<u>261,000</u>	<u>113,861</u>	<u>(147,139)</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	134,000	593,900	166,894	427,006
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>134,000</u>	<u>593,900</u>	<u>166,894</u>	<u>427,006</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>197,000</u>	<u>(332,900)</u>	<u>(53,033)</u>	<u>279,867</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	112,169	112,169	-	(112,169)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>112,169</u>	<u>112,169</u>	<u>-</u>	<u>(112,169)</u>
<i>Net change in fund balances</i>	309,169	(220,731)	(53,033)	167,698
<i>Fund balances - beginning of year</i>	-	-	112,169	112,169
<i>Fund balances, end of year</i>	<u>\$ 309,169</u>	<u>(220,731)</u>	<u>59,136</u>	<u>279,867</u>
Net change in fund balance (non-GAAP budgetary basis)			\$	(53,033)
Adjustments to revenues				-
Adjustments to expenditures				(16)
Net change in fund balance (GAAP)			\$	<u>(53,049)</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-14

	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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	173,672	179,010	179,011	1
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>173,672</u>	<u>179,010</u>	<u>179,011</u>	<u>1</u>
<i>Expenditures:</i>				
Current:				
General government	-	-	-	-
Public safety	173,672	180,498	174,949	5,549
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>173,672</u>	<u>180,498</u>	<u>174,949</u>	<u>5,549</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(1,488)</u>	<u>4,062</u>	<u>5,550</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	1,488	-	(1,488)
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,488</u>	<u>-</u>	<u>(1,488)</u>
<i>Net change in fund balances</i>	-	-	4,062	4,062
<i>Fund balances - beginning of year</i>	-	-	1,862	1,862
<i>Fund balances, end of year</i>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>5,924</u>	\$ <u>5,924</u>
Net change in fund balance (non-GAAP budgetary basis)			\$	4,062
Adjustments to revenues				-
Adjustments to expenditures				(1,246)
Net change in fund balance (GAAP)			\$	<u>2,816</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**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, 2013**

Statement B-15

	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	-	-	-	-
Federal capital grants	-	-	-	-
State operating grants	-	-	-	-
State capital grants	-	-	-	-
Charges for services	-	-	-	-
Licenses and fees	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
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	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	-	-	-
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	54,956	54,956
<i>Fund balances, 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)			\$ -	-
Adjustments to revenues				-
Adjustments to expenditures				-
Net change in fund balance (GAAP)			\$ -	-

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF RUIDOSO**  
**UTILITY PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2013**

Statement C-1

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating Revenues</i>				
Charges for services	\$ 5,662,960	5,638,945	4,260,712	(1,378,233)
<b>Total operating revenues</b>	<b>5,662,960</b>	<b>5,638,945</b>	<b>4,260,712</b>	<b>(1,378,233)</b>
<i>Operating expenses</i>				
General and administrative	1,092,880	1,984,399	923,510	1,060,889
Personnel services	2,198,508	2,251,328	2,025,214	226,114
Contractual services	899,520	1,190,838	792,911	397,927
Supplies and purchased power	120,150	161,727	20,057	141,670
Maintenance and materials	640,300	817,584	951,965	(134,381)
Utilities	-	-	537,302	(537,302)
Depreciation	-	-	85,735	(85,735)
Grant matching	-	-	-	-
Miscellaneous	1,538	1,538	-	1,538
<b>Total operating expenses</b>	<b>4,952,896</b>	<b>6,407,414</b>	<b>5,336,694</b>	<b>1,070,720</b>
<i>Non-operating revenues (expenses)</i>				
Intergovernmental grants	2,320,000	224,000	86,126	(137,874)
Interest income	9,000	7,000	8,890	1,890
Interest expense	-	-	(83,874)	(83,874)
Gross receipts tax revenue	224,000	2,320,000	2,586,715	266,715
Miscellaneous	15,000	15,000	12,450	(2,550)
<b>Total non-operating revenues (expenses)</b>	<b>2,568,000</b>	<b>2,566,000</b>	<b>2,610,307</b>	<b>44,307</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<b>3,278,064</b>	<b>1,797,531</b>	<b>1,534,325</b>	<b>(263,206)</b>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	1,304,695	-	(1,304,695)
Transfers, in	-	-	-	-
Transfers, out	(838,920)	(838,920)	(620,377)	218,543
<b>Total other financing sources (uses)</b>	<b>(838,920)</b>	<b>465,775</b>	<b>(620,377)</b>	<b>(1,086,152)</b>
<i>Net change in net assets</i>	2,439,144	2,263,306	913,948	(1,349,358)
<i>Net assets - beginning of year</i>	-	-	6,076,371	6,076,371
<i>Restatement</i>	-	-	62,488	62,488
<b>Net assets - end of year</b>	<b>\$ 2,439,144</b>	<b>2,263,306</b>	<b>7,052,807</b>	<b>4,789,501</b>
Net change in net assets (non-GAAP budgetary basis)			\$	913,948
Adjustments to revenues				178,553
Adjustments to expenditures				62,191
<b>Net change in net asset balance (GAAP)</b>			<b>\$</b>	<b>1,154,692</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF RUIDOSO**  
**AIRPORT PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2013**

Statement C-2

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Budgetary Basis)	Favorable (Unfavorable) Final to Actual
<i>Operating Revenues</i>				
Charges for services	\$ 922,500	1,018,200	1,307,687	289,487
<b>Total operating revenues</b>	<b>922,500</b>	<b>1,018,200</b>	<b>1,307,687</b>	<b>289,487</b>
<i>Operating expenses</i>				
General and administrative	1,561,319	1,477,769	914,594	563,175
Personnel services	442,727	454,468	435,340	19,128
Contractual services	134,120	292,105	26,259	265,846
Supplies and purchased power	577,300	922,684	7,207	915,477
Maintenance and materials	-	-	143,906	(143,906)
Utilities	-	-	48,014	(48,014)
Depreciation	-	-	91,990	(91,990)
Grant matching	-	-	(3,577)	3,577
Miscellaneous	18,000	16,725	23,955	(7,230)
<b>Total operating expenses</b>	<b>2,733,466</b>	<b>3,163,751</b>	<b>1,687,688</b>	<b>1,476,063</b>
<i>Non-operating revenues (expenses)</i>				
Intergovernmental grants	1,911,889	1,089,844	479,189	(610,655)
Interest income	-	-	-	-
Interest expense	-	-	-	-
Gross receipts tax revenue	-	-	-	-
Miscellaneous	205,550	207,300	3,917	(203,383)
<b>Total non-operating revenues (expenses)</b>	<b>2,117,439</b>	<b>1,297,144</b>	<b>483,106</b>	<b>(814,038)</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<b>306,473</b>	<b>(848,407)</b>	<b>103,105</b>	<b>951,512</b>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	-	-	-
Transfers, in	869,285	869,285	802,614	(66,671)
Transfers, out	(20,877)	(20,877)	(20,877)	-
<b>Total other financing sources (uses)</b>	<b>848,408</b>	<b>848,408</b>	<b>781,737</b>	<b>(66,671)</b>
<b>Net change in net assets</b>	<b>1,154,881</b>	<b>1</b>	<b>884,842</b>	<b>884,841</b>
<i>Net assets - beginning of year</i>	-	-	2,548,053	2,548,053
<b>Net assets - end of year</b>	<b>\$ 1,154,881</b>	<b>1</b>	<b>3,432,895</b>	<b>3,432,894</b>
Net change in net assets (non-GAAP budgetary basis)			\$	884,842
Adjustments to revenues				-
Adjustments to expenditures				169,341
<b>Net change in net asset balance (GAAP)</b>			<b>\$</b>	<b>1,054,183</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**VILLAGE OF RUIDOSO**  
**SOLID WASTE PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2013**

Statement C-3

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Operating Revenues</i>				
Charges for services	\$ 366,722	2,630,550	2,404,449	(226,101)
<b>Total operating revenues</b>	<b>366,722</b>	<b>2,630,550</b>	<b>2,404,449</b>	<b>(226,101)</b>
<i>Operating expenses</i>				
General and administrative	431,863	394,863	780,495	(385,632)
Personnel services	1,027,615	1,030,615	969,713	60,902
Contractual services	967,550	927,750	57,978	869,772
Supplies and purchased power	239,215	313,015	12,957	300,058
Maintenance and materials	-	-	193,574	(193,574)
Utilities	-	-	63,579	(63,579)
Depreciation	-	-	205,423	(205,423)
Grant matching	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total operating expenses</b>	<b>2,666,243</b>	<b>2,666,243</b>	<b>2,283,719</b>	<b>382,524</b>
<i>Non-operating revenues (expenses)</i>				
Intergovernmental grants	1,590,000	-	-	-
Interest income	-	-	148	148
Interest expense	-	-	(107,558)	(107,558)
Gross receipts tax revenue	140,260	140,260	143,234	2,974
Miscellaneous	952,000	278,172	14,561	(263,611)
<b>Total non-operating revenues (expenses)</b>	<b>2,682,260</b>	<b>418,432</b>	<b>50,385</b>	<b>(368,047)</b>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<b>382,739</b>	<b>382,739</b>	<b>171,115</b>	<b>(211,624)</b>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	-	-	-
Transfers, in	-	-	-	-
Transfers, out	(382,646)	(382,646)	(331,352)	51,294
<b>Total other financing sources (uses)</b>	<b>(382,646)</b>	<b>(382,646)</b>	<b>(331,352)</b>	<b>51,294</b>
<i>Net change in net assets</i>	93	93	(160,237)	(160,330)
<i>Net assets - beginning of year</i>	-	-	2,807,430	2,807,430
<i>Restatement</i>	-	-	235,063	235,063
<b>Net assets - end of year</b>	<b>\$ 93</b>	<b>93</b>	<b>2,882,256</b>	<b>2,882,163</b>
Net change in net assets (non-GAAP budgetary basis)			\$	(160,237)
Adjustments to revenues				267,141
Adjustments to expenditures				71,811
<b>Net change in net asset balance (GAAP)</b>			<b>\$</b>	<b>178,715</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
WASTEWATER TREATMENT PLANT PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2013**

Statement C-4

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final	(Non-GAAP Budgetary Basis)	Final to Actual
<i>Operating Revenues</i>				
Charges for services	\$ 3,383,842	3,640,142	3,615,572	(24,570)
<i>Total operating revenues</i>	<u>3,383,842</u>	<u>3,640,142</u>	<u>3,615,572</u>	<u>(24,570)</u>
<i>Operating expenses</i>				
General and administrative	1,804,698	2,054,359	219,141	1,835,218
Personnel services	703,883	703,883	653,822	50,061
Contractual services	650,786	918,942	130,375	788,567
Supplies and purchased power	784,400	701,983	990	700,993
Maintenance and materials	-	-	67,885	(67,885)
Utilities	-	-	466,052	(466,052)
Depreciation	-	-	715,577	(715,577)
Grant matching	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total operating expenses</i>	<u>3,943,767</u>	<u>4,379,167</u>	<u>2,253,842</u>	<u>2,125,325</u>
<i>Non-operating revenues (expenses)</i>				
Intergovernmental grants	-	-	-	-
Interest income	142,296	3,000	2,204	(796)
Interest expense	-	-	(1,396,640)	(1,396,640)
Gross receipts tax revenue	1,105,500	1,105,500	1,152,117	46,617
Miscellaneous	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>1,247,796</u>	<u>1,108,500</u>	<u>(242,319)</u>	<u>(1,350,819)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>687,871</u>	<u>369,475</u>	<u>1,119,411</u>	<u>749,936</u>
<i>Other Financing Sources (Uses)</i>				
Designated cash (budget cash increase)	-	-	-	-
Transfers, in	-	-	-	-
Transfers, out	(360,377)	(360,377)	(5,481,847)	(5,121,470)
<i>Total other financing sources (uses)</i>	<u>(360,377)</u>	<u>(360,377)</u>	<u>(5,481,847)</u>	<u>(5,121,470)</u>
<i>Net change in net assets</i>	327,494	9,098	(4,362,436)	(4,371,534)
<i>Net assets - beginning of year</i>	-	-	15,128,190	15,128,190
<i>Restatement</i>	-	-	139,868	139,868
<i>Net assets - end of year</i>	<u>\$ 327,494</u>	<u>9,098</u>	<u>10,905,622</u>	<u>10,896,524</u>
Net change in net assets (non-GAAP budgetary basis)			\$	(4,362,436)
Adjustments to revenues				166,548
Adjustments to expenditures				(24,999)
Net change in net asset balance (GAAP)			\$	<u>(4,220,887)</u>

See Notes to Financial Statements.

**SUPPORTING SCHEDULES**



**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS  
For the Year Ended June 30, 2013**

	Wells Fargo Bank	City Bank of New Mexico	Pioneer Bank
<b>Deposits</b>			
Operating - Checking-interest bearing	\$ 81,560	-	-
Impact Fees - Checking-interest bearing	1,248,145	-	-
FEMA - Checking-interest bearing	846,375	-	-
Water Meter Trust - Checking-interest bearing	459,200	-	-
Bail Bond Trust - Checking-interest bearing	2,327	-	-
Benevolent Fund - Checking-interest bearing	-	2,290	-
Wells Fargo Brokerage - Money Market	789,173	-	-
Wells Fargo Brokerage - Money Market	1,159,941	-	-
Wells Fargo-Sweep account-interest bearing	9,079,421	-	-
New Mexico Finance Authority	-	-	-
Ruidoso - Certificate of Deposit	196,303	750,000	516,981
Ruidoso - Certificate of Deposit	807,263	100,003	907,911
Ruidoso - Certificate of Deposit	1,571,389	-	706,550
Ruidoso - Certificate of Deposit	445,484	-	-
Total on deposit	16,686,581	852,293	2,131,442
Outstanding items	(1,185,337)	-	-
Deposits in transit	1,865	-	-
<b>Book balance</b>	<b>\$ 15,503,109</b>	<b>852,293</b>	<b>2,131,442</b>
<b>Investments</b>			
Local Government Investment Pool	\$ -	-	-

*See Independent Auditors' Report*

First National Bank	New Mexico State Treasurer	New Mexico Finance Authority	Totals
-	-	-	81,560
-	-	-	1,248,145
-	-	-	846,375
-	-	-	459,200
-	-	-	2,327
-	-	-	2,290
-	-	-	789,173
-	-	-	1,159,941
-	-	-	9,079,421
-	-	582,094	582,094
175,000	-	-	1,638,284
171,188	-	-	1,986,365
-	-	-	2,277,939
-	-	-	445,484
346,188	-	582,094	20,598,598
-	-	-	(1,185,337)
-	-	-	1,865
346,188	-	582,094	19,415,126
-	70,449	-	70,449
Petty Cash			1,445
			\$ 19,487,020
Total cash and cash equivalents primary government per Exhibit A-1			\$ 10,656,497
Total restricted cash and cash equivalents per Exhibit A-1			459,350
Total investments primary government per Exhibit A-1			8,367,464
Total agency funds cash and cash equivalents per Exhibit E-1			3,709
			Total cash, cash equivalents and investments \$ 19,487,020

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF PLEDGED COLLATERAL  
For the Year Ended June 30, 2013**

Schedule II

Name of Depository	Description	Maturity	CUSIP or Security ID Number	Fair Market Value	Name and Location of Safe Keeper
City Bank of New Mexico	Credit Number 2647001307	7/31/2013	203015099-I	600,000	City Bank of New Mexico
				<u>600,000</u>	
First National Bank	BERNALILLO NM MUN SCH DIST NO	8/1/2020	085279NY9	\$ 490,135	Federal Home Loan Bank Dallas, TX
First National Bank	BRAZORIA CNTY TX	9/1/2021	10606PAQ4	230,497	Federal Home Loan Bank Dallas, TX
				<u>720,632</u>	
Pioneer Bank	080409 GNMA II 7%	5/20/2030	080409	185,599	Federal Home Loan Bank Dallas, TX
Pioneer Bank	080477 GNMA 6%	12/20/2030	080477	25,853	Federal Home Loan Bank Dallas, TX
Pioneer Bank	1B0951 FHLMC 1 YR LIBOR +1.75%	7/1/2033	1b0951	41,859	Federal Home Loan Bank Dallas, TX
Pioneer Bank	661745 FNMA ARM 5.15%	9/1/2032	661745	11,580	Federal Home Loan Bank Dallas, TX
Pioneer Bank	696460 FNMA 1YR CMT+2.215%	4/1/2033	696460	169,417	Federal Home Loan Bank Dallas, TX
Pioneer Bank	745130 FNMA 1 YR LBR +1.669%	11/1/2035	745130	613,761	Federal Home Loan Bank Dallas, TX
Pioneer Bank	759453 FNMA 1 YR CMT +2.125%	1/1/2034	759453	85,793	Federal Home Loan Bank Dallas, TX
Pioneer Bank	780217 FHLMC H15T1Y +2.223%	1/1/2033	780217	17,955	Federal Home Loan Bank Dallas, TX
Pioneer Bank	781086 FHLMC 1 YR TR +2.23%	12/1/2033	781086	72,582	Federal Home Loan Bank Dallas, TX
Pioneer Bank	781721 FHLMC 1 YR CMT +2.25%	7/1/2034	781721	416,161	Federal Home Loan Bank Dallas, TX
Pioneer Bank	782804 FHLMC 1 YR CMT +2.237%	11/1/2034	782804	60,526	Federal Home Loan Bank Dallas, TX
Pioneer Bank	782928 FHLMC 1 YR +2.227%	1/1/2035	782928	32,082	Federal Home Loan Bank Dallas, TX
Pioneer Bank	789868 FHLMC 1 YR CMT +2.25%	9/1/2032	789868	40,063	Federal Home Loan Bank Dallas, TX
Pioneer Bank	805152 FNMA 1 YR LBR +1.776%	1/1/2035	805152	52,990	Federal Home Loan Bank Dallas, TX
Pioneer Bank	AJ1622 FNMA 3%	10/1/2026	AJ1622	174,461	Federal Home Loan Bank Dallas, TX
				<u>2,000,682</u>	
Wells Fargo Bank	FN-15 AJ3771 3%	11/1/2026	3138AVFM2	2,171,709	Bank of New York Mellon
Wells Fargo Bank	FN-30 AR3851 3%	2/1/2043	3138W1H59	7,089,300	Bank of New York Mellon
Wells Fargo Bank	FG J16662 3%	9/1/2026	3128PWMK1	2,725	Bank of New York Mellon
Wells Fargo Bank	FN AH0965 3%	12/1/2025	3138A2CB3	2,795	Bank of New York Mellon
Wells Fargo Bank	FN AH3394 4%	1/1/2041	3138A4XY6	545,523	Bank of New York Mellon
Wells Fargo Bank	FN AH6221 4.5%	3/1/2041	3138A74F2	55,032	Bank of New York Mellon
Wells Fargo Bank	FN AH7996 3%	11/1/2026	3138A93E2	6,055	Bank of New York Mellon
Wells Fargo Bank	FN AH8121 3.5%	3/1/2026	3138AAAX9	23,391	Bank of New York Mellon
Wells Fargo Bank	FN AH9756 4%	4/1/2041	3138ABZW2	9,359	Bank of New York Mellon
Wells Fargo Bank	FN AH9937 4.5%	5/1/2041	3138ACBF3	5,808	Bank of New York Mellon
Wells Fargo Bank	FN AI1936 4.5%	5/1/2041	3138AFEJ5	81,740	Bank of New York Mellon
Wells Fargo Bank	FN AI7778 4.5%	7/1/2041	3138AMUC7	31,257	Bank of New York Mellon
Wells Fargo Bank	AI8345 2.902%	8/1/2041	3138ANHX4	148,896	Bank of New York Mellon
Wells Fargo Bank	FN AJ4148 3.0%	11/1/2026	3138AVTE5	4,920	Bank of New York Mellon
Wells Fargo Bank	FN AJ4758 3.0%	11/1/2026	3138AWJC8	127,572	Bank of New York Mellon
Wells Fargo Bank	FN AJ5477 3.0%	11/1/2026	3138AXCP4	69,920	Bank of New York Mellon
Wells Fargo Bank	FN AJ9148 3.0%	12/1/2026	3138E2EW1	151,923	Bank of New York Mellon
Wells Fargo Bank	FN AK1225 3.5%	3/1/2042	3138E5LF3	74,806	Bank of New York Mellon
Wells Fargo Bank	FN AK7286 3.0%	3/1/2042	3138ECCY7	54,249	Bank of New York Mellon
Wells Fargo Bank	FN AL0959 3.5%	11/1/2041	3138EH850	150,099	Bank of New York Mellon
Wells Fargo Bank	FN AO8780 3.0%	8/1/2042	3138MOXJ4	4,099	Bank of New York Mellon
Wells Fargo Bank	FN AO9665 3.0%	7/1/2042	3138M1W38	33,030	Bank of New York Mellon
Wells Fargo Bank	FN AQ9185 3.0%	1/1/2043	3138MRF30	57,681	Bank of New York Mellon
Wells Fargo Bank	FN AQ9991 3.0%	2/1/2043	3138MSC56	38,611	Bank of New York Mellon
Wells Fargo Bank	FN AR0953 3.0%	1/1/2043	3138NXBX4	67,110	Bank of New York Mellon
Wells Fargo Bank	FN AR1044 3.0%	1/1/2043	3138NXES2	383,985	Bank of New York Mellon
Wells Fargo Bank	FN AR1196 3.0%	1/1/2043	3138NXXJ5	91,420	Bank of New York Mellon
Wells Fargo Bank	FN AR2633 3.0%	2/1/2043	3138NY4T9	4,832	Bank of New York Mellon
Wells Fargo Bank	FN AR2634 3.0%	2/1/2043	3138NY4U6	14,527	Bank of New York Mellon
Wells Fargo Bank	FN AR9199 3.0%	3/1/2043	3138W7GH1	48,596	Bank of New York Mellon
Wells Fargo Bank	FN AT5895 3.0%	6/1/2043	3138WTRR9	24,520	Bank of New York Mellon
Wells Fargo Bank	FN AB3578 4.0%	9/1/2041	31416Y6Q6	51,367	Bank of New York Mellon
Wells Fargo Bank	FN AB6309 3.0%	9/1/2042	31417DAK9	9,156	Bank of New York Mellon
Wells Fargo Bank	FN AB7819 3.0%	2/1/2043	31417EVM0	53,130	Bank of New York Mellon
Wells Fargo Bank	FN MA1027 3.5%	4/1/2042	31418AD96	128,330	Bank of New York Mellon
Wells Fargo Bank	FN AD6388 4.0%	5/1/2025	31418UC28	65,733	Bank of New York Mellon
Wells Fargo Bank	FN AD8037 4.5%	8/1/2040	31418V4X7	9,062	Bank of New York Mellon
Wells Fargo Bank	FN AE0385 4.0%	9/1/2040	31419ANB9	41,867	Bank of New York Mellon
Wells Fargo Bank	FN AE0981 3.5%	3/1/2041	31419BCT0	2,809,423	Bank of New York Mellon
Wells Fargo Bank	FN AE4310 4.0%	9/1/2040	31419EY68	77,225	Bank of New York Mellon
				<u>14,820,783</u>	
Total Collateral Pledged				\$ <u>18,142,097</u>	

See Independent Auditors' Report

**STATE OF NEW MEXICO**  
**VILLAGE OF RUIDOSO**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**Year Ended June 30, 2013**

Schedule III

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<i>Crime Lab Test Fund</i>				
Assets				
Cash and cash equivalents	\$ 1,082	17,267	16,967	1,382
<i>Total assets</i>	<u>\$ 1,082</u>	<u>17,267</u>	<u>16,967</u>	<u>1,382</u>
Liabilities				
Deposits held and due to others	\$ 1,082	17,267	16,967	1,382
<i>Total liabilities</i>	<u>\$ 1,082</u>	<u>17,267</u>	<u>16,967</u>	<u>1,382</u>
<i>Bail Bond Trust Fund</i>				
Assets				
Cash and cash equivalents	\$ 2,002	325	-	2,327
<i>Total assets</i>	<u>\$ 2,002</u>	<u>325</u>	<u>-</u>	<u>2,327</u>
Liabilities				
Deposits held and due to others	\$ 2,002	325	-	2,327
<i>Total liabilities</i>	<u>\$ 2,002</u>	<u>325</u>	<u>-</u>	<u>2,327</u>
<i>Total Agency Funds</i>				
Assets				
Cash and cash equivalents	\$ 3,084	17,592	16,967	3,709
<i>Total assets</i>	<u>\$ 3,084</u>	<u>17,592</u>	<u>16,967</u>	<u>3,709</u>
Liabilities				
Deposits held and due to others	\$ 3,084	17,592	16,967	3,709
<i>Total liabilities</i>	<u>\$ 3,084</u>	<u>17,592</u>	<u>16,967</u>	<u>3,709</u>

*See Independent Auditors' Report*

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF JOINT POWERS AGREEMENTS AND  
MEMORANDUMS OF UNDERSTANDING  
June 30, 2013**

Participants	Responsible Party	Description
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 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
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

*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 &amp; Exp</u>
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
6/4/2008	8/4/2013	N/A	N/A	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

**COMPLIANCE SECTION**

**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**

Village Council  
Village of Ruidoso  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund and major special revenue funds, of the Village of Ruidoso, New Mexico (the "Village") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and the combining and individual funds and related budgetary comparisons of the Village, presented as supplemental information, and have issued our report thereon dated December 2, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *schedule of findings and questioned costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiencies described in the accompanying *schedule of findings and questioned costs* to be material weaknesses: 2013-3 and 2013-4.



A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *schedule of findings and questioned costs* to be a significant deficiency: 2013-2.

### **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 statements 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 disclosure instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *schedule of findings and questioned costs* as items 2005-7, 2012-1, 2013-1, and 2013-5.

### **The Village's Responses to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. The Village's responses were no subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, Village Commissioners, others within the entity, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Albuquerque, New Mexico  
December 2, 2013

**FEDERAL FINANCIAL ASSISTANCE**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Village Council  
Village of Ruidoso  
and  
Mr. Hector H. Balderas  
New Mexico State Auditor

**Report on Compliance for Each Major Federal Program**

We have audited the Village of Ruidoso, New Mexico's (the "Village") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2013. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

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

### **Opinion on Each Major Federal Program**

In our opinion the Village, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-6. Our opinion on each major federal program is not modified with respect to these matters.

The Village's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Village, is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended solely for the information and use of management, Village Councilors, others within the entity, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Albuquerque, New Mexico  
December 2, 2013

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2013**

Federal Grantor or Pass-Through Grantor/Program Title	Passthrough Grant Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Homeland Security</b>			
Passed Through the State of New Mexico			
Disaster Grants	FEMA-4079-DR-NM	97.036	\$ 51,524 (1)
Disaster Grants	FEMA-PW-43	97.036	2,140 (1)
Disaster Grants	RPV-F23	97.036	6,690 (1)
Disaster Grants	FEMA-PW-74	97.036	285,880 (1)
<b>Total U.S. Department of Homeland Security</b>			<u>346,234</u>
<b>U.S. Department of Agriculture</b>			
Passed Through the State of New Mexico			
Hazerdous Fuel		10.664	166,923
Passed Through the State of New Mexico			
Schools and Roads	11DG-1103-0800-017	10.665	59,512
<b>Total U.S. Department of Agriculture</b>			<u>226,435</u>
<b>U.S. Department of Agriculture</b>			
Passed Through the State of New Mexico			
Recreational Trails Program	SB-NM08-(9)	20.219	93,291
<b>Total U.S. Department of Agriculture</b>			<u>93,291</u>
<b>U.S. Department of Justice</b>			
Passed Through the State of New Mexico			
JAG	101-040-52020	20.219	2,295
<b>Total U.S. Department of Justice</b>			<u>2,295</u>
<b>Total Federal Financial Asistance</b>			<u>\$ 668,255</u>

(1) Denotes major federal assistance 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	\$ 668,255
Total expenditures funded by other sources	26,957,249
Total expenses per Exhibit A-2	<u>\$ 27,625,504</u>

**STATE OF NEW MEXICO  
 VILLAGE OF RUIDOSO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2013**

**A. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   x   Yes        No
- Significant deficiency identified that are not considered to be material weakness(es)?   x   Yes        None Reported

Non-compliance material to financial statements noted?        Yes   x   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?        Yes   x   No
- Significant deficiency identified that are not considered to be material weakness(es)        Yes   x   None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?   x   Yes        No

Identification of Major Program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	FEMA – Disaster Grants – Public Assistance

Dollar threshold used to distinguish between type A and type B programs \$   300,000  

Auditee qualified as low-risk auditee?        Yes   x   No

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2013**

**B. FINANCIAL STATEMENT FINDINGS**

**2005-7 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.

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

*VILLAGE RESPONSE AND PLANNED CORRECTIVE ACTION PLAN:* The Village of Ruidoso and the City of Ruidoso Downs are continuing to meet to discuss how to reorganize the Joint Use Board as a result of this and previous audit findings. Both entities are now working out the logistics of establishing a governing unit for the RWWTP as a result of a mediated process that was required by court order. The mediation resulted in a final order from Judge Parsons that requires that the Village of Ruidoso and the City of Ruidoso Dows vigorously explore a way to put in place an ownership, operational service model, such as a Water and Sanitation District.



**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2013**

**2013-1 Internal Controls over Disbursements (Other Matters) – Revised and Repeated**

*CONDITION:* Through the course of the current year audit pertaining to the cash disbursements transaction control cycle we noted the following:

- In 4 out of 40 disbursements tested, we noted that the disbursements did not have a corresponding purchase order.
- In 1 out of 40 disbursements tested, the amount of the disbursement was greater than \$5,000 and there was no evidence of three written quotes.

*CRITERIA:* Appropriate business practice requires that all records related to processing of transactions with public monies be stored and available upon request. The Village policies require purchase orders on all disbursements. Additionally, Village policies require that at least three written quotes need to be obtained for any disbursement over \$5,000.

*EFFECT:* Lack of documentation related to disbursements raises risk for improper use of public monies or increases risk for erroneously processed transactions. Additionally, the Village might not have received the best pricing for the expenditure over \$5,000.

*CAUSE:* Departments did not ensure that the Village's policy and procedures were being followed.

*RECOMMENDATION:* It is recommended that the Village evaluate its current procedures related to documentation retention and ensure that it is compliant with all applicable laws, regulations and internal Village policy. Additionally, the Village needs to ensure that it obtains three quotes for all expenditures over \$5,000.

*VILLAGE RESPONSE AND PLANNED CORRECTIVE ACTION PLAN:* The Village has taken immediate actions to train staff in each department on current policies and implemented audit procedures to prevent such occurrences in the future.

**2013-2 Segregation of Duties in Payroll Disbursements Process (Significant Deficiency)**

*CONDITION:* Through current year evaluation of the payroll transaction cycle, it was noted that the individual responsible for processing of payroll has access to changing rate of pay. Rates of pay should be changed by someone independent of the processing of payroll.

*CRITERIA:* 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. Furthermore, adequate segregation of duties shall be considered for all control implementations in that no single individual has authority to initiate or conduct a transaction, process and record transactions, and maintain custody of an asset.

*EFFECT:* Access to processing payroll transactions and changing rate of employee pay is considered a segregation of duties violation (recordkeeping and authorization) and causes risk for entry and payment to fictitious employees.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2013**

**2013-2 Segregation of Duties in Payroll Disbursements Process (Significant Deficiency)  
(Continued)**

*CAUSE:* During the current year, the payroll processing was transferred to the HR Department. However, the change in pay rates continued to be performed by the HR department and was not properly segregated.

*RECOMMENDATION:* It is recommended that access for rate of pay of employees within the payroll processing system be removed for all personnel who have access to processing payroll transactions.

*VILLAGE RESPONSE AND PLANNED CORRECTIVE ACTION PLAN:* The Village has had vacancies in the Finance Department and is now hiring new finance staff and appropriate internal controls for payroll and finance will be evaluated and put in place. A solution that will be discussed is to move payroll back to finance to ensure the internal controls.

**2013-3 Administrative Rights - IT (Material Weakness)**

*CONDITION:* During our testing of the controls relating to information technology (IT), we noted the accounting software has the ability to give administrative rights to individuals which allows them the rights to change passwords and have unlimited access to process all transactions. We noted that certain individuals with general ledger responsibilities had administrative rights.

*CRITERIA:* 6-5-2C NMSA 1978 states that an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters. Furthermore, adequate segregation of duties shall be considered for all control implementations in that no single individual has authority to initiate or conduct a transaction, process and record transactions, and maintain custody of an asset.

*EFFECT:* Access to processing transactions and having administrative rights is considered a segregation of duties violation as it gives an individual the ability to circumvent controls set up in the accounting software and causes risk for the Village and payment to fictitious disbursements.

*CAUSE:* The administrative rights were given to individuals that have responsibilities of processing transactions.

*RECOMMENDATION:* It is recommended that the Village establish a policy that requires any individual that has administrative rights not be able to process or approve transactions and does not have custody of any assets.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2013**

**2013-3 Administrative Rights - IT (Material Weakness) (Continued)**

*VILLAGE RESPONSE AND PLANNED CORRECTIVE ACTION PLAN:* The Village has addressed this finding by immediately removing administrative rights from Tania Proctor representing Payroll and Karen Gutierrez representing Finance and Accounts Payable. These rights were assigned during the set-up of Tyler – IncodeX to allow for proper set-up. The Village will reevaluate appropriate rights and new assignments of individuals will be given to ensure proper internal controls.

**2013-4 Prior Period and Material Current Period Adjustments (Material Weakness)**

*CONDITION:* Prior year construction in progress was understated by approximately \$1,293,000 in the prior year financial statements. Additionally, we identified a total of \$437,000 of accounts receivable in the Utility (\$62,000), Solid Waste (\$235,000), and Waste Water (\$140,000) funds that were not recorded in the prior year financial statements.

*CRITERIA:* GASB Codification Section 1400 paragraph 101 requires that capital assets be capitalized for governmental funds in the government wide statement of net position. Also, sound accounting policies require that a complete, balanced general ledger be maintained to record transactions and report financial information. In addition, accounting principles generally accepted in the United States of America for governments require that accrual be made for accounts receivable.

*EFFECT:* The absence of complete and accurate financial statements on a fiscal year end basis results in management decisions based on incomplete and/or inaccurate information.

*CAUSE:* In the prior year the Village did not include all projects that were in process. Additionally, in the prior year the Village didn't reconcile the detail account receivable to the general ledger.

*RECOMMENDATION:* It is recommended that the Village establish a policy that during the financial close and reporting process all accrual accounts are evaluated for reasonableness to ensure they are carried at the proper value. Additionally, the Village should establish procedures to ensure that all capital assets are properly accounted for including construction in progress.

*VILLAGE RESPONSE AND PLANNED CORRECTIVE ACTION PLAN:* The Village of Ruidoso has never been given Fiscal Year End adjusting journal entries from the previous auditor but agree that it is the Village's responsibility. The Village will be receiving these entries from our current audit firm, Axiom. The Village will make the year-end adjustments for FY14, therefore this finding will be corrected.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2013**

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2013-6 Late Submission of Data Collection Form (Other Matters and Non-Compliance)**

FEDERAL PROGRAM

All

Award Period: July 1, 2011- June 30, 2012

*CONDITION:* Per OMB Circular A-133 the entity is required to submit the data collection form to the federal audit clearinghouse by 9 months after the year end. As the Village's year end was June 30, 2012, the data collection form was due by March 31, 2013, and was not submitted until May 16, 2013.

*CRITERIA:* OMB Circular A-133 requires that the data collection form be submitted to the federal audit clearinghouse no later than 9 months after the year-end of the entity requiring a single audit unless an extension is granted.

*EFFECT:* Non-compliance with reporting of the required information to the federal audit clearinghouse can cause for additional expense to be incurred as the auditee cannot be considered low-risk and also other potential penalties.

*CAUSE:* Controls surrounding the reporting process did not allow for accurate completion of the required data collection form by the due date.

QUESTIONED COSTS: None

*RECOMMENDATION:* We recommend that the Village re-evaluate its current procedures in place to ensure that all required forms are completed and submitted to the federal audit clearinghouse by the due date.

*VILLAGE RESPONSE AND PLANNED CORRECTIVE ACTION PLAN:* Management will seek to establish a process to ensure that the necessary reports are submitted to the federal audit clearinghouse by the due date.

**STATE OF NEW MEXICO  
 VILLAGE OF RUIDOSO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 Year Ended June 30, 2013**

**D. COMMENTS INCLUDED IN ACCORDANCE WITH NEW MEXICO STATE AUDITOR RULE**

**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 two instances out of ten tested where the employee was reimbursed for per diem in an amount that exceeded the daily limit set by the Village. Additionally, one out of ten items tested had excess cash advanced that was not returned to the Village within 5 business days after the travel was completed.

*CRITERIA:* DFA regulation 2.42.2.11 (C) requires the rate to reimbursed at the statutory rate unless such rates have been reduced by the governing body of the local public body pursuant to Section 10-8-5 (D) NMSA 1978. Village policy established limits for per diem on in state travel. Additionally, Village policy requires any excess funds advanced to employees to be reimbursed to the Village within 5 business days.

*EFFECT:* The Village was not in compliance with the state’s Travel and Per Diem Act.

*CAUSE:* The Village did not identify the issues during review of the expense reimbursement report.

*RECOMMENDATION:* We recommend the person approve reimbursement request for payment ensure that all travel meets the Village’s policies. We also recommend that the person approving advances track them to ensure that the Village either has an expense reimbursement form accounting for all of the advance or that the Village has been reimbursed.

*VILLAGE RESPONSE AND PLANNED CORRECTIVE ACTION PLAN:* The Village as begun the process to again train existing staff on current polices and implementation of audit procedures to prevent such occurrences in the future. We have assigned the Deputy Manager and an individual in Finance to oversee all travel requests and reconciliations. We are also going to review and amend the policy and forms to make them more “user” friendly.

**2013-5 Expenditures in Excess of Budget (Other Matters and Noncompliance) – Revised and Repeated**

*CONDITION:* The Village over expended its budget at the fund level in the following funds:

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
G.O. Bond Fund	\$ (11,199,410)
Law Enforcement Protection Fund	(125)
Convention Center Fund	(405,668)
RSVP Fund	(21)

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2013**

**2013-5 Expenditures in Excess of Budget (Other Matters and Noncompliance) – Revised and Repeated (Continued)**

*CRITERIA:* Sound financial management and state regulation 2.2.2.10(P), NMAC and state statute 6-6-6 NMSA 1978, require that budgets not be exceeded at the legal level of control.

*EFFECT:* As a result, the Village is not in compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over- expenditures.

*CAUSE:* The Village overlooked budgeted to actual amounts in the above funds.

*RECOMMENDATION:* We recommend that the Village monitor its budget closely and prepare budget adjustments as necessary.

*VILLAGE RESPONSE AND PLANNED CORRECTIVE ACTION PLAN:* Due to the vacancies in Finance Department, the final budget adjustment for the RWWTP debt refunding was over-looked. It has been the Village's practice in the past to make these adjustments and will be corrected.

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2013**

**STATUS OF PRIOR YEAR FINDINGS**

<b><u>Description</u></b>	<b><u>Status</u></b>
FS 2005-7 Regional Wastewater Treatment Plant	Repeated as 2005-7
FS 2011-2 Lack of Internal Controls Over Voided Checks	Resolved
FS 2011-7 Lack of Internal Controls Over Accounts Receivable Payable Process	Resolved
FS 2012-1 Travel and Per Die, Act	Repeated as 2012-1
FS 2012-2 Deficiencies in Inventory	Resolved
FS 2012-3 Expenditures Paid Without Department Approval	Resolved
FS 2012-4 Late Audit	Resolved

**STATE OF NEW MEXICO  
VILLAGE OF RUIDOSO  
OTHER DISCLOSURES  
JUNE 30, 2013**

**Exit Conference**

An exit conference was held on November 25, 2013. In attendance were the following:

**Representing the Village**

<b><u>Name</u></b>	<b><u>Title</u></b>
Gus Raymond Alborn	Mayor
Denise Dean	Councilor
Joseph W. Eby	Councilor
Debi Lee	Village Manager
Ron Sena	Deputy Village Manager
Karen Gutierrez	Assistant Finance Director

**Representing Axiom CPA's**

Chris Garner, CPA	Principal
-------------------	-----------

**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. Axiom Certified Public Accountants and Business Advisors, LLC 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.