

Village of

Ruidoso

New Mexico



Celebrating
70 Years of
Living in
Nature's
Playground
1945-2015



Annual Financial Report For the Year Ended June 30, 2016

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STATE OF NEW MEXICO VILLAGE OF RUIDOSO

**INDEPENDENT AUDITOR'S REPORT WITH FINANCIAL
STATEMENTS AND SUPPLEMENTAL INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2016

Prepared by:
Judi M. Starkovich, CPA
Finance Director

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INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2016**

ELECTED OFFICIALS

| | |
|---------------|----------------------|
| MAYOR | TOM BATTIN |
| MAYOR PRO TEM | LYNN CRAWFORD |
| COUNCILOR | RAFAEL "RIFLE" SALAS |
| COUNCILOR | JOE EBY |
| COUNCILOR | JOHN CORNELIUS |
| COUNCILOR | TIM COUGHLIN |
| COUNCILOR | JOE GOMEZ |

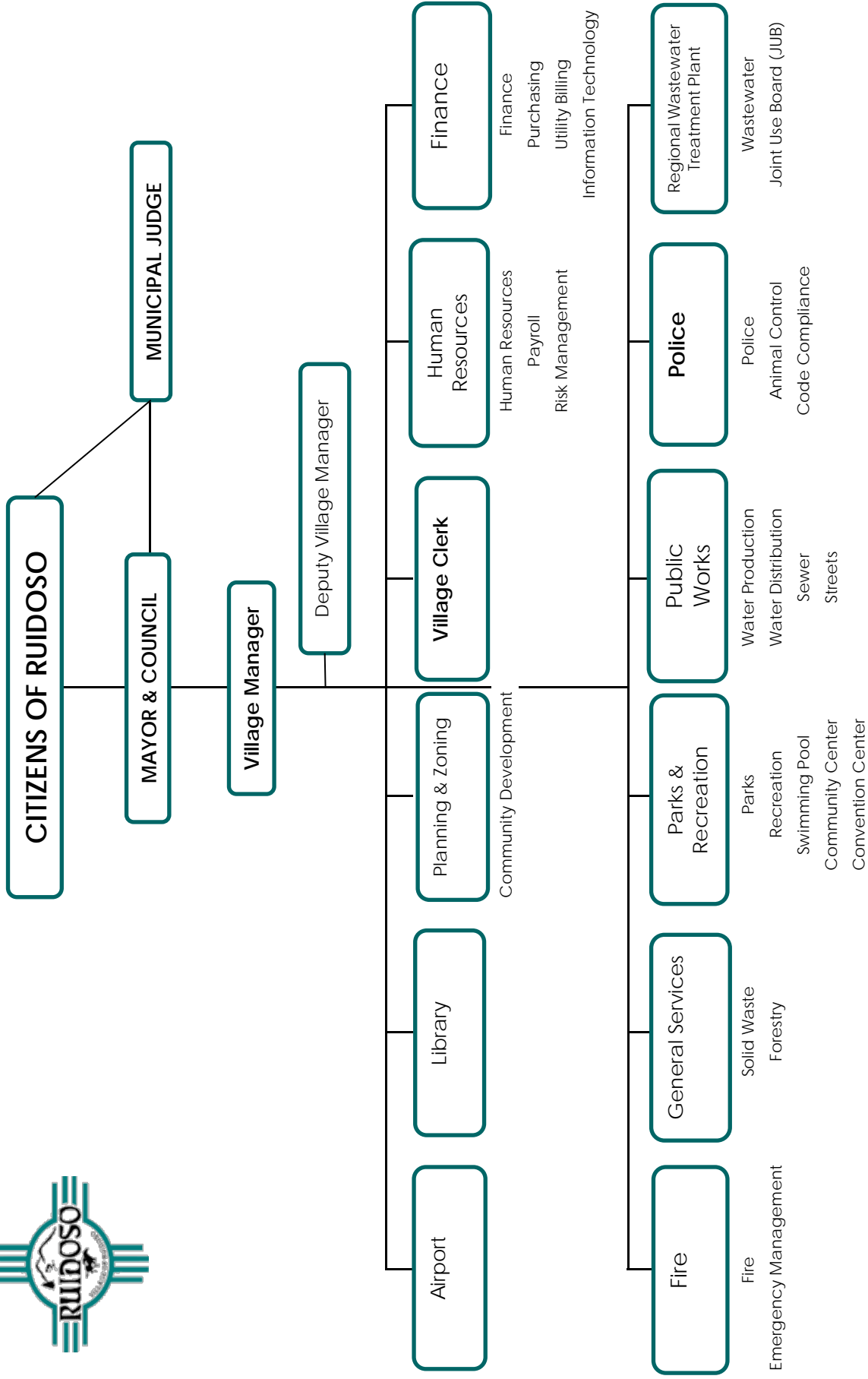
APPOINTED OFFICIALS

| | |
|-----------------|---------------|
| VILLAGE MANAGER | DEBI LEE |
| VILLAGE CLERK | IRMA DEVINE |
| POLICE CHIEF | DARREN HOOKER |

OTHER OFFICIALS

| | |
|------------------------|-----------------|
| FINANCE DIRECTOR | JUDI STARKOVICH |
| ASST. FINANCE DIRECTOR | KAREN GUTIERREZ |

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ELECTED OFFICIALS
Appointed Officials
 Department Heads

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To Timothy Keller
New Mexico State Auditor and
The Village Council
Village of Ruidoso, New Mexico

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 of the Village of Ruidoso (Village), as of and for the year ended June 30, 2016, 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, internal service fund, fiduciary fund, and the budgetary comparisons for the major debt service funds, major enterprise funds, and for 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, 2016, 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 evaluating 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, 2016, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund 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 non-major governmental fund, internal service fund, and fiduciary fund of the Village as of June 30, 2016, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major debt service funds, major enterprise funds, and all non-major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-14, the Schedule of Village's Proportionate Share of the Net Pension Liability, and Schedule of Village Contributions on pages 61-65 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by Section 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 Section 2.2.2 NMAC are the responsibility of management and were derived from and relate 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 other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information for Purchases exceeding \$60,000 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2016 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.



Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
December 7, 2016



Village of Ruidoso

Mayor Tom Battin
Councilors Rafael Salas
Lynn Crawford
Joe Eby
John Cornelius
Tim Coughlin
Joe Gomez
Manager Debi Lee

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village of Ruidoso (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the audit report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$64,613,392 (*net position*). Of this amount, \$11,048,497 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The Village's total net position decreased \$2,903,956, which is a dramatic decrease over the prior year. Mainly due to the increase depreciation cost for Governmental Activities, increase in net pension liability, and the reduction of loan and grant proceeds for a couple of water infrastructure projects.
- At the close of the current fiscal year, the Village's governmental funds reported combined fund balances of \$12,678,210, an increase of \$1,020,134 in comparison with the prior year. Approximately 19.9% of this amount (\$2,350,637) is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *assigned* and *unassigned* components of *fund balance*) for the general fund was \$4,915,555, or approximately 19.9% of total general fund expenditures.
- The Village's total outstanding long-term debt decreased by \$616,156 during the current fiscal year because of the issuance of Series 2015 Gross Receipts Tax Refunding and Improvement Bonds and the repayment of both New Mexico Finance Authority (NMFA) loans for the Grindstone Dam liner repair and Automatic Meter Read Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to private-sector business.

The *statement of net position* presents financial information on all of the Village's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (i.e., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, public works (including highways and streets), culture and recreation, and health and welfare. The business-type activities of the Village include the operations of Ruidoso Joint Utilities (RJU) (water and sewer), the Sierra Blanca Regional Airport, Solid Waste, the Regional Wastewater Treatment Plant (RWWTP), and the Risk Management Internal Service Fund.

The government-wide financial statements include only the Village itself (known as the *primary government*) because it does not have any component units.

The government-wide financial statements can be found on pages 16 - 17 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains eighteen (18) governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Revenue Bonds Debt Service Fund, and the New Mexico Finance Authority (NMFA) Debt Service Fund, which are considered to be major funds. Data from the other fifteen (15) governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for all of its governmental and proprietary funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with each budget.

The basic governmental fund financial statements can be found on pages 18 - 22 of this report.

Proprietary Funds. The Village maintains two different types of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its Ruidoso Joint Utilities (RJU), Airport, Solid Waste and Regional Wastewater Treatment Plant (RWWTP) operations. The Village uses an *Internal Service Fund* to account for its insurance administration. Because this service predominately benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for RJU, Airport, Solid Waste and RWWTP operations, all of which are considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 23 - 26 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Village maintains one type of fiduciary funds. The *Agency fund* reports resources held by the Village in a custodial capacity for individuals, private organizations, and other governments.

The fiduciary fund financial statements can be found on page 27 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 60 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$64,613,393, at the close of the most recent fiscal year.

VILLAGE OF RUIDOSO'S NET POSITION
(AMOUNTS IN THOUSANDS)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Government</u> | |
|---------------------------------------|--------------------------------|----------------|---------------------------------|----------------|-------------------------|----------------|
| | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2015</u> |
| ASSETS | | | | | | |
| Current and other assets | \$ 13,539 | \$ 13,122 | \$ 18,672 | \$ 20,531 | \$ 32,211 | \$ 33,653 |
| Capital assets | <u>32,174</u> | <u>39,617</u> | <u>38,051</u> | <u>34,437</u> | <u>70,225</u> | <u>74,054</u> |
| Total Assets | <u>45,713</u> | <u>52,739</u> | <u>56,723</u> | <u>54,968</u> | <u>102,436</u> | <u>107,707</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>1,708</u> | <u>1,092</u> | <u>449</u> | <u>349</u> | <u>2,157</u> | <u>1,441</u> |
| LIABILITIES | | | | | | |
| Other liabilities | 398 | 978 | 1,093 | 2,087 | 1,491 | 3,065 |
| Long-term liabilities outstanding | 8,738 | 8,409 | 15,162 | 16,122 | 23,900 | 24,531 |
| Net pension liability | <u>10,775</u> | <u>8,076</u> | <u>3,238</u> | <u>2,281</u> | <u>14,013</u> | <u>10,357</u> |
| Total Liabilities | <u>19,911</u> | <u>17,463</u> | <u>19,493</u> | <u>20,490</u> | <u>39,404</u> | <u>26,062</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>496</u> | <u>2,784</u> | <u>79</u> | <u>894</u> | <u>575</u> | <u>3,678</u> |

NET POSITION

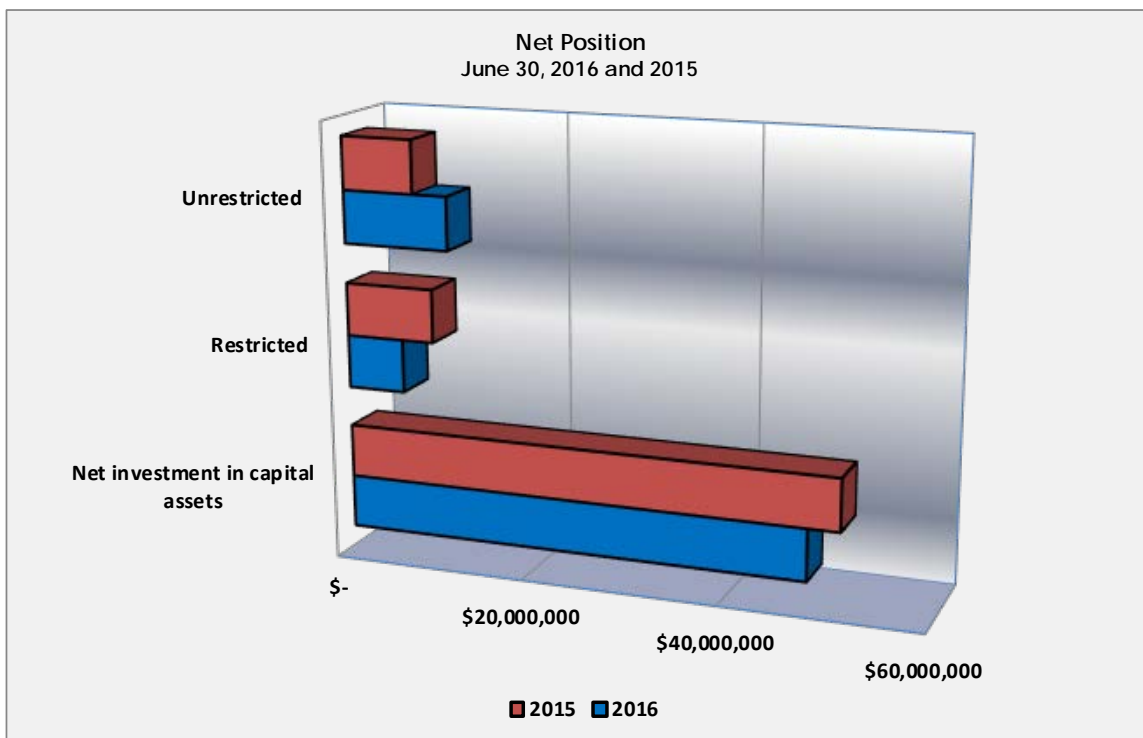
| | | | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Net investment in capital assets | 24,277 | 32,038 | 23,351 | 18,803 | 47,628 | 50,841 |
| Restricted | 3,437 | 4,077 | 2,499 | 5,160 | 5,936 | 9,237 |
| Unrestricted (deficits) | <u>(702)</u> | <u>(2,531)</u> | <u>11,751</u> | <u>9,970</u> | <u>11,049</u> | <u>7,439</u> |
| Total Net Position | <u>\$ 27,012</u> | <u>\$ 33,584</u> | <u>\$ 37,601</u> | <u>\$ 33,933</u> | <u>\$ 64,613</u> | <u>\$ 67,517</u> |

By far, the largest portion of the Village’s net position 73.7% (\$47,628,632) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The Village uses these capital assets to provide a variety of services to its citizens; consequently, these assets are not available for future spending. Although the Village’s investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village’s net position which totals \$5,936,263 (9.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,048,497 (17.1%) is unrestricted and may be used to meet the government’s ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Village is able to report positive balances in all reported categories of net position except for the unrestricted category for governmental activities (\$702,300), which is attributed to the recording of a net pension liability under GASB 68, *Accounting and Financial Reporting for Pensions*. In the prior year, the Village experienced the same scenario for the exact same reasons. All other categories of net position for both governmental business-type activities reported positive balances in both fiscal years.

The Village’s overall net position decreased \$2,903,956 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.



VILLAGE OF RUIDOSO'S CHANGES IN NET POSITION
(AMOUNTS IN THOUSANDS)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Government</u> | |
|--|--------------------------------|------------------|---------------------------------|------------------|-------------------------|------------------|
| | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2015</u> |
| REVENUES | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 2,489 | \$ 1,731 | \$ 13,005 | \$ 13,821 | \$ 15,494 | \$ 15,552 |
| Operating grants and contributions | 1,265 | 984 | 56 | 135 | 1,321 | 1,119 |
| Capital grants and contributions | 796 | 1,257 | 386 | 3,389 | 1,182 | 4,646 |
| General revenues: | | | | | | |
| Property taxes | 3,307 | 3,080 | 0 | 0 | 3,307 | 3,080 |
| Other taxes | 6,264 | 6,046 | 3,990 | 3,848 | 10,254 | 9,894 |
| Grants and contributions not restricted to specific programs | 3,378 | 3,279 | 0 | 0 | 3,378 | 3,279 |
| Other | <u>1,853</u> | <u>973</u> | <u>283</u> | <u>95</u> | <u>2,136</u> | <u>1,068</u> |
| Total Revenues | <u>19,352</u> | <u>17,350</u> | <u>17,720</u> | <u>21,288</u> | <u>37,072</u> | <u>38,638</u> |
| EXPENSES | | | | | | |
| General government | 12,496 | 5,401 | 0 | 0 | 12,496 | 5,401 |
| Public safety | 6,016 | 5,513 | 0 | 0 | 6,016 | 5,513 |
| Public works | 2,388 | 2,231 | 0 | 0 | 2,388 | 2,231 |
| Culture and recreation | 3,671 | 2,898 | 0 | 0 | 3,671 | 2,898 |
| Health and welfare | 139 | 141 | 0 | 0 | 139 | 141 |
| Interest on long-term debt | 344 | 280 | 0 | 0 | 344 | 280 |
| Water and sewer | 0 | 0 | 6,288 | 5,304 | 6,288 | 5,304 |
| Airport | 0 | 0 | 2,392 | 1,987 | 2,392 | 1,987 |
| Solid waste | 0 | 0 | 3,489 | 3,018 | 3,489 | 3,018 |
| Wastewater | <u>0</u> | <u>0</u> | <u>2,753</u> | <u>2,865</u> | <u>2,753</u> | <u>2,865</u> |
| Total Expenses | <u>25,054</u> | <u>16,464</u> | <u>14,922</u> | <u>13,174</u> | <u>39,976</u> | <u>29,638</u> |
| Increase (decrease) in net position before transfers | (5,702) | 886 | 2,798 | 8,114 | (2,904) | 9,000 |
| Transfers | <u>(870)</u> | <u>942</u> | <u>870</u> | <u>(942)</u> | <u>0</u> | <u>0</u> |
| Increase (decrease) in net position | <u>(6,572)</u> | <u>1,828</u> | <u>3,668</u> | <u>7,172</u> | <u>(2,904)</u> | <u>9,000</u> |
| Net Position, Beginning of Year | 33,584 | 41,543 | 33,933 | 29,736 | 67,517 | 71,279 |
| Restatement | <u>0</u> | <u>(9,787)</u> | <u>0</u> | <u>(2,975)</u> | <u>0</u> | <u>(12,762)</u> |
| Net Position, Beginning of Year RESTATED | <u>33,584</u> | <u>31,756</u> | <u>33,933</u> | <u>26,761</u> | <u>67,517</u> | <u>58,517</u> |
| Net Position, End of Year | <u>\$ 27,012</u> | <u>\$ 33,584</u> | <u>\$ 37,601</u> | <u>\$ 33,933</u> | <u>\$ 64,613</u> | <u>\$ 67,517</u> |

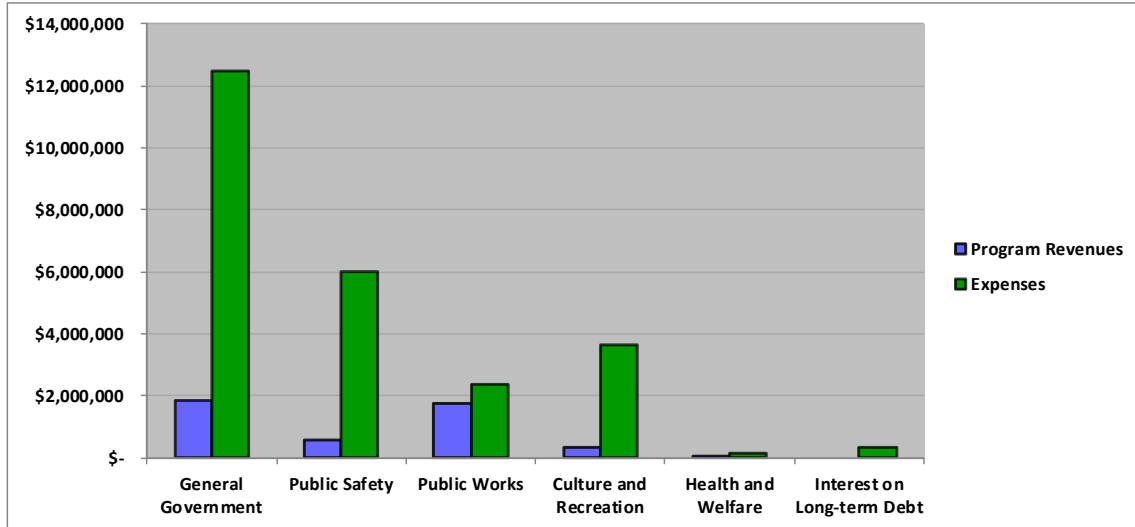
Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$6,570,849 from the prior fiscal year for an ending balance of \$27,012,401. The largest cause the decrease stems from the increase in depreciation expense taken. During the review of fixed assets, the Village noted that several assets were past their useful lives but still had values. Therefore, in an effort to present fairly the value of assets, accelerated depreciation was taken during the current fiscal year. The additional depreciation cost to Governmental Activities was \$7,707,095 over the previous fiscal year. Depreciation expense by function is as follows:

| <u>Function</u> | <u>FY 2016</u> | <u>FY 2015</u> | <u>Change</u> |
|------------------------|---------------------|---------------------|---------------------|
| General government | \$ 8,046,679 | \$ 1,336,909 | \$ 6,709,770 |
| Public safety | 495,771 | 357,133 | 138,638 |
| Public works | 542,759 | 304,610 | 238,149 |
| Culture and recreation | 738,282 | 107,576 | 630,706 |
| Health and welfare | <u>217</u> | <u>10,385</u> | <u>(10,168)</u> |
| TOTAL | <u>\$ 9,823,708</u> | <u>\$ 2,116,613</u> | <u>\$ 7,707,095</u> |

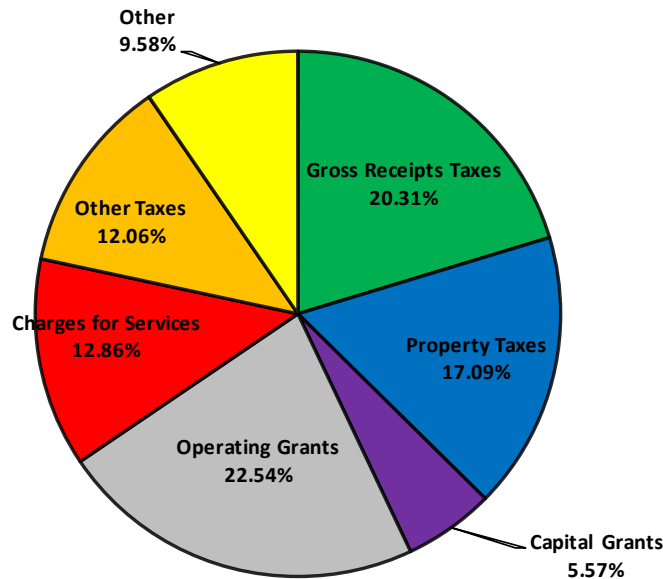
Overall tax revenues remained flat however, there was an influx of one time revenue streams in service charges and miscellaneous income that increased revenues by \$1,444,965. During the summer of 2016, the Fire Department hired out two (2) engines during the Washington Fires which increased service charges by \$163,637 and the street department billed \$618,671 in paving repairs for completed GO Bond waterline repair projects. In addition, the sale of Grindstone property for \$610,000 caused the increase in miscellaneous income, which in turn had an impact on net transfers due to a repayment of the original purchase price of the property back to the SGRT Special Revenue Fund.

The dramatic change in net transfers was attributable to the pass through of NMFA loans (governmental) to water infrastructure project funds (business-type) for the completion of the Grindstone Liner and automated meter read loans. Both of these loans were completed during the fiscal year and the Village has no other loans and/or grants of this type.

PROGRAM REVENUES AND EXPENSES – GOVERNMENTAL ACTIVITIES



GENERAL REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



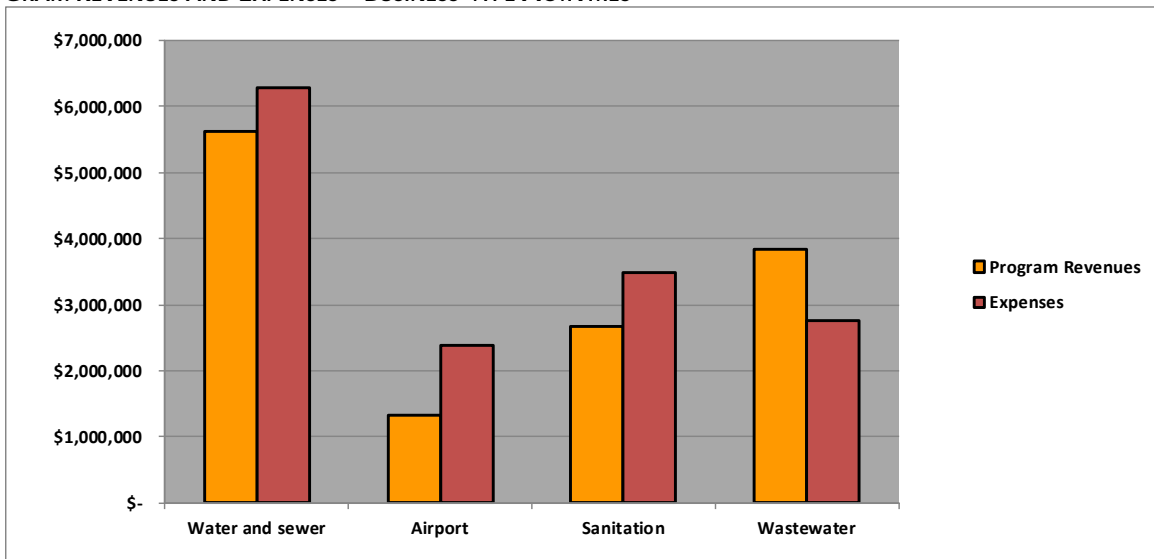
Business-type Activities. During the current fiscal year, net position for business-type activities increased \$3,666,893 from the prior fiscal year for an ending balance of \$37,600,991. The increase was mainly just from the day-to-day operations of the funds, revealing that current service rates are sufficient to support daily needs. However, the true impact on the fiscal year is seen when comparing net position to the previous fiscal year, which decreased by \$3,506,461. This is due to the completion of the Grindstone Liner which was funded by an outside loan and grant and the change in net pension liability.

Overall, expenditure levels remained consistent with the prior year. It should be noted that the water system infrastructure projects are processed through a governmental capital project fund.

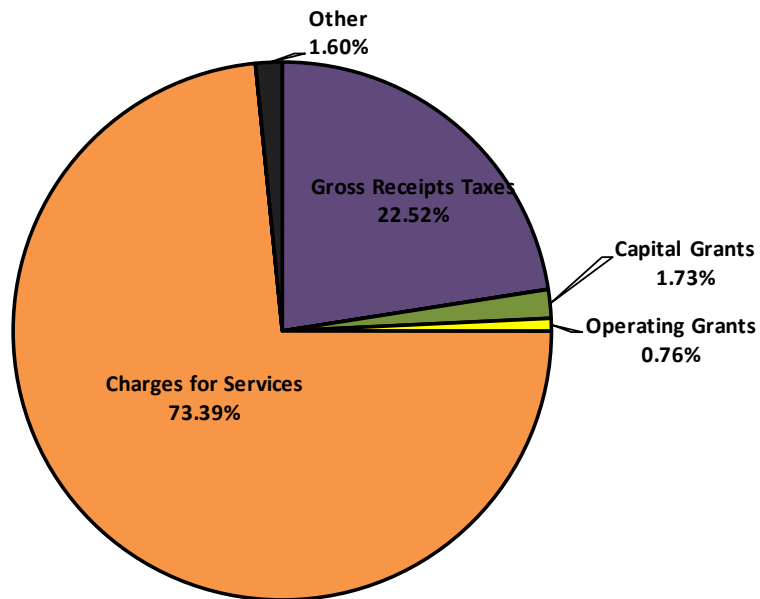
Only upon completion of individual projects, are costs transferred to business-type activities through the capitalization of assets. The reason being is that the projects are funded by a GO Bond cycle program. Each year the Village issues \$1,500,000 in bonds that are dedicated to water line repairs.

In addition, net transfers were impacted by the flow through of the loan tied to the Auto Read Meter Project. For more information, please see the Governmental Activities section.

PROGRAM REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES



GENERAL REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

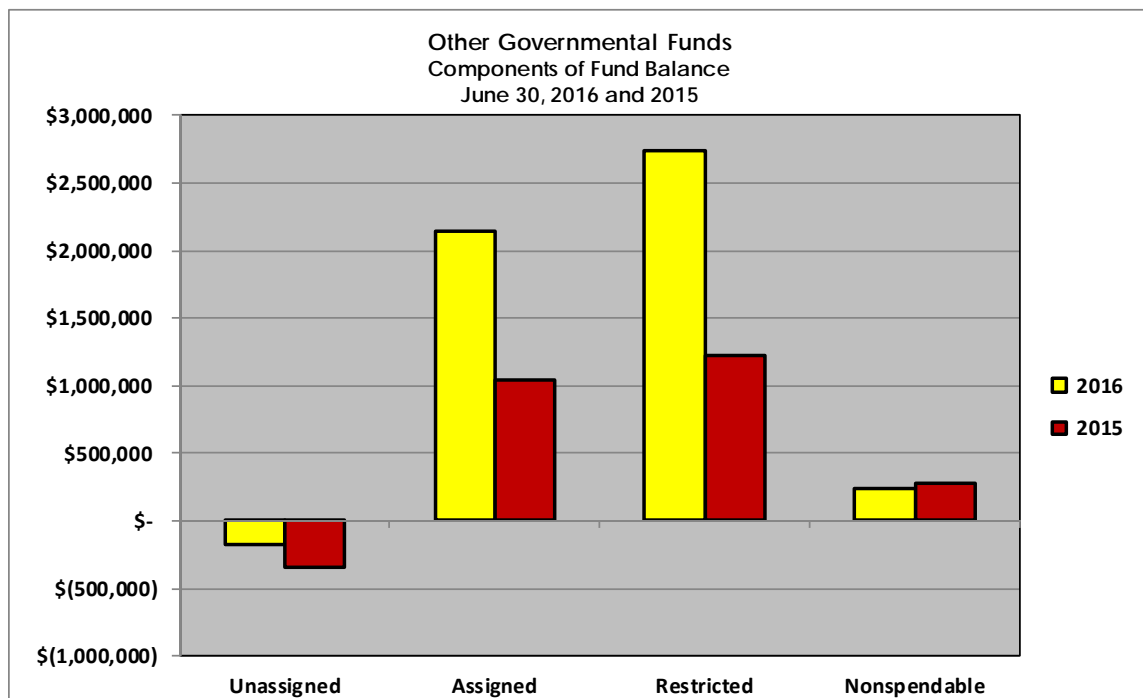


FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

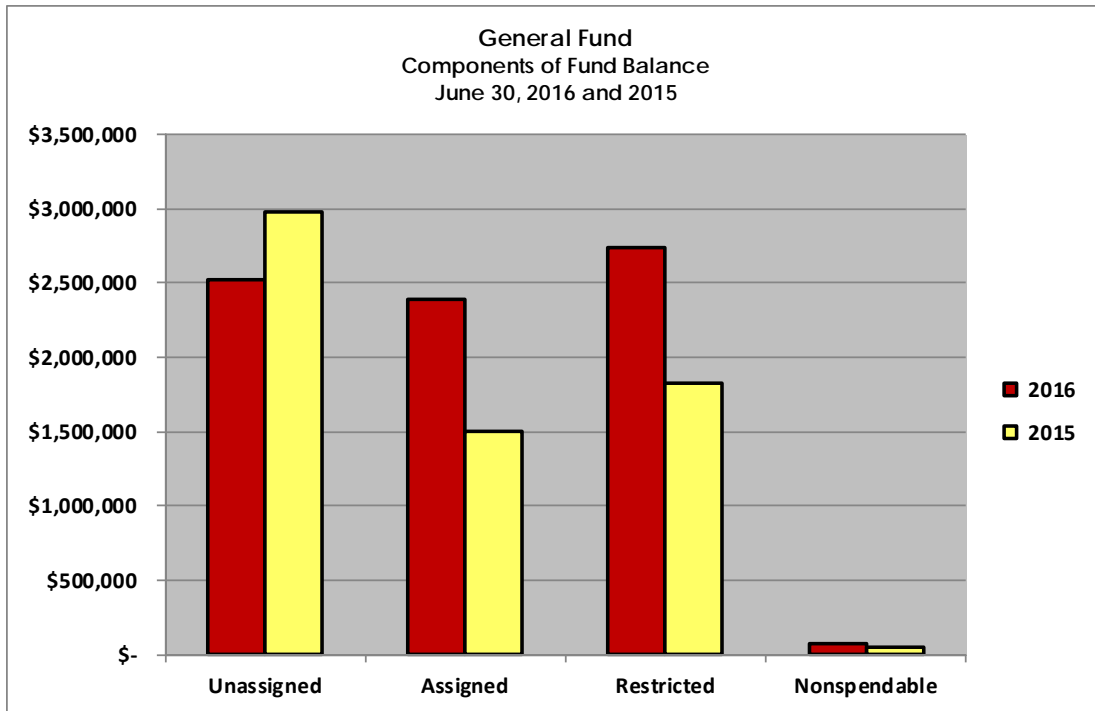
As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Village itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Village's Council.

At June 30, 2016, the Village's governmental funds reported combined fund balances of \$12,678,210, an increase of \$1,020,134 in comparison with the prior year. Approximately 19.9% of this amount (\$2,530,637) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *non-spendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$308,737), 2) legally required to be maintained intact (\$2,741,875), 3) restricted for particular purposes (\$2,741,433), or 4) assigned for particular purposes (\$4,535,528).



The General fund is the chief operating fund of the Village. At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,521,675, while total fund balance increased to \$7,728,408. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 19.9% of total general fund expenditures, while total fund balance represents approximately 61.1% of that same amount.



The fund balance of the Village's general fund increased \$1,379,570 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to the influx of one time revenue streams from the sale of property and the addition charges generated by the Fire Department aiding in the Washington Fires. Expenditures were higher than the prior year, due to the construction of many waterline repair projects (see Business-type Activities) and the construction of the downtown parking lot and Fire Station remodel projects that were paid from cash reserves.

Proprietary Funds. The Village's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

At the end of the year unrestricted net position of the following operations was \$11,750,797: RJU (water and sewer) totaled \$2,729,562, Airport totaled \$266,763, Solid Waste totaled \$285,765, and RWWTP (wastewater) totaled \$8,468,707. The total growth in net position for all four (4) funds was \$3,666,893 (RJU \$3,594,719, Airport (\$1,102,598), Solid Waste (\$246,410), and RWWTP \$1,421,182. In addition, RJU reported a positive balance in restricted net position of \$2,498,644, which is restricted for meter deposits and for cash and investments associated with SGRT. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget compared to Final Budget. Since the Village budget is due to the State of New Mexico's Department of Finance and Administration (DFA) by June 1st, year-end rollovers of grants and/or capital projects are not reflected in the Original Budget. These type of budget increases are included in the first budget adjustment of the fiscal year.

Adjustment of grant awards to actual amounts received and roll overs from fiscal year 2015 caused an increase to intergovernmental revenues. In addition, miscellaneous revenues increased from the sale of Grindstone Property for \$610,000, which also triggered an increase in transfers out because of a payback to the SGRT fund of \$452,000. The Village's Fire Department hired out two engines to help in the fight of the Washington Fires, thereby generating additional service charges of \$163,630.

Corresponding expenditure increases were mainly attributed to the rollover of capital projects, grant increases, and GO Bond proceeds to construct the downtown parking lot (see debt information).

Final Budget compared to Actual Results. General Fund actual revenues decreased over final budget by \$138,452. However, the most significant difference between estimated revenues and actual revenues was in Intergovernmental – Federal Grants. The progress of the River Trails Project II that was bid out late in FY 2016 and is estimated to be complete early FY 2017 had a major unfavorable variance of \$514,344. However, this negative was offset by favorable increases in Gross Receipts Taxes, charges for services, interest income, and Intergovernmental – State grants. The Village had taken a conservative approach in estimated revenues even though several construction projects were ending, investment of reserves had focused on higher rate securities, and Parks and Recreation had made many improvements to its summer programming.

The budget savings in the expenditure area were a combination of three scenarios. First, several vacant positions were not filled during the fiscal year and therefore, saved the General Fund approximately \$322,782. Management of departmental budgets was tight and therefore, actual levels did not even come close to budgeted amounts (savings of \$2,449,939) and several capital outlay projects were not completed during the fiscal year (savings of \$1,299,391).

Net transfers had a budget savings of \$425,605 which was a combination of subsidy payments and administrative fees (5% of revenues from Enterprise Funds, except Airport and Lodgers' Tax Special Revenue Fund) not meeting budgeted levels.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Village's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$70,225,248 (net of accumulated depreciation). This investment in capital assets includes, land building, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and distribution and production systems. The total decrease in capital assets for the current fiscal year was approximately 5.17%.

VILLAGE OF RUIDOSO'S CAPITAL ASSETS NET OF DEPRECIATION (AMOUNTS IN THOUSANDS)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Government</u> | |
|----------------------------|--------------------------------|------------------|---------------------------------|------------------|-------------------------|------------------|
| | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2015</u> |
| Land | \$ 10,316 | \$ 10,316 | \$ 1,140 | \$ 1,140 | \$ 11,456 | \$ 11,456 |
| Buildings and improvements | 4,801 | 7,229 | 1,448 | 2,809 | 6,249 | 10,038 |
| Machinery and equipment | 1,211 | 1,260 | 829 | 419 | 2,040 | 1,679 |
| Infrastructure | 12,579 | 18,502 | 30,108 | 23,453 | 42,687 | 41,955 |
| Vehicles | 1,771 | 2,118 | 1,071 | 1,590 | 2,842 | 3,708 |
| Art | 18 | 18 | 0 | 0 | 18 | 18 |
| Construction in progress | 1,478 | 174 | 3,456 | 5,026 | 4,934 | 5,200 |
| | <u>\$ 32,174</u> | <u>\$ 39,617</u> | <u>\$ 38,052</u> | <u>\$ 34,437</u> | <u>\$ 70,226</u> | <u>\$ 74,054</u> |

Major capital asset events during the current fiscal year included the following:

- Construction of a public parking lot in the mid-town area. At the close of the fiscal year, costs totaled \$1,195,246. Estimated completed date is early fiscal year 2017.
- Purchase of several pieces of heavy equipment at a total cost of \$990,153.
- Various projects related to water and sewer distribution systems improvements at a total cost of \$2,431,845. Projects included water line replacements of \$1,068,808 and lift stations improvements of \$495,429.
- Completion of the Grindstone Liner at \$4,615,120 and River Well B at \$938, 386. The cost of both projects was spread over two (2) fiscal years.

- Partial completion of several system improvement and infrastructure projects that increased construction in progress by \$3,508,616, including the Automatic Meter Read project at \$3,078,113.

Additional information on the Village's capital assets can be found on pages 43 - 44 of this report.

Long-term Debt. At the end of the current fiscal year, the Village had a total bonded debt outstanding of \$22,596,616. This entire amount is backed by the full faith and credit of the government.

VILLAGE OF RUIDOSO'S OUTSTANDING DEBT
(AMOUNTS IN THOUSANDS)

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Government</u> | |
|----------------------------------|--------------------------------|-----------------|---------------------------------|------------------|-------------------------|------------------|
| | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2015</u> | <u>FY 2016</u> | <u>FY 2015</u> |
| General obligation bonds | \$ 1,595 | \$ 2,280 | \$ 0 | \$ 0 | \$ 1,595 | \$ 2,280 |
| Gross receipts tax revenue bonds | 3,700 | 2,285 | 2,155 | 2,345 | 5,855 | 4,630 |
| Revenue bonds | <u>0</u> | <u>0</u> | <u>12,545</u> | <u>13,265</u> | <u>12,545</u> | <u>13,265</u> |
| | 5,295 | 4,565 | 14,700 | 15,610 | 19,995 | 20,175 |
| Loans payable | <u>2,602</u> | <u>3,014</u> | <u>0</u> | <u>24</u> | <u>2,602</u> | <u>3,038</u> |
| | <u>\$ 7,897</u> | <u>\$ 7,579</u> | <u>\$ 14,700</u> | <u>\$ 15,634</u> | <u>\$ 22,597</u> | <u>\$ 23,213</u> |

The Village's total debt decreased \$616,156 (2.7%) during the current fiscal year. The Village issued two \$1,500,000 series of General Obligation (GO) Bonds for a total of \$3,000,000 in debt; in July 2015 and in June 2015. Proceeds are used to fund Water infrastructure projects. The revenue pledged is a 1.5 mill property tax that is renewable by the voters every two years. March 2016 is the next scheduled election to renew the levy. Principal payments totaled \$685,000.

During the current fiscal year, the Village refunded the Series 2005 GRT Revenue Refunding and Improvement Bonds and bonded an additional \$1,500,000. Additional cash proceeds were used to construct a public parking lot in the downtown area. Proceeds totaled \$3,880,000.

During the prior fiscal year, the Village received funding from the New Mexico Finance Authority (NMFA) for the repair of the Grindstone Lake dam liner. Funding was separated into two (2) projects: design \$553,000 and construction \$3,157,600. Each project had a 10% loan component for a total of \$371,060. Both loans were paid in full during the current fiscal year on July 15, 2015.

In addition, NMFA had also approved a construction loan for the replacement of water meters within the Village limits for a total project cost of \$3,030,000 (\$3,000,000 loan and \$30,000 administrative fee). The project has a \$757,500 loan forgiveness component which decreases the loan payback amount to \$2,272,500. The Village drew down the entire loan balance during the current fiscal year and paid back \$2,105,573 towards the loan. The remaining balance of \$166,927 was paid on September 13, 2016 (fiscal year 2017).

Several of the Village's bond issues are rated by Moody's and Standard & Poor's. The Village maintains an A1 rating from Moody's on its Series 2012 SGRT Refunding Revenue Bonds, an AA from Standard & Poor's and an A1 from Moody's on its Series 2013 GO Refunding Bonds, and an A+ from Standard and Poor's and an A2 from Moody's its Series 2013 Wastewater System Refunding Revenue Bonds.

Additional information on the Village's long-term debt can be found on pages 44 - 50 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The current economic factors affecting the Village which were considered in developing the 2016-2017 fiscal year budget are as follows:

- Estimated revenues were budgeted at fiscal year 2016 levels even though the schools will begin construction on a new high school and Lincoln County will begin construction on a new hospital, which will increase local option GRT revenues. Additional funds generated will be used to fund capital reserves and the potential loss of revenues if the State of New Mexico revokes the hold harmless clause of GRT distribution.
- Personnel costs were increased by 19.9% due estimated insurance renewal costs and salaries were increased by 7% to offset a preliminary performance based compensation plan.
- Inflationary trends in the region compare favorably to national indices.
- Departmental operating and capital budgets remained at fiscal year 2016 levels.

During the current fiscal year, the assigned fund balance in the general fund was \$2,393,880. The Village has appropriated \$1,941,618 of this amount for spending in the 2016-2017 fiscal year. This action rolled over several projects that were not completed during the 2016 fiscal year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Village of Ruidoso, Finance Department, 313 Cree Meadows Drive, Ruidoso, NM 88345.

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF NET POSITION
JUNE 30, 2016

| | PRIMARY GOVERNMENT | | |
|--|---------------------------|----------------------|----------------------|
| | Governmental | Business-type | Total |
| | Activities | Activities | |
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,278,280 | \$ 2,126,281 | \$ 5,404,561 |
| Investments | 4,672,097 | 11,838,380 | 16,510,477 |
| Restricted cash and investments | 3,437,619 | 2,498,644 | 5,936,263 |
| Receivables, net of allowance | 1,842,126 | 1,274,152 | 3,116,278 |
| Inventories | 263,205 | 927,679 | 1,190,884 |
| Prepaid expenses | 45,532 | 7,293 | 52,825 |
| Capital assets: | | | |
| Land | 10,315,759 | 1,139,946 | 11,455,705 |
| Construction in progress | 1,477,847 | 3,455,642 | 4,933,489 |
| Art | 18,200 | - | 18,200 |
| Infrastructure | 39,112,120 | 32,732,102 | 71,844,222 |
| Buildings and improvements | 13,689,910 | 4,939,857 | 18,629,767 |
| Machinery and equipment | 3,464,934 | 1,914,512 | 5,379,446 |
| Vehicles | 5,916,947 | 5,421,062 | 11,338,009 |
| Less: accumulated depreciation | <u>(41,822,019)</u> | <u>(11,551,571)</u> | <u>(53,373,590)</u> |
| Total Assets | <u>45,712,557</u> | <u>56,723,979</u> | <u>102,436,536</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Insurance on bond issue, net of amortization | 15,091 | - | 15,091 |
| Pension related | <u>1,692,321</u> | <u>449,360</u> | <u>2,141,681</u> |
| Total Deferred Outflows of Resources | <u>1,707,412</u> | <u>449,360</u> | <u>2,156,772</u> |
| LIABILITIES | | | |
| Accounts payable | 267,406 | 581,725 | 849,131 |
| Accrued liabilities | 103,815 | 58,628 | 162,443 |
| Deposits payable | 2,400 | 244,040 | 246,440 |
| Accrued interest | 24,848 | 208,710 | 233,558 |
| Noncurrent liabilities: | | | |
| Due within one year | 826,236 | 976,951 | 1,803,187 |
| Due in more than one year | 7,911,510 | 14,184,938 | 22,096,448 |
| Net pension obligation | <u>10,775,513</u> | <u>3,237,923</u> | <u>14,013,436</u> |
| Total Liabilities | <u>19,911,728</u> | <u>19,492,915</u> | <u>39,404,643</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related | 317,320 | 79,433 | 396,753 |
| Unearned revenue | <u>178,520</u> | <u>-</u> | <u>178,520</u> |
| Total Deferred Inflows of Resources | <u>495,840</u> | <u>79,433</u> | <u>575,273</u> |
| NET POSITION | | | |
| Net investment in capital assets | 24,277,082 | 23,351,550 | 47,628,632 |
| Restricted | 3,437,619 | 2,498,644 | 5,936,263 |
| Unrestricted (deficits) | <u>(702,300)</u> | <u>11,750,797</u> | <u>11,048,497</u> |
| Total Net Position | <u>\$ 27,012,401</u> | <u>\$ 37,600,991</u> | <u>\$ 64,613,392</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

| FUNCTIONS/PROGRAMS | PROGRAM REVENUES | | | NET (EXPENSE)/REVENUE AND CHANGES IN NET ASSETS | | |
|---|------------------|----------------------|--------------------------|---|----------------------------------|-------------------------|
| | Expenses | Operating | | Governmental Activities | PRIMARY GOVERNMENT | |
| | | Charges for Services | Grants and Contributions | | Capital Grants and Contributions | Governmental Activities |
| Governmental activities: | | | | | | |
| General government | \$ 12,496,338 | \$ 1,500,335 | \$ 333,296 | \$ 8,092 | \$ (10,654,615) | \$ (10,654,615) |
| Public safety | 6,015,757 | - | 563,509 | - | (5,452,248) | (5,452,248) |
| Public works | 2,388,063 | 650,657 | 327,413 | 788,299 | (621,694) | (621,694) |
| Culture and recreation | 3,670,689 | 337,946 | 3,000 | - | (3,329,743) | (3,329,743) |
| Health and welfare | 139,328 | - | 37,976 | - | (101,352) | (101,352) |
| Interest on long-term debt | 344,193 | - | - | - | (344,193) | (344,193) |
| Total Governmental Activities | 25,054,368 | 2,488,938 | 1,265,194 | 796,391 | (20,503,845) | (20,503,845) |
| Business-type activities: | | | | | | |
| Water and sewer | 6,288,559 | 5,425,509 | - | 191,820 | (671,230) | (671,230) |
| Airport | 2,392,691 | 1,067,117 | 56,051 | 193,705 | (1,075,818) | (1,075,818) |
| Solid Waste | 3,489,087 | 2,678,328 | - | - | (810,759) | (810,759) |
| Wastewater | 2,753,050 | 3,834,268 | - | - | 1,081,218 | 1,081,218 |
| Total Business-type Activities | 14,923,387 | 13,005,222 | 56,051 | 385,525 | (1,476,589) | (1,476,589) |
| Total Primary Government | \$ 39,977,755 | \$ 15,494,160 | \$ 1,321,245 | \$ 1,181,916 | (20,503,845) | (21,980,434) |
| GENERAL REVENUES: | | | | | | |
| Property taxes, levied for general purposes | | | | | 3,307,218 | 3,307,218 |
| Franchise taxes | | | | | 699,968 | 699,968 |
| Gross receipts taxes | | | | | 3,930,267 | 7,920,636 |
| Public service taxes | | | | | 1,633,815 | 1,633,815 |
| Grants and contributions not restricted to specific program | | | | | 3,378,397 | 3,378,397 |
| Investment earnings | | | | | 129,530 | 399,074 |
| Miscellaneous income | | | | | 1,811,934 | 1,811,934 |
| Gain (loss) on disposal of assets | | | | | (87,987) | (74,564) |
| Net transfers | | | | | (870,146) | - |
| Total General Revenues and Transfers | | | | | 13,932,996 | 19,076,478 |
| Change in Net Position | | | | | (6,570,849) | (2,903,956) |
| Net Position, Beginning of Year | | | | | 33,583,250 | 67,517,348 |
| Net Position, End of Year | | | | | \$ 27,012,401 | \$ 64,613,392 |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

| | DEBT SERVICE FUND | | | Total Nonmajor Funds | Total Governmental Funds |
|--|----------------------|-----------------|-------------------|----------------------------|--------------------------------|
| | General | Revenue Bonds | NMFA Loans | | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,946,830 | \$ - | \$ - | \$ 1,213,448 | \$ 3,160,278 |
| Investments | 4,672,097 | - | - | - | 4,672,097 |
| Restricted cash | 2,400 | 9,636 | 518,171 | 2,907,412 | 3,437,619 |
| Receivables, net of allowance | 1,458,277 | - | 216,137 | 167,712 | 1,842,126 |
| Due from other funds | 6,791 | - | - | - | 6,791 |
| Inventories | 25,684 | - | - | 237,521 | 263,205 |
| Prepaid items | 45,294 | - | - | 238 | 45,532 |
| Total Assets | <u>\$ 8,157,373</u> | <u>\$ 9,636</u> | <u>\$ 734,308</u> | <u>\$ 4,526,331</u> | <u>\$ 13,427,648</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 174,760 | \$ - | \$ 3,392 | \$ 80,371 | \$ 258,523 |
| Accrued liabilities | 92,845 | - | - | 10,970 | 103,815 |
| Deposits payable | 2,400 | - | - | - | 2,400 |
| Due to other funds | - | - | - | 6,791 | 6,791 |
| Total Liabilities | <u>270,005</u> | <u>-</u> | <u>3,392</u> | <u>98,132</u> | <u>371,529</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unearned revenue | - | - | - | 178,520 | 178,520 |
| Unavailable property taxes | 158,960 | - | - | 40,429 | 199,389 |
| | <u>158,960</u> | <u>-</u> | <u>-</u> | <u>218,949</u> | <u>377,909</u> |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable: | | | | | |
| Inventory | 25,684 | - | - | 237,521 | 263,205 |
| Prepaid items | 45,294 | - | - | 238 | 45,532 |
| Restricted: | | | | | |
| Public safety | - | - | - | 208,301 | 208,301 |
| Capital projects | - | - | - | 1,268,084 | 1,268,084 |
| Debt service | - | 9,636 | 730,916 | - | 740,552 |
| Other purposes | 2,741,875 | - | - | 524,496 | 3,266,371 |
| Assigned: | | | | | |
| Purchases on order | 452,262 | - | - | 612,864 | 1,065,126 |
| Subsequent year's budget; appropriation of fund balance | 1,941,618 | - | - | 1,528,784 | 3,470,402 |
| Unassigned (deficits) | 2,521,675 | - | - | (171,038) | 2,350,637 |
| Total Fund Balances (Deficits) | <u>7,728,408</u> | <u>9,636</u> | <u>730,916</u> | <u>4,209,250</u> | <u>12,678,210</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits) | <u>\$ 8,157,373</u> | <u>\$ 9,636</u> | <u>\$ 734,308</u> | <u>\$ 4,526,331</u> | <u>\$ 13,427,648</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2016

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

| | |
|---|----------------------|
| Total Fund Balances (Deficits) - Governmental Funds | \$ 12,678,210 |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund statements. | 32,018,954 |
| Long-term liabilities, including bonds payable and net pension obligation, are not due and payable in the current period and, therefore, are not reported in the fund statements. | (19,523,016) |
| The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. | 263,863 |
| Defined benefit pension plan deferred outflows and inflows are not available resources and, therefore, are not reported in the fund statements. | 1,375,001 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. | <u>199,389</u> |
| Net Position of Governmental Activities | <u>\$ 27,012,401</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

| | DEBT SERVICE FUND | | | Total Nonmajor Funds | Total Governmental Funds |
|--|----------------------|--------------------|--------------------|----------------------------|--------------------------------|
| | General | Revenue Bonds | NMFA Loans | | |
| REVENUES | | | | | |
| Taxes: | | | | | |
| Property | \$ 2,518,687 | \$ - | \$ - | \$ 758,101 | \$ 3,276,788 |
| Gross receipts | 3,930,267 | - | - | - | 3,930,267 |
| Other | 699,968 | - | - | 1,633,815 | 2,333,783 |
| Intergovernmental: | | | | | |
| Federal grants | 3,871 | - | 54,034 | 35,346 | 93,251 |
| State grants | 3,674,087 | - | 695,966 | 976,678 | 5,346,731 |
| Licenses and permits | 294,451 | - | - | - | 294,451 |
| Charges for services | 501,583 | - | - | 650,657 | 1,152,240 |
| Fines and forfeitures | 89,483 | - | - | 51,968 | 141,451 |
| Investment earnings | 83,820 | 37,326 | 3,376 | 5,008 | 129,530 |
| Miscellaneous | 1,057,153 | 152,023 | - | 591,028 | 1,800,204 |
| Total Revenues | <u>12,853,370</u> | <u>189,349</u> | <u>753,376</u> | <u>4,702,601</u> | <u>18,498,696</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 3,452,565 | - | - | 15,080 | 3,467,645 |
| Public safety | 5,145,040 | - | - | 374,946 | 5,519,986 |
| Public works | 40,102 | - | - | 1,805,202 | 1,845,304 |
| Culture and recreation | 1,852,320 | - | - | 1,080,087 | 2,932,407 |
| Health and welfare | 85,747 | - | - | 53,364 | 139,111 |
| Debt service: | | | | | |
| Principal | 146,319 | 2,465,000 | 2,799,293 | 711,414 | 6,122,026 |
| Interest | - | 198,958 | 106,870 | 45,367 | 351,195 |
| Bond issuance costs | - | 174,713 | - | - | 174,713 |
| Capital outlay | 1,934,049 | - | - | 573,331 | 2,507,380 |
| Total Expenditures | <u>12,656,142</u> | <u>2,838,671</u> | <u>2,906,163</u> | <u>4,658,791</u> | <u>23,059,767</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>197,228</u> | <u>(2,649,322)</u> | <u>(2,152,787)</u> | <u>43,810</u> | <u>(4,561,071)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 2,863,424 | 278,958 | 2,682,348 | 869,252 | 6,693,982 |
| Transfers out | (1,681,082) | (1,500,000) | (2,853,571) | (1,529,475) | (7,564,128) |
| Proceeds from debt issuance | - | 3,880,000 | 2,250,001 | 321,350 | 6,451,351 |
| Net Other Financing Sources (Uses) | <u>1,182,342</u> | <u>2,658,958</u> | <u>2,078,778</u> | <u>(338,873)</u> | <u>5,581,205</u> |
| Net Change in Fund Balances | 1,379,570 | 9,636 | (74,009) | (295,063) | 1,020,134 |
| Fund Balances, Beginning of Year | <u>6,348,838</u> | <u>-</u> | <u>804,925</u> | <u>4,504,313</u> | <u>11,658,076</u> |
| Fund Balances (Deficits), End of Year | <u>\$ 7,728,408</u> | <u>\$ 9,636</u> | <u>\$ 730,916</u> | <u>\$ 4,209,250</u> | <u>\$ 12,678,210</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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

| | |
|---|-----------------------|
| Net Change in Fund Balances - Governmental Funds | \$ 1,020,134 |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | (7,316,328) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of insurance premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | (324,924) |
| The internal service fund is used by management to charge the costs of insurance to individual funds. The net revenue is reported with governmental activities in the statement of activity. | (61,099) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | <u>111,368</u> |
| Change in Net Position Governmental Activities | <u>\$ (6,570,849)</u> |

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STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|-------------------|--------------------|---------------------|---------------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 2,528,830 | \$ 2,528,830 | \$ 2,518,687 | \$ (10,143) |
| Gross receipts | 3,770,000 | 3,770,000 | 3,930,267 | 160,267 |
| Other | 684,850 | 692,950 | 699,968 | 7,018 |
| Intergovernmental: | | | | - |
| Federal grants | - | 518,215 | 3,871 | (514,344) |
| State grants | 3,383,900 | 3,608,340 | 3,698,101 | 89,761 |
| Licenses and permits | 288,550 | 288,550 | 294,451 | 5,901 |
| Charges for services | 272,000 | 439,730 | 521,082 | 81,352 |
| Fines and forfeitures | 104,000 | 104,000 | 89,483 | (14,517) |
| Investment earnings | 17,500 | 17,500 | 83,820 | 66,320 |
| Miscellaneous | <u>366,500</u> | <u>1,067,220</u> | <u>1,057,153</u> | <u>(10,067)</u> |
| Total Revenues | <u>11,416,130</u> | <u>13,035,335</u> | <u>12,896,883</u> | <u>(138,452)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,675,210 | 4,365,604 | 3,861,032 | 504,572 |
| Public safety | 5,266,070 | 5,394,202 | 5,145,040 | 249,162 |
| Public works | - | 1,990,176 | 40,102 | 1,950,074 |
| Culture and recreation | 1,974,970 | 2,061,951 | 1,852,320 | 209,631 |
| Health and welfare | 80,790 | 92,170 | 85,747 | 6,423 |
| Debt service: | | | | |
| Principal | - | 146,320 | 146,319 | 1 |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | <u>622,830</u> | <u>3,086,298</u> | <u>1,934,049</u> | <u>1,152,249</u> |
| Total Expenditures | <u>11,619,870</u> | <u>17,136,721</u> | <u>13,064,609</u> | <u>4,072,112</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(203,740)</u> | <u>(4,101,386)</u> | <u>(167,726)</u> | <u>3,933,660</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | 913,520 | 3,316,440 | - | 3,316,440 |
| Transfers in | 1,936,340 | 4,546,958 | 2,863,424 | (1,683,534) |
| Transfers out | (2,646,120) | (3,762,012) | (1,652,873) | 2,109,139 |
| Refunding bonds issued | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Other Financing Sources (Uses) | <u>203,740</u> | <u>4,101,386</u> | <u>1,210,551</u> | <u>3,742,045</u> |
| Net Change in Cash Balances | <u>\$ -</u> | <u>\$ -</u> | 1,042,825 | <u>\$ 7,675,705</u> |
| Cash Balances, Beginning of Year | | | <u>5,578,502</u> | |
| Cash Balances, End of Year | | | <u>\$ 6,621,327</u> | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 1,042,825 | |
| Adjustments to revenues | | | (43,513) | |
| Adjustments to expenditures | | | <u>380,258</u> | |
| Net Change in Fund Balances (GAAP Basis) | | | <u>\$ 1,379,570</u> | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

| | BUSINESS-TYPE ACTIVITIES | | | | | GOVERNMENTAL |
|---------------------------------------|--------------------------|--------------------|--------------------|--------------------|---------------------|------------------|
| | Utility | Airport | Solid Waste | RWWTP | Total | Internal Service |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ 35,898 | \$ 260,251 | \$ 806,478 | \$ 1,023,654 | \$ 2,126,281 | \$ 118,002 |
| Investments | 3,622,036 | - | 512,748 | 7,703,596 | 11,838,380 | - |
| Restricted cash and investments | 2,498,644 | - | - | - | 2,498,644 | - |
| Receivables, net of allowance | 677,228 | - | 251,817 | 345,107 | 1,274,152 | - |
| Due from other funds | - | - | - | - | - | - |
| Inventories | 561,713 | 86,123 | 43,717 | 236,126 | 927,679 | - |
| Prepaid expenses | 6,979 | 314 | - | - | 7,293 | - |
| Total Current Assets | <u>7,402,498</u> | <u>346,688</u> | <u>1,614,760</u> | <u>9,308,483</u> | <u>18,672,429</u> | <u>118,002</u> |
| Noncurrent Assets | | | | | | |
| Capital assets: | | | | | | |
| Land | - | 1,100,000 | - | 39,946 | 1,139,946 | - |
| Construction in progress | 3,297,575 | - | - | 158,067 | 3,455,642 | - |
| Infrastructure | 10,760,088 | - | - | 21,972,014 | 32,732,102 | - |
| Buildings and improvements | 369,725 | 3,370,132 | 1,200,000 | - | 4,939,857 | - |
| Machinery and equipment | 351,084 | 663,637 | 545,349 | 354,442 | 1,914,512 | 193,430 |
| Vehicles | 1,242,792 | 967,459 | 3,082,097 | 128,714 | 5,421,062 | - |
| Less: accumulated depreciation | <u>(1,800,457)</u> | <u>(3,760,819)</u> | <u>(3,416,363)</u> | <u>(2,573,932)</u> | <u>(11,551,571)</u> | <u>(38,686)</u> |
| Total Noncurrent Assets | <u>14,220,807</u> | <u>2,340,409</u> | <u>1,411,083</u> | <u>20,079,251</u> | <u>38,051,550</u> | <u>154,744</u> |
| Total Assets | <u>21,623,305</u> | <u>2,687,097</u> | <u>3,025,843</u> | <u>29,387,734</u> | <u>56,723,979</u> | <u>272,746</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Pension related | <u>213,926</u> | <u>-</u> | <u>158,110</u> | <u>77,324</u> | <u>449,360</u> | <u>-</u> |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable | 353,968 | 27,009 | 121,191 | 79,557 | 581,725 | 8,883 |
| Accrued liabilities | 27,303 | 6,951 | 17,441 | 6,933 | 58,628 | - |
| Deposits payable | 244,040 | - | - | - | 244,040 | - |
| Due to other funds | - | - | - | - | - | - |
| Accrued interest | 5,346 | - | - | 203,364 | 208,710 | - |
| Bonds and loans payable | 200,000 | - | - | 740,000 | 940,000 | - |
| Compensated absences | 14,367 | 3,677 | 4,723 | 14,184 | 36,951 | - |
| Unearned revenue | - | - | - | - | - | - |
| Total Current Liabilities | <u>845,024</u> | <u>37,637</u> | <u>143,355</u> | <u>1,044,038</u> | <u>2,070,054</u> | <u>8,883</u> |
| Noncurrent Liabilities | | | | | | |
| Compensated absences | 165,214 | 42,288 | 172,586 | 44,850 | 424,938 | - |
| Bonds and notes payable | 1,955,000 | - | - | 11,805,000 | 13,760,000 | - |
| Net pension obligation | 1,540,138 | - | 1,143,239 | 554,546 | 3,237,923 | - |
| Total Noncurrent Liabilities | <u>3,660,352</u> | <u>42,288</u> | <u>1,315,825</u> | <u>12,404,396</u> | <u>17,422,861</u> | <u>-</u> |
| Total Liabilities | <u>4,505,376</u> | <u>79,925</u> | <u>1,459,180</u> | <u>13,448,434</u> | <u>19,492,915</u> | <u>8,883</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

| | <u>BUSINESS-TYPE ACTIVITIES</u> | | | | | <u>GOVERNMENTAL ACTIVITIES</u> |
|--------------------------------------|---------------------------------|---------------------|---------------------|----------------------|---------------------|------------------------------------|
| | <u>Utility</u> | <u>Airport</u> | <u>Solid Waste</u> | <u>RWWTP</u> | <u>Total</u> | <u>Internal Service</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Pension related | <u>37,842</u> | <u>-</u> | <u>27,925</u> | <u>13,666</u> | <u>79,433</u> | <u>-</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 12,065,807 | 2,340,409 | 1,411,083 | 7,534,251 | 23,351,550 | 154,744 |
| Restricted | 2,498,644 | - | - | - | 2,498,644 | - |
| Unrestricted | <u>2,729,562</u> | <u>266,763</u> | <u>285,765</u> | <u>8,468,707</u> | <u>11,750,797</u> | <u>109,119</u> |
| Total Net Position | <u>\$17,294,013</u> | <u>\$ 2,607,172</u> | <u>\$ 1,696,848</u> | <u>\$ 16,002,958</u> | <u>\$37,600,991</u> | <u>\$ 263,863</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

| | BUSINESS-TYPE ACTIVITIES | | | | | GOVERNMENTAL ACTIVITIES |
|---|--------------------------|---------------------|---------------------|----------------------|----------------------|----------------------------|
| | Utility | Airport | Solid Waste | RWWTP | Total | Internal Service |
| OPERATING REVENUES | | | | | | |
| Charges for services | \$ 5,399,804 | \$ 846,967 | \$ 2,675,422 | \$ 3,454,130 | \$ 12,376,323 | \$ 900,796 |
| Intergovernmental - State | - | 56,051 | - | - | 56,051 | - |
| Miscellaneous | 25,705 | 220,150 | 2,906 | 380,138 | 628,899 | - |
| Total Revenues | <u>5,425,509</u> | <u>1,123,168</u> | <u>2,678,328</u> | <u>3,834,268</u> | <u>13,061,273</u> | <u>900,796</u> |
| OPERATING EXPENSES | | | | | | |
| Current: | | | | | | |
| Personnel services | 2,101,341 | 546,518 | 1,384,468 | 727,295 | 4,759,622 | - |
| Materials and supplies | 583,461 | 465,374 | 343,436 | 80,112 | 1,472,383 | 64,363 |
| Repairs and maintenance | 1,072,730 | 98,577 | 438,527 | 157,944 | 1,767,778 | 11,803 |
| Utilities | 475,208 | 54,627 | 59,779 | 484,582 | 1,074,196 | - |
| Contractual services | 1,647,043 | 51,682 | 624,311 | 274,902 | 2,597,938 | 847,043 |
| Depreciation expense | 340,209 | 1,175,913 | 638,453 | 616,183 | 2,770,758 | 38,686 |
| Total Expenditures | <u>6,219,992</u> | <u>2,392,691</u> | <u>3,488,974</u> | <u>2,341,018</u> | <u>14,442,675</u> | <u>961,895</u> |
| Operating Income/(loss) | <u>(794,483)</u> | <u>(1,269,523)</u> | <u>(810,646)</u> | <u>1,493,250</u> | <u>(1,381,402)</u> | <u>(61,099)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Gross receipts taxes | 2,592,423 | - | 698,973 | 698,973 | 3,990,369 | - |
| Intergovernmental: | | | | | | |
| Federal grants | - | 183,510 | - | - | 183,510 | - |
| State grants | 191,820 | 10,195 | - | - | 202,015 | - |
| Investment earnings | 156,585 | 430 | 11,293 | 101,236 | 269,544 | - |
| Premium on the issuance of debt | - | - | - | - | - | - |
| Gain (loss) on disposal of assets | 12,120 | - | - | 1,303 | 13,423 | - |
| Debt service: | | | | | | |
| Interest | (68,567) | - | (113) | (412,032) | (480,712) | - |
| Bond issuance costs | - | - | - | - | - | - |
| Net Nonoperating Revenues | <u>2,884,381</u> | <u>194,135</u> | <u>710,153</u> | <u>389,480</u> | <u>4,178,149</u> | <u>-</u> |
| Income Before Transfers | <u>2,089,898</u> | <u>(1,075,388)</u> | <u>(100,493)</u> | <u>1,882,730</u> | <u>2,796,747</u> | <u>(61,099)</u> |
| NET TRANSFERS | | | | | | |
| Transfers in | 4,385,496 | - | 28,084 | - | 4,413,580 | - |
| Transfers out | (2,880,675) | (27,210) | (174,001) | (461,548) | (3,543,434) | - |
| Net Transfers | <u>1,504,821</u> | <u>(27,210)</u> | <u>(145,917)</u> | <u>(461,548)</u> | <u>870,146</u> | <u>-</u> |
| Net Change in Net Position | 3,594,719 | (1,102,598) | (246,410) | 1,421,182 | 3,666,893 | (61,099) |
| Net Position, Beginning of Year | <u>13,699,294</u> | <u>3,709,770</u> | <u>1,943,258</u> | <u>14,581,776</u> | <u>33,934,098</u> | <u>324,962</u> |
| Net Position, End of Year | <u>\$ 17,294,013</u> | <u>\$ 2,607,172</u> | <u>\$ 1,696,848</u> | <u>\$ 16,002,958</u> | <u>\$ 37,600,991</u> | <u>\$ 263,863</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

| | BUSINESS-TYPE ACTIVITIES | | | | | GOVERNMENTAL |
|--|--------------------------|--------------|--------------|--------------|--------------|------------------|
| | Utility | Airport | Solid Waste | RWWTP | Total | Internal Service |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Cash received from customers | \$ 5,558,592 | \$ 1,079,740 | \$ 2,772,598 | \$ 3,891,183 | \$13,302,113 | \$ 900,796 |
| Cash received from operational grants | - | 56,051 | - | - | 56,051 | - |
| Cash received from other funds for services | - | - | - | - | - | - |
| Cash paid to suppliers for goods and services | (4,312,672) | (762,229) | (1,497,926) | (1,160,463) | (7,733,290) | (965,859) |
| Cash paid on behalf of employees for retirement | 18,748 | - | 18,897 | 4,664 | 42,309 | - |
| Cash paid to employees for salaries and benefits | (2,155,154) | (544,471) | (1,399,551) | (796,509) | (4,895,685) | - |
| Net Cash Provided by (Used for) Operating Activities | (890,486) | (170,909) | (105,982) | 1,938,875 | 771,498 | (65,063) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Cash received from taxes | 2,592,423 | - | 698,973 | 698,973 | 3,990,369 | - |
| Operating subsidies from (to) other funds | 1,504,821 | (27,210) | (145,917) | (461,548) | 870,146 | - |
| Net Cash Provided by (Used for) Noncapital Financing Activities | 4,097,244 | (27,210) | 553,056 | 237,425 | 4,860,515 | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Acquisition of capital assets | (5,834,843) | (203,900) | (282,266) | (50,955) | (6,371,964) | - |
| Proceeds from the issuance of debt | - | - | - | - | - | - |
| Capital grants | 191,820 | 193,705 | - | - | 385,525 | - |
| Principal paid on capital debt | (190,000) | - | (23,751) | (720,000) | (933,751) | - |
| Interest paid on capital debt | (68,968) | - | (150) | (424,577) | (493,695) | - |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | (5,901,991) | (10,195) | (306,167) | (1,195,532) | (7,413,885) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Investment earnings | 156,585 | 430 | 11,293 | 101,236 | 269,544 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents: | (2,538,648) | (207,884) | 152,200 | 1,082,004 | (1,512,328) | (65,063) |
| Cash and Cash Equivalents, Beginning of Year | 8,695,226 | 468,135 | 1,167,026 | 7,645,246 | 17,975,633 | 183,065 |
| Cash and Cash Equivalents, End of Year | \$ 6,156,578 | \$ 260,251 | \$ 1,319,226 | \$ 8,727,250 | \$16,463,305 | \$ 118,002 |

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities

| | | | | | | |
|---|--------------|----------------|--------------|--------------|----------------|-------------|
| Operation income (loss) | \$ (794,483) | \$ (1,269,523) | \$ (810,646) | \$ 1,493,250 | \$ (1,381,402) | \$ (61,099) |
| Adjustments to reconcile net operating income to net cash provided by operating activities: | | | | | | |
| Depreciation | 340,209 | 1,175,913 | 638,453 | 616,183 | 2,770,758 | 38,686 |
| (Increase) decrease in accounts receivable | 120,078 | 12,623 | 30,201 | 51,841 | 214,743 | - |
| Increase (decrease) in allowance for doubtful | (6,617) | - | 64,069 | 5,074 | 62,526 | - |
| (Increase) decrease in due from other funds | - | - | - | - | - | - |
| (Increase) decrease in inventories | 191,365 | (17,879) | 4,019 | (109,226) | 68,279 | - |
| (Increase) decrease in prepaid items | 1,458 | (314) | - | - | 1,144 | - |
| (Increase) decrease in deferred outflows | (47,594) | - | (35,194) | (17,208) | (99,996) | - |
| Increase (decrease) in accounts payable | (727,053) | (73,776) | (35,892) | (53,697) | (890,418) | (42,650) |
| Increase (decrease) in accrued wages and taxes | (48,113) | (13,669) | (29,871) | (18,190) | (109,843) | - |
| Increase (decrease) in meter deposits | 19,622 | - | - | - | 19,622 | - |
| Increase (decrease) in compensated absences | (5,700) | 15,716 | 14,788 | (51,024) | (26,220) | - |
| Increase (decrease) in deferred inflows | (387,774) | - | (286,598) | (140,161) | (814,533) | - |
| Increase (decrease) in net pension liability | 454,116 | - | 340,689 | 162,033 | 956,838 | - |
| Net Cash Provided by (Used for) Operating Activities | \$ (890,486) | \$ (170,909) | \$ (105,982) | \$ 1,938,875 | \$ 771,498 | \$ (65,063) |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30,2016

| | <u>Special Gifts</u> | <u>Bail Bonds</u> | <u>Total</u> |
|---------------------------|--------------------------|-------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 56,228 | \$ 631 | \$ 56,859 |
| Accounts receivable | <u>19,574</u> | <u>-</u> | <u>19,574</u> |
| Total Assets | <u>\$ 75,802</u> | <u>\$ 631</u> | <u>\$ 76,433</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 733 | \$ - | \$ 733 |
| Special projects payable | <u>75,069</u> | <u>631</u> | <u>75,700</u> |
| Total Liabilities | <u>\$ 75,802</u> | <u>\$ 631</u> | <u>\$ 76,433</u> |

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. 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 non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

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

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

B. Reporting Entity

The Village of Ruidoso (the Village) is a municipal corporation formed during 1945, under the provisions of Chapter 3, Article 2, NMSA 1978. It is governed by an elected mayor and six-member governing council and provides the following services as provided by law: public safety (police and fire), highways and streets, welfare services, culture and recreation, public works, planning and zoning, and general administrative services.

The financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards (GAFRS) which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

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

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

B. Reporting Entity (Continued)

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, 2016.

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

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model: Assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position.

Deferred outflows of resources are consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred inflows of resources are acquisitions of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net position is the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported in three parts – net investment in capital assets, restricted, and unrestricted.

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, expenses, gains, losses, assets and liabilities, and deferred inflows and outflows of resources, resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities, and deferred inflows and outflows of resources 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*. 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.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt obligations.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and are accounted for using the *modified accrual basis of accounting*. Under this method, 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.

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 *Gross Receipts Tax (GRT) Revenue Bond Debt Service Fund* accounts for the accumulation of resources for and the payment of, principal and interest of Gross Receipts Tax Revenue Bonds issued. The resources of this fund are generated by the Village's share of the gross receipts tax. Authority for creation of this fund is approved by Village Council.

The *New Mexico Finance Authority (NMFA) Loans Debt Service Fund* accounts for the accumulation of resources for and the payment of, principal and interest of restricted loans used for the purchase of fire trucks, the remodel of the Convention Center, and refunding of the debt associated with the remodel of the Police Administration Building. The repayment sources are generated by the Village's share of fire protection funds, lodgers' tax, and infrastructure gross receipts tax (GRT), respectively. Authority for creation of this fund is approved by Village Council.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Proprietary funds use the *flow of economic resources measurement focus* for accounting purposes. The accounting objectives are a determination of net income, financial position, and changes in cash flow. The Proprietary Funds are accounted for using the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Village applies all applicable FASB (Financial Accounting Standards Board) pronouncements issued after November 30, 1989, to government-wide financial statements (business-type activities) and to proprietary funds in the fund financial statements. The Village reports the following major proprietary funds:

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

The *Airport Enterprise Fund* accounts for the air service activities of the Sierra Blanca Regional Airport, including administration, operations, maintenance, debt service, and billing and collection.

The *Solid Waste Enterprise Fund* accounts for refuse collection and disposal services, including yard waste, provided to Village residents including administration, operations, maintenance, debt service, and billing and collection.

The *Regional Wastewater Treatment Plant (RWWTWP) Enterprise Fund* was established on July 3, 1974 from a joint powers agreement (JPA) between the Village and the City of Ruidoso Downs (CORD). The JPA created a Joint Use Board for the implementation of construction and operation of the regional control of wastewater treatment facilities. This fund accounts for the wastewater services provided to residents of the Village, the CORD, and the surrounding area, including administration, operations, maintenance, debt service, and billing and collection.

Additionally, the Village reports the following fund type:

The *Internal Service Fund* is used to account for the operation of the Risk Management Fund which services the Village's departments on a cost-reimbursement basis for insurance.

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds accounts for assets that the Village holds for others in an agency capacity.

As a rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the charges between the Village's water, sewer, solid waste, wastewater, and insurance functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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.

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 revenues of the proprietary funds are charges for sales services, although subsidies may be used for operating or capital to some degree. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Budgetary Information

Budgetary Basis of Accounting

Annual budgets are prepared and adopted on a cash basis of accounting, which is consistent with generally accepted accounting principles, for the general fund, special revenue funds, debt services funds, and enterprise funds. Capital project funds adopt project-length budgets. Agency funds are not budgeted. Appropriated budgets are prepared by fund, department, and functional category (i.e., personnel, operations, and capital outlay). The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is at the fund level.

Prior to June 1st, budgets are prepared, balanced, and approved by resolution by Village Council and submitted to the State of New Mexico's Department of Finance and Administration (DFA) for oversight approval. Once the budget has been formally approved, amendments (increases, decreases to the overall amounts) must be approved by the Village Manager, the Village Council and DFA.

All annual appropriations lapse at fiscal year-end even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. Valid outstanding encumbrances (performance under the executory contract is expected in the next year) are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Excess of Expenditures over Appropriations

For the year ended June 30, 2016, expenditures did not exceed appropriations in any of the Village's individual funds.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

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.

Investments

Investments for the Village are reported at fair value (generally based on quoted market prices). 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
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Restricted Assets

The Village accepts deposits on utility accounts which after two (2) years, if the customer is in good standing, these funds are refunded back to the individual's utility account. In addition, funds received from granting authorities that are required to be legally separate are also identified as restricted assets.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between government activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade receivables are shown net of an allowance for doubtful accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for doubtful accounts.

Property taxes are levied on November 1st on property tax values assessed as of January 1st. Property taxes collected by Lincoln County (the County) are due in two equal installments on November 10th and April 10th. Property taxes uncollected after these dates are considered delinquent and the County may assess penalties and interest. An enforceable lien attaches once the taxes are delinquent thirty (30) days after delinquency.

The Village is permitted to levy taxes for general operating purposes based on taxable value for residential and nonresidential property, taxable value being defined as one-third of full assessed value. In addition, the Village is allowed to levy taxes for payments of bond principal and interest in an amount approved by the Village. The Village's total tax rate to finance general government services for the year ended June 30, 2016 was \$5.169 per \$1,000 for residential property and \$4.482 for non-residential property. In addition there was a \$1.50 per \$1,000 debt service levy for both residential and non-residential property that is dedicated to water distribution infrastructure projects and is renewed every two (2) years by the citizens of the Village.

Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and materials. The consumption accounting method is used to record the Village's inventories. An asset is recorded when the supplies are purchased and the recognition of the expenditure is deferred to the period in which the inventories are actually 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Capital Assets

Capital assets, which include property, plant, equipment (including software), and infrastructure (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are recorded at cost or if contributed at their fair market value at contribution. Assets capitalized have an original cost of \$5,000 or more (Section 12-6-10 NMSA 1978) and have an estimated useful life greater than one year. Capital assets, if purchased or constructed, are recorded at historical cost or estimated historical cost if original cost was not available.

Since the Village is a Phase III government for purposes of implementing GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, it is not required to retroactively report its major general infrastructure assets. However, it must report all infrastructure assets purchased or built after July 1, 2003.

Repairs and maintenance 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. Information Technology equipment, including software, is capitalized and included in machinery and equipment. Library books are expensed when purchased because their estimated useful life is less than one year.

Depreciation has been calculated on each class of depreciable property using the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|------------------------------|--------------|
| Infrastructure | 40 |
| Buildings and improvements | 30 |
| Machinery and equipment | 5 |
| Vehicles | 5 |
| Heavy equipment and vehicles | 10 |

Accrued Liabilities

Accrued liabilities are comprised of payroll expenditures based on amounts earned by the employees through June 30, 2016, along with applicable taxes and employee benefits.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has two (2) items that qualifies for reporting in this category. It is the deferred cost of prepaid insurance associated with a debt issuance, which is amortized over the life of the bonds, using the straight-line method. The last item concerns the advancement of FEMA grant funds that were not fully earned as of year-end.

STATE OF NEW MEXICO
 VILLAGE OF RUIDOSO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to further period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The government has only one type of item, which arises only under modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

Village employees are entitled to certain compensated absences based on their employment classification and length of employment. With minor exceptions, the Village allows the accumulation of vacation leave up to a maximum of 260 hours for regular employees and 330 hours for fire department employees. Earned vacation, up to the maximum amount, is allowed to be carried over from one calendar year to the next. Upon termination, employees shall receive payment for unused, accrued vacation. Vacation benefit vesting is on a bi-weekly basis as follows:

| <u>Service Period</u> | <u>Regular Employees</u> | <u>Fire Employees</u> |
|-----------------------|--------------------------|-----------------------|
| 1 to 36 months | 4.00 hours | 5.30 hours |
| 37 to 60 months | 5.00 hours | 6.15 hours |
| 61 to 119 months | 6.50 hours | 7.75 hours |
| 120 to 149 months | 7.00 hours | 9.15 hours |
| 150 to 239 months | 7.50 hours | 10.30 hours |
| 240 months & over | 8.50 hours | 11.20 hours |

Village employees also earn sick leave at a rate of 4.00 hours per pay period for regular employees and 4.98 hours per pay period for fire department employees. The Village allows the accumulation of sick leave up to a maximum of 1,560 hours and can be carried over from one calendar year to the next. Upon retirement, employees are entitled to receive payment, at a rate of 2 for 1, of accrued, vested sick leave. The Village has adopted the following vesting schedule:

| <u>Service Period</u> | <u>Vesting %</u> | <u>Maximum Hours</u> |
|-----------------------|------------------|----------------------|
| 1 to 9 years | 0% | 0 hours |
| 10 to 14 years | 50% | 260 hours |
| 15 to 19 years | 75% | 390 hours |
| Over 20 years | 100% | 520 hours |

For governmental funds, expenditures are recognized during the period in which the amount is payable from current available resources. All vested compensated absences including all related employer payroll taxes are accrued in the government-wide and proprietary fund financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Long-term Obligations

In the government-wide fund financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, with the exception of pre-paid insurance, are expensed in the year of issuance.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (i.e., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to be reported as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Village's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Investment in Capital Assets which is the net amount of the cost of capital assets net of accumulated depreciation reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted which consists of equity 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.

Unrestricted is the balance of all other equity that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

Fund Balance Policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Village Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriation in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

By state statute, the Village must maintain a minimum fund balance in the General Fund equal to 8.33% or 1/12th of budgeted expenditures. However, Village Council has, by ordinance, made it policy to reserve an additional 8.33% due to the number of recent natural disasters experienced within the last few years. This amount totals \$2,741,875 at June 30, 2016.

F. 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 include management's estimate of capital asset useful lives and allowance for doubtful accounts.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide State of Net Position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term Liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of the \$19,523,016 difference are as follows:

| | |
|--|-----------------------|
| Bonds payable | \$ (5,295,000) |
| Loans payable | (2,601,616) |
| Net pension obligation | (10,775,513) |
| Accrued interest (amortized as interest expense) | (24,848) |
| Compensated absences | (841,130) |
| Less: deferred charge for insurance (amortized over debt life) | 15,091 |
| Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities | <u>\$(19,523,016)</u> |

Another element of that reconciliation states that “Defined benefit pension plan related deferred outflows and inflows are not available resources and, therefore, are not reported in the fund statements”. The details of this \$1,375,001:

| | |
|--|---------------------|
| Deferred inflows – pension related | |
| Difference between expected and actual results | \$ (91,503) |
| Net difference between projected and actual investment earnings | (26,110) |
| Change in assumptions | (127,021) |
| Change in proportion and difference between employer contributions and proportion share of contributions | (72,686) |
| Deferred outflows – pension related | |
| FY 2016 employee contributions | 1,045,306 |
| Difference between expected and actual results | 359,747 |
| Change in assumptions | 79,224 |
| Change in proportion and difference between employer contributions and proportion share of contribution | 208,044 |
| Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities | <u>\$ 1,375,001</u> |

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Net Position Balances and the Government-wide Statement of Activities

The governmental statement of revenues, expenditures, and changes in net position includes reconciliation between net changes in net position – total governmental funds and changes in net position – governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$7,316,328 difference are as follows:

| | |
|---|----------------------|
| Capital outlay | \$ 2,507,380 |
| Depreciation expense | <u>(9,823,708)</u> |
| Net adjustment to reduce net changes in fund balances – total governmental funds to arrive at changes in net position – governmental activities | <u>\$(7,316,328)</u> |

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide State of Net Position (Continued)

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs (insurance) when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities". The details of this \$324,924 difference are as follows:

| | |
|---|---------------------|
| Bond proceeds | \$(3,880,000) |
| Loan proceeds | (2,571,351) |
| Bond issue costs | (24,886) |
| Amortization expense | 17,557 |
| Less: principal repayments: | |
| Revenue bond debt | 2,465,000 |
| General obligation debt | 685,000 |
| Loans payable | 2,983,756 |
| Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position – governmental activities | <u>\$ (324,924)</u> |

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds". The details of this \$2,651,932 difference are as follows:

| | |
|---|-------------------|
| Pension expense | \$ 173,344 |
| Delinquent property taxes | 30,430 |
| Accrued interest | 7,002 |
| Less: compensated absences | (11,421) |
| Less: gain on sale of assets | (87,987) |
| Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position – governmental activities | <u>\$ 111,368</u> |

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.B.2, on the *Excess of Expenditures over Appropriation*, describes that there were no violations of state statute concerning the budgetary level of control.

B. Deficit Fund Equity

At June 30, 2016, the GO Bond Debt Service Fund has a deficit fund balance of \$33,756. The reason for the deficit is the timing of the debt service payment and the distribution of property taxes collected by Lincoln County to the Village. The deficit was caused by a \$6,791 inter-fund loan to the General Fund and the accrual of \$8,576 in property taxes receivable and the recognition of unearned property tax revenues of \$40,429.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Below is a summary of the Village's cash, cash equivalents, and investments as of June 30, 2016.

| | Fair Market Value (FMV) | Bank Balance | Maturities |
|----------------------------|----------------------------|----------------------|--------------------|
| DEPOSITORY ACCOUNTS | | | |
| Checking | \$ 3,144,167 | \$ 3,669,033 | Full liquidity |
| Savings | 5,961,476 | 5,961,476 | Full liquidity |
| Cash with fiscal agent | 389,439 | 389,439 | |
| | <u>9,495,082</u> | <u>10,019,948</u> | |
| INVESTMENTS | | | |
| Money market | 13,483 | 13,483 | Full liquidity |
| Certificates of deposit | 12,144,382 | 12,144,382 | Five years or less |
| Treasury notes | 6,253,763 | 6,253,763 | Five years or less |
| | <u>18,411,628</u> | <u>18,411,628</u> | |
| SUBTOTAL | 27,906,710 | 28,431,576 | |
| CASH ON HAND | 1,450 | 0 | |
| TOTAL | <u>\$ 27,908,160</u> | <u>\$ 28,431,576</u> | |

State statutes (2.60.2 NMSA 1978) 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, 2016.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Village. Deposits may be made to the extent that they are insured by an agency of the United States or are collateralized as required by statute (2.60.4 NMAC).

The collateral pledged is listed in the New Mexico State Auditor Disclosures section of 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.

Details of pledged collateral specific to the Village's deposit with NMFA (cash with fiscal agent) are unavailable because the bank commingles pledged collateral for all state funds it holds. However, the State Treasurer's office Collateral Bureau monitors pledged collateral for all state funds held by state agencies in such "authorized" bank accounts.

State statutes allow for money markets. They do not have to be collateralized because they are fixed income securities or debt instruments inside the fund. A money market fund is made up of many different fixed income assets with short-term maturities.

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, 2016, none of the Village's bank balances of \$28,431,576 were exposed to custodial credit risk. All deposits were insured and collateralized by securities held by the pledging bank's trust department, not in the Village's name.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions (Continued)

Interest Rate Risk - Deposits

The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Deposits

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized static rating organizations. The Village has no investment policy that would further limit its investment choices.

The statement of net position 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.

B. Restricted Assets

The following is a summary of the Village's restricted assets as of year-end:

| | |
|---------------------------------------|---------------------|
| GOVERNMENTAL ACTIVITIES | |
| Restricted bond proceeds | \$ 1,528,980 |
| Restricted grant funds | 1,388,068 |
| Cash with fiscal agent | 518,171 |
| Deposits | <u>2,400</u> |
| | <u>3,437,619</u> |
| BUSINESS-TYPE ACTIVITIES | |
| Restricted GRT revenues | 2,216,409 |
| Cash with fiscal agent | 38,195 |
| Deposits | <u>244,040</u> |
| | <u>2,498,644</u> |
| Total Restricted Cash and Investments | <u>\$ 5,936,263</u> |

C. Receivables

Amounts are aggregated into a single account receivable (net of allowance for doubtful accounts) line for certain funds and aggregated columns. Below is the detail of receivables for the General Fund and the non-major governmental funds in the aggregate, including the applicable allowance for doubtful accounts:

| | General | NMFA Loans Debt Service | Non-major Governmental | Total |
|------------------------------------|---------------------|----------------------------|---------------------------|---------------------|
| RECEIVABLES | | | | |
| Accounts | \$ 60,599 | \$ 0 | \$ 542 | \$ 61,141 |
| Taxes | 1,517,662 | 0 | 215,475 | 1,733,137 |
| Intergovernmental | <u>90,073</u> | <u>216,137</u> | <u>788</u> | <u>306,998</u> |
| | 1,668,334 | 216,137 | 216,805 | 2,101,276 |
| Allowance for doubtful accounts | <u>(210,057)</u> | <u>0</u> | <u>(49,093)</u> | <u>(259,150)</u> |
| NET RECEIVABLES | <u>\$ 1,458,277</u> | <u>\$ 216,137</u> | <u>\$ 167,712</u> | <u>\$ 1,842,126</u> |

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

C. Receivables (Continued)

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, property tax revenues in the amount of \$199,389 that were not collected within the period of availability have been reclassified as deferred revenues in the governmental fund financial statements as of June 30, 2016. In addition, FEMA grant funds advanced during the year in the amount of \$178,520 that were not expensed within the period of availability have been reclassified as unearned revenues in the governmental fund financial statements as of June 30, 2016.

Below is the detail of receivables for the Business-type activities in the aggregate, including the applicable allowance for doubtful accounts.

| | RJU | Airport | Solid Waste | RWWTP | Total |
|------------------------------------|-------------------|-------------|-------------------|-------------------|---------------------|
| RECEIVABLES | | | | | |
| Accounts | \$ 225,968 | \$ 0 | \$ 498,162 | \$ 397,791 | \$ 1,121,921 |
| Taxes | 436,420 | | 118,417 | 118,417 | 673,254 |
| Intergovernmental | 93,051 | 0 | 0 | 0 | 93,051 |
| | 755,439 | 0 | 616,579 | 516,208 | 1,888,226 |
| Allowance for doubtful accounts | (78,211) | 0 | (364,762) | (171,101) | (614,074) |
| NET RECEIVABLES | \$ 677,228 | \$ 0 | \$ 251,817 | \$ 345,107 | \$ 1,274,152 |

D. Internal Balances

During the course of operations, numerous transactions occur between individual funds for loans. These loans are reported as "due from other funds" or "due to other funds" on the balance sheet. Receivables and payables from inter-fund transactions are usually the result of cash overdrafts. Below are inter-fund balances as of June 30, 2016.

GOVERNMENTAL ACTIVITIES

Due to the General Fund from
Non-major Debt Service Fund \$ 6,791

Net operating transfers for the year ended June 30, 2016 are as follows:

| MAJOR FUNDS | Transfers IN | Transfers OUT | Purpose |
|---------------------------------|----------------------|----------------------|--|
| <i>Governmental Activities</i> | | | |
| General Fund | \$ 2,863,424 | \$ 1,681,082 | Administrative fees, capital funding, bond proceeds, operating subsidies, and debt service |
| Revenue Bonds Debt Service Fund | 278,958 | 1,500,000 | Debt service and bond proceeds |
| NMFA Loans Debt Service Fund | 2,682,348 | 2,853,571 | Bond proceeds to capital project fund and debt service |
| <i>Business-type Activities</i> | | | |
| RJU Enterprise Fund | 4,385,496 | 2,880,675 | Administrative fees, bond proceeds to capital fund, debt service, and capital funding |
| Airport Enterprise Fund | 0 | 27,210 | Capital funding |
| Solid Waste Enterprise Fund | 28,084 | 174,001 | Capital funding and administrative fees |
| RWWTP Enterprise Fund | 0 | 461,548 | Administrative fees |
| Total Major Funds | 10,238,310 | 9,578,087 | |
| NON-MAJOR FUNDS | | | |
| <i>Governmental Activities</i> | 869,252 | 1,529,475 | Capital funding |
| | <u>\$ 11,107,562</u> | <u>\$ 11,107,562</u> | |

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Capital Assets

Capital assets activity for governmental activities for the year ended June 30, 2016 was as follows.

| | Beginning Balance | Additions | Deletions | Transfers/ Adjustments | Ending Balance |
|--|----------------------|----------------------|------------------|------------------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 10,315,759 | \$ 0 | \$ (0) | \$ 0 | \$ 10,315,759 |
| Construction in progress | 174,009 | 1,391,825 | (0) | (87,987) | 1,477,847 |
| Art | 18,200 | 0 | (0) | 0 | 18,200 |
| <i>Total capital assets not depreciated</i> | <u>10,507,968</u> | <u>1,391,825</u> | <u>(0)</u> | <u>(87,987)</u> | <u>11,811,806</u> |
| Capital assets, begin depreciated | | | | | |
| Infrastructure | 39,112,120 | 0 | (0) | 0 | 39,112,120 |
| Buildings and improvements | 13,303,578 | 386,332 | (0) | 0 | 13,689,910 |
| Machinery and equipment | 3,184,955 | 423,979 | (144,000) | 0 | 3,464,934 |
| Vehicles | 5,806,889 | 305,244 | (195,186) | 0 | 5,916,947 |
| Total capital assets, being depreciated | <u>61,407,542</u> | <u>1,115,555</u> | <u>(339,186)</u> | <u>0</u> | <u>62,183,911</u> |
| Accumulated depreciation for: | | | | | |
| Infrastructure | (20,609,863) | (5,923,657) | 0 | 0 | (26,533,520) |
| Buildings and improvements | (6,074,843) | (2,813,629) | 0 | 0 | (8,888,472) |
| Machinery and equipment | (1,924,918) | (472,691) | 144,000 | 0 | (2,253,609) |
| Vehicles | (3,689,187) | (652,417) | 195,186 | 0 | (4,146,418) |
| Total accumulated depreciation | <u>(32,298,811)</u> | <u>(9,862,394)</u> | <u>339,186</u> | <u>0</u> | <u>(41,822,019)</u> |
| <i>Total capital assets, net of depreciation</i> | <u>29,108,731</u> | <u>(8,746,839)</u> | <u>0</u> | <u>0</u> | <u>20,361,892</u> |
| Net capital assets | \$ 39,616,699 | \$(7,355,014) | \$ (0) | \$ (87,987) | \$ 32,173,698 |

Depreciation expense was charged to function/programs of the primary government as follows:

| | |
|--------------------------------|---------------------------|
| GOVERNMENTAL ACTIVITIES | |
| General government | \$8,085,365 |
| Public safety | 495,771 |
| Public works | 542,759 |
| Culture and recreation | 738,282 |
| Health and welfare | <u>217</u> |
| | <u>\$9,862,394</u> |

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Capital Assets (Continued)

Capital assets activity for business-type activities for the year ended June 30, 2016 was as follows.

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|---------------------|-----------------------|----------------------|
| BUSINESS-TYPE ACTIVITIES | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 1,139,946 | \$ 0 | \$ (0) | \$ 1,139,946 |
| Construction in progress | 5,025,621 | 3,312,037 | (4,882,016) | 3,455,642 |
| <i>Total capital assets not depreciated</i> | <u>6,165,567</u> | <u>3,312,037</u> | <u>(4,882,016)</u> | <u>4,595,588</u> |
| Capital assets, begin depreciated | | | | |
| Infrastructure | 25,418,241 | 7,313,861 | (0) | 32,732,102 |
| Buildings and improvements | 4,939,857 | 0 | (0) | 4,939,857 |
| Machinery and equipment | 1,348,339 | 566,173 | (0) | 1,914,512 |
| Vehicles | 5,516,664 | 75,332 | (170,934) | 5,421,062 |
| <i>Total capital assets, being depreciated</i> | <u>37,223,101</u> | <u>7,955,366</u> | <u>(170,934)</u> | <u>45,007,533</u> |
| Accumulated depreciation for: | | | | |
| Infrastructure | (1,965,001) | (658,865) | 0 | (2,623,866) |
| Buildings and improvements | (2,130,861) | (1,360,738) | 0 | (3,491,599) |
| Machinery and equipment | (929,693) | (155,921) | 0 | (1,085,614) |
| Vehicles | (3,926,192) | (595,234) | 170,934 | (4,350,492) |
| <i>Total accumulated depreciation</i> | <u>(8,951,747)</u> | <u>(2,770,758)</u> | <u>0</u> | <u>(11,551,571)</u> |
| <i>Total capital assets, net of depreciation</i> | <u>28,271,354</u> | <u>5,184,608</u> | <u>0</u> | <u>33,455,963</u> |
| Net capital assets | \$ 34,436,921 | \$ 8,496,645 | \$ (4,882,016) | \$ 38,051,550 |

BUSINESS-TYPE ACTIVITIES

| | |
|-----------------------|---------------------------|
| Water and sewer (RJU) | \$ 340,209 |
| Airport | 1,175,913 |
| Solid waste | 638,453 |
| Wastewater (RWWTP) | <u>616,183</u> |
| | <u>\$2,770,758</u> |

F. Long-term Liabilities

Landfill Closure Costs

The Village, County of Lincoln, Village of Capitan, City of Ruidoso Downs, Village of Corona, Town of Carrizozo, Otero County, 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 the regional landfill for the year ended June 30, 2016.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. Long-term Liabilities (Continued)

Gross Receipts Tax Revenue Bonds

The Village issues bonds where the Village pledges income from the receipt of gross receipts tax (GRT) (sales tax) revenue. GRT bonds have been issued for both governmental and business-type activities. The original amount of these bonds issued in the prior years was \$2,080,000 and during the year, the Village issued an additional \$3,880,000 to refund the 2006 Series at \$2,285,000. These bonds provided funds for the construction of many Village capital improvements. The Village pledges a portion of GRT for repayment of these bonds, which have varying interest rates that range from 2.00% to 4.00%.

GRT revenue bonds outstanding at year-end are as follows:

| | Amount | Maturity Date |
|----------------------|---------------------|---------------|
| May 2012 | | |
| Water infrastructure | \$ 1,975,000 | June 1, 2031 |
| August 2015 | | |
| Capital projects | <u>3,700,000</u> | June 1, 2035 |
| | <u>\$ 5,675,000</u> | |

Annual debt service requirements to maturity for all water infrastructure GRT revenue bonds are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|-------------------|
| 2017 | \$ 110,000 | \$ 58,387 |
| 2018 | 115,000 | 56,188 |
| 2019 | 115,000 | 53,887 |
| 2020 | 115,000 | 51,588 |
| 2021 | 120,000 | 48,137 |
| 2022 - 2026 | 645,000 | 185,188 |
| 2027 - 2031 | <u>755,000</u> | <u>74,644</u> |
| | <u>\$ 1,975,000</u> | <u>\$ 528,019</u> |

Annual debt service requirements to maturity for all capital project GRT revenue bonds are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|---------------------|
| 2017 | \$ 150,000 | \$ 123,500 |
| 2018 | 155,000 | 120,500 |
| 2019 | 150,000 | 117,400 |
| 2020 | 150,000 | 114,400 |
| 2021 | 150,000 | 111,400 |
| 2022 - 2026 | 890,000 | 111,400 |
| 2027 - 2031 | 1,050,000 | 327,175 |
| 2032 - 2035 | <u>1,005,000</u> | <u>102,200</u> |
| | <u>\$ 3,700,000</u> | <u>\$ 1,127,975</u> |

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. Long-term Liabilities (Continued)

Revenue Bonds

The Village also issues bonds and pledges income derived from the net revenues from the operation of the municipal regional wastewater treatment plant and the water and sewer distribution systems. Revenue bonds have been issued for business-type activities. The original amount of revenue bonds issued in prior years was \$9,015,000. Of the total amount, \$8,445,000 provided funds for the refunding of revenue bonds that were used for the construction and/or improvements to the wastewater plant and the remaining balance of \$570,000 were used to purchase water rights and land from the Village of Capitan. Interest rate on the bonds is ranges from 2.00% to 4.00%.

Revenue bonds outstanding at year-end are as follows:

| | Amount | Maturity Date |
|----------------------|---------------------|---------------|
| November 2011 | | |
| Water | \$ 180,000 | June 1, 2018 |
| July 2013 | | |
| Wastewater | <u>8,040,000</u> | July 1, 2030 |
| | <u>\$ 8,220,000</u> | |

Annual debt service requirements to maturity for all water revenue bonds are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|-------------------|-----------------|
| 2017 | \$ 90,000 | \$ 5,760 |
| 2018 | <u>90,000</u> | <u>2,880</u> |
| | <u>\$ 180,000</u> | <u>\$ 8,640</u> |

Annual debt service requirements to maturity for all refunding wastewater revenue bonds are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|---------------------|
| 2017 | \$ 415,000 | \$ 291,613 |
| 2018 | 425,000 | 281,087 |
| 2019 | 435,000 | 266,013 |
| 2020 | 455,000 | 248,212 |
| 2021 | 470,000 | 232,063 |
| 2022 – 2026 | 2,515,000 | 895,787 |
| 2027 - 2031 | <u>3,325,000</u> | <u>392,006</u> |
| | <u>\$ 8,040,000</u> | <u>\$ 2,606,781</u> |

General Obligation (GO) Bonds

The Village issues GO bonds to fund water and wastewater distribution capital improvements. These bonds have been issued for governmental activities, although the direct benefit is the RWWTP and the water distribution system (business-type activities). The original amount of general obligation bonds issued in prior years was \$8,130,000. Of the total amount, \$3,000,000 provided funds for the water system and \$5,130,000 was used for RWWTP construction. Interest rates on the bonds range from 1.62% to 2.64%. GO bonds are direct obligations and pledged the full faith and credit of the Village.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. Long-term Liabilities (Continued)

General Obligation (GO) Bonds (Continued)

Pledged revenue source for the water bonds is a 1.5 mil tax levy that is voter approved every two (2) years. The next election is scheduled for March 2018. In addition, the Village has repaid the RWWTP bonds with net revenues from wastewater operations instead of property taxes.

GO Bonds outstanding at year-end are as follows:

| | Amount | Maturity Date |
|-----------------|---------------------|---------------|
| GO Bonds | | |
| Water | \$ 705,000 | June 1, 2024 |
| Water | <u>890,000</u> | June 1, 2025 |
| | 1,595,000 | |
| Wastewater | <u>4,505,000</u> | July 1, 2027 |
| | <u>\$ 6,100,000</u> | |

Annual debt service requirements to maturity for water GO bonds are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|-------------------|
| 2017 | \$ 165,000 | \$ 26,121 |
| 2018 | 170,000 | 23,416 |
| 2019 | 175,000 | 20,630 |
| 2020 | 180,000 | 17,761 |
| 2021 | 185,000 | 14,811 |
| 2022 - 2025 | <u>720,000</u> | <u>29,076</u> |
| | <u>\$ 1,595,000</u> | <u>\$ 131,815</u> |

Annual debt service requirements to maturity for wastewater GO bonds are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|-------------------|
| 2017 | \$ 325,000 | \$ 114,642 |
| 2018 | 335,000 | 105,930 |
| 2019 | 340,000 | 97,020 |
| 2020 | 350,000 | 87,912 |
| 2021 | 360,000 | 78,540 |
| 2022 - 2026 | 1,945,000 | 243,078 |
| 2027 | <u>850,000</u> | <u>22,572</u> |
| | <u>\$ 4,505,000</u> | <u>\$ 749,694</u> |

Capital Loans

The Village has also issued low interest rate loans provided by intergovernmental agencies and financial institutions for the acquisition of minor equipment needs and remodel of capital facilities. Capital loans were issued for both governmental and business-type activities. The original amount of capital loans issued in prior years was \$7,092,568.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. Long-term Liabilities (Continued)

Capital Loans (Continued)

Capital Loans outstanding at year-end are as follows:

| | Amount | Maturity Date |
|-------------------|---------------------|----------------------|
| Police building | \$ 340,000 | May 1, 2019 |
| Fire trucks | 672,643 | May 1, 2025 |
| Convention center | 1,127,110 | May 1, 2029 |
| Water meters | 166,927 | May 1, 2036 |
| Equipment | <u>294,936</u> | July 1, 2027 |
| | <u>\$ 2,601,616</u> | |

The Village obtained a loan from the NMFA on February 28, 2011 to refinance an existing debt on the remodel of the Police Administration Building. The original loan amount was \$1,210,000 with an interest rate of 3.00%. The term of the loan is nine (9) years with payments commencing in commencing May 2011. Principal is paid annually each May and interest is paid semi-annually each November and May. Payments range from \$105,000 to \$225,000. The note is secured by and payable from the revenues derived from Municipal GRT.

Debt service requirements to maturity of this loan are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|-------------------|------------------|
| 2017 | \$ 110,000 | \$ 10,078 |
| 2018 | 115,000 | 7,142 |
| 2019 | <u>115,000</u> | <u>3,726</u> |
| | <u>\$ 340,000</u> | <u>\$ 20,946</u> |

The Village obtained a loan from NMFA on July 23, 2009 for the purpose of acquiring two (2) fire trucks. The original loan amount was \$1,015,000 with an interest rate of 3.00%. The term of the loan is fifteen (15) years with payments commencing in commencing May 2011. Principal is paid annually each May and interest is paid semi-annually each November and May. Payments range from \$32,834 to \$86,264. The note is secured by and payable from the New Mexico Fire Marshall distribution of fire protection funds.

Debt service requirements to maturity of this loan are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|-------------------|-------------------|
| 2017 | \$ 65,664 | \$ 24,405 |
| 2018 | 67,377 | 22,691 |
| 2019 | 69,311 | 20,757 |
| 2020 | 71,446 | 18,623 |
| 2021 | 73,825 | 16,244 |
| 2022 - 2025 | <u>325,020</u> | <u>35,255</u> |
| | <u>\$ 672,643</u> | <u>\$ 137,975</u> |

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. Long-term Liabilities (Continued)

Capital Loans (Continued)

The Village obtained a loan from NMFA on February 10, 2012 for the purpose of remodeling the Convention Center. The original loan amount was \$1,537,768 with an interest rate of 3.00%. The term of the loan is twenty (20) years with payments commencing in May 2010. Principal is paid annually each May and interest is paid semi-annually each November and May. Payments range from \$30,764 to \$109,930. The note is secured by and payable from the revenues received by the Village for Lodgers' Tax.

Debt service requirements to maturity of this loan are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|---------------------|-------------------|
| 2017 | \$ 68,715 | \$ 46,326 |
| 2018 | 70,887 | 44,154 |
| 2019 | 73,269 | 41,773 |
| 2020 | 75,870 | 39,172 |
| 2021 | 78,692 | 36,349 |
| 2022 - 2026 | 444,043 | 131,164 |
| 2027 - 2029 | <u>315,634</u> | <u>29,490</u> |
| | <u>\$ 1,127,110</u> | <u>\$ 368,428</u> |

The Village obtained a loan from NMFA on August 15, 2014 to install auto-read water meters within the Village limits. The original loan amount was \$3,030,000 with an interest rate of 2.00%. The loan has a debt forgiveness grant component of \$757,500 for a net loan amount of \$2,272,500. The term of the loan is twenty (20) years with payments commencing upon completion of the project. On August 29, 2016, all funds had been drawn and the loan was paid off on September 13, 2016.

Debt service requirement to maturity of this loan is as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|------------------|-----------------|
| 2017 | \$ 166,927 | \$ 0 |

The Village obtained a loan from Wagner Equipment Company on September 28, 2015 for the purpose of acquiring a Motor Grader. The original loan amount was \$321,250 with an interest rate of 5.00%. The term of the loan is five (5) years with payments commencing in September 28, 2015 with a balloon payment at the end. Principal and interest are paid monthly. Payments are fixed at \$3,467. The note is secured by and payable from Gasoline Tax revenues.

Debt service requirement to maturity of this loan is as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
|-------------|-------------------|------------------|
| 2017 | \$ 32,640 | \$ 8,962 |
| 2018 | 33,700 | 7,902 |
| 2019 | 34,794 | 6,808 |
| 2020 | 35,924 | 5,678 |
| 2021 | <u>157,878</u> | <u>834</u> |
| | <u>\$ 294,936</u> | <u>\$ 30,184</u> |

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. Long-term Liabilities (Continued)

Changes in Long-term Liabilities

In prior years, unamortized bond premiums and bond issuance costs were reported as a part of long-term liabilities (debt). With the adoption of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, these amounts are now expensed in the year of issuance, with the exception of insurance premiums. Long-term liability activity for the year ended June 30, 2016 follows:

| | Outstanding 07/01/15 | Borrowings | Repayments | Adjustments | Outstanding 06/30/16 | Due within One Year |
|---------------------------------|-------------------------|---------------------|---------------------|--------------------|-------------------------|------------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | |
| GRT revenue bonds | \$ 2,285,000 | \$ 3,880,000 | \$ 2,465,000 | \$ 0 | \$ 3,700,000 | \$ 150,000 |
| GO bonds | 2,280,000 | 0 | 685,000 | 0 | 1,595,000 | 165,000 |
| Capital loans | 3,014,021 | 2,571,351 | 2,972,026 | (11,730) | 2,601,616 | 443,946 |
| | 7,579,021 | 6,451,351 | 6,122,026 | (11,730) | 7,896,616 | 758,946 |
| Compensated absences | 829,709 | 11,421 | 0 | 0 | 841,130 | 67,290 |
| Total Governmental | 8,408,730 | 6,462,772 | 6,122,026 | (11,730) | 8,737,746 | 826,236 |
| BUSINESS-TYPE ACTIVITIES | | | | | | |
| GRT revenue bonds | 2,345,000 | 0 | 105,000 | (265,000) | 1,975,000 | 110,000 |
| GO bonds | 0 | 0 | 315,000 | 4,820,000 | 4,505,000 | 325,000 |
| Revenue bonds | 13,265,000 | 0 | 490,000 | (4,555,000) | 8,220,000 | 505,000 |
| Capital loans | 23,751 | 0 | 23,751 | 0 | 0 | 0 |
| | 15,633,751 | 0 | 933,751 | 0 | 14,700,000 | 940,000 |
| Compensated absences | 488,109 | 0 | 26,220 | 0 | 461,889 | 36,951 |
| Total Business-type | 16,121,860 | 0 | 959,971 | 0 | 15,161,889 | 976,951 |
| TOTAL PRIMARY GOVERNMENT | \$ 24,530,590 | \$ 6,462,772 | \$ 7,081,997 | \$ (11,730) | \$ 23,899,635 | \$1,803,187 |

In prior years, the General Fund typically liquidated long-term liabilities other than debt.

G. Leases

The Village leases office equipment, machinery, and police motorcycles under short-term cancellable operating leases. Rental expenses for the year ended June 30, 2016 was \$182,727.

H. Fund Balance

Minimum Fund Balance Policy

The governing body has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at two (2) months of general fund annual expenditures (approximately 16.66%). This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within one (1) year. The Village has not dipped into the reserve for the most recent three fiscal years.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5. OTHER INFORMATION

A. 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 (NMSIF) 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, 2016 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.

NMSIF 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.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

The Village was a defendant in various claims and lawsuits at June 30, 2016. Although the outcome of these suits and claims is not presently determinable, it is the opinion of legal counsel that all claims were within insurance policy limits or risk management provisions.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5. OTHER INFORMATION (CONTINUED)

C. PERA Pension Plan

Plan Description

The Public Employees Retirement fund (PERA Fund) is a cost-sharing, multiple- employer defined benefit retirement plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State legislative Divisions, and offers twenty-four (24) different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a separate, publicly available financial report and a comprehensive annual report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366. In addition, the 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 <http://www.pera.state.nm.us>.

Benefits Provided

For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at [http://www.pera.state.nm.us/pdf/AuditFinancial Statements/ 366_Public_Employees_Retirement_Association_2015.pdf](http://www.pera.state.nm.us/pdf/AuditFinancial%20Statements/366_Public_Employees_Retirement_Association_2015.pdf).

Contributions

The contribution requirements of the defined benefit plan members and the Village are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for fiscal year 2015 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA fiscal year 2015 annual audit report at [http://osanm.org/media/audits/366 Public Employees Retirement Association 2015.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf). The PERA coverage options that apply to the Village are: Municipal General, Municipal Police, and Municipal Fire. Statutorily required contributions to the pension plan from the Village were \$612,629 and employer paid member benefits that were "picked up" by the employer were \$282,259 for the year ended June 30, 2016.

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5. OTHER INFORMATION (CONTINUED)

C. PERA Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Village's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2016, the Village reported a liability of \$7,225,811 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.7087%, which was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal General's pension expense of \$579,768. At June 30, 2016, the Village reported PERA Fund Division Municipal General's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Type | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Change in proportion and differences between employer contributions and proportionate share of contributions | \$ 154,523 | \$ 0 |
| Differences between expected and actual experience | 0 | 160,055 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 22,858 |
| Change in assumptions | 0 | 2,815 |
| Village contributions subsequent to measurement date | 894,888 | 0 |
| TOTAL | \$ 1,049,411 | \$ 185,728 |

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5. OTHER INFORMATION (CONTINUED)

C. PERA Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$894,888 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year</u> | <u>Deferral</u> |
|-------------|---------------------|
| 2017 | \$ (191,383) |
| 2018 | (191,383) |
| 2019 | (191,383) |
| 2020 | 388,421 |
| 2021 | <u>0</u> |
| | <u>\$ (185,728)</u> |

For PERA Fund Division Municipal Police, at June 30, 2016, the Village reported a liability of \$3,031,317 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.6304%, which was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal Police's pension expense of \$232,009. At June 30, 2016, the Village reported PERA Fund Division Municipal Police's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Type</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---------------------------------------|--------------------------------------|
| Difference between expected and actual experience | \$ 211,816 | \$ 0 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 8,409 |
| Change in assumptions | 0 | 125,412 |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 0 | 72,686 |
| Village contributions subsequent to measurement date | <u>303,669</u> | <u>0</u> |
| TOTAL | <u>\$ 515,485</u> | <u>\$ 206,507</u> |

\$303,669 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year</u> | <u>Deferral</u> |
|-------------|------------------|
| 2017 | \$ (25,811) |
| 2018 | (25,811) |
| 2019 | (25,811) |
| 2020 | 155,427 |
| 2021 | <u>0</u> |
| | <u>\$ 77,995</u> |

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5. OTHER INFORMATION (CONTINUED)

C. PERA Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For PERA Fund Division Municipal Fire, at June 30, 2016, the Village reported a liability of \$3,756,308 for its proportionate share of the net pension liability. At June 30, 2015, the Village's proportion was 0.7278%, which was unchanged from its proportion measured as of June 30, 2014, due to the insignificance of the difference.

For the year ended June 30, 2016, the Village recognized PERA Fund Division Municipal General's pension expense of \$433,446. At June 30, 2016, the Village reported PERA Fund Division Municipal Fire's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Type | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 147,931 | \$ 0 |
| Change in assumptions | 79,224 | 0 |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 119,840 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 4,518 |
| Village contributions subsequent to measurement date | 230,030 | 0 |
| TOTAL | \$ 577,025 | \$ 4,518 |

\$230,030 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year</u> | <u>Deferral</u> |
|-------------|-------------------|
| 2017 | \$ 44,605 |
| 2018 | 44,605 |
| 2019 | 44,605 |
| 2020 | 88,823 |
| 2021 | <u>0</u> |
| | <u>\$ 222,637</u> |

Actuarial Assumptions

As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2015 actuarial valuation.

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 5. OTHER INFORMATION (CONTINUED)

C. PERA Pension Plan (Continued)

Actuarial Assumptions (Continued)

| | |
|------------------------------|---|
| Actuarial valuation date | June 30, 2014 |
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of pay, open |
| Amortization period | Solved for based on statutory rates |
| Asset valuation method | Fair value |
| Actuarial assumptions: | |
| • Investment rate of return | 7.75% annual rate, net of investment expense |
| • Projected benefit payment | 100 years |
| • Payroll growth | 3.50% annual rate |
| • Projected salary increases | 3.50% to 14.25% annual rate |
| • Includes inflation at | 3.00% annual rate |
| • Mortality assumption | RP-2000 mortality tables (combined table for healthy post-retirees, employee table for active members, and disabled table for disabled retirees before retirement age) with projection to 2018 using scale AA |
| • Experience study dates | July 1, 2008 to June 30, 2013 |

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| ALL FUNDS <u>Asset Class</u> | Target <u>Allocation</u> | Long-term Expected Real Rate of <u>Return</u> |
|---|-------------------------------------|--|
| US Equity | 21.10% | 5.00% |
| International Equity | 24.80% | 5.20% |
| Private Equity | 7.00% | 8.20% |
| Core and Global Fixed Income | 26.10% | 1.85% |
| Fixed Income Plus Sectors | 5.00% | 4.80% |
| Real Estate | 5.00% | 5.30% |
| Real Assets | 7.00% | 5.70% |
| Absolute Return | <u>4.00%</u> | 4.15% |
| TOTAL | <u>100.00%</u> | |

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5. OTHER INFORMATION (CONTINUED)

C. PERA Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Village's net pension liability in each PERA Fund Division that the Village participates in, under the current single rate assumption; as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

| PERA Fund Division Municipal General | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|------------------------|-------------------------------------|------------------------|
| Village's proportionate share of the net pension liability | \$ 12,302,688 | \$ 7,225,811 | \$ 3,004,732 |

| PERA Fund Division Municipal Police | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|------------------------|-------------------------------------|------------------------|
| Village's proportionate share of the net pension liability | \$ 5,006,037 | \$ 3,031,317 | \$ 1,411,377 |

| PERA Fund Division Municipal Fire | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|------------------------|-------------------------------------|------------------------|
| Village's proportionate share of the net pension liability | \$ 5,094,484 | \$ 3,756,308 | \$ 2,653,470 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2015 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the Pension Plan

At the June 30, 2016, the Village did not have any outstanding payables to PERA.

D. Post-Employment Benefits

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.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5. OTHER INFORMATION (CONTINUED)

E. Deferred Compensation

The Village offers its employees two (2) optional deferred compensation plans. These plans were created in accordance with Internal Revenue Code (IRC) Section 457. The plans are administered by International City Manager Association (ICMA) and Nationwide Retirement Solutions, Inc. The assets and liabilities are held in trust by ICMA and Nationwide, respectively.

The plans are available to all Village employees. The plans permit 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. Employee contributions totaled \$138,751 (\$121,806 ICMA and \$16,945 Nationwide) for the year ended June 30, 2016.

F. Concentrations

The Village depends on financial resources flowing from or associated with both the Federal and the State of New Mexico governments. 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 appropriations.

G. Other Significant Commitments

Encumbrances

As discussed in Note 1.D.1., Budgetary Information, Budgetary basis of accounting, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year-end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

| | |
|-----------------------------|--------------------|
| General Fund | \$ 452,262 |
| Nonmajor governmental funds | <u>612,864</u> |
| Total | <u>\$1,065,126</u> |

H. Subsequent Events

The Village issued \$1,500,000 of GO Bonds on November 15, 2016 for the purpose of generating funds for water distribution infrastructure system repairs. The bonds were issued at an interest rate of 1.93% and are insured and rated. The term of the bonds is ten (10) years with payments commencing June 1, 2017. Principal and interest are paid annually each June. The bonds are secured by a 1.5 mill levy that is elected very two (2) years by the citizens of the Village. This issue is a part of a GO bond cycle program, where the Village issues \$1,500,000 each year.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5. OTHER INFORMATION (CONTINUED)

I. Recent Accounting Pronouncements

In February 2015, GASB Statement No. 72, *Fair Value Measurement and Application*, was issued. The provisions of the Statement address accounting and financial reporting issues related to fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Village adopted this standard during the fiscal year.

In June 2015, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. The provisions of this Statement established requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing these pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provision of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes for fiscal years beginning after June 15, 2016. The Village is currently reviewing the applicability and potential impact on the financial statements.

In June 2015, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. The provisions of this Statement are effective for postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for fiscal years beginning after June 15, 2016. The Village is currently reviewing the applicability and potential impact on the financial statements.

In June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. The provisions of this Statement are effective for addressing accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers for fiscal years beginning after June 15, 2017. The Village is currently reviewing the applicability and potential impact on the financial statements.

In June 2015, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, was issued. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement reduces the GAAP hierarchy to two (2) categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other even is not specified within a source of authoritative GAAP. The Village adopted this standard during the fiscal year.

In August 2015, GASB Statement No. 77, *Tax Abatement Disclosures*, was issued. The provisions of this Statement require that financial statements prepared by state and local governments in conformity with GAAP provide relevant information about tax abatement agreements. This Statement is effective for fiscal years beginning after December 15, 2015 and earlier application is encouraged. The Village is currently reviewing the applicability and potential impact on the financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5. OTHER INFORMATION (CONTINUED)

I. Recent Accounting Pronouncements (Continued)

In December 2015, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, was issued. The provisions of this Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plans and is effective for fiscal years beginning after December 15, 2015. The Village is currently reviewing the applicability and potential impact on the financial statements.

In December 2015, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was issued. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes for fiscal years beginning after June 15, 2015. The Village is currently reviewing the applicability and potential impact on the financial statements.

In January 2016, GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, was issued. The provisions of this Statement amend the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and is effective for reporting periods beginning after June 15, 2016. The Village is currently reviewing the applicability and potential impact on the financial statements.

In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued. The provisions of this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period and is effective for reporting periods beginning after December 15, 2016. The Village is currently reviewing the applicability and potential impact on the financial statements.

In March 2016, GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, was issued. The provisions of this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions and is effective for reporting periods after June 15, 2016. The Village is currently reviewing the applicability and potential impact on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
(Dollars Amounts in Thousands)

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-----------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|
| Village's proportion of the net pension liability (asset) | 0.31% | 0.33% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Village's proportionate share of the net pension liability (asset) | \$ 10,358 | \$ 14,013 | - | - | - | - | - | - | - | - |
| Village's covered-employee payroll | \$ 7,924 | \$ 8,601 | - | - | - | - | - | - | - | - |
| Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 130.72% | 162.92% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 81.29% | 76.99% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

* The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for ten (10) years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF VILLAGE CONTRIBUTIONS
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
All Divisions Combined Summary
(Dollars in Thousands)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 905 | \$ 973 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>1,240</u> | <u>1,319</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | \$ (335) | \$ (346) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Village's covered-employee payroll | \$ 7,924 | \$ 8,601 | | | | | | | | |
| Contributions as a percentage of covered-employee payroll | 15.65% | 15.34% | | | | | | | | |

Increase (Decrease) in Pension Expense over Recognition Periods

| Year | Total | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------|-----------------|--------------------|-------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|-------------|
| | Amount Deferred | Amortization Years | | | | | | | | | | |
| 2014 | \$ 3,361 | 5 | \$ - | \$ 840 | \$ 840 | \$ 840 | \$ 839 | \$ 2 | \$ - | \$ - | \$ - | \$ - |
| 2015 | 115 | 5 | - | - | (172) | (172) | (172) | 631 | - | - | - | - |
| 2016 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2017 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2018 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2019 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2020 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2021 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2022 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2023 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| | <u>\$ 3,476</u> | | <u>\$ -</u> | <u>\$ 840</u> | <u>\$ 840</u> | <u>\$ 840</u> | <u>\$ 839</u> | <u>\$ 2</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

* Excess contributions represent the employee portion covered by the employer. This schedule is presented to illustrate the requirement to show information for ten (10) years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF VILLAGE CONTRIBUTIONS
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
General Division Combined Summary
(Dollars in Thousands)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 507 | \$ 560 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>752</u> | <u>816</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | \$ (245) | \$ (256) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Village's covered-employee payroll | \$ 5,860 | \$ 6,415 | | | | | | | | |
| Contributions as a percentage of | 12.83% | 12.72% | | | | | | | | |

Increase (Decrease) in Pension Expense over Recognition Periods

| Year | Total | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------|-----------------|--------------------|-------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|
| | Amount Deferred | Amortization Years | | | | | | | | | | |
| 2014 | \$ 2,088 | 5 | \$ - | \$ 522 | \$ 522 | \$ 522 | \$ 522 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2015 | (186) | 5 | - | - | (191) | (191) | (191) | 387 | - | - | - | - |
| 2016 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2017 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2018 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2019 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2020 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2021 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2022 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2023 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| | <u>\$ 1,902</u> | | <u>\$ -</u> | <u>\$ 522</u> | <u>\$ 331</u> | <u>\$ 331</u> | <u>\$ 331</u> | <u>\$ 387</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

* Excess contributions represent the employee portion covered by the employer. This schedule is presented to illustrate the requirement to show information for ten (10) years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF VILLAGE CONTRIBUTIONS
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
Police Division Combined Summary
(Dollars in Thousands)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 235 | \$ 234 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>292</u> | <u>287</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | \$ (57) | \$ (53) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Village's covered-employee payroll | \$ 1,234 | \$ 1,303 | | | | | | | | |
| Contributions as a percentage of | 23.66% | 22.03% | | | | | | | | |

Increase (Decrease) in Pension Expense over Recognition Periods

| Year | Total | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------|-----------------|--------------------|-------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|
| | Amount Deferred | Amortization Years | | | | | | | | | | |
| 2014 | \$ 974 | 5 | \$ - | \$ 243 | \$ 243 | \$ 243 | \$ 243 | \$ 2 | \$ - | \$ - | \$ - | \$ - |
| 2015 | 78 | 5 | - | - | (26) | (26) | (26) | 156 | - | - | - | - |
| 2016 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2017 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2018 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2019 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2020 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2021 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2022 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2023 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| | <u>\$ 1,052</u> | | <u>\$ -</u> | <u>\$ 243</u> | <u>\$ 217</u> | <u>\$ 217</u> | <u>\$ 217</u> | <u>\$ 158</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

* Excess contributions represent the employee portion covered by the employer. This schedule is presented to illustrate the requirement to show information for ten (10) years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF VILLAGE CONTRIBUTIONS
JUNE 30, 2016

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data
Fire Division Combined Summary
(Dollars in Thousands)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|----------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 163 | \$ 179 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>196</u> | <u>216</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ (33)</u> | <u>\$ (37)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Village's covered-employee payroll | \$ 829 | \$ 883 | | | | | | | | |
| Contributions as a percentage of | 23.64% | 24.46% | | | | | | | | |

Increase (Decrease) in Pension Expense over Recognition Periods

| Year | Total | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------|-----------------|--------------------|-------------|--------------|---------------|---------------|---------------|--------------|-------------|-------------|-------------|-------------|
| | Amount Deferred | Amortization Years | | | | | | | | | | |
| 2014 | \$ 299 | 5 | \$ - | \$ 75 | \$ 75 | \$ 75 | \$ 74 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2015 | 223 | 5 | - | - | 45 | 45 | 45 | 88 | - | - | - | - |
| 2016 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2017 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2018 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2019 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2020 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2021 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2022 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| 2023 | - | 5 | - | - | - | - | - | - | - | - | - | - |
| | <u>\$ 522</u> | | <u>\$ -</u> | <u>\$ 75</u> | <u>\$ 120</u> | <u>\$ 120</u> | <u>\$ 119</u> | <u>\$ 88</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

* Excess contributions represent the employee portion covered by the employer. This schedule is presented to illustrate the requirement to show information for ten (10) years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2016

Notes to the Required Supplementary Information

1. Changes of Benefit Terms

The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY 2015 audit available at <http://saonm.org> using the audit search function for agency 366.

2. Changes of Assumptions

The PERA Annual Actuarial Valuation as of June 30, 2015 report is available at <http://wwwsaonm.org> using the audit search function for agency 366.

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SUPPLEMENTARY INFORMATION

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for a specific purpose.

Correction Fees Fund accounts for a \$10 fee imposed upon conviction of an individual as stipulated under Section 35-14-11 NMSA 1978. The funds collected are restricted to be used in the operation of the Village's jail facilities.

Emergency Medical Service (EMS) Fund accounts for funds made available to municipalities in proportion to their needs for use in the establishment of emergency medical services in order to reduce injury and loss of life under Section 24-10A and 24-10B NMSA 1978. These funds are to be spent on the training of personnel and non-administrative expenditures involved in providing this service.

Fire Protection Fund accounts for the accumulation of resources from the State's Fire Protection Fund administered through the State Fire Marshall's Office. These funds are to be used for the operation, maintenance, and betterment of local fire districts under Section 59A-53-1 to 59A-53-17 NMSA 1978.

Law Enforcement Protection (LEPF) Fund accounts for the accumulation of resources from the Village's equitable distribution of funds to municipal police under Section 29-13 NMSA 1978. The funds are for the use in the maintenance and improvement of the police department in order to enhance their effectiveness.

Lodgers' Tax Fund accounts for the resources from the lodgers' tax levied by the Village under Sections 3-38-13 to 3-38-24 NMSA 1978. The occupancy tax is imposed and collected on certain revenues of lodging establishments. The funds may be used for tourist related facilities, advertising, promotions, collection and administration of the tax, and various other uses as cited in the state law.

Municipal Gas Tax Fund (Streets) accounts for resources received from the once-cent gasoline tax imposed by Section 7-1-6.27 NMSA 1978. The funds are to be used for the reconstruction, resurfacing, maintaining and repairing, or otherwise improvement of existing or new alleys, streets, roads, or bridges.

Retired Senior Volunteer Program (RSVP) Fund accounts for the resources from a grant from the New Mexico Area Agency on Aging (AAA). The funds are to be spent on expenditures associated with the operations of the Village's Community Center.

Driving While Intoxicated (DWI) Fund accounts for state and federal grants that are to be used for implementation of improved traffic safety and drug control awareness in Ruidoso village limits. Authority for creation of this fund is budget approval by Village Council.

Forestry Operations Fund accounts 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 approved by Village Council.

Traffic Safety Fees Fund accounts for motor vehicle assessments imposed by 66-7-512 NMSA 1978. Expenditures are restricted to be utilized to enhance and improve traffic safety programs within Ruidoso village limits.

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources and payment of principal and interest on the Village's general bonded debt.

The *General Obligation (GO) Bond Debt Service Fund* accounts for bond proceeds received in connection with debt issued and pledged by a voter passed 1.5 mill property tax levy that is used for water distribution capital improvements, mainly the replacement of outdated water lines.

CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the acquisition and construction of major capital projects other than those finance by proprietary funds.

Federal Emergency Management Agency (FEMA) Capital Projects Fund accounts for grant proceeds received for the reimbursement of the Village's expenditures in connection with its Federal Emergency disasters.

General Obligation (GO) Bonds Fund accounts for the accumulation of anticipated resources of the 2014 general obligation bond issue. The expenditures are restricted for use in the improvement of the water distribution system. Authority for creation of this fund is approved by Village Council.

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STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

SPECIAL REVENUE FUNDS

| | <u>Correction Fees</u> | <u>Emergency Medical Services</u> | <u>Fire Protection</u> | <u>Law Enforcement Protection</u> | <u>Lodgers' Tax</u> | <u>Municipal Gas Tax</u> |
|--|----------------------------|---|------------------------|---|-------------------------|------------------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 55,439 | \$ 15,901 | \$ 143,728 | \$ 7 | \$ 545,244 | \$ 277,284 |
| Investments | - | - | - | - | - | - |
| Restricted cash | - | - | - | - | - | - |
| Receivables, net of allowance | - | - | - | - | 132,321 | 26,027 |
| Due from other funds | - | - | - | - | - | - |
| Inventories | - | - | - | - | - | 237,521 |
| Prepaid items | - | - | - | - | - | 238 |
| Total Assets | <u>\$ 55,439</u> | <u>\$ 15,901</u> | <u>\$ 143,728</u> | <u>\$ 7</u> | <u>\$ 677,565</u> | <u>\$ 541,070</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 2,401 | \$ - | \$ 1,111 | \$ - | \$ 35,434 | \$ 27,533 |
| Accrued liabilities | - | - | - | - | - | 10,395 |
| Deposits payable | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | - |
| Total Liabilities | <u>2,401</u> | <u>-</u> | <u>1,111</u> | <u>-</u> | <u>35,434</u> | <u>37,928</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unearned revenue | - | - | - | - | - | - |
| Unavailable property taxes | - | - | - | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | - | - | - | - | - | 237,521 |
| Prepaid items | - | - | - | - | - | 238 |
| Restricted: | | | | | | |
| Public safety | 40,338 | - | 142,617 | - | - | - |
| Capital projects | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Other purposes | - | - | - | - | 218,554 | 202,363 |
| Assigned: | | | | | | |
| Purchases on order | - | - | - | - | - | - |
| Subsequent year's budget; appropriation of fund | 12,700 | 15,901 | - | 7 | 423,577 | 63,020 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances (Deficits) | <u>53,038</u> | <u>15,901</u> | <u>142,617</u> | <u>7</u> | <u>642,131</u> | <u>503,142</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits) | <u>\$ 55,439</u> | <u>\$ 15,901</u> | <u>\$ 143,728</u> | <u>\$ 7</u> | <u>\$ 677,565</u> | <u>\$ 541,070</u> |

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

| | <u>SPECIAL REVENUE FUNDS</u> | | | | Subtotal | DEBT SERVICE |
|--|------------------------------|------------------|--------------------------------|--------------------------------|-----------------------------|-------------------------|
| | <u>RSVP</u> | <u>DWI</u> | <u>Forestry Operations</u> | <u>Traffic Safety Fees</u> | Special Revenue Funds | FUND <u>GO Bonds</u> |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 7,660 | \$ 27,491 | \$ 130,299 | \$ 5,507 | \$ 1,208,560 | \$ 4,888 |
| Investments | - | - | - | - | - | - |
| Restricted cash | - | - | - | - | - | - |
| Receivables, net of allowance | 788 | - | - | - | 159,136 | 8,576 |
| Due from other funds | - | - | - | - | - | - |
| Inventories | - | - | - | - | 237,521 | - |
| Prepaid items | - | - | - | - | 238 | - |
| Total Assets | <u>\$ 8,448</u> | <u>\$ 27,491</u> | <u>\$ 130,299</u> | <u>\$ 5,507</u> | <u>\$ 1,605,455</u> | <u>\$ 13,464</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 784 | \$ 161 | \$ - | \$ - | \$ 67,424 | \$ - |
| Accrued liabilities | 575 | - | - | - | 10,970 | - |
| Deposits payable | - | - | - | - | - | - |
| Due to other funds | - | - | - | - | - | 6,791 |
| Total Liabilities | <u>1,359</u> | <u>161</u> | <u>-</u> | <u>-</u> | <u>78,394</u> | <u>6,791</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unearned revenue | - | - | - | - | - | - |
| Unavailable property taxes | - | - | - | - | - | 40,429 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>40,429</u> |
| FUND BALANCES (DEFICITS) | | | | | | |
| Nonspendable: | | | | | | |
| Inventory | - | - | - | - | 237,521 | - |
| Prepaid items | - | - | - | - | 238 | - |
| Restricted: | | | | | | |
| Public safety | - | 19,839 | - | 5,507 | 208,301 | - |
| Capital projects | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Other purposes | 7,089 | - | 96,490 | - | 524,496 | - |
| Assigned: | | | | | | |
| Purchases on order | - | - | - | - | - | - |
| Subsequent year's budget; appropriation of fund | - | 7,491 | 33,809 | - | 556,505 | 137,282 |
| Unassigned | - | - | - | - | - | (171,038) |
| Total Fund Balances (Deficits) | <u>7,089</u> | <u>27,330</u> | <u>130,299</u> | <u>5,507</u> | <u>1,527,061</u> | <u>(33,756)</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits) | <u>\$ 8,448</u> | <u>\$ 27,491</u> | <u>\$ 130,299</u> | <u>\$ 5,507</u> | <u>\$ 1,605,455</u> | <u>\$ 13,464</u> |

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

| | <u>CAPITAL PROJECT FUNDS</u> | | Subtotal | Total |
|--|------------------------------|---------------------|-----------------------------|------------------------------------|
| | <u>FEMA</u> | <u>GO Bond</u> | Capital Project Funds | Non Major Governmental Funds |
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 1,213,448 |
| Investments | - | - | - | - |
| Restricted cash | 1,388,068 | 1,519,344 | 2,907,412 | 2,907,412 |
| Receivables, net of allowance | - | - | - | 167,712 |
| Due from other funds | - | - | - | - |
| Inventories | - | - | - | 237,521 |
| Prepaid items | - | - | - | 238 |
| Total Assets | <u>\$ 1,388,068</u> | <u>\$ 1,519,344</u> | <u>\$ 2,907,412</u> | <u>\$ 4,526,331</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 12,947 | \$ 12,947 | 80,371 |
| Accrued liabilities | - | - | - | 10,970 |
| Deposits payable | - | - | - | - |
| Due to other funds | - | - | - | 6,791 |
| Total Liabilities | <u>-</u> | <u>12,947</u> | <u>12,947</u> | <u>98,132</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unearned revenue | 178,520 | - | 178,520 | 178,520 |
| Unavailable property taxes | - | - | - | 40,429 |
| Total Deferred Inflows of Resources | <u>178,520</u> | <u>-</u> | <u>178,520</u> | <u>218,949</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable: | | | | |
| Inventory | - | - | - | 237,521 |
| Prepaid items | - | - | - | 238 |
| Restricted: | | | | |
| Public safety | - | - | - | 208,301 |
| Capital projects | (149,398) | 1,417,482 | 1,268,084 | 1,268,084 |
| Debt service | - | - | - | - |
| Other purposes | - | - | - | 524,496 |
| Assigned: | | | | |
| Purchases on order | 585,834 | 27,030 | 612,864 | 612,864 |
| Subsequent year's budget; appropriation of fund | 773,112 | 61,885 | 834,997 | 1,528,784 |
| Unassigned | - | - | - | (171,038) |
| Total Fund Balances (Deficits) | <u>1,209,548</u> | <u>1,506,397</u> | <u>2,715,945</u> | <u>4,209,250</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits) | <u>\$ 1,388,068</u> | <u>\$ 1,519,344</u> | <u>\$ 2,907,412</u> | <u>\$ 4,526,331</u> |

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>SPECIAL REVENUE FUNDS</u> | | | | | |
|--|------------------------------|---|------------------------|---|-------------------------|------------------------------|
| | <u>Correction Fees</u> | <u>Emergency Medical Services</u> | <u>Fire Protection</u> | <u>Law Enforcement Protection</u> | <u>Lodgers' Tax</u> | <u>Municipal Gas Tax</u> |
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - | - | - |
| Other | - | - | - | - | 1,486,390 | 147,425 |
| Intergovernmental: | | | | | | |
| Federal grants | - | - | - | - | - | - |
| State grants | - | 10,203 | 290,650 | 33,200 | 3,000 | 292,285 |
| Licenses and permits | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | 650,657 |
| Fines and forfeitures | 47,404 | - | - | - | - | - |
| Investment earnings | - | - | 351 | - | 1,236 | - |
| Miscellaneous | - | - | - | - | 22,522 | 8,656 |
| Total Revenues | <u>47,404</u> | <u>10,203</u> | <u>291,001</u> | <u>33,200</u> | <u>1,513,148</u> | <u>1,099,023</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | 35,157 | 8,572 | 91,226 | 37,626 | - | - |
| Public works | - | - | - | - | - | 1,723,452 |
| Culture and recreation | - | - | - | - | 1,080,087 | - |
| Health and welfare | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | 26,414 |
| Interest | - | - | - | - | - | 8,254 |
| Bond issuance costs | - | - | - | - | - | - |
| Capital outlay | - | - | 155,040 | - | - | 321,350 |
| Total Expenditures | <u>35,157</u> | <u>8,572</u> | <u>246,266</u> | <u>37,626</u> | <u>1,080,087</u> | <u>2,079,470</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>12,247</u> | <u>1,631</u> | <u>44,735</u> | <u>(4,426)</u> | <u>433,061</u> | <u>(980,447)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | 846,854 |
| Transfers out | - | - | (90,068) | - | (198,690) | (91,084) |
| Proceeds from debt issuance | - | - | - | - | - | 321,350 |
| Net Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>(90,068)</u> | <u>-</u> | <u>(198,690)</u> | <u>1,077,120</u> |
| Net Change in Fund Balances | 12,247 | 1,631 | (45,333) | (4,426) | 234,371 | 96,673 |
| Fund Balances, Beginning of Year | <u>40,791</u> | <u>14,270</u> | <u>187,950</u> | <u>4,433</u> | <u>407,760</u> | <u>406,469</u> |
| Fund Balances, End of Year | <u>\$ 53,038</u> | <u>\$ 15,901</u> | <u>\$ 142,617</u> | <u>\$ 7</u> | <u>\$ 642,131</u> | <u>\$ 503,142</u> |

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>SPECIAL REVENUE FUNDS</u> | | | | Subtotal | DEBT SERVICE |
|--|------------------------------|------------------|--------------------------------|--------------------------------|-----------------------------|--------------------------------|
| | <u>RSVP</u> | <u>DWI</u> | <u>Forestry Operations</u> | <u>Traffic Safety Fees</u> | Special Revenue Funds | <u>FUND</u> <u>GO Bonds</u> |
| REVENUES | | | | | | |
| Taxes: | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 758,101 |
| Gross receipts | - | - | - | - | - | - |
| Other | - | - | - | - | 1,633,815 | - |
| Intergovernmental: | | | | | - | |
| Federal grants | 3,000 | - | 22,348 | - | 25,348 | - |
| State grants | 34,976 | 229,456 | 54,607 | - | 948,377 | - |
| Licenses and permits | - | - | - | - | - | - |
| Charges for services | - | - | - | - | 650,657 | - |
| Fines and forfeitures | - | - | - | 4,564 | 51,968 | - |
| Investment earnings | - | - | - | - | 1,587 | - |
| Miscellaneous | - | 90 | - | - | 31,268 | - |
| Total Revenues | <u>37,976</u> | <u>229,546</u> | <u>76,955</u> | <u>4,564</u> | <u>3,343,020</u> | <u>758,101</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | 15,080 |
| Public safety | - | 202,365 | - | - | 374,946 | - |
| Public works | - | - | 81,750 | - | 1,805,202 | - |
| Culture and recreation | - | - | - | - | 1,080,087 | - |
| Health and welfare | 53,364 | - | - | - | 53,364 | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 26,414 | 685,000 |
| Interest | - | - | - | - | 8,254 | 37,113 |
| Bond issuance costs | - | - | - | - | - | - |
| Capital outlay | 13,034 | - | - | - | 489,424 | - |
| Total Expenditures | <u>66,398</u> | <u>202,365</u> | <u>81,750</u> | <u>-</u> | <u>3,837,691</u> | <u>737,193</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(28,422)</u> | <u>27,181</u> | <u>(4,795)</u> | <u>4,564</u> | <u>(494,671)</u> | <u>20,908</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 22,398 | - | - | - | 869,252 | - |
| Transfers out | - | - | - | - | (379,842) | - |
| Proceeds from debt issuance | - | - | - | - | 321,350 | - |
| Net Other Financing Sources (Uses) | <u>22,398</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>810,760</u> | <u>-</u> |
| Net Change in Fund Balances | (6,024) | 27,181 | (4,795) | 4,564 | 316,089 | 20,908 |
| Fund Balances, Beginning of Year | <u>13,113</u> | <u>149</u> | <u>135,094</u> | <u>943</u> | <u>1,210,972</u> | <u>(54,664)</u> |
| Fund Balances, End of Year | <u>\$ 7,089</u> | <u>\$ 27,330</u> | <u>\$ 130,299</u> | <u>\$ 5,507</u> | <u>\$ 1,527,061</u> | <u>\$ (33,756)</u> |

The accompanying notes are an integral part of these financial statements.

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STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>CAPITAL PROJECT FUNDS</u> | | Subtotal | Total |
|--|------------------------------|---------------------|---------------------|---------------------|
| | | | Capital | Non Major |
| | <u>FEMA</u> | <u>GO Bond</u> | Project | Governmental |
| | | | Funds | Funds |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ 758,101 |
| Gross receipts | - | - | - | - |
| Other | - | - | - | 1,633,815 |
| Intergovernmental: | | | | |
| Federal grants | 9,998 | - | 9,998 | 35,346 |
| State grants | 28,301 | - | 28,301 | 976,678 |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | 650,657 |
| Fines and forfeitures | - | - | - | 51,968 |
| Investment earnings | - | 3,421 | 3,421 | 5,008 |
| Miscellaneous | <u>559,760</u> | <u>-</u> | <u>559,760</u> | <u>591,028</u> |
| Total Revenues | <u>598,059</u> | <u>3,421</u> | <u>601,480</u> | <u>4,702,601</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | 15,080 |
| Public safety | - | - | - | 374,946 |
| Public works | - | - | - | 1,805,202 |
| Culture and recreation | - | - | - | 1,080,087 |
| Health and welfare | - | - | - | 53,364 |
| Debt service: | | | | |
| Principal | - | - | - | 711,414 |
| Interest | - | - | - | 45,367 |
| Bond issuance costs | - | - | - | - |
| Capital outlay | <u>83,907</u> | <u>-</u> | <u>83,907</u> | <u>573,331</u> |
| Total Expenditures | <u>83,907</u> | <u>-</u> | <u>83,907</u> | <u>4,658,791</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>514,152</u> | <u>3,421</u> | <u>517,573</u> | <u>43,810</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | 869,252 |
| Transfers out | - | (1,149,633) | (1,149,633) | (1,529,475) |
| Proceeds from debt issuance | <u>-</u> | <u>-</u> | <u>-</u> | <u>321,350</u> |
| Net Other Financing Sources (Uses) | <u>-</u> | <u>(1,149,633)</u> | <u>(1,149,633)</u> | <u>(338,873)</u> |
| Net Change in Fund Balances | 514,152 | (1,146,212) | (632,060) | (295,063) |
| Fund Balances, Beginning of Year | <u>695,396</u> | <u>2,652,609</u> | <u>3,348,005</u> | <u>4,504,313</u> |
| Fund Balances, End of Year | <u>\$ 1,209,548</u> | <u>\$ 1,506,397</u> | <u>\$ 2,715,945</u> | <u>\$ 4,209,250</u> |

The accompanying notes are an integral part of these financial statements.

FIDUCIARY (AGENCY) FUNDS

Fiduciary funds account for assets held by the Village in a trustee or agency capacity for individual, private organization, other governmental units, and/or other funds. Agency Funds are purely custodial and do not involve measurement of results of operations.

Special Gifts Fund accounts for the receipt of various donations for a specific project from individual and private businesses. Authority for creation of this fund is approved by Village Council.

Bail Bond Fund accounts for the receipt and disbursement of appearance bonds for those appearing the municipal court.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2016

| <u>APPEARANCE BONDS</u> | Balance July 1, 2015 | Additions | Deductions | Balance June 30, 2016 |
|---------------------------|-------------------------|------------------|------------------|--------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,484 | \$ 5,327 | \$ 7,180 | \$ 631 |
| Total Assets | <u>\$ 2,484</u> | <u>\$ 5,327</u> | <u>\$ 7,180</u> | <u>\$ 631</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Special projects payable | <u>2,484</u> | <u>5,327</u> | <u>7,180</u> | <u>631</u> |
| Total Liabilities | <u>\$ 2,484</u> | <u>\$ 5,327</u> | <u>\$ 7,180</u> | <u>\$ 631</u> |
| SPECIAL GIFTS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 85,319 | \$ 45,864 | \$ 74,955 | \$ 56,228 |
| Accounts receivable | <u>-</u> | <u>19,574</u> | <u>-</u> | <u>19,574</u> |
| Total Assets | <u>\$ 85,319</u> | <u>\$ 65,438</u> | <u>\$ 74,955</u> | <u>\$ 75,802</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 733 | \$ - | \$ 733 |
| Special projects payable | <u>85,319</u> | <u>64,705</u> | <u>74,955</u> | <u>75,069</u> |
| Total Liabilities | <u>\$ 85,319</u> | <u>\$ 65,438</u> | <u>\$ 74,955</u> | <u>\$ 75,802</u> |
| TOTAL | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 87,803 | \$ 51,191 | \$ 82,135 | \$ 56,859 |
| Accounts receivable | <u>-</u> | <u>19,574</u> | <u>-</u> | <u>19,574</u> |
| Total Assets | <u>\$ 87,803</u> | <u>\$ 70,765</u> | <u>\$ 82,135</u> | <u>\$ 76,433</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 733 | \$ - | \$ 733 |
| Special projects payable | <u>87,803</u> | <u>70,032</u> | <u>82,135</u> | <u>75,700</u> |
| Total Liabilities | <u>\$ 87,803</u> | <u>\$ 70,765</u> | <u>\$ 82,135</u> | <u>\$ 76,433</u> |

The accompanying notes are an integral part of these financial statements.

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**SCHEDULES OF REVENUES, EXPENDITURES, AND
CHANGES IN CASH BALANCES – BUDGET AND ACTUAL
GOVERNMENTAL FUNDS**

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
CORRECTION FEES SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>BUDGETED AMOUNTS</u> | | <u>Actual</u> | <u>VARIANCE</u> |
|---|-------------------------|---------------|------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable |
| | | | | <u>(Unfavorable)</u> |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | 34,030 | 39,572 | 47,404 | 7,832 |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>34,030</u> | <u>39,572</u> | <u>47,404</u> | <u>7,832</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 34,030 | 39,572 | 34,770 | 4,802 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | <u>34,030</u> | <u>39,572</u> | <u>34,770</u> | <u>4,802</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>-</u> | <u>-</u> | <u>12,634</u> | <u>12,634</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Cash Balances | <u>\$ -</u> | <u>\$ -</u> | 12,634 | <u>\$ 12,634</u> |
| Cash Balances, Beginning of Year | | | 42,805 | |
| Cash Balances, End of Year | | | <u>\$ 55,439</u> | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 12,634 | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | <u>(387)</u> | |
| Net Change in Fund Balances (GAAP Basis) | | | <u>\$ 12,247</u> | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
EMERGENCY MEDICAL SERVICES (EMS) SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|----------|-----------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | 13,140 | 10,203 | 10,203 | - |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 13,140 | 10,203 | 10,203 | - |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 13,140 | 24,473 | 8,572 | 15,901 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | 13,140 | 24,473 | 8,572 | 15,901 |
| Excess (Deficiency) of Revenues over Expenditures | - | (14,270) | 1,631 | 15,901 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | - | 14,270 | - | 14,270 |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | - | 14,270 | - | 14,270 |
| Net Change in Cash Balances | \$ - | \$ - | 1,631 | \$ 30,171 |
| Cash Balances, Beginning of Year | | | 14,270 | |
| Cash Balances, End of Year | | | \$ 15,901 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 1,631 | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | - | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ 1,631 | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
FIRE PROTECTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|----------|-------------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | 290,000 | 290,000 | 290,650 | 650 |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | 100 | 100 | 351 | 251 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 290,100 | 290,100 | 291,001 | 901 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 100,000 | 229,174 | 91,319 | 137,855 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | 115,000 | 160,000 | 155,040 | 4,960 |
| Total Expenditures | 215,000 | 389,174 | 246,359 | 142,815 |
| Excess (Deficiency) of Revenues over Expenditures | 75,100 | (99,074) | 44,642 | 143,716 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | 14,980 | 189,154 | - | 189,154 |
| Transfers in | - | - | - | - |
| Transfers out | (90,080) | (90,080) | (90,068) | 12 |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | (75,100) | 99,074 | (90,068) | 189,166 |
| Net Change in Cash Balances | \$ - | \$ - | (45,426) | \$ 332,882 |
| Cash Balances, Beginning of Year | | | 189,154 | |
| Cash Balances, End of Year | | | \$ 143,728 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ (45,426) | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | 93 | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ (45,333) | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
LAW ENFORCEMENT PROTECTION (LEPF) SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|---------|------------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | 33,200 | 33,200 | 33,200 | - |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 33,200 | 33,200 | 33,200 | - |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 33,200 | 37,633 | 37,626 | 7 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | 33,200 | 37,633 | 37,626 | 7 |
| Excess (Deficiency) of Revenues over Expenditures | - | (4,433) | (4,426) | 7 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | - | 4,433 | - | 4,433 |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | - | 4,433 | - | 4,433 |
| Net Change in Cash Balances | \$ - | \$ - | (4,426) | \$ 4,440 |
| Cash Balances, Beginning of Year | | | 4,433 | |
| Cash Balances, End of Year | | | \$ 7 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ (4,426) | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | - | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ (4,426) | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
LODGERS' TAX SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|-----------|------------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | 1,304,000 | 1,304,000 | 1,473,992 | 169,992 |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | - | - | 3,000 | 3,000 |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | 500 | 500 | 1,236 | 736 |
| Miscellaneous | 2,500 | 2,500 | 22,522 | 20,022 |
| Total Revenues | 1,307,000 | 1,307,000 | 1,500,750 | 193,750 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | 1,204,660 | 1,220,150 | 1,133,435 | 86,715 |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | 1,204,660 | 1,220,150 | 1,133,435 | 86,715 |
| Excess (Deficiency) of Revenues over Expenditures | 102,340 | 86,850 | 367,315 | 280,465 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | 78,060 | 112,840 | - | 112,840 |
| Transfers in | - | - | - | - |
| Transfers out | (180,400) | (199,690) | (198,690) | 1,000 |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | (102,340) | (86,850) | (198,690) | 113,840 |
| Net Change in Cash Balances | \$ - | \$ - | 168,625 | \$ 394,305 |
| Cash Balances, Beginning of Year | | | 376,619 | |
| Cash Balances, End of Year | | | \$ 545,244 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 168,625 | |
| Adjustments to revenues | | | 12,398 | |
| Adjustments to expenditures | | | 53,348 | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ 234,371 | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
MUNICIPAL GAS TAX (STREETS) SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|-------------|------------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | 150,000 | 150,000 | 147,425 | (2,575) |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | 292,280 | 292,280 | 292,285 | 5 |
| Licenses and permits | - | - | - | - |
| Charges for services | 220,000 | 490,000 | 650,214 | 160,214 |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | 8,656 | 8,656 |
| Total Revenues | 662,280 | 932,280 | 1,098,580 | 166,300 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 1,466,700 | 1,709,730 | 1,709,340 | 390 |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | 26,440 | 26,414 | 26 |
| Interest | - | 8,260 | 8,254 | 6 |
| Bond issuance costs | - | - | - | - |
| Capital outlay | 272,190 | 388,717 | 321,350 | 67,367 |
| Total Expenditures | 1,738,890 | 2,133,147 | 2,065,358 | 67,789 |
| Excess (Deficiency) of Revenues over Expenditures | (1,076,610) | (1,200,867) | (966,778) | 234,089 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | (46,060) | (10,773) | - | (10,773) |
| Transfers in | 1,227,050 | 1,303,490 | 846,854 | (456,636) |
| Transfers out | (104,380) | (91,850) | (91,084) | 766 |
| Proceeds from debt issuance | - | - | 321,350 | (321,350) |
| Net Other Financing Sources (Uses) | 1,076,610 | 1,200,867 | 1,077,120 | (787,993) |
| Net Change in Cash Balances | \$ - | \$ - | 110,342 | \$ (553,904) |
| Cash Balances, Beginning of Year | | | 166,942 | |
| Cash Balances, End of Year | | | \$ 277,284 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 110,342 | |
| Adjustments to revenues | | | 936 | |
| Adjustments to expenditures | | | (14,605) | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ 96,673 | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
RETIRED SENIORS VOLUNTEER PROGRAM (RSVP) SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>BUDGETED AMOUNTS</u> | | <u>Actual</u> | <u>VARIANCE</u> |
|---|-------------------------|-----------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable |
| | | | | <u>(Unfavorable)</u> |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | 1,500 | 3,000 | 3,000 | - |
| State grants | 35,000 | 35,000 | 35,987 | 987 |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | (83) | (83) |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>36,500</u> | <u>38,000</u> | <u>38,904</u> | <u>904</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | 41,870 | 56,060 | 55,971 | 89 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | - | 13,034 | 13,034 | - |
| Total Expenditures | <u>41,870</u> | <u>69,094</u> | <u>69,005</u> | <u>89</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(5,370)</u> | <u>(31,094)</u> | <u>(30,101)</u> | <u>993</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | (180) | 7,974 | - | 7,974 |
| Transfers in | 5,550 | 23,120 | 22,398 | (722) |
| Transfers out | - | - | - | - |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | <u>5,370</u> | <u>31,094</u> | <u>22,398</u> | <u>7,252</u> |
| Net Change in Cash Balances | <u>\$ -</u> | <u>\$ -</u> | (7,703) | <u>\$ 8,245</u> |
| Cash Balances, Beginning of Year | | | 15,363 | |
| Cash Balances, End of Year | | | <u>\$ 7,660</u> | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ (7,703) | |
| Adjustments to revenues | | | (928) | |
| Adjustments to expenditures | | | <u>2,607</u> | |
| Net Change in Fund Balances (GAAP Basis) | | | <u>\$ (6,024)</u> | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
DRIVING WHILE INTOXICATED (DWI) SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|----------|-----------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | 170,000 | 229,456 | 229,456 | - |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | 2 | 90 | 88 |
| Total Revenues | 170,000 | 229,458 | 229,546 | 88 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | 170,000 | 241,061 | 213,658 | 27,403 |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | 170,000 | 241,061 | 213,658 | 27,403 |
| Excess (Deficiency) of Revenues over Expenditures | - | (11,603) | 15,888 | 27,491 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | - | 11,603 | - | 11,603 |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | - | 11,603 | - | 11,603 |
| Net Change in Cash Balances | \$ - | \$ - | 15,888 | \$ 39,094 |
| Cash Balances, Beginning of Year | | | 11,603 | |
| Cash Balances, End of Year | | | \$ 27,491 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 15,888 | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | 11,293 | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ 27,181 | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
FORESTRY OPERATIONS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|----------|------------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | 47,420 | 47,420 | 22,348 | (25,072) |
| State grants | 45,430 | 60,430 | 63,009 | 2,579 |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 92,850 | 107,850 | 85,357 | (22,493) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | 112,420 | 137,364 | 81,750 | 55,614 |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | 112,420 | 137,364 | 81,750 | 55,614 |
| Excess (Deficiency) of Revenues over Expenditures | (19,570) | (29,514) | 3,607 | 33,121 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | 19,570 | 29,514 | - | 29,514 |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | 19,570 | 29,514 | - | 29,514 |
| Net Change in Cash Balances | \$ - | \$ - | 3,607 | \$ 62,635 |
| Cash Balances, Beginning of Year | | | 126,692 | |
| Cash Balances, End of Year | | | \$ 130,299 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 3,607 | |
| Adjustments to revenues | | | (8,402) | |
| Adjustments to expenditures | | | - | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ (4,795) | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
TRAFFIC ENFORCEMENT FEES SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|---------|----------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | 2,900 | 2,900 | 4,564 | 1,664 |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 2,900 | 2,900 | 4,564 | 1,664 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | - | - | - | - |
| Excess (Deficiency) of Revenues over Expenditures | 2,900 | 2,900 | 4,564 | 1,664 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | (2,900) | (2,900) | - | (2,900) |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | (2,900) | (2,900) | - | (2,900) |
| Net Change in Cash Balances | \$ - | \$ - | 4,564 | \$ (1,236) |
| Cash Balances, Beginning of Year | | | 943 | |
| Cash Balances, End of Year | | | \$ 5,507 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 4,564 | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | - | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ 4,564 | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GROSS RECEIPTS TAX (GRT) REVENUE BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|-------------|-------------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | 585 | 37,326 | 36,741 |
| Miscellaneous | - | - | 152,023 | 152,023 |
| Total Revenues | - | 585 | 189,349 | 188,764 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | 165,000 | 2,465,000 | 2,465,000 | - |
| Interest | 100,000 | 199,702 | 198,958 | 744 |
| Bond issuance costs | - | 184,343 | 174,713 | 9,630 |
| Capital outlay | - | - | - | - |
| Total Expenditures | 265,000 | 2,849,045 | 2,838,671 | 10,374 |
| Excess (Deficiency) of Revenues over Expenditures | (265,000) | (2,848,460) | (2,649,322) | 199,138 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | - | - | - | - |
| Transfers in | 265,000 | 280,000 | 278,958 | (1,042) |
| Transfers out | - | (1,500,000) | (1,500,000) | - |
| Proceeds from debt issuance | - | 4,068,460 | 3,880,000 | 188,460 |
| Net Other Financing Sources (Uses) | 265,000 | 2,848,460 | 2,658,958 | 187,418 |
| Net Change in Cash Balances | \$ - | \$ - | 9,636 | \$ 386,556 |
| Cash Balances, Beginning of Year | | | - | |
| Cash Balances, End of Year | | | \$ 9,636 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 9,636 | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | - | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ 9,636 | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
NEW MEXICO FINANCE AUTHORITY (NMFA) LOANS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>BUDGETED AMOUNTS</u> | | <u>Actual</u> | <u>VARIANCE</u> |
|---|-------------------------|--------------------|--------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable |
| | | | | <u>(Unfavorable)</u> |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | 54,034 | 54,034 |
| State grants | - | 757,500 | 479,829 | (277,671) |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | 1,500 | 1,500 | 3,376 | 1,876 |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>1,500</u> | <u>759,000</u> | <u>537,239</u> | <u>(221,761)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | 336,330 | 2,966,228 | 2,799,293 | 166,935 |
| Interest | 90,660 | 104,309 | 103,478 | 831 |
| Bond issuance costs | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | <u>426,990</u> | <u>3,070,537</u> | <u>2,902,771</u> | <u>167,766</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(425,490)</u> | <u>(2,311,537)</u> | <u>(2,365,532)</u> | <u>(53,995)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | (1,500) | 413,147 | - | 413,147 |
| Transfers in | 426,990 | 2,725,600 | 2,682,348 | (43,252) |
| Transfers out | - | (3,069,710) | (2,853,571) | 216,139 |
| Proceeds from debt issuance | - | 2,242,500 | 2,250,001 | (7,501) |
| Net Other Financing Sources (Uses) | <u>425,490</u> | <u>2,311,537</u> | <u>2,078,778</u> | <u>578,533</u> |
| Net Change in Cash Balances | <u>\$ -</u> | <u>\$ -</u> | (286,754) | <u>\$ 524,538</u> |
| Cash Balances, Beginning of Year | | | 804,925 | |
| Cash Balances, End of Year | | | <u>\$ 518,171</u> | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ (286,754) | |
| Adjustments to revenues | | | 216,137 | |
| Adjustments to expenditures | | | <u>(3,392)</u> | |
| Net Change in Fund Balances (GAAP Basis) | | | <u>\$ (74,009)</u> | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL OBLIGATION (GO) BONDS DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>BUDGETED AMOUNTS</u> | | <u>Actual</u> | <u>VARIANCE</u> |
|---|-------------------------|-----------------|------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable |
| | | | | <u>(Unfavorable)</u> |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 800,000 | \$ 800,000 | \$ 740,861 | \$ (59,139) |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>800,000</u> | <u>800,000</u> | <u>740,861</u> | <u>(59,139)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | - | - | - |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | 75,000 | 685,000 | 685,000 | - |
| Interest | 12,950 | 37,120 | 37,113 | 7 |
| Bond issuance costs | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | <u>87,950</u> | <u>722,120</u> | <u>722,113</u> | <u>7</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>712,050</u> | <u>77,880</u> | <u>18,748</u> | <u>(59,132)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | (712,050) | (42,880) | - | (42,880) |
| Transfers in | - | - | - | - |
| Transfers out | - | (35,000) | (28,209) | 6,791 |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | <u>(712,050)</u> | <u>(77,880)</u> | <u>(28,209)</u> | <u>(36,089)</u> |
| Net Change in Cash Balances | <u>\$ -</u> | <u>\$ -</u> | (9,461) | <u>\$ (95,221)</u> |
| Cash Balances, Beginning of Year | | | 14,349 | |
| Cash Balances, End of Year | | | <u>\$ 4,888</u> | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ (9,461) | |
| Adjustments to revenues | | | 2,160 | |
| Adjustments to expenditures | | | <u>28,209</u> | |
| Net Change in Fund Balances (GAAP Basis) | | | <u>\$ 20,908</u> | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) CAPITAL PROJECT FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|-----------|--------------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | 8,128,670 | 957,478 | (18,472) | (975,950) |
| State grants | 1,950,880 | 191,878 | 18,470 | (173,408) |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | - | - | - | - |
| Miscellaneous | - | - | 559,760 | 559,760 |
| Total Revenues | 10,079,550 | 1,149,356 | 559,758 | (589,598) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | 1,271,853 | 58,026 | 1,213,827 |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | 10,838,220 | 265,362 | 83,907 | 181,455 |
| Total Expenditures | 10,838,220 | 1,537,215 | 141,933 | 1,395,282 |
| Excess (Deficiency) of Revenues over Expenditures | (758,670) | (387,859) | 417,825 | 805,684 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | 758,670 | 387,859 | - | 387,859 |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | 758,670 | 387,859 | - | 387,859 |
| Net Change in Cash Balances | \$ - | \$ - | 417,825 | \$ 1,193,543 |
| Cash Balances, Beginning of Year | | | 970,243 | |
| Cash Balances, End of Year | | | \$ 1,388,068 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 417,825 | |
| Adjustments to revenues | | | 38,301 | |
| Adjustments to expenditures | | | 58,026 | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ 514,152 | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL OBLIGATION (GO) BONDS CAPITAL PROJECT FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|-------------|----------------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ - | \$ - | \$ - | \$ - |
| Gross receipts | - | - | - | - |
| Other | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeitures | - | - | - | - |
| Investment earnings | 500 | - | 3,421 | 3,421 |
| Miscellaneous | - | - | - | - |
| Total Revenues | 500 | - | 3,421 | 3,421 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Public works | - | 203,260 | - | 203,260 |
| Culture and recreation | - | - | - | - |
| Health and welfare | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Capital outlay | 1,400,000 | 2,452,160 | (10,137) | 2,462,297 |
| Total Expenditures | 1,400,000 | 2,655,420 | (10,137) | 2,665,557 |
| Excess (Deficiency) of Revenues over Expenditures | (1,399,500) | (2,655,420) | 13,558 | 2,668,978 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | 1,399,500 | 2,655,420 | - | 2,655,420 |
| Transfers in | - | - | - | - |
| Transfers out | - | - | (1,149,633) | (1,149,633) |
| Proceeds from debt issuance | - | - | - | - |
| Net Other Financing Sources (Uses) | 1,399,500 | 2,655,420 | (1,149,633) | 1,505,787 |
| Net Change in Cash Balances | \$ - | \$ - | (1,136,075) | \$ 4,174,765 |
| Cash Balances, Beginning of Year | | | 2,655,419 | |
| Cash Balances, End of Year | | | \$ 1,519,344 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ (1,136,075) | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | (10,137) | |
| Net Change in Fund Balances (GAAP Basis) | | | \$ (1,146,212) | |

The accompanying notes are an integral part of these financial statements.

**SCHEDULES OF REVENUES, EXPENSES, AND
CHANGES IN CASH BALANCES – BUDGET AND ACTUAL
PROPRIETARY FUNDS**

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
RUIDOSO JOINT UTILITIES (RJU) ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|--------------|----------------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Charges for services | \$ 6,024,820 | \$ 6,024,820 | \$ 5,532,887 | \$ (491,933) |
| Miscellaneous | 18,260 | 18,260 | 37,825 | 19,565 |
| Total Revenues | 6,043,080 | 6,043,080 | 5,570,712 | (472,368) |
| EXPENSES | | | | |
| Current: | | | | |
| Personnel services | 2,387,300 | 2,399,100 | 2,136,406 | 262,694 |
| Materials and supplies | 1,575,550 | 622,897 | 392,096 | 230,801 |
| Repairs and maintenance | 750,040 | 1,112,423 | 1,072,730 | 39,693 |
| Utilities | 520,340 | 528,725 | 475,208 | 53,517 |
| Contractual services | 2,542,710 | 3,141,199 | 2,372,638 | 768,561 |
| Depreciation expense | - | - | - | - |
| Amortization expense | - | - | - | - |
| Capital outlay | 1,340,000 | 6,760,998 | 5,846,963 | 914,035 |
| Total Expenditures | 9,115,940 | 14,565,342 | 12,296,041 | 2,269,301 |
| Excess (Deficiency) of Revenues over Expenses | (3,072,860) | (8,522,262) | (6,725,329) | 1,796,933 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | 1,346,730 | 5,371,632 | - | 5,371,632 |
| Transfers in | - | 4,042,000 | 4,385,496 | 343,496 |
| Transfers out | (554,900) | (3,538,120) | (2,880,675) | 657,445 |
| Gross receipts taxes | 2,500,000 | 2,565,720 | 2,592,423 | 26,703 |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | - | 300,000 | 191,820 | (108,180) |
| Investment earnings | 40,000 | 40,000 | 156,585 | 116,585 |
| Proceeds from debt issuance | - | - | - | - |
| Debt service: | | | | |
| Principal | (190,000) | (190,000) | (190,000) | - |
| Interest | (68,970) | (68,970) | (68,968) | 2 |
| Bond issuance costs | - | - | - | - |
| Net Other Financing Sources (Uses) | 3,072,860 | 8,522,262 | 4,186,681 | 6,407,683 |
| Net Change in Cash Balances | \$ - | \$ - | (2,538,648) | \$ 8,204,616 |
| Cash Balances, Beginning of Year | | | 8,695,226 | |
| Cash Balances, End of Year | | | \$ 6,156,578 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ (2,538,648) | |
| Adjustments to revenues | | | (133,083) | |
| Adjustments to expenditures | | | 6,266,450 | |
| Net Change in Net Position (GAAP Basis) | | | \$ 3,594,719 | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
AIRPORT ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>BUDGETED AMOUNTS</u> | | <u>Actual</u> | <u>VARIANCE</u> |
|---|-------------------------|------------------|-----------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable |
| | | | | <u>(Unfavorable)</u> |
| REVENUES | | | | |
| Charges for services | \$ 1,078,300 | \$ 880,300 | \$ 859,590 | \$ (20,710) |
| Miscellaneous | <u>207,300</u> | <u>222,000</u> | <u>220,150</u> | <u>(1,850)</u> |
| Total Revenues | <u>1,285,600</u> | <u>1,102,300</u> | <u>1,079,740</u> | <u>(22,560)</u> |
| EXPENSES | | | | |
| Current: | | | | |
| Personnel services | 528,050 | 546,080 | 544,471 | 1,609 |
| Materials and supplies | 755,620 | 560,391 | 557,343 | 3,048 |
| Repairs and maintenance | 74,950 | 98,933 | 98,577 | 356 |
| Utilities | 59,150 | 58,150 | 54,627 | 3,523 |
| Contractual services | 23,050 | 53,040 | 51,682 | 1,358 |
| Depreciation expense | - | - | - | - |
| Amortization expense | - | - | - | - |
| Capital outlay | <u>216,000</u> | <u>330,640</u> | <u>203,900</u> | <u>126,740</u> |
| Total Expenditures | <u>1,656,820</u> | <u>1,647,234</u> | <u>1,510,600</u> | <u>136,634</u> |
| Excess (Deficiency) of Revenues over Expenses | <u>(371,220)</u> | <u>(544,934)</u> | <u>(430,860)</u> | <u>114,074</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | 168,720 | 182,347 | - | 182,347 |
| Transfers in | - | - | - | - |
| Transfers out | - | (27,210) | (27,210) | - |
| Gross receipts taxes | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | 180,000 | 300,095 | 183,510 | (116,585) |
| State grants | 22,500 | 89,372 | 66,246 | (23,126) |
| Investment earnings | - | 330 | 430 | 100 |
| Proceeds from debt issuance | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Net Other Financing Sources (Uses) | <u>371,220</u> | <u>544,934</u> | <u>222,976</u> | <u>42,736</u> |
| Net Change in Cash Balances | <u>\$ -</u> | <u>\$ -</u> | (207,884) | <u>\$ 156,810</u> |
| Cash Balances, Beginning of Year | | | <u>468,135</u> | |
| Cash Balances, End of Year | | | <u>\$ 260,251</u> | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ (207,884) | |
| Adjustments to revenues | | | (12,623) | |
| Adjustments to expenditures | | | <u>(882,091)</u> | |
| Net Change in Net Position (GAAP Basis) | | | <u>\$ (1,102,598)</u> | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
SOLID WASTE ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | <u>BUDGETED AMOUNTS</u> | | <u>Actual</u> | <u>VARIANCE</u> |
|---|-------------------------|--------------------|---------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Charges for services | \$ 2,806,470 | \$ 2,816,010 | \$ 2,769,692 | \$ (46,318) |
| Miscellaneous | <u>1,100</u> | <u>1,100</u> | <u>2,906</u> | <u>1,806</u> |
| Total Revenues | <u>2,807,570</u> | <u>2,817,110</u> | <u>2,772,598</u> | <u>(44,512)</u> |
| EXPENSES | | | | |
| Current: | | | | |
| Personnel services | 1,356,750 | 1,391,020 | 1,380,654 | 10,366 |
| Materials and supplies | 290,120 | 357,500 | 343,436 | 14,064 |
| Repairs and maintenance | 452,310 | 635,010 | 438,527 | 196,483 |
| Utilities | 80,890 | 74,990 | 59,779 | 15,211 |
| Contractual services | 741,650 | 754,700 | 656,184 | 98,516 |
| Depreciation expense | - | - | - | - |
| Amortization expense | - | - | - | - |
| Capital outlay | <u>270,000</u> | <u>707,000</u> | <u>282,266</u> | <u>424,734</u> |
| Total Expenditures | <u>3,191,720</u> | <u>3,920,220</u> | <u>3,160,846</u> | <u>759,374</u> |
| Excess (Deficiency) of Revenues over Expenses | <u>(384,150)</u> | <u>(1,103,110)</u> | <u>(388,248)</u> | <u>714,862</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | 139,280 | 631,196 | - | 631,196 |
| Transfers in | 281,040 | 28,084 | 28,084 | - |
| Transfers out | (162,260) | (174,030) | (174,001) | 29 |
| Gross receipts taxes | 150,000 | 636,770 | 698,973 | 62,203 |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | - | - | - | - |
| Investment earnings | - | 5,000 | 11,293 | 6,293 |
| Proceeds from debt issuance | - | - | - | - |
| Debt service: | | | | |
| Principal | (23,760) | (23,760) | (23,751) | 9 |
| Interest | (150) | (150) | (150) | - |
| Bond issuance costs | - | - | - | - |
| Net Other Financing Sources (Uses) | <u>384,150</u> | <u>1,103,110</u> | <u>540,448</u> | <u>699,730</u> |
| Net Change in Cash Balances | <u>\$ -</u> | <u>\$ -</u> | 152,200 | <u>\$ 1,414,592</u> |
| Cash Balances, Beginning of Year | | | <u>1,167,026</u> | |
| Cash Balances, End of Year | | | <u>\$ 1,319,226</u> | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 152,200 | |
| Adjustments to revenues | | | (94,270) | |
| Adjustments to expenditures | | | <u>(304,340)</u> | |
| Net Change in Net Position (GAAP Basis) | | | <u>\$ (246,410)</u> | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
REGIONAL WASTEWATER TREATMENT PLANT (RWWTP) ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|------------------|---------------------|---------------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Charges for services | \$ 3,500,000 | \$ 3,500,000 | \$ 3,511,045 | \$ 11,045 |
| Miscellaneous | <u>538,350</u> | <u>537,839</u> | <u>381,441</u> | <u>(156,398)</u> |
| Total Revenues | <u>4,038,350</u> | <u>4,037,839</u> | <u>3,892,486</u> | <u>(145,353)</u> |
| EXPENSES | | | | |
| Current: | | | | |
| Personnel services | 800,130 | 855,265 | 791,845 | 63,420 |
| Materials and supplies | 449,000 | 446,620 | 243,035 | 203,585 |
| Repairs and maintenance | 554,800 | 554,800 | 157,944 | 396,856 |
| Utilities | 601,500 | 601,500 | 484,582 | 116,918 |
| Contractual services | 644,930 | 669,620 | 274,902 | 394,718 |
| Depreciation expense | - | - | - | - |
| Amortization expense | - | - | - | - |
| Capital outlay | <u>-</u> | <u>530,077</u> | <u>52,258</u> | <u>477,819</u> |
| Total Expenditures | <u>3,050,360</u> | <u>3,657,882</u> | <u>2,004,566</u> | <u>1,653,316</u> |
| Excess (Deficiency) of Revenues over Expenses | <u>987,990</u> | <u>379,957</u> | <u>1,887,920</u> | <u>1,507,963</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | (554,570) | 481,853 | - | 481,853 |
| Transfers in | - | - | - | - |
| Transfers out | (403,830) | (461,550) | (461,548) | 2 |
| Gross receipts taxes | 1,100,000 | 677,720 | 698,973 | 21,253 |
| Intergovernmental: | | | | - |
| Federal grants | - | - | - | - |
| State grants | - | - | - | - |
| Investment earnings | 15,000 | 68,610 | 101,236 | 32,626 |
| Proceeds from debt issuance | - | - | - | - |
| Debt service: | | | | |
| Principal | (720,000) | (720,000) | (720,000) | - |
| Interest | (424,590) | (426,590) | (424,577) | 2,013 |
| Bond issuance costs | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Other Financing Sources (Uses) | <u>(987,990)</u> | <u>(379,957)</u> | <u>(805,916)</u> | <u>537,747</u> |
| Net Change in Cash Balances | <u>\$ -</u> | <u>\$ -</u> | 1,082,004 | <u>\$ 2,045,710</u> |
| Cash Balances, Beginning of Year | | | <u>7,645,246</u> | |
| Cash Balances, End of Year | | | <u>\$ 8,727,250</u> | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ 1,082,004 | |
| Adjustments to revenues | | | (56,915) | |
| Adjustments to expenditures | | | <u>396,093</u> | |
| Net Change in Net Position (GAAP Basis) | | | <u>\$ 1,421,182</u> | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
RISK MANAGEMENT INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016

| | BUDGETED AMOUNTS | | Actual | VARIANCE |
|---|------------------|------------|-------------|---------------|
| | Original | Final | | Favorable |
| | | | | (Unfavorable) |
| REVENUES | | | | |
| Charges for services | \$ 903,750 | \$ 903,750 | \$ 900,796 | \$ (2,954) |
| Miscellaneous | - | - | - | - |
| Total Revenues | 903,750 | 903,750 | 900,796 | (2,954) |
| EXPENSES | | | | |
| Current: | | | | |
| Personnel services | - | - | - | - |
| Materials and supplies | 43,000 | 97,741 | 64,363 | 33,378 |
| Repairs and maintenance | 51,533 | - | - | - |
| Utilities | - | - | - | - |
| Contractual services | 903,750 | 983,606 | 901,496 | 82,110 |
| Depreciation expense | - | - | - | - |
| Amortization expense | - | - | - | - |
| Capital outlay | 52,000 | 57,000 | - | 57,000 |
| Total Expenditures | 1,050,283 | 1,138,347 | 965,859 | 172,488 |
| Excess (Deficiency) of Revenues over Expenses | (146,533) | (234,597) | (65,063) | 169,534 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Designated cash | 146,533 | 234,597 | - | 234,597 |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Gross receipts taxes | - | - | - | - |
| Intergovernmental: | | | | |
| Federal grants | - | - | - | - |
| State grants | - | - | - | - |
| Investment earnings | - | - | - | - |
| Proceeds from debt issuance | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| Net Other Financing Sources (Uses) | 146,533 | 234,597 | - | 234,597 |
| Net Change in Cash Balances | \$ - | \$ - | (65,063) | \$ 404,131 |
| Cash Balances, Beginning of Year | | | 183,065 | |
| Cash Balances, End of Year | | | \$ 118,002 | |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Net Change in Cash Balances | | | \$ (65,063) | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | 3,964 | |
| Net Change in Net Position (GAAP Basis) | | | \$ (61,099) | |

The accompanying notes are an integral part of these financial statements.

NEW MEXICO STATE AUDITOR DISCLOSURES

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS AND PLEDGED COLLATERAL
JUNE 30, 2016

| Financial Institution/Account Name | Deposit Type | Bank Balance | Reconciling Items | Reconciled Balance |
|---|--------------|-----------------------|-------------------|--------------------|
| WELLS FARGO, NEW MEXICO | | | | |
| New General Operations | Checking | \$ 2,280,163 | \$ (524,695) | \$ 1,755,468 |
| FEMA Fund | Checking | 1,388,068 | - | 1,388,068 |
| Village of Ruidoso | Savings | 4,960,082 | - | 4,960,082 |
| Village of Ruidoso - RWWTP | Savings | 1,001,394 | - | 1,001,394 |
| Bail Bond Trust Fund | Checking | 802 | (171) | 631 |
| Municipality of Ruidoso | | 9,630,509 | \$ (524,866) | \$ 9,105,643 |
| Less: FDIC coverage | | 250,000 | | |
| Uninsured Public Funds | | 9,380,509 | | |
| Less: Pledged collateral held by the pledging financial institution | | (12,920,179) | | |
| Over insured and over collateralized | | <u>\$ (3,539,670)</u> | | |
| Collateral requirement - 50% of uninsured funds | | \$ 4,690,255 | | |
| Less: Pledged security | | 12,920,179 | | |
| Over Collateral Requirement | | <u>\$ (8,229,924)</u> | | |

| Pledge Description | Maturity | CUSIP | Fair Market Value | Location of Safekeeper |
|--------------------|------------|-----------|----------------------|---------------------------------------|
| FNMA FNMS 3.00% | 02/01/2043 | 3138W1GE1 | \$ 210,458 | Bank of New York Mellon, New York, NY |
| FNMA FNMS 3.000% | 06/01/2046 | 3138WHF80 | 450,411 | |
| FNMA FNMS 2.500% | 05/01/2031 | 3140F7BU2 | 12,083,269 | |
| FNMA FNMS 3.000% | 10/01/2042 | 31417DQS5 | 176,041 | |
| | | | <u>\$ 12,920,179</u> | |

WELLS FARGO BROKERAGE*

| | | | | |
|-------------------------|----------------|----------------------|-------------|----------------------|
| General Operations | Money Market | \$ 13,483 | \$ - | \$ 13,483 |
| General Operations** | CDs | 12,144,382 | - | 12,144,382 |
| General Operations | Treasury Notes | 6,253,763 | - | 6,253,763 |
| Municipality of Ruidoso | | <u>\$ 18,411,628</u> | <u>\$ -</u> | <u>\$ 18,411,628</u> |

BANK OF ALBUQUERQUE - NMFA*

| | | | | |
|---|--------------|-------------------|-------------|-------------------|
| Village of Ruidoso - Fire Truck Loan | Cash Deposit | \$ 50,445 | \$ - | \$ 50,445 |
| Village of Ruidoso - Convention Center Loan | Cash Deposit | 125,751 | - | 125,751 |
| Village of Ruidoso - Police Building Loan | Cash Deposit | 175,048 | - | 175,048 |
| Village of Ruidoso - Grindstone Dam Engineering | Cash Deposit | 38,195 | - | 38,195 |
| Municipality of Ruidoso | | <u>\$ 389,439</u> | <u>\$ -</u> | <u>\$ 389,439</u> |

* Amounts represent accounts that do not need pledging per State statues. See Note 4.A.

**The Village holds forty-nine (49) CDs with corresponding FDIC insurance of \$250,000 per CD. Therefore, these balances are insured for \$12,250,000.

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS AND PLEDGED COLLATERAL
JUNE 30, 2016

| Financial Institution/Account Name | Deposit Type | Bank Balance | Reconciling Items | Reconciled Balance |
|---|-----------------|----------------|----------------------|-----------------------|
| TOTAL FINANCIAL INSTITUTIONS | | | | |
| Village of Ruidoso | Checking | \$ 3,669,033 | \$ (524,866) | \$ 3,144,167 |
| Village of Ruidoso | Savings | 5,961,476 | - | 5,961,476 |
| Village of Ruidoso | CDs | 12,144,382 | - | 12,144,382 |
| Village of Ruidoso | Money Market | 13,483 | - | 13,483 |
| Village of Ruidoso | Treasury Notes | 6,253,763 | - | 6,253,763 |
| Village of Ruidoso | Cash Deposit | 389,439 | - | 389,439 |
| Municipality of Ruidoso | | 28,431,576 | \$ (524,866) | \$ 27,906,710 |
| Less: Wells Fargo Brokerage | | 18,411,628 | | |
| Less: NMFA | | 389,439 | | |
| | | 9,630,509 | | |
| Less: FDIC coverage | | 250,000 | | |
| Uninsured Public Funds | | 9,380,509 | | |
| Less: Pledged collateral held by the pledging financial institution | | (12,920,179) | | |
| Over insured and over collateralized | | \$ (3,539,670) | | |
| Collateral requirement - 50% of uninsured funds | | \$ 4,690,255 | | |
| Less: Pledged security | | (12,920,179) | | |
| Over Collateral Requirement | | \$ (8,229,924) | | |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING
JUNE 30, 2016

| Participants | Responsible Party | Description |
|--|-----------------------|--|
| Village of Ruidoso and Lincoln County | Both | Provide mutual aid for fire response |
| Village of Ruidoso's Police Department and New Mexico Law Enforcement Professional Standards Council | Both | Assist 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 | Provide police services for Village residents and insure that Police Officers have powers to enforce state laws and act with the same authority as sheriffs and constables |
| Village of Ruidoso's Sierra Blanca Regional Airport and the Bureau of Land Management | Both | Allow public land users to ingress and egress the Airport's East and South approach corridors |
| Village of Ruidoso and the New Mexico Department of Tourism | Both | Creates a partnership for the use of space at the Billy the Kid Byway Visitors' Center |
| Village of Ruidoso and the United States Department of Agriculture Forestry Service | | Provide a framework for cooperation upon which the VOR and the 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 | Provide the Village with manuals, forms, and technical assistance necessary to assist the Village in the accreditation effort |
| Village of Ruidoso and the New Mexico Office of the State Engineer | Both | Identify and track water discovered through a leak detection program |
| Village of Ruidoso and City of Ruidoso Downs | Village of Ruidoso | Operate the Regional Wastewater Treatment Plant |
| Village of Ruidoso and City of Ruidoso Downs | City of Ruidoso Downs | Operate the Lincoln County Transit System |
| Village of Ruidoso and City of Ruidoso Downs | Both | Provide mutual aid for fire response |

| <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 Governmental Agency Reporting Revenue & Expense</u> |
|-------------------|-------------------|--|--|---------------------------------|-----------------------------|--|
| 02/23/2010 | Indefinitely | N/A | N/A | None | None | Both |
| 10/01/2009 | Until Complete | N/A | N/A | None | None | Both |
| 07/01/2010 | Indefinitely | N/A | N/A | Both | None | Both |
| 12/01/2011 | 12/01/16 | N/A | N/A | None | None | Both |
| 02/28/2012 | 02/28/16 | N/A | N/A | Both | None | Both |
| 06/04/2008 | 08/04/13 | N/A | N/A | None | None | Both |
| 09/01/2009 | Indefinitely | N/A | N/A | None | None | Both |
| 04/28/2009 | Indefinitely | N/A | N/A | None | None | Both |
| 07/03/1974 | Indefinitely | N/A | \$11,651,913 | Village of Ruidoso | Village of Ruidoso | Village of Ruidoso |
| 07/01/2009 | Indefinitely | N/A | \$28,000 | City of Ruidoso Downs | City of Ruidoso Downs | City of Ruidoso Downs |
| 06/14/2011 | Indefinitely | N/A | N/A | None | None | Both |

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2016

| RFB#/RFP# | Type of Procurement | Awarded Vendor | \$ Amount of Awarded Contract | \$ Amount of Amended Contract | Name and Physical Address per the procurement documentation, for ALL (Vendor(s) that responded | In-State or Out-of State Vendor? (Y or N) (Based on Statutory Definition) | Did the in-state vendor choose Veteran's Preference? (Y or N) For Federal Funds answer N/A | Brief Description of the Scope of Work |
|-----------|-------------------------|--|--|-------------------------------|--|---|--|---|
| 2016-002P | RFP | OCCAM Consulting Engineers | Fixed Price Agreement based on task up to \$150,000 | N/A | OCCAM Consulting Engineers, 6100 Sea Gull Street NE, Suite B-203, Albuquerque, NM 87109 Amec, Foster, Wheeler Engineering, 8519 Jefferson Street NE, Albuquerque, NM 87113 Molzen & Corbin, 2701 Miles Road SE, Albuquerque, NM 87106 Huitz-Zollers, 333 Rio Rancho Drive NE, Suite 101, Rio Rancho, NM 87124 | In-State | No | Engineering and related services in support of development of Regional Water System initiatives |
| 2016-003P | RFP | DataPrint | \$ 70,000 | N/A | DataPrint, 5201 Venice Avenue NE, Suite E, Albuquerque, NM 87113 Postal Pros, 4100 Hawkins Street NE, Albuquerque, NM 87109 | In-State | No | Utility Bill Printing |
| 2016-004P | RFP | The Lodge of Sierra Blanca | \$ 70,000 | N/A | The Lodge of Sierra Blanca, 107 Sierra Blanca Drive, Ruidoso, NM 88345 | In-State | No | Promotion, advertising, and marketing of Ruidoso Convention Center |
| 2016-005P | RFP | High Water Mark | \$ 519,096 | N/A | High Water Mark, PO Box 148, Cochiti Pueblo, NM 87072 Pettigrew and Associates, 100 East Navajo Drive, Suite 100, Hobbs, NM 88240 | In-State | No | FEMA Management Services |
| 2016-007P | RFP | Hanson Consulting | \$ 68,400 | N/A | Hanson Consulting, PO Box 969, Ruidoso, NM 88355 | In-State | No | DWI Grant Coordinator |
| 2016-009P | RFP | Zack Cook, LLC | Fixed Price Agreement based on task | N/A | Zack Cook, LLC, 1703 Suddereth #425, Ruidoso, NM 88345 | In-State | No | Legal Services |
| 2016-001B | RFB | Century Club Construction | \$ 419,293 | \$ 56,084 | Century Club Construction, 8201 Golf Course Road NW, Suite D3 #295, Albuquerque, NM 87120 Renegade Construction, LLC, PO Box 830, Fairacres, NM 88033 Ducross Construction, PO Box 13230, Las Cruces, NM 88013 Burns Construction, PO Box 1869, Las Cruces, NM 88004 Smithco, PO Box 45, Caballo, NM 87931 | In-State | Yes | Camelot Liftstation Rehabilitation |
| 2016-002B | RFB | Smart Options, LLC DBA Waste System Supply | \$ 200,000 | N/A | Smart Options, LLC DBA Waste System Supply, 1804 East College Blvd., Roswell, NM 88201 MCT Industries, 7451 Pan American NE, Albuquerque, NM 87109 | In-State | No | Dumpsters |
| 2016-004B | RFB | Sierra Contracting, Inc. | Fixed Price Agreement based on tonnage up to \$460,000 | N/A | Sierra Contracting, Inc., PO Box 935, Alto, NM 88321 | In-State | No | Disposal of Vegetative Waste |
| 2016-005B | RFB | Sierra Machinery | \$ 163,320 | N/A | Sierra Machinery, 939 Hawkins Blvd, El Paso, TX 79915 | Out-of-State | No | Bituminous Asphalt Distributor |
| 2016-006B | RFB | Ruidoso Sand & Gravel & AggTec | Fixed Price Agreement based on tonnage | N/A | Ruidoso Sand & Gravel, PO Box 2048, Ruidoso, NM 88355 AggTec, PO Box 289, Alamogordo, NM 88311 | In-State | No | Aggregates |
| 03/05/16 | Sole Source Declaration | Tyler Technologies | | | Tyler Technologies, PO Box 203556, Dallas, TX 75320 | Out-of-State | No | Accounting Software |

The accompanying notes are an integral part of these financial statements.

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S 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

To Timothy Keller
New Mexico State Auditor
And
The Village Council
Village of Ruidoso, New Mexico

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, business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund of the Village of Ruidoso (Village) as of and for the year ended June 30, 2016, 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 7, 2016.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control that we consider to be a material weakness or significant deficiency. However, material weaknesses or significant deficiencies may exist that may have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* listed as finding 2016-001 in the statement of findings and questioned costs.

The Village's Response to Findings

The Village's response to the finding 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 the financial statements and, accordingly, we express no opinion on it.

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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Axiom CPAs and Business Advisors, LLC
Albuquerque, New Mexico
December 7, 2016

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Timothy Keller
New Mexico State Auditor
And
The Village Council
Village of Ruidoso
Ruidoso, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Village of Ruidoso (the “Village”) compliance requirements described in the *OMB 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Albuquerque, New Mexico
December 7, 2016

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

| Federal Grantor/Pass Through Grantor/Program Title | Federal CDFA Number | Grant Number | Federal Expenditures |
|--|---------------------------|--------------------|-------------------------|
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| <i>Passed through the State of New Mexico Homeland Security Department</i> | | | |
| Disaster Grants - Public Assistance (Presidentially Declared) | 97.036 | FEMA-1783-DR-NM | \$ 95,515 |
| Disaster Grants - Public Assistance (Presidentially Declared) | 97.036 | 2015-021-011 | 60,045 |
| U.S. DEPARTMENT OF AGRICULTURE FOREST SERVICE | | | |
| <i>Passed through the State of New Mexico Energy, Minerals, and Natural Resources Department</i> | | | |
| Cooperative Forestry Assistance | 10.664 | 13-DG-11031600-070 | 22,348 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | |
| <i>Passed through the State of New Mexico Aging & Long-term Services Department</i> | | | |
| Retired and Senior Volunteer Program | 94.002 | 14SRWNM007 | 3,000 |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| <i>Passed through the State of New Mexico Department of Transportation</i> | | | |
| Minimum Penalties for Repeat Offenders for Driving while Intoxicated | 20.608 | 16-AL-64-084 | 1,986 |
| State and Community Highway Safety | 20.600 | 16-DS-02-084 | 1,885 |
| U.S. DEPARTMENT OF TRANSPORTATION/FEDERAL AVIATION ADMINISTRATION (FAA) | | | |
| <i>Passed through the State of New Mexico Department of Transportation Aviation Division</i> | | | |
| Airport Improvement Program | 20.106 | 3-35-0052-24-2015 | 183,510 |
| ENVIRONMENTAL PROTECTION AGENCY/OFFICE OF WATER | | | |
| <i>Passed through New Mexico Finance Authority</i> | | | |
| Capitalization Grants for Drinking Water State Revolving Funds* | 66.468 | 2895-DW | <u>3,000,000</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 3,368,289</u> |

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Village of Ruidoso (the Village) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Village.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The Village has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Reconciliation of Schedule of Federal Expenditures to Financial Statements

| | |
|--|----------------------|
| Total federal awards expended per Schedule of Expenditures of Federal Awards | \$ 3,368,289 |
| Total expenditures funded by other sources | <u>36,609,466</u> |
| Total expenditures and expenses per page 16 | <u>\$ 39,977,755</u> |

* Denotes Major Program

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section A - Summary of Audit Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting | |
| a. Material weaknesses identified? | No |
| b. Control deficiency identified not considered to be a significant deficiency? | No |
| c. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|--|------------|
| 1. Internal control over major programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Known questioned costs greater than \$25,000 for a compliance requirement for a major program? | No |
| d. Know questioned costs greater than \$25,000 for which is not audited as a major program? | No |
| e. Known or likely fraud? | No |
| f. Significant instances of abuse relating to major programs? | No |
| g. Circumstances causing the auditor's report on compliance for each major program to be modified, unless otherwise reported as audit findings? | No |
| h. Instances where results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding? | No |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| 4. Identification of major programs: | |

| | |
|----------------|---|
| CFDA Number | Federal Program |
| 66.468 | Capitalization Grants for Drinking Water State Revolving Funds |

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

II. Other Non-Compliance Findings – Financial Statements Audit

2016-001

Overtime Pay

Condition: Out of 40 items selected for controls testing over payroll disbursements, 1 disbursement was miscalculated using the incorrect overtime rate; overtime hours were paid out at the regular rate of pay.

Criteria: Overtime rates should be based on an employee's base rate in an amount equal to one and one half of the regular hourly rate pursuant to Village policy.

Effect: The employee was underpaid as a result of the miscalculation.

Cause: Data entry error was identified as being the cause of the miscalculation.

Recommendation: We recommend that the Village continue to perform internal review of the payroll reports prior to issuing employee payroll disbursements.

Management
Response

The Village has reviewed its payroll processes and determined that there is a set up issue within our software program. Therefore, we have adopted two (2) corrective action plans. First, during the bi-weekly payroll, overtime adjustments are now reviewed by both the payroll clerk and Human Resources Director on an individual basis and are manually recalculated. In addition, the Finance Director has scheduled a business review process in January 2017 with the software manufacturer to correct set up issues and allow the computer system to calculate over-time automatically. This process will also identify areas in payroll where we are not using the software efficiently.

Party responsible for corrective action: Judi Starkovich, Finance Director

Estimated timeline to complete: March 2017

III. Findings – Federal Awards

None

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2016**

I. Resolved

| | | |
|----------|---------------------|----------|
| 2015-001 | Travel and Per Diem | Resolved |
|----------|---------------------|----------|

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
REQUIRED DISCLOSURE
FOR THE YEAR ENDED JUNE 30, 2016**

Prepared Financial Statements

The financial statements presented in this report were prepared by the Village of Ruidoso.

Exit Conference

The contents of this report were discussed on December 8, 2016. The following individuals were in attendance.

VILLAGE OF RUIDOSO

Tom Battin, Mayor
Joe Eby, Village Councilor
Debi Lee, Village Manager
Ron Sena, Deputy Village Manager
Judi Starkovich, CPA, Finance Director
Karen Gutierrez, Assistant Finance Director

AXIOM, CPAS

Chris Garner, CPA, Partner