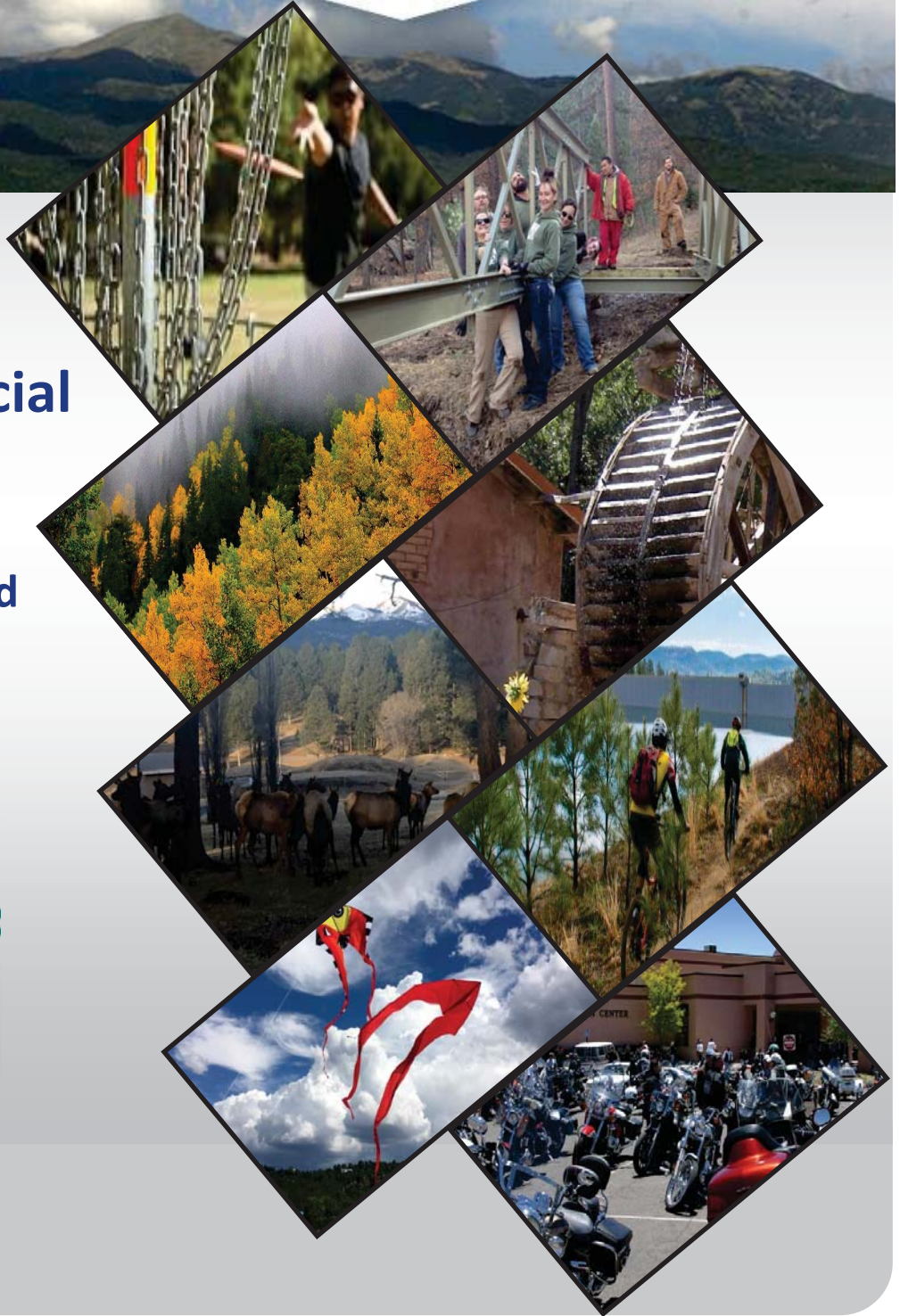




Annual Financial Report

For the Year Ended
June 30, 2018



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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, 2018

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, 2018**

ELECTED OFFICIALS

MAYOR	LYNN D. CRAWFORD
MAYOR PRO TEM	RAFAEL "RIFLE" SALAS
COUNCILOR	JOE EBY
COUNCILOR	JOHN CORNELIUS
COUNCILOR	TIM COUGHLIN
COUNCILOR	GARY JACKSON
COUNCILOR	TOM BATTIN

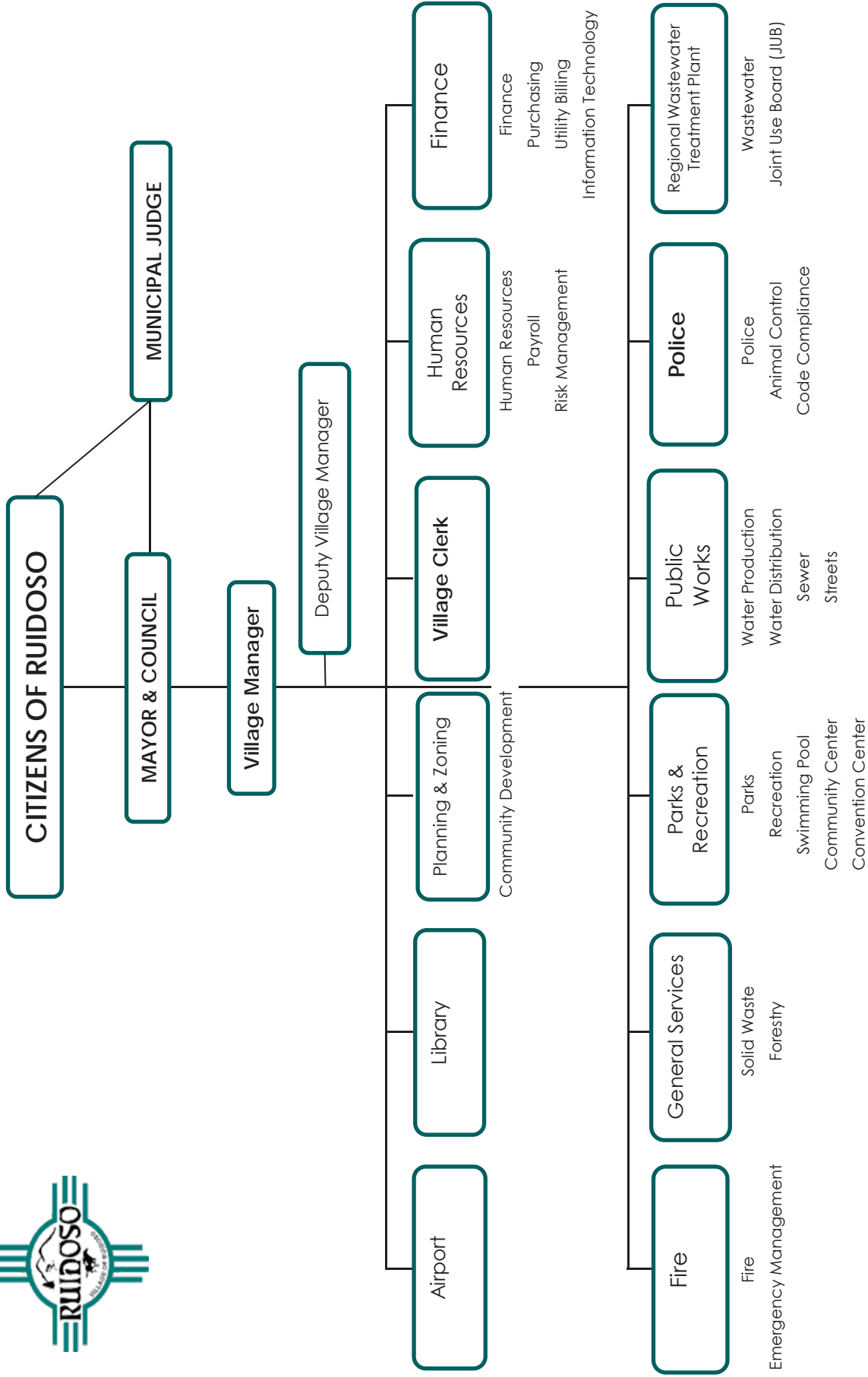
APPOINTED OFFICIALS

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

Mr. Wayne Johnson
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 and major special revenue fund of the Village of Ruidoso (the Village), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Village's basic financial statements 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, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund 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 5-16, the Schedule of Village's Proportionate Share of the Net Pension Liability, and Schedule of Village Contributions on pages 63-68 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 that collectively comprise the Village's basic financial statements. The combining and individual nonmajor fund financial statements, the accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S Code of Federal Regulations 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 combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and the 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 combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

Albuquerque, New Mexico
December 13, 2018

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Village of Ruidoso

Mayor Lynn D. Crawford
Councillors Rafael Salas
Joe Eby
John Cornelius
Tim Coughlin
Gary Jackson
Susan Lutterman
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, 2018. 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 \$75,771,204 (*net position*). Of this amount, (\$14,506,048) 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 increased \$7,799,849, which is a dramatic increase over the prior year. This is mainly due to the increase in Gross Receipts Taxes (GRT) and Intergovernmental Grants for capital projects and the reduction in overall department spending.
- At the close of the current fiscal year, the Village's governmental funds reported combined fund balances of \$15,264,599, an increase of \$2,383,761 in comparison with the prior year. Approximately 22.1% of this amount \$3,303,121 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 \$6,349,502, or approximately 47.7% of total general fund expenditures.
- Deferred outflows of resources of \$4,683,112 related to employer contributions subsequent to June 30, 2017, deferred inflows of resources of \$2,137,797, and a net pension liability of \$17,511,645 related to the Village's proportionate share of the Public Employees Retirement Association (PERA), a multiple employer cost sharing defined benefit pension plan at June 30, 2018.
- Deferred inflows of resources include unearned revenues of \$24,232,384 mainly from grants from the Federal Emergency Management Agency (FEMA) for the sewer line rehabilitation project and bridge replacements (\$24,105,401).

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 17 - 18 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 Municipal Gas Tax Special Revenue Fund, Bonds the General Obligation (GO) Bond Debt Service Fund, and the FEMA Capital Project Fund, which are considered to be major funds. Data from the other fourteen (14) 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 19 - 24 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), Solid Waste, Regional Wastewater Treatment Plant (RWWTP), and Airport 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, Solid Waste, RWWTP, and Airport operations, all of which are considered to be major funds of the Village.

The basic proprietary fund financial statements can be found on pages 25 - 28 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 29 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 30 - 62 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 \$75,771,204 at the close of the most recent fiscal year.

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

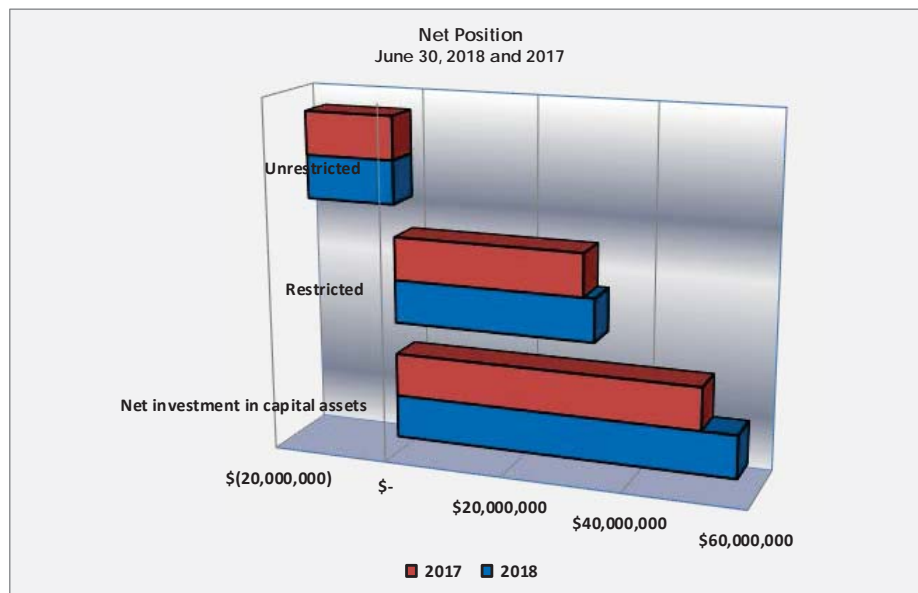
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>
ASSETS						
Current and other assets	\$ 41,033	\$ 39,387	\$ 20,955	\$ 19,202	\$ 61,988	\$ 58,589
Capital assets	<u>34,119</u>	<u>32,409</u>	<u>44,202</u>	<u>40,723</u>	<u>78,321</u>	<u>73,132</u>
Total Assets	<u>75,152</u>	<u>71,796</u>	<u>65,157</u>	<u>59,925</u>	<u>140,309</u>	<u>131,721</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,531</u>	<u>6,185</u>	<u>1,166</u>	<u>1,925</u>	<u>4,697</u>	<u>8,110</u>
LIABILITIES						
Other liabilities	1,326	903	1,274	889	2,600	1,792
Long-term liabilities outstanding	9,400	9,078	13,352	14,288	22,752	23,366
Net pension liability	<u>13,555</u>	<u>16,025</u>	<u>3,957</u>	<u>5,041</u>	<u>17,512</u>	<u>21,066</u>
Total Liabilities	<u>24,281</u>	<u>26,006</u>	<u>18,583</u>	<u>20,218</u>	<u>42,864</u>	<u>46,224</u>
DEFERRED INFLOWS OF RESOURCES	<u>26,051</u>	<u>25,579</u>	<u>320</u>	<u>57</u>	<u>26,371</u>	<u>25,636</u>

NET POSITION	Governmental Activities		Business-type Activities		Total Government	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Net investment in capital assets	25,659	24,277	31,407	26,964	57,066	51,241
Restricted	27,694	28,534	5,516	3,380	33,210	31,914
Unrestricted (deficits)	(25,002)	(26,415)	10,497	11,231	(14,505)	(15,184)
Total Net Position	\$ 28,351	\$ 26,396	\$ 47,420	\$ 41,575	\$ 75,771	\$ 67,971

By far, the largest portion of the Village's net position 75.3% (\$57,066,510) 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 \$33,210,742 (43.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$14,506,048) (-19.1%) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. The negative balance is primarily caused by the increase in restricted net position due to the advance payment of federal grant funds for capital projects that may not be completed until FY 2020.

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 (\$25,002,290), which is attributed to the advance of FEMA funding for the Sewer Line Rehabilitation Construction Project. In FY 2017, the Village received \$22,633,023 to finish design and construct the project. Design is estimated to be complete in December 2018 and construction to begin in January 2019. In the prior year, the Village reported the only negative net position in the unrestricted category which was also attributed to advance of the FEMA funds. All categories of net position for business-type activities reported positive balances in both fiscal years.



The Village's overall net position increased \$7,799,849 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)

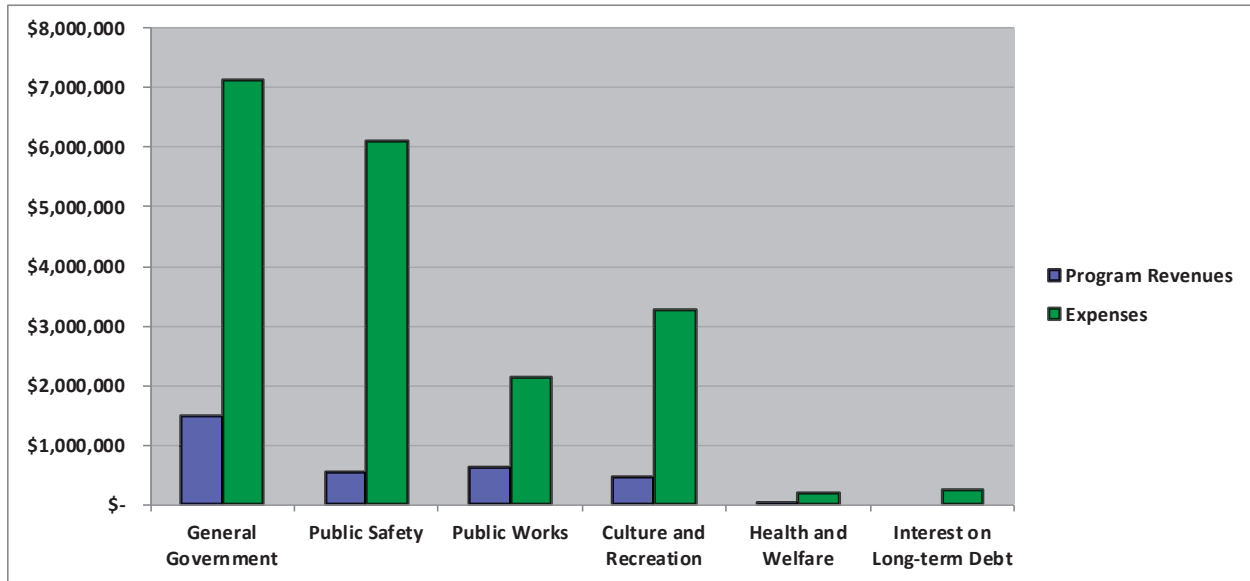
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>
REVENUES						
Program revenues:						
Charges for services	\$ 1,846	\$ 1,844	\$ 14,050	\$ 13,587	\$ 15,896	\$ 15,431
Operating grants and contributions	1,086	1,012	10	30	1,096	1,042
Capital grants and contributions	2,250	303	2,603	344	4,853	647
General revenues:						
Property taxes	3,332	3,247	-	-	3,332	3,247
Other taxes	6,833	6,350	4,468	4,037	11,301	10,387
Grants and contributions not restricted to specific programs	3,727	3,399	-	-	3,727	3,399
Other	<u>735</u>	<u>636</u>	<u>(29)</u>	<u>(22)</u>	<u>706</u>	<u>614</u>
Total Revenues	<u>19,809</u>	<u>16,791</u>	<u>21,102</u>	<u>17,976</u>	<u>40,911</u>	<u>34,767</u>
EXPENSES						
General government	7,121	6,084	-	-	7,121	6,084
Public safety	6,107	5,714	-	-	6,107	5,714
Public works	2,128	2,296	-	-	2,128	2,296
Culture and recreation	3,278	2,911	-	-	3,278	2,911
Health and welfare	190	136	-	-	190	136
Interest on long-term debt	258	254	-	-	258	254
Water and sewer	-	-	5,927	6,096	5,927	6,096
Solid waste	-	-	3,577	3,193	3,577	3,193
Wastewater	-	-	3,300	3,384	3,300	3,384
Airport	<u>-</u>	<u>-</u>	<u>1,225</u>	<u>1,341</u>	<u>1,225</u>	<u>1,341</u>
Total Expenses	<u>19,082</u>	<u>17,395</u>	<u>14,029</u>	<u>14,014</u>	<u>33,111</u>	<u>31,409</u>
Increase (decrease) in net position before transfers	727	(604)	7,073	3,962	7,800	3,358
Transfers	<u>1,228</u>	<u>(12)</u>	<u>(1,228)</u>	<u>12</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	1,955	(616)	5,845	3,974	7,800	3,358
Net Position, Beginning of Year	<u>26,396</u>	<u>27,012</u>	<u>41,575</u>	<u>37,601</u>	<u>67,971</u>	<u>64,613</u>
Net Position, End of Year	<u>\$ 28,351</u>	<u>\$ 26,396</u>	<u>\$ 47,420</u>	<u>\$ 41,575</u>	<u>\$ 75,771</u>	<u>\$ 67,971</u>

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1,955,441 from the prior fiscal year for an ending balance of \$28,351,378. Prior fiscal year resulted in a decrease in net position of \$616,464. The change between fiscal years totals \$2,571,905 and is attributed to the recognition of intergovernmental grant revenues from the progress of the FEMA sewer line rehabilitation design of \$1,251,569 and the Main Road Bridge Federal Economic Development Agency (EDA) grant in the amount of \$769,959. In addition, overall gross receipts tax revenues increased 9.98% (\$706,856) primarily due to construction projects within village limits. Lincoln County built an EMS Building, the Village completed water line and sewer lift station replacement projects, and the Ruidoso Municipal Schools built an elementary school.

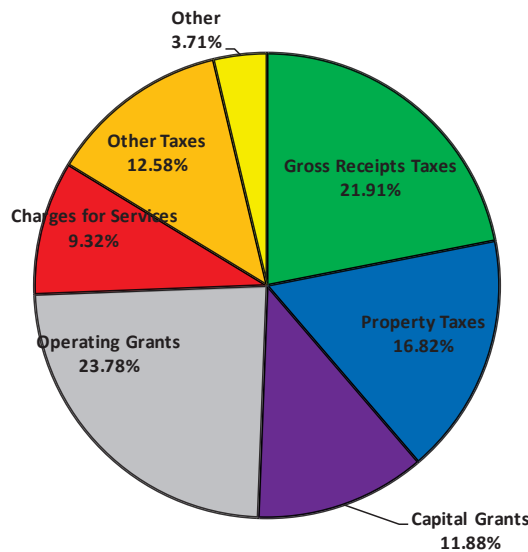
Operating expenditures were somewhat stable. Capital expenditures tied to the aforementioned grant funds were the driving force behind the \$1,685,109 increase to expenses.

The change in net transfers of \$1,239,902 was mainly caused by the reduction of a \$1,450,000 transfer from the GO Bond Debt Service Fund to the GO Bond Capital Project Fund. During the fiscal year, the Village issued \$1,500,000 of Series 2017 GO Bonds which is part of an ongoing bond cycling program. Every two (2) years the citizens vote on whether or not to issue \$3,000,000 of GO Bonds for water infrastructure projects. March 2018 was the most recent successful election. Normally the Village receives all funds upon issuance, however in FY 2018, NMFA established a reimbursement account where the Village draws down on funds upon expenditure of water infrastructure project costs. However, there was a slight increase in administrative fees paid to the General Fund by the business activities of the Village.

PROGRAM REVENUES AND EXPENSES – GOVERNMENTAL ACTIVITIES



GENERAL REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



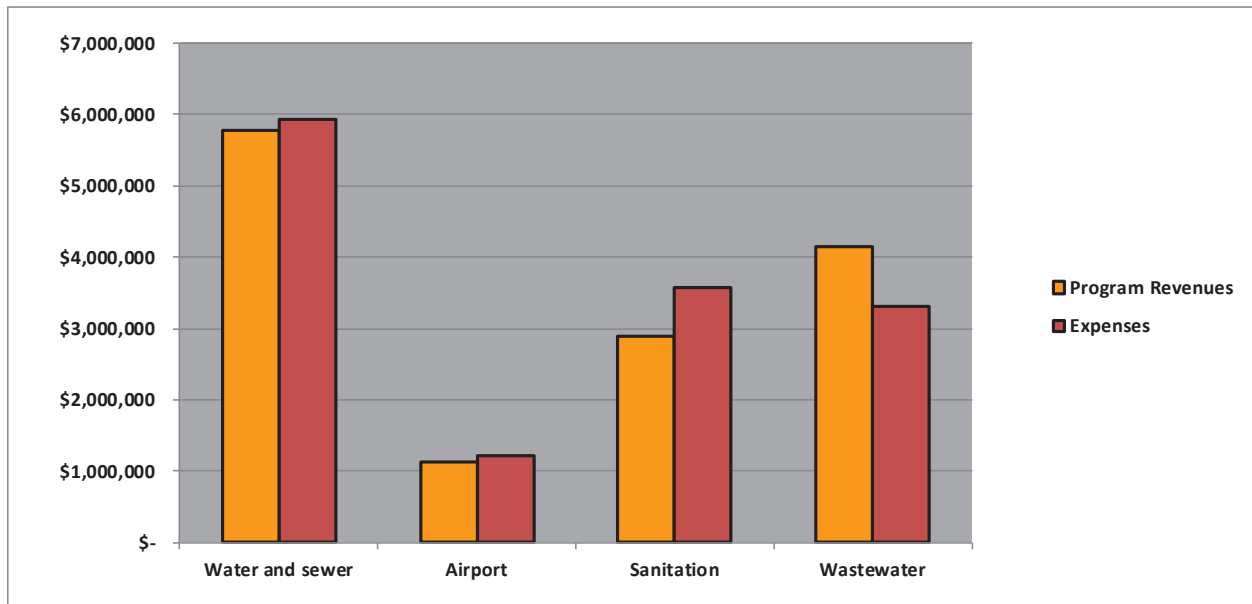
Business-type Activities. During the current fiscal year, net position for business-type activities increased \$5,844,408 from the prior fiscal year for an ending balance of \$47,419,826. When comparing both fiscal years, which reported increases in net position, the difference totals \$1,869,981 (prior year increase in net position \$3,974,427). The Village's water infrastructure projects and auto-read meters have led to savings of over 75 million gallons of water resulted in a \$460,767 increase in service charges for utilities. In addition, the Airport has finished its runway overlay project that was funded by both Federal and State Federal Aviation Agency (FAA) grants totaling \$2,370,411.

Business activities also saw an increase in gross receipts taxes of \$430,247 due to construction within village limits (see governmental activities for more details). Capital infrastructure projects are paid by funding sources other than utility rates. Ruidoso is one of only two municipalities in the State of New Mexico that received legislative approval for a 1% Supplemental Gross Receipts Tax (SGRT) that is restricted to water projects that yields approximately \$2,500,000 each year.

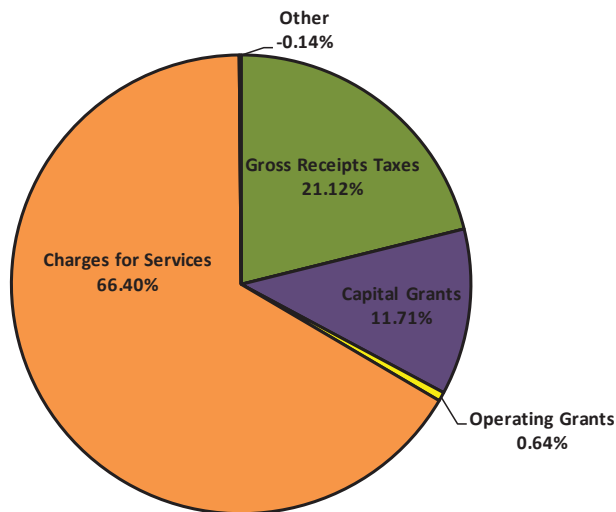
Village residents also voted in March 2016 to pay additional ad valorem (property) taxes to issue \$3,000,000 in GO bonds for water infrastructure within a two (2) year election cycle. The increase to property taxes is 1.5 mils.

Net transfers decreased \$1,239,902 due to the issuance of a NMFA reimbursement account for the Series 2017 GO Bonds instead of a direct issue. For more details, see governmental activities.

PROGRAM REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES



GENERAL REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

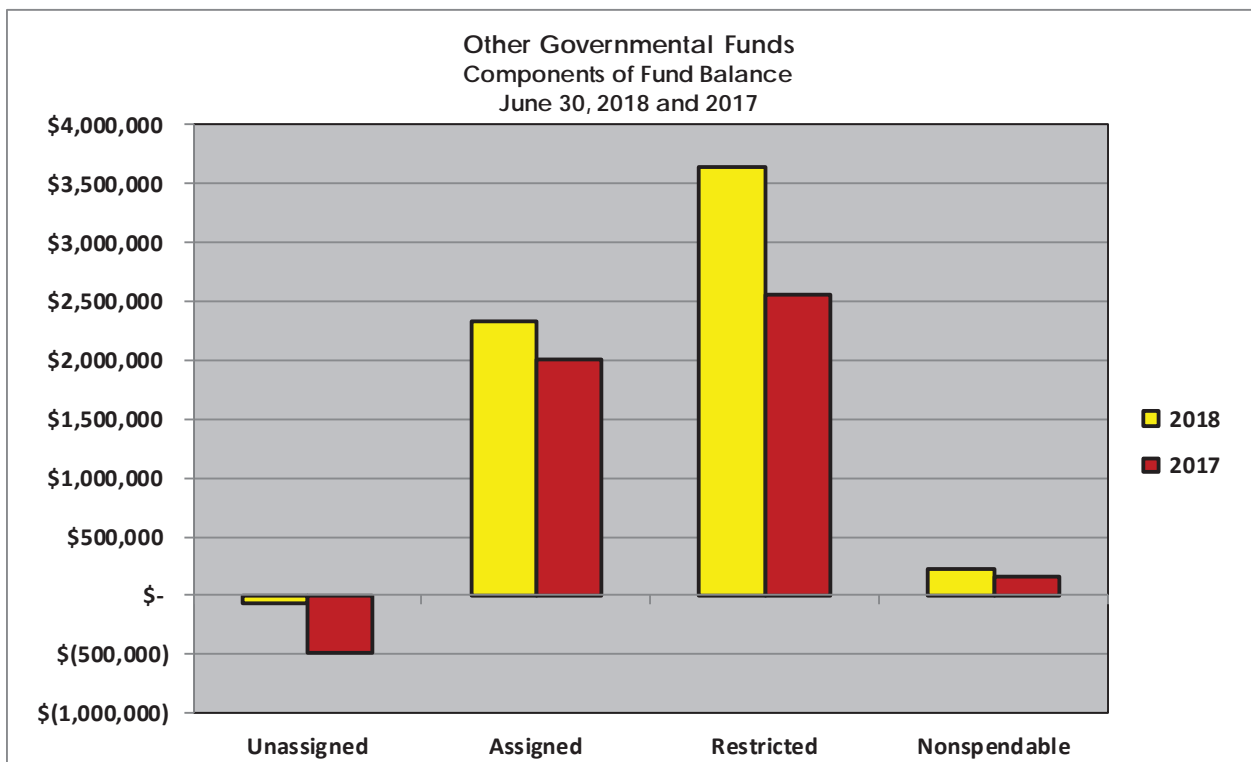


FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

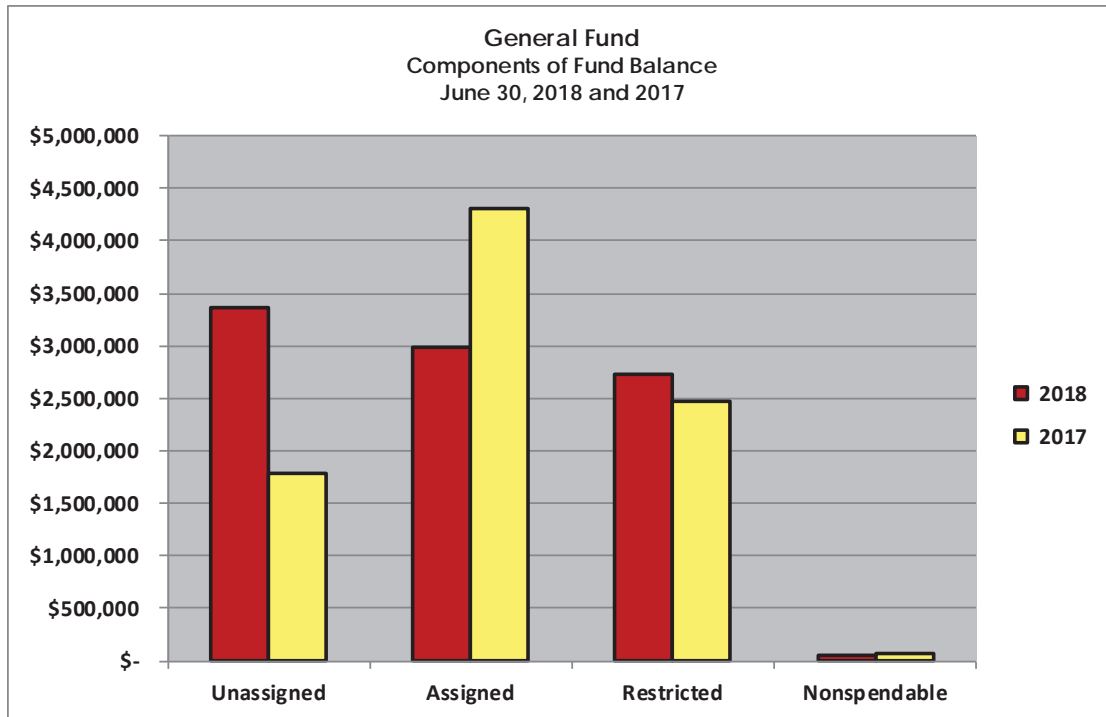
As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, 2018, the Village's governmental funds reported combined fund balances of \$15,264,599, an increase of \$2,383,761 in comparison with the prior year. Approximately 21.6% of this amount, \$3,303,121 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 (\$284,730), 2) legally required to be maintained intact (\$2,721,897), 3) restricted for particular purposes (\$6,367,411), or 4) assigned for particular purposes (\$5,309,337).



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 \$3,367,071, while total fund balance increased to \$9,131,297 (increase of \$491,636). 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 25.3% of total general fund expenditures, while total fund balance represents approximately 68.6% of that same amount.



The fund balance of the Village's general fund increased \$491,636 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was less than the prior year mainly due the completion of capital projects that were associated with grants, including the EDA Main Road Bridge Replacement. With the influx of construction GRT, the Village was able to replace all computer servers, purchase software upgrades to improve efficiency and computing power, and purchased several vehicles and pieces of heavy equipment.

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 \$10,496,242: RJU (water and sewer) totaled \$2,363,693, Solid Waste totaled \$175,255, RWWTP (wastewater) totaled \$7,900,624, and Airport totaled \$56,670. The total growth in net position for all four (4) funds was \$5,844,408 (RJU \$2,398,513, Solid Waste (\$200,911), RWWTP \$1,200,190, and Airport \$2,446,616). Total restricted net position reported a positive balance of \$5,516,274: RJU restricted net position was \$3,795,639, which is restricted for meter deposits and for cash and investments associated with Supplemental Gross Receipts Tax (SGRT), which is a tax that is restricted to water infrastructure projects and RWWTP reported a restricted in net position in the amount of \$1,720,635 that is associated with debt and equipment reserve funds. 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 budget increases are included in the first budget adjustment of the subsequent fiscal year and increased revenues by \$87,034 (grants) and expenditures by \$3,184,441 (capital projects). New revenues streams were identified in the final budget for Parks and Rec Special Events (\$31,000), mitigation settlement funds (\$100,000), Police overtime grants (\$61,426), and the outsourcing of firefighters to other states (\$19,667), which then in turn also increased expenditures.

GRT also increased due to construction projections within the Village, however these additional funds were not originally budgeted until mid-year for a computer project (\$201,000). Interest income (\$45,000) did increase because low rate certificates of deposit (CDs) matured and were reinvested in CDs with much higher interest rates.

Final Budget compared to Actual Results. General Fund actual revenues increased over final budget by \$157,122. However, the most significant difference between estimated revenues and actual revenues was in Gross Receipts Taxes and Intergovernmental – State Grants. The progress of construction projects by both Lincoln County and Ruidoso Municipal Schools along with some Village funded projects like Main Road Bridge (EDA grant) and the Airport runway overlay contributed to the increase. It also should be noted that although interest income's actual results are reported at a negative balance, the Village did not see this loss during the fiscal year. The negative balance is a result of the valuation of investments from cost to fair market value (FMV). The Village position is to hold the investments until maturity and really never realizes a loss on any of the type of securities. It is only during the interim holding period that these losses are booked.

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 \$731,600. In addition, the actual insurance renewals for health insurance was approximately four percent (4%) lower than budgeted. Management of departmental budgets were tight and therefore, actual levels did not even come close to budgeted amounts (savings of \$3,216,717) and several capital outlay projects were not completed during the fiscal year (savings of \$1,983,053).

Net transfers increased \$341,691 compared to budget which was caused by temporary loans to other funds for the time lag between year-end grant reimbursements application and receipt and for operating subsidies.

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, 2018, amounts to \$78,321,494 (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 increase of \$5,188,332 in capital assets for the current fiscal year was approximately 7.09%.

**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 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>
Land	\$ 10,316	\$ 10,316	\$ 1,651	\$ 1,140	\$ 11,967	\$ 11,456
Construction in progress	3,650	2,139	1,676	2,324	5,326	4,463
Art	18	18	-	-	18	18
Infrastructure	11,851	12,325	35,230	33,931	47,081	46,256
Buildings and improvements	5,050	4,552	3,985	1,322	9,035	5,874
Machinery and equipment	1,601	1,116	748	807	2,349	1,923
Vehicles	1,633	1,943	913	1,200	2,546	3,143
	<u>\$ 34,119</u>	<u>\$ 32,409</u>	<u>\$ 44,203</u>	<u>\$ 40,724</u>	<u>\$ 78,322</u>	<u>\$ 73,133</u>

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

- Purchase of land on Ski Run Road \$510,825 to begin protecting the Village's water sheds.
- Purchase of several pieces of heavy equipment at a total cost of \$798,098.

- Completion of building and land improvements including the replacement of the HVAC system at the Convention Center \$601,793, the runway overlay \$2,812,264, and the pavilion at Wingfield Park \$205,848.
- Various projects related to water and sewer distribution systems improvements including Cherokee/Hell Hole \$1,531,849 and various lift stations \$544,309.
- Partial completion of several system improvement and infrastructure projects that increased construction in progress by \$3,147,778, including the FEMA sewer line project \$1,013,146, Main Road Bridge \$903,425, Greenwell \$375,914, and water line replacements \$287,908.

Additional information on the Village's capital assets can be found on pages 45 - 46 of this report.

Long-term Debt. At the end of the current fiscal year, the Village had a total bonded debt outstanding of \$21,254,984. 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 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2017</u>
General obligation bonds	\$ 3,200	\$ 2,425	\$ -	\$ -	\$ 3,200	\$ 2,425
Gross receipts tax revenue bonds	3,395	3,550	1,750	1,865	5,145	5,415
Revenue bonds	-	-	11,045	11,895	11,045	11,895
	6,595	5,975	12,795	13,760	19,390	19,735
Loans payable	1,865	2,158	-	-	1,865	2,158
	<u>\$ 8,460</u>	<u>\$ 8,133</u>	<u>\$ 12,795</u>	<u>\$ 13,760</u>	<u>\$ 21,255</u>	<u>\$ 21,893</u>

The Village's total debt decreased \$637,686 (2.9%) during the current fiscal year. The Village issued \$1,500,000 series of GO Bonds in November 2017. 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 2020 is the next scheduled election to renew the levy. Principal payments totaled \$775,000.

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 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 A1 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 47 – 52 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 2018-2019 fiscal year budget are as follows:

- Estimated revenues were budgeted at fiscal year 2017 levels even though Lincoln County has begun construction on a new hospital and the Village has started several construction projects, which will increase local option GRT revenues. Additional funds generated will be used to fund capital reserves for one-time purchases.
- Personnel costs were increased by 17.0% due estimated insurance renewal costs and individual pay rates increased by 3% per employee as a cost of living adjustment. In addition, several employees retired during FY 2018 and replacements are paid at lower rates. These scenarios in combination increased personnel by \$130,000.
- Inflationary trends in the region compare favorably to national indices.
- Departmental operating and capital budgets were cut ten percent (10%) of fiscal year 2018 levels.

During the current fiscal year, the assigned fund balance in the general fund was \$2,982,431. The Village has appropriated \$2,634,187 of this amount for spending in the 2018-2019 fiscal year. This action rolled over several projects that were not completed during the 2018 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

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STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF NET POSITION
JUNE 30, 2018

	PRIMARY GOVERNMENT		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 4,847,263	\$ 1,320,164	\$ 6,167,427
Investments	5,420,720	11,257,161	16,677,881
Restricted cash and investments	27,694,468	5,516,274	33,210,742
Receivables, net of allowance	2,801,764	1,969,680	4,771,444
Internal balances	(16,000)	16,000	-
Inventories	242,724	875,267	1,117,991
Prepaid expenses	42,006	679	42,685
Capital assets:			
Land	10,315,759	1,650,771	11,966,530
Construction in progress	3,650,043	1,675,926	5,325,969
Art	18,200	-	18,200
Infrastructure	39,328,349	39,682,955	79,011,304
Buildings and improvements	14,717,371	7,826,320	22,543,691
Machinery and equipment	4,285,622	2,088,506	6,374,128
Vehicles	6,393,337	5,742,470	12,135,807
Less: accumulated depreciation	<u>(44,589,497)</u>	<u>(14,464,638)</u>	<u>(59,054,135)</u>
Total Assets	<u>75,152,129</u>	<u>65,157,535</u>	<u>140,309,664</u>
DEFERRED OUTFLOWS OF RESOURCES			
Insurance on bond issue, net of amortization	13,503	-	13,503
Pension related	<u>3,517,590</u>	<u>1,165,522</u>	<u>4,683,112</u>
Total Deferred Outflows of Resources	<u>3,531,093</u>	<u>1,165,522</u>	<u>4,696,615</u>
LIABILITIES			
Accounts payable	1,165,312	729,116	1,894,428
Accrued liabilities	125,829	70,863	196,692
Deposits payable	12,230	281,517	293,747
Accrued interest	23,191	192,882	216,073
Noncurrent liabilities:			
Due within one year	888,699	934,586	1,823,285
Due in more than one year	8,511,286	12,417,738	20,929,024
Net pension obligation	<u>13,554,734</u>	<u>3,956,911</u>	<u>17,511,645</u>
Total Liabilities	<u>24,281,281</u>	<u>18,583,613</u>	<u>42,864,894</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,827,535	310,262	2,137,797
Unearned revenue	<u>24,223,028</u>	<u>9,356</u>	<u>24,232,384</u>
Total Deferred Inflows of Resources	<u>26,050,563</u>	<u>319,618</u>	<u>26,370,181</u>
NET POSITION			
Net investment in capital assets	25,659,200	31,407,310	57,066,510
Restricted	27,694,468	5,516,274	33,210,742
Unrestricted (deficits)	<u>(25,002,290)</u>	<u>10,496,242</u>	<u>(14,506,048)</u>
Total Net Position	<u>\$ 28,351,378</u>	<u>\$ 47,419,826</u>	<u>\$ 75,771,204</u>

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

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STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE)/REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating		Governmental Activities	PRIMARY GOVERNMENT	
			Grants and Contributions	Capital Contributions		Business-type Activities	Total
Governmental activities:							
General government	\$ 7,073,767	\$ 1,380,632	306,155	\$ -	\$ (5,386,980)	\$ -	\$ (5,386,980)
Public safety	6,106,563	-	226,242	390,758	(5,489,563)	-	(5,489,563)
Public works	2,174,535	116,996	402,475	1,859,351	204,287	-	204,287
Culture and recreation	3,277,596	348,143	116,318	-	(2,813,135)	-	(2,813,135)
Health and welfare	189,754	-	34,992	-	(154,762)	-	(154,762)
Interest on long-term debt	258,253	-	-	-	(258,253)	-	(258,253)
Total Governmental Activities	19,080,468	1,845,771	1,086,182	2,250,109	(13,898,406)	-	(13,898,406)
Business-type activities:							
Water and sewer	5,927,377	5,855,112	-	-	-	(72,265)	(72,265)
Solid waste	3,577,437	2,894,886	-	-	-	(682,551)	(682,551)
Wastewater	3,299,780	4,240,852	-	-	-	941,072	941,072
Airport	1,225,325	1,059,091	10,000	2,602,839	-	2,446,605	2,446,605
Total Business-type Activities	14,029,919	14,049,941	10,000	2,602,839	-	2,632,861	2,632,861
Total Primary Government	\$ 33,110,387	\$ 15,895,712	\$ 1,096,182	\$ 4,852,948	(13,898,406)	2,632,861	(11,265,545)
GENERAL REVENUES:							
Property taxes, levied for general purposes					3,331,695	-	3,331,695
Franchise taxes					749,927	-	749,927
Gross receipts taxes					4,340,131	4,467,847	8,807,978
Public service taxes					1,742,455	-	1,742,455
Grants and contributions not restricted to specific program					3,726,626	-	3,726,626
Investment earnings					(8,201)	(32,472)	(40,673)
Miscellaneous income					745,930	-	745,930
Gain (loss) on disposal of assets					(2,383)	3,839	1,456
Net transfers					1,227,667	(1,227,667)	-
Total General Revenues and Transfers					15,853,847	3,211,547	19,065,394
Change in Net Position					1,955,441	5,844,408	7,799,849
Net Position, Beginning of Year					26,395,937	41,575,418	67,971,355
Net Position, End of Year					\$ 28,351,378	\$ 47,419,826	\$ 75,771,204

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

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>SPECIAL REVENUE FUND Municipal Gas Tax</u>	<u>DEBT SERVICE FUND GO Bonds</u>	<u>CAPITAL PROJECT FUND FEMA</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,824,095	\$ 83,994	\$ 1,454,335	\$ -	\$ 1,391,797	\$ 4,754,221
Investments	5,420,720	-	-	-	-	5,420,720
Restricted cash and investments	12,230	-	-	26,094,532	1,587,706	27,694,468
Receivables, net of allowance	2,570,131	30,821	-	-	200,812	2,801,764
Due from other funds	25,000	-	-	-	-	25,000
Inventories	17,992	224,732	-	-	-	242,724
Prepaid items	41,906	100	-	-	-	42,006
Total Assets	<u>\$ 9,912,074</u>	<u>\$ 339,647</u>	<u>\$ 1,454,335</u>	<u>\$ 26,094,532</u>	<u>\$ 3,180,315</u>	<u>\$ 40,980,903</u>
LIABILITIES						
Accounts payable	\$ 501,670	\$ 50,757	\$ -	\$ 411,597	\$ 194,375	\$ 1,158,399
Accrued liabilities	114,868	10,381	-	-	580	125,829
Deposits payable	12,230	-	-	-	-	12,230
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>628,768</u>	<u>61,138</u>	<u>-</u>	<u>411,597</u>	<u>194,955</u>	<u>1,296,458</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	-	117,627	-	24,105,401	-	24,223,028
Unavailable property taxes	152,009	-	44,809	-	-	196,818
	<u>152,009</u>	<u>117,627</u>	<u>44,809</u>	<u>24,105,401</u>	<u>-</u>	<u>24,419,846</u>
FUND BALANCES (DEFICITS)						
Nonspendable:						
Inventory	17,992	224,732	-	-	-	242,724
Prepaid items	41,906	100	-	-	-	42,006
Restricted:						
Public safety	-	-	-	-	301,188	301,188
Capital projects	-	-	-	1,577,534	695,606	2,273,140
Debt service	-	-	402,458	-	373,086	775,544
Other purposes	2,721,897	-	-	-	295,642	3,017,539
Assigned:						
Purchases on order	348,244	-	-	-	609,223	957,467
Subsequent year's budget; appropriation of fund balance	2,634,187	-	1,007,068	-	710,615	4,351,870
Unassigned (deficits)	<u>3,367,071</u>	<u>(63,950)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,303,121</u>
Total Fund Balances	<u>9,131,297</u>	<u>160,882</u>	<u>1,409,526</u>	<u>1,577,534</u>	<u>2,985,360</u>	<u>15,264,599</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,912,074</u>	<u>\$ 339,647</u>	<u>\$ 1,454,335</u>	<u>\$ 26,094,532</u>	<u>\$ 3,180,315</u>	<u>\$ 40,980,903</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, 2018

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

Total Fund Balances (Deficits) - Governmental Funds	\$ 15,264,599
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund statements.	34,018,337
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.	(22,964,407)
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.	145,976
Defined benefit pension plan deferred outflows and inflows are not available resources and, therefore, are not reported in the fund statements.	1,690,055
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds (unearned property taxes).	<u>196,818</u>
Net Position of Governmental Activities	<u>\$ 28,351,378</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, 2018

	<u>General</u>	<u>SPECIAL REVENUE FUND Municipal Gas Tax</u>	<u>DEBT SERVICE FUND GO Bonds</u>	<u>CAPITAL PROJECT FUND FEMA</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes:						
Property	\$ 2,551,276	\$ -	\$ 770,235	\$ -	\$ -	\$ 3,321,511
Gross receipts	4,340,131	-	-	-	-	4,340,131
Other	749,927	153,324	-	-	1,589,131	2,492,382
Intergovernmental:						
Federal grants	786,478	-	-	754,304	102,659	1,643,441
State grants	3,927,145	324,552	-	335,088	832,691	5,419,476
Licenses and permits	342,813	-	-	-	-	342,813
Charges for services	367,810	116,996	-	-	-	484,806
Fines and forfeitures	81,233	-	-	-	53,260	134,493
Investment earnings	(41,964)	56	12,066	-	21,641	(8,201)
Miscellaneous	702,695	6,243	-	-	33,000	741,938
Total Revenues	<u>13,807,544</u>	<u>601,171</u>	<u>782,301</u>	<u>1,089,392</u>	<u>2,632,382</u>	<u>18,912,790</u>
EXPENDITURES						
Current:						
General government	3,496,259	-	3,762	-	-	3,500,021
Public safety	5,481,922	-	-	-	315,925	5,797,847
Public works	91,375	1,679,264	-	(21,416)	138,691	1,887,914
Culture and recreation	2,107,295	-	-	-	1,047,978	3,155,273
Health and welfare	131,057	-	-	-	58,096	189,153
Debt service:						
Principal	-	39,422	725,000	-	408,264	1,172,686
Interest	-	9,243	55,481	-	194,487	259,211
Bond issuance costs	-	-	36,413	-	-	36,413
Capital outlay	1,994,892	-	-	1,019,043	790,627	3,804,562
Total Expenditures	<u>13,302,800</u>	<u>1,727,929</u>	<u>820,656</u>	<u>997,627</u>	<u>2,954,068</u>	<u>19,803,080</u>
Excess (Deficiency) of Revenues over Expenditures	<u>504,744</u>	<u>(1,126,758)</u>	<u>(38,355)</u>	<u>91,765</u>	<u>(321,686)</u>	<u>(890,290)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,948,290	1,230,000	-	218,187	708,802	4,105,279
Transfers out	(1,961,398)	-	(68,213)	-	(301,617)	(2,331,228)
Proceeds from debt issuance	-	-	1,500,000	-	-	1,500,000
Net Other Financing Sources (Uses)	<u>(13,108)</u>	<u>1,230,000</u>	<u>1,431,787</u>	<u>218,187</u>	<u>407,185</u>	<u>3,274,051</u>
Net Change in Fund Balances	491,636	103,242	1,393,432	309,952	85,499	2,383,761
Fund Balances, Beginning of Year	<u>8,639,661</u>	<u>57,640</u>	<u>16,094</u>	<u>1,267,582</u>	<u>2,899,861</u>	<u>12,880,838</u>
Fund Balances (Deficits), End of Year	<u>\$ 9,131,297</u>	<u>\$ 160,882</u>	<u>\$ 1,409,526</u>	<u>\$ 1,577,534</u>	<u>\$ 2,985,360</u>	<u>\$ 15,264,599</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, 2018

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

Net Change in Fund Balances - Governmental Funds	\$ 2,383,761
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.	1,756,834
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.	(328,108)
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.	(82,725)
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>(1,774,321)</u>
Change in Net Position Governmental Activities	<u>\$ 1,955,441</u>

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, 2018

	<u>BUDGETED AMOUNTS</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 2,583,300	\$ 2,583,300	\$ 2,242,712	\$ (340,588)
Gross receipts	3,857,610	4,058,610	4,340,131	281,521
Other	873,770	873,770	749,927	(123,843)
Intergovernmental:				-
Federal grants	34,170	18,084	23,738	5,654
State grants	3,567,050	3,654,126	3,927,145	273,019
Licenses and permits	332,000	333,550	342,813	9,263
Charges for services	290,500	345,017	371,995	26,978
Fines and forfeitures	87,500	87,100	81,233	(5,867)
Investment earnings	30,000	75,000	(41,964)	(116,964)
Miscellaneous	<u>359,000</u>	<u>554,746</u>	<u>702,695</u>	<u>147,949</u>
Total Revenues	<u>12,014,900</u>	<u>12,583,303</u>	<u>12,740,425</u>	<u>157,122</u>
EXPENDITURES				
Current:				
General government	3,861,290	4,178,950	3,256,996	921,954
Public safety	5,875,090	5,950,031	5,481,922	468,109
Public works	-	499,622	91,375	408,247
Culture and recreation	2,149,995	2,212,783	2,107,295	105,488
Health and welfare	152,490	147,750	131,057	16,693
Debt service:				
Principal	-	146,320	-	146,320
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay	<u>516,890</u>	<u>3,876,398</u>	<u>1,994,892</u>	<u>1,881,506</u>
Total Expenditures	<u>12,555,755</u>	<u>17,011,854</u>	<u>13,063,537</u>	<u>3,948,317</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(540,855)</u>	<u>(4,428,551)</u>	<u>(323,112)</u>	<u>4,105,439</u>
OTHER FINANCING SOURCES (USES)				
Designated cash	498,235	4,409,281	-	(4,409,281)
Transfers in	2,193,120	2,480,668	1,948,290	(532,378)
Transfers out	(2,150,500)	(2,461,398)	(1,587,329)	874,069
Refunding bonds issued	-	-	-	-
Net Other Financing Sources (Uses)	<u>540,855</u>	<u>4,428,551</u>	<u>360,961</u>	<u>(4,067,590)</u>
Net Change in Cash Balances	<u>\$ -</u>	<u>\$ -</u>	37,849	<u>\$ 37,849</u>
Cash Balances, Beginning of Year			<u>7,219,196</u>	
Cash Balances, End of Year			<u>\$ 7,257,045</u>	
RECONCILIATION TO GAAP BASIS:				
Net Change in Cash Balances			\$ 37,849	
Adjustments to revenues			1,067,119	
Adjustments to expenditures			<u>(613,332)</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 491,636</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
MUNICIPAL GAS TAX (STREETS) SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-
Other	140,000	140,000	153,324	13,324
Intergovernmental:				
Federal grants	-	-	-	-
State grants	242,960	559,781	442,179	(117,602)
Licenses and permits	-	-	-	-
Charges for services	360,000	365,000	116,571	(248,429)
Fines and forfeitures	-	-	-	-
Investment earnings	-	-	56	56
Miscellaneous	-	-	6,243	6,243
Total Revenues	<u>742,960</u>	<u>1,064,781</u>	<u>718,373</u>	<u>(346,408)</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,611,332	1,932,648	1,736,240	196,408
Culture and recreation	-	-	-	-
Health and welfare	-	-	-	-
Debt service:				
Principal	32,414	39,422	39,422	-
Interest	9,243	9,243	9,243	-
Bond issuance costs	-	-	-	-
Capital outlay	<u>324,000</u>	<u>320,513</u>	<u>-</u>	<u>320,513</u>
Total Expenditures	<u>1,976,989</u>	<u>2,301,826</u>	<u>1,784,905</u>	<u>516,921</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,234,029)</u>	<u>(1,237,045)</u>	<u>(1,066,532)</u>	<u>170,513</u>
OTHER FINANCING SOURCES (USES)				
Designated cash	4,029	7,045	-	(7,045)
Transfers in	1,230,000	1,230,000	1,130,000	(100,000)
Transfers out	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Net Other Financing Sources (Uses)	<u>1,234,029</u>	<u>1,237,045</u>	<u>1,130,000</u>	<u>(107,045)</u>
Net Change in Cash Balances	<u>\$ -</u>	<u>\$ -</u>	63,468	<u>\$ 63,468</u>
Cash Balances, Beginning of Year			<u>20,526</u>	
Cash Balances, End of Year			<u>\$ 83,994</u>	
RECONCILIATION TO GAAP BASIS:				
Net Change in Cash Balances			\$ 63,468	
Adjustments to revenues			(17,202)	
Adjustments to expenditures			<u>56,976</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 103,242</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, 2018

	BUSINESS-TYPE ACTIVITIES					GOVERNMENTAL
	Utility	Solid Waste	RWWTP	Airport	Total	ACTIVITIES Internal Service
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 142,117	\$ 687,127	\$ 442,941	\$ 47,979	\$ 1,320,164	\$ 93,042
Investments	3,195,696	506,397	7,555,068	-	11,257,161	-
Restricted cash and investments	3,795,639	-	1,720,635	-	5,516,274	-
Receivables, net of allowance	796,307	327,148	449,730	396,495	1,969,680	-
Due from other funds	-	-	41,000	-	41,000	-
Inventories	413,982	91,459	296,350	73,476	875,267	-
Prepaid expenses	365	-	-	314	679	-
Total Current Assets	<u>8,344,106</u>	<u>1,612,131</u>	<u>10,505,724</u>	<u>518,264</u>	<u>20,980,225</u>	<u>93,042</u>
Noncurrent Assets						
Capital assets:						
Land	510,825	-	39,946	1,100,000	1,650,771	-
Construction in progress	1,675,926	-	-	-	1,675,926	-
Infrastructure	16,873,327	-	22,809,628	-	39,682,955	-
Buildings and improvements	411,566	1,232,358	-	6,182,396	7,826,320	-
Machinery and equipment	444,821	598,151	361,017	684,517	2,088,506	223,430
Vehicles	1,216,188	3,416,805	128,714	980,763	5,742,470	-
Less: accumulated depreciation	<u>(2,720,628)</u>	<u>(3,903,399)</u>	<u>(3,741,223)</u>	<u>(4,099,388)</u>	<u>(14,464,638)</u>	<u>(122,583)</u>
Total Noncurrent Assets	<u>18,412,025</u>	<u>1,343,915</u>	<u>19,598,082</u>	<u>4,848,288</u>	<u>44,202,310</u>	<u>100,847</u>
Total Assets	<u>26,756,131</u>	<u>2,956,046</u>	<u>30,103,806</u>	<u>5,366,552</u>	<u>65,182,535</u>	<u>193,889</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	<u>554,868</u>	<u>410,096</u>	<u>200,558</u>	<u>-</u>	<u>1,165,522</u>	<u>-</u>
LIABILITIES						
Current Liabilities						
Accounts payable	190,827	103,052	43,493	391,744	729,116	6,913
Accrued liabilities	35,812	19,425	10,564	5,062	70,863	-
Deposits payable	281,517	-	-	-	281,517	-
Due to other funds	-	-	-	25,000	25,000	41,000
Accrued interest	4,490	-	188,392	-	192,882	-
Bonds and loans payable	115,000	-	775,000	-	890,000	-
Compensated absences	17,702	16,881	7,568	2,435	44,586	-
Unearned revenue	-	-	-	9,356	9,356	-
Total Current Liabilities	<u>645,348</u>	<u>139,358</u>	<u>1,025,017</u>	<u>433,597</u>	<u>2,243,320</u>	<u>47,913</u>
Noncurrent Liabilities						
Compensated absences	203,574	194,137	87,030	27,997	512,738	-
Bonds and notes payable	1,635,000	-	10,270,000	-	11,905,000	-
Net pension obligation	<u>1,857,988</u>	<u>1,404,333</u>	<u>694,590</u>	<u>-</u>	<u>3,956,911</u>	<u>-</u>
Total Noncurrent Liabilities	<u>3,696,562</u>	<u>1,598,470</u>	<u>11,051,620</u>	<u>27,997</u>	<u>16,374,649</u>	<u>-</u>
Total Liabilities	<u>4,341,910</u>	<u>1,737,828</u>	<u>12,076,637</u>	<u>461,594</u>	<u>18,617,969</u>	<u>47,913</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, 2018

	<u>BUSINESS-TYPE ACTIVITIES</u>				<u>Total</u>	<u>GOVERNMENTAL</u>
	<u>Utility</u>	<u>Solid Waste</u>	<u>RWWTP</u>	<u>Airport</u>		<u>ACTIVITIES</u>
						<u>Internal Service</u>
DEFERRED INFLOWS OF RESOURCES				-		
Pension related	<u>147,732</u>	<u>109,144</u>	<u>53,386</u>	-	<u>310,262</u>	-
NET POSITION						
Net investment in capital assets	16,662,025	1,343,915	8,553,082	4,848,288	31,407,310	100,847
Restricted	3,795,639	-	1,720,635	-	5,516,274	-
Unrestricted	<u>2,363,693</u>	<u>175,255</u>	<u>7,900,624</u>	<u>56,670</u>	<u>10,496,242</u>	<u>45,129</u>
Total Net Position	<u>\$ 22,821,357</u>	<u>\$ 1,519,170</u>	<u>\$ 18,174,341</u>	<u>\$ 4,904,958</u>	<u>\$ 47,419,826</u>	<u>\$ 145,976</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, 2018

	BUSINESS-TYPE ACTIVITIES					GOVERNMENTAL
	Utility	Solid Waste	RWWTP	Airport	Total	ACTIVITIES Internal Service
OPERATING REVENUES						
Charges for services	\$ 5,825,821	\$ 2,868,471	\$ 3,746,693	\$ 835,551	\$ 13,276,536	\$ 883,659
Intergovernmental - State	-	-	-	29,800	29,800	-
Miscellaneous	29,291	26,415	494,159	223,540	773,405	3,992
Total Revenues	<u>5,855,112</u>	<u>2,894,886</u>	<u>4,240,852</u>	<u>1,088,891</u>	<u>14,079,741</u>	<u>887,651</u>
OPERATING EXPENSES						
Current:						
Personnel services	2,513,966	1,441,547	790,646	415,395	5,161,554	-
Materials and supplies	379,218	565,435	117,924	528,608	1,591,185	50,821
Repairs and maintenance	623,206	511,314	674,547	41,054	1,850,121	22,295
Utilities	403,432	62,493	486,218	49,859	1,002,002	-
Contractual services	1,423,533	701,753	264,822	9,164	2,399,272	852,574
Depreciation expense	525,385	294,895	587,993	181,245	1,589,518	44,686
Total Expenditures	<u>5,868,740</u>	<u>3,577,437</u>	<u>2,922,150</u>	<u>1,225,325</u>	<u>13,593,652</u>	<u>970,376</u>
Operating Income/(loss)	<u>(13,628)</u>	<u>(682,551)</u>	<u>1,318,702</u>	<u>(136,434)</u>	<u>486,089</u>	<u>(82,725)</u>
NONOPERATING REVENUES (EXPENSES)						
Gross receipts taxes	2,862,337	802,755	802,755	-	4,467,847	-
Intergovernmental:						
Federal grants	-	-	-	2,370,415	2,370,415	-
State grants	-	-	-	212,624	212,624	-
Investment earnings	(13,166)	577	(19,894)	11	(32,472)	-
Premium on the issuance of debt	-	-	-	-	-	-
Gain (loss) on disposal of assets	4,016	-	(177)	-	3,839	-
Debt service:						
Interest	(58,637)	-	(377,630)	-	(436,267)	-
Bond issuance costs	-	-	-	-	-	-
Net Nonoperating Revenues	<u>2,794,550</u>	<u>803,332</u>	<u>405,054</u>	<u>2,583,050</u>	<u>6,585,986</u>	<u>-</u>
Income Before Transfers	<u>2,780,922</u>	<u>120,781</u>	<u>1,723,756</u>	<u>2,446,616</u>	<u>7,072,075</u>	<u>(82,725)</u>
NET TRANSFERS						
Transfers in	700,469	46,396	-	-	746,865	-
Transfers out	(1,082,878)	(368,088)	(523,566)	-	(1,974,532)	-
Net Transfers	<u>(382,409)</u>	<u>(321,692)</u>	<u>(523,566)</u>	<u>-</u>	<u>(1,227,667)</u>	<u>-</u>
Net Change in Net Position	2,398,513	(200,911)	1,200,190	2,446,616	5,844,408	(82,725)
Net Position, Beginning of Year	<u>20,422,844</u>	<u>1,720,081</u>	<u>16,974,151</u>	<u>2,458,342</u>	<u>41,575,418</u>	<u>228,701</u>
Net Position, End of Year	<u>\$ 22,821,357</u>	<u>\$ 1,519,170</u>	<u>\$ 18,174,341</u>	<u>\$ 4,904,958</u>	<u>\$ 47,419,826</u>	<u>\$ 145,976</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, 2018

	BUSINESS-TYPE ACTIVITIES					GOVERNMENTAL
	Utility	Solid Waste	RWWTP	Airport	Total	ACTIVITIES Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 5,664,241	\$ 2,841,310	\$ 4,194,037	\$ 747,608	\$ 13,447,196	\$ 887,651
Cash received from operational grants	-	-	-	29,800	29,800	-
Cash received from (paid to) other funds for services	-	-	(41,000)	(25,000)	(66,000)	41,000
Cash paid to suppliers for goods and services	(2,883,230)	(1,852,098)	(1,689,197)	(281,503)	(6,706,028)	(938,395)
Cash paid on behalf of employees for retirement	(45,202)	(15,887)	(1,991)	-	(63,080)	-
Cash paid to employees for salaries and benefits	(2,491,805)	(1,432,591)	(771,548)	(423,133)	(5,119,077)	-
Net Cash Provided by (Used for) Operating Activities	<u>244,004</u>	<u>(459,266)</u>	<u>1,690,301</u>	<u>47,772</u>	<u>1,522,811</u>	<u>(9,744)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash received from taxes	2,862,337	802,755	802,755	-	4,467,847	-
Operating subsidies from (to) other funds	(382,409)	(321,692)	(523,566)	-	(1,227,667)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>2,479,928</u>	<u>481,063</u>	<u>279,189</u>	<u>-</u>	<u>3,240,180</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(2,196,595)	(67,754)	(166,104)	(2,633,793)	(5,064,246)	-
Proceeds from the issuance of debt	-	-	-	-	-	-
Capital grants	-	-	-	2,583,039	2,583,039	-
Principal paid on capital debt	(205,000)	-	(760,000)	-	(965,000)	-
Interest paid on capital debt	(59,069)	-	(388,452)	-	(447,521)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,460,664)</u>	<u>(67,754)</u>	<u>(1,314,556)</u>	<u>(50,754)</u>	<u>(3,893,728)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment earnings	(13,166)	577	(19,894)	11	(32,472)	-
Net Increase (Decrease) in Cash and Cash Equivalents	250,102	(45,380)	635,040	(2,971)	836,791	(9,744)
Cash and Cash Equivalents, Beginning of Year	<u>6,883,350</u>	<u>1,238,904</u>	<u>9,083,604</u>	<u>50,950</u>	<u>17,256,808</u>	<u>102,786</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,133,452</u>	<u>\$ 1,193,524</u>	<u>\$ 9,718,644</u>	<u>\$ 47,979</u>	<u>\$ 18,093,599</u>	<u>\$ 93,042</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities						
Operation income (loss)	\$ (13,628)	\$ (682,551)	\$ 1,318,702	\$ (136,434)	\$ 486,089	\$ (82,725)
Adjustments to reconcile net operating income to net cash provided by operating activities:						
Depreciation	525,385	294,895	587,993	181,245	1,589,518	44,686
(Increase) decrease in accounts receivable	(213,251)	(126,063)	(48,431)	(312,616)	(700,361)	-
Increase (decrease) in allowance for doubtful	(1,728)	72,487	1,616	-	72,375	-
(Increase) decrease in inventories	(67,979)	(15,299)	(107,648)	(32,011)	(222,937)	-
(Increase) decrease in prepaid items	248	-	-	-	248	-
(Increase) decrease in deferred outflows	361,634	267,279	130,714	-	759,627	-
Increase (decrease) in accounts payable	13,890	4,196	(38,038)	379,193	359,241	(12,705)
Increase (decrease) in accrued wages and taxes	8,532	3,214	1,730	(528)	12,948	-
Increase (decrease) in meter deposits	24,108	-	-	-	24,108	-
Increase (decrease) in due to other funds	-	-	(41,000)	(25,000)	(66,000)	41,000
Increase (decrease) in compensated absences	13,629	5,742	17,368	(7,210)	29,529	-
Increase (decrease) in unearned revenue	-	-	-	1,133	1,133	-
Increase (decrease) in deferred inflows	124,415	91,954	44,970	-	261,339	-
Increase (decrease) in net pension liability	(531,251)	(375,120)	(177,675)	-	(1,084,046)	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 244,004</u>	<u>\$ (459,266)</u>	<u>\$ 1,690,301</u>	<u>\$ 47,772</u>	<u>\$ 1,522,811</u>	<u>\$ (9,744)</u>

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 30,2018

	Special Gifts	Bail Bonds	Total
ASSETS			
Cash and cash equivalents	\$ 136,162	\$ 2	\$ 136,164
Accounts receivable	-	-	-
Total Assets	\$ 136,162	\$ 2	\$ 136,164
LIABILITIES			
Accounts payable	\$ 916	\$ -	\$ 916
Due to other funds	-	-	-
Special projects payable	135,246	2	135,248
Total Liabilities	\$ 136,162	\$ 2	\$ 136,164

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, 2018

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 nonfiduciary 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 nonexchange 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 on November 15, 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 (GAAP) 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, 2018

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, 2018.

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 position 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 position 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 nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange 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, 2018

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 *Municipal Gas Tax (Streets) Special Revenue Fund* 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. In addition, the daily operations of the street department is also accounted for in this fund.

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 capital improvements, mainly the replacement of outdated water lines.

The *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.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 *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 (RWWTTP) 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.

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 services.

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, 2018

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 nonoperating 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 nonoperating 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, 2018, 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, 2018

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. In addition, the Village supports two (2) debt reserve funds in connection with the Series 2013 RWWTP Revenue Bond and the Series 2013 SGRT Refunding Bonds.

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, 2018 was \$5.149 per \$1,000 for residential property and \$4.571 for nonresidential property. In addition there was a \$1.507 per \$1,000 debt service levy for both residential and nonresidential property that is dedicated to water distribution infrastructure projects and is renewed every two (2) years by the citizens of the Village. Last renewal March 2018.

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, 2018

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, 2018, 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, 2018

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, 2018

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:

Net 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, 2018

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 \$2,721,897 at June 30, 2018.

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, 2018

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 \$22,964,407 difference are as follows:

Bonds payable	\$ (6,595,000)
Loans payable	(1,864,984)
Net pension obligation	(13,554,734)
Accrued interest (amortized as interest expense)	(23,191)
Compensated absences	(940,001)
Less: deferred charge for insurance (amortized over debt life)	13,503
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$(22,964,407)</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 \$1,690,056:

Deferred inflows – pension related	
Difference between expected and actual results	\$(1,488,714)
Change in assumptions	(169,106)
Change in proportion and difference between employer contributions and proportion share of contributions	(169,715)
Deferred outflows – pension related	
FY 2017 employee contributions	1,114,159
Difference between expected and actual results	576,694
Change in assumptions	638,194
Net difference between projected and actual investment earnings	907,436
Change in proportion and difference between employer contributions and proportion share of contribution	<u>281,107</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 1,690,055</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 \$1,756,834 difference are as follows:

Capital outlay	\$ 3,258,178
Depreciation expense	(1,501,344)
Net adjustment to reduce net changes in fund balances – total governmental funds to arrive at changes in net position – governmental activities	<u>\$ 1,756,834</u>

STATE OF NEW MEXICO
 VILLAGE OF RUIDOSO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
 (CONTINUED)**

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 \$328,108 difference are as follows:

Bond proceeds	\$(1,500,000)
Amortization expense	(794)
Less: principal repayments:	
Revenue bond debt	155,000
General obligation debt	725,000
Loans payable	292,686
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position – governmental activities	<u>\$ (328,108)</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 \$1,774,320 difference are as follows:

Pension expense	\$(1,788,204)
Delinquent property taxes	10,184
Accrued interest	958
Compensated absences	5,124
Less: loss on sale of assets	<u>(2,383)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position – governmental activities	<u>\$(1,774,321)</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, 2018, the Village did not report any funds with a negative fund balance.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 4. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Cash Deposits with Financial Institutions

Below is a summary of cash, cash equivalents, and investments as of June 30, 2018.

	Fair Market Value (FMV)	Bank Balance	Maturities
DEPOSITORY ACCOUNTS			
Checking	\$ 29,543,942	\$ 30,041,663	Full liquidity
Savings	5,229,476	5,229,476	Full liquidity
Cash with fiscal agent	1,770,890	1,770,890	
	<u>36,544,308</u>	<u>37,042,029</u>	
INVESTMENTS			
Money market	821,944	821,944	Full liquidity
Certificates of deposit	12,189,172	12,189,172	Five years or less
Treasury notes	6,635,390	6,635,390	Five years or less
	<u>19,646,506</u>	<u>19,646,506</u>	
SUBTOTAL	56,190,814	56,688,535	
CASH ON HAND	1,400	-	
TOTAL	<u>\$ 56,192,214</u>	<u>\$ 56,688,535</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, 2018.

Deposits of funds may be made in interest or noninterest 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, 2018, none of the Village's bank balances of \$56,688,535 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, 2018

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

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 statically 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.

At June 30, 2018, investments were measured at fair value using:

	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments by Fair Value Level				
US Bank	\$ 821,944	\$ -	\$ -	\$ 821,944
Marketable CDs	12,189,172	-	-	12,189,172
FNMA	-	2,604,943	-	2,604,943
FHLB	-	2,827,607	-	2,827,607
SLM	-	243,510	-	243,510
FFC	-	959,330	-	959,330
Total	\$ 13,011,116	\$ 6,635,390	\$ -	\$ 19,646,506

B. Restricted Assets

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

GOVERNMENTAL ACTIVITIES	
Restricted bond proceeds	\$ 1,224,256
Restricted grant funds	26,094,532
Cash with fiscal agent	363,450
Customer deposits	<u>12,230</u>
	<u>27,694,468</u>
BUSINESS-TYPE ACTIVITIES	
Restricted GRT revenues	3,354,071
Debt service reserve fund	1,892,578
Customer deposits	<u>269,625</u>
	<u>5,516,274</u>
Total Restricted Cash and Investments	<u>\$33,210,742</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 major and nonmajor governmental funds in the aggregate including the applicable allowance for doubtful accounts.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

C. Receivables (Continued)

	General	Municipal Gas Tax Special Revenue	GO Bond Debt Service	FEMA Capital Project	Nonmajor Governmental	Total
RECEIVABLES						
Accounts	\$ 155,091	\$ 5,052	\$ -	\$ -	\$ -	\$ 160,143
Taxes	1,782,402	25,769	56,594	-	153,832	2,018,597
Intergovernmental	823,131	-	-	41,754	46,980	911,865
	2,760,624	30,821	56,594	41,754	200,812	3,090,605
Allowance for doubtful accounts	(190,493)	(-)	(56,594)	(41,754)	(-)	(288,841)
NET RECEIVABLES	\$ 2,570,131	\$ 30,821	\$ -	\$ -	\$ 200,812	\$ 2,801,764

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, property tax revenues in the amount of \$196,818 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, 2018. In addition, FEMA grant funds advanced during the year in the amount of \$24,105,401 and NM Department of Transportation MAP grant funds in the amount of \$117,627 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, 2018.

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

	RJU	Solid Waste	RWWTP	Airport	Total
RECEIVABLES					
Accounts	\$ 329,615	\$ 608,989	\$ 475,026	\$ 1,803	\$ 1,415,433
Taxes	538,748	150,849	150,849	0	840,446
Intergovernmental	-	-	-	394,692	394,692
	868,363	759,838	625,875	396,495	2,650,571
Allowance for doubtful accounts	(72,056)	(432,690)	(176,145)	-	(680,891)
NET RECEIVABLES	\$ 796,307	\$ 327,148	\$ 449,730	\$ 396,495	\$ 1,969,680

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, 2018.

GOVERNMENTAL ACTIVITIES

Due to the General Fund from Airport Enterprise Fund	\$ 25,000
Due to the RWWTP Major Enterprise Fund from Risk Management Internal Service Fund	<u>(41,000)</u>
Total	<u>\$ (16,000)</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

D. Internal Balances (Continued)

Net operating transfers for the year ended June 30, 2018 are as follows:

MAJOR FUNDS	Transfers IN	Transfers OUT	Purpose
<i>Governmental Activities</i>			
General Fund	\$ 1,870,558	\$ 2,154,866	Administrative fees, capital funding, bond proceeds, operating subsidies, and debt service
Municipal Gas Tax Special Revenue Fund	1,501,200	-	Operating subsidy and capital funding
GO Bonds Debt Service Fund	-	68,213	Bond proceeds for capital funding
FEMA Capital Project Fund	218,187	-	
<i>Business-type Activities</i>			
RJU Enterprise Fund	499,988	882,397	Administrative fees, debt service, and capital funding
Solid Waste Enterprise Fund	46,396	368,088	Capital funding and administrative fees
RWWTP Enterprise Fund	-	523,566	Administrative fees
Total Major Funds	<u>4,136,329</u>	<u>3,997,130</u>	
NONMAJOR FUNDS			
<i>Governmental Activities</i>	<u>1,286,534</u>	<u>1,425,733</u>	Operating subsidies, debt service, and capital funding
	<u>\$ 5,422,863</u>	<u>\$ 5,422,863</u>	

E. Capital Assets

Capital assets activity for governmental activities for the year ended June 30, 2018 was as follows.

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated				
Land	\$ 10,315,759	\$ -	\$ -	\$ 10,315,759
Construction in progress	2,139,351	2,120,176	(609,484)	3,650,043
Art	18,200	-	-	18,200
<i>Total capital assets not depreciated</i>	<u>12,473,310</u>	<u>2,120,176</u>	<u>(609,484)</u>	<u>13,984,002</u>
Capital assets, begin depreciated				
Infrastructure	39,328,349	-	-	39,328,349
Buildings and improvements	13,817,944	899,427	-	14,717,371
Machinery and equipment	3,578,527	733,095	(26,000)	4,285,622
Vehicles	6,358,331	114,964	(79,958)	6,393,337
Total capital assets, being depreciated	<u>63,083,151</u>	<u>1,747,486</u>	<u>(105,958)</u>	<u>64,724,679</u>
Accumulated depreciation for:				
Infrastructure	(27,003,130)	(474,703)	-	(27,477,833)
Buildings and improvements	(9,266,016)	(401,277)	-	(9,667,293)
Machinery and equipment	(2,462,344)	(245,806)	23,617	(2,684,533)
Vehicles	(4,415,552)	(424,244)	79,958	(4,759,838)
Total accumulated depreciation	<u>(43,147,042)</u>	<u>(1,546,030)</u>	<u>103,575</u>	<u>(44,589,497)</u>
<i>Total capital assets, net of depreciation</i>	<u>19,936,109</u>	<u>(201,456)</u>	<u>(2,383)</u>	<u>20,135,182</u>
Net capital assets	\$ 32,409,419	\$ 1,918,720	\$ (611,867)	\$ 34,119,184

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

E. Capital Assets (Continued)

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

GOVERNMENTAL ACTIVITIES	
General government	\$809,474
Public safety	308,716
Public works	304,072
Culture and recreation	123,167
Health and welfare	<u>601</u>
	<u>\$1,546,030</u>

Capital assets activity for business-type activities for the year ended June 30, 2018 was as follows.

	Beginning Balance	Additions	Deletions	Ending Balance
<i>BUSINESS-TYPE ACTIVITIES</i>				
Capital assets, not being depreciated				
Land	\$ 1,139,946	\$ 510,825	\$ -	\$ 1,650,771
Construction in progress	<u>2,324,290</u>	<u>1,027,602</u>	<u>(1,675,966)</u>	<u>1,675,926</u>
<i>Total capital assets not depreciated</i>	<u>3,464,236</u>	<u>1,538,427</u>	<u>(1,675,966)</u>	<u>3,326,697</u>
Capital assets, begin depreciated				
Infrastructure	37,418,079	2,264,876	-	39,682,955
Buildings and improvements	4,996,965	2,829,355	-	7,826,320
Machinery and equipment	2,023,509	64,997	-	2,088,506
Vehicles	<u>5,892,430</u>	<u>46,396</u>	<u>(196,356)</u>	<u>5,742,470</u>
Total capital assets, being depreciated	<u>50,330,983</u>	<u>5,205,624</u>	<u>(196,356)</u>	<u>55,340,251</u>
Accumulated depreciation for:				
Infrastructure	(3,487,310)	(966,079)	-	(4,453,389)
Buildings and improvements	(3,674,610)	(166,359)	-	(3,840,969)
Machinery and equipment	(1,216,836)	(123,675)	-	(1,340,511)
Vehicles	<u>(4,692,720)</u>	<u>(333,405)</u>	<u>196,356</u>	<u>(4,829,769)</u>
Total accumulated depreciation	<u>(13,071,476)</u>	<u>(1,589,518)</u>	<u>196,356</u>	<u>(14,464,638)</u>
<i>Total capital assets, net of depreciation</i>	<u>37,259,507</u>	<u>3,616,106</u>	<u>-</u>	<u>40,875,613</u>
Net capital assets	<u>\$ 40,723,744</u>	<u>\$ 5,154,533</u>	<u>\$ (1,675,966)</u>	<u>\$ 44,202,310</u>

BUSINESS-TYPE ACTIVITIES	
Water and sewer (RJU)	\$ 525,385
Solid waste	294,895
Wastewater (RWWTP)	587,993
Airport	<u>181,245</u>
	<u>\$1,589,518</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

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, 2018.

The Village issues bonds where the Village pledges income from the receipt of 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 \$6,260,000. The 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	\$ 1,750,000	June 1, 2031
August 2015		
Capital projects	3,395,000	June 1, 2035
	<u>\$ 5,145,000</u>	

Annual debt service requirements to maturity for all capital project GRT revenue bonds in business-type activities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 115,000	\$ 53,888
2020	115,000	51,587
2021	120,000	48,138
2022	120,000	44,537
2023	125,000	40,938
2024 – 2028	685,000	143,837
2029 - 2031	470,000	30,519
	<u>\$ 1,750,000</u>	<u>\$ 413,444</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

F. Long-term Liabilities (Continued)

Gross Receipts Tax Revenue Bonds (Continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 150,000	\$ 117,400
2020	150,000	114,400
2021	150,000	111,400
2022	165,000	106,900
2023	175,000	101,950
2024 – 2028	950,000	427,475
2029 – 2033	1,135,000	244,400
2034 - 2035	<u>520,000</u>	<u>31,400</u>
	<u>\$ 3,395,000</u>	<u>\$ 1,255,325</u>

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 \$8,445,000. The bonds refunded revenue bonds that were used for the construction and/or improvements to the wastewater plant. Interest rate on the bonds is ranges from 2.00% to 4.00%.

Revenue bonds outstanding at year-end are as follows:

	<u>Amount</u>	<u>Maturity Date</u>
July 2013		
Wastewater	\$ 7,200,000	July 1, 2030

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 435,000	\$ 266,013
2020	455,000	248,212
2021	470,000	232,063
2022	485,000	217,737
2023	500,000	200,462
2024 – 2028	2,520,000	700,550
2029 - 2031	<u>2,335,000</u>	<u>169,044</u>
	<u>\$ 7,200,000</u>	<u>\$ 2,034,081</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

F. Long-term Liabilities (Continued)

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 \$9,630,000 and during the year, the Village issued an additional \$1,500,000 for water infrastructure projects as a part of a GO bond cycling program. Of the total amount, \$6,000,000 provided funds for the water system and \$5,130,000 was used to refund bonds 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. 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	\$ 545,000	June 1, 2024
Water	715,000	June 1, 2025
Water	915,000	June 1, 2026
Water	<u>1,025,000</u>	June 1, 2027
	3,200,000	
Wastewater	<u>3,845,000</u>	July 1, 2027
	<u>\$ 7,045,000</u>	

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 365,000	\$ 56,749
2020	370,000	50,985
2021	380,000	45,041
2022	380,000	38,787
2023	390,000	32,336
2024 – 2027	<u>1,315,000</u>	<u>57,749</u>
	<u>\$ 3,200,000</u>	<u>\$ 281,647</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 340,000	\$ 97,020
2020	350,000	87,912
2021	360,000	78,540
2022	370,000	68,904
2023	380,000	59,004
2024 – 2028	<u>2,045,000</u>	<u>137,742</u>
	<u>\$ 3,845,000</u>	<u>\$ 529,122</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

F. Long-term Liabilities (Continued)

Capital Loans

The Village has also issued low interest rate loans provided by intergovernmental agencies and financial institutions for the acquisition of machinery, equipment, vehicles, and remodel of facilities. Capital loans were issued for both governmental and business-type activities. The original amount of capital loans issued in prior years was \$4,084,118.

Capital Loans outstanding at year-end are as follows:

	Amount	Maturity Date
Police building	\$ 115,000	May 1, 2019
Fire trucks	539,602	May 1, 2025
Convention center	987,508	May 1, 2029
Equipment	222,874	August 1, 2020
	<u>\$ 1,864,984</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 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>
2019	\$ 115,000	\$ 3,726

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 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>
2019	\$ 69,311	\$ 20,757
2020	71,446	18,623
2021	73,825	16,244
2022	76,527	13,542
2023	79,489	10,580
2024 - 2025	<u>169,004</u>	<u>11,133</u>
	<u>\$ 539,602</u>	<u>\$ 90,879</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

F. Long-term Liabilities (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 Lodgers' Tax revenues.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 73,269	\$ 41,773
2020	75,870	39,172
2021	78,692	36,349
2022	81,753	33,288
2023	85,048	29,994
2024 – 2028	482,946	92,261
2029	<u>109,930</u>	<u>5,112</u>
	<u>\$ 987,508</u>	<u>\$ 277,949</u>

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>
2019	\$ 40,919	\$ 7,616
2020	30,176	4,492
2021	<u>151,779</u>	<u>-</u>
	<u>\$ 222,874</u>	<u>\$ 12,108</u>

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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, 2018 follows:

	Outstanding 07/01/17	Borrowings	Repayments	Outstanding 06/30/18	Due within One Year
GOVERNMENTAL ACTIVITIES					
GRT revenue bonds	\$ 3,550,000	\$ -	\$ 155,000	\$ 3,395,000	\$ 150,000
GO bonds	2,425,000	1,500,000	725,000	3,200,000	365,000
Capital loans	2,157,670	-	292,686	1,864,984	298,499
	8,132,670	1,500,000	1,172,686	8,459,984	813,499
Compensated absences	945,124	-	5,123	940,001	75,200
Total Governmental	9,077,794	1,500,000	1,177,809	9,399,985	888,699
BUSINESS-TYPE ACTIVITIES					
GRT revenue bonds	1,865,000	-	115,000	1,750,000	115,000
GO bonds	4,180,000	-	335,000	3,845,000	340,000
Revenue bonds	7,715,000	-	515,000	7,200,000	435,000
	13,760,000	-	965,000	12,795,000	890,000
Compensated absences	527,796	29,528	-	557,324	44,586
Total Business-type	14,287,796	29,528	965,000	13,352,324	934,586
TOTAL PRIMARY GOVERNMENT	\$ 23,365,590	\$ 1,529,528	\$ 2,142,809	\$ 22,752,309	\$ 1,823,285

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

G. Leases

The Village leases office equipment, heavy equipment, and machinery under short-term cancellable operating leases. Rental expenses for the year ended June 30, 2018 was \$106,072.

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, 2018

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, 2018 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, 2018. 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, 2018

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, 2017 available at [http://www.pera.state.nm.us/pdf/AuditFinancial Statements/ 366_Public_Employees_Retirement_Association_2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2017.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 2017 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures of the PERA fiscal year 2017 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2017.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 \$1,116,663 and employer paid member benefits that were "picked up" by the employer were \$400,711 for the year ended June 30, 2018.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2017. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2018, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2018. 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, 2018. Only employer contributions for the pay period end dates that fell within the period of July 1, 2017 to June 30, 2018 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2018 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, 2018, the Village reported a liability of \$9,716,152 for its proportionate share of the net pension liability. At June 30, 2018, the Village's proportion was 0.7071%, which was unchanged from its proportion measured as of June 30, 2017, due to the insignificance of the difference.

For the year ended June 30, 2018, the Village recognized PERA Fund Division Municipal General's pension expense of \$1,506,234. At June 30, 2018, 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
Differences between expected and actual experience	\$ 381,779	\$ 497,633
Change in assumptions	448,059	100,403
Net difference between projected and actual earnings on pension plan investments	797,152	-
Change in proportion and differences between employer contributions and proportionate share of contributions	152,851	126,637
Village contributions subsequent to measurement date	941,430	-
TOTAL	\$ 2,721,271	\$ 724,673

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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)

\$941,430 was reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date of June 30, 2017 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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>
2019	\$ 332,868
2020	860,169
2021	95,094
2022	(232,963)
2023	-
	<u>\$ 1,055,168</u>

For PERA Fund Division Municipal Police, at June 30, 2018, the Village reported a liability of \$3,699,511 for its proportionate share of the net pension liability. At June 30, 2018, the Village's proportion was 0.6659%, which was unchanged from its proportion measured as of June 30, 2017, due to the insignificance of the difference.

For the year ended June 30, 2018, the Village recognized PERA Fund Division Municipal Police's pension expense of \$530,991. At June 30, 2018 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	\$ 224,690	\$ 691,217
Change in assumptions	220,108	86,026
Net difference between projected and actual earnings on pension plan investments	297,945	-
Change in proportion and differences between employer contributions and proportionate share of contributions	137,892	40,220
Village contributions subsequent to measurement date	<u>325,642</u>	<u>-</u>
TOTAL	<u>\$ 1,206,277</u>	<u>\$ 817,463</u>

\$325,642 was reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date of June 30, 2017 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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>
2019	\$ 1,516
2020	218,140
2021	(69,369)
2022	(87,115)
2023	-
	<u>\$ 63,172</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, the Village reported a liability of \$4,095,982 for its proportionate share of the net pension liability. At June 30, 2018, the Village's proportion was 0.7159%, which was unchanged from its proportion measured as of June 30, 2017, due to the insignificance of the difference.

For the year ended June 30, 2018, the Village recognized PERA Fund Division Municipal Fire's pension expense of \$525,693. At June 30, 2018, 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	\$ 133,742	\$ 512,884
Change in assumptions	161,931	25,680
Net difference between projected and actual earnings on pension plan investments	153,759	-
Change in proportion and differences between employer contributions and proportionate share of contributions	55,830	57,097
Village contributions subsequent to measurement date	250,302	-
TOTAL	\$ 755,564	\$ 595,661

\$250,302 was reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date of June 30, 2017 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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>
2019	\$ 31,773
2020	43,732
2021	(121,605)
2022	(44,299)
2023	-
	<u>\$ (90,399)</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, 2017 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, 2017 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, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5. OTHER INFORMATION (CONTINUED)

C. PERA Pension Plan (Continued)

Actuarial Assumptions (Continued)

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Payroll growth rate	2.75% - 3.25%
Remaining amortization period	Solved for based on statutory rates or 30 years
Asset valuation method	4-year Smoothed Market Value
Actuarial assumptions:	
• Investment rate of return*	7.51% annual rate
• Projected salary increases	2.75% - 14.00%
• Projected benefit payment	86 – 100 years

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	Target	Long-term
<u>Asset Class</u>	<u>Allocation</u>	<u>Expected</u>
		Real Rate of
		Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets	<u>20.00%</u>	7.35%
TOTAL	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for the first nine (9) years (selected period) and 7.75% for all other years (ultimate). The equivalent blended rate is 7.48% and will be used to measure the total pension liability. 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 7.48% 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.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5. OTHER INFORMATION (CONTINUED)

C. PERA Pension Plan (Continued)

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 (6.51%) or one percentage point higher (8.51%) than the single discount rate.

PERA Fund Division Municipal General	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Village's proportionate share of the net pension liability	\$ 15,228,420	\$ 9,716,152	\$ 5,131,936

PERA Fund Division Municipal Police	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Village's proportionate share of the net pension liability	\$ 5,899,694	\$ 3,699,511	\$ 1,893,936

PERA Fund Division Municipal Fire	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
Village's proportionate share of the net pension liability	\$ 5,489,676	\$ 4,095,982	\$ 2,947,451

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2017 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, 2018, 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.

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. Deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees elect to contribute a 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.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5. OTHER INFORMATION (CONTINUED)

E. Deferred Compensation (Continued)

All contributions withheld from the participants' wages by the Village have been paid to the plan administrator. Currently, there are thirty-four (34) employees participating in the plans. Employee contributions totaled \$103,249 (\$87,646 ICMA and \$15,603 Nationwide) for the year ended June 30, 2018.

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 facilitate 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	\$ 348,244
Major governmental funds	2,816,327
Nonmajor governmental funds	<u>983,519</u>
Total	<u>\$4,148,090</u>

H. Tax Abatement

The Village entered into a property tax abatement agreement with Hotel Ruidoso, LLC (lessee). Under this agreement the Village leases the property on which the lessee built a hotel. An industrial revenue bond was issued to build the hotel. The Village holds legal title to the hotel. In accordance with NMSA 1978 Section 7-36-3A, property interests of a lessee in project property held under a lease from a municipality under authority of an industrial revenue bond are exempt from property taxation for as long as there is an outstanding bonded indebtedness under the terms of the revenue bonds issued for the acquisition of the project property, but in no event for a period of more than thirty years from the date of execution of the first lease of the project to lessee by the municipality.

For the fiscal year ended June 30, 2018, the Village abated property taxes totaling \$10,203 under this program. However, the lessee is still subject to a payment in lieu of taxes (PILOT) payment of \$7,500.

I. Subsequent Events

The Village issued \$1,500,000 of GO Bonds on December 11, 2018 for the purpose of generating funds for water infrastructure system repairs. The bonds were issued at an interest rate of 3.20%. The term of the bonds is ten (10) years with payments commencing June 1, 2019. Principal and interest are paid annually each June. The bonds are secured by a mill levy that is elected every two (2) years by the citizens of the Village.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5. OTHER INFORMATION (CONTINUED)

J. Recent Accounting Pronouncements

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. The provisions of this Statement establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable and is effective for reporting periods after June 15, 2018. The Village is currently reviewing the applicability and potential impact on the financial statements.

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. The provisions of this Statement establish criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria general is on (1) whether a government is controlling the assets of the fiduciary and activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefits arrangements that are fiduciary activities and is effective for reporting periods after December 15, 2018. The Village is currently reviewing the applicability and potential impact on the financial statements.

In March 2017, GASB Statement No. 85, *Omnibus 2017*, was issued. The provisions of this Statement address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)) and is effective for reporting periods after June 15, 2017. The Village is currently reviewing the applicability and potential impact on the financial statements.

In May 2017, GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued. The provisions of this Statement improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purposes of extinguishing debt and is effective for reporting periods after June 15, 2017. The Village is currently reviewing the applicability and potential impact on the financial statements.

In June 2017, GASB Statement No. 87, *Leases*, was issued. The provisions of this Statement improve accounting and financial reporting for leases by governments and is effective for reporting periods after December 15, 2019. The Village is currently reviewing the applicability and potential impact on the financial statements.

In March 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued. The provisions of this Statement improve financial reporting by providing users of financial statements with essential information about direct borrowings and direct placements that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows is effective for reporting periods after June 15, 2018. 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, 2018

NOTE 5. OTHER INFORMATION (CONTINUED)

J. Recent Accounting Pronouncements (Continued)

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued. The provisions of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of the construction period and is effective for reporting periods after December 15, 2019. The Village is currently reviewing the applicability and potential impact on the financial statements.

In August 2018, GASB Statement No. 90, *Majority Equity Interests, an Amendment of GASB Statements No. 14 and No. 61*, was issued. The provisions of this Statement will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interest in legally separate organizations that previously was reporting inconsistently. In addition, requiring reporting of information about component units if the government acquires 100 percent equity interest provides information about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit and is effective for reporting periods after December 15, 2018. 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, 2018

Public Employees Retirement Association of New Mexico
Schedule of Ten Year Tracking Data*
(Dollars Amounts 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>
Village's proportion of the net pension liability (asset)	0.31%	0.33%	0.70%	0.70%	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	\$ 21,066	\$ 17,512	-	-	-	-	-	-
Village's covered-employee payroll	\$ 7,924	\$ 8,601	\$ 8,450	\$ 9,107	-	-	-	-	-	-
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	130.72%	162.92%	249.30%	192.29%	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%	69.18%	73.74%	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, 2018

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	\$ 1,011	\$ 1,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>1,240</u>	<u>1,319</u>	<u>1,429</u>	<u>1,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ (335)</u>	<u>\$ (346)</u>	<u>\$ (418)</u>	<u>\$ (372)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 7,924	\$ 8,601	\$ 8,450	\$ 9,107						
Contributions as a percentage of covered-employee payroll	15.65%	15.34%	16.91%	15.50%						

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	5,733	5	-	-	-	1,379	1,379	2,139	834	2	-	-
2017	-	5	-	-	-	-	-	-	-	-	-	-
2018	-	5	-	-	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-
	<u>\$ 9,209</u>		<u>\$ -</u>	<u>\$ 840</u>	<u>\$ 668</u>	<u>\$ 2,047</u>	<u>\$ 2,046</u>	<u>\$ 2,772</u>	<u>\$ 834</u>	<u>\$ 2</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, 2018

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	\$ 590	\$ 593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>752</u>	<u>816</u>	<u>895</u>	<u>866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ (245)</u>	<u>\$ (256)</u>	<u>\$ (305)</u>	<u>\$ (273)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 5,860	\$ 6,415	\$ 6,210	\$ 6,749						
Contributions as a percentage of	12.83%	12.72%	14.41%	12.83%						

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	3,514	5	-	-	-	811	811	1,351	540	1	-	-
2017	1,055	5	-	-	-	-	333	860	95	(233)	-	-
2018	-	5	-	-	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-
	<u>\$ 6,471</u>		<u>\$ -</u>	<u>\$ 522</u>	<u>\$ 331</u>	<u>\$ 1,142</u>	<u>\$ 1,475</u>	<u>\$ 2,598</u>	<u>\$ 635</u>	<u>\$ (232)</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, 2018

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	\$ 237	\$ 259	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>292</u>	<u>287</u>	<u>304</u>	<u>320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ (57)</u>	<u>\$ (53)</u>	<u>\$ (67)</u>	<u>\$ (61)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 1,234	\$ 1,303	\$ 1,373	\$ 1,398						
Contributions as a percentage of	23.66%	22.03%	22.14%	22.89%						

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	1,236	5	-	-	-	280	280	487	189	-	-	-
2017	63	5	-	-	-	-	1	218	(69)	(87)	-	-
2018	-	5	-	-	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-
	<u>\$ 2,351</u>		<u>\$ -</u>	<u>\$ 243</u>	<u>\$ 217</u>	<u>\$ 497</u>	<u>\$ 498</u>	<u>\$ 863</u>	<u>\$ 120</u>	<u>\$ (87)</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, 2018

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	\$ 184	\$ 188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>196</u>	<u>216</u>	<u>230</u>	<u>226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	\$ (33)	\$ (37)	\$ (46)	\$ (38)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 829	\$ 883	\$ 867	\$ 961						
Contributions as a percentage of	23.64%	24.46%	26.53%	23.52%						

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	983	5	-	-	-	288	288	301	105	1	-	-
2017	(90)	5	-	-	-	-	32	44	(122)	(44)	-	-
2018	-	5	-	-	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,415</u>		<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 120</u>	<u>\$ 408</u>	<u>\$ 439</u>	<u>\$ 433</u>	<u>\$ (17)</u>	<u>\$ (43)</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, 2018

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 2017 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, 2017 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**

NONMAJOR 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 nonadministrative 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.

Special Library Fund accounts for resources from grants from the State of New Mexico and private agencies. The funds are to be spent on expenditures associated with the operations of the Village's Library.

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.

Intergovernmental Grants accounts for the resources from various Village governmental grants. These funds are to be spent on expenditures outlined in the grant award. Authority for creation of this fund is approved by Village Council.

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.

NONMAJOR 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 Gross Receipts Tax (GRT) Revenue Bond 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) Loan 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.

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.

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.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

SPECIAL REVENUE FUNDS

	<u>Correction Fees</u>	<u>Emergency Medical Services</u>	<u>Fire Protection</u>	<u>Law Enforcement Protection</u>	<u>Special Library</u>	<u>Lodgers' Tax</u>
ASSETS						
Cash and cash equivalents	\$ 67,799	\$ 17,863	\$ 501,362	\$ -	\$ 38,807	\$ 651,124
Investments	-	-	-	-	-	-
Restricted cash and investment	-	-	-	-	-	-
Receivables, net of allowance	-	-	-	-	-	153,832
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total Assets	<u>\$ 67,799</u>	<u>\$ 17,863</u>	<u>\$ 501,362</u>	<u>\$ -</u>	<u>\$ 38,807</u>	<u>\$ 804,956</u>
LIABILITIES						
Accounts payable	\$ 1,957	\$ -	\$ 2,268	\$ -	\$ -	\$ 40,611
Accrued liabilities	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>1,957</u>	<u>-</u>	<u>2,268</u>	<u>-</u>	<u>-</u>	<u>40,611</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	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted:						
Public safety	41,442	17,744	231,077	-	5,807	-
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	-	184,301
Assigned:						
Purchases on order	-	-	-	-	-	200,927
Subsequent year's budget; appropriation of fund	24,400	119	268,017	-	33,000	379,117
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>65,842</u>	<u>17,863</u>	<u>499,094</u>	<u>-</u>	<u>38,807</u>	<u>764,345</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 67,799</u>	<u>\$ 17,863</u>	<u>\$ 501,362</u>	<u>\$ -</u>	<u>\$ 38,807</u>	<u>\$ 804,956</u>

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

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>SPECIAL REVENUE FUNDS</u>					Subtotal Special Revenue Funds
	Inter- governmental Grants	RSVP	DWI	Forestry Operations	Traffic Safety Fees	
ASSETS						
Cash and cash equivalents	\$ 5,830	\$ 3,830	\$ 689	\$ 86,072	\$ 8,785	\$ 1,382,161
Investments	-	-	-	-	-	-
Restricted cash and investment	-	-	-	-	-	-
Receivables, net of allowance	-	3,737	-	19,969	-	177,538
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total Assets	<u>\$ 5,830</u>	<u>\$ 7,567</u>	<u>\$ 689</u>	<u>\$ 106,041</u>	<u>\$ 8,785</u>	<u>\$ 1,559,699</u>
LIABILITIES						
Accounts payable	\$ -	\$ 1,687	\$ -	\$ -	\$ 4,224	\$ 50,747
Accrued liabilities	-	580	-	-	-	580
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>2,267</u>	<u>-</u>	<u>-</u>	<u>4,224</u>	<u>51,327</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	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted:						
Public safety	-	-	557	-	4,561	301,188
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	5,300	-	106,041	-	295,642
Assigned:						
Purchases on order	-	-	-	-	-	200,927
Subsequent year's budget; appropriation of fund	5,830	-	132	-	-	710,615
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>5,830</u>	<u>5,300</u>	<u>689</u>	<u>106,041</u>	<u>4,561</u>	<u>1,508,372</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 5,830</u>	<u>\$ 7,567</u>	<u>\$ 689</u>	<u>\$ 106,041</u>	<u>\$ 8,785</u>	<u>\$ 1,559,699</u>

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

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	DEBT SERVICE		Subtotal	CAPITAL	Total
	FUNDS			PROJECT FUND	
	Revenue		Debt		Non Major
	Bonds	NMFA Loans	Service	GO Bond	Governmental
			Funds		Funds
ASSETS					
Cash and cash equivalents	\$ 9,636	\$ -	\$ 9,636	\$ -	\$ 1,391,797
Investments	-	-	-	-	-
Restricted cash and investment	-	363,450	363,450	1,224,256	1,587,706
Receivables, net of allowance	-	-	-	23,274	200,812
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	<u>\$ 9,636</u>	<u>\$ 363,450</u>	<u>\$ 373,086</u>	<u>\$ 1,247,530</u>	<u>\$ 3,180,315</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 143,628	\$ 194,375
Accrued liabilities	-	-	-	-	580
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,628</u>	<u>194,955</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>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Inventory	-	-	-	-	-
Prepaid items	-	-	-	-	-
Restricted:					
Public safety	-	-	-	-	301,188
Capital projects	-	-	-	695,606	695,606
Debt service	9,636	363,450	373,086	-	373,086
Other purposes	-	-	-	-	295,642
Assigned:					
Purchases on order	-	-	-	408,296	609,223
Subsequent year's budget; appropriation of fund	-	-	-	-	710,615
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>9,636</u>	<u>363,450</u>	<u>373,086</u>	<u>1,103,902</u>	<u>2,985,360</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 9,636</u>	<u>\$ 363,450</u>	<u>\$ 373,086</u>	<u>\$ 1,247,530</u>	<u>\$ 3,180,315</u>

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

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, 2018

	<u>SPECIAL REVENUE FUNDS</u>					
	<u>Correction Fees</u>	<u>Emergency Medical Services</u>	<u>Fire Protection</u>	<u>Law Enforcement Protection</u>	<u>Special Library</u>	<u>Lodgers' Tax</u>
REVENUES						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-
Other	-	-	-	-	-	1,589,131
Intergovernmental:						
Federal grants	-	-	-	-	-	-
State grants	-	10,124	390,758	34,400	16,318	100,000
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	48,699	-	-	-	-	-
Investment earnings	-	-	213	-	-	3,106
Miscellaneous	-	-	-	-	33,000	-
Total Revenues	<u>48,699</u>	<u>10,124</u>	<u>390,971</u>	<u>34,400</u>	<u>49,318</u>	<u>1,692,237</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	20,152	7,256	63,069	34,402	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	16,318	1,031,660
Health and welfare	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	236,743
Total Expenditures	<u>20,152</u>	<u>7,256</u>	<u>63,069</u>	<u>34,402</u>	<u>16,318</u>	<u>1,268,403</u>
Excess (Deficiency) of Revenues over Expenditures	<u>28,547</u>	<u>2,868</u>	<u>327,902</u>	<u>(2)</u>	<u>33,000</u>	<u>423,834</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(11,020)	-	(90,068)	-	-	(200,529)
Proceeds from debt issuance	-	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>(11,020)</u>	<u>-</u>	<u>(90,068)</u>	<u>-</u>	<u>-</u>	<u>(200,529)</u>
Net Change in Fund Balances	17,527	2,868	237,834	(2)	33,000	223,305
Fund Balances, Beginning of Year	<u>48,315</u>	<u>14,995</u>	<u>261,260</u>	<u>2</u>	<u>5,807</u>	<u>541,040</u>
Fund Balances, End of Year	<u>\$ 65,842</u>	<u>\$ 17,863</u>	<u>\$ 499,094</u>	<u>\$ -</u>	<u>\$ 38,807</u>	<u>\$ 764,345</u>

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

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, 2018

	<u>SPECIAL REVENUE FUNDS</u>					Subtotal Special Revenue Funds
	Inter- governmental Grants	RSVP	DWI	Forestry Operations	Traffic Safety Fees	
REVENUES						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-
Other	-	-	-	-	-	1,589,131
Intergovernmental:						
Federal grants	-	-	-	102,659	-	102,659
State grants	-	34,992	181,718	41,107	-	809,417
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	4,561	53,260
Investment earnings	-	-	-	-	-	3,319
Miscellaneous	-	-	-	-	-	33,000
Total Revenues	<u>-</u>	<u>34,992</u>	<u>181,718</u>	<u>143,766</u>	<u>4,561</u>	<u>2,590,786</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	181,587	-	9,459	315,925
Public works	-	-	-	138,691	-	138,691
Culture and recreation	-	-	-	-	-	1,047,978
Health and welfare	-	58,096	-	-	-	58,096
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	7,500	-	46,396	-	290,639
Total Expenditures	<u>-</u>	<u>65,596</u>	<u>181,587</u>	<u>185,087</u>	<u>9,459</u>	<u>1,851,329</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(30,604)</u>	<u>131</u>	<u>(41,321)</u>	<u>(4,898)</u>	<u>739,457</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	5,830	31,653	-	-	-	37,483
Transfers out	-	-	-	-	-	(301,617)
Proceeds from debt issuance	-	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>5,830</u>	<u>31,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(264,134)</u>
Net Change in Fund Balances	5,830	1,049	131	(41,321)	(4,898)	475,323
Fund Balances, Beginning of Year	<u>-</u>	<u>4,251</u>	<u>558</u>	<u>147,362</u>	<u>9,459</u>	<u>1,033,049</u>
Fund Balances, End of Year	<u>\$ 5,830</u>	<u>\$ 5,300</u>	<u>\$ 689</u>	<u>\$ 106,041</u>	<u>\$ 4,561</u>	<u>\$ 1,508,372</u>

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

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, 2018

	DEBT SERVICE FUNDS		Subtotal Debt Service Funds	CAPITAL PROJECT FUND GO Bond	Total Non Major Governmental Funds
	Revenue Bonds	NMFA Loans			
REVENUES					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-
Other	-	-	-	-	1,589,131
Intergovernmental:					
Federal grants	-	-	-	-	102,659
State grants	-	-	-	23,274	832,691
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	53,260
Investment earnings	-	5,785	5,785	12,537	21,641
Miscellaneous	-	-	-	-	33,000
Total Revenues	<u>-</u>	<u>5,785</u>	<u>5,785</u>	<u>35,811</u>	<u>2,632,382</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	315,925
Public works	-	-	-	-	138,691
Culture and recreation	-	-	-	-	1,047,978
Health and welfare	-	-	-	-	58,096
Debt service:					
Principal	155,000	253,264	408,264	-	408,264
Interest	120,500	73,987	194,487	-	194,487
Bond issuance costs	-	-	-	-	-
Capital outlay	-	-	-	499,988	790,627
Total Expenditures	<u>275,500</u>	<u>327,251</u>	<u>602,751</u>	<u>499,988</u>	<u>2,954,068</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(275,500)</u>	<u>(321,466)</u>	<u>(596,966)</u>	<u>(464,177)</u>	<u>(321,686)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	275,500	327,606	603,106	68,213	708,802
Transfers out	-	-	-	-	(301,617)
Proceeds from debt issuance	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>275,500</u>	<u>327,606</u>	<u>603,106</u>	<u>68,213</u>	<u>407,185</u>
Net Change in Fund Balances	-	6,140	6,140	(395,964)	85,499
Fund Balances, Beginning of Year	<u>9,636</u>	<u>357,310</u>	<u>366,946</u>	<u>1,499,866</u>	<u>2,899,861</u>
Fund Balances, End of Year	<u>\$ 9,636</u>	<u>\$ 363,450</u>	<u>\$ 373,086</u>	<u>\$ 1,103,902</u>	<u>\$ 2,985,360</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, 2018

<u>APPEARANCE BONDS</u>	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
ASSETS				
Cash and cash equivalents	\$ 834	\$ 2,647	\$ 3,479	\$ 2
Total Assets	<u>\$ 834</u>	<u>\$ 2,647</u>	<u>\$ 3,479</u>	<u>\$ 2</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Special projects payable	834	2,647	3,479	2
Total Liabilities	<u>\$ 834</u>	<u>\$ 2,647</u>	<u>\$ 3,479</u>	<u>\$ 2</u>
 SPECIAL GIFTS				
ASSETS				
Cash and cash equivalents	\$ 90,882	\$ 346,868	\$ 301,588	\$ 136,162
Accounts receivable	242,470	-	242,470	-
Total Assets	<u>\$ 333,352</u>	<u>\$ 346,868</u>	<u>\$ 544,058</u>	<u>\$ 136,162</u>
LIABILITIES				
Accounts payable	\$ 174	\$ 42,221	\$ 41,479	\$ 916
Due to other funds	242,069	-	242,069	-
Special projects payable	91,109	304,647	260,510	135,246
Total Liabilities	<u>\$ 333,352</u>	<u>\$ 346,868</u>	<u>\$ 544,058</u>	<u>\$ 136,162</u>
 TOTAL				
ASSETS				
Cash and cash equivalents	\$ 91,716	\$ 349,515	\$ 305,067	\$ 136,164
Accounts receivable	242,470	-	242,470	-
Total Assets	<u>\$ 334,186</u>	<u>\$ 349,515</u>	<u>\$ 547,537</u>	<u>\$ 136,164</u>
LIABILITIES				
Accounts payable	\$ 174	\$ 42,221	\$ 41,479	\$ 916
Due to other funds	242,069	-	242,069	-
Special projects payable	91,943	307,294	263,989	135,248
Total Liabilities	<u>\$ 334,186</u>	<u>\$ 349,515</u>	<u>\$ 547,537</u>	<u>\$ 136,164</u>

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

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NEW MEXICO STATE AUDITOR DISCLOSURES

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS AND PLEDGED COLLATERAL
JUNE 30, 2018

Financial Institution/Account Name	Deposit Type	Bank Balance	Reconciling Items	Reconciled Balance
WELLS FARGO, NEW MEXICO				
New General Operations	Checking	\$ 3,947,129	\$ (497,721)	3,449,408
FEMA Fund	Checking	26,094,532	-	26,094,532
Bail Bond Trust Fund	Checking	2	-	2
Village of Ruidoso	Savings	5,229,476	-	5,229,476
Municipality of Ruidoso		35,271,139	\$ (497,721)	\$ 34,773,418
Less: FDIC coverage		250,000		
Uninsured Public Funds		35,021,139		
Less: Pledged collateral held by the pledging financial institution		(39,270,023)		
Over insured and over collateralized		\$ (4,248,884)		
Collateral requirement - 50% of uninsured funds		\$ 17,510,570		
Less: Pledged security		39,270,023		
Over Collateral Requirement		\$ (21,759,453)		

Pledge Description	Maturity	CUSIP	Fair Market Value	Location of Safekeeper
FNMA FNMS 3.500%	05/01/2043	3138ELCA9	\$ 12,274,015	
FNMA FNMS 3.500%	01/01/2042	31418ACM8	\$ 902,334	Bank of New York Mellon,
FNMA FNMS 3.000%	09/01/2035	31418BUN4	26,093,674	New York, NY
			\$ 39,270,023	

WELLS FARGO BROKERAGE*

General Operations	Money Market	\$ 821,944	\$ -	\$ 821,944
General Operations**	CDs	12,189,172	-	12,189,172
General Operations	Treasury Notes	6,635,390	-	6,635,390
Municipality of Ruidoso		\$ 19,646,506	\$ -	\$ 19,646,506

BANK OF ALBUQUERQUE - NMFA*

Village of Ruidoso - Fire Truck Loan	Cash Deposit	\$ 51,865	\$ -	\$ 51,865
Village of Ruidoso - Convention Center Loan	Cash Deposit	129,055	-	129,055
Village of Ruidoso - Police Building Loan	Cash Deposit	182,530	-	182,530
Village of Ruidoso - General Obligation Bonds	Cash Deposit	1,407,440	-	1,407,440
Municipality of Ruidoso		\$ 1,770,890	\$ -	\$ 1,770,890

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

**The Village holds fifty (50) CDs with corresponding FDIC insurance of \$250,000 per CD. Therefore, these balances are insured for \$12,500,000.

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, 2018

Financial Institution/Account Name	Deposit Type	Bank Balance	Reconciling Items	Reconciled Balance
TOTAL FINANCIAL INSTITUTIONS				
Village of Ruidoso	Checking	\$ 30,041,663	\$ (497,721)	\$ 29,543,942
Village of Ruidoso	Savings	5,229,476	-	5,229,476
Village of Ruidoso	Cash Deposit	1,770,890	-	1,770,890
Village of Ruidoso	Money Market	821,944	-	821,944
Village of Ruidoso	CDs	12,189,172	-	12,189,172
Village of Ruidoso	Treasury Notes	6,635,390	-	6,635,390
Municipality of Ruidoso		56,688,535	<u>\$ (497,721)</u>	<u>\$ 56,190,814</u>
Less: Wells Fargo Brokerage		19,646,506		
Less: NMFA		<u>1,770,890</u>		
		35,271,139		
Less: FDIC coverage		<u>250,000</u>		
Uninsured Public Funds		35,021,139		
Less: Pledged collateral held by the pledging financial institution		<u>(39,270,023)</u>		
Over insured and over collateralized		<u>\$ (4,248,884)</u>		
Collateral requirement - 50% of uninsured funds		\$ 17,510,570		
Less: Pledged security		<u>(39,270,023)</u>		
Over Collateral Requirement		<u>\$ (21,759,453)</u>		

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, 2018

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 Vistors' 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

Begin Date	End Date	Estimated Amount of Project	Amount Contributed in Fiscal year	Audit Responsibility	Fiscal Agent	Name of Governmental Agency Reporting Revenue & Expense
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	Indefinitely	N/A	N/A	None	None	Both
02/28/2012	Indefinitely	N/A	N/A	Both	None	Both
06/04/2008	Indefinitely	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	\$2,883,022	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.

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COMPLIANCE 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

Mr. Wayne Johnson
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 and special revenue fund of the Village of Ruidoso (the Village) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 13, 2018.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

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 Village'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.



Albuquerque, New Mexico
December 13, 2018

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

Mr. Wayne A. Johnson
New Mexico State Auditor
and
The Village Council
Village of Ruidoso, New Mexico

Report on Compliance for the Major Federal Program

We have audited the Village of Ruidoso's (the Village) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal program for the year ended June 30, 2018. 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 the Village's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the Village compliance.

Opinion on the 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, 2018.

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 13, 2018

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

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	\$ 878,966
Homeland Security Grant Program	97.067	EMW-2014-SS-00030-SO	6,792
U.S. DEPARTMENT OF JUSTICE/BUREAU OF JUSTICE ASSISTANCE			
Bulletproof Vest Partnership	16.607	376955	6,240
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	11-521-2301-0052	88,259
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 Intoxicate	20.608	17-AL-64-084	2,256
Minimum Penalties for Repeat Offenders for Driving while Intoxicate	20.608	18-AL-64-084	2,969
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	3-35-0052-026-2017	2,370,411
U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ASSOCIATION			
Economic Adjustment Assistance	11.307	08-79-005105	<u>766,800</u>
Total Expenditures of Federal Awards			<u>\$ 4,122,693</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, 2018. 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.

3. Subrecipients

There were no awards passed through to subrecipients.

Reconciliation of Schedule of Federal Expenditures to Financial Statements

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 4,122,693
Total expenditures funded by other sources	<u>28,987,694</u>
Total expenditures and expenses per page 18	<u>\$ 33,110,387</u>

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

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major federal programs:

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ___ Yes X No

Identification of Major Program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
97.036	Disaster Grants – Public Assistance (Presidentially Declared)	Unmodified
20.106	Airport Improvement Program	Unmodified
11.307	Economic Adjustment Assistance	Unmodified

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee? ___ Yes X No

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II - FINDINGS – Financial Statement Audit

2018-001 – Unauthorized Release of Audit Results (Other Non-Compliance)

Condition: The Village released the results of the 2018 audit during its Council meeting in December 2018, as reported in a local newspaper on December 13, 2018, prior to report release by the Office of the State Auditor

Criteria: In accordance with 2.2.2.10(M)(3) NMAC, agency’s personnel and independent public accountant shall not release information to the public relating to the audit until report is released by the Office of the State Auditor (OSA), and has become public record. The audit report becomes public document 5 days from the date OSA issues the release letter.

Effect: The Village is not in compliance with the requirement of 2.2.2.10(M)(3) NMAC.

Cause: Our mayor was excited about the results of the audit and the fact that we have finally received an audit with no findings. He forgot about the OSA rule and the fact that the audit reports isn’t released until February or March.

Recommendation: We recommend that the Village follows the OSA rules in connection with the release of information relating to the audit.

Management’s Response: In the future, we will make sure that no information is released to the public until after the OSA officially releases the audit.

Section III - FINDINGS – Federal Awards

None Noted

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section IV - STATUS OF PRIOR YEAR FINDINGS

2017-001	Waste of Public Money (Non-Compliance)	Resolved
2017-002	Lodgers Tax Audit Compliance (Non-Compliance)	Resolved
2017-003	Penalty of Delinquent Accounts (Other Matters)	Resolved

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
REQUIRED DISCLOSURE
FOR THE YEAR ENDED JUNE 30, 2018**

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 10, 2018. The following individuals were in attendance.

VILLAGE OF RUIDOSO

Lynn Crawford, Mayor Pro Tem
Debi Lee, Village Manager
Ron Sena, Deputy Village Manager
Judi Starkovich, CPA, Finance Director

AXIOM, CPAS

Jaime Rumbaa, CPA, Partner