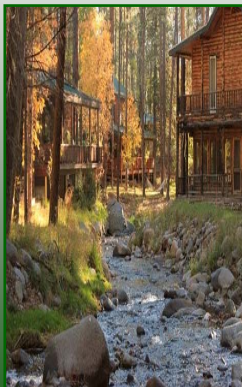
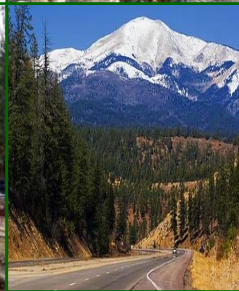


RUIDOSO
NEW MEXICO
LIVING IN NATURE'S PLAYGROUND

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019



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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, 2019

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, 2019

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	SUSAN LUTTERMAN

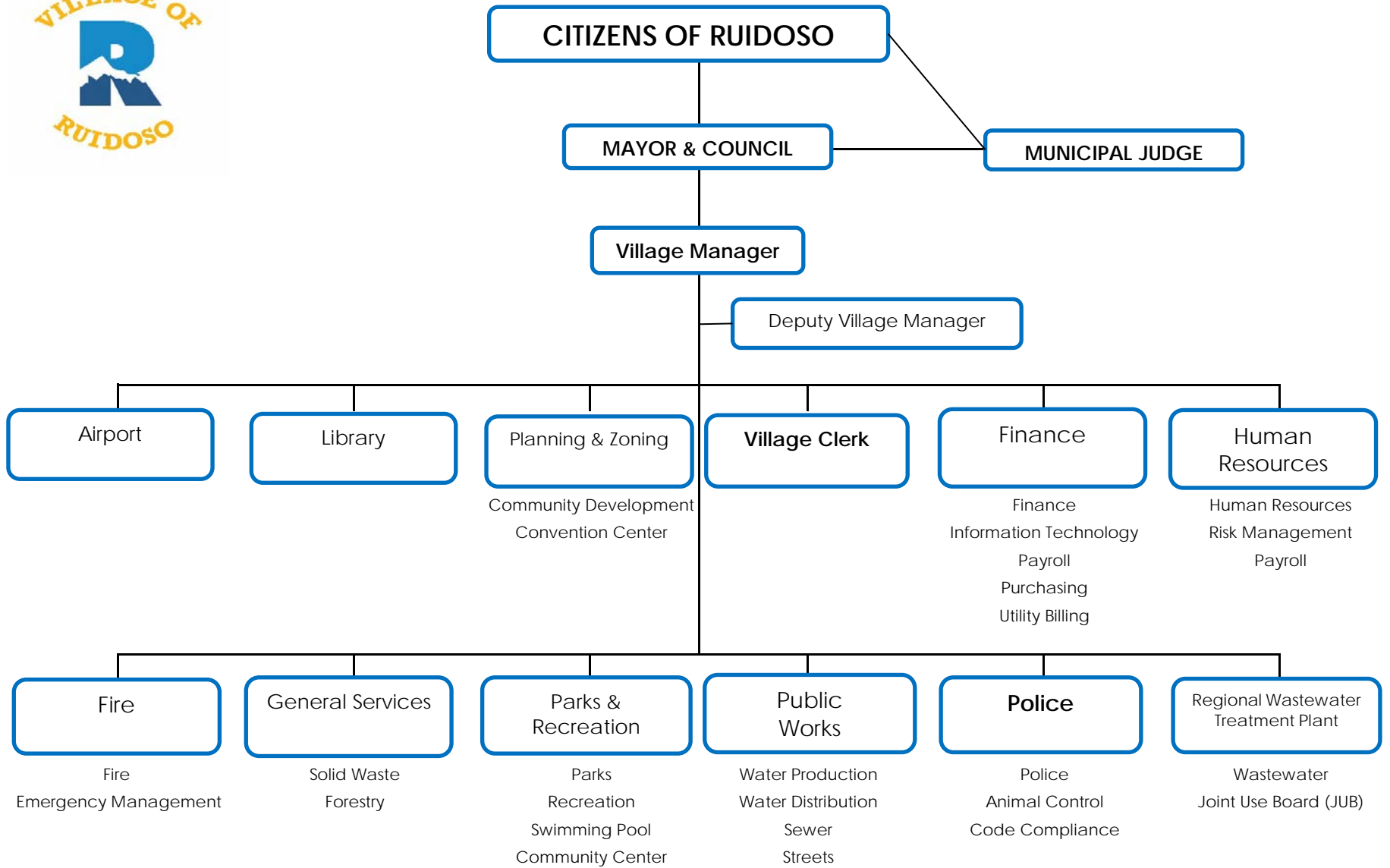
APPOINTED OFFICIALS

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 AUDITORS' REPORT

Brian S. Colòn, Esq.
New Mexico State Auditor and
The Village Council of
Ruidoso, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund of the Village of Ruidoso ("Village") as of and for the year ended June 30, 2019, 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 misstatement, 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

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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, 2019, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general 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 6-17, the schedule of the Village's proportionate share of the net pension liability, the schedule of Village's contributions, the schedule of the Village's proportionate share of the OPEB liability, and the schedule of Village's contributions on pages 61-66 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2 NMAC as noted in the table of contents are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC as noted in the table of contents, 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 auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by 2.2.2 NMAC as noted in the table of contents, are fairly stated, in all material respects, in related 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 9, 2019 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 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.



Pattillo, Brown & Hill, L.L.P.
Albuquerque, New Mexico
December 9, 2019

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, 2019. 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 \$83,512,884 (*net position*). However, the Village is reporting a deficit unrestricted net position, usually used to meet the government's ongoing obligations to citizens and creditors, of \$11,269,003, due to the net pension obligation and deferred revenue amounts.
- The Village's total net position increased \$7,741,680, which is comparable to the prior year.
- At the close of the current fiscal year, the Village's governmental funds reported combined fund balances of \$16,573,235, an increase of \$1,308,636 in comparison with the prior year. Approximately 38.5% of this amount \$6,379,354 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 \$6,441,689, or approximately 62.0% of total general fund expenditures.
- Deferred outflows of resources of \$6,122,229 related to employer contributions subsequent to June 30, 2018, deferred inflows of resources of \$1,372,892, and a net pension liability of \$21,274,062 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, 2019.
- Deferred inflows of resources include unearned revenues of \$26,427,438 mainly from grants from the Federal Emergency Management Agency (FEMA) for the sewer line rehabilitation project and bridge replacements (\$25,947,777).

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 nineteen (19) 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 General Obligation (GO) Bond Debt Service Fund, and the FEMA Capital Project Fund, which are considered to be major funds. Data from the other sixteen (16) 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 - 23 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, with the exception of the Airport.

The basic proprietary fund financial statements can be found on pages 24 - 27 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 28 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 29 - 60 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$83,512,884 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 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>
ASSETS						
Current and other assets	\$ 44,128	\$ 41,033	\$ 24,746	\$ 20,955	\$ 68,874	\$ 61,988
Capital assets	<u>36,840</u>	<u>34,119</u>	<u>44,588</u>	<u>44,202</u>	<u>81,428</u>	<u>78,321</u>
Total Assets	<u>80,968</u>	<u>75,152</u>	<u>69,334</u>	<u>65,157</u>	<u>150,302</u>	<u>140,309</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>4,555</u>	<u>3,531</u>	<u>1,579</u>	<u>1,166</u>	<u>6,134</u>	<u>78,321</u>
LIABILITIES						
Other liabilities	843	1,326	993	1,274	1,836	2,600
Long-term liabilities outstanding	9,640	9,400	12,375	13,352	22,015	22,752
Net pension liability	<u>16,333</u>	<u>13,555</u>	<u>4,941</u>	<u>3,957</u>	<u>21,274</u>	<u>17,512</u>
Total Liabilities	<u>26,816</u>	<u>24,281</u>	<u>18,309</u>	<u>18,583</u>	<u>45,125</u>	<u>42,864</u>
DEFERRED INFLOWS OF RESOURCES	<u>27,595</u>	<u>26,051</u>	<u>205</u>	<u>320</u>	<u>27,800</u>	<u>26,371</u>

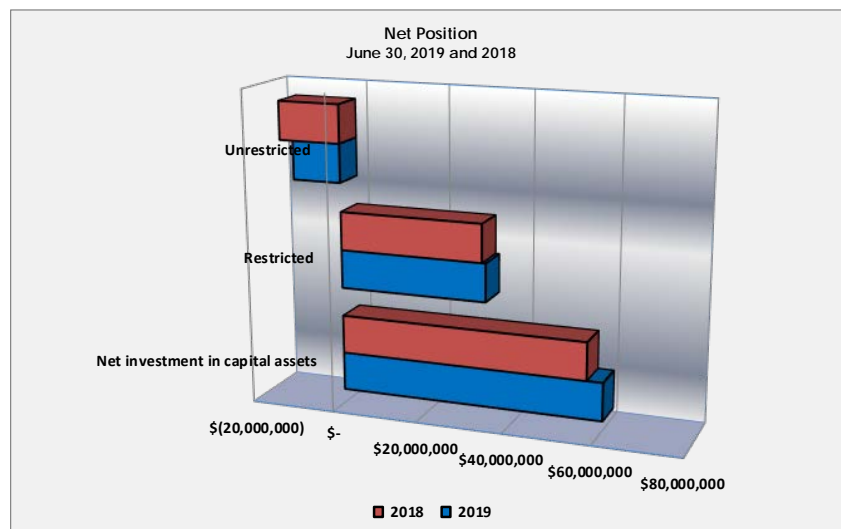
NET POSITION	Governmental Activities		Business-type Activities		Total Government	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Net investment in capital assets	28,041	25,659	32,683	31,407	60,724	57,066
Restricted	26,465	27,694	7,593	5,516	34,058	33,210
Unrestricted (deficits)	(23,393)	(25,002)	12,124	10,497	(11,269)	(14,505)
Total Net Position	\$ 31,113	\$ 28,351	\$ 52,400	\$ 47,420	\$ 83,513	\$ 75,771

By far, the largest portion of the Village's net position 72.7% (\$60,724,231) 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 \$34,057,656 (40.8%) represents resources that are subject to external restrictions on how they may be used. The remaining negative balance of \$11,269,003 (-13.5%) 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 disaster grant funds for capital projects that may not be completed until FY 2021.

At the end of the current fiscal year, the Village can report positive balances in all reported categories of net position except for the unrestricted category for governmental activities (\$23,393,022), which is attributed to the advance of Federal Emergency Management Agency (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 and is scheduled to receive the remaining balance of both Federal and State advances (\$3,946,924) in FY 2020. Design was completed in December 2018 and broken into three (3) phases: restoration of existing manholes and sewer lines, lift stations and forced mains, and hazard mitigation. However, due to FEMA review and increased difficulty in easement acquisition, the Village has decided to update survey work that will need to be incorporated to the design. Therefore, pending FEMA approval of design, construction has been estimated to begin in March 2020.

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 \$7,741,680 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	\$ 2,188	\$ 1,846	\$ 14,957	\$ 14,050	\$ 17,145	\$ 15,896
Operating grants and contributions	936	1,086	10	10	946	1,096
Capital grants and contributions	3,103	2,250	-	2,603	3,103	4,853
General revenues:						
Property taxes	3,479	3,332	-	-	3,479	3,332
Other taxes	7,260	6,833	4,581	4,468	11,841	11,301
Grants and contributions not restricted to specific programs	3,804	3,727	-	-	3,804	3,727
Other	768	735	561	(29)	1,329	706
Total Revenues	<u>21,538</u>	<u>19,809</u>	<u>20,109</u>	<u>21,102</u>	<u>41,647</u>	<u>40,911</u>
EXPENSES						
General government	6,655	7,121	-	-	6,655	7,121
Public safety	6,063	6,107	-	-	6,063	6,107
Public works	3,160	2,128	-	-	3,160	2,128
Culture and recreation	3,351	3,278	-	-	3,351	3,278
Health and welfare	213	190	-	-	213	190
Interest on long-term debt	270	258	-	-	270	258
Water and sewer	-	-	6,169	5,927	6,169	5,927
Solid waste	-	-	3,505	3,577	3,505	3,577
Wastewater	-	-	3,255	3,300	3,255	3,300
Airport	-	-	1,264	1,225	1,264	1,225
Total Expenses	<u>19,712</u>	<u>19,082</u>	<u>14,193</u>	<u>14,029</u>	<u>33,905</u>	<u>33,111</u>
Increase (decrease) in net position before transfers	1,826	727	5,916	7,073	7,742	7,800
Transfers	936	1,228	(936)	(1,228)	-	-
Increase (decrease) in net position	2,762	1,955	4,980	5,845	7,742	7,800
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 31,113</u>	<u>\$ 28,351</u>	<u>\$ 52,400</u>	<u>\$ 47,420</u>	<u>\$ 83,513</u>	<u>\$ 75,771</u>

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$2,761,720 from the prior fiscal year for an ending balance of \$31,113,098. Prior fiscal year resulted in an increase in net position of \$1,955,441. The change between fiscal years totals \$806,279 and is attributed to three (3) main areas: service charges, taxes, and capital grants.

During January 2019 the Village finalized and started the enforcement of its short-term rental (STR) ordinance and entered into an agreement with Air BNB to begin collecting and remitting not only the Village's five percent (5%) lodgers' tax but also the corresponding gross receipts tax (GRT) of 8.4375%. The Village not only saw an increase in these taxes but also STR permit fees. In addition, the Village took a friendlier approach to resolving construction issues within village limits and a spike in building permits resulted around the same time. This added an additional \$121,525 in service charges. As California and New Mexico suffered wildfires during summer 2018, our fire department was able to lend a helping hand which earned \$140,153 in Resource Management Plan (RMP) funding from the federal forest service. During that same timeframe, the Village launched the Grindstone Recreation Area with the opening of the Wibit (an inflatable playground on Grindstone Lake) and a new revenue source for the General Fund was created and yielded \$46,056 and increased the Culture and Recreation expenditures for the fiscal year. This began the influx of tourist not only during holiday weekends but during most days of the week.

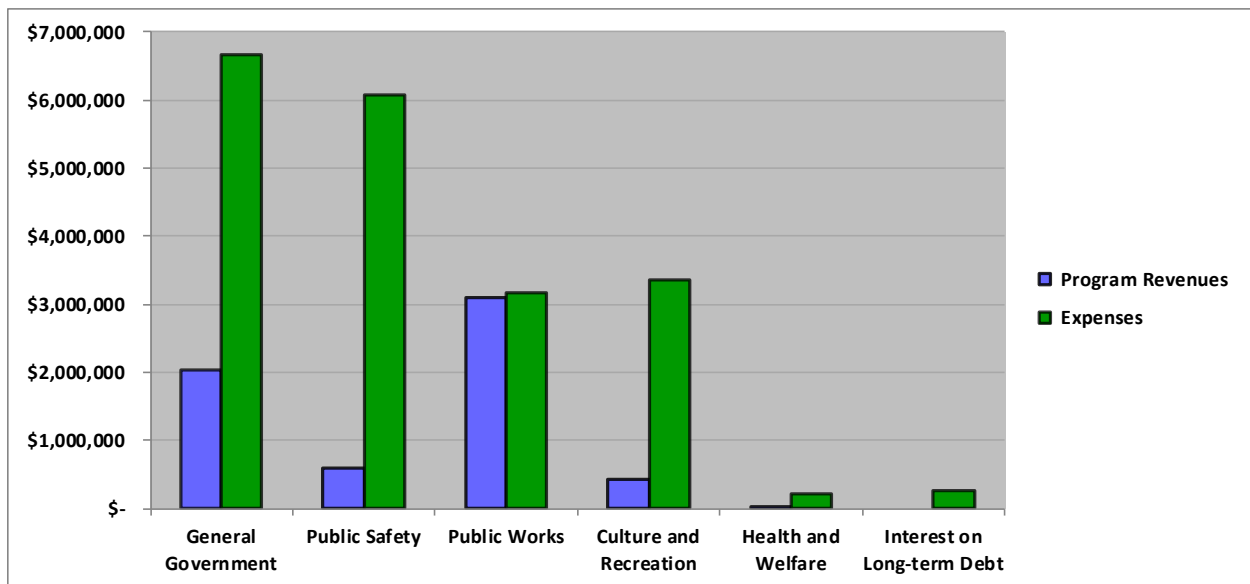
Capital grants and contributions increased due to the progress of the FEMA sewer line rehabilitation re-design of \$1,425,120. During the year, not only has our engineer been updating survey work but our FEMA contractor has completed environmental analysis to help get the design through FEMA approval. Side note, the restoration of existing manholes and sewer lines phase has been procured and construction has been put on hold pending approval. This additional work increased the Public Works category of expenditures.

Both Lodgers' and GRT taxes have been impacted by the enforcement of the STR ordinance and the overall tourist activity. The Village has seen consistent increases in the taxes and ended FY 2019 with a 12.8% increase in Lodgers' Tax and a 5.2% in GRT taxes. This growth has also continued into FY 2020.

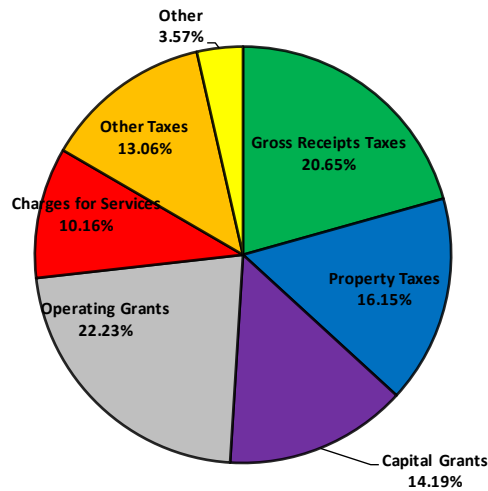
Operating expenditures were on a decline for most functional areas. The \$629,805 increase can be attributed to the expenditure of FEMA disaster grant funds and the Grindstone lake recreational activities.

The decreased change in net transfers of \$292,214 was mainly caused by the reduction of capital assets transferred from the General Obligation (GO) Capital Project fund to the RJU water infrastructure system (\$488,247). Village residents 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 and the mill levy to fund these bonds is set at 1.5 mills. In addition, shared services paid to the General Fund by Enterprise Funds increased by \$194,486 due to added service charges, GRT taxes, and interest income generated.

PROGRAM REVENUES AND EXPENSES – GOVERNMENTAL ACTIVITIES



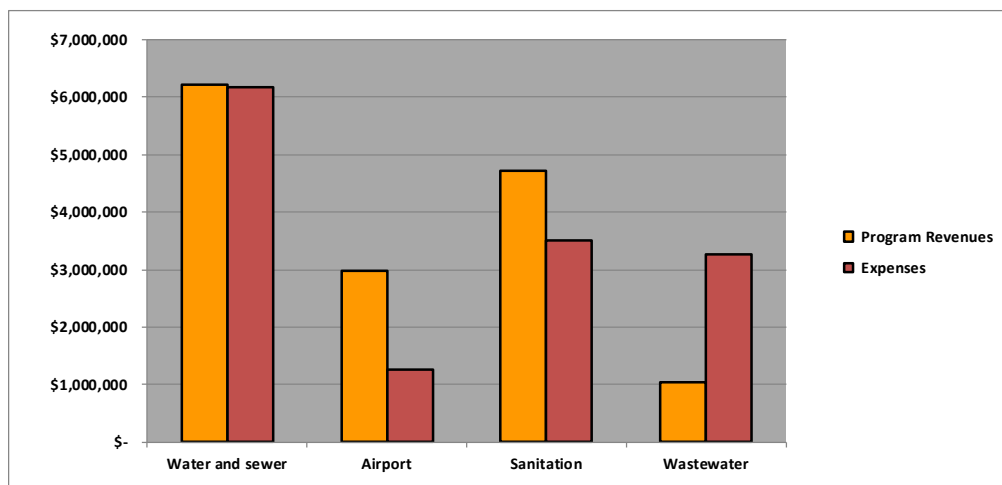
GENERAL REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



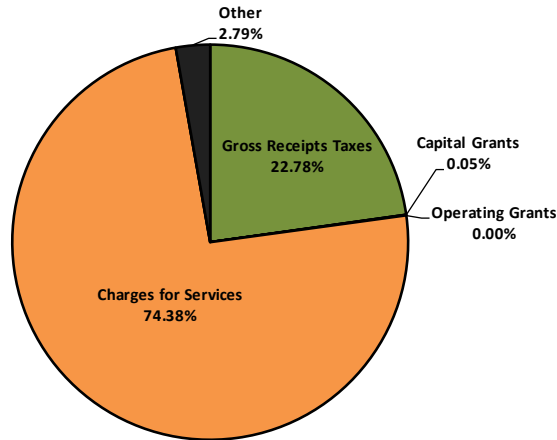
Business-type Activities. During the current fiscal year, net position for business-type activities increased \$4,979,960 for an ending balance of \$52,399,786. When comparing both fiscal years, which reported increases in net position, the current year decreased \$864,448 (prior year increase in net position \$5,844,408). The main reason for the decrease was the completion of the Airport's runway overlay project that was funded by both Federal and State Federal Aviation Agency (FAA) grants totaling \$2,602,839. Other revenue sources increased but not enough to offset this loss.

Utility service charges increased due to increased connections. Per the RWWTP's National Pollutant Discharge Elimination System (NPDES) Permit the Village had to connect 200 septic system users to our wastewater system within five (5) years. The Village began connecting customers in 2019 and in the first year we had made approximately 160 connections. These additional customers increased service charges two-fold. The Village not only charges for sewer disposal to the wastewater treatment plant but there is also a wastewater charge for processing at the plant. Over all sewer and wastewater charges increased \$551,397. In addition, upgrades to our water lines has increased billable water consumption and in 2019 water charges increased \$162,763. However, the biggest increase to revenues was \$546,019 of interest income. The Village was able to invest excess cash earned from taxes and services charges at increased rates.

PROGRAM REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES



GENERAL REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES

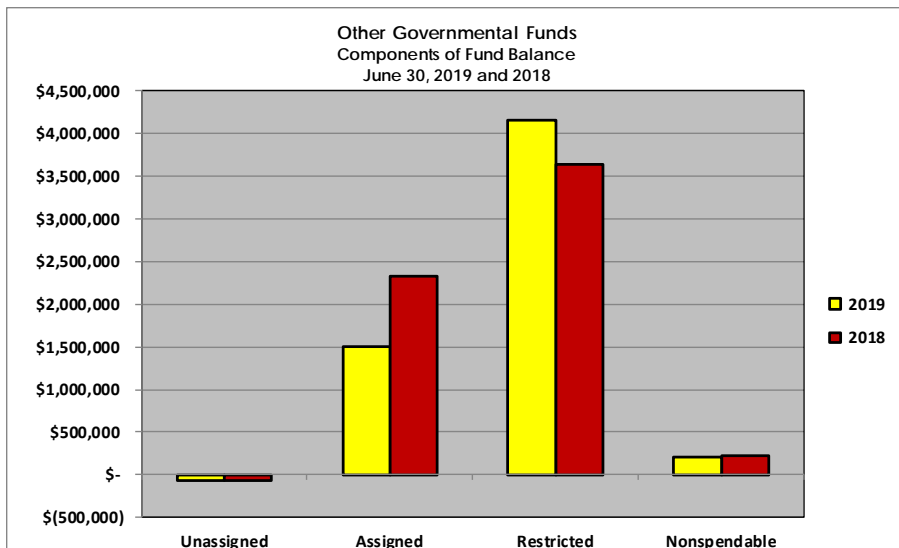


FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

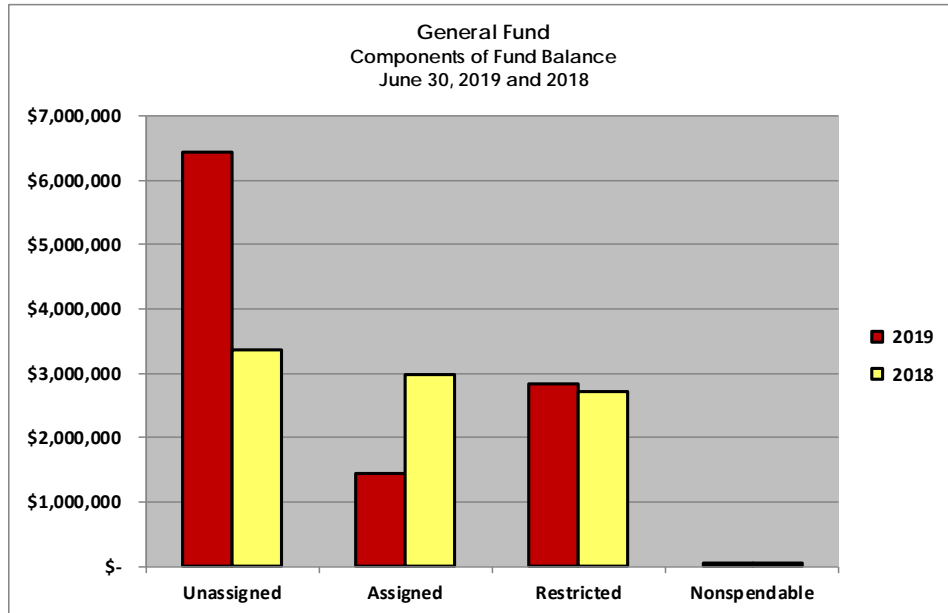
As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, 2019, the Village’s governmental funds reported combined fund balances of \$16,573,235, an increase of \$1,308,636 in comparison with the prior year. Approximately 38.5% of this amount, \$6,379,354 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 (\$261,398), 2) legally required to be maintained intact (\$2,832,391), 3) restricted for particular purposes (\$4,157,803), or 4) assigned for particular purposes (\$2,942,289).



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 \$6,441,689, while total fund balance increased to \$10,768,480. 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 62.0% of total general fund expenditures, while total fund balance represents approximately 84.7% of that same amount.



The fund balance of the Village's general fund increased \$1,637,183 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase between fiscal years (\$1,145,547) was due the enforcement of STR permitting and collection of Lodgers' and GRT taxes. The increased issuance of building permits and the continued effort of departments to keep expenditure levels under budget while still providing anticipated levels of services to our ever-expanding influx of tourists. Ruidoso is no longer just a holiday destination but a destination all year long.

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 \$12,124,019: RJU (water and sewer) totaled \$2,381,462, Solid Waste totaled \$113,182, RWWTP (wastewater) totaled \$9,520,607, and Airport totaled \$108,768. The total growth in net position for all four (4) funds was \$4,979,960 (RJU \$3,397,356, Solid Waste (\$46,040), RWWTP \$1,845,864, and Airport (\$217,220)). Total restricted net position reported a positive balance of \$7,592,474: RJU restricted net position was \$5,868,843, 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 \$1,723,631 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. Revenue variances were mainly due to the inclusion of the Economic Development Agency's (EDA) Main Road Bridge Replacement grant of \$1,000,000, the inclusion of the Fire Department's RMP reimbursements of \$140,153, an increase in franchise fees from PNM from 3% to 5% (\$63,000), the \$60,000 transfer of funds for Police over-time from the Lodgers' Tax Special Revenue Fund, and the transfer of the Department of Transportation's Cree Meadows Trail grant of \$478,464 to the Intergovernmental Grants Special Revenue Fund.

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 changes are included in the first budget adjustment of the subsequent fiscal year and increased expenditures by \$2,912,147 (capital projects). In addition, excess cash was budgeted in a contingency fund for the Horton Complex remodel and totaled \$1,300,000. In addition, awarded grants and reimbursements mentioned above also increased expenditures.

As a rule of thumb, revenues are budgeted somewhat flat, so a modest two percent (2%) growth rate in revenues was included in the original budget for the Lodgers' Tax Special Revenue Fund and all Enterprise Funds. However, service charges and taxes, both GRT and Lodgers', exceeded budgeted amounts and had a direct impact on the amount the General Fund was collecting for shared services. Therefore, transfers in increased by \$305,287. In addition, the NMFA Debt Service Fund transferred residual debt reserve funds after the payoff of the Police Building Loan which amounted to \$123,503.

Final Budget compared to Actual Results. General Fund actual revenues increased over final budget by \$1,248,428. However, the most significant difference between estimated revenues and actual revenues was in Gross Receipts Taxes and Intergovernmental – State Grants. The main reason attributed to the increase was from the collection of GRT taxes from both STR rentals and the additional tourist activity that has been recently experienced with the addition of the recreational activities at Grindstone Lake. Many of our facilities also saw increases in overall services charges our Planning and Zoning Department, the Convention Center, and our Swimming Pool.

The budget savings in the expenditure area were a combination of following. First, several vacant positions were not filled during the fiscal year, many employee retirement payouts did not materialize, and the actual insurance renewals for health insurance was approximately five percent (5%) lower than budgeted. Secondly, revenue projections are based on a five-year trend and the Village has been steadily seeing a growth rate of seven percent (7%), however, we have managed to increase departmental budgets and increase levels of service by including a three percent (3%) revenue increase. Departmental budgets did not come close to budgeted amounts (savings of \$2,106,424) and several capital outlay projects were not completed during the fiscal year (savings of \$1,837,424) and had to be rolled over to fiscal year 2020.

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, 2019, amounts to \$60,724,231 (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 \$3,107,195 in capital assets for the current fiscal year was approximately 4.0%. Capital assets net of depreciation totaled \$81,428,689.

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 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>
Land	\$ 11,810	\$ 10,316	\$ 1,724	\$ 1,651	\$ 13,534	\$ 11,967
Construction in progress	5,465	3,650	2,445	1,676	7,910	5,326
Art	18	18	-	-	18	18
Infrastructure	11,376	11,851	34,920	35,230	46,296	47,081
Buildings and improvements	5,018	5,050	3,758	3,985	8,776	9,035
Machinery and equipment	1,574	1,601	793	748	2,367	2,349
Vehicles	1,579	1,633	948	913	2,527	2,546
	<u>\$ 36,840</u>	<u>\$ 34,119</u>	<u>\$ 44,588</u>	<u>\$ 44,203</u>	<u>\$ 81,428</u>	<u>\$ 78,322</u>

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

- Purchase of several pieces of heavy equipment and vehicles at a total cost of \$1,135,991.
- Completion of building and land improvements including the replacement of the air walls at the Convention Center \$336,306.
- Various projects related to water and sewer distribution systems improvements including sewer line extension \$110,392, Hemlock water line rehab \$291,081, and manhole rehab \$16,374.
- Partial completion of several system improvement and infrastructure projects that increased construction in progress by \$4,245,406, including the FEMA sewer line project \$2,236,696, water line replacements \$530,687, Grindstone Recreation \$501,710, and remodel of Fire Station #2 \$284,898.

Additional information on the Village's capital assets can be found on pages 44 - 45 of this report.

Long-term Debt. At the end of the current fiscal year, the Village had a total bonded debt outstanding of \$19,135,000, which is backed by the full faith and credit of the Village. The remainder of the Village's long-term obligations is comprised of loans payable to NMFA and capital leases.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>
General obligation bonds	\$ 3,985	\$ 3,200	\$ 3,505	\$ 3,845	\$ 7,490	\$ 7,045
Gross receipts tax revenue bonds	3,245	3,395	1,635	1,750	4,880	5,145
Revenue bonds	-	-	<u>6,765</u>	<u>7,200</u>	<u>6,765</u>	<u>7,200</u>
	7,230	6,595	11,905	12,795	19,135	19,390
Loans payable	1,384	1,642	-	-	1,384	1,642
Capital lease	185	223	-	-	185	223
	<u>\$ 8,799</u>	<u>\$ 8,460</u>	<u>\$ 11,905</u>	<u>\$ 12,795</u>	<u>\$ 20,704</u>	<u>\$ 21,255</u>

The Village's total debt decreased \$550,526 (2.6%) during the current fiscal year. The Village issued \$1,500,000 series of GO Bonds in November 2018. 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 \$715,000.

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.

State statutes limit the amount general obligation debt a governmental entity may issue to four percent (4%) of the average full valuation. The current debt limitation for the Village is \$22,211,690, which is significantly more than the Village's outstanding general obligation debt.

Additional information on the Village's long-term debt can be found on pages 46 - 50 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The current economic factors affecting the Village which were considered in developing the 2019-2020 fiscal year budget are as follows:

- Estimated revenues were budgeted based on a five-year trend and included a three percent (3%) growth rate, even though we know that GRT and Lodgers' Tax have increased by higher percentages. Additional reserve funds generated will be used to fund capital one-time purchases.
- Personnel costs were decreased due to a ten percent (10%) health insurance renewal. Individual pay rates increased by 3% per employee for performance-based evaluations. In addition, several employees are scheduled to retire during FY 2020 and retirement pay outs were included. These scenarios in combination decreased personnel by \$286,825.
- Inflationary trends in the region compare favorably to national indices.
- Departmental operating and capital budgets were kept at fiscal year 2019 levels.

During the current fiscal year, the assigned fund balance in the general fund was \$1,433,527. The Village has appropriated \$1,332,312 of this amount for spending in the 2019-2020 fiscal year. This action rolled over several projects that were not completed during the 2019 fiscal year. The remaining balance of \$101,215 represents purchases order opened in fiscal year 2019 but not paid until fiscal year 2020.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF NET POSITION
JUNE 30, 2019

	PRIMARY GOVERNMENT		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 4,722,760	\$ 2,347,831	\$ 7,070,591
Investments	6,754,634	11,414,173	18,168,807
Restricted cash and investments	26,465,182	7,592,474	34,057,656
Receivables, net of allowance	5,924,087	1,821,781	7,745,868
Internal balances	-	-	-
Inventories	217,285	1,569,348	1,786,633
Prepaid expenses	44,113	592	44,705
Capital assets:			
Land	11,810,785	1,723,557	13,534,342
Construction in progress	5,464,723	2,445,387	7,910,110
Art	18,200	-	18,200
Infrastructure	39,328,349	40,373,090	79,701,439
Buildings and improvements	15,099,952	7,906,860	23,006,812
Machinery and equipment	4,515,284	2,267,107	6,782,391
Vehicles	6,117,867	6,090,974	12,208,841
Less: accumulated depreciation	<u>(45,514,764)</u>	<u>(16,218,682)</u>	<u>(61,733,446)</u>
Total Assets	<u>80,968,457</u>	<u>69,334,492</u>	<u>150,302,949</u>
DEFERRED OUTFLOWS OF RESOURCES			
Insurance on bond issue, net of amortization	12,708	-	12,708
Pension related	<u>4,542,782</u>	<u>1,579,447</u>	<u>6,122,229</u>
Total Deferred Outflows of Resources	<u>4,555,490</u>	<u>1,579,447</u>	<u>6,134,937</u>
LIABILITIES			
Accounts payable	650,006	426,341	1,076,347
Accrued liabilities	154,600	81,194	235,794
Deposits payable	15,350	305,491	320,841
Accrued interest	22,823	179,478	202,301
Noncurrent liabilities:			
Due within one year	877,726	957,610	1,835,336
Due in more than one year	8,762,480	11,417,511	20,179,991
Net pension obligation	<u>16,332,873</u>	<u>4,941,189</u>	<u>21,274,062</u>
Total Liabilities	<u>26,815,858</u>	<u>18,308,814</u>	<u>45,124,672</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,174,259	198,633	1,372,892
Unearned revenue	<u>26,420,732</u>	<u>6,706</u>	<u>26,427,438</u>
Total Deferred Inflows of Resources	<u>27,594,991</u>	<u>205,339</u>	<u>27,800,330</u>
NET POSITION			
Net investment in capital assets	28,040,938	32,683,293	60,724,231
Restricted	26,465,182	7,592,474	34,057,656
Unrestricted (deficits)	<u>(23,393,022)</u>	<u>12,124,019</u>	<u>(11,269,003)</u>
Total Net Position	<u>\$ 31,113,098</u>	<u>\$ 52,399,786</u>	<u>\$ 83,512,884</u>

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

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			NET (EXPENSE)/REVENUE AND CHANGES IN NET POSITION		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	PRIMARY GOVERNMENT		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 6,655,252	\$ 1,668,283	377,507	\$ -	\$ (4,609,462)	\$ -	\$ (4,609,462)
Public safety	6,063,076	-	203,029	398,902	(5,461,145)	-	(5,461,145)
Public works	3,160,336	112,152	285,776	2,704,483	(57,925)	-	(57,925)
Culture and recreation	3,350,658	407,796	34,246	-	(2,908,616)	-	(2,908,616)
Health and welfare	212,787	-	34,978	-	(177,809)	-	(177,809)
Interest on long-term debt	270,116	-	-	-	(270,116)	-	(270,116)
Total Governmental Activities	<u>19,712,225</u>	<u>2,188,231</u>	<u>935,536</u>	<u>3,103,385</u>	<u>(13,485,073)</u>	<u>-</u>	<u>(13,485,073)</u>
Business-type activities:							
Water and sewer	6,169,248	6,221,372	-	-	-	52,124	52,124
Solid waste	3,505,158	2,986,233	-	-	-	(518,925)	(518,925)
Wastewater	3,255,365	4,712,558	-	-	-	1,457,193	1,457,193
Airport	1,263,606	1,036,387	10,000	-	-	(217,219)	(217,219)
Total Business-type Activities	<u>14,193,377</u>	<u>14,956,550</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>773,173</u>	<u>773,173</u>
Total Primary Government	<u>\$ 33,905,602</u>	<u>\$ 17,144,781</u>	<u>\$ 945,536</u>	<u>\$ 3,103,385</u>	<u>(13,485,073)</u>	<u>773,173</u>	<u>(12,711,900)</u>
GENERAL REVENUES:							
Property taxes, levied for general purposes					3,478,553	-	3,478,553
Franchise taxes					811,433	-	811,433
Gross receipts taxes					4,447,939	4,581,144	9,029,083
Public service taxes					2,001,077	-	2,001,077
Grants and contributions not restricted to specific program					3,804,392	-	3,804,392
Investment earnings					310,723	578,491	889,214
Miscellaneous income					560,722	-	560,722
Gain (loss) on disposal of assets					(103,499)	(17,395)	(120,894)
Net transfers					935,453	(935,453)	-
Total General Revenues and Transfers					<u>16,246,793</u>	<u>4,206,787</u>	<u>20,453,580</u>
Change in Net Position					2,761,720	4,979,960	7,741,680
Net Position, Beginning of Year					<u>28,351,378</u>	<u>47,419,826</u>	<u>75,771,204</u>
Net Position, End of Year					<u>\$ 31,113,098</u>	<u>\$ 52,399,786</u>	<u>\$ 83,512,884</u>

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

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General</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	\$ 2,675,392	\$ 68,027	\$ -	\$ 1,840,055	\$ 4,583,474
Investments	6,754,634	-	-	-	6,754,634
Restricted cash and investments	15,350	732,688	22,994,971	2,722,173	26,465,182
Receivables, net of allowance	1,733,676	-	3,956,604	233,807	5,924,087
Due from other funds	-	-	-	-	-
Inventories	17,056	-	-	200,229	217,285
Prepaid items	43,817	-	-	296	44,113
Total Assets	<u>\$ 11,239,925</u>	<u>\$ 800,715</u>	<u>\$ 26,951,575</u>	<u>\$ 4,996,560</u>	<u>\$ 43,988,775</u>
LIABILITIES					
Accounts payable	\$ 173,211	\$ -	\$ 53,774	\$ 413,972	\$ 640,957
Accrued liabilities	141,085	-	-	13,515	154,600
Deposits payable	15,350	-	-	-	15,350
Due to other funds	-	-	-	-	-
Total Liabilities	<u>329,646</u>	<u>-</u>	<u>53,774</u>	<u>427,487</u>	<u>810,907</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	-	-	25,947,777	472,955	26,420,732
Unavailable property taxes	141,799	42,102	-	-	183,901
	<u>141,799</u>	<u>42,102</u>	<u>25,947,777</u>	<u>472,955</u>	<u>26,604,633</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Inventory	17,056	-	-	200,229	217,285
Prepaid items	43,817	-	-	296	44,113
Restricted:					
Public safety	-	-	-	111,592	111,592
Capital projects	-	-	950,024	1,778,263	2,728,287
Debt service	-	758,613	-	143,186	901,799
Other purposes	2,832,391	-	-	416,125	3,248,516
Assigned:					
Purchases on order	101,215	-	-	848,377	949,592
Subsequent year's budget; appropriation of fund balance	1,332,312	-	-	660,385	1,992,697
Unassigned (deficits)	6,441,689	-	-	(62,335)	6,379,354
Total Fund Balances	<u>10,768,480</u>	<u>758,613</u>	<u>950,024</u>	<u>4,096,118</u>	<u>16,573,235</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,239,925</u>	<u>\$ 800,715</u>	<u>\$ 26,951,575</u>	<u>\$ 4,996,560</u>	<u>\$ 43,988,775</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, 2019

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

Total Fund Balances (Deficits) - Governmental Funds	\$ 16,573,235
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund statements.	36,784,235
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.	(25,983,194)
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.	186,398
Defined benefit pension plan deferred outflows and inflows are not available resources and, therefore, are not reported in the fund statements.	3,368,523
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>183,901</u>
Net Position of Governmental Activities	<u>\$ 31,113,098</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General</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	\$ 2,679,657	\$ 811,813	\$ -	\$ -	\$ 3,491,470
Gross receipts	4,447,939	-	-	-	4,447,939
Other	811,433	-	-	2,001,077	2,812,510
Intergovernmental:					
Federal grants	81,517	-	2,097,270	153,418	2,332,205
State grants	4,039,729	-	437,242	1,034,137	5,511,108
Licenses and permits	460,717	-	-	-	460,717
Charges for services	501,893	-	-	158,208	660,101
Fines and forfeitures	64,822	-	-	39,151	103,973
Investment earnings	264,312	20,212	-	26,199	310,723
Miscellaneous	530,277	-	-	30,445	560,722
Total Revenues	<u>13,882,296</u>	<u>832,025</u>	<u>2,534,512</u>	<u>3,442,635</u>	<u>20,691,468</u>
EXPENDITURES					
Current:					
General government	3,892,938	(5,044)	-	-	3,887,894
Public safety	5,506,811	-	-	332,405	5,839,216
Public works	100,513	-	931,782	1,821,014	2,853,309
Culture and recreation	2,199,401	-	-	1,013,953	3,213,354
Health and welfare	145,951	-	-	65,183	211,134
Debt service:					
Principal	-	715,000	-	445,526	1,160,526
Interest	-	79,416	-	191,068	270,484
Bond issuance costs	-	38,844	-	-	38,844
Capital outlay	<u>861,410</u>	<u>-</u>	<u>2,296,342</u>	<u>2,212,356</u>	<u>5,370,108</u>
Total Expenditures	<u>12,707,024</u>	<u>828,216</u>	<u>3,228,124</u>	<u>6,081,505</u>	<u>22,844,869</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,175,272</u>	<u>3,809</u>	<u>(693,612)</u>	<u>(2,638,870)</u>	<u>(2,153,401)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,110,517	-	66,102	3,956,730	6,133,349
Transfers out	(1,648,606)	(2,154,722)	-	(367,984)	(4,171,312)
Proceeds from debt issuance	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>
Net Other Financing Sources (Uses)	<u>461,911</u>	<u>(654,722)</u>	<u>66,102</u>	<u>3,588,746</u>	<u>3,462,037</u>
Net Change in Fund Balances	1,637,183	(650,913)	(627,510)	949,876	1,308,636
Fund Balances, Beginning of Year	<u>9,131,297</u>	<u>1,409,526</u>	<u>1,577,534</u>	<u>3,146,242</u>	<u>15,264,599</u>
Fund Balances (Deficits), End of Year	<u>\$ 10,768,480</u>	<u>\$ 758,613</u>	<u>\$ 950,024</u>	<u>\$ 4,096,118</u>	<u>\$ 16,573,235</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, 2019

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

Net Change in Fund Balances - Governmental Funds	\$ 1,308,636
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.	2,869,397
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.	(340,269)
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.	40,422
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>(1,116,466)</u>
Change in Net Position Governmental Activities	<u>\$ 2,761,720</u>

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STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>BUDGETED AMOUNTS</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 2,623,080	\$ 2,627,850	\$ 2,687,439	\$ 59,589
Gross receipts	3,876,000	3,876,000	4,438,275	562,275
Other	862,940	929,670	811,433	(118,237)
Intergovernmental:				
Federal grants	478,464	1,012,958	886,882	(126,076)
State grants	3,467,900	3,504,096	3,955,744	451,648
Licenses and permits	313,300	341,225	460,717	119,492
Charges for services	318,210	481,393	611,760	130,367
Fines and forfeitures	86,500	86,500	64,822	(21,678)
Investment earnings	80,000	108,130	264,312	156,182
Miscellaneous	<u>419,300</u>	<u>495,411</u>	<u>530,277</u>	<u>34,866</u>
Total Revenues	<u>12,525,694</u>	<u>13,463,233</u>	<u>14,711,661</u>	<u>1,248,428</u>
EXPENDITURES				
Current:				
General government	4,084,732	4,499,126	4,196,155	302,971
Public safety	5,885,562	6,034,470	5,506,811	527,659
Public works	-	1,965,659	100,513	1,865,146
Culture and recreation	2,281,299	2,361,784	2,199,401	162,383
Health and welfare	140,200	142,573	145,951	(3,378)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Capital outlay	<u>1,060,000</u>	<u>2,698,834</u>	<u>861,410</u>	<u>1,837,424</u>
Total Expenditures	<u>13,451,793</u>	<u>17,702,446</u>	<u>13,010,241</u>	<u>4,692,205</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(926,099)</u>	<u>(4,239,213)</u>	<u>1,701,420</u>	<u>5,940,633</u>
OTHER FINANCING SOURCES (USES)				
Designated cash	775,429	3,773,485	-	(3,773,485)
Transfers in	1,752,130	2,135,520	2,110,517	(25,003)
Transfers out	(1,601,460)	(1,669,792)	(1,623,606)	46,186
Refunding bonds issued	-	-	-	-
Net Other Financing Sources (Uses)	<u>926,099</u>	<u>4,239,213</u>	<u>486,911</u>	<u>(3,752,302)</u>
Net Change in Cash Balances	<u>\$ -</u>	<u>\$ -</u>	2,188,331	<u>\$ 2,188,331</u>
Cash Balances, Beginning of Year			<u>7,257,045</u>	
Cash Balances, End of Year			<u>\$ 9,445,376</u>	
RECONCILIATION TO GAAP BASIS:				
Net Change in Cash Balances			\$ 2,188,331	
Adjustments to revenues			(829,365)	
Adjustments to expenditures			<u>278,217</u>	
Net Change in Fund Balances (GAAP Basis)			<u>\$ 1,637,183</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, 2019

	BUSINESS-TYPE ACTIVITIES					GOVERNMENTAL
	Utility	Solid Waste	RWWTP	Nonmajor Airport	Total	ACTIVITIES Internal Service
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 67,273	\$ 713,697	\$ 1,520,165	\$ 46,696	\$ 2,347,831	\$ 139,286
Investments	3,334,355	531,650	7,548,168	-	11,414,173	-
Restricted cash and investments	5,868,843	-	1,723,631	-	7,592,474	-
Receivables, net of allowance	949,812	386,926	477,780	7,263	1,821,781	-
Due from other funds	-	-	-	-	-	-
Inventories	443,763	65,489	933,442	126,654	1,569,348	-
Prepaid expenses	278	-	-	314	592	-
Total Current Assets	<u>10,664,324</u>	<u>1,697,762</u>	<u>12,203,186</u>	<u>180,927</u>	<u>24,746,199</u>	<u>139,286</u>
Noncurrent Assets						
Capital assets:						
Land	530,411	53,200	39,946	1,100,000	1,723,557	-
Construction in progress	2,445,387	-	-	-	2,445,387	-
Infrastructure	17,563,462	-	22,809,628	-	40,373,090	-
Buildings and improvements	417,676	1,306,788	-	6,182,396	7,906,860	-
Machinery and equipment	571,755	610,520	400,315	684,517	2,267,107	223,430
Vehicles	1,360,356	3,621,141	128,714	980,763	6,090,974	-
Less: accumulated depreciation	<u>(3,285,639)</u>	<u>(4,231,701)</u>	<u>(4,332,636)</u>	<u>(4,368,706)</u>	<u>(16,218,682)</u>	<u>(167,269)</u>
Total Noncurrent Assets	<u>19,603,408</u>	<u>1,359,948</u>	<u>19,045,967</u>	<u>4,578,970</u>	<u>44,588,293</u>	<u>56,161</u>
Total Assets	<u>30,267,732</u>	<u>3,057,710</u>	<u>31,249,153</u>	<u>4,759,897</u>	<u>69,334,492</u>	<u>195,447</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	<u>751,924</u>	<u>555,738</u>	<u>271,785</u>	<u>-</u>	<u>1,579,447</u>	<u>-</u>
LIABILITIES						
Current Liabilities						
Accounts payable	220,434	92,348	71,848	41,711	426,341	9,049
Accrued liabilities	38,595	24,428	12,532	5,639	81,194	-
Deposits payable	305,491	-	-	-	305,491	-
Due to other funds	-	-	-	-	-	-
Accrued interest	4,299	-	175,179	-	179,478	-
Bonds and loans payable	115,000	-	805,000	-	920,000	-
Compensated absences	14,925	15,177	6,060	1,448	37,610	-
Unearned revenue	-	-	-	6,706	6,706	-
Total Current Liabilities	<u>698,744</u>	<u>131,953</u>	<u>1,070,619</u>	<u>55,504</u>	<u>1,956,820</u>	<u>9,049</u>
Noncurrent Liabilities						
Compensated absences	171,639	174,533	69,684	16,655	432,511	-
Bonds and notes payable	1,520,000	-	9,465,000	-	10,985,000	-
Net pension obligation	2,315,971	1,763,965	861,253	-	4,941,189	-
Total Noncurrent Liabilities	<u>4,007,610</u>	<u>1,938,498</u>	<u>10,395,937</u>	<u>16,655</u>	<u>16,358,700</u>	<u>-</u>
Total Liabilities	<u>4,706,354</u>	<u>2,070,451</u>	<u>11,466,556</u>	<u>72,159</u>	<u>18,315,520</u>	<u>9,049</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, 2019

	<u>BUSINESS-TYPE ACTIVITIES</u>					<u>GOVERNMENTAL</u>
	<u>Utility</u>	<u>Solid Waste</u>	<u>RWWTP</u>	<u>Nonmajor Airport</u>	<u>Total</u>	<u>ACTIVITIES</u> <u>Internal Service</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related	94,589	69,867	34,177	-	198,633	-
NET POSITION						
Net investment in capital assets	17,968,408	1,359,948	8,775,967	4,578,970	32,683,293	56,161
Restricted	5,868,843	-	1,723,631	-	7,592,474	-
Unrestricted	2,381,462	113,182	9,520,607	108,768	12,124,019	130,237
Total Net Position	<u>\$ 26,218,713</u>	<u>\$ 1,473,130</u>	<u>\$ 20,020,205</u>	<u>\$ 4,687,738</u>	<u>\$ 52,399,786</u>	<u>\$ 186,398</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, 2019

	BUSINESS-TYPE ACTIVITIES					GOVERNMENTAL
	Utility	Solid Waste	RWWTP	Nonmajor Airport	Total	ACTIVITIES Internal Service
OPERATING REVENUES						
Charges for services	\$ 6,124,427	\$ 2,984,416	\$ 4,049,726	\$ 814,589	\$ 13,973,158	\$ 963,440
Intergovernmental - State	-	-	-	10,000	10,000	-
Miscellaneous	96,945	1,817	662,832	221,798	983,392	-
Total Revenues	<u>6,221,372</u>	<u>2,986,233</u>	<u>4,712,558</u>	<u>1,046,387</u>	<u>14,966,550</u>	<u>963,440</u>
OPERATING EXPENSES						
Current:						
Personnel services	2,723,626	1,662,455	807,717	321,986	5,515,784	-
Materials and supplies	462,327	289,362	(395,251)	523,108	879,546	23,990
Repairs and maintenance	628,937	448,174	1,111,455	28,891	2,217,457	160
Utilities	451,479	57,664	589,294	58,699	1,157,136	-
Contractual services	1,264,292	719,201	199,607	61,604	2,244,704	854,182
Depreciation expense	584,891	328,302	591,413	269,318	1,773,924	44,686
Total Expenditures	<u>6,115,552</u>	<u>3,505,158</u>	<u>2,904,235</u>	<u>1,263,606</u>	<u>13,788,551</u>	<u>923,018</u>
Operating Income/(loss)	<u>105,820</u>	<u>(518,925)</u>	<u>1,808,323</u>	<u>(217,219)</u>	<u>1,177,999</u>	<u>40,422</u>
NONOPERATING REVENUES (EXPENSES)						
Gross receipts taxes	3,008,888	823,834	748,422	-	4,581,144	-
Intergovernmental:						
Federal grants	-	-	-	-	-	-
State grants	-	-	-	-	-	-
Investment earnings	261,142	26,234	291,116	(1)	578,491	-
Premium on the issuance of debt	-	-	-	-	-	-
Gain (loss) on disposal of assets	(17,395)	-	-	-	(17,395)	-
Debt service:						
Interest	(53,696)	-	(351,130)	-	(404,826)	-
Bond issuance costs	-	-	-	-	-	-
Net Nonoperating Revenues	<u>3,198,939</u>	<u>850,068</u>	<u>688,408</u>	<u>(1)</u>	<u>4,737,414</u>	<u>-</u>
Income Before Transfers	<u>3,304,759</u>	<u>331,143</u>	<u>2,496,731</u>	<u>(217,220)</u>	<u>5,915,413</u>	<u>40,422</u>
NET TRANSFERS						
Transfers in	1,026,584	-	-	-	1,026,584	-
Transfers out	(933,987)	(377,183)	(650,867)	-	(1,962,037)	-
Net Transfers	<u>92,597</u>	<u>(377,183)</u>	<u>(650,867)</u>	<u>-</u>	<u>(935,453)</u>	<u>-</u>
Net Change in Net Position	3,397,356	(46,040)	1,845,864	(217,220)	4,979,960	40,422
Net Position, Beginning 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>
Net Position, End of Year	<u>\$ 26,218,713</u>	<u>\$ 1,473,130</u>	<u>\$ 20,020,205</u>	<u>\$ 4,687,738</u>	<u>\$ 52,399,786</u>	<u>\$ 186,398</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, 2019

	BUSINESS-TYPE ACTIVITIES					GOVERNMENTAL
	Utility	Solid Waste	RWWTP	Airport	Total	ACTIVITIES Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 6,091,841	\$ 2,926,455	\$ 4,684,508	\$ 1,422,969	\$ 15,125,773	\$ 963,440
Cash received from operational grants	-	-	-	10,000	10,000	-
Cash received from (paid to) other funds for services	-	-	41,000	(25,000)	16,000	(41,000)
Cash paid to suppliers for goods and services	(2,807,122)	(1,499,135)	(2,113,842)	(1,075,513)	(7,495,612)	(876,196)
Cash paid on behalf of employees for retirement	207,784	174,713	76,227	-	458,724	-
Cash paid to employees for salaries and benefits	(2,755,555)	(1,678,760)	(824,603)	(333,738)	(5,592,656)	-
Net Cash Provided by (Used for) Operating Activities	<u>736,948</u>	<u>(76,727)</u>	<u>1,863,290</u>	<u>(1,282)</u>	<u>2,522,229</u>	<u>46,244</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash received from taxes	3,008,888	823,834	748,422	-	4,581,144	-
Operating subsidies from (to) other funds	92,597	(377,183)	(650,867)	-	(935,453)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>3,101,485</u>	<u>446,651</u>	<u>97,555</u>	<u>-</u>	<u>3,645,691</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(1,793,669)	(344,335)	(39,298)	-	(2,177,302)	-
Proceeds from the issuance of debt	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Principal paid on capital debt	(115,000)	-	(775,000)	-	(890,000)	-
Interest paid on capital debt	(53,887)	-	(364,343)	-	(418,230)	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,962,556)</u>	<u>(344,335)</u>	<u>(1,178,641)</u>	<u>-</u>	<u>(3,485,532)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment earnings	261,142	26,234	291,116	(1)	578,491	-
Net Increase (Decrease) in Cash and Cash Equivalents	2,137,019	51,823	1,073,320	(1,283)	3,260,879	46,244
Cash and Cash Equivalents, Beginning of Year	7,133,452	1,193,524	9,718,644	47,979	18,093,599	93,042
Cash and Cash Equivalents, End of Year	<u>\$ 9,270,471</u>	<u>\$ 1,245,347</u>	<u>\$ 10,791,964</u>	<u>\$ 46,696</u>	<u>\$ 21,354,478</u>	<u>\$ 139,286</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities						
Operation income (loss)	\$ 105,820	\$ (518,925)	\$ 1,808,323	\$ (217,219)	\$ 1,177,999	\$ 40,422
Adjustments to reconcile net operating income to net cash provided by operating activities:						
Depreciation	584,891	328,302	591,413	269,318	1,773,924	44,686
(Increase) decrease in accounts receivable	(161,465)	(111,685)	(30,321)	389,232	85,761	-
Increase (decrease) in allowance for doubtful	7,960	51,907	2,271	-	62,138	-
(Increase) decrease in inventories	(29,781)	25,970	(637,092)	(53,178)	(694,081)	-
(Increase) decrease in prepaid items	87	-	-	-	87	-
(Increase) decrease in deferred outflows	(197,056)	(145,642)	(71,227)	-	(413,925)	-
Increase (decrease) in accounts payable	29,607	(10,704)	28,355	(350,033)	(302,775)	2,136
Increase (decrease) in accrued wages and taxes	2,783	5,003	1,968	577	10,331	-
Increase (decrease) in meter deposits	23,974	-	-	-	23,974	-
Increase (decrease) in due to other funds	-	-	41,000	(25,000)	16,000	(41,000)
Increase (decrease) in compensated absences	(34,712)	(21,308)	(18,854)	(12,329)	(87,203)	-
Increase (decrease) in unearned revenue	-	-	-	(2,650)	(2,650)	-
Increase (decrease) in deferred inflows	(53,143)	(39,277)	(19,209)	-	(111,629)	-
Increase (decrease) in net pension liability	457,983	359,632	166,663	-	984,278	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ 736,948</u>	<u>\$ (76,727)</u>	<u>\$ 1,863,290</u>	<u>\$ (1,282)</u>	<u>\$ 2,522,229</u>	<u>\$ 46,244</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 30,2019

	Special Gifts	Bail Bonds	Total
ASSETS			
Cash and cash equivalents	\$ 170,315	\$ 909	\$ 171,224
Accounts receivable	-	-	-
Total Assets	\$ 170,315	\$ 909	\$ 171,224
LIABILITIES			
Accounts payable	\$ 1,587	\$ -	\$ 1,587
Due to other funds	-	-	-
Special projects payable	168,728	909	169,637
Total Liabilities	\$ 170,315	\$ 909	\$ 171,224

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, 2019

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, 2019

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, 2019.

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, 2019

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 *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, 2019

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 (RWWT) Enterprise Fund* was established on July 3, 1974 from a joint power 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. However, this fund is not considered a major fund.

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, 2019

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, 2019, 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, 2019

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, 2019 was \$5.248 per \$1,000 for residential property and \$4.281 for nonresidential property. In addition, there was a \$1.506 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, 2019

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, 2019, 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, 2019

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, can 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, 2019

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, except for 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, 2019

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 \$2,832,391 at June 30, 2019.

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, 2019

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 \$25,983,194 difference are as follows:

Bonds payable	\$ (7,230,000)
Loans payable	(1,569,458)
Net pension obligation	(16,332,873)
Accrued interest (amortized as interest expense)	(22,823)
Compensated absences	(840,748)
Less: deferred charge for insurance (amortized over debt life)	12,708
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$(25,983,194)</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 \$3,368,523:

Deferred inflows – pension related	
Difference between expected and actual results	\$ (979,161)
Change in assumptions	(84,449)
Change in proportion and difference between employer contributions and proportion share of contributions	(110,417)
Deferred outflows – pension related	
FY 2018 employee contributions	1,126,841
Difference between expected and actual results	495,704
Change in assumptions	1,412,391
Net difference between projected and actual investment earnings	985,755
Change in proportion and difference between employer contributions and proportion share of contribution	522,091
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 3,368,523</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 \$2,869,397 difference are as follows:

Capital outlay	\$ 4,343,524
Depreciation expense	(1,474,127)
Net adjustment to reduce net changes in fund balances – total governmental funds to arrive at changes in net position – governmental activities	<u>\$ 2,869,397</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

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 (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 \$340,269 difference are as follows:

Bond proceeds	\$(1,500,000)
Amortization expense	(795)
Less: principal repayments:	
Revenue bond debt	150,000
General obligation debt	715,000
Loans payable	295,526
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	<u>\$ (340,269)</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 \$1,116,466 difference are as follows:

Pension expense	\$(1,099,671)
Delinquent property taxes	(12,917)
Accrued interest	368
Compensated absences	99,253
Less: loss on sale of assets	<u>(103,499)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position - governmental activities	<u>\$(1,116,466)</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, 2019, 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, 2019**

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, 2019.

	Fair Market Value (FMV)	Bank Balance	Maturities
DEPOSITORY ACCOUNTS			
Checking	\$ 28,255,589	\$ 29,642,696	Full liquidity
Savings	6,010,443	6,010,443	Full liquidity
Cash with fiscal agent	866,238	866,238	
	<u>35,132,270</u>	<u>36,519,377</u>	
INVESTMENTS			
Money market	748,335	748,335	Full liquidity
Certificates of deposit	15,473,493	15,473,493	Five years or less
Treasury notes	8,112,530	8,112,530	Five years or less
	<u>24,334,358</u>	<u>24,334,358</u>	
SUBTOTAL	59,466,628	60,853,735	
CASH ON HAND	1,650	-	
TOTAL	<u>\$ 59,468,278</u>	<u>\$ 60,853,735</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, 2019.

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, 2019, none of the Village's bank balances of \$60,853,735 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, 2019

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, 2019, 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	\$ 748,335	\$ -	\$ -	\$ 748,335
Marketable CDs	15,473,493	-	-	15,473,493
FNMA	-	2,700,715	-	2,700,715
FHLB	-	2,870,930	-	2,870,930
US Treasury	-	1,544,005	-	1,544,005
FFC	-	996,880	-	996,880
Total	\$ 16,221,828	\$ 8,112,530	\$ -	\$ 24,334,358

B. Restricted Assets

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

GOVERNMENTAL ACTIVITIES

Restricted bond proceeds	\$ 2,588,623
Restricted grant funds	22,994,971
Cash with fiscal agent	866,238
Customer deposits	<u>15,350</u>
	<u>26,465,182</u>

BUSINESS-TYPE ACTIVITIES

Restricted GRT revenues	5,563,352
Debt service reserve fund	1,723,631
Customer deposits	<u>305,491</u>
	<u>7,592,474</u>
Total Restricted Cash and Investments	<u>\$34,057,656</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, 2019

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

C. Receivables (Continued)

	General	GO Bond Debt Service	FEMA Capital Project	Nonmajor Governmental	Total
RECEIVABLES					
Accounts	\$ 165,977	\$ -	\$ -	\$ 13,442	\$ 179,419
Taxes	1,774,074	51,550	-	217,379	2,043,003
Intergovernmental	183,164	-	4,418,642	4,653	4,606,459
	2,123,215	51,550	4,418,642	235,474	6,828,881
Allowance for doubtful accounts	(389,539)	(51,550)	(462,038)	(1,667)	(904,794)
NET RECEIVABLES	\$ 1,733,676	\$ -	\$ 3,956,604	\$ 233,807	\$ 5,924,087

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, property tax revenues in the amount of \$183,901 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, 2019. In addition, FEMA grant funds advanced during the year in the amount of \$25,947,777 and NM Department of Transportation MAP grant funds in the amount of \$472,955 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, 2019.

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	Nonmajor Proprietary	Total
RECEIVABLES					
Accounts	\$ 416,365	\$ 720,701	\$ 580,785	\$ 7,263	\$ 1,725,114
Taxes	613,463	150,822	75,411	-	839,696
Intergovernmental	-	-	-	-	-
	1,029,828	871,523	656,196	7,263	2,564,810
Allowance for doubtful accounts	(80,016)	(484,597)	(178,416)	-	(743,029)
NET RECEIVABLES	\$ 949,812	\$ 386,926	\$ 477,780	\$ 7,263	\$ 1,821,781

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. The Village did not have any internal balances as of June 30, 2019.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

D. Internal Balances (Continued)

Net operating transfers for the year ended June 30, 2019 are as follows:

MAJOR FUNDS	Transfers IN	Transfers OUT	Purpose
<i>Governmental Activities</i>			
General Fund	\$2,110,517	\$ 1,648,606	Administrative fees, operating subsidies, and debt service
GO Bonds Debt Service Fund	-	2,154,722	Bond proceeds for capital funding
FEMA Capital Project Fund	<u>66,102</u>	<u>-</u>	Local match for FEMA Disaster grant
Subtotal Governmental	<u>2,176,619</u>	<u>3,803,328</u>	
<i>Business-type Activities</i>			
RJU Enterprise Fund	1,026,584	933,987	Administrative fees and fixed asset transfers
Solid Waste Enterprise Fund	-	377,183	Administrative fees
RWWTP Enterprise Fund	<u>-</u>	<u>650,867</u>	Administrative fees
Subtotal Proprietary	<u>1,026,584</u>	<u>1,962,037</u>	
Total Major Funds	3,203,203	5,765,365	
NONMAJOR FUNDS			
<i>Governmental Activities</i>	<u>3,956,730</u>	<u>367,984</u>	Operating subsidies and debt service
	<u>\$ 7,159,933</u>	<u>\$ 6,133,349</u>	

During fiscal year 2019, the Village transferred \$1,026,584 of capital assets from the GO Bond Capital Improvement Fund to the RJU Enterprise Fund. Since the GO Bond Fund uses the modified accrual basis of accounting, there are no capital assets included in the corresponding Balance Sheet, there was no transfer out to record in the GO Bond Fund. As a result, the above transfers in and transfers out do not net to zero.

E. Capital Assets

Capital assets activity for governmental activities for the year ended June 30, 2019 was as follows.

	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets, not being depreciated				
Land	\$ 10,315,759	\$ 1,495,026	\$ -	\$ 11,810,785
Construction in progress	3,650,043	3,253,432	(1,438,752)	5,464,723
Art	<u>18,200</u>	<u>-</u>	<u>-</u>	<u>18,200</u>
<i>Total capital assets not depreciated</i>	<u>13,984,002</u>	<u>4,748,458</u>	<u>(1,438,752)</u>	<u>17,293,708</u>
Capital assets, begin depreciated				
Infrastructure	39,328,349	-	-	39,328,349
Buildings and improvements	14,717,371	382,581	-	15,099,952
Machinery and equipment	4,285,622	262,862	(33,200)	4,515,284
Vehicles	<u>6,393,337</u>	<u>388,375</u>	<u>(663,845)</u>	<u>6,117,867</u>
Total capital assets, being depreciated	<u>64,724,679</u>	<u>1,033,818</u>	<u>(697,045)</u>	<u>65,061,452</u>
Accumulated depreciation for:				
Infrastructure	(27,477,833)	(474,703)	-	(27,952,536)
Buildings and improvements	(9,667,293)	(414,797)	-	(10,082,090)
Machinery and equipment	(2,684,533)	(290,132)	33,200	(2,941,465)
Vehicles	<u>(4,759,838)</u>	<u>(339,180)</u>	<u>560,345</u>	<u>(4,538,673)</u>
Total accumulated depreciation	<u>(44,589,497)</u>	<u>(1,518,812)</u>	<u>593,545</u>	<u>(45,514,764)</u>
<i>Total capital assets, net of depreciation</i>	<u>20,135,182</u>	<u>(484,994)</u>	<u>(103,500)</u>	<u>19,546,688</u>
Net capital assets	\$ 34,119,184	\$ 4,263,464	\$(1,542,252)	\$ 36,840,396

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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	\$849,601
Public safety	223,860
Public works	306,617
Culture and recreation	137,081
Health and welfare	<u>1,653</u>
	<u>\$1,518,812</u>

Capital assets activity for business-type activities for the year ended June 30, 2019 was as follows.

	Beginning Balance	Additions	Deletions	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets, not being depreciated				
Land	\$ 1,650,771	\$ 72,786	\$ -	\$ 1,723,557
Construction in progress	<u>1,675,926</u>	<u>991,974</u>	<u>(222,513)</u>	<u>2,445,387</u>
<i>Total capital assets not depreciated</i>	<u>3,326,697</u>	<u>1,064,760</u>	<u>(222,513)</u>	<u>4,168,944</u>
Capital assets, begin depreciated				
Infrastructure	39,682,955	690,135	-	40,373,090
Buildings and improvements	7,826,320	80,540	-	7,906,860
Machinery and equipment	2,088,506	178,601	-	2,267,107
Vehicles	<u>5,742,470</u>	<u>385,779</u>	<u>(37,275)</u>	<u>6,090,974</u>
<i>Total capital assets, being depreciated</i>	<u>55,340,251</u>	<u>1,335,055</u>	<u>(37,275)</u>	<u>56,638,031</u>
Accumulated depreciation for:				
Infrastructure	(4,453,389)	(999,161)	-	(5,452,550)
Buildings and improvements	(3,840,969)	(307,614)	-	(4,148,583)
Machinery and equipment	(1,340,511)	(133,947)	-	(1,474,458)
Vehicles	<u>(4,829,769)</u>	<u>(333,202)</u>	<u>19,880</u>	<u>(5,143,091)</u>
<i>Total accumulated depreciation</i>	<u>(14,464,638)</u>	<u>(1,773,924)</u>	<u>19,880</u>	<u>(16,218,682)</u>
<i>Total capital assets, net of depreciation</i>	<u>40,875,613</u>	<u>(438,869)</u>	<u>(17,395)</u>	<u>40,419,349</u>
Net capital assets	<u>\$ 44,202,310</u>	<u>\$ 625,891</u>	<u>\$ (239,908)</u>	<u>\$ 44,588,293</u>

BUSINESS-TYPE ACTIVITIES	
Water and sewer (RJU)	\$ 584,891
Solid waste	328,302
Wastewater (RWWTP)	591,413
Airport	<u>269,318</u>
	<u>\$1,773,924</u>

STATE OF NEW MEXICO
 VILLAGE OF RUIDOSO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

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, 2019.

Gross Receipts Tax Bonds

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	\$ 1,635,000	June 1, 2031
August 2015		
Capital projects	3,245,000	June 1, 2035
	<u>\$ 4,880,000</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>
2020	\$ 115,000	\$ 51,587
2021	120,000	48,138
2022	120,000	44,537
2023	125,000	40,938
2024	130,000	37,187
2025 – 2029	710,000	121,731
2030 - 2031	<u>315,000</u>	<u>15,438</u>
	<u>\$ 1,635,000</u>	<u>\$ 359,556</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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>
2020	\$ 150,000	\$ 114,400
2021	150,000	111,400
2022	165,000	106,900
2023	175,000	101,950
2024	180,000	96,700
2025 – 2029	975,000	396,975
2030 – 2034	1,185,000	199,000
2035	<u>265,000</u>	<u>10,600</u>
	<u>\$ 3,245,000</u>	<u>\$ 1,137,925</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	\$ 6,765,000	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>
2020	\$ 455,000	\$ 248,212
2021	470,000	232,063
2022	485,000	217,737
2023	500,000	200,462
2024	520,000	180,063
2025 – 2029	2,525,000	602,731
2030 - 2031	<u>1,810,000</u>	<u>86,800</u>
	<u>\$ 6,765,000</u>	<u>\$ 1,768,068</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

F. Long-term Liabilities (Continued)

General Obligation (GO) Bonds

GO bonds are usually issued for governmental activities, although the Village has issued for the direct benefit of the wastewater and the water system (business-type activities). The original amount of GO bonds issued in prior years was \$11,130,000 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, \$7,500,000 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 pledge the full faith and credit of the Village. Pledged revenue 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 2020. 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	\$ 460,000	June 1, 2024
Water	625,000	June 1, 2025
Water	835,000	June 1, 2026
Water	915,000	June 1, 2027
Water	1,150,000	June 1, 2028
	<u>3,985,000</u>	
Wastewater	3,505,000	July 1, 2027
	<u>\$ 7,490,000</u>	

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 480,000	\$ 87,785
2021	495,000	78,321
2022	500,000	68,387
2023	515,000	58,096
2024	525,000	47,254
2025 – 2027	<u>1,470,000</u>	<u>77,055</u>
	<u>\$ 3,985,000</u>	<u>\$ 416,898</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 350,000	\$ 87,912
2021	360,000	78,540
2022	370,000	68,904
2023	380,000	59,004
2024	390,000	48,840
2025 – 2028	<u>1,655,000</u>	<u>88,902</u>
	<u>\$ 3,505,000</u>	<u>\$ 432,102</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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 for the acquisition of equipment, and the remodel of facilities. Capital loans were issued for governmental 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
Fire trucks	\$ 470,291	May 1, 2025
Convention center	914,239	May 1, 2029
Equipment	<u>184,928</u>	August 1, 2020
	<u>\$ 1,569,458</u>	

The Village obtained a loan from NMFA on July 23, 2009 for the purpose of acquiring two (2) fire trucks. The original loan amount was \$1,015,000 with an interest rate of 3.00%. The term of the loan is fifteen (15) years with payments commencing in 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>
2020	\$ 71,446	\$ 18,623
2021	73,825	16,244
2022	76,527	13,542
2023	79,489	10,580
2024	82,740	7,329
2025	<u>86,264</u>	<u>3,804</u>
	<u>\$ 470,291</u>	<u>\$ 70,122</u>

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.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

F. Long-term Liabilities (Continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 75,870	\$ 39,172
2021	78,692	36,349
2022	81,753	33,288
2023	85,048	29,994
2024	88,569	26,473
2025	<u>504,307</u>	<u>70,900</u>
	<u>\$ 914,239</u>	<u>\$ 236,176</u>

Capital Lease

The Village obtained a lease from Wagner Equipment Company on September 28, 2015 for the purpose of acquiring a Motor Grader. The original lease 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>
2020	\$ 33,149	\$ 4,985
2021	<u>151,779</u>	<u>-</u>
	<u>\$ 184,928</u>	<u>\$ 4,985</u>

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, 2019 follows:

	<u>Outstanding</u>			<u>Outstanding</u>	<u>Due within</u>
	<u>07/01/18</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>06/30/19</u>	<u>One Year</u>
GOVERNMENTAL ACTIVITIES					
GRT revenue bonds	\$ 3,395,000	\$ -	\$ 150,000	\$ 3,245,000	\$ 150,000
GO bonds	3,200,000	1,500,000	715,000	3,985,000	480,000
Capital loans	<u>1,864,984</u>	<u>-</u>	<u>295,526</u>	<u>1,569,458</u>	<u>180,466</u>
	8,459,984	1,500,000	1,160,526	8,799,458	810,466
Compensated absences	<u>940,001</u>	<u>-</u>	<u>99,253</u>	<u>840,748</u>	<u>67,260</u>
Total Governmental	<u>9,399,985</u>	<u>1,500,000</u>	<u>1,259,779</u>	<u>9,640,206</u>	<u>877,726</u>
BUSINESS-TYPE ACTIVITIES					
GRT revenue bonds	1,750,000	-	115,000	1,635,000	115,000
GO bonds	3,845,000	-	340,000	3,505,000	350,000
Revenue bonds	<u>7,200,000</u>	<u>-</u>	<u>435,000</u>	<u>6,765,000</u>	<u>455,000</u>
	12,795,000	-	890,000	11,905,000	920,000
Compensated absences	<u>557,324</u>	<u>-</u>	<u>87,203</u>	<u>470,121</u>	<u>37,610</u>
Total Business-type	<u>13,352,324</u>	<u>-</u>	<u>977,203</u>	<u>12,375,121</u>	<u>957,610</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 22,752,309</u>	<u>\$ 1,500,000</u>	<u>\$ 2,236,982</u>	<u>\$ 22,015,327</u>	<u>\$ 1,835,336</u>

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

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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

F. Leases

The Village leases office equipment, heavy equipment, and machinery under short-term cancellable operating leases. Rental expenses for the year ended June 30, 2019 was \$129,883.

G. 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.

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, 2019 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, 2019. 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, 2019

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, 2018 available at http://www.pera.state.nm.us/pdf/AuditFinancial_Statements/366_Public_Employees_Retirement_Association_2018.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 2018 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 2018 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2018.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 \$1,129,404 and employer paid member benefits that were "picked up" by the employer were \$404,944 for the year ended June 30, 2019.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2018. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2019, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2019. 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, 2019. Only employer contributions for the pay period end dates that fell within the period of July 1, 2018 to June 30, 2019 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2019 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, 2019, the Village reported a liability of \$11,921,105 for its proportionate share of the net pension liability. At June 30, 2019, the Village's proportion was 0.7477%, which was unchanged from its proportion measured as of June 30, 2018, due to the insignificance of the difference.

For the year ended June 30, 2019, the Village recognized PERA Fund Division Municipal General's pension expense of \$1,929,164. At June 30, 2019, 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	\$ 344,544	\$ 312,985
Change in assumptions	1,080,817	68,542
Net difference between projected and actual earnings on pension plan investments	884,129	-
Change in proportion and differences between employer contributions and proportionate share of contributions	426,767	82,513
Village contributions subsequent to measurement date	951,454	-
TOTAL	\$ 3,687,711	\$ 464,040

**STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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)

\$951,454 was reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date of June 30, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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>
2020	\$ 1,396,298
2021	589,620
2022	240,698
2023	45,601
2024	<u>-</u>
	<u>\$ 2,272,217</u>

For PERA Fund Division Municipal Police, at June 30, 2019, the Village reported a liability of \$4,513,442 for its proportionate share of the net pension liability. At June 30, 2019, the Village's proportion was 0.6615%, which was unchanged from its proportion measured as of June 30, 2018, due to the insignificance of the difference.

For the year ended June 30, 2019, the Village recognized PERA Fund Division Municipal Police's pension expense of \$567,728. At June 30, 2019 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	\$ 220,957	\$ 447,400
Change in assumptions	514,990	27,592
Net difference between projected and actual earnings on pension plan investments	310,589	-
Change in proportion and differences between employer contributions and proportionate share of contributions	89,442	26,041
Village contributions subsequent to measurement date	<u>320,539</u>	<u>-</u>
TOTAL	<u>\$ 1,456,517</u>	<u>\$ 501,033</u>

\$320,539 was reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date of June 30, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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>
2020	\$ 402,629
2021	117,020
2022	99,120
2023	16,176
2024	<u>-</u>
	<u>\$ 634,945</u>

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, the Village reported a liability of \$4,839,515 for its proportionate share of the net pension liability. At June 30, 2019, the Village's proportion was 0.7561%, which was unchanged from its proportion measured as of June 30, 2018, due to the insignificance of the difference.

For the year ended June 30, 2019, the Village recognized PERA Fund Division Municipal Fire's pension expense of \$595,551. At June 30, 2019, 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	\$ 77,772	\$ 352,944
Change in assumptions	279,498	17,672
Net difference between projected and actual earnings on pension plan investments	169,709	-
Change in proportion and differences between employer contributions and proportionate share of contributions	188,667	37,203
Village contributions subsequent to measurement date	262,355	-
TOTAL	\$ 978,001	\$ 407,819

\$262,355 was reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date of June 30, 2018 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. 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>
2020	\$ 188,741
2021	14,637
2022	95,324
2023	9,125
2024	-
	<u>\$ 307,827</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, 2018 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, 2018 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, 2018. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2018 actuarial valuation.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5. OTHER INFORMATION (CONTINUED)

C. PERA Pension Plan (Continued)

Actuarial Assumptions (Continued)

Actuarial valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Payroll growth rate	3.00%
Mortality assumption	RPH-2014 Blue Collar Mortality table
Actuarial assumptions:	
• Investment rate of return*	7.25% annual rate
• Projected salary increases	3.25% - 13.50%
• Projected benefit payment	100 years
• Includes inflation	2.50%

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%	7.48%
Risk Reduction & Mitigation	21.50%	2.37%
Credit Oriented Fixed Income	15.00%	5.47%
Real Assets	<u>20.00%</u>	6.48%
TOTAL	<u>100.00%</u>	

Discount Rate

Previously, a select and ultimate rate of return assumption had been adopted for funding purposes, but new economic assumptions were adopted for the June 30, 2018 valuations including the change to a 7.25% static rate. The discount rate used to measure the total pension liability is 7.25%. 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 7.25% 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, 2019

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 (6.25%) or one percentage point higher (8.25%) than the single discount rate.

PERA Fund Division Municipal General	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Village's proportionate share of the net pension liability	\$ 18,369,625	\$ 11,921,105	\$ 6,590,373

PERA Fund Division Municipal Police	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Village's proportionate share of the net pension liability	\$ 6,939,822	\$ 4,513,442	\$ 2,535,368

PERA Fund Division Municipal Fire	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Village's proportionate share of the net pension liability	\$ 6,460,384	\$ 4,839,515	\$ 3,511,685

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2018 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, 2019, 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, 2019

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 \$83,919 (\$66,673 ICMA and \$17,246 Nationwide) for the year ended June 30, 2019.

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	\$ 101,215
Nonmajor governmental funds	<u>848,377</u>
Total	<u>\$ 949,592</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, 2019, 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. Asset Retirement Obligations

The Village currently has three (3) underground storage tanks and a wastewater treatment plant that are currently in use and regulated by the New Mexico Environment Department (NMED) under the Federal Environmental Protection Agency (EPA). Currently the storage tanks are permitted under NMED and have useful lives of approximately twenty (20) more years. Disposal fees to abandon the tanks are immaterial to governmental activities. As for the wastewater treatment plant, there are no plans to abandon the membrane bioreactor (MBR) plant which was built in 2011. However, for reporting purposes, the Village has assessed the cost of cementing the basins, demolition of concrete structures above ground, and the disposal of a waste materials and has determined that the cost is immaterial to the RWWTP (business-type activities) financial statements.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5. OTHER INFORMATION (CONTINUED)

J. Subsequent Events

The Village has evaluated subsequent events through December 9, 2019, the date which the financial statements were available to be issued. As of the report date, no subsequent events were identified by management.

K. Recent Accounting Pronouncements

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 has adopted this Statement and revised note disclosures.

L. Future Accounting Pronouncements

The following GASB pronouncements have been issued but are not yet effective at June 30, 2019.

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.

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.

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.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5. OTHER INFORMATION (CONTINUED)

L. Future Accounting Pronouncements (Continued)

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures and is effective for reporting periods beginning after December 15, 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2019

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%	0.73%	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	\$ 21,274	-	-	-	-	-
Village's covered payroll	\$ 7,924	\$ 8,601	\$ 8,450	\$ 9,107	\$ 9,203	-	-	-	-	-
Village's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	130.72%	162.92%	249.30%	192.29%	231.16%	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%	71.13%	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, 2019

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	\$ 1,074	\$ -	\$ -	\$ -	\$ -	\$ -
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>1,517</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>\$ (443)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 7,924	\$ 8,601	\$ 8,450	\$ 9,107	\$ 9,203					
Contributions as a percentage of covered payroll	15.65%	15.34%	16.91%	15.50%	16.48%					

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total											
	Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	1,028	5	-	-	-	-	-	-	-	-	-	-
2018	3,215	5	-	-	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-
	<u>\$ 13,452</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, 2019

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	\$ 602	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>752</u>	<u>816</u>	<u>895</u>	<u>866</u>	<u>941</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>\$ (339)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 5,860	\$ 6,415	\$ 6,210	\$ 6,749	\$ 6,820					
Contributions as a percentage of	12.83%	12.72%	14.41%	12.83%	13.80%					

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	2,272	5	-	-	-	-	-	1,396	590	241	45	-
2019	-	5	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-
	<u>\$ 8,743</u>		<u>\$ -</u>	<u>\$ 522</u>	<u>\$ 331</u>	<u>\$ 1,142</u>	<u>\$ 1,475</u>	<u>\$ 3,994</u>	<u>\$ 1,225</u>	<u>\$ 9</u>	<u>\$ 45</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, 2019

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	\$ 264	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>292</u>	<u>287</u>	<u>304</u>	<u>320</u>	<u>326</u>	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ (57)</u>	<u>\$ (53)</u>	<u>\$ (67)</u>	<u>\$ (61)</u>	<u>\$ (62)</u>	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 1,234	\$ 1,303	\$ 1,373	\$ 1,398	\$ 1,376					
Contributions as a percentage of	23.66%	22.03%	22.14%	22.89%	23.69%					

Increase (Decrease) in Pension Expense over Recognition Periods

Year	Total											
	Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	635	5	-	-	-	-	-	403	117	99	16	-
2019	-	5	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-
	<u>\$ 2,986</u>		<u>\$ -</u>	<u>\$ 243</u>	<u>\$ 217</u>	<u>\$ 497</u>	<u>\$ 498</u>	<u>\$ 1,266</u>	<u>\$ 237</u>	<u>\$ 12</u>	<u>\$ 16</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, 2019

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	\$ 208	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>196</u>	<u>216</u>	<u>230</u>	<u>226</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ (33)</u>	<u>\$ (37)</u>	<u>\$ (46)</u>	<u>\$ (38)</u>	<u>\$ (42)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 829	\$ 883	\$ 867	\$ 961	\$ 1,007					
Contributions as a percentage of	23.64%	24.46%	26.53%	23.52%	24.83%					

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	\$ 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	308	5	-	-	-	-	-	189	15	95	9	-
2019	-	5	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,723</u>		<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 120</u>	<u>\$ 408</u>	<u>\$ 439</u>	<u>\$ 622</u>	<u>\$ (2)</u>	<u>\$ 52</u>	<u>\$ 9</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, 2019

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 2018 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, 2018 report is available at <http://wwwsaonm.org> using the audit search function for agency 366.

SUPPLEMENTARY INFORMATION

**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 non-administrative expenditures involved in providing this service.

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

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

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.

Municipal Gas Tax (Streets) 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 are also accounted for in this fund.

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.

Special Recreation Fund accounts for the resources from the recreational activities at Grindstone Lake. After each season reserve funds are to be divided as follows: the Wibit (inflatable playground on the lake) is allocated one-month start up expenditures and the remaining funds are to be divided on a 70/30 basis for Parks and Recreation capital expenditures and watershed projects, respectively.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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, 2019

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	\$ 85,515	\$ 22,553	\$ 407,585	\$ 2,329	\$ 23,722	\$ 574,307
Investments	-	-	-	-	-	-
Restricted cash and investment:	-	-	-	-	-	-
Receivables, net of allowance	-	-	-	-	2,284	204,647
Due from other funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total Assets	<u>\$ 85,515</u>	<u>\$ 22,553</u>	<u>\$ 407,585</u>	<u>\$ 2,329</u>	<u>\$ 26,006</u>	<u>\$ 778,954</u>
LIABILITIES						
Accounts payable	\$ 4,292	\$ -	\$ 1,415	\$ 57	\$ -	\$ 145,750
Accrued liabilities	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>4,292</u>	<u>-</u>	<u>1,415</u>	<u>57</u>	<u>-</u>	<u>145,750</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	81,223	2,553	-	1,384	26,006	-
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	-	-	-	-	283,027
Assigned:						
Purchases on order	-	-	-	888	-	116,394
Subsequent year's budget; appropriation of fund	-	20,000	406,170	-	-	233,783
Unassigned	-	-	-	-	-	-
Total Fund Balances (Deficits)	<u>81,223</u>	<u>22,553</u>	<u>406,170</u>	<u>2,272</u>	<u>26,006</u>	<u>633,204</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 85,515</u>	<u>\$ 22,553</u>	<u>\$ 407,585</u>	<u>\$ 2,329</u>	<u>\$ 26,006</u>	<u>\$ 778,954</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, 2019

SPECIAL REVENUE FUNDS

	<u>Municipal Gas Tax</u>	<u>Special Recreation</u>	<u>Inter- governmental Grants</u>	<u>RSVP</u>	<u>DWI</u>	<u>Forestry Operations</u>
ASSETS						
Cash and cash equivalents	\$ 483,460	\$ 18,508	\$ 95,667	\$ 2,518	\$ 610	\$ 113,645
Investments	-	-	-	-	-	-
Restricted cash and investment:	-	-	-	-	-	-
Receivables, net of allowance	24,507	-	-	2,369	-	-
Due from other funds	-	-	-	-	-	-
Inventories	200,229	-	-	-	-	-
Prepaid items	296	-	-	-	-	-
Total Assets	<u>\$ 708,492</u>	<u>\$ 18,508</u>	<u>\$ 95,667</u>	<u>\$ 4,887</u>	<u>\$ 610</u>	<u>\$ 113,645</u>
LIABILITIES						
Accounts payable	\$ 46,462	\$ 2,556	\$ -	\$ 259	\$ 52	\$ 130
Accrued liabilities	12,818	-	-	697	-	-
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>59,280</u>	<u>2,556</u>	<u>-</u>	<u>956</u>	<u>52</u>	<u>130</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	472,955	-	-	-	-	-
Unavailable property taxes	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>472,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable:						
Inventory	200,229	-	-	-	-	-
Prepaid items	296	-	-	-	-	-
Restricted:						
Public safety	-	-	-	-	426	-
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Other purposes	-	15,652	-	3,931	-	113,515
Assigned:						
Purchases on order	38,067	-	95,667	-	-	-
Subsequent year's budget; appropriation of fund	-	300	-	-	132	-
Unassigned	<u>(62,335)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>176,257</u>	<u>15,952</u>	<u>95,667</u>	<u>3,931</u>	<u>558</u>	<u>113,515</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 708,492</u>	<u>\$ 18,508</u>	<u>\$ 95,667</u>	<u>\$ 4,887</u>	<u>\$ 610</u>	<u>\$ 113,645</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, 2019

	<u>SPECIAL REVENUE FUND</u>	Subtotal Special Revenue Funds	<u>DEBT SERVICE FUNDS</u>		Subtotal Debt Service Funds	<u>CAPITAL PROJECT FUND</u>
	Traffic Safety Fees		Revenue Bonds	NMFA Loans		GO Bond
ASSETS						
Cash and cash equivalents	\$ -	\$ 1,830,419	\$ 9,636	\$ -	\$ 9,636	\$ -
Investments	-	-	-	-	-	-
Restricted cash and investment:	-	-	-	133,550	133,550	2,588,623
Receivables, net of allowance	-	233,807	-	-	-	-
Due from other funds	-	-	-	-	-	-
Inventories	-	200,229	-	-	-	-
Prepaid items	-	296	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 2,264,751</u>	<u>\$ 9,636</u>	<u>\$ 133,550</u>	<u>\$ 143,186</u>	<u>\$ 2,588,623</u>
LIABILITIES						
Accounts payable	\$ -	\$ 200,973	\$ -	\$ -	\$ -	\$ 212,999
Accrued liabilities	-	13,515	-	-	-	-
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>214,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,999</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	-	472,955	-	-	-	-
Unavailable property taxes	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>472,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable:						
Inventory	-	200,229	-	-	-	-
Prepaid items	-	296	-	-	-	-
Restricted:						
Public safety	-	111,592	-	-	-	-
Capital projects	-	-	-	-	-	1,778,263
Debt service	-	-	9,636	133,550	143,186	-
Other purposes	-	416,125	-	-	-	-
Assigned:						
Purchases on order	-	251,016	-	-	-	597,361
Subsequent year's budget; appropriation of fund	-	660,385	-	-	-	-
Unassigned	<u>-</u>	<u>(62,335)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>-</u>	<u>1,577,308</u>	<u>9,636</u>	<u>133,550</u>	<u>143,186</u>	<u>2,375,624</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 2,264,751</u>	<u>\$ 9,636</u>	<u>\$ 133,550</u>	<u>\$ 143,186</u>	<u>\$ 2,588,623</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, 2019

	<u>Total Non Major Governmental Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,840,055
Investments	-
Restricted cash and investments	2,722,173
Receivables, net of allowance	233,807
Due from other funds	-
Inventories	200,229
Prepaid items	<u>296</u>
Total Assets	<u>\$ 4,996,560</u>
LIABILITIES	
Accounts payable	\$ 413,972
Accrued liabilities	13,515
Deposits payable	-
Due to other funds	<u>-</u>
Total Liabilities	<u>427,487</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	472,955
Unavailable property taxes	<u>-</u>
Total Deferred Inflows of Resources	<u>472,955</u>
FUND BALANCES (DEFICITS)	
Nonspendable:	
Inventory	200,229
Prepaid items	296
Restricted:	-
Public safety	111,592
Capital projects	1,778,263
Debt service	143,186
Other purposes	416,125
Assigned:	-
Purchases on order	848,377
Subsequent year's budget; appropriation of fund	660,385
Unassigned	<u>(62,335)</u>
Total Fund Balances (Deficits)	<u>4,096,118</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	 <u>\$ 4,996,560</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, 2019

	SPECIAL REVENUE FUNDS					
	Correction Fees	Emergency Medical Services	Fire Protection	Law Enforcement Protection	Special Library	Lodgers' Tax
REVENUES						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-
Other	-	-	-	-	-	1,859,500
Intergovernmental:						
Federal grants	-	-	-	-	-	-
State grants	-	9,881	398,902	32,600	24,730	7,000
Licenses and permits	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	36,611	-	-	-	-	-
Investment earnings	-	-	250	-	-	1,574
Miscellaneous	-	-	-	-	20,000	4,345
Total Revenues	<u>36,611</u>	<u>9,881</u>	<u>399,152</u>	<u>32,600</u>	<u>44,730</u>	<u>1,872,419</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	21,230	5,191	103,660	30,328	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	24,531	988,959
Health and welfare	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	-	350,056	-	33,000	808,479
Total Expenditures	<u>21,230</u>	<u>5,191</u>	<u>453,716</u>	<u>30,328</u>	<u>57,531</u>	<u>1,797,438</u>
Excess (Deficiency) of Revenues over Expenditures	<u>15,381</u>	<u>4,690</u>	<u>(54,564)</u>	<u>2,272</u>	<u>(12,801)</u>	<u>74,981</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(38,360)	-	-	(206,122)
Proceeds from debt issuance	-	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(38,360)</u>	<u>-</u>	<u>-</u>	<u>(206,122)</u>
Net Change in Fund Balances	15,381	4,690	(92,924)	2,272	(12,801)	(131,141)
Fund Balances, Beginning of Year	<u>65,842</u>	<u>17,863</u>	<u>499,094</u>	<u>-</u>	<u>38,807</u>	<u>764,345</u>
Fund Balances, End of Year	<u>\$ 81,223</u>	<u>\$ 22,553</u>	<u>\$ 406,170</u>	<u>\$ 2,272</u>	<u>\$ 26,006</u>	<u>\$ 633,204</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, 2019

	SPECIAL REVENUE FUNDS					
	<u>Municipal Gas Tax</u>	<u>Special Recreation</u>	<u>Inter- governmental Grants</u>	<u>RSVP</u>	<u>DWI</u>	<u>Forestry Operations</u>
REVENUES						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-
Other	141,577	-	-	-	-	-
Intergovernmental:						
Federal grants	-	-	2,516	-	-	150,902
State grants	276,940	-	-	34,978	160,548	-
Licenses and permits	-	-	-	-	-	-
Charges for services	112,152	46,056	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Miscellaneous	-	-	-	6,100	-	-
Total Revenues	<u>530,669</u>	<u>46,056</u>	<u>2,516</u>	<u>41,078</u>	<u>160,548</u>	<u>150,902</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	160,679	-
Public works	1,677,586	-	-	-	-	143,428
Culture and recreation	-	463	-	-	-	-
Health and welfare	-	-	-	65,183	-	-
Debt service:						
Principal	37,946	-	-	-	-	-
Interest	7,411	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	29,641	2,945	-	-	-
Total Expenditures	<u>1,722,943</u>	<u>30,104</u>	<u>2,945</u>	<u>65,183</u>	<u>160,679</u>	<u>143,428</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,192,274)</u>	<u>15,952</u>	<u>(429)</u>	<u>(24,105)</u>	<u>(131)</u>	<u>7,474</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,207,649	-	90,266	22,736	-	-
Transfers out	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>1,207,649</u>	<u>-</u>	<u>90,266</u>	<u>22,736</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	15,375	15,952	89,837	(1,369)	(131)	7,474
Fund Balances, Beginning of Year	<u>160,882</u>	<u>-</u>	<u>5,830</u>	<u>5,300</u>	<u>689</u>	<u>106,041</u>
Fund Balances, End of Year	<u>\$ 176,257</u>	<u>\$ 15,952</u>	<u>\$ 95,667</u>	<u>\$ 3,931</u>	<u>\$ 558</u>	<u>\$ 113,515</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, 2019

	<u>SPECIAL REVENUE FUND</u> Traffic Safety Fees	Subtotal Special Revenue Funds	<u>DEBT SERVICE FUNDS</u> Revenue Bonds	NMFA Loans	Subtotal Debt Service Funds	<u>CAPITAL PROJECT FUND</u> GO Bond
REVENUES						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross receipts	-	-	-	-	-	-
Other	-	2,001,077	-	-	-	-
Intergovernmental:						
Federal grants	-	153,418	-	-	-	-
State grants	-	945,579	-	-	-	88,558
Licenses and permits	-	-	-	-	-	-
Charges for services	-	158,208	-	-	-	-
Fines and forfeitures	2,540	39,151	-	-	-	-
Investment earnings	-	1,824	-	7,698	7,698	16,677
Miscellaneous	-	30,445	-	-	-	-
Total Revenues	<u>2,540</u>	<u>3,329,702</u>	<u>-</u>	<u>7,698</u>	<u>7,698</u>	<u>105,235</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	11,317	332,405	-	-	-	-
Public works	-	1,821,014	-	-	-	-
Culture and recreation	-	1,013,953	-	-	-	-
Health and welfare	-	65,183	-	-	-	-
Debt service:						
Principal	-	37,946	150,000	257,580	407,580	-
Interest	-	7,411	117,400	66,257	183,657	-
Bond issuance costs	-	-	-	-	-	-
Capital outlay	-	1,224,121	-	-	-	988,235
Total Expenditures	<u>11,317</u>	<u>4,502,033</u>	<u>267,400</u>	<u>323,837</u>	<u>591,237</u>	<u>988,235</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(8,777)</u>	<u>(1,172,331)</u>	<u>(267,400)</u>	<u>(316,139)</u>	<u>(583,539)</u>	<u>(883,000)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	4,216	1,324,867	267,400	209,741	477,141	2,154,722
Transfers out	-	(244,482)	-	(123,502)	(123,502)	-
Proceeds from debt issuance	-	-	-	-	-	-
Net Other Financing Sources (Uses)	<u>4,216</u>	<u>1,080,385</u>	<u>267,400</u>	<u>86,239</u>	<u>353,639</u>	<u>2,154,722</u>
Net Change in Fund Balances	(4,561)	(91,946)	-	(229,900)	(229,900)	1,271,722
Fund Balances, Beginning of Year	<u>4,561</u>	<u>1,669,254</u>	<u>9,636</u>	<u>363,450</u>	<u>373,086</u>	<u>1,103,902</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 1,577,308</u>	<u>\$ 9,636</u>	<u>\$ 133,550</u>	<u>\$ 143,186</u>	<u>\$ 2,375,624</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, 2019

	<u>Total Non Major Governmental Funds</u>
REVENUES	
Taxes:	
Property	\$ -
Gross receipts	-
Other	2,001,077
Intergovernmental:	
Federal grants	153,418
State grants	1,034,137
Licenses and permits	-
Charges for services	158,208
Fines and forfeitures	39,151
Investment earnings	26,199
Miscellaneous	<u>30,445</u>
Total Revenues	<u>3,442,635</u>
EXPENDITURES	
Current:	
General government	-
Public safety	332,405
Public works	1,821,014
Culture and recreation	1,013,953
Health and welfare	65,183
Debt service:	
Principal	445,526
Interest	191,068
Bond issuance costs	-
Capital outlay	<u>2,212,356</u>
Total Expenditures	<u>6,081,505</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,638,870)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	3,956,730
Transfers out	(367,984)
Proceeds from debt issuance	<u>-</u>
Net Other Financing Sources (Uses)	<u>3,588,746</u>
Net Change in Fund Balances	949,876
Fund Balances, Beginning of Year	<u>3,146,242</u>
Fund Balances, End of Year	<u>\$ 4,096,118</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, 2019

<u>APPEARANCE BONDS</u>	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS				
Cash and cash equivalents	\$ 2	\$ 2,390	\$ 1,483	\$ 909
Total Assets	<u>\$ 2</u>	<u>\$ 2,390</u>	<u>\$ 1,483</u>	<u>\$ 909</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Special projects payable	<u>2</u>	<u>2,390</u>	<u>1,483</u>	<u>909</u>
Total Liabilities	<u>\$ 2</u>	<u>\$ 2,390</u>	<u>\$ 1,483</u>	<u>\$ 909</u>
 SPECIAL GIFTS				
ASSETS				
Cash and cash equivalents	\$ 136,162	\$ 85,526	\$ 51,373	\$ 170,315
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 136,162</u>	<u>\$ 85,526</u>	<u>\$ 51,373</u>	<u>\$ 170,315</u>
LIABILITIES				
Accounts payable	\$ 916	\$ 43,374	\$ 42,703	\$ 1,587
Due to other funds	-	-	-	-
Special projects payable	<u>135,246</u>	<u>42,152</u>	<u>8,670</u>	<u>168,728</u>
Total Liabilities	<u>\$ 136,162</u>	<u>\$ 85,526</u>	<u>\$ 51,373</u>	<u>\$ 170,315</u>
 TOTAL				
ASSETS				
Cash and cash equivalents	\$ 136,164	\$ 87,916	\$ 52,856	\$ 171,224
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 136,164</u>	<u>\$ 87,916</u>	<u>\$ 52,856</u>	<u>\$ 171,224</u>
LIABILITIES				
Accounts payable	\$ 916	\$ 43,374	\$ 42,703	\$ 1,587
Due to other funds	-	-	-	-
Special projects payable	<u>135,248</u>	<u>44,542</u>	<u>10,153</u>	<u>169,637</u>
Total Liabilities	<u>\$ 136,164</u>	<u>\$ 87,916</u>	<u>\$ 52,856</u>	<u>\$ 171,224</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, 2019**

Financial Institution/Account Name	Deposit Type	Bank Balance	Reconciling Items	Reconciled Balance
WELLS FARGO, NEW MEXICO				
New General Operations	Checking	\$ 6,555,840	\$ (1,296,131)	5,259,709
FEMA Fund	Checking	23,086,521	(91,550)	22,994,971
Bail Bond Trust Fund	Checking	335	574	909
Village of Ruidoso	Savings	<u>6,010,443</u>	-	<u>6,010,443</u>
Municipality of Ruidoso		35,653,139	<u>\$ (1,387,107)</u>	<u>\$ 34,266,032</u>
Less: FDIC coverage		<u>250,000</u>		
Uninsured Public Funds		35,403,139		
Less: Pledged collateral held by the pledging financial institution		<u>(39,905,899)</u>		
Over insured and over collateralized		<u>\$ (4,502,760)</u>		
Collateral requirement - 50% of uninsured funds		\$ 17,701,570		
Less: Pledged security		<u>39,905,899</u>		
Over Collateral Requirement		<u>\$ (22,204,329)</u>		

Pledge Description	Maturity	CUSIP	Fair Market Value	Location of Safekeeper
FNMA FNMS 3.000%	09/01/2042	3138M0CQ1	\$ 820,364	Bank of New York Mellon, New York, NY
FNMA FNMS 3.500%	07/01/2047	3140GUQS9	\$ 1,107,110	
FNMA FNMS 3.000%	09/01/2035	31418BUN4	<u>37,978,425</u>	
			<u>\$ 39,905,899</u>	

WELLS FARGO BROKERAGE*

General Operations	Money Market	\$ 748,335	\$ -	\$ 748,335
General Operations**	CDs	15,473,493	-	15,473,493
General Operations	Treasury Notes	<u>8,112,530</u>	-	<u>8,112,530</u>
Municipality of Ruidoso		<u>\$ 24,334,358</u>	<u>\$ -</u>	<u>\$ 24,334,358</u>

BANK OF ALBUQUERQUE - NMFA*

Village of Ruidoso - Fire Truck Loan	Cash Deposit	\$ 1,633	\$ -	\$ 1,633
Village of Ruidoso - Convention Center Loan	Cash Deposit	131,917	-	131,917
Village of Ruidoso - Police Building Loan	Cash Deposit	-	-	-
Village of Ruidoso - General Obligation Bonds	Cash Deposit	<u>732,688</u>	-	<u>732,688</u>
Municipality of Ruidoso		<u>\$ 866,238</u>	<u>\$ -</u>	<u>\$ 866,238</u>

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

**The Village holds sixty-two (62) CDs with corresponding FDIC insurance of \$250,000 per CD. Therefore, these balances are insured for \$15,500,000.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS AND PLEDGED COLLATERAL
JUNE 30, 2019

Financial Institution/Account Name	Deposit Type	Bank Balance	Reconciling Items	Reconciled Balance
TOTAL FINANCIAL INSTITUTIONS				
Village of Ruidoso	Checking	\$ 29,642,696	\$ (1,387,107)	\$ 28,255,589
Village of Ruidoso	Savings	6,010,443	-	6,010,443
Village of Ruidoso	Cash Deposit	866,238	-	866,238
Village of Ruidoso	Money Market	748,335	-	748,335
Village of Ruidoso	CDs	15,473,493	-	15,473,493
Village of Ruidoso	Treasury Notes	8,112,530	-	8,112,530
Municipality of Ruidoso		60,853,735	<u>\$ (1,387,107)</u>	<u>\$ 59,466,628</u>
Less: Wells Fargo Brokerage		24,334,358		
Less: NMFA		866,238		
		35,653,139		
Less: FDIC coverage		250,000		
Uninsured Public Funds		35,403,139		
Less: Pledged collateral held by the pledging financial institution		<u>(39,905,899)</u>		
Over insured and over collateralized		<u>\$ (4,502,760)</u>		
Collateral requirement - 50% of uninsured funds		\$ 17,701,570		
Less: Pledged security		<u>(39,905,899)</u>		
Over Collateral Requirement		<u>\$ (22,204,329)</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, 2019**

Participants	Responsible Party	Description
Village of Ruidoso and Lincoln County	Both	Provide mutual aid for fire response
Village of Ruidoso's Police Department and New Mexico Law Enforcement Professional Standards Council	Both	Assist the agency toward the goal of accredited status through compliance with the standards adopted by said council
Village of Ruidoso and new Mexico Department of Public Safety	Both	Provide police services for Village residents and insure that Police Officers have powers to enforce state laws and act with the same authority as sheriffs and constables
Village of Ruidoso's Sierra Blanca Regional Airport and the Bureau of Land Management	Both	Allow public land users to ingress and egress the Airport's East and South approach corridors
Village of Ruidoso and the New Mexico Department of Tourism	Both	Creates a partnership for the use of space at the Billy the Kid Byway Visitors' Center
Village of Ruidoso and the United States Department of Agriculture Forestry Service	Both	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
Village of Ruidoso and City of Ruidoso Downs	Village of Ruidoso	Consolidated Dispatch

<u>Begin Date</u>	<u>End Date</u>	<u>Estimated Amount of Project</u>	<u>Amount Contributed in Fiscal year</u>	<u>Audit Responsibility</u>	<u>Fiscal Agent</u>	<u>Name of Governmental Agency Reporting Revenue & Expense</u>
02/23/2010	Indefinitely	N/A	N/A	None	None	Both
10/01/2009	Until Complete	N/A	N/A	None	None	Both
07/01/2010	Indefinitely	N/A	N/A	Both	None	Both
12/01/2011	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
07/14/2018	Indefinitely	N/A	\$0	Village of Ruidoso	Village of Ruidoso	Village of Ruidoso

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

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COMPLIANCE SECTION

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

Brian S. Colòn, Esq
New Mexico State Auditor
And
The Village Council
Village of Ruidoso, New Mexico

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison of the general fund of the Village of Ruidoso (Village) as of and for the year ended June 30, 2019, 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 9, 2019.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be 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 have not been identified.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Compliance and Other Matters

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

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



Pattillo, Brown & Hill, LLP
Albuquerque New Mexico
December 9, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Brian S. Colòn, Esq.
New Mexico State Auditor
And
The Village Council
Village of Ruidoso, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Village of Ruidoso's (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 programs for the year ended June 30, 2019. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village's compliance.

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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 were not 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.



Pattillo, Brown & Hill, LLP
Albuquerque, New Mexico
December 9, 2019

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

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	\$ 2,095,819
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed through the State of New Mexico Department of Transportation</i>			
Highway Planning and Construction	20.205	CN2104210	2,516
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	150,902
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed through the State of New Mexico Department of Transportation</i>			
Minimum Penalties for Repeat Offenders for Driving while Intoxicated	20.608	18-AL-64-084	5,429
Minimum Penalties for Repeat Offenders for Driving while Intoxicated	20.608	19-AL-64-084	1,468
U.S. DEPARTMENT OF COMMERCE ECONOMIC DEVELOPMENT ASSOCIATION			
Economic Adjustment Assistance	11.307	08-79-005105	<u>81,413</u>
Total Expenditures of Federal Awards			<u>\$ 2,337,547</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	\$ 2,337,547
Total expenditures funded by other sources	<u>31,568,055</u>
Total expenditures and expenses per page 18	<u>\$ 33,905,602</u>

STATE OF NEW MEXICO
 VILLAGE OF RUIDOSO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

A. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Auditor’s report issued:	Unmodified
Internal control over financial reporting: Material Weakness reported?	No
Significant deficiencies reported not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs: Material weaknesses reported?	No
Significant deficiencies reported not considered to be material weaknesses?	None
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Identification of major programs: Disaster Grants – CFDA #97.036	
Dollar threshold used to distinguish Between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

B. FINANCIAL STATEMENT FINDINGS

No matters were reported.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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

No matters were reported.

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

STATUS OF PRIOR YEAR FINDINGS

<u>Description</u>	<u>Status</u>
2018-001 Unauthorized Release of Audit Results	Resolved

STATE OF NEW MEXICO
VILLAGE OF RUIDOSO
REQUIRED DISCLOSURE
FOR THE YEAR ENDED JUNE 30, 2019

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 9, 2019. The following individuals were in attendance.

VILLAGE OF RUIDOSO

Lynn Crawford, Mayor
Timothy Dodge, Village Manager
Ron Sena, Deputy Village Manager
Judi Starkovich, CPA, Finance Director

PATILLO, BROWN, & HILL

Chris Garner, CPA, Partner