

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
JUNE 30, 2009**

Dan Austin CPA, PC
Certified Public Accountant

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
OFFICIAL ROSTER
June 30, 2009**

COUNCIL:

TOM E. ARMSTRONG.	Mayor
TOMMY HOOD	Councilor
GARY L. WILLIAMS	Councilor
DEAN HOLMAN	Councilor
RENE L. OLIVO.	Councilor

ADMINISTRATION

CAROL VIRDEN	City Clerk/Treasurer
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**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
TABLE OF CONTENTS
June 30, 2009**

	<u>Page Number</u>
Title Page	1
Official Roster	2
Table of Contents	3-5
Independent Auditors' Report	6-7
Required Supplementary Information. Management's Discussion and Analysis	8-11
 BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	12
Statement of Activities	13
Balance Sheet -- Governmental Funds	14
Reconciliation of Total Governmental Fund -- Balance To Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures, and Changes In Fund Balances -- Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances Of Governmental Funds To The Statement of Activities	17
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- General Fund	18
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Museum Fund	19
Statement of Net Assets -- Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets -- Proprietary Funds	21
Statement of Cash Flows -- Proprietary Funds	22
 Notes to Financial Statements	 23-33
 Combining Balance Sheet -- Nonmajor Governmental Funds	 34
Combining Statement of Revenues, Expenditures, And Changes in Fund Balances -- Nonmajor Governmental Funds	35
 General Fund -- Fund Description	 36
Statement of Expenditures -- By Department -- General Fund	37
Statement of Expenditures -- By Department -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- General Fund	38

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
TABLE OF CONTENTS
June 30, 2009**

	<u>Page Number</u>
Special Revenue Funds -- Fund Description	39
Combining Balance Sheet -- Special Revenue Funds	40
Combining Statement of Revenues, Expenditures And Changes in Fund Balance -- Special Revenue Funds	41
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Local Government Correction	42
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Judicial Education Special Revenue Fund	43
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Court Automation Special Revenue Fund	44
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Lincoln County Transit Special Revenue Fund	45
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- EMS Special Revenue Fund	46
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Street Improvement Special Revenue Fund	47
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Gas Tax Special Revenue Fund	48
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Fire Protection Special Revenue Fund	49
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- FEMA Special Revenue Fund	50
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Law Enforcement Protection Special Revenue Fund	51
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) --Lodger's Tax Special Revenue Fund	52
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Recreation Special Revenue Fund	53
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Infrastructure Special Revenue Fund	54

STATE OF NEW MEXICO
 CITY OF RUIDOSO DOWNS
 TABLE OF CONTENTS
 June 30, 2009

	<u>Page Number</u>
Capital Project Funds -- Fund Description	55
Combining Balance Sheets -- Capital Project Funds	56
Combining Statement of Revenues, Expenditures And Changes in Fund Balance -- Capital Project Funds	57
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Colonias Grant Fund -- Capital Project Fund	58
Debt Service Fund -- Fund Description	59
Balance Sheets -- Debt Service Fund	60
Statement of Revenues, Expenditures And Changes in Fund Balance -- Debt Service Fund	61
Statement of Revenues, Expenditures and Changes In Fund Balance -- Budgeted To Actual (Non-GAAP Budgetary Basis) -- Debt Service Fund	62
Enterprise Funds -- Fund Description	63
Statement of Budgeted and Actual Revenues, Transfers And Expenditures (Non-GAAP Budgetary Basis) -- Joint Water and Sewer Enterprise Fund	64
Statement of Budgeted and Actual Revenues, Transfers And Expenditures (Non-GAAP Budgetary Basis) -- Sanitation Enterprise Fund	65
Schedule of Deposits and Security Requirements	66
Schedule of Legislative Grants	67
Report On Internal Control over Financial Reporting And On Compliance and Other Matters Based On an Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	68-69
Report on Compliance with Requirements Applicable to Each Major Program And on Internal Control Over Compliance with OMB A-133	69-70
Schedule of Federal Awards	71
Schedule of Findings, Recommendations, Responses and Other Disclosures	72-74

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INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas, State Auditor, and
The Honorable Mayor and City Council
City of Ruidoso Downs
Ruidoso Downs, New Mexico

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ruidoso Downs, New Mexico, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the City of Ruidoso Downs' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

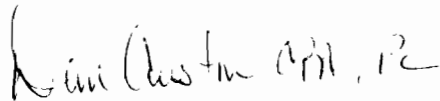
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ruidoso Downs, New Mexico, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General Fund and the Museum Special Revenue Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the City of Ruidoso Downs, New Mexico, as of June 30, 2009, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the nonmajor governmental and enterprise funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 23, 2009, on our consideration of the City of Ruidoso Downs' internal control over financial reporting

and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 8 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying schedule of security requirements, schedule of legislative grants and the schedule of federal awards are presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of security requirements, schedule of legislative grants and the schedule of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



November 23, 2009

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

As management of the City of Ruidoso Downs, we offer readers of the City of Ruidoso Downs' financial statements this narrative overview and analysis of the financial activities of the City of Ruidoso Downs for the fiscal year ended June 30, 2009. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

The City's total net assets increased by \$60,818 for the current year. The significant reasons for this increase were an increase operational and capital grants resulting in various capital expenditures being capitalized for accounting purposes. The resulting timing difference of \$391,479 is reflected in the net decrease of the governmental fund balances of 330,661.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,950,735, a decrease of \$330,661.

USING THIS ANNUAL REPORT

The financial report includes the sections described below.

Management's Discussion and Analysis

This section includes information on the use of the annual report, and management's analysis of the financial position and results of operations for the City.

Government-Wide Financial Statements

The Government-Wide Financial Statements report information about the City using accounting methods similar to those used by private sector businesses. The statement of net assets and the statement of activities display information about the Village, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. Internal activities are eliminated to avoid "doubling up" revenues and expenses. The statement of net assets includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The financial statements report the City's net assets and how they have changed.

Fund Financial Statements

The Fund Financial Statements provide a more detailed look at the City's significant funds. The funds present sources and uses of liquid resources. This is the manner in which the financial plan (the budget) is typically developed. Funds are established for various purposes and the financial statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

Budgetary Comparisons

GASB 34 requires budgetary comparison schedules for the general fund and for each other major fund that has a legally adopted annual budget. The budgetary comparison schedules should present both the original and the final appropriated budgets for the reporting period as well as the actual inflows, outflows and balances, stated on the government's budgetary basis. As required by the Office of the State Auditor under 2NMAC2.2, the budgetary comparison statement is presented. This information is provided at the approved budget level to demonstrate compliance with legal requirements.

Notes to the Financial Statements

The notes provide additional information that is essential to 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 24 through 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets: Below is a summary of the City's net assets for the fiscal years ending June 30, 2009 and 2008. The most significant change to assets, liabilities and net assets as compared to the prior year was the decrease in cash of \$1,277,064 as a result of capital outlay to fund various improvement projects including its joint venture with the Village of Ruidoso in a regional waste water treatment plant. See page 12 for a more detailed look at the Statement of Net Assets.

City of Ruidoso Downs Net Assets

	Government Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current assets	\$ 3,935,955	\$ 4,424,785	\$ 1,437,834	\$ 2,058,280	\$ 5,373,789	\$ 6,483,065
Capital assets	10,278,466	9,903,207	6,240,907	5,593,520	16,519,373	15,496,727
Other noncurrent assets	-	-	67,296	52,773	67,296	52,773
Total assets	<u>\$ 14,214,421</u>	<u>\$ 14,327,992</u>	<u>\$ 7,746,037</u>	<u>\$ 7,704,573</u>	<u>\$ 21,960,458</u>	<u>\$ 22,032,565</u>
Liabilities						
Current liabilities	\$ 1,132,465	\$ 1,263,409	\$ 87,022	\$ 82,235	\$ 1,219,487	\$ 1,345,644
Noncurrent liabilities	1,355,578	1,399,023	361,001	370,000	1,716,579	1,769,023
Total liabilities	<u>2,488,043</u>	<u>2,662,432</u>	<u>448,023</u>	<u>452,235</u>	<u>2,936,066</u>	<u>3,114,667</u>
Net Assets						
Invested in capital assets, net of related debt	10,207,915	9,821,198	6,222,907	5,593,520	16,430,822	15,414,718
Restricted	65,747	50,002	794,343	1,475,152	860,090	1,525,154
Unrestricted	1,452,716	1,794,360	280,764	183,666	1,733,480	1,978,026
Total net assets	<u>11,726,378</u>	<u>11,665,560</u>	<u>7,298,014</u>	<u>7,252,338</u>	<u>19,024,392</u>	<u>18,917,898</u>
Total Liabilities and net assets	<u>\$ 14,214,421</u>	<u>\$ 14,327,992</u>	<u>\$ 7,746,037</u>	<u>\$ 7,704,573</u>	<u>\$ 21,960,458</u>	<u>\$ 22,032,565</u>

Statement of Activities: The following represents the revenues and expenses for fiscal years June 30, 2009 and 2008. See pages 13 and 14 for a more detailed look at the Statement of Activities. As stated earlier, expenses increased in the current as of the result of capital outlay for various projects and capital improvements to the regional waste water treatment plant. Total expenditures increased \$2,228,206 and were funded from prior year debt increases. Total revenues increased \$870,668 as the result of various operating and capital grants. Various taxes decreased \$42,879 as a result moderate downturn in the overall economy.

City of Ruidoso Downs Charges for Net Assets

	Government Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 273,798	\$ 737,617	\$ 973,733	\$ 999,222	\$ 1,247,531	\$ 1,736,839
Operating grants	2,153,914	1,605,326	-	-	2,153,914	1,605,326
Capital grants	545,966	152,276	1,154,922	582,773	1,700,888	735,049
General revenues:						
Taxes	2,080,821	2,123,700	-	-	2,080,821	2,123,700
Contributions received	150,000	150,000	-	-	150,000	150,000
Other	136,873	244,873	5,276	8,848	142,149	253,721
Total revenues	5,341,372	5,013,792	2,133,931	1,590,843	7,475,303	6,604,635
Expenses:						
General Government	\$ 1,147,231	\$ 1,172,595	\$ -	\$ -	\$ 1,147,231	\$ 1,172,595
Public safety	1,532,748	1,124,540	-	-	1,532,748	1,124,540
Public works	626,792	515,455	-	-	626,792	515,455
Culture and recreation	1,231,949	1,309,150	-	-	1,231,949	1,309,150
Other	524,785	88,061	-	-	524,785	88,061
Interest on Long-term debt	63,389	38,949	-	-	63,389	38,949
Joint water and sewer	-	-	1,983,468	665,618	1,983,468	665,618
Sanitation	-	-	258,447	226,235	258,447	226,235
Total liabilities	5,126,894	4,248,750	2,241,915	891,853	7,368,809	5,140,603
Net Assets						
Increase in net assets before transfers	214,478	765,042	(107,984)	698,990	106,494	1,464,032
Transfers	(153,660)	(1,548,683)	153,660	1,548,683	-	-
Restatements	-	84,678	-	-	-	84,678
Net assets-beginning	11,665,560	12,364,523	7,252,338	5,004,665	18,917,898	17,369,188
Net assets-ending	\$ 11,726,378	\$ 11,665,560	\$ 7,298,014	\$ 7,252,338	\$ 19,024,392	\$ 18,917,898

FUND FINANCIAL ANALYSIS

Governmental Funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. As of year-end, the governmental funds reported a fund balance of \$2,950,735, reflecting a decrease in fund balance of \$330,661. Of this amount, \$79,336 is reserved for certain capital expenditures and debt service, see the balance sheet on page 14 for further detail. The most significant changes for the City's governmental funds was the decrease in fund balance of the General Fund of \$78,845 and a result of an decrease in taxes and the increase in expenditures and operational transfers to other funds. See page 16 for further detail.

Business-Type Activities: The business-type activities of the City include the Joint Water and Sewer and the Sanitation utility operations. These activities realized an increase in net assets of \$45,676 for the year. The primary reason for the increase was due to the receipt of grants for capital improvement projects in the amount of \$1,154,922. See pages 20-22 for more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, General Fund expenditures were less than budgetary estimates in the amount of \$102,524. The City's General Fund expenditures amounted to \$3,103,519 for the year ended June 30, 2009 was 13% percent increase from the previous years' budget due mostly to planned increases in general fund operating expenditures. The current year revenues were \$32,511 more than the previous year, but were \$240,000 less than the original budget due largely to various tax collections and other grants being less than original estimates.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The City's investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$10,278,466 (net of accumulated depreciation). This investment in capital assets consists of land, buildings, equipment and infrastructure.

Additional information on the City's capital assets can be found in Note 16 on page 33 of this report.

Long-Term Debt: At the end of the current fiscal year, the City had total long-term debt outstanding of \$1,770,753 including current portion and unamortized bond origination costs. This City in the prior year was issued \$1,400,000 in long-term bonds with the resulting cash being transfer to the joint water/sewer utility fund in anticipation of funding capital expenditures at the waste water treatment plant jointly operated by the City and the Village of Ruidoso.

Additional information on the City's long-term debt can be found in Notes 5 and 6, beginning on page 29 of this report.

ECONOMIC FACTORS

The General Fund budget for the year ended June 30, 2010 is expected to remain stable despite current economic uncertainty. Revenue sources for 2010 within the City are expected to be near 2009 levels, while budgeted expenditures are near 2009 levels with the exception of the utility funds were increased capital expenditures at the waste treatment plant will have significant increases which have been funded with bond indebtedness and various federal and state grants.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Ruidoso Downs' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Carol Virden, Clerk/Treasurer, City of Ruidoso Downs, PO Box 348, Ruidoso Downs, NM 88346.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 3,061,613	\$ 1,278,211	\$ 4,339,824
Receivables	765,211	129,739	894,950
Inventory	109,131	29,884	139,015
Other	-	-	-
Total Current Assets	<u>3,935,955</u>	<u>1,437,834</u>	<u>5,373,789</u>
Noncurrent Assets			
Restricted Assets (Cash)	-	67,296	67,296
Net Capital Assets	<u>10,278,466</u>	<u>6,240,907</u>	<u>16,519,373</u>
Total Noncurrent Assets	<u>10,278,466</u>	<u>6,308,203</u>	<u>16,586,669</u>
Total Assets	<u>\$ 14,214,421</u>	<u>\$ 7,746,037</u>	<u>\$ 21,960,458</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 10,335	\$ 15,934	\$ 26,269
Accrued Payroll And Benefits	69,644	5,922	75,566
Accrued Compensated Absences	84,447	5,673	90,120
Interest Payable	22,865	740	23,605
Deferred Revenue	900,000	-	900,000
Current Portion Of Long Term Debt	45,174	9,000	54,174
Customer Deposits	-	49,753	49,753
Total Current Liabilities	<u>1,132,465</u>	<u>87,022</u>	<u>1,219,487</u>
Noncurrent Liabilities			
Leases Payable	58,377	-	58,377
Bonds Payable	1,297,201	343,001	1,640,202
Notes Payable	-	18,000	18,000
Total Noncurrent Liabilities	<u>1,355,578</u>	<u>361,001</u>	<u>1,716,579</u>
Total Liabilities	<u>2,488,043</u>	<u>448,023</u>	<u>2,936,066</u>
Net Assets			
Invested In Capital Assets, Net of Related Debt	10,207,915	6,222,907	16,430,822
Restricted For Capital Projects	65,747	794,343	860,090
Unrestricted	<u>1,452,716</u>	<u>280,764</u>	<u>1,733,480</u>
Total Net Assets	<u>11,726,378</u>	<u>7,298,014</u>	<u>19,024,392</u>
Total Liabilities And Net Assets	<u>\$ 14,214,421</u>	<u>\$ 7,746,037</u>	<u>\$ 21,960,458</u>

The accompanying notes to the basic financial statements are an integral part of this statement

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue And Changes In Net Assets			
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,147,231	\$ 10,551	\$ 2,153,914	\$ 545,966	\$ 1,563,200	\$ -	\$ 1,563,200
Public Safety	1,532,748	-	-	-	(1,532,748)	-	(1,532,748)
Highways and Streets	626,792	-	-	-	(626,792)	-	(626,792)
Culture And Recreation	1,231,949	263,247	-	-	(968,702)	-	(968,702)
Other	524,785	-	-	-	(524,785)	-	(524,785)
Interest On Long-Term Debt	63,389	-	-	-	(63,389)	-	(63,389)
Total Governmental Activities	5,126,894	273,798	2,153,914	545,966	(2,153,216)	-	(2,153,216)
Business-Type Activities:							
Joint Water And Sewer Sanitation	1,983,468	744,056	-	1,154,922	-	(84,490)	(84,490)
Total Business-Type Activities	2,241,915	973,733	-	1,154,922	-	(113,260)	(113,260)
Total Primary Government	\$ 7,368,809	\$ 1,247,531	\$ 2,153,914	\$ 1,700,888	(2,153,216)	(113,260)	(2,266,476)
General Revenues:							
Taxes				2,080,821	-	-	2,080,821
Licenses And Permits				37,322	-	-	37,322
Fines And Forfeitures				67,101	-	-	67,101
Interest				32,450	3,678	-	36,128
Miscellaneous				-	1,598	-	1,598
Contributions				150,000	-	-	150,000
Interfund Transfers				(153,660)	153,660	-	-
Total General Revenues				2,214,034	158,936	-	2,372,970
Change In Net Assets				60,818	45,676	-	106,494
Net Assets - Beginning				11,665,560	7,252,338	-	18,917,898
Net Assets - Ending				\$ 11,726,378	\$ 7,298,014	-	\$ 19,024,392

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Special Revenue Museum Fund	Debt Funds	Other Governmental Funds	Totals Governmental Funds
Assets					
Cash	\$ 1,619,914	\$ 1,173,098	\$ 13,589	\$ 255,012	\$ 3,061,613
Receivables	483,319	-	1,503	280,389	765,211
Other	-	-	-	-	-
Inventory	-	109,131	-	-	109,131
Total Assets	\$ 2,103,233	\$ 1,282,229	\$ 15,092	\$ 535,401	\$ 3,935,955
Liabilities					
Accounts Payable	\$ 7,180	\$ 1,426	\$ -	\$ 1,729	\$ 10,335
Accrued Payroll And Benefits	51,590	15,337	-	2,717	69,644
Deferred Revenue	3,738	900,000	1,503	-	905,241
Total Liabilities	62,508	916,763	1,503	4,446	985,220
Fund Balances					
Reserved For Capital Improvements	-	-	-	65,747	65,747
Reserved For Debt Service	-	-	13,589	-	13,589
Unreserved	2,040,725	365,466	-	465,208	2,871,399
Total Fund Balances	2,040,725	365,466	13,589	530,955	2,950,735
Total Liabilities And Fund Balances	\$ 2,103,233	\$ 1,282,229	\$ 15,092	\$ 535,401	\$ 3,935,955

The accompanying notes to the basic financial statements are an integral part of this statement

STATE OF NEW MEXICO
 CITY OF RUIDOSO DOWNS
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND
 BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
 June 30, 2009

Total Governmental Fund Balance	\$ 2,950,735
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,278,466
Deferred property tax revenue on governmental funds is recognized as current income on government wide statements	5,241
Compensated absences payable not reported as liabilities on the governmental fund statements	(84,447)
Interest payable not reported as a liability on the governmental fund statements	(22,865)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,400,752)</u>
Net Assets of Governmental Activities	<u>\$ 11,726,378</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2009

	General Fund	Special Revenue Museum Fund	Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
Revenues					
Taxes	\$ 1,556,858	\$ -	\$ 99,993	\$ 435,708	\$ 2,092,559
Licenses And Permits	37,322	-	-	-	37,322
Intergovernmental	1,332,753	-	-	971,161	2,303,914
Charges For Services	4,131	263,247	-	6,420	273,798
Fines And Forfeitures	62,645	-	-	4,456	67,101
Interest	11,506	14,478	6,466	-	32,450
Bond Proceeds	-	-	-	-	-
Miscellaneous	114,323	431,643	-	-	545,966
Total Revenues	<u>3,119,538</u>	<u>709,368</u>	<u>106,459</u>	<u>1,417,745</u>	<u>5,353,110</u>
Expenditures					
Current:					
General Government	1,073,564	-	4,451	-	1,078,015
Public Safety	1,261,890	-	-	201,602	1,463,492
Highway And Streets	459,514	-	-	655,263	1,114,777
Culture And Recreation	256,041	985,253	-	-	1,241,294
Other	40,530	-	-	-	40,530
Capitalized Leases	-	-	-	16,381	16,381
Capital Contributions	-	-	-	484,255	484,255
Debt Service-Principal	-	-	39,000	-	39,000
-Interest	-	-	52,367	-	52,367
-Debt Origination	-	-	-	-	-
Total Expenditures	<u>3,091,539</u>	<u>985,253</u>	<u>95,818</u>	<u>1,357,501</u>	<u>5,530,111</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>27,999</u>	<u>(275,885)</u>	<u>10,641</u>	<u>60,244</u>	<u>(177,001)</u>
Other Financing Sources (Uses):					
Contributions	-	-	-	-	-
Operating Transfers, Net	(106,844)	189,424	-	(236,240)	(153,660)
Total Other Financing Sources (Uses)	<u>(106,844)</u>	<u>189,424</u>	<u>-</u>	<u>(236,240)</u>	<u>(153,660)</u>
Net Change in Fund Balances	(78,845)	(86,461)	10,641	(175,996)	(330,661)
Fund Balance (Deficit) At Beginning Of Year	<u>2,119,570</u>	<u>451,927</u>	<u>2,948</u>	<u>706,951</u>	<u>3,281,396</u>
Fund Balance (Deficit) At End Of Year	<u>\$ 2,040,725</u>	<u>\$ 365,466</u>	<u>\$ 13,589</u>	<u>\$ 530,955</u>	<u>\$ 2,950,735</u>

The accompanying notes to the basic financial statements are an integral part of this statement

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
June 30, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (330,661)

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

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 as depreciation expense. This is the amount by which depreciation expense was more than capital outlays in the current period.

Capital Outlays	\$ 652,283	
Depreciation Expense	<u>(277,024)</u>	375,259

Property taxes recorded as deferred revenue on the governmental funds are recognized as current revenue on the government wide statements (11,738)

Net change in compensated absences payable for governmental funds (16,401)

Net change in Interest payable (4,372)

Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities including capital leases. 50,458

Bond issue costs are amortized in the Statement of Activities but are netted netted with bond issues in the year of issue on the statement of revenues, and changes in in fund balances. The current activity is as follows:
Origination amortization (1,727)

Change in Net Assets of Governmental Activities \$ 60,818

The accompanying notes to the basic financial statements are an intregal part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE --
BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) -- GENERAL FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Taxes	\$ 1,698,243	\$ 1,611,075	\$ 1,611,073	\$ (2)
Licenses And Permits	38,087	37,323	37,322	(1)
Intergovernmental	1,389,275	1,332,754	1,332,753	(1)
Charges For Services	4,096	4,131	4,131	-
Fines	48,956	62,646	62,645	(1)
Other	235,245	125,834	125,830	(4)
 Total Revenue	 3,413,902	 3,173,763	 <u>3,173,754</u>	 <u>\$ (9)</u>
 Budgeted Cash Balance	 <u>1,649,232</u>	 <u>1,649,232</u>		
 Total Revenue And Cash	 <u>\$ 5,063,134</u>	 <u>\$ 4,822,995</u>		
EXPENDITURES				
Current				
General Government	1,213,721	1,124,619	1,091,621	32,998
Public Safety	1,453,385	1,297,910	1,259,913	37,997
Highways And Streets	446,436	468,457	456,405	12,052
Culture And Recreation	281,429	260,627	255,050	5,577
Other	133,883	54,430	40,530	13,900
 Total Expenditures	 3,528,854	 3,206,043	 3,103,519	 102,524
OTHER FINANCING SOURCES (USES)				
Operating Transfers (Net)	(158,790)	(215,873)	(106,843)	109,030
 Total Expenditures And Other Financing Sources	 <u>\$ 3,687,644</u>	 <u>\$ 3,421,916</u>	 <u>3,210,362</u>	 <u>\$ (6,506)</u>
 Net Revenue (Expenditures)			 (36,608)	
 Reconciliation to GAAP Basis				
Changes in Receivables			(67,207)	
Changes in Accounts Payable			(3,344)	
Changes in Other Payables			16,225	
Changes in Deferred Income			12,992	
Changes in Accrued Payroll			(903)	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (78,845)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE --
BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) -- MUSEUM FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Charges For Services	\$ 269,149	\$ 264,224	\$ 264,222	\$ (2)
Contributions	598,851	431,643	431,642	(1)
Investment Income	40,000	14,479	14,478	(1)
			<u>710,342</u>	
Total Revenue	908,000	710,346	<u>710,342</u>	<u>\$ (4)</u>
Budgeted Cash Balance	<u>1,428,597</u>	<u>1,428,597</u>		
Total Revenue And Cash	<u>\$ 2,336,597</u>	<u>\$ 2,138,943</u>		
EXPENDITURES				
Current				
Personnel Services and Benefits	539,977	539,977	539,972	5
Operating Expenses	579,637	475,606	440,073	35,533
Capital Outlay	255,000	13,310	13,310	-
			<u>993,355</u>	
Total Expenditures	1,374,614	1,028,893	993,355	35,538
OTHER FINANCING SOURCES (USES)				
Operating Transfers (Net)	<u>189,424</u>	<u>189,424</u>	<u>189,424</u>	-
Total Expenditures And Other Financing Sources	<u>\$ 1,185,190</u>	<u>\$ 839,469</u>	<u>803,931</u>	<u>\$ 35,538</u>
Net Revenue (Expenditures)			(93,589)	
Reconciliation to GAAP Basis				
Changes in Inventory			21,366	
Changes in Accounts Payable			(1,426)	
Changes in Deposits			(974)	
Changes in Accrued Payroll			<u>(11,838)</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (86,461)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 1,262,508	\$ 15,703	\$ 1,278,211
Restricted Cash	67,296	-	67,296
Customer Accounts Receivable, Net of Allowance For Doubtful Accounts	-	-	-
Taxes Receivable	95,362	21,476	116,838
Inventory	-	12,901	12,901
	<u>29,884</u>	<u>-</u>	<u>29,884</u>
Total Current Assets	1,455,050	50,080	1,505,130
NONCURRENT ASSETS			
Net Capital Assets	<u>6,240,907</u>	<u>-</u>	<u>6,240,907</u>
Total Assets	<u>\$ 7,695,957</u>	<u>\$ 50,080</u>	<u>\$ 7,746,037</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 3,033	\$ 12,901	\$ 15,934
Accrued Payroll Expense	5,922	-	5,922
Accrued Compensated Absences	5,673	-	5,673
Current Portion Of Revenue Bonds Payable	6,000	-	6,000
Current Portion Of Notes Payable	3,000	-	3,000
Accrued Interest Payable	740	-	740
Customer Deposits	<u>49,753</u>	<u>-</u>	<u>49,753</u>
Total Current Liabilities	<u>74,121</u>	<u>12,901</u>	<u>87,022</u>
NONCURRENT LIABILITIES			
Revenue Bonds Payable	343,001	-	343,001
Notes Payable	<u>18,000</u>	<u>-</u>	<u>18,000</u>
Total Noncurrent Liabilities	<u>361,001</u>	<u>-</u>	<u>361,001</u>
Total Liabilities	<u>435,122</u>	<u>12,901</u>	<u>448,023</u>
NET ASSETS			
Invested In Capital Assets, Net Of Related Debt Restricted For:	6,222,907	-	6,222,907
Capital Projects	794,343	-	794,343
Unrestricted	<u>243,585</u>	<u>37,179</u>	<u>280,764</u>
Total Net Assets	<u>7,260,835</u>	<u>37,179</u>	<u>7,298,014</u>
Total Liabilities And Net Assets	<u>\$ 7,695,957</u>	<u>\$ 50,080</u>	<u>\$ 7,746,037</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended June 30, 2009

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
OPERATING REVENUES			
Charges For Services	\$ 744,056	\$ 229,677	\$ 973,733
Total Operating Revenues	744,056	229,677	973,733
OPERATING EXPENSES			
Personal Services	269,365	-	269,365
Operations And Maintenance	361,358	258,447	619,805
Depreciation	164,566	-	164,566
Total Operating Expenses	795,289	258,447	1,053,736
OPERATING INCOME	(51,233)	(28,770)	(80,003)
NON-OPERATING REVENUES (EXPENSES)			
Miscellaneous	1,598	-	1,598
State Grants	1,154,922	-	1,154,922
Non-Capital Outlay	(1,160,436)	-	(1,160,436)
Interest Income	3,678	-	3,678
Interest Expense	(27,743)	-	(27,743)
Total Nonoperating Items	(27,981)	-	(27,981)
INCOME (LOSS) BEFORE TRANSFERS	(79,214)	(28,770)	(107,984)
TRANSFERS IN (OUT)	130,660	23,000	153,660
Change In Net Assets	51,446	(5,770)	45,676
TOTAL NET ASSETS AT BEGINNING OF YEAR	7,209,389	42,949	7,252,338
TOTAL NET ASSETS AT END OF YEAR	\$ 7,260,835	\$ 37,179	\$ 7,298,014

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2009

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers	\$ 734,280	\$ 225,944	\$ 960,224
Cash Paid To Suppliers	(357,049)	(251,543)	(608,592)
Cash Paid To Employees	(269,365)	-	(269,365)
Net Cash Provided By Operating Activities	<u>107,866</u>	<u>(25,599)</u>	<u>82,267</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other Non-Operating	1,598	-	1,598
Capital Transfers from Other Funds	130,660	23,000	153,660
Net Cash Provided From Noncapital Financing Activities	<u>132,258</u>	<u>23,000</u>	<u>155,258</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid On Capital Debt	(9,000)	-	(9,000)
Capital Grants	1,154,922	-	1,154,922
Interest on Capital Debt	(27,743)	-	(27,743)
Interest Income	3,678	-	-
Payments For Non Capital Acquisitons	(1,160,436)	-	-
Payments For Capital Assets	(811,953)	-	(811,953)
Net Cash Used For Capital And Related Financing Activities	<u>(850,532)</u>	<u>-</u>	<u>306,226</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Escrowed Funds	3,650	-	3,650
Net Cash Provided From Investing Activities	<u>3,650</u>	<u>-</u>	<u>3,650</u>
Net Increase In Cash	(606,758)	(2,599)	547,401
Cash and Cash Equivalents - Beginning Of Year	1,936,562	18,302	1,954,864
Cash and Cash Equivalents - End Of Year	<u>\$ 1,329,804</u>	<u>\$ 15,703</u>	<u>\$ 2,502,265</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (51,233)	\$ (28,770)	\$ (80,003)
Noncash Items In Net Income-Depreciation	164,566	-	164,566
(Increase) Decrease In:			
Accounts Receivable	(9,776)	(3,732)	(13,508)
Inventory	6,424	-	6,424
Increase (Decrease) In:			
Accounts Payable	3,033	6,903	9,936
Accrued Interest	148	-	148
Accrued Payroll And Benefits	(2,277)	-	(2,277)
Customer Deposits	(3,019)	-	(3,019)
Net Cash Provided (Used) By Operating Activities	<u>\$ 107,866</u>	<u>\$ (25,599)</u>	<u>\$ 82,267</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ruidoso Downs (City) was incorporated in 1947 under the laws of the State of New Mexico. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. 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 government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government 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 relations, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, no potential component units were included in the City's reporting entity.

B. Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City's funds are grouped into two broad fund categories and six generic fund types for financial statement presentation purposes. Governmental funds include the general, special revenue, debt service and capital projects funds. Proprietary funds include two enterprise funds. The City has no fiduciary funds.

C Basis of Accounting

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the City, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. Internal activities are eliminated to avoid "doubling up" revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each program of the governmental activities. Direct expenses are those that are specifically associated with a service program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Specific types of program revenues include museum admittance fees and memberships, copying and other miscellaneous services. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The City reports the following as major governmental funds:

The General Fund is the City's primary operating fund accounting for all financial resources and legally authorized activities except those require to be accounted for in other funds.

The Museum Special Revenue Fund reflects the operations of the Hubbard Museum which were donated to the City on September 1, 2005.

The City reports both of the proprietary funds, the Joint Water & Sewer Fund and the Sanitation Fund, as major funds. These funds account for utility services provided within the City.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within two months of year-end and available to pay obligations of the current period). This includes investment earnings, fines and forfeitures and state-levied locally shared taxes. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

In accordance with GASB Statement 33, estimated property taxes that are not available are recorded as both accounts receivable and deferred revenue. The City received from Lincoln County all collected property taxes by year end. Estimated taxes that were not available at year end have been accrued as taxes receivable and also as deferred revenue liabilities. Property tax revenues and receivables are recognized when levied, net of

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

estimated refunds and uncollectible amounts. Grant revenues are recognized when all of the eligibility requirements have been met.

Other revenues, including licenses and permits, certain charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. The City uses funds and account groups to report on its financial position and the results of its operation. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activity

The City has elected not to apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to proprietary funds or the government-wide financial statements. The proprietary funds apply all applicable GASB pronouncements as well as statements and interpretations of the FASB, the Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. 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.

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

D. Budgets

Budgets for all funds are adopted on a regulatory prescribed cash basis. The level of budgetary control is by fund total. Budgetary information is presented as amended, the amendments being adopted in a legally prescribed manner. All appropriations lapse at year-end.

E. Cash and Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various certificates of deposits and overnight investment repos. The City considers highly liquid investments and certificates of deposit (including restricted assets) to be cash equivalents (see Note 3).

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

F Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The reserve for uncollectible accounts for the Joint Water and Sewer Fund and the Sanitation Fund was \$33,181

G Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

H Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond ordinances call for payment reserves on the various issues which are equal to that amount reflected as restricted.

I Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the governments-wide statement of net assets. Capital assets used by proprietary funds are reported in both the business-type activities column of the government-wide statement of net assets and in the individual proprietary funds. Prior to July 1, 2005, the City's policy was to capitalize capital expenditures of \$1,000 or more. After June 30, 2005, capital expenditures of \$5,000 or more are capitalized

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. Additions, improvements, computer software and other capital outlays that significantly extend the useful life of an asset are capitalized. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized (recorded and accounted for) in the General Capital Asset Account Group. Infrastructure expenditures, such as streets, are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 40 years; improvements and infrastructure, 5 to 50 years; equipment, 3 to 15 years.

Assets acquired under capital leases are included in the assets for which depreciation expense is computed.

In proprietary funds, interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

J Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Even though the City has appropriated, accumulated and earmarked expendable available fund resources for these amounts, the portion not normally expected to be liquidated with expendable available financial resources is not reported as a fund liability in accordance with Interpretation No. 6 of the Governmental Accounting Standards Board-Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

K Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by other governments, creditors or grantors.

L Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

M Inventory

Inventory of the proprietary funds and of the Museum fund are valued at the lower of cost (first-in first-out) or market.

N Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds.

NOTE 2. LEGAL COMPLIANCE - BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the City administration submits to the City Trustees a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Prior to July 1, the budget is legally enacted through passage of an ordinance and then must be approved by Local Government Division of the State Department of Finance and Administration.

The City treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Trustees and the State Department of Finance and Administration.

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

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

None of the City's funds had expenditures in excess of budget for the year ended June 30, 2009.

NOTE 3. CASH AND CASH EQUIVALENTS

The City's policy is to limit cash deposits to insured and/or collateralized demand deposit accounts, the State Treasurer's pool, certificates of deposit and overnight investment repos. All bank balances or deposits as of the balance sheet date were not insured or collateralized with an irrevocable letter of credit issued to the City by the Federal Home Loan Bank of Atlanta in accordance with state statutes. The carrying amount of City's deposits with financial institutions was \$4,401,667 and the bank balances were \$4,540,163.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: a. Uncollateralized, b. Collateralized with securities held by the pledging financial institution, or c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. At June 30, 2009, none of the City's deposits were exposed to custodial credit risk as follows:

	Cash <u>In Banks</u>	Cash <u>In Repos</u>	<u>Total</u>
Total Deposits at Depository or Invested	\$ 4,540,163	\$ -	\$ 4,540,163
Less: FDIC Insurance	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
Uninsured public funds	4,040,163	-	4,040,163
Letter of Credit coverage	(4,040,163)	-	(4,040,163)
Pledged collateral held by depository trust department but not in City's name	<u>-</u>	<u>-</u>	<u>-</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See page 66 of this report for a listing of all of the City's depository accounts.

NOTE 4. LIABILITY FOR COMPENSATED ABSENCES

Vacation leave is earned by employees during the year based on time worked and is non-cumulative. Vacation leave due if any, is paid on an employee's termination. The accrued value of the vacation leave due to employees at June 30, 2009 is \$90,120 (governmental funds \$84,447 and business-type funds \$5,673).

Sick leave is also earned by employees based on length of employment during the year and is also non-cumulative. Compensation for sick leave is limited to time-off and is not monetarily compensated.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Government Funds	\$ 68,046	\$ 70,230	\$ 53,829	\$ 84,447	\$ 84,447
Business Type Activities	<u>8,241</u>	<u>6,228</u>	<u>8,796</u>	<u>5,673</u>	<u>5,673</u>
	<u>\$ 76,287</u>	<u>\$ 76,458</u>	<u>\$ 62,625</u>	<u>\$ 90,120</u>	<u>\$ 90,120</u>

Compensated absences are paid from the fund from which the respective liability originated. These liabilities originate in the General Fund, the Museum Special Revenue Fund, and the Joint Water and Sewer Enterprise Fund.

STATE OF NEW MEXICO
 CITY OF RUIDOSO DOWNS
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 5. LONG-TERM DEBT

Long-term debt transactions are as follows:

Government Activities:

3.45 to 4.28% Note payable to New Mexico

Finance Authority payable in various annual

Principle amounts, maturing August, 2027

	\$ 1,400,000	\$ -	\$ (39,000)	\$ 1,361,000	\$ 33,000
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Total Long-Term Obligations	\$ 1,400,000	\$ -	\$ (39,000)	\$ 1,361,000	\$ 33,000
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Business Type Activities:

4 75% Revenue Bond, payable to USDA Rural
 Development in various annual principle amounts
 plus accrued interest, maturing June, 2038

	355,001	-	(6,000)	349,001	6,000
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5% Note Payable, held by GE Capital, Payable in
 annual payments of \$3,000, plus interest due in
 June 2015

	24,000	-	(3,000)	21,000	3,000
	379,001	-	(9,000)	370,001	9,000

Total Long-Term Obligations	\$ 1,779,001	\$ -	\$ (48,000)	\$ 1,731,001	\$ 42,000
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				(30,799)	
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Net Long-term Debt				\$ 1,700,202	
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Current year bond origination amortization was \$1,727

See Note 4 for disclosure of compensated absences.

The annual requirements to amortize principal and interest on all debt outstanding as of June 30, 2009, is as follows:

	Principal	Interest	Total
2010	42,000	68,785	110,785
2011	46,000	67,182	113,182
2012	50,000	65,406	115,406
2013	53,000	63,502	116,502
2014	58,000	61,461	119,461
2015-2019	346,000	266,765	612,765
2020-2024	475,000	180,779	655,779
2025-2029	514,000	82,291	596,291
2030-2034	87,000	26,980	113,980
2035-2037	60,001	5,653	65,654
Total	\$ 1,731,001	\$ 888,804	\$ 2,619,805

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 6. LEASE COMMITMENTS

Capital Leases:

The City is obligated under a certain lease for a fire truck acquired July 12, 1999 at a cost of \$163,170. This lease is accounted for as capital lease. The leased asset and the related obligation are accounted for in the Capital Assets and the Long-Term Debt of the government-wide financial statements. The asset value under the capital lease totaled \$163,170.

The following is a summary of capital lease transactions for the year ended June 30, 2009:

Leases Payable at June 30, 2009	\$ 82,009
New leases acquired	-
Lease payments made	<u>(11,458)</u>
Leases Payable at June 30, 2009	<u>\$ 70,551</u>

The following is a schedule of future minimum lease payments under the capital leases, together with the net present value of the minimum lease payments as of June 30, 2009.

Year Ending June 30	
2010	\$ 16,381
2011	16,381
2012	16,381
2013	16,381
2014	<u>16,381</u>
Minimum Lease Payments	81,905
Less. Amount representing interest	<u>(11,354)</u>
Present Value of minimum lease payments	<u>\$ 70,551</u>

NOTE 7. JOINT POWERS AGREEMENTS

The City is party to three joint powers agreements which are material in nature.

The Ruidoso/Ruidoso Downs Joint Use Board is an agreement between the Village of Ruidoso, the City of Ruidoso Downs and the County of Lincoln whereby the entities secured a grant for the construction of a wastewater treatment plant for the benefit of both municipalities. The budgetary and financial accountability for the operation of the plant lies within the Village of Ruidoso and is included in their annual audit as an agency fund. Current year expenditures relating to this agreement amounted to \$134,577

The Lincoln County Solid Waste Authority (LCSWA) acts as its own fiscal agent as do other such cooperative organizations and provides an independent audit. All powers rest with the Authority including budgetary, finance, and bonded debt. The participants in LCSWA have also entered into a joint powers agreement with Otero County, Alamogordo, Tularosa and Cloudcroft for the purpose of forming the Otero/Lincoln County Regional

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

Landfill. The financial information for this venture is included in the fiscal agent's (Alamogordo) audit report. The City of Ruidoso Downs has committed the Environmental Gross Receipts Tax collected to service bonds issued by Alamogordo to construct the facility. The City remitted \$69,827 to the Authority for Environmental Gross Receipt Tax during the current year.

In addition to the above, the City of Ruidoso Downs and the Ruidoso Municipal School District entered into an agreement for the use of the softball field at the All American Park. The property is owned by the City. The school district will pay the City rent in the amount of \$1.00 for the use of the softball field. The agreement will be renewed annually.

There are no required capital contributions to the joint power entities and the only financial transactions are for charges for services in the normal course of business.

NOTE 8. RISK MANAGEMENT AND LITIGATION

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained insurance through a commercial carrier to insure against potential losses and claims. The premiums are based on payroll and other expenditures, and are not directly related to claims filed. The policies are retrospectively rated and premiums may be adjusted after year end, based on the ultimate level of expenditures.

The City is currently involved in five cases of pending litigation which expose the City to low or moderate financial liability due to applicable insurance coverage on four claims and no monetary liability defined on the fifth case.

NOTE 9. CONTINGENT LIABILITIES

The wastewater treatment plant, discussed in Note 7, has been determined to be inadequate by the Environmental Protection Agency. The cost of modifications required to be made have not been determined. The modifications will be made in phases, and the City will share in these cost based on use percentages. The Joint Use Board has acquired a loan from the state of New Mexico to finance a portion of these improvements in the amount of \$1,513,154. The City is a guarantor of that debt and is billed by the Joint Use Board for its respective share of the debt service expenditures, currently \$13,881 annually.

NOTE 10. RETIREE HEALTH CARE ACT CONTRIBUTIONS

The Retiree Health Care Act (10-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. As authorized under Section 9D of Chapter 6, Laws of 1990, the City has elected not to participate in the program by adoption of Ordinance 1990-02.

NOTE 11. PERA PENSION PLAN

Plan Description. All of the City of Ruidoso Downs full-time employees participate in a public employee retirement system authorized under the Public Employees' Retirement Act (PERA) (Chapter 10, Article 11, NMSA 1978) of the State of New Mexico. PERA is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, PO Box 1029, Santa Fe, NM 87503.

Funding Policy. Plan members are required to contribute seven percent of their gross salary. The City is required to contribute ten percent of gross salary for police and fire department employees and seven percent for all other employees. The contribution requirements of plan members and the City are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The City's contributions to

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

PERA for the years ending June 30, 2009, 2008, and 2007 were \$136,293, \$108,100, and \$106,240, respectively, equal to the amount of the required contributions for each year

NOTE 12. DEFICIT FUND BALANCE

There were no funds that had a deficit fund balances as of June 30, 2009.

NOTE 13. PROPERTY TAXES

Property taxes include amounts levied against all real property and all tangible personal property used in businesses located in the City. The Lincoln County Treasurer bills and collects the City's tax levy, which is payable in two installments on November 10 and April 10. Property taxes attach as an enforceable lien on January 1. Collections by the County are remitted to the City monthly. No allowance for uncollectible taxes has been recorded since; all taxes are considered collectible by the County Treasurer. As of June 30, 2009, all uncollected taxes are considered delinquent.

NOTE 14. SURETY BONDS

The officials and certain employees of the City are covered by a surety bond as required by Section 12-6-7, 1978 compilation.

NOTE 15. INTERFUND TRANSACTIONS

Transfers are used to move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them.

<u>Transfer From</u>	<u>Transfer To</u>	
General Fund		\$ (106,844)
	Museum	189,424
	Lincoln Co. Transit	25,000
	Street Improvement	138,605
Lodger's Tax		(132,140)
Gas Tax		(13,124)
	FEMA Fund	6,740
Infrastructue		(261,321)
	Water/Sewer/Sanitaiton	<u>153,660</u>
Net Transfers		<u>\$ -</u>

Transfers made into the Joint Water & Sewer Fund from the Debt Service Fund were made for water improvement projects constructed within the fund, and accordingly, at the completion of the projects would be depreciated in that fund.

Transfers to the Museum Fund from the General Fund and other non-major governmental funds were to supplement operations of the museum.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 16. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance 6/30/08	Additions	(Reductions)	Balance 6/30/09
Government Activities:				
Capital Assets not being Depreciated				
Land	\$ 226,634	\$ -	\$ -	\$ 226,634
Museum artifacts and collectibles	5,501,635	-	-	5,501,635
Total capital assets not being depreciated	<u>5,728,269</u>	<u>-</u>	<u>-</u>	<u>5,728,269</u>
Capital Assets Being depreciated				
Buildings and improvements	2,914,595	16,469	-	2,931,064
Streets and other infrastructure	1,401,827	477,360	-	1,879,187
Equipment	1,906,825	158,454	(74,590)	1,990,689
Total capital assets being depreciated	<u>6,223,247</u>	<u>652,283</u>	<u>(74,590)</u>	<u>6,800,940</u>
Less accumulated depreciation for				
Buildings and improvements	466,325	81,974	-	548,299
Streets and other infrastructure	90,529	15,650	-	106,179
Equipment	1,491,455	179,400	(74,590)	1,596,265
Total accumulated depreciation	<u>2,048,309</u>	<u>277,024</u>	<u>(74,590)</u>	<u>2,250,743</u>
Total capital assets being depreciated, net	<u>4,174,938</u>	<u>375,259</u>	<u>-</u>	<u>4,550,197</u>
Government activity capital assets, net	<u>\$ 9,903,207</u>	<u>\$ 375,259</u>	<u>\$ -</u>	<u>\$ 10,278,466</u>
Business Type Activities:				
Capital Assets not being Depreciated				
Land and Water Rights	\$ 987,581	\$ 26,793	\$ -	\$ 1,014,374
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>987,581</u>	<u>26,793</u>	<u>-</u>	<u>1,014,374</u>
Capital Assets Being depreciated				
Buildings and improvements	36,221	-	-	36,221
Distribution Systems	5,529,269	847,357	-	6,376,626
Equipment	707,457	-	-	707,457
Total capital assets being depreciated	<u>6,272,947</u>	<u>847,357</u>	<u>-</u>	<u>7,120,304</u>
Less accumulated depreciation for				
Buildings and improvements	27,677	1,381	-	29,058
Distribution Systems	1,284,380	124,732	-	1,409,112
Equipment	417,148	38,453	-	455,601
Total accumulated depreciation	<u>1,729,205</u>	<u>164,566</u>	<u>-</u>	<u>1,893,771</u>
Total capital assets being depreciated, net	<u>4,543,742</u>	<u>682,791</u>	<u>-</u>	<u>5,226,533</u>
Business-type activity capital assets net	<u>\$ 5,531,323</u>	<u>\$ 709,584</u>	<u>\$ -</u>	<u>\$ 6,240,907</u>
Governmental activity depreciation was charged to functions as follows				
General Government	\$ 83,107			
Public Safety	69,256			
Public Works	77,567			
Culture and recreation	47,094			
Total depreciation	<u>\$ 277,024</u>			

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash	\$ 239,265	\$ 15,747	\$ 255,012
Receivables	62,601	50,000	112,601
Due From Other Governments	<u>167,788</u>	<u>-</u>	<u>167,788</u>
 Total Assets	 <u>\$ 469,654</u>	 <u>\$ 65,747</u>	 <u>\$ 535,401</u>
Liabilities And Fund Balances			
Liabilities			
Accounts Payable	\$ 1,729	\$ -	\$ 1,729
Accrued Payroll	<u>2,717</u>	<u>-</u>	<u>2,717</u>
 Total Liabilities	 <u>4,446</u>	 <u>-</u>	 <u>4,446</u>
Fund Balances			
Reserved For Capital Improvements	-	65,747	65,747
Unreserved	<u>465,208</u>	<u>-</u>	<u>465,208</u>
 Total Fund Balances	 <u>465,208</u>	 <u>65,747</u>	 <u>530,955</u>
 Total Liabilities And Fund Balances	 <u>\$ 469,654</u>	 <u>\$ 65,747</u>	 <u>\$ 535,401</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 435,708	\$ -	\$ 435,708
Intergovernmental	471,161	500,000	971,161
Fines And Forfeitures	4,456	-	4,456
Charges for Services	6,420	-	6,420
Total Revenues	<u>917,745</u>	<u>500,000</u>	<u>1,417,745</u>
Expenditures			
Current Operations:			
General Government	-	-	-
Public Safety	201,602	-	201,602
Highways And Streets	655,263	-	655,263
Capital Leases	16,381	-	16,381
Capital Contributions	-	484,255	484,255
Total Expenditures	<u>873,246</u>	<u>484,255</u>	<u>1,357,501</u>
Excess Revenues Over (Under) Expenditures	<u>44,499</u>	<u>15,745</u>	<u>60,244</u>
Other Financing Sources (Uses):			
Operating Transfers, Net	<u>(236,240)</u>	<u>-</u>	<u>(236,240)</u>
Total Other Financing Sources (Uses)	<u>(236,240)</u>	<u>-</u>	<u>(236,240)</u>
Net Change In Fund Balances	(191,741)	15,745	(175,996)
Fund Balances At Beginning Of Year	<u>656,949</u>	<u>50,002</u>	<u>706,951</u>
Fund Balances At End Of Year	<u>\$ 465,208</u>	<u>\$ 65,747</u>	<u>\$ 530,955</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

STATE OF NEW MEXICO
 CITY OF RUIDOSO DOWNS
 STATEMENT OF EXPENDITURES -- BY DEPARTMENT -- GENERAL FUND
 For The Year Ended June 30, 2009

GENERAL GOVERNMENT

Legislative	60,223
Judicial	140,535
Elections	-
Executive	93,112
Legal	150,160
Finance and Administration	415,574
Planning	166,589
Code Enforcement	<u>47,371</u>
Total General Government	\$ 1,073,564

PUBLIC SAFETY

Public Safety	923,784
Fire Department	285,266
Animal Control	<u>52,840</u>
Total Public Safety	1,261,890

CULTURE AND RECREATION

Parks and Recreation	218,079
Senior Citizens	<u>37,962</u>
Total Culture and Recreation	256,041

HIGHWAYS AND STREETS

Street Department	192,357
Mechanical	<u>267,157</u>
Total Highway and Streets	459,514

OTHER

	<u>40,530</u>
Total General Fund Expenditures	<u>\$ 3,091,539</u>

-
-
-

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF EXPENDITURES -- BY DEPARTMENT
BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) -- GENERAL FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT				
Legislative	\$ 59,566	\$ 59,392	\$ 59,229	163
Judicial	156,151	145,772	139,949	5,823
Elections	-	-	-	-
Executive	106,624	100,545	93,007	7,538
Legal	287,088	173,064	170,368	2,696
Finance and Administration	390,461	424,353	415,758	8,595
Planning	173,305	172,649	166,299	6,350
Code Enforcement	40,526	48,844	47,011	1,833
Total General Government	<u>1,213,721</u>	<u>1,124,619</u>	<u>1,091,621</u>	<u>32,998</u>
PUBLIC SAFETY				
Public Safety	1,092,409	954,576	922,248	32,328
Fire Department	304,559	288,770	285,095	3,675
Aminal Control	56,417	54,564	52,570	1,994
Total Public Safety	<u>1,453,385</u>	<u>1,297,910</u>	<u>1,259,913</u>	<u>37,997</u>
CULTURE AND RECREATION				
Parks and Recreation	242,133	221,663	217,325	4,338
Senior Citizens	39,296	38,964	37,725	1,239
Total Culture and Recreation	<u>281,429</u>	<u>260,627</u>	<u>255,050</u>	<u>5,577</u>
HIGHWAYS AND STREETS				
Street Department	223,218	194,828	191,282	3,546
Mechanical	223,218	273,629	265,123	8,506
Total Highway and Streets	<u>446,436</u>	<u>468,457</u>	<u>456,405</u>	<u>12,052</u>
OTHER				
	133,883	54,430	40,530	13,900
Total General Fund Expenditures	<u>\$ 3,528,854</u>	<u>\$ 3,206,043</u>	<u>\$ 3,103,519</u>	<u>\$ 102,524</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS

Museum Fund – to account for the operations of the Hubbard Museum. Authority for this fund is the City Council.

Fire Fund -- to account for the operation of the City volunteer fire department. Financing is provided by allotments from the State of New Mexico. Authority for this fund is Article 52, Section 979 of the NM State Insurance Code.

Recreation Fund -- to account for the operation and maintenance of the City owned parks. Financing is provided by the cigarette tax. Authority is Section 7-12-15 NASA 1978.

Infrastructure Fund -- to account for the operations and maintenance of funds restricted for the repair and replacement of infrastructure improvements. Financing is provided by a 1/2 of 1% tax on the gross receipts within the City. The funds may be used only for sewer and street repairs and replacements, or for the acquisition of rights-of-way. Authority is by City ordinance.

Local Government Correction Fund -- to account for the operations and maintenance of the City correctional facility. Financing is provided by a special charge of \$5 per traffic ticket. Such fines may only be used for improvements to and operation of the jail. Authority is Section 35-14-11 NASA 1978.

Law Enforcement Protection Fund -- to account for the operations and maintenance of a special grant for the police department. Financing is provided by a grant from the State. The grant may be used only for the operations of the police department. Authority is Section 29-13-1 NASA 1978.

Lodgers' Tax Fund -- to account for the operation of promotional activity for the Village, mostly through payment to promotion oriented agencies. Financing is provided primarily by a specific tax levy on area motels and hotels. Authority is Section 3-38-15 NMSA 1978.

Gas Tax Road Fund -- to account for a portion of the gasoline tax revenue received from the State and the expenditure thereof. Authority is City management.

Emergency Medical Services Fund -- to account for an annual ambulance subsidy from the State of New Mexico and related expenditures. Authority for this fund is City management.

Judicial Education Fund – to account for a designated portion of traffic fines. Authority for this fund is City management.

Court Automation Fund – to account for a designated portion of traffic fines. Authority for this fund is City management.

Street Improvement Fund – to account for funds designated for street repairs. Authority for this fund is City management.

Lincoln Co. Transit Fund – to account for operational fund related to the local transit system. Authorization is by resolution.

FEMA Grant Fund – to account for grant funds received from federal sources. Authorization is by resolution.

STATE OF NEW MEXICO
 CITY OF RUIDOSO DOWNS
 COMBINING BALANCE SHEET -- NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2009

	Local														Totals	
	Government	Judicial	Court	Lincoln Co	Street	Gas Tax	Fire	FEMA	Law	Lodger's	Recreation	Infrastructure	Fund			
	Fund	Education	Automation	Transit	Improvement	Road	Portection	Fund	Enforce Prot	Tax	Fund	Fund	Fund	Fund		
ASSETS																
Cash In Bank	\$ 60,037	\$ 89	\$ 275	\$ 21,670	\$ -	\$ (167,788)	\$ 1	\$ 10,260	\$ 90,491	\$ 5,384	\$ 192,698	\$ 6,791	\$ 19,357	\$ 239,265		
Taxes Receivable						2,569					14,057	282	45,693	62,601		
Grants Receivable					167,788									167,788		
Other																
Total Assets	\$ 60,037	\$ 89	\$ 275	\$ 21,670	\$ -	\$ 2,570	\$ 10,260	\$ 90,491	\$ 5,384	\$ 206,755	\$ 7,073	\$ 65,050	\$ 469,654			
LIABILITIES AND FUND BALANCE																
LIABILITIES																
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102	\$ -	\$ -	\$ 1,627	\$ -	\$ -	\$ 1,729			
Accrued Compensated Absences																
Accrued Payroll Expense				2,717										2,717		
Total Liabilities				2,717			102			1,627			4,446			
FUND BALANCE																
Designated																
Undesignated	60,037	89	275	18,953		2,570	10,158	90,491	5,384	205,128	7,073	65,050	465,208			
Total Fund Balance	60,037	89	275	18,953		2,570	10,158	90,491	5,384	205,128	7,073	65,050	465,208			
Total Liabilities And Fund Balance	\$ 60,037	\$ 89	\$ 275	\$ 21,670	\$ -	\$ 2,570	\$ 10,260	\$ 90,491	\$ 5,384	\$ 206,755	\$ 7,073	\$ 65,050	\$ 469,654			

The accompanying notes to the basic financial statements are an integral part of this statement

STATE OF NEW MEXICO
 CITY OF RUIDOSO DOWNS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE--NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended June 30, 2009

	Local Government	Judicial	Court	Lincoln Co	EMG	Street	Gas Tax	Fire	FEMA	Law	Lodger's	Recreation	Infrastructure	Totals
	Fund	Fund	Automation	Transit	Fund	Improvement	Road	Protection	Fund	Enforce Prot	Fund	Fund	Fund	
REVENUES														
Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental	16,940	1,650		72,286	7,943	167,788	13,264	63,945	116,409	24,200	167,080	1,481	253,883	435,708
Charges For Services				6,420										471,161
Fines And Forfeits			4,456											6,420
Other														4,456
Total Revenues	16,940	1,650	4,456	78,706	7,943	167,788	13,264	63,945	116,409	24,200	167,080	1,481	253,883	917,745

EXPENDITURES

Current														
General Government	6,943	1,719	4,674	9,992										201,602
Public Safety														655,263
Highways And Streets				84,753		570,510								16,381
Culture And Recreation														
Capital Leases														
Total Expenditures	6,943	1,719	4,674	84,753	9,992	570,510	38,057	32,658	32,658	38,057	54,250	54,250	253,883	873,246
Excess (Deficiency) Of Revenues	9,997	(69)	(218)	(6,047)	(2,049)	(402,722)	(13,264)	(5,745)	(83,751)	(13,857)	(112,830)	(1,481)	(253,883)	44,499

OTHER FINANCING SOURCES (USES):

Contributions														
Operating Transfers				25,000		138,605	(13,124)		6,740		(132,140)		(261,321)	(236,240)
Total Other Sources				25,000		138,605	(13,124)		6,740		(132,140)		(261,321)	(236,240)

NET CHANGE IN FUND BALANCES 9,997 (69) (218) 18,953 (2,049) (264,117) 140 (5,745) 90,491 (13,857) (19,310) 1,481 (7,438) (191,741)

PRIOR PERIOD ADJUSTMENT

FUND BALANCE AT BEGINNING OF YEAR 50,040 156 493 2,049 2,641 17 2,430 15,002 19,241 224,438 5,992 72,488 656,949

FUND BALANCE AT END OF YEAR \$ 60,037 \$ 89 \$ 275 \$ 18,953 \$ \$ 2,570 \$ 10,158 \$ 90,491 \$ 5,384 \$ 205,128 \$ 7,073 \$ 65,050 \$ 465,208

The accompanying notes to the basic financial statements are an integral part of this statement

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
LOCAL GOVERNMENT CORRECTIONS SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE				
Intergovernmental:	\$ 16,940	\$ 16,940	\$ 16,940	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	16,940	16,940	<u>16,940</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>50,040</u>	<u>50,040</u>		
Total Revenue And Cash	<u>\$ 66,980</u>	<u>\$ 66,980</u>		
EXPENDITURES -- PUBLIC SAFETY				
Current				
Public Safety	\$ 13,041	\$ 6,945	\$ 6,943	\$ 2
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	13,041	6,945	6,943	2
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 13,041</u>	<u>\$ 6,945</u>	<u>6,943</u>	<u>\$ 2</u>
Net Revenue (Expenditures)			9,997	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 9,997</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
JUDICIAL EDUCATION SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE				
Intergovernmental	\$ 1,500	\$ 1,650	\$ 1,650	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	1,500	1,650	<u>1,650</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>158</u>	<u>158</u>		
Total Revenue And Cash	<u>\$ 1,658</u>	<u>\$ 1,808</u>		
EXPENDITURES -- PUBLIC SAFETY				
Current				
Public Safety	\$ 1,558	\$ 1,808	\$ 1,719	\$ 89
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	1,558	1,808	1,719	89
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 1,558</u>	<u>\$ 1,808</u>	<u>1,719</u>	<u>\$ 89</u>
Net Revenue (Expenditures)			(69)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (69)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
COURT AUTOMATION SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Fines and Forfeitures	\$ 3,500	\$ 4,456	\$ 4,456	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	3,500	4,456	<u>4,456</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>493</u>	<u>493</u>		
Total Revenue And Cash	<u>\$ 3,993</u>	<u>\$ 4,949</u>		
EXPENDITURES -- PUBLIC SAFETY				
Public Safety	\$ 3,993	\$ 4,942	\$ 4,674	\$ 268
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	3,993	4,942	4,674	268
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 3,993</u>	<u>\$ 4,942</u>	<u>4,674</u>	<u>\$ 268</u>
Net Revenue (Expenditures)			(218)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (218)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
LINCOLN COUNTY TRANSIT SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE				
Intergovernmental	\$ 72,286	\$ 72,286	\$ 72,286	\$ -
Charges for Services	<u>5,000</u>	<u>6,421</u>	<u>6,420</u>	<u>(1)</u>
Total Revenue	77,286	78,707	<u>78,706</u>	<u>\$ (1)</u>
Budgeted Cash Balance	<u>-</u>	<u>-</u>		
Total Revenue And Cash	<u>\$ 77,286</u>	<u>\$ 78,707</u>		
EXPENDITURES -- PUBLIC SAFETY				
Current				
Highways and Streets	\$ 41,200	\$ 86,558	\$ 82,036	\$ 4,522
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	41,200	86,558	82,036	4,522
OTHER FINANCING SOURCES (USES)				
Transfers	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 16,200</u>	<u>\$ 61,558</u>	<u>57,036</u>	<u>\$ 4,522</u>
Net Revenue (Expenditures)			21,670	
Reconciliation to GAAP Basis				
Changes in Accrued Payroll			(2,717)	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 18,953</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE				
Intergovernmental	\$ 11,288	\$ 7,943	\$ 7,943	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	11,288	7,943	<u>7,943</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>2,049</u>	<u>2,049</u>		
Total Revenue And Cash	<u>\$ 13,337</u>	<u>\$ 9,992</u>		
EXPENDITURES -- PUBLIC SAFETY				
Current				
Public Safety	\$ 13,550	\$ 10,083	\$ 9,992	\$ 91
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	13,550	10,083	9,992	91
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 13,550</u>	<u>\$ 10,083</u>	<u>9,992</u>	<u>\$ 91</u>
Net Revenue (Expenditures)			(2,049)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (2,049)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
STREET IMPROVEMENTSPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE				
Intergovernmental	\$ 322,962	\$ 595,126	\$ -	\$ 595,126
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	322,962	595,126	<u>-</u>	<u>\$ 595,126</u>
Budgeted Cash Balance	<u>264,117</u>	<u>264,117</u>		
Total Revenue And Cash	<u>\$ 587,079</u>	<u>\$ 859,243</u>		
EXPENDITURES -- PUBLIC SAFETY				
Current				
Highways and Streets	\$ 550,950	\$ 609,608	\$ 570,510	\$ 39,098
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	550,950	609,608	570,510	39,098
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>138,605</u>	<u>138,605</u>
Total Expenditures And Other Financing Sources	<u>\$ 550,950</u>	<u>\$ 609,608</u>	<u>431,905</u>	<u>\$ (99,507)</u>
Net Revenue (Expenditures)			(431,905)	
Reconciliation to GAAP Basis				
Changes in Receivables			167,788	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (264,117)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
GAS TAX ROAD SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Taxes	\$ 14,412	\$ 13,125	\$ 13,124	\$ 1
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	14,412	13,125	<u>13,124</u>	<u>\$ 1</u>
Budgeted Cash Balance	<u>1</u>	<u>1</u>		
Total Revenue And Cash	<u>\$ 14,413</u>	<u>\$ 13,126</u>		
EXPENDITURES -- PUBLIC SAFETY				
Current				
Highways and Streets	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(14,412)</u>	<u>(13,126)</u>	<u>(13,124)</u>	<u>2</u>
Total Expenditures And Other Financing Sources	<u>\$ 14,412</u>	<u>\$ 13,126</u>	<u>13,124</u>	<u>\$ (2)</u>
Net Revenue (Expenditures)			-	
Reconciliation to GAAP Basis				
Changes in Receivables			140	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 140</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
FIRE PROTECTION SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Intergovernmental:	\$ 67,938	\$ 63,945	\$ 63,945	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	67,938	63,945	<u>63,945</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>15,903</u>	<u>15,903</u>		
Total Revenue And Cash	<u>\$ 83,841</u>	<u>\$ 79,848</u>		
EXPENDITURES -- PUBLIC SAFETY				
Current				
Public Safety	\$ 67,452	\$ 63,461	\$ 53,207	\$ 10,254
Capital Lease	<u>16,381</u>	<u>16,381</u>	<u>16,381</u>	<u>-</u>
Total Expenditures	83,833	79,842	69,588	10,254
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 83,833</u>	<u>\$ 79,842</u>	<u>69,588</u>	<u>\$ 10,254</u>
Net Revenue (Expenditures)			(5,643)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>(102)</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (5,745)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
FEMA SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Intergovernmental:	\$ 126,056	\$ 126,056	\$ 116,409	\$ 9,647
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	126,056	126,056	<u>116,409</u>	<u>\$ 9,647</u>
Budgeted Cash Balance	<u>-</u>	<u>-</u>		
Total Revenue And Cash	<u>\$ 126,056</u>	<u>\$ 126,056</u>		
EXPENDITURES -- PUBLIC SAFETY				
Current				
Public Safety	\$ -	\$ 144,962	\$ 32,658	\$ 112,304
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	144,962	32,658	112,304
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>6,740</u>	<u>6,740</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ -</u>	<u>\$ 138,222</u>	<u>25,918</u>	<u>\$ 112,304</u>
Net Revenue (Expenditures)			90,491	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 90,491</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
LAW ENFORCEMENT PROTECTION SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Intergovernemntal	\$ 24,200	\$ 24,200	\$ 24,200	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	24,200	24,200	<u>24,200</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>19,241</u>	<u>19,241</u>		
Total Revenue And Cash	<u>\$ 43,441</u>	<u>\$ 43,441</u>		
EXPENDITURES -- PUBLIC SAFETY				
Current				
Public Safety	\$ 25,557	\$ 42,836	\$ 38,057	\$ 4,779
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	25,557	42,836	38,057	4,779
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 25,557</u>	<u>\$ 42,836</u>	<u>38,057</u>	<u>\$ 4,779</u>
Net Revenue (Expenditures)			(13,857)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (13,857)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
LODGER'S TAX SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Taxes	\$ 187,152	\$ 177,158	\$ 177,157	\$ 1
Miscellaneous	-	-	-	-
Total Revenue	187,152	177,158	<u>177,157</u>	<u>\$ 1</u>
Budgeted Cash Balance	-	-		
Total Revenue And Cash	<u>\$ 187,152</u>	<u>\$ 177,158</u>		
EXPENDITURES -- Culture and Reception				
Current				
Operating Expenses	\$ 67,426	\$ 54,251	\$ 54,250	\$ 1
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	67,426	54,251	54,250	1
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(108,149)</u>	<u>(132,140)</u>	<u>(132,140)</u>	-
Total Expenditures And Other Financing Sources	<u>\$ 175,575</u>	<u>\$ 186,391</u>	<u>186,390</u>	<u>\$ 1</u>
Net Revenue (Expenditures)			(9,233)	
Reconciliation to GAAP Basis				
Changes in Receivables			(10,077)	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (19,310)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
RECREATION SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Taxes	\$ 1,400	\$ 1,447	\$ 1,446	\$ 1
Miscellaneous	-	-	-	-
Total Revenue	1,400	1,447	1,446	\$ 1
Budgeted Cash Balance	-	-		
Total Revenue And Cash	\$ 1,400	\$ 1,447		
EXPENDITURES -- Culture and Reccation				
Current				
Operating Expenses	\$ 1,400	\$ 1,400	\$ -	\$ 1,400
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	1,400	1,400	-	1,400
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	\$ 1,400	\$ 1,400	-	\$ 1,400
Net Revenue (Expenditures)			1,446	
Reconciliation to GAAP Basis				
Changes in Receivables			35	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			\$ 1,481	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
INFRASTRUCTURE SPECIAL REVENUE FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Taxes	\$ 270,648	\$ 261,322	\$ 261,321	\$ 1
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	270,648	261,322	<u>261,321</u>	<u>\$ 1</u>
Budgeted Cash Balance	<u>19,357</u>	<u>19,357</u>		
Total Revenue And Cash	<u>\$ 290,005</u>	<u>\$ 280,679</u>		
EXPENDITURES -- Culture and Recreation				
Current				
Operating Expenses	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(270,648)</u>	<u>(279,974)</u>	<u>(261,321)</u>	<u>18,653</u>
Total Expenditures And Other Financing Sources	<u>\$ 270,648</u>	<u>\$ 279,974</u>	<u>(261,321)</u>	<u>\$ (18,653)</u>
Net Revenue (Expenditures)			-	
Reconciliation to GAAP Basis				
Changes in Receivables			(7,439)	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (7,439)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

CAPITAL PROJECT FUNDS

To account for the City's capital improvement projects funded by special appropriation grants.

Current year CDBG project grants disclosed are:

Colonias Grant Fund– Water system improvement project.

STATE OF NEW MEXICO
 CITY OF RUIDOSO DOWNS
 COMBINING BALANCE SHEETS
 CAPITAL PROJECT FUNDS
 June 30, 2009

	Colonias Grant Fund	Totals
ASSETS		
Cash In Bank	\$ 15,745	\$ 15,745
Grants Receivable	<u>50,000</u>	<u>50,000</u>
Total Assets	<u>\$ 65,745</u>	<u>\$ 65,745</u>
 LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts Payable	\$ -	\$ -
FUND BALANCE		
Reserved For Capital Improvements	<u>65,745</u>	<u>65,745</u>
Total Liabilities And Fund Equity	<u>\$ 65,745</u>	<u>\$ 65,745</u>

The accompanying notes to the basic financial statements are an integral part of this s

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECT FUNDS
For The Year Ended June 30, 2009

	Colonias Grant Fund	Totals
REVENUES		
Intergovernmental	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Total Revenue	<u>500,000</u>	<u>500,000</u>
EXPENDITURES		
General Government	-	-
Capital Outlay	<u>484,255</u>	<u>484,255</u>
Total Expenditures	<u>484,255</u>	<u>484,255</u>
Excess (Deficiency) Of Revenues Over Expenditures	15,745	15,745
OTHER FINANCING SOURCES (USES)		
Transfers	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	15,745	15,745
FUND BALANCE AT BEGINNING OF YEAR	<u>50,000</u>	<u>50,000</u>
FUND BALANCE AT END OF YEAR	<u>\$ 65,745</u>	<u>\$ 65,745</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
COLONIAS GRANT FUND-CAPITAL PROJECT FUND
For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE				
CDBG Grant	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	450,000	450,000	<u>450,000</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>50,000</u>	<u>50,000</u>		
Total Revenue And Cash	<u>\$ 500,000</u>	<u>\$ 500,000</u>		
EXPENDITURES				
Capital Contributions	\$ 550,000	\$ 550,000	\$ 484,255	\$ 65,745
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	550,000	550,000	484,255	65,745
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 550,000</u>	<u>\$ 550,000</u>	<u>484,255</u>	<u>\$ 65,745</u>
Net Revenue (Expenditures)			(34,255)	
Reconciliation to GAAP Basis				
Changes in Receivables			50,000	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 15,745</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

Debt Service

Debt Service Fund—to account for revenues and expenditures related to bond issuers of the City of Ruidoso Downs.

STATE OF NEW MEXICO
 CITY OF RUIDOSO DOWNS
 BALANCE SHEET
 DEBT SERVICE FUND
 June 30, 2009

Assets	
Cash	\$ 13,589
Receivables	<u>1,503</u>
 Total Assets	 <u>\$ 15,092</u>
Liabilities And Fund Balances	
Liabilities	
Deferred Revenue	\$ <u>1,503</u>
 Total Liabilities	 <u>1,503</u>
Fund Balances (Deficit)	
Reserved For Debt Service	13,589
Unreserved	<u>-</u>
 Total Fund Balances	 <u>13,589</u>
 Total Liabilities And Fund Balances	 <u>\$ 15,092</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUND
For The Year Ended June 30, 2009

Revenues	
Taxes	\$ 99,993
Interest	6,466
Miscellaneous	-
Total Revenues	<u>106,459</u>
Expenditures	
Interest	52,367
Principal	39,000
Administration Costs	<u>4,451</u>
Total Expenditures	<u>95,818</u>
Excess Revenues Over (Under) Expenditures	<u>10,641</u>
Other Financing Sources (Uses):	
Operating Transfers, Net	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
Net Change In Fund Balances	10,641
Fund Balances At Beginning Of Year	<u>2,948</u>
Fund Balances At End Of Year	<u>\$ 13,589</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
DEBT SERVICE FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Taxes	\$ 99,994	\$ 99,994	\$ 99,993	\$ 1
Interest	6,647	6,647	6,466	(181)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	106,641	106,641	<u>106,459</u>	<u>\$ (180)</u>
Budgeted Cash Balance	<u>2,949</u>	<u>2,949</u>		
Total Revenue And Cash	<u>\$ 109,590</u>	<u>\$ 109,590</u>		
EXPENDITURES				
Debt Service-Principal	\$ 39,000	\$ 39,000	39,000	\$ -
Debt Service-Interest	52,368	52,368	52,367	1
Other	<u>4,452</u>	<u>4,452</u>	<u>4,451</u>	<u>1</u>
Total Expenditures	95,820	95,820	95,818	2
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 95,820</u>	<u>\$ 95,820</u>	<u>95,818</u>	<u>\$ 2</u>
Net Revenue (Expenditures)			10,641	
Reconciliation to GAAP Basis				
Changes in Receivables			1,253	
Changes in Deferred Income			<u>(1,253)</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 10,641</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

ENTERPRISE FUNDS

Joint Water and Sewer Fund -- to account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sanitation Fund -- to account for the collection of City sanitation fees and the environmental gross receipts tax, and the related remittance of same to the Lincoln County Solid Waste Authority.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
JOINT WATER AND SEWER ENTERPRISE FUND
For The Year Ended June 30, 2009

REVENUE	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Sales of Service	\$ 689,208	\$ 685,642	\$ 695,841	\$ (10,199)
Connection Charges	8,912	5,435	5,434	1
Penalty Charges	13,248	61,676	31,675	30,001
Gross Receipts tax	34,071	35,324	34,422	902
Deposits Received	2,500	1,599	1,598	1
State Grants	1,860,825	1,154,923	1,154,922	1
Interest Income	15,684	3,679	3,679	-
Total Revenue	<u>2,624,448</u>	<u>1,948,278</u>	<u>1,927,571</u>	<u>\$ 20,707</u>
 Budgeted Cash Balance	 <u>1,936,561</u>	 <u>1,936,561</u>		
Total Revenue And Cash	 <u>\$ 4,561,009</u>	 <u>\$ 3,884,839</u>		
 EXPENDITURES				
Personnel Services	\$ 311,406	\$ 271,643	267,442	\$ 4,201
Operating Expense	369,337	365,274	338,605	26,669
Capital Outlay	1,111,114	4,540,397	1,980,721	2,559,676
Loan Payments	40,944	40,944	40,944	-
Deposit Refunds	1,900	1,179	1,178	1
Total Expenditures	<u>1,834,701</u>	<u>5,219,437</u>	<u>2,628,890</u>	<u>2,590,547</u>
 OTHER FINANCING SOURCES (USES)				
Transfers	<u>130,660</u>	<u>130,660</u>	<u>130,660</u>	<u>-</u>
Total Expenditures And Other Financing Sources	 <u>\$ 1,704,041</u>	 <u>\$ 5,088,777</u>	 <u>2,498,230</u>	 <u>\$ 2,590,547</u>
 Net Revenues (Expenditures)			 (570,659)	
Reconciliation to GAAP Basis				
Changes in Receivables			(23,315)	
Changes in Inventory			(6,423)	
Reclass escrowed funds			(3,650)	
Reclass Capital Assets			811,954	
Current Year Depreciation			(164,566)	
Reclass Debt Service			9,000	
Changes in Account Payable			(3,033)	
Changes in Deposits			(138)	
Changes in Accrued Payroll			(291)	
Changes in Accrued Compensation			<u>2,568</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 51,447</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE -- BUDGETED TO ACTUAL (NON-GAAP BUDGETARY BASIS) --
SANITATION ENTERPRISE FUND
For The Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Sales of Service	\$ 217,836	\$ 229,085	\$ 229,084	\$ 1
Connection Charges	-	-	-	-
Penalty Charges	-	-	-	-
Gross Receipts Tax	-	-	-	-
Deposits Received	-	-	-	-
State Grants	-	-	-	-
Other	-	-	-	-
	<u>217,836</u>	<u>229,085</u>	<u>229,084</u>	<u>\$ 1</u>
Total Revenue				
Budgeted Cash Balance	<u>-</u>	<u>-</u>		
Total Revenue And Cash	<u>\$ 18,302</u>	<u>\$ 18,302</u>		
EXPENDITURES				
Personnel Services	\$ -	\$ -	\$ -	\$ -
Operating Expense	241,872	269,832	251,344	18,488
Sales Tax	-	-	-	-
Loan Payments	-	-	-	-
Capital Outlay	-	-	-	-
Deposit Refunds	-	-	-	-
	<u>241,872</u>	<u>269,832</u>	<u>251,544</u>	<u>18,288</u>
Total Expenditures				
OTHER FINANCING SOURCES (USES)				
Transfers	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 218,872</u>	<u>\$ 246,832</u>	<u>228,544</u>	<u>\$ 18,288</u>
Net Revenue (Expenditures)			540	
Reconciliation to GAAP Basis				
Changes in Receivables			593	
Changes in Payables			<u>(6,903)</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (5,770)</u>	

The accompanying notes to the basic financial statements are an integral part of this statement.

State of New Mexico
 City of Ruidoso Downs
 Schedule of Deposits and Pledged Collateral Under State Requirements
 June 30, 2009

Institution	Financial	Account Name	Account Type	Reconciled Balance	O/S		Balance	On Deposit 06-30-09	Insurance	FDIC	Not Insured By	Required Collateral	FMV of Collateral	Pledged Over(Short)
					Deposits Balance	Checks Balance								
Compass Bank		Operations	Checking	\$ 3,673,657	\$ 1,348,261	\$ 1,485,673	\$ 3,811,069	\$ 250,000						
		Museum	Checking	44,658	-	-	44,658	-						
		Museum	CD	167,156	-	-	167,156	-						
		CDBG Grant	Checking	450,000	-	-	450,000	250,000						
		Water Deposit	Checking	66,196	-	1,084	67,280	-						
				4,401,667	\$ 1,348,261	\$ 1,486,757	\$ 4,540,163	\$ 500,000	\$ 4,040,163	\$ 2,020,082	\$ 6,000,000	\$ 3,979,919		
		Petty Cash and Returned Checks		5,453										
		Total		\$ 4,407,120										

Irrevocable Letter of Credit to Secure Deposits

Issuer	Issuee	Maturity	Par	LOC #
FHLB-Atlanta	Compass Inv. Bank	6/5/2010	\$ 6,000,000	1213-10256-298
			\$ 6,000,000	

The accompanying notes to the basic financial statements are an integral part of this statement

**State of New Mexico
City of Ruidoso Downs
Schedule of Legislative Grants
June 30, 2009**

Project	Agency	Grant#	Effective Date	Reversion Date	Original Amount	Arts In Public		Exp to Date	Remaining
						Places	Net Amount		
Hubbard Museum	Tourism	09-418 3002-0029	7/1/2008	6/30/2009	\$ 8,000	\$ -	\$ 8,000	\$ 8,000	\$ -
WW Treatment Pl Imp	DFA	04-0194STB	1/10/2004	6/30/2009	150,000	-	150,000	150,000	-
Street Imp	NMDOT	SP-2-08(923)	7/24/2007	12/31/2009	61,962	-	61,962	-	61,962
Street Imp	NMDOT	SP-2-09(976)	7/21/2008	12/31/2009	58,414	-	58,414	-	58,414
WW Sys Imp	DFA	06 114 GF	1/7/2006	6/30/2010	100,000	-	100,000	100,000	-
WW Treatment Pl Imp	DFA	06-0177STB	1/7/2006	6/30/2010	161,000	-	161,000	161,000	-
Water Sys Imp	NMED	5-1117GF	2/7/2005	6/30/2010	200,000	-	200,000	200,000	-
WW Treatment Pl Imp	NMED	06-1247GF	1/7/2006	6/30/2010	91,192	-	91,192	91,192	-
Water Sys Imp	NMED	05-1183GF	2/7/2005	6/30/2010	25,000	-	25,000	25,000	-
Water Sys Imp	NMED	05-0085STB	2/7/2005	6/30/2010	500,000	5,000	495,000	495,000	-
Fire Station	DFA	06-L-G-1699	8/31/2007	6/30/2010	41,000	-	41,000	-	41,000
Street Imp	NMDOT	SP-2-10-(925)	9/21/2009	12/31/2010	43,537	-	43,537	-	43,537
WW Treatment Pl Imp	NMED	07-3723STB	1/14/2007	6/30/2011	720,000	7,200	712,800	712,800	-
WW Treatment Pl Imp	NMED	07-4494GF	1/14/2007	6/30/2011	325,000	3,250	321,750	-	321,750
All-American Park	DFA	07-L-G-3434	5/7/2007	6/30/2011	71,700	-	71,700	71,700	-
WW Treatment Pl Imp	EPA	XP-9665701-0	12/31/2007	12/30/2011	144,300	-	144,300	137,085	7,215
WW Treatment Pl Imp	NMED	08-3115STB	1/5/2008	6/30/2012	750,000	7,500	742,500	-	742,500
Parker Bridge	NMDOT	ST-7627(217)	8/3/2007	6/30/2012	261,000	-	261,000	261,000	-
Hubbard Museum	DFA	08-L-G-4344	7/3/2008	6/30/2012	40,000	-	40,000	-	40,000
Pedestrian Facilities	NMDOT	TPE-0704(1)261	8/1/2007	9/30/2013	213,750	-	213,750	-	213,750
Total					<u>\$ 3,965,855</u>	<u>\$ 22,950</u>	<u>\$ 3,942,905</u>	<u>\$ 2,412,777</u>	<u>\$ 1,530,128</u>

See Independent Auditor's Report

**Dan Austin CPA, PC
700 Mechem Drive Ste. 15
Ruidoso, NM 88345**

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

Mr. Hector H. Balderas, State Auditor, and
the Honorable Mayor and City Council
City of Ruidoso Downs
Ruidoso Downs, New Mexico

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the respective budgetary comparisons for the major governmental funds and major enterprise funds, and the aggregate remaining fund information of the City of Ruidoso Downs, State of New Mexico (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 23, 2009. We also have audited the financial statements of each of the City's nonmajor governmental funds, nonmajor enterprise funds, and the respective budgetary comparisons for the nonmajor governmental funds and nonmajor enterprise funds, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents, and have issued our report thereon dated November 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Ruidoso Downs's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

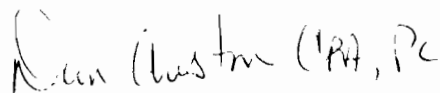
As part of obtaining reasonable assurance about whether the City of Ruidoso Downs' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Audit Standards*.

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and responses as 07-B and 09-A.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and recommendations and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of City management, the Office of the State Auditor, the State Legislature, the New Mexico Department of Finance and Administration, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Kevin Austin (PA), PC". The signature is written in a cursive style.

November 23, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB A-133**

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
The City Commission
City of Ruidoso Downs
Ruidoso Downs, New Mexico

Compliance

We have audited the compliance of City of Ruidoso Downs, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. City of Ruidoso Downs's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Ruidoso Downs's management. Our responsibility is to express an opinion on City of Ruidoso Downs's compliance based on our audit.

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

In our opinion, City of Ruidoso Downs complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of City of Ruidoso Downs is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Ruidoso Downs's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 City of Ruidoso Downs's internal control over compliance.

A control deficiency in City of Ruidoso Downs's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Ruidoso Downs's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by City of Ruidoso Downs's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by City of Ruidoso Downs's internal control.

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

This report is intended solely for the information and use of management, others within City of Ruidoso Downs, the City Commission, the Office of the State Auditor, the Department of Finance and Administration, the New Mexico Legislature, and applicable federal grantors and pass through entities, and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Dan Austin (CPA), PC". The signature is written in a cursive, somewhat stylized font.

November 23, 2009

STATE OF NEW MEXICO
City of Ruidoso Downs
Schedule of Federal Awards
June 30, 2009

	CFDA Number	Federal Grantors Number	Federal Expenditures
Department of Homeland Security	97.036	FEMA-1783-DR-NM-004	\$ 32,658
Department of Housing and Urban Development			
<i>Passed Through NM Department of Finance and Administration</i>			
Community Development Block Grant	14.218	05-C-RS-I-7-G-35	484,255
 Total Federal Financial Assistance			\$ 516,913

Notes to Schedule of Expenditures of Federal Awards

1 Basis of Presentation

The Accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the City of Ruidoso Downs and its presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements.

2 Sub recipients

The city of Ruidoso Downs did not provided any federal awards to sub receipts during the year

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 516,913
Total expenditures funded by other sources	<u>7,251,197</u>
Total expenditures	<u>\$ 7,768,110</u>

See Independent Auditor's Report

**STATE OF NEW MEXICO
 CITY OF RUIDOSO DOWNS
 SCHEDULE OF FINDINGS, RECOMMENDATIONS, RESPONSES AND OTHER DISCLOSURES
 FOR THE YEAR ENDED JUNE 30, 2009**

SUMMARY OF AUDIT RESULTS

Financial Statements:

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

Federal Awards:

- 1 Internal control over major programs:
 - a. Material weaknesses identified? No
 - b. Significant deficiencies identified not considered to be material weaknesses? No
- 2. Type of auditors' report issued on compliance for major programs Unqualified
- 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No
- 4 Identification of major programs.

<u>CFDA Number</u>	<u>Federal Program</u>
14.218	Community Development Block Grant

- 5. Dollar threshold used to distinguish between type A and type B programs: \$300,000
- 6. Auditee qualified as low-risk auditee? NO

C. FEDERAL AWARD FINDINGS - NONE

FINDINGS AND RECOMMENDATIONS-Financial Audit

Prior Year Findings

- 07-B. Auditor Prepared Financial Statements-Repeated**
- 08-A. Lodger's Tax Audits-Resolved**
- 08-B. Deposit Collateral Security-Resolved**
- 08-C. Personnel Files-Resolved**

07-B. Auditor Prepared Financial Statements

Condition: The City does not employ personnel with adequate qualifications and training sufficient enough to prepare the City's financial statements.

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS, RECOMMENDATIONS, RESPONSES AND OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2009**

Criteria: Per the provisions of Subsection J of 2.2.2.8 NMAC, and SAS 112, insufficient expertise in selecting and applying accounting principles, including the preparation of the City's financial statements, is considered to be a significant deficiency in internal control.

Effect: A deficiency in internal control.

Cause: Small cities do not have sufficient resources to employ personnel with adequate qualifications and training sufficient enough to prepare the City's financial statements.

Recommendation: None

Response: None

09-A. Museum Inventory

Condition: Audit tests noted that the Museum inventory contained numerous inventory items which have been included in the inventory for a significant period of time and may not be valued accurately

Criteria: Inventory should be valued at the lower of cost or market.

Effect: Possible inaccurate inventory valuation.

Cause: Management has failed to evaluate the age and value of the inventory

Recommendation: Develop an inventory valuation policy

Response: The City will develop a policy of requiring Museum management to prepare and aging analysis prior to year end to assist in valuing inventory.

FINANCIAL STATEMENT PREPARATION

Although it would be preferable and desirable for the City to prepare its own GAAP-based financial statements, it is felt that the City's personnel have neither the time nor the expertise to prepare them. Therefore the outside auditor prepared the GAAP-based financial statements and footnotes for inclusion in the annual audit report, however, the responsibility for the content of the report remains with the City's management.

EXIT CONFERENCE

The exit conference was held at Ruidoso Downs City Hall on November 30, 2009. Present were Mayor Tom Armstrong, City Clerk Carol Virden, City Finance Manager Terri Mosley, and Dan Austin, CPA representing the audit firm. Reportable conditions were discussed as well as other recommendations.