

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2010**

Dan Austin CPA, PC  
Certified Public Accountant

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
OFFICIAL ROSTER  
June 30, 2010**

**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
TERRI MOSELY .....	Finance Director

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

**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, 2010, 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, 2010, 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, 2010, 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, 2010, 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 26, 2010, 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 Deposits and Pledged Collateral Under State Requirements, and the Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of security requirements has 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.

A handwritten signature in black ink that reads "Dan Austin CPA, PE". The signature is written in a cursive style with a large initial "D".

November 26, 2010

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2010**

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, 2010. All amounts, unless otherwise indicated, are expressed in dollars.

**FINANCIAL HIGHLIGHTS**

The City's total net assets increased by \$3,589,525 compared to the prior year. The significant reasons for this increase were the receipt of a capital grant to fund improvements to the Regional Waste Water Treatment plan in the amount of \$2,900,000 and related legislative appropriations in the amount of \$1,085,000. These grants were accounted for in the Water/Sewer Proprietary Fund.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,548,876, an decrease of \$401,859 in comparison with the prior year.

**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, 2010 and 2009. The most significant change to assets, liabilities and net assets as compared to the prior year was the funds provided by the state for capital outlay projects. 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	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 3,402,033	\$ 3,935,955	\$ 1,956,739	\$ 1,437,834	\$ 5,358,772	\$ 5,373,789
Capital assets	10,316,454	10,278,466	9,791,267	6,240,907	20,107,721	16,519,373
Other noncurrent assets	-	-	-	67,296	-	67,296
<b>Total assets</b>	<b><u>\$ 13,718,487</u></b>	<b><u>\$ 14,214,421</u></b>	<b><u>\$ 11,748,006</u></b>	<b><u>\$ 7,746,037</u></b>	<b><u>\$ 25,466,493</u></b>	<b><u>\$ 21,960,458</u></b>
<b>Liabilities</b>						
Current liabilities	\$ 998,151	\$ 1,132,465	\$ 85,631	\$ 87,022	\$ 1,083,782	\$ 1,219,487
Noncurrent liabilities	1,317,794	1,355,578	451,000	361,001	1,768,794	1,716,579
<b>Total liabilities</b>	<b><u>2,315,945</u></b>	<b><u>2,488,043</u></b>	<b><u>536,631</u></b>	<b><u>448,023</u></b>	<b><u>2,852,576</u></b>	<b><u>2,936,066</u></b>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	10,255,108	10,207,915	5,769,634	6,222,907	16,024,742	16,430,822
Restricted	72	65,747	1,112,893	794,343	1,112,965	860,090
Unrestricted	1,147,362	1,452,716	4,328,848	280,764	5,476,210	1,733,480
<b>Total net assets</b>	<b><u>11,402,542</u></b>	<b><u>11,726,378</u></b>	<b><u>11,211,375</u></b>	<b><u>7,298,014</u></b>	<b><u>22,613,917</u></b>	<b><u>19,024,392</u></b>
<b>Total Liabilities and net assets</b>	<b><u>\$ 13,718,487</u></b>	<b><u>\$ 14,214,421</u></b>	<b><u>\$ 11,748,006</u></b>	<b><u>\$ 7,746,037</u></b>	<b><u>\$ 25,466,493</u></b>	<b><u>\$ 21,960,458</u></b>

**Statement of Activities:** The following represents the revenues and expenses for fiscal years June 30, 2010 and 2009. See page 13 for a more detailed look at the Statement of Activities. As stated earlier, the City received capital grants in the Business Type activities resulting in an increase in the net assets of \$3,913,361. The government type activities resulted in a net decrease in net assets of \$323,836.

## City of Ruidoso Downs Charges for Net Assets

	Government Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 23,299	\$ 273,798	\$ 972,722	\$ 973,733	\$ 996,021	\$ 1,247,531
Operating grants	1,687,451	2,153,914	-	-	1,687,451	2,153,914
Capital grants	199,757	545,966	3,921,329	1,154,922	4,121,086	1,700,888
General revenues:						
Taxes	2,095,011	2,080,821	-	-	2,095,011	2,080,821
Contributions received	470,138	150,000	-	-	470,138	150,000
Other	231,409	136,873	-	5,276	231,409	142,149
<b>Total revenues</b>	<b>4,707,065</b>	<b>5,341,372</b>	<b>4,894,051</b>	<b>2,133,931</b>	<b>9,601,116</b>	<b>7,475,303</b>
<b>Expenses:</b>						
General Government	\$ 1,531,924	\$ 1,147,231	\$ -	\$ -	\$ 1,531,924	\$ 1,147,231
Public safety	1,424,796	1,532,748	-	-	1,424,796	1,532,748
Highways and Streets	613,153	626,792	-	-	613,153	626,792
Culture and recreation	1,126,496	1,231,949	-	-	1,126,496	1,231,949
Other	130,279	524,785	-	-	130,279	524,785
Interest on Long-term debt	52,169	63,389	-	-	52,169	63,389
Joint water and sewer	-	-	868,738	1,983,468	868,738	1,983,468
Sanitation	-	-	264,036	258,447	264,036	258,447
<b>Total Expense</b>	<b>4,878,817</b>	<b>5,126,894</b>	<b>1,132,774</b>	<b>2,241,915</b>	<b>6,011,591</b>	<b>7,368,809</b>
<b>Net Assets</b>						
Increase in net assets before transfers	(171,752)	214,478	3,761,277	(107,984)	3,589,525	106,494
Transfers	(152,084)	(153,660)	152,084	153,660	-	-
Restatements	-	-	-	-	-	-
Net assets-beginning	11,726,378	11,665,560	-	7,252,338	11,726,378	18,917,898
<b>Net assets-ending</b>	<b>\$ 11,402,542</b>	<b>\$ 11,726,378</b>	<b>\$ 3,913,361</b>	<b>\$ 7,298,014</b>	<b>\$ 15,315,903</b>	<b>\$ 19,024,392</b>

### 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 \$2,548,876, reflecting an decrease in fund balance of \$401,859. Of this amount, \$60,602 is reserved for certain expenditures, 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 \$214,898 and a result of an decrease in taxes and the resulting smaller increase in expenditures. 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 \$3,913,361 for the year. The primary reason for the increase was due to the receipt of grants for capital improvement projects in the amount of \$3,921,329.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, General Fund expenditures were less than revenues in the amount of \$44,102. The City's General Fund expenditures amounted to \$3,038,56 for the year ended June 30, 2010 was 2% percent decrease from the previous years' budget due mostly to planned decreases in general fund operating expenditures. The current final budget revenues decreased over the original budget due largely to a decrease in gross receipts tax 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, 2010 amounts to \$16,447,090 (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 \$1,789,000 including current portion. This increase from the prior year was the result of the acquisition of a \$100,000 note to fund construction costs 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, 2011 is expected to trend downward as efforts to control expenses are offset by expected decreases in revenues due to a stressed national economy. Revenue sources for 2011 within the City are expected to be near 2010 levels, while budgeted expenditures are near 2010 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.

### 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 the 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, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 2,683,745	\$ 1,771,534	\$ 4,455,279
Receivables	617,506	174,973	792,479
Inventory	100,782	10,232	111,014
Other	-	-	-
Total Current Assets	<u>3,402,033</u>	<u>1,956,739</u>	<u>5,358,772</u>
<b>Noncurrent Assets</b>			
Restricted Assets (Cash)	-	66,981	66,981
Invested In Waste Water Treatment Plant	-	3,593,650	3,593,650
Net Capital Assets	10,316,454	6,130,636	16,447,090
Total Noncurrent Assets	<u>10,316,454</u>	<u>9,791,267</u>	<u>20,107,721</u>
Total Assets	<u>\$ 13,718,487</u>	<u>\$ 11,748,006</u>	<u>\$ 25,466,493</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 21,217	\$ 13,231	\$ 34,448
Accrued Payroll And Benefits	72,558	8,083	80,641
Accrued Compensated Absences	96,922	4,114	101,036
Interest Payable	17,974	450	18,424
Deferred Revenue	750,000	-	750,000
Current Portion Of Long Term Debt	36,000	10,000	46,000
Current Portion Of Capital Leases	3,480	-	3,480
Customer Deposits	-	49,753	49,753
Total Current Liabilities	<u>998,151</u>	<u>85,631</u>	<u>1,083,782</u>
<b>Noncurrent Liabilities</b>			
Leases Payable	54,866	-	54,866
Bonds Payable	1,292,000	336,000	1,628,000
Notes Payable	-	115,000	115,000
Unamortized Bond Premium	(29,072)	-	(29,072)
Total Noncurrent Liabilities	<u>1,317,794</u>	<u>451,000</u>	<u>1,768,794</u>
Total Liabilities	<u>2,315,945</u>	<u>536,631</u>	<u>2,852,576</u>
<b>Net Assets</b>			
Invested In Capital Assets, Net of Related Debt	10,255,108	5,769,634	16,024,742
Restricted For:			
Capital Projects	72	1,112,893	1,112,965
Unrestricted	<u>1,147,362</u>	<u>4,328,848</u>	<u>5,476,210</u>
Total Net Assets	<u>11,402,542</u>	<u>11,211,375</u>	<u>22,613,917</u>
Total Liabilities And Net Assets	<u>\$ 13,718,487</u>	<u>\$ 11,748,006</u>	<u>\$ 25,466,493</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, 2010

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	
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 1,531,924	\$ 23,299	\$ 1,499,564	\$ -	\$ (9,061)	\$ -	\$ (9,061)
Public Safety	1,424,796	-	138,880	-	(1,285,916)	-	(1,285,916)
Highways and Streets	613,153	-	-	199,757	(413,396)	-	(413,396)
Culture And Recreation	1,126,496	-	49,007	-	(1,077,489)	-	(1,077,489)
Other	130,279	-	-	-	(130,279)	-	(130,279)
Interest On Long-Term Debt	52,169	-	-	-	(52,169)	-	(52,169)
Total Governmental Activities	4,878,817	23,299	1,687,451	199,757	(2,968,310)	-	(2,968,310)
<b>Business-Type Activities:</b>							
Joint Water And Sewer Sanitation	868,738	725,358	-	3,921,329	-	3,777,949	3,777,949
	264,036	247,364	-	-	-	(16,672)	(16,672)
Total Business-Type Activities	1,132,774	972,722	-	3,921,329	-	3,761,277	3,761,277
Total Primary Government	\$ 6,011,591	\$ 996,021	\$ 1,687,451	\$ 4,121,086	(2,968,310)	3,761,277	792,967
<b>General Revenues:</b>							
Taxes					2,095,011	-	2,095,011
Licenses And Permits					17,774	-	17,774
Fines And Forfeitures					104,974	-	104,974
Interest					2,681	-	2,681
Miscellaneous					105,980	-	105,980
Contributions					470,138	-	470,138
Interfund Transfers					(152,084)	152,084	-
Total General Revenues					2,644,474	152,084	2,796,558
Change In Net Assets					(323,836)	3,913,361	3,589,525
Net Assets - Beginning					11,726,378	7,298,014	19,024,392
Net Assets - Ending					\$ 11,402,542	\$ 11,211,375	\$ 22,613,917

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010

	General Fund	Special Revenue Museum Fund	Debt Funds	Other Governmental Funds	Totals Governmental Funds
<b>Assets</b>					
Cash	\$ 1,354,125	\$ 830,873	\$ 60,548	\$ 438,199	\$ 2,683,745
Taxes Receivable	446,997	-	3,089	60,876	510,962
Grants Receivable	-	-	-	106,544	106,544
Due from Other Funds	106,544	-	-	-	106,544
Inventory	-	100,782	-	-	100,782
<b>Total Assets</b>	<b>\$ 1,907,666</b>	<b>\$ 931,655</b>	<b>\$ 63,637</b>	<b>\$ 605,619</b>	<b>\$ 3,508,577</b>
<b>Liabilities</b>					
Accounts Payable	\$ 19,023	\$ 2,097	\$ -	\$ 97	\$ 21,217
Accrued Payroll And Benefits	56,523	13,509	-	2,526	72,558
Due to Other Funds	-	-	-	106,544	106,544
Deferred Revenue	6,293	750,000	3,089	-	759,382
<b>Total Liabilities</b>	<b>81,839</b>	<b>765,606</b>	<b>3,089</b>	<b>109,167</b>	<b>959,701</b>
<b>Fund Balances</b>					
Reserved For Capital Improvements	-	-	-	72	72
Reserved For Debt Service	-	-	60,548	-	60,548
Unreserved	1,825,827	166,049	-	496,380	2,488,256
<b>Total Fund Balances</b>	<b>1,825,827</b>	<b>166,049</b>	<b>60,548</b>	<b>496,452</b>	<b>2,548,876</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 1,907,666</b>	<b>\$ 931,655</b>	<b>\$ 63,637</b>	<b>\$ 605,619</b>	<b>\$ 3,508,577</b>

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, 2010

Total Governmental Fund Balance	\$ 2,548,876
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.	10,316,454
Deferred property tax revenue on governmental funds is recognized as current income on government wide statements	9,382
Compensated absences payable not reported as liabilities on the governmental fund statements	(96,922)
Interest payable not reported as a liability on the governmental fund statements	(17,974)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,354,274)</u>
Net Assets of Governmental Activities	<u>\$ 11,405,542</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, 2010

	General Fund	Special Revenue Museum Fund	Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
<b>Revenues</b>					
Taxes	\$ 1,530,691	\$ -	\$ 135,835	\$ 424,344	\$ 2,090,870
Licenses And Permits	17,774	-	-	-	17,774
Intergovernmental	1,297,873	49,007	-	540,328	1,887,208
Charges For Services	4,108	2,900	-	16,291	23,299
Fines And Forfeitures	94,702	-	-	10,272	104,974
Interest	-	2,681	-	-	2,681
Contributions and Sales	-	470,138	-	-	470,138
Miscellaneous	98,642	-	-	7,338	105,980
Total Revenues	<u>3,043,790</u>	<u>524,726</u>	<u>135,835</u>	<u>998,573</u>	<u>4,702,924</u>
<b>Expenditures</b>					
General Government	1,177,422	-	4,719	253,641	1,435,782
Public Safety	1,245,416	-	-	109,658	1,355,074
Highway And Streets	503,256	-	-	31,808	535,064
Culture And Recreation	151,338	893,567	-	34,180	1,079,085
Other	64,604	-	-	65,675	130,279
Capital Outlay	-	-	-	316,877	316,877
Capitalized Leases	-	-	-	16,381	16,381
Debt Service-Principal	-	-	33,000	-	33,000
-Interest	-	-	51,157	-	51,157
-Debt Origination	-	-	-	-	-
Total Expenditures	<u>3,142,036</u>	<u>893,567</u>	<u>88,876</u>	<u>828,220</u>	<u>4,952,699</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(98,246)</u>	<u>(368,841)</u>	<u>46,959</u>	<u>170,353</u>	<u>(249,775)</u>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers, Net	<u>(116,652)</u>	<u>169,424</u>	<u>-</u>	<u>(204,856)</u>	<u>(152,084)</u>
Total Other Financing Sources (Uses)	<u>(116,652)</u>	<u>169,424</u>	<u>-</u>	<u>(204,856)</u>	<u>(152,084)</u>
Net Change in Fund Balances	(214,898)	(199,417)	46,959	(34,503)	(401,859)
<b>Fund Balance (Deficit)</b>					
At Beginning Of Year	<u>2,040,725</u>	<u>365,466</u>	<u>13,589</u>	<u>530,955</u>	<u>2,950,735</u>
Fund Balance (Deficit) At End Of Year	<u>\$ 1,825,827</u>	<u>\$ 166,049</u>	<u>\$ 60,548</u>	<u>\$ 496,452</u>	<u>\$ 2,548,876</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, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (401,859)

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	\$ 316,877	
Depreciation Expense	<u>(278,889)</u>	37,988

Property taxes recorded as deferred revenue on the governmental funds are recognized as current revenue on the government wide statements 4,141

Net change in compensated absences payable for governmental funds (12,475)

Interest payable 4,891

Repayment of bond and Capital Lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The following is a summary of those payments:

Principal payments on Capital Leases	\$ 12,205	
Principal payments on Bonds Payable	<u>33,000</u>	45,205

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 \$ (323,836)

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) -- GENERAL FUND  
For The Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ 1,726,139	\$ 1,739,793	\$ 1,569,568	\$ (170,225)
Licenses And Permits	25,035	25,374	17,774	(7,600)
Intergovernmental	1,386,553	1,406,513	1,297,873	(108,640)
Charges For Services	3,900	4,478	4,108	(370)
Fines	62,705	63,225	94,702	31,477
Other	<u>118,350</u>	<u>163,999</u>	<u>98,642</u>	<u>(65,357)</u>
 Total Revenue	 3,322,682	 3,403,382	 <u>3,082,667</u>	 <u>\$ (320,715)</u>
 Budgeted Cash Balance	 <u>1,619,664</u>	 <u>1,619,664</u>		
 Total Revenue And Cash	 <u>\$ 4,942,346</u>	 <u>\$ 5,023,046</u>		
<b>EXPENDITURES</b>				
Current				
General Government	1,244,608	1,260,221	1,130,138	130,083
Public Safety	1,333,174	1,378,686	1,207,342	171,344
Highways And Streets	524,197	525,294	489,314	35,980
Culture And Recreation	171,404	171,404	147,166	24,238
Other	<u>66,500</u>	<u>80,600</u>	<u>64,605</u>	<u>15,995</u>
 Total Expenditures	 3,339,883	 3,416,205	 3,038,565	 377,640
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers (Net)	<u>98,850</u>	<u>(116,652)</u>	<u>(116,652)</u>	<u>-</u>
 Total Expenditures And Other Financing Sources	 <u>\$ 3,241,033</u>	 <u>\$ 3,532,857</u>	 <u>3,155,217</u>	 <u>\$ 377,640</u>
 Reconciliation to GAAP Basis				
Changes in Receivables			(36,322)	
Changes in Accounts Payable			(10,868)	
Changes in Deferred Income			(2,555)	
Changes in Accrued Payroll			<u>(92,603)</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (214,898)</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, 2010**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Charges For Services	\$ 2,050	\$ 2,050	\$ 2,900	\$ 850
Intergovernmental	51,908	51,908	49,007	(2,901)
Contributions and Sales	932,000	932,000	470,138	(461,862)
Investment Income	<u>30,000</u>	<u>30,000</u>	2,681	<u>(27,319)</u>
 Total Revenue	 1,015,958	 1,015,958	 <u>524,726</u>	 <u>\$ (491,232)</u>
 Budgeted Cash Balance	 <u>1,005,091</u>	 <u>1,005,091</u>		
 Total Revenue And Cash	 <u>\$ 2,021,049</u>	 <u>\$ 2,021,049</u>		
<b>EXPENDITURES</b>				
Current				
Personnel Services and Benefits	466,379	466,379	442,836	23,543
Operating Expenses	567,279	567,279	443,539	123,740
Capital Outlay	<u>355,000</u>	<u>355,000</u>	<u>-</u>	<u>355,000</u>
 Total Expenditures	 1,388,658	 1,388,658	 886,375	 502,283
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers (Net)	<u>169,424</u>	<u>169,424</u>	<u>169,424</u>	<u>-</u>
 Total Expenditures And Other Financing Sources	 <u>\$ 1,219,234</u>	 <u>\$ 1,219,234</u>	 <u>716,951</u>	 <u>\$ 502,283</u>
 Reconciliation to GAAP Basis				
Changes in Inventory			(8,348)	
Changes in Accounts Payable			(672)	
Changes in Accrued Payroll			<u>1,828</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (199,417)</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, 2010

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 1,748,643	\$ 22,891	\$ 1,771,534
Restricted Cash	66,981	-	66,981
Customer Accounts Receivable, Net of Allowance For Doubtful Accounts	138,489	26,026	164,515
Taxes Receivable	-	10,458	10,458
Inventory	10,232	-	10,232
Other Current Asset - Escrowed Funds	-	-	-
Total Current Assets	<u>1,964,345</u>	<u>59,375</u>	<u>2,023,720</u>
<b>NONCURRENT ASSETS</b>			
Net Capital Assets	6,130,636	-	6,130,636
Investment in Waste Water Treatment Plant	<u>3,593,650</u>	<u>-</u>	<u>3,593,650</u>
Total Assets	<u>\$ 11,688,631</u>	<u>\$ 59,375</u>	<u>\$ 11,748,006</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 2,773	\$ 10,458	\$ 13,231
Accrued Payroll Expense	8,083	-	8,083
Accrued Compensated Absences	4,114	-	4,114
Current Portion Of Revenue Bonds Payable	7,000	-	7,000
Current Portion Of Notes Payable	3,000	-	3,000
Accrued Interest Payable	450	-	450
Customer Deposits	<u>49,753</u>	<u>-</u>	<u>49,753</u>
Total Current Liabilities	<u>75,173</u>	<u>10,458</u>	<u>85,631</u>
<b>NONCURRENT LIABILITIES</b>			
Revenue Bonds Payable	336,000	-	336,000
Notes Payable	<u>115,000</u>	<u>-</u>	<u>115,000</u>
Total Noncurrent Liabilities	<u>451,000</u>	<u>-</u>	<u>451,000</u>
Total Liabilities	<u>526,173</u>	<u>10,458</u>	<u>536,631</u>
<b>NET ASSETS</b>			
Invested In Capital Assets, Net Of Related Debt	5,769,634	-	5,769,634
Restricted For:			
Capital Projects	1,112,893	-	1,112,893
Unrestricted	<u>4,279,931</u>	<u>48,917</u>	<u>4,328,848</u>
Total Net Assets	<u>11,162,458</u>	<u>48,917</u>	<u>11,211,375</u>
Total Liabilities And Net Assets	<u>\$ 11,688,631</u>	<u>\$ 59,375</u>	<u>\$ 11,748,006</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, 2010

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
<b>OPERATING REVENUES</b>			
Charges For Services	\$ 725,358	\$ 247,364	\$ 972,722
Total Operating Revenues	<u>725,358</u>	<u>247,364</u>	<u>972,722</u>
<b>OPERATING EXPENSES</b>			
Personal Services	306,064	-	306,064
Operations And Maintenance	365,420	264,036	629,456
Depreciation	<u>179,916</u>	<u>-</u>	<u>179,916</u>
Total Operating Expenses	<u>851,400</u>	<u>264,036</u>	<u>1,115,436</u>
<b>OPERATING INCOME</b>	<u>(126,042)</u>	<u>(16,672)</u>	<u>(142,714)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Miscellaneous	-	-	-
State and Federal Grants	3,921,329	-	3,921,329
Interest Income	-	-	-
Interest Expense	<u>(17,338)</u>	<u>-</u>	<u>(17,338)</u>
Total Nonoperating Items	<u>3,903,991</u>	<u>-</u>	<u>3,903,991</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	3,777,949	(16,672)	3,761,277
<b>TRANSFERS IN (OUT)</b>	<u>123,674</u>	<u>28,410</u>	<u>152,084</u>
Change In Net Assets	3,901,623	11,738	3,913,361
<b>TOTAL NET ASSETS AT BEGINNING OF YEAR</b>	<u>7,260,835</u>	<u>37,179</u>	<u>7,298,014</u>
<b>TOTAL NET ASSETS AT END OF YEAR</b>	<u>\$ 11,162,458</u>	<u>\$ 48,917</u>	<u>\$ 11,211,375</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 CASH FLOWS  
PROPRIETARY FUNDS  
For The Year Ended June 30, 2010**

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received From Customers	\$ 700,783	\$ 245,257	\$ 946,040
Cash Paid To Suppliers	(364,870)	(266,479)	(631,349)
Cash Paid To Employees	(305,462)	-	(305,462)
Net Cash Provided By Operating Activities	<u>30,451</u>	<u>(21,222)</u>	<u>9,229</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Capital Transfers from Other Funds	<u>123,674</u>	<u>28,410</u>	<u>152,084</u>
Net Cash Provided From Noncapital Financing Activities	<u>123,674</u>	<u>28,410</u>	<u>152,084</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal Paid On Capital Debt	(9,001)	-	(9,001)
Capital Grants	3,921,329	-	3,921,329
Interest on Capital Debt	(17,338)	-	(17,338)
Proceeds from Debt Acquisition	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net Cash Used For Capital And Related Financing Activities	<u>3,994,990</u>	<u>-</u>	<u>3,994,990</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Capital Asset	(69,645)	-	-
Investment in Waste Water Treatment Plant	<u>(3,593,650)</u>	<u>-</u>	<u>(3,593,650)</u>
Net Cash Provided From Investing Activities	<u>(3,663,295)</u>	<u>-</u>	<u>(3,593,650)</u>
Net Increase In Cash	485,820	7,188	562,653
Cash and Cash Equivalents - Beginning Of Year	<u>1,329,804</u>	<u>15,703</u>	<u>1,345,507</u>
Cash and Cash Equivalents - End Of Year	<u>\$ 1,815,624</u>	<u>\$ 22,891</u>	<u>\$ 1,908,160</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (126,042)	\$ (16,672)	\$ (142,714)
Noncash Items In Net Income-Depreciation	179,916	-	179,916
(Increase) Decrease In:	-	-	-
Accounts Receivable	(43,127)	(2,107)	(45,234)
Inventory	19,652	-	19,652
Increase (Decrease) In:	-	-	-
Accounts Payable	(260)	(2,443)	(2,703)
Accrued Interest	(290)	-	(290)
Accrued Payroll And Benefits	602	-	602
Customer Deposits	-	-	-
Net Cash Provided (Used) By Operating Activities	<u>\$ 30,451</u>	<u>\$ (21,222)</u>	<u>\$ 9,229</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, 2010**

**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, 2010**

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, 2010**

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, 2010**

**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, 2010**

**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 are 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, 2010**

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, 2010.

**NOTE 3. CASH AND CASH EQUIVALENTS**

The City's policy is to limit cash deposits to insured and/or collateralized demand deposit accounts, certificates of deposit. All bank balances or deposits as of the balance sheet date were insured or collateralized with an irrevocable standby letter of credit issued to the City in accordance with state statutes. The carrying amount of City's deposits with financial institutions was \$4,516,560 and the bank balances were \$4,668,966.

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 irrevocable letter issued by a 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, 2010, none of the \$4,668,966 of the City's bank balance was exposed to custodial credit risk as follows:

	<u>In Banks</u>
Total Deposits at Depository or Invested	\$ 4,668,966
Less: FDIC Insurance	<u>(500,000)</u>
Uninsured public funds	4,168,966
Letter of Credit Coverage	(4,168,966)
Pledged collateral held by depository trust department but not in City's name	<u>-</u>
Uninsured and uncollateralized	<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, 2010 is \$76,287 (governmental funds \$68,046 and business-type funds \$8,241).

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	\$ 84,447	\$ 75,254	\$ 62,779	\$ 96,922	\$ 96,922
Business Type Activities	5,673	7,450	9,009	4,114	4,114
	<u>\$ 90,120</u>	<u>\$ 82,704</u>	<u>\$ 71,788</u>	<u>\$ 101,036</u>	<u>\$ 101,036</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, 2010**

**NOTE 5. LONG-TERM DEBT**

Long-term debt transactions are as follows:

	Balance 6/30/09	Additions	(Reductions)	Balance 6/30/10	Due Within One Year
<b>Government Activities:</b>					
<b>3.45 to 4.28% Note payable to New Mexico</b>					
Finance Authority payable in various annual Principle amounts, maturing August, 2027	\$ 1,361,000	\$ -	\$ (33,000)	\$ 1,328,000	\$ 36,000
<b>Total Long-Term Obligations</b>	<b>\$ 1,361,000</b>	<b>\$ -</b>	<b>\$ (33,000)</b>	<b>\$ 1,328,000</b>	<b>\$ 36,000</b>
<b>Business Type Activities:</b>					
<b>4.75% Revenue Bond, payable to USDA Rural Development in various annual principle amounts plus accrued interest, maturing June, 2038</b>					
	\$ 349,001	\$ -	\$ (6,001)	\$ 343,000	\$ 7,000
<b>2% Note, payable to the NM Environment Depart. to Fund Improvements to the Regional Waste Water treatment. Secured by ERGT Revenues. Matures 6/2029.</b>					
	-	100,000	-	100,000	-
<b>5% Note Payable, held by GE Capital, Payable in annual payments of \$3,000, plus interest due in June 2015.</b>					
	21,000	-	(3,000)	18,000	3,000
	370,001	100,000	(9,001)	461,000	10,000
<b>Total Long-Term Obligations</b>	<b>\$ 1,731,001</b>	<b>\$ 100,000</b>	<b>\$ (42,001)</b>	<b>\$ 1,789,000</b>	<b>\$ 46,000</b>
				(29,072)	
				<u>\$ 1,759,928</u>	
				<b>Net Long-term Debt</b>	

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, 2010, is as follows:

	Principal	Interest	Total
2011	\$ 50,116	\$ 69,182	\$ 119,298
2012	54,198	67,324	121,522
2013	57,282	65,335	122,617
2014	62,368	63,209	125,577
2015	68,455	60,621	129,076
2016-2020	389,649	260,407	650,056
2021-2025	532,109	165,735	697,844
2026-2030	443,823	65,168	508,991
2031-2035	91,000	22,847	113,847
2036-2037	40,000	2,803	42,803
<b>Total</b>	<b>\$ 1,789,000</b>	<b>\$ 842,631</b>	<b>\$ 2,631,631</b>

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010**

**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, 2010:

Leases Payable at June 30, 2009	\$ 65,524
New leases acquired	-
Lease payments made	<u>(7,178)</u>
Leases Payable at June 30, 2010	<u>\$ 58,346</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, 2010.

Year Ending June 30	
2011	\$ 16,381
2012	16,381
2013	16,381
2014	<u>16,381</u>
Minimum Lease Payments	65,524
Less: Amount representing interest	<u>(7,178)</u>
Present Value of minimum lease payments	<u>\$ 58,346</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 \$175,347.

The City received an federal capital grant in the amount of \$2,900,000 passed through the New Mexico Environment Department in addition to \$1,085,731 in legislative appropriations to fund improvements to the regional waste water treatment plant. The City has capitalized the investment in the facility in the joint Water and Sewer Proprietary Fund. The total investment to date is \$3,593,650.

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, 2010**

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 \$62,049 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 from 7% to 9.15% percent of their gross salary. The City is required to contribute 18.5% of gross salary for police and 8% fire department employees and 9.15% 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, 2010**

PERA for the years ending June 30, 2010, 2009, and 2008 were \$194,930, \$136,293, and \$108,100, respectively, equal to the amount of the required contributions for each year.

**NOTE 12. DEFICIT FUND BALANCE**

None of the City's funds had deficit fund balances at June 30, 2010.

**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, 2010, 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		\$ (116,652)
	Museum	169,424
	Lincoln Co Transit	28,308
	Street Improvement	148,678
Gas Tax		(13,107)
	FEMA Fund	8,239
Lodger's Tax		(129,625)
Street Improvement		(247,349)
	Water/Sewer/Sanitaiton	152,084
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, 2010

**NOTE 16. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

Total capital assets being depreciated	6,800,940	316,877	-	7,117,817
Less: accumulated depreciation for				
Buildings and improvements	548,299	81,974	-	630,273
Streets and other infrastructure	106,179	17,515	-	123,694
Equipment	1,596,265	179,400	-	1,775,665
Total accumulated depreciation	<u>2,250,743</u>	<u>278,889</u>	-	<u>2,529,632</u>
Total capital assets being depreciated, net	4,550,197	37,988	-	4,588,185
Government activity capital assets, net	<u>\$ 10,278,466</u>	<u>\$ 37,988</u>	<u>\$ -</u>	<u>\$ 10,316,454</u>

**Business Type Activities:**

Capital Assets not being Depreciated				
Land and Water Rights	\$ 1,014,374	\$ -	\$ -	\$ 1,014,374
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>1,014,374</u>	<u>-</u>	<u>-</u>	<u>1,014,374</u>

Capital Assets Being depreciated:

Buildings and improvements	36,221	-	-	36,221
Distribution Systems	6,376,626	-	-	6,376,626
Equipment	707,457	69,645	-	777,102
Total capital assets being depreciated	<u>7,120,304</u>	<u>69,645</u>	<u>-</u>	<u>7,189,949</u>

Less: accumulated depreciation for

Buildings and improvements	29,058	1,381	-	30,439
Distribution Systems	1,409,112	124,732	-	1,533,844
Equipment	455,601	53,803	-	509,404
Total accumulated depreciation	<u>1,893,771</u>	<u>179,916</u>	<u>-</u>	<u>2,073,687</u>
Total capital assets being depreciated, net	5,226,533	(110,271)	-	5,116,262
Business-type activity capital assets, net	<u>\$ 6,240,907</u>	<u>\$ (110,271)</u>	<u>\$ -</u>	<u>\$ 6,130,636</u>

Governmental activity depreciation was charged to functions as follows:

General Government	\$ 83,667
Public Safety	69,722
Highway and Streets	78,089
Culture and recreation	47,411
Total depreciation	<u>\$ 278,889</u>

STATE OF NEW MEXICO  
 CITY OF RUIDOSO DOWNS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash	\$ 438,127	\$ 72	\$ 438,199
Tax Receivable	60,876	-	60,876
Grants Receivable	106,544		106,544
Due From Other Governments	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	 <u>\$ 605,547</u>	 <u>\$ 72</u>	 <u>\$ 605,619</u>
 <b>Liabilities And Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 97	\$ -	\$ 97
Due to Other Funds	106,544	-	106,544
Accrued Payroll	<u>2,526</u>	<u>-</u>	<u>2,526</u>
 Total Liabilities	 <u>109,167</u>	 <u>-</u>	 <u>109,167</u>
 <b>Fund Balances</b>			
Reserved For Capital Improvements	-	72	72
Unreserved	<u>496,380</u>	<u>-</u>	<u>496,380</u>
 Total Fund Balances	 <u>496,380</u>	 <u>72</u>	 <u>496,452</u>
 Total Liabilities And Fund Balances	 <u>\$ 605,547</u>	 <u>\$ 72</u>	 <u>\$ 605,619</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, 2010

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$ 424,344	\$ -	\$ 424,344
Intergovernmental	540,328	-	540,328
Charges for Services	16,291	-	16,291
Fines And Forfeitures	10,272	-	10,272
Miscellaneous	7,338	-	7,338
Total Revenues	<u>998,573</u>	<u>-</u>	<u>998,573</u>
<b>Expenditures</b>			
General Government	253,641	-	253,641
Public Safety	109,658	-	109,658
Highways And Streets	31,808	-	31,808
Culture And Recreation	34,180	-	34,180
Capital Leases	16,381	-	16,381
Capital Outlay	316,877	-	316,877
Capital Contributions	-	65,675	65,675
Total Expenditures	<u>762,545</u>	<u>65,675</u>	<u>828,220</u>
Excess Revenues Over (Under) Expenditures	<u>236,028</u>	<u>(65,675)</u>	<u>170,353</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers, Net	<u>(204,856)</u>	<u>-</u>	<u>(204,856)</u>
Total Other Financing Sources (Uses)	<u>(204,856)</u>	<u>-</u>	<u>(204,856)</u>
<b>Net Change In Fund Balances</b>	31,172	(65,675)	(34,503)
<b>Fund Balances At Beginning Of Year</b>	<u>465,208</u>	<u>65,747</u>	<u>530,955</u>
<b>Fund Balances At End Of Year</b>	<u>\$ 496,380</u>	<u>\$ 72</u>	<u>\$ 496,452</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, 2010

**GENERAL GOVERNMENT**

Legislative	\$ 50,943
Judicial	157,136
Elections	2,771
Executive	-
Legal	237,927
Finance and Administration	496,319
Planning	179,619
Code Enforcement	<u>52,707</u>
Total General Government	1,177,422

**PUBLIC SAFETY**

Public Safety	1,024,014
Fire Department	165,243
Animal Control	<u>56,159</u>
Total Public Safety	1,245,416

**CULTURE AND RECREATION**

Parks and Recreation	146,423
Senior Citizens	<u>4,915</u>
Total Culture and Recreation	151,338

**HIGHWAYS AND STREETS**

Street Department	307,044
Mechanical	<u>196,212</u>
Total Highway and Streets	503,256

**OTHER**

	<u>64,604</u>
<b>Total General Fund Expenditures</b>	<b><u>\$ 3,142,036</u></b>

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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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>				
Legislative	\$ 61,366	\$ 61,366	\$ 47,723	13,643
Judicial	169,631	171,731	151,024	20,707
Elections	3,950	3,950	2,770	1,180
Legal	218,100	231,382	220,867	10,515
Finance and Administration	544,513	547,479	484,340	63,139
Planning	196,081	193,081	172,415	20,666
Code Enforcement	50,967	51,232	50,999	233
Total General Government	<u>1,244,608</u>	<u>1,260,221</u>	<u>1,130,138</u>	<u>130,083</u>
<b>PUBLIC SAFETY</b>				
Public Safety	1,129,585	1,136,025	989,758	146,267
Fire Department	145,599	184,671	163,261	21,410
Animal Control	57,990	57,990	54,323	3,667
Total Public Safety	<u>1,333,174</u>	<u>1,378,686</u>	<u>1,207,342</u>	<u>171,344</u>
<b>CULTURE AND RECREATION</b>				
Parks and Recreation	161,236	161,236	142,014	19,222
Senior Citizens	10,168	10,168	5,152	5,016
Total Culture and Recreation	<u>171,404</u>	<u>171,404</u>	<u>147,166</u>	<u>24,238</u>
<b>HIGHWAYS AND STREETS</b>				
Street Department	322,365	322,988	299,854	23,134
Mechanical	201,832	202,306	189,460	12,846
Total Highway and Streets	<u>524,197</u>	<u>525,294</u>	<u>489,314</u>	<u>35,980</u>
<b>OTHER</b>				
	66,500	80,600	64,605	15,995
Total General Fund Expenditures	<u>\$ 3,339,883</u>	<u>\$ 3,416,205</u>	<u>\$ 3,038,565</u>	<u>\$ 377,640</u>

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

## SPECIAL REVENUE FUNDS

**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 197

**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.

**Lincoln Co. Transit Fund** - To account for operational funds related to the local transit system. Authorization is by resolution

**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.

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

**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.

**Fire Protection 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.

**FEMA Grant Fund** -- To account for grant funds received from Federal sources. Authorization is by resolution.

**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.

**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.

### Major Fund:

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

STATE OF NEW MEXICO  
 CITY OF RUIDOSO DOWNS  
 COMBINING BALANCE SHEET -- NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2010

	Local										Totals			
	Government Correction Fund	Judicial Education Fund	Court Automation Fund	Lincoln Co. Transit Fund	Emergency Medical Services Fund	Street Improvement Fund	Gas Tax Road Fund	Fire Protection Fund	FEMA Fund	Law Enforcement Protection Fund		Lodgers Tax Fund	Recreation Fund	Infrastructure Fund
<b>ASSETS</b>														
Cash in Bank	\$ 79,368	\$ 479	\$ 975	\$ 7,593	\$ 4,134	\$ -	\$ 2	\$ 36,860	\$ 74,105	\$ 10,196	\$ 196,922	\$ 8,136	\$ 19,357	\$ 438,127
Taxes Receivable	-	-	-	-	-	-	2,478	-	-	-	16,353	216	41,829	60,876
Grants Receivable	-	-	-	-	-	106,544	-	-	-	-	-	-	-	106,544
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 79,368</b>	<b>\$ 479</b>	<b>\$ 975</b>	<b>\$ 7,593</b>	<b>\$ 4,134</b>	<b>\$ 106,544</b>	<b>\$ 2,480</b>	<b>\$ 36,860</b>	<b>\$ 74,105</b>	<b>\$ 10,196</b>	<b>\$ 213,275</b>	<b>\$ 8,352</b>	<b>\$ 61,186</b>	<b>\$ 605,547</b>

LIABILITIES AND FUND BALANCE

<b>LIABILITIES</b>	
Accounts Payable	\$ -
Deferred Revenue	\$ -
Due to Other Funds	\$ -
Accrued Payroll Expense	\$ 2,526
<b>Total Liabilities</b>	<b>\$ 2,526</b>
<b>FUND BALANCE</b>	
Designated	\$ -
Undesignated	\$ 79,368
<b>Total Fund Balance</b>	<b>\$ 79,368</b>
<b>Total Liabilities And Fund Ba</b>	<b>\$ 82,894</b>

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, 2010

	Local Government Correction Fund	Judicial Education Fund	Court Automation Fund	Lincoln Co. Transit Fund	Emergency Medical Services	Street Improvement Fund	Gas Tax Road Fund	Fire Protection Fund	FEMA Fund	Law Enforcement Protection Fund	Lodgers Tax Fund	Recreation Fund	Infrastructure Fund	Totals
<b>REVENUES</b>														
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,017	\$ -	\$ -	\$ -	\$ 166,563	\$ 1,279	\$ 243,485	\$ 424,344
Intergovernmental	32,835	4,594	-	193,518	7,973	199,757	-	77,451	-	24,200	-	-	-	540,328
Charges For Services	-	-	-	16,291	-	-	-	-	-	-	-	-	-	16,291
Fines And Forfeits	-	-	10,272	-	-	-	-	-	-	-	-	-	-	10,272
Other	11	-	-	1,638	-	250	-	-	50	-	5,389	-	-	7,338
<b>Total Revenues</b>	<b>32,846</b>	<b>4,594</b>	<b>10,272</b>	<b>211,447</b>	<b>7,973</b>	<b>200,007</b>	<b>13,017</b>	<b>77,451</b>	<b>50</b>	<b>24,200</b>	<b>171,952</b>	<b>1,279</b>	<b>243,485</b>	<b>998,573</b>
<b>EXPENDITURES</b>														
Current:														
General Government	-	-	-	253,641	-	-	-	-	-	-	-	-	-	253,641
Public Safety	13,515	4,204	9,572	-	3,839	-	-	34,465	24,675	19,388	-	-	-	109,658
Highways And Streets	-	-	-	-	-	31,808	-	-	-	-	-	-	-	31,808
Culture, Recreation and Promotion	-	-	-	-	-	-	-	-	-	-	34,180	-	-	34,180
Capital Outlay	-	-	-	-	-	316,877	-	-	-	-	-	-	-	316,877
Capital Leases	-	-	-	-	-	-	-	16,381	-	-	-	-	-	16,381
<b>Total Expenditures</b>	<b>13,515</b>	<b>4,204</b>	<b>9,572</b>	<b>253,641</b>	<b>3,839</b>	<b>348,685</b>	<b>-</b>	<b>50,846</b>	<b>24,675</b>	<b>19,388</b>	<b>34,180</b>	<b>-</b>	<b>-</b>	<b>445,668</b>
Excess (Deficiency) Of Revenues Over Expenditures	19,331	390	700	(42,194)	4,134	(148,678)	13,017	26,605	(24,625)	4,812	137,772	1,279	243,485	552,905
<b>OTHER FINANCING SOURCES (USES):</b>														
Contributions	-	-	-	28,308	-	148,678	(13,107)	-	8,239	-	(129,625)	-	(247,349)	(204,856)
Operating Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,308</b>	<b>-</b>	<b>148,678</b>	<b>(13,107)</b>	<b>-</b>	<b>8,239</b>	<b>-</b>	<b>(129,625)</b>	<b>-</b>	<b>(247,349)</b>	<b>(204,856)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>19,331</b>	<b>390</b>	<b>700</b>	<b>(13,886)</b>	<b>4,134</b>	<b>-</b>	<b>(90)</b>	<b>26,605</b>	<b>(16,386)</b>	<b>4,812</b>	<b>8,147</b>	<b>1,279</b>	<b>(3,864)</b>	<b>31,172</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>60,037</b>	<b>89</b>	<b>275</b>	<b>18,953</b>	<b>-</b>	<b>-</b>	<b>2,570</b>	<b>10,158</b>	<b>90,491</b>	<b>5,384</b>	<b>205,128</b>	<b>7,073</b>	<b>65,050</b>	<b>465,208</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 79,368</b>	<b>\$ 479</b>	<b>\$ 975</b>	<b>\$ 5,067</b>	<b>\$ 4,134</b>	<b>\$ -</b>	<b>\$ 2,480</b>	<b>\$ 36,763</b>	<b>\$ 74,105</b>	<b>\$ 10,196</b>	<b>\$ 213,275</b>	<b>\$ 8,352</b>	<b>\$ 61,186</b>	<b>\$ 496,380</b>

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 CORRECTION SPECIAL REVENUE FUND  
For The Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental:	\$ 32,835	\$ 32,835	\$ 32,835	\$ -
Miscellaneous	11	11	11	-
Total Revenue	32,846	32,846	32,846	\$ -
Budgeted Cash Balance	60,037	60,037		
Total Revenue And Cash	\$ 92,883	\$ 92,883		
<b>EXPENDITURES</b>				
Public Safety	\$ 13,544	\$ 13,544	\$ 13,515	\$ 29
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	13,544	13,544	13,515	29
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	\$ 13,544	\$ 13,544	13,515	\$ 29
Reconciliation to GAAP Basis				
Changes in Receivables				-
Changes in Payables				-
Excess (Deficiency) of Revenues over expenditures			\$ 19,331	

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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental:	\$ 4,594	\$ 4,594	\$ 4,594	\$ -
Miscellaneous	-	-	-	-
	<u>4,594</u>	<u>4,594</u>	<u>4,594</u>	<u>\$ -</u>
Total Revenue				
	4,594	4,594	4,594	\$ -
Budgeted Cash Balance	<u>89</u>	<u>89</u>		
Total Revenue And Cash	<u>\$ 4,683</u>	<u>\$ 4,683</u>		
<b>EXPENDITURES</b>				
Public safety	\$ 4,686	\$ 4,686	\$ 4,204	\$ 482
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
	<u>4,686</u>	<u>4,686</u>	<u>4,204</u>	<u>482</u>
Total Expenditures				
	4,686	4,686	4,204	482
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 4,686</u>	<u>\$ 4,686</u>	<u>4,204</u>	<u>\$ 482</u>
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 390</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Fines and Forfeitures	\$ 10,868	\$ 10,868	\$ 10,272	\$ 596
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	10,868	10,868	<u>10,272</u>	<u>\$ 596</u>
Budgeted Cash Balance	<u>275</u>	<u>275</u>		
Total Revenue And Cash	<u>\$ 11,143</u>	<u>\$ 11,143</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 11,149	\$ 11,149	\$ 9,572	\$ 1,577
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	11,149	11,149	9,572	1,577
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 11,149</u>	<u>\$ 11,149</u>	<u>9,572</u>	<u>\$ 1,577</u>
Reconciliation to GAAP Basis				
Changes in Receivables				-
Changes in Payables				<u>-</u>
Excess (Deficiency) of Revenues over expenditures			<u>\$ 700</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 CO. TRANSIT SPECIAL REVENUE FUND  
For The Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental	\$ 285,133	\$ 285,133	\$ 193,518	\$ 91,615
Charges for Services	16,291	16,291	16,291	-
Miscellaneous	<u>1,638</u>	<u>1,638</u>	<u>1,638</u>	<u>-</u>
Total Revenue	303,062	303,062	<u>211,447</u>	<u>\$ 91,615</u>
Budgeted Cash Balance	<u>21,670</u>	<u>21,670</u>		
Total Revenue And Cash	<u>\$ 324,732</u>	<u>\$ 324,732</u>		
<b>EXPENDITURES</b>				
General Government	\$ 279,979	\$ 279,979	\$ 253,831	\$ 26,148
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	279,979	279,979	253,831	26,148
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>28,308</u>	<u>28,308</u>	<u>28,308</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 251,671</u>	<u>\$ 251,671</u>	225,523	<u>\$ 26,148</u>
Reconciliation to GAAP Basis				
Changes in Accrued Payroll			190	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (13,886)</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental	\$ 7,973	\$ 7,973	\$ 7,973	\$ -
Miscellaneous	-	-	-	-
Total Revenue	<u>7,973</u>	<u>7,973</u>	<u>7,973</u>	<u>\$ -</u>
Budgeted Cash Balance	-	-		
Total Revenue And Cash	<u>\$ 7,973</u>	<u>\$ 7,973</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 7,973	\$ 7,973	\$ 3,839	\$ 4,134
Capital Outlay	-	-	-	-
Total Expenditures	<u>7,973</u>	<u>7,973</u>	<u>3,839</u>	<u>4,134</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	<u>\$ 7,973</u>	<u>\$ 7,973</u>	<u>3,839</u>	<u>\$ 4,134</u>
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 4,134</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 IMPROVEMENT SPECIAL REVENUE FUND  
For The Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental	\$ 629,271	\$ 629,271	\$ 261,000	\$ 368,271
Miscellaneous	-	-	250	250
Total Revenue	629,271	629,271	261,250	\$ 368,521
Budgeted Cash Balance	(167,787)	(167,787)		
Total Revenue And Cash	<u>\$ 461,484</u>	<u>\$ 461,484</u>		
<b>EXPENDITURES</b>				
Highways and Streets	\$ 477,405	\$ 477,405	\$ 348,685	\$ 128,720
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	477,405	477,405	348,685	128,720
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	162,801	162,801	148,678	(14,123)
Total Expenditures And Other Financing Sources	<u>\$ 314,604</u>	<u>\$ 314,604</u>	200,007	\$ 142,843
Reconciliation to GAAP Basis				
Changes in Receivables			(61,243)	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ -</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ 13,320	\$ 13,320	\$ 13,107	\$ 213
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	13,320	13,320	<u>13,107</u>	<u>\$ 213</u>
Budgeted Cash Balance	<u>2</u>	<u>2</u>		
Total Revenue And Cash	<u>\$ 13,322</u>	<u>\$ 13,322</u>		
<b>EXPENDITURES</b>				
Highways and Streets	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(13,107)</u>	<u>(13,107)</u>	<u>(13,107)</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 13,107</u>	<u>\$ 13,107</u>	<u>13,107</u>	<u>\$ -</u>
Reconciliation to GAAP Basis				
Changes in Receivables			(90)	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (90)</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental:	\$ 77,451	\$ 77,451	\$ 77,451	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	77,451	77,451	<u>77,451</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>10,600</u>	<u>10,600</u>		
Total Revenue And Cash	<u>\$ 88,051</u>	<u>\$ 88,051</u>		
<b>EXPENDITURES -</b>				
Public Safety	\$ 61,775	\$ 61,775	\$ 34,470	\$ 27,305
Capital Lease	<u>16,381</u>	<u>16,381</u>	<u>16,381</u>	<u>-</u>
Total Expenditures	78,156	78,156	50,851	27,305
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 78,156</u>	<u>\$ 78,156</u>	<u>50,851</u>	<u>\$ 27,305</u>
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>5</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 26,605</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental	\$ 18,457	\$ 18,457	\$ -	\$ 18,457
Miscellaneous	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>
Total Revenue	18,457	18,457	<u>50</u>	<u>\$ 18,507</u>
Budgeted Cash Balance	<u>90,490</u>	<u>90,490</u>		
Total Revenue And Cash	<u>\$ 108,947</u>	<u>\$ 108,947</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 162,121	\$ 162,121	\$ 24,675	\$ 137,446
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	162,121	162,121	24,675	137,446
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>8,239</u>	<u>8,239</u>	<u>8,239</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 153,882</u>	<u>\$ 153,882</u>	<u>16,436</u>	<u>\$ 137,446</u>
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (16,386)</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental	\$ 24,200	\$ 24,200	\$ 24,200	\$ -
Miscellaneous	-	-	-	-
Total Revenue	24,200	24,200	24,200	\$ -
Budgeted Cash Balance	5,384	5,384		
Total Revenue And Cash	<u>\$ 29,584</u>	<u>\$ 29,584</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 28,976	\$ 28,976	\$ 19,388	\$ 9,588
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	28,976	28,976	19,388	9,588
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	<u>\$ 28,976</u>	<u>\$ 28,976</u>	19,388	\$ 9,588
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 4,812</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Taxes	\$ 164,267	\$ 164,267	\$ 164,267	\$ -
Miscellaneous	<u>5,389</u>	<u>5,389</u>	<u>5,389</u>	<u>-</u>
Total Revenue	169,656	169,656	<u>169,656</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>192,698</u>	<u>192,698</u>		
Total Revenue And Cash	<u>\$ 362,354</u>	<u>\$ 362,354</u>		
<b>EXPENDITURES</b>				
Culture, Recreation and Promotion	\$ 52,750	\$ 52,750	\$ 35,808	\$ 16,942
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	52,750	52,750	35,808	16,942
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>108,149</u>	<u>132,140</u>	<u>(129,625)</u>	<u>(261,765)</u>
Total Expenditures And Other Financing Sources	<u>\$ (55,399)</u>	<u>\$ (79,390)</u>	<u>165,433</u>	<u>\$ 278,707</u>
Reconciliation to GAAP Basis				
Changes in Receivables			2,297	
Changes in Payables			<u>1,627</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 8,147</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, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Taxes	\$ 1,447	\$ 1,400	\$ 1,345	\$ 55
Miscellaneous	-	-	-	-
Total Revenue	1,447	1,400	1,345	\$ 55
Budgeted Cash Balance	-	-		
Total Revenue And Cash	<u>\$ 1,447</u>	<u>\$ 1,400</u>		
<b>EXPENDITURES</b>				
Culture and Recreation	\$ 1,400	\$ 1,400	\$ -	\$ 1,400
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	1,400	1,400	-	1,400
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	<u>\$ 1,400</u>	<u>\$ 1,400</u>	-	<u>\$ 1,400</u>
Reconciliation to GAAP Basis				
Changes in Receivables			(66)	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 1,279</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) --  
INFRASTRUCTURE SPECIAL REVENUE FUND  
For The Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Taxes	\$ 273,506	\$ 273,506	\$ 247,349	\$ 26,157
Miscellaneous	-	-	-	-
Total Revenue	<u>273,506</u>	<u>273,506</u>	<u>247,349</u>	<u>\$ 26,157</u>
Budgeted Cash Balance	<u>19,357</u>	<u>-</u>		
Total Revenue And Cash	<u>\$ 292,863</u>	<u>\$ 273,506</u>		
<b>EXPENDITURES</b>				
Operating Expenses	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(273,606)</u>	<u>(273,606)</u>	<u>(247,349)</u>	<u>26,257</u>
Total Expenditures And Other Financing Sources	<u>\$ 273,606</u>	<u>\$ 273,606</u>	<u>247,349</u>	<u>\$ (26,257)</u>
Reconciliation to GAAP Basis				
Changes in Receivables			(3,864)	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (3,864)</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, 2010

	Colonias Grant Fund	Totals
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash In Bank	\$ 72	\$ 72
Grants Receivable	<u>          -</u>	<u>          -</u>
 Total Assets	 <u>\$ 72</u>	 <u>\$ 72</u>
 <b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ -	\$ -
 <b>FUND BALANCE</b>		
Reserved For Capital Improvements	<u>72</u>	<u>72</u>
 Total Liabilities And Fund Equity	 <u>\$ 72</u>	 <u>\$ 72</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 BALANCE  
CAPITAL PROJECT FUNDS  
For The Year Ended June 30, 2010

	Colonias Grant Fund	Totals
	<u>                    </u>	<u>                    </u>
<b>REVENUES</b>		
Intergovernmental	\$ -	\$ -
	<u>                    </u>	<u>                    </u>
Total Revenue	-	-
<b>EXPENDITURES</b>		
General Government	-	-
Capital Outlay	65,675	65,675
	<u>                    </u>	<u>                    </u>
Total Expenditures	65,675	65,675
	<u>                    </u>	<u>                    </u>
Excess (Deficiency) Of Revenues Over Expenditures	(65,675)	(65,675)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers	-	-
	<u>                    </u>	<u>                    </u>
<b>NET CHANGE IN FUND BALANCES</b>	(65,675)	(65,675)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	65,747	65,747
	<u>                    </u>	<u>                    </u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 72</u>	<u>\$ 72</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
CDBG Grant	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	50,000	50,000	<u>50,000</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>15,745</u>	<u>15,745</u>		
Total Revenue And Cash	<u>\$ 65,745</u>	<u>\$ 65,745</u>		
<b>EXPENDITURES</b>				
Capital Outlay	\$ 65,745	\$ 65,745	\$ 65,675	\$ 70
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	65,745	65,745	65,675	70
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 65,745</u>	<u>\$ 65,745</u>	<u>65,675</u>	<u>\$ 70</u>
Reconciliation to GAAP Basis				
Changes in Receivables			(50,000)	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (65,675)</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, 2010**

<b>Assets</b>	
Cash	\$ 60,548
Receivables	<u>3,089</u>
 Total Assets	 <u>\$ 63,637</u>
<b>Liabilities And Fund Balances</b>	
<b>Liabilities</b>	
Deferred Revenue	<u>\$ 3,089</u>
 Total Liabilities	 <u>3,089</u>
<b>Fund Balances (Deficit)</b>	
Reserved For Debt Service	60,548
Unreserved	<u>-</u>
 Total Fund Balances	 <u>60,548</u>
 Total Liabilities And Fund Balances	 <u>\$ 63,637</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, 2010

<b>Revenues</b>	
Taxes	\$ 135,835
Interest	-
Miscellaneous	-
Total Revenues	<u>135,835</u>
 <b>Expenditures</b>	
Interest	51,157
Principal	33,000
Administration Costs	4,719
Total Expenditures	<u>88,876</u>
 Excess Revenues Over (Under) Expenditures	  <u>46,959</u>
 <b>Other Financing Sources (Uses):</b>	
Operating Transfers, Net	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
 <b>Net Change In Fund Balances</b>	 46,959
 <b>Fund Balances At Beginning Of Year</b>	 <u>13,589</u>
 <b>Fund Balances At End Of Year</b>	 <u>\$ 60,548</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Taxes	\$ 90,528	\$ 135,836	\$ 135,836	\$ -
Interest	5,600	5,600	-	(5,600)
Bond Proceeds	-	-	-	-
Miscellaneous	-	-	-	-
 Total Revenue	 96,128	 141,436	 <u>135,836</u>	 <u>\$ (5,600)</u>
 Budgeted Cash Balance	 <u>13,590</u>	 <u>13,590</u>		
 Total Revenue And Cash	 <u>\$ 109,718</u>	 <u>\$ 155,026</u>		
<b>EXPENDITURES</b>				
Debt Service-Interest	\$ 54,518	\$ 54,518	51,157	\$ 3,361
Debt Service -Principal	36,000	36,000	33,000	3,000
Bond Origination	-	-	-	-
Debt Administration	4,300	4,810	4,720	90
 Total Expenditures	 94,818	 95,328	 88,877	 6,451
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
 Total Expenditures And Other Financing Sources	 <u>\$ 94,818</u>	 <u>\$ 95,328</u>	 <u>88,877</u>	 <u>\$ 6,451</u>
Reconciliation to GAAP Basis				
Changes in Receivables				-
Changes in Payables				-
Excess (Deficiency) of Revenues over expenditures			<u>\$ 46,959</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Sales of Service	\$ 765,809	\$ 817,485	\$ 800,676	\$ 16,809
Deposits Received	2,500	2,500	2,040	460
State Grants	3,530,893	5,137,088	4,021,329	1,115,759
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	4,299,202	5,957,073	<u>4,824,045</u>	<u>\$ 1,133,028</u>
Budgeted Cash Balance	<u>1,345,507</u>	<u>1,345,507</u>		
Total Revenue And Cash	<u>\$ 5,644,709</u>	<u>\$ 7,302,580</u>		
<b>EXPENDITURES</b>				
Personnel Services	\$ 372,190	\$ 349,446	\$ 305,464	\$ 43,982
Operating Expense	426,729	458,911	346,030	112,881
Capital Outlay	3,799,726	5,008,933	3,751,947	1,256,986
Loan Payments	27,550	27,495	26,628	867
Deposit Refunds	<u>1,900</u>	<u>1,900</u>	<u>1,255</u>	<u>645</u>
Total Expenditures	4,628,095	5,846,685	4,431,324	1,415,361
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>136,753</u>	<u>125,969</u>	<u>123,674</u>	<u>(2,295)</u>
Total Expenditures And Other Financing Sources	<u>\$ 4,491,342</u>	<u>\$ 5,720,716</u>	516,395	<u>\$ 1,417,656</u>
Reconciliation to GAAP Basis				
Changes in Receivables			12,550	
Changes in Inventory			(19,652)	
Changes in Accrued Interest			289	
Reclass Capital Outlay			69,644	
Current Year Depreciation			(179,916)	
Changes in Account Payable			262	
Reclass Debt Service			9,000	
Reclass Loan Proceeds			(100,000)	
Changes in Deposits			3,593,650	
Changes in Accrued Payroll			(2,162)	
Changes in Accrued Compensation			<u>1,561</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 3,901,621</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Sales of Service	\$ 230,556	\$ 254,177	\$ 247,639	\$ 6,538
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	230,556	254,177	<u>247,639</u>	<u>\$ 6,538</u>
 Budgeted Cash Balance	 <u>18,703</u>	 <u>18,703</u>		
 Total Revenue And Cash	 <u>\$ 249,259</u>	 <u>\$ 272,880</u>		
<b>EXPENDITURES</b>				
Personnel Services	\$ -	\$ -	\$ -	\$ -
Operating Expense	223,927	286,928	264,036	22,892
Sales Tax	-	-	-	-
Loan Payments	-	-	-	-
Capital Outlay	-	-	-	-
Deposit Refunds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	223,927	286,928	264,036	22,892
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>23,000</u>	<u>28,410</u>	<u>28,410</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 200,927</u>	<u>\$ 258,518</u>	<u>235,626</u>	<u>\$ 22,892</u>
Reconciliation to GAAP Basis				
Changes in Receivables				(275)
Changes in Payables				<u>-</u>
Excess (Deficiency) of Revenues over expenditures			<u>\$ 11,738</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, 2010

Financial Institution	Account Name	Account Type	Reconciled Balance	O/S Deposits Balance	O/S Checks Balance	Balance Not On Deposit 06-30-10	FDIC or Other Insurance	Not Insured By FDIC	Required Collateral	FMV of Collateral	Pledged Over(Short)
Compass Bank	Operations	Checking	\$ 4,227,637	\$ 29,720	\$ 180,948	\$ 4,378,865	\$ 250,000				
	Museum Credit	Checking	51,993	-	-	51,993	-				
	Museum	CD	169,839	-	-	169,839	169,838				
	CDGB Grant	Checking	110	-	-	110	-				
	Water Deposit	Checking	66,981	-	1,178	68,159	-				
			<u>4,516,560</u>	<u>29,720</u>	<u>182,126</u>	<u>4,668,966</u>	<u>419,838</u>	<u>4,249,128</u>	<u>2,124,564</u>	<u>6,000,000</u>	<u>3,875,436</u>
Petty Cash and Returned Checks			5,700								
Total			<u>\$ 4,522,260</u>								

Deposit Security

Description	ID #	Issue Date	Amount	Maturity Date
FHLB Atlanta Letter of Credit	1.6311E+11	1/5/2010	\$ 6,000,000	1/5/2011
			<u>\$ 6,000,000</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 EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>CFDA Number</u>	<u>Federal Grantors Number</u>	<u>Federal Expenditures Expenditures</u>
<u>US Department of Homeland Security</u>			
Disaster Grants -Public Assistance	97.036	FEMA 1783-DR-NM-004	\$ 24,675
<u>US Department of Housing &amp; Urban Development</u>			
Passed Through the NM Department of Finance and Administration			
Community Development Block Grants	14.228	05-C-RS-I-G-35	65,673
<u>Environmental Protection Agency</u>			
Passed Through the NM Department of Environment			
Capitalization Grants for Clean Water State Revolving Funds	66.458	AARA CWSRF 02	<u>2,315,134</u>
Total Federal Financial Assistance			<u>\$ 2,405,482</u>

**Note 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, New Mexico and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements.

2. Sub-receipts

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	\$ 2,405,482
Total expenditures funded by other sources	<u>3,679,961</u>
Total expenditures	<u>\$ 6,085,443</u>

**See Independent Auditor's Report**

State of New Mexico  
City of Ruidoso Downs  
Schedule of legislative Grants  
30-Jun-10

Project	Agency	Grant#	Effective Date	Reversion Date	Original Amount	Arts In Public Places	Net Amount	Exp to Date	Remaining
Hubbard Museum	Tourism	09-418-3002-0024	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	-	39,055	-	39,055
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	144,300	-
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	-	20,841	20,841	-
Pedestrian Facilities	NMDOT	TPE-0704(1)261	8/1/2007	9/30/2013	213,750	-	213,750	-	213,750
Stimulus Grant WWTP	NMED	ARRA CWSRF-20	6/25/2009	12/13/2010	2,900,000	-	2,900,000	2,315,134	584,866
WWTP Equipment	EDA	08-79-0442	4/23/2010	4/23/2015	1,400,000	-	1,400,000	-	1,400,000
Street Imp	NMDOT	SP-2-10(925)	2/2/2010	12/31/2010	34,145	-	34,145	-	34,145
Street/Drainage Imp	DFA	10-C-RS-I-1-G-33	6/1/2010	6/1/2012	472,898	-	472,898	-	472,898
Totals					<u>\$ 8,772,898</u>	<u>\$ 22,950</u>	<u>\$ 8,728,844</u>	<u>\$ 5,820,217</u>	<u>\$ 2,908,627</u>

**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, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 26, 2010. 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, 2010, as listed in the table of contents, and have issued our report thereon dated November 26, 2010. 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 City of Ruidoso Downs' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ruidoso Downs' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ruidoso Downs' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

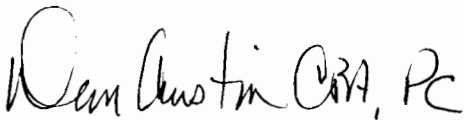
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above. However we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting as items 07-B, 09A and 10-A . A significant deficiency is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## Compliance and Other Matters

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

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 Federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.



November 26, 2010

**Dan Austin CPA, PC  
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Ruidoso, NM 88345**

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

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

Compliance

We have audited City of Ruidoso Downs's compliance with the types of compliance requirements described in the *OMB A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Ruidoso Downs's major federal programs for the year ended June 30, 2010. The City of Ruidoso Downs's major federal programs are identified in the summary of auditor's 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 the City of Ruidoso Downs's management. Our responsibility is to express an opinion on the 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. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 on the City of Ruidoso Downs's compliance with those requirements.

In our opinion, the City of Ruidoso Downs, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

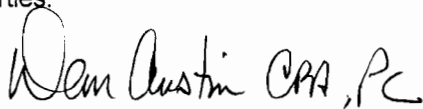
Internal Control Over Compliance

Management of the City of Ruidoso Downs, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Ruidoso Downs' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Ruidoso Downs' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the administration, the Board of Supervisors, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



November 26, 2010



**STATE OF NEW MEXICO  
 CITY OF RUIDOSO DOWNS  
 SCHEDULE OF FINDINGS, RECOMMENDATIONS, RESPONSES AND OTHER DISCLOSURES  
 FOR THE YEAR ENDED JUNE 30, 2010**

**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? Yes
  - 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:

CFDA  
 Number  
 Program

Federal

66.458

EPA-Capitalization Grants for clean Water and Revolving Loans

- 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**
- 09-A. Museum Inventory – Repeated**

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
SCHEDULE OF FINDINGS, RECOMMENDATIONS, RESPONSES AND OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2010**

**FINDINGS AND RECOMMENDATIONS AND RESPONSES**

REPORTABLE CONDITIONS:

**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.

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 significant 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: It is recommended that the City obtain technical training to prepare its financial statements

Response: The City will review its preparation of its financial statements to correct finding.

**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.

**10-A. Payment of Overtime**

Condition: Audit procedures noted in a special report to the State Auditor noted inconsistencies in calculating overtime within police department. .

Criteria: City personel policy requires overtime paid to police officers be paid after a officer records 80 worked during a pay period.

Effect: Possible overpayment of overtime pay

Cause: Oversight by management.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
SCHEDULE OF FINDINGS, RECOMMENDATIONS, RESPONSES AND OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2010**

Recommendation: Calculate overtime pay as stated in city personel policy.

Response: Management will instruct and train the police department on proper overtime calculations.

**10-1. Audit Report Submitted Late**

**Condition:** The audit report was submitted to the New Mexico State Auditor's Office on December 1, 2010 the due date of the report. The State Auditor requested corrections to the report on January 5, 2011 and considers the report delivered late. The corrected report was sent to the State Auditor January 11, 2010.

**Criteria:** The New Mexico State Auditor requires public entities to submit their audit reports by December 1. If the reports are submitted late, it is considered to be an instance of noncompliance with Subsection A of 2.2.2.9 NMAC.

**Cause:** Over sight by the auditor.

**Effect:** Noncompliance with state law. In addition, users of the financial statements such as legislators, creditors, bondholders, state and federal grantors, etc., do not have timely audit reports and financial statements for their review. And, late audit reports could have an effect on state and federal funding.

**Recommendation:** Complete correct audit reports in a timely manner.

**Response:** The auditor will submit correct audit reports by the due date.

**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 December 1, 2010. Present were Mayor Tom Armstrong, City Clerk Carol Virden, City Finance Director Terri Mosley, and Dan Austin, CPA representing the audit firm. Reportable conditions were discussed as well as other recommendations.