

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2012**

**Dan Austin CPA, PC
Certified Public Accountant**

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
OFFICIAL ROSTER
June 30, 2012**

COUNCIL:

GARRY L. WILLIAMS.....	Mayor
TOMMY HOOD	Councilor
JUDY MILLER... ..	Councilor
DEAN HOLMAN	Councilor
L. DALE PERRY.....	Councilor

ADMINISTRATION

CAROL VIRDEN	City Clerk/Treasurer
TERRI MOSELY	Finance Director

**State of New Mexico
City of Ruidoso Downs
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparison statement of the General Fund and Museum fund activities of the City of Ruidoso Downs, as of and for the year ended June 30, 2012, 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 and budgetary comparisons of the Debt Service and Capital Projects funds and the remaining 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, 2012, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly we express no opinion. 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, as of June 30, 2012, and the respective changes in financial position and cash flows, thereof, and the respective budgetary comparisons for the General Fund and the major special revenue funds, 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, as of June 30, 2012, 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, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards (Schedule IV) is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The Schedule of Deposits and Security Requirements and Schedule of Legislative Grants listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Don Austin CPA, PC

November 26, 2012

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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, 2012. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

The City's total net assets increased by \$1,131,336 for the current year. The significant reasons for this increase were the receipt of a Community Development Block Grant fund street improvements in the amount of \$472,899. These grants were accounted for in the Capital Grants Fund.

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, 2012 and 2011. 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	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Assets						
Current assets	\$ 2,447,893	\$ 2,729,253	\$ 1,956,908	\$ 1,523,149	\$ 4,404,801	\$ 4,252,402
Capital assets	10,673,126	10,197,642	5,770,371	5,950,429	16,443,497	16,148,071
Other noncurrent assets	-	-	4,831,024	4,825,684	4,831,024	4,825,684
Total assets	<u>\$ 13,121,019</u>	<u>\$ 12,926,895</u>	<u>\$ 12,558,303</u>	<u>\$ 12,299,262</u>	<u>\$ 25,679,322</u>	<u>\$ 25,226,157</u>
Liabilities						
Current liabilities	\$ 253,705	\$ 859,350	\$ 128,071	\$ 84,835	\$ 381,776	\$ 944,185
Noncurrent liabilities	1,183,382	1,241,946	379,687	436,885	1,563,069	1,678,831
Total liabilities	<u>1,437,087</u>	<u>2,101,296</u>	<u>507,758</u>	<u>521,720</u>	<u>1,944,845</u>	<u>2,623,016</u>
Net Assets						
Invested in capital assets, net of related debt	10,673,126	10,165,866	5,662,487	5,499,429	16,335,613	15,665,295
Restricted	89,863	100,574	755,163	691,664	845,026	792,238
Unrestricted	920,943	559,159	5,632,895	5,586,449	6,553,838	6,145,608
Total net assets	<u>11,683,932</u>	<u>10,825,599</u>	<u>12,050,545</u>	<u>11,777,542</u>	<u>23,734,477</u>	<u>22,603,141</u>
Total Liabilities and net assets	<u>\$ 13,121,019</u>	<u>\$ 12,926,895</u>	<u>\$ 12,558,303</u>	<u>\$ 12,299,262</u>	<u>\$ 25,679,322</u>	<u>\$ 25,226,157</u>

Statement of Activities: The following represents the revenues and expenses for fiscal years June 30, 2012 and 2011. See page 13 for a more detailed look at the Statement of Activities.

City of Ruidoso Downs Charges for Net Assets

	Government Activities		Business-Type Activities		Total	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Revenues:						
Program revenues:						
Charges for services	\$ 376,089	\$ 78,383	\$ 989,315	\$ 1,031,235	\$ 1,365,404	\$ 1,109,618
Operating grants	2,465,059	2,047,466	426,566	59,460	2,891,625	2,106,926
Capital grants	472,899	-	-	584,866	472,899	584,866
General revenues:						
Taxes	2,021,121	2,100,253	-	-	2,021,121	2,100,253
Contributions received	-	-	-	-	-	-
Other	14,925	18,469	-	-	14,925	18,469
Total revenues	5,350,093	4,244,571	1,415,881	1,675,561	6,765,974	5,920,132
Expenses:						
General Government	\$ 1,462,729	\$ 1,548,308	\$ -	\$ -	\$ 1,462,729	\$ 1,548,308
Public safety	1,277,453	1,405,216	-	-	1,277,453	1,405,216
Highways and Streets	550,265	586,363	-	-	550,265	586,363
Culture and recreation	1,066,413	958,009	-	-	1,066,413	958,009
Other	57,504	122,530	-	-	57,504	122,530
Interest on Long-term debt	52,396	61,734	-	-	52,396	61,734
Joint water and sewer	-	-	908,550	989,507	908,550	989,507
Sanitation	-	-	259,328	259,241	259,328	259,241
Total Expense	4,466,760	4,682,160	1,167,878	1,248,748	5,634,638	5,930,908
Net Assets						
Increase in net assets before						
transfers	883,333	(437,589)	248,003	426,813	1,131,336	(10,776)
Transfers	(25,000)	(139,354)	25,000	139,354	-	-
Restatements	-	-	-	-	-	-
Net assets-beginning	10,825,599	11,402,542	11,777,542	11,211,375	22,603,141	22,613,917
Net assets-ending	\$ 11,683,932	\$ 10,825,599	\$ 12,050,545	\$ 11,777,542	\$ 23,734,477	\$ 22,603,141

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 \$2,332,552, reflecting an decrease in fund balance of \$297,220. Of this amount, \$89,563 is restricted for debt service, see the balance sheet on page 14 for further detail. The most significant changes for the City's governmental funds was the increase in fund balance of the General Fund of \$40,335 and \$ 260,625 increase in the Museum Fund, See pages 14 and 16 Note 17 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 \$273,03 for the year. Operation gross receipts tax provided \$439,786 in revenues to aide in the operations of these funds. See pages 20 and 21 for further detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, General Fund expenditures and transfers were less than revenues in the amount of \$92,689. The City's General Fund expenditures amounted to \$2,950,602 and transfers totaled \$9,329 for the year ended June 30, 2012 was 1.1% percent increase from the previous year. The current final budget revenues less than the 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, 2012 amounts to \$16,443,497 (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 \$1,688,884 including current portion. The city added no new debt during the current year. Capital leases outstanding as of June 30, 2012 was \$15,949.

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, 2013 is expected to remain static as efforts to control expenses are offset by expected level or slightly increased revenues as the stressed national economy begins to improve.

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, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash	\$ 1,757,933	\$ 1,736,368	\$ 3,494,301
Receivables	648,369	132,338	780,707
Inventory	41,591	88,202	129,793
Other	-	-	-
Total Current Assets	2,447,893	1,956,908	4,404,801
Noncurrent Assets			
Restricted Assets (Cash)	-	73,896	73,896
Invested in Waste Water Treatment Plant	-	4,757,128	4,757,128
Net Capital Assets	10,673,126	5,770,371	16,443,497
Total Noncurrent Assets	10,673,126	10,601,395	21,274,521
Total Assets	\$ 13,121,019	\$ 12,558,303	\$ 25,679,322
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 14,855	\$ 1,489	\$ 16,344
Accrued Payroll And Benefits	64,838	8,962	73,800
Accrued Compensated Absences	92,426	10,370	102,796
Interest Payable	22,637	300	22,937
Current Portion Of Long Term Debt	43,000	57,198	100,198
Current Portion Of Capital Leases	15,949	-	15,949
Customer Deposits	-	49,752	49,752
Total Current Liabilities	253,705	128,071	381,776
Noncurrent Liabilities			
Leases Payable	-	-	-
Bonds Payable	-	286,001	286,001
Notes Payable	1,209,000	93,686	1,302,686
Unamortized Bond Premium	(25,618)	-	(25,618)
Total Noncurrent Liabilities	1,183,382	379,687	1,563,069
Total Liabilities	1,437,087	507,758	1,944,845
Net Assets			
Invested In Capital Assets, Net of Related Debt	10,673,128	5,662,487	16,335,613
Restricted For:			
Capital Projects	-	755,163	755,163
Debt Service	89,863	-	89,863
Unrestricted	920,943	5,632,895	6,553,838
Total Net Assets	11,683,932	12,050,545	23,734,477
Total Liabilities And Net Assets	\$ 13,121,019	\$ 12,558,303	\$ 25,679,322

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, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue And Changes In Net Assets			
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,462,729	\$ 96,760	\$ 1,709,817	\$ -	\$ 343,848	\$ -	\$ 343,848
Public Safety	1,277,453	58,851	-	-	(1,218,602)	-	(1,218,602)
Highways and Streets	550,285	-	-	472,899	(77,366)	-	(77,366)
Culture And Recreation	1,068,413	220,478	755,242	-	(90,693)	-	(90,693)
Other	57,504	-	-	-	(57,504)	-	(57,504)
Interest On Long-Term Debt	52,386	-	-	-	(52,386)	-	(52,386)
Total Governmental Activities	4,466,760	376,089	2,465,059	472,899	(1,152,713)	-	(1,152,713)
Business-Type Activities:							
Joint Water And Sewer Sanitation	908,550	752,961	426,566	-	270,977	270,977	270,977
	259,328	236,354	-	-	(22,974)	(22,974)	(22,974)
Total Business-Type Activities	1,167,878	989,315	426,566	-	248,003	248,003	248,003
Total Primary Government	\$ 5,634,638	\$ 1,365,404	\$ 2,891,625	\$ 472,899	(1,152,713)	248,003	(904,710)

General Revenues:							
Property Taxes, Levied for General Purposes	313,315	-	-	-	-	-	313,315
Property Taxes, Levied for Debt Service Purposes	81,986	-	-	-	-	-	81,986
Franchise Taxes	67,792	-	-	-	-	-	67,792
Gross Receipts Tax, Levied for General Purposes	1,244,714	-	-	-	-	-	1,244,714
Gross Receipts Tax, Levied for Infrastructure	123,174	-	-	-	-	-	123,174
Gas Tax	13,311	-	-	-	-	-	13,311
Lodgers Tax	176,829	-	-	-	-	-	176,829
Licenses And Permits	14,925	-	-	-	-	-	14,925
Interfund Transfers	(25,000)	-	-	-	25,000	-	-
Total General Revenues	2,011,046	-	-	-	25,000	-	2,036,046
Change in Net Assets	958,333	273,003	1,131,336	-	-	-	1,131,336
Net Assets - Beginning	10,825,599	11,777,542	22,603,141	-	-	-	22,603,141
Net Assets - Ending	\$ 11,683,932	\$ 12,050,545	\$ 23,734,477	-	-	-	\$ 23,734,477

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

State of New Mexico
City of Ruidoso Downs
Balance Sheet - Government Funds
June 30, 2012

	General Fund	Special Revenue Museum Fund	Debt Funds	Other Governmental Funds	Totals Governmental Funds
Assets					
Cash	\$ 1,286,007	\$ 3,906	\$ 89,863	\$ 378,157	\$ 1,757,933
Taxes Receivable	482,340	-	11,428	48,057	541,825
Grants Receivable	-	-	-	106,544	106,544
Due from Other Funds	106,544	-	-	-	106,544
Inventory	-	41,591	-	-	41,591
Total Assets	\$ 1,874,891	\$ 45,497	\$ 101,291	\$ 532,758	\$ 2,554,437
Liabilities					
Accounts Payable	\$ 10,831	\$ 3,924	\$ -	\$ -	\$ 14,855
Accrued Payroll And Benefits	48,491	11,894	-	4,453	64,838
Due to Other Funds	-	-	-	106,544	106,544
Deferred Revenue	24,220	-	11,428	-	35,648
Total Liabilities	83,642	15,818	11,428	110,997	221,885
Fund Balances					
Restricted For:					
General Fund	-	-	-	-	-
Special Revenue	-	29,679	-	421,761	451,440
Capital Projects	-	-	-	-	-
Debt Service	-	-	89,863	-	89,863
Unassigned For:					
General Fund	1,791,249	-	-	-	1,791,249
Total Fund Balances	1,791,249	29,679	89,863	421,761	2,332,552
Total Liabilities And Fund Balances	\$ 1,874,891	\$ 45,497	\$ 101,291	\$ 532,758	\$ 2,554,437

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, 2012

Total Governmental Fund Balance	\$ 2,332,552
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.	10,673,126
Deferred property tax revenue on governmental funds is recognized as current income on government wide statements	19,699
Compensated absences payable not reported as liabilities on the governmental fund statements	(92,426)
Interest payable not reported as a liability on the governmental fund statements	(22,637)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,226,382)</u>
Net Assets of Governmental Activities	<u>\$ 11,683,932</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, 2012

	General Fund	Special Revenue Museum Fund	Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
Revenues					
Taxes	\$ 1,597,430	\$ -	\$ 81,988	\$ 313,314	\$ 1,992,730
Licenses And Permits	14,925	-	-	-	14,925
Intergovernmental	1,284,953	81,855	-	835,808	2,162,718
Charges For Services	5,062	179,448	-	35,970	220,478
Fines And Forfeitures	50,968	-	-	7,883	58,851
Interest	-	-	-	-	-
Contributions and Sales	-	755,242	-	-	755,242
Miscellaneous	95,760	-	-	-	95,760
Total Revenues	3,030,098	1,016,643	81,988	1,193,075	6,321,702
Expenditures					
General Government	1,130,545	-	4,000	251,060	1,385,605
Public Safety	1,138,835	-	-	70,552	1,209,387
Highway And Streets	528,764	-	-	-	528,764
Culture And Recreation	143,444	330,379	-	46,305	1,020,128
Other	57,504	-	-	-	57,504
Capital Outlay	-	85,824	-	607,182	693,016
Capitalized Leases	-	-	-	16,381	16,381
Debt Service-Principal	-	-	40,000	-	40,000
-Interest	-	-	48,697	-	48,697
Total Expenditures	2,999,052	916,203	82,697	991,490	4,989,482
Excess (Deficiency) Of Revenues Over Expenditures	31,008	100,340	(10,711)	201,585	322,220
Other Financing Sources (Uses):					
Operating Transfers, Net	9,329	160,285	-	(194,614)	(25,000)
Total Other Financing Sources (Uses)	9,329	160,285	-	(194,614)	(25,000)
Net Change In Fund Balances	40,335	260,625	(10,711)	6,971	297,220
Fund Balance (Deficit)					
At Beginning Of Year	1,780,914	(230,946)	100,674	414,780	2,035,332
Fund Balance (Deficit)					
At End Of Year	\$ 1,791,249	\$ 29,679	\$ 89,863	\$ 421,751	\$ 2,332,662

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, 2012

Net Change in Fund Balances - Total Governmental Funds **\$ 297,220**

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	\$ 747,749	
Depreciation Expense	<u>(272,265)</u>	475,484

Property taxes recorded as deferred revenue on the governmental funds are recognized as current revenue on the government wide statements		28,391
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Net change in compensated absences payable for governmental funds		4,556
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Interest payable		(1,418)
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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	\$ 15,827	
Principal payments on Bonds Payable	<u>40,000</u>	55,827

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		<u>(1,727)</u>
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Change in Net Assets of Governmental Activities		<u>\$ 858,333</u>
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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 Revenues, Expenditures and Changes in Fund Balance -
Budgeted to Actual (Non-GAAP Budgetary Basis) - General Fund
For The Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Taxes	\$ 1,624,919	\$ 1,629,207	\$ 1,601,293	\$ (27,914)
Licenses And Permits	16,494	17,834	14,925	(2,909)
Intergovernmental	1,293,031	1,293,432	1,264,953	(28,479)
Charges For Services	4,299	5,343	5,063	(280)
Fines	68,160	68,767	50,968	(17,799)
Other	56,158	137,048	96,760	(40,288)
Total Revenue	3,063,061	3,151,631	<u>3,033,962</u>	<u>\$ (117,669)</u>
Budgeted Cash Balance	<u>1,245,528</u>	<u>125,528</u>		
Total Revenue And Cash	<u>\$ 4,308,589</u>	<u>\$ 3,277,159</u>		
 EXPENDITURES				
Current				
General Government	1,178,196	1,184,172	1,114,277	69,895
Public Safety	1,152,947	1,186,949	1,117,624	69,325
Highways And Streets	522,776	524,824	520,609	4,215
Culture And Recreation	154,392	154,760	140,588	14,172
Other	66,000	76,638	57,504	19,134
Total Expenditures	3,074,311	3,127,343	2,950,602	176,741
 OTHER FINANCING SOURCES (USES)				
Operating Transfers (Net)	<u>86,017</u>	<u>9,441</u>	<u>9,329</u>	<u>(112)</u>
Total Expenditures And Other Financing Sources	<u>\$ 2,988,294</u>	<u>\$ 3,117,902</u>	2,941,273	<u>\$ 176,853</u>
 Total Revenues (Expenditures and Other Financing Sources and Uses)			92,689	
 Reconciliation to GAAP Basis				
Changes in Receivables			(3,863)	
Changes in Accounts Payable			-	
Changes in Deferred Income			-	
Changes in Accrued Payroll			(48,491)	
Changes in Other Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 40,335</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, 2012**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Charges For Services	\$ 242,762	\$ 229,000	\$ 179,446	\$ (49,554)
Intergovernmental	87,456	87,458	81,855	(5,603)
Contributions and Sales	363,638	363,638	305,242	(58,396)
Investment Income	3,000	3,000	-	(3,000)
Total Revenue	696,856	683,096	566,543	\$ (116,553)
Budgeted Cash Balance	341,283	341,283		
Total Revenue And Cash	\$ 1,038,139	\$ 1,024,379		
EXPENDITURES				
Current				
Operating Expenses	933,125	933,125	829,232	103,893
Capital Outlay	86,000	86,000	85,824	176
Total Expenditures	1,019,125	1,019,125	915,056	104,069
OTHER FINANCING SOURCES (USES)				
Operating Transfers (Net)	160,285	160,285	160,285	-
Total Expenditures And Other Financing Sources	\$ 858,840	\$ 858,840	754,771	\$ 104,069
Total Revenues (Expenditures and Other Financing Sources and Uses)			(188,228)	
Reconciliation to GAAP Basis				
Changes in Inventory			(2,784)	
Reclass Deferred Revenue			450,000	
Changes in Accounts Payable			(287)	
Changes in Accrued Payroll			1,924	
Excess (Deficiency) of Revenues over expenditures			\$ 260,625	

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 Fund
June 30, 2012

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 1,698,081	\$ 38,287	\$ 1,736,368
Restricted Cash	73,896	-	73,896
Customer Accounts Receivable, Net of Allowance For Doubtful Accounts	106,334	26,004	132,338
Taxes Receivable	-	-	-
Inventory	88,202	-	88,202
Total Current Assets	1,966,513	64,291	2,030,804
NONCURRENT ASSETS			
Net Capital Assets	5,770,371	-	5,770,371
Investment in Waste Water Treatment Plant	4,757,128	-	4,757,128
Total Assets	\$ 12,494,012	\$ 64,291	\$ 12,558,303
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 1,489	\$ -	\$ 1,489
Accrued Payroll Expense	8,962	-	8,962
Accrued Compensated Absences	10,370	-	10,370
Current Portion Of Revenue Bonds Payable	43,000	-	43,000
Current Portion Of Notes Payable	14,198	-	14,198
Accrued Interest Payable	300	-	300
Customer Deposits	49,752	-	49,752
Total Current Liabilities	128,071	-	128,071
NONCURRENT LIABILITIES			
Revenue Bonds Payable	286,001	-	286,001
Notes Payable	93,686	-	93,686
Total Noncurrent Liabilities	379,687	-	379,687
Total Liabilities	507,758	-	507,758
NET ASSETS			
Invested In Capital Assets, Net Of Related Debt	5,662,487	-	5,662,487
Restricted For:			
Capital Projects	755,163	-	755,163
Unrestricted	5,568,604	64,291	5,632,895
Total Net Assets	11,986,254	64,291	12,050,545
Total Liabilities And Net Assets	\$ 12,494,012	\$ 64,291	\$ 12,558,303

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, 2012

	<u>Business-Type Activities</u>		
	<u>Joint Water and Sewer</u>	<u>Sanitation</u>	<u>Total</u>
OPERATING REVENUES			
Charges For Services	\$ 752,961	\$ 236,354	\$ 989,315
Total Operating Revenues	<u>752,961</u>	<u>236,354</u>	<u>989,315</u>
OPERATING EXPENSES			
Personal Services	348,316	-	348,316
Operations And Maintenance	380,176	259,328	639,504
Depreciation	180,058	-	180,058
Total Operating Expenses	<u>908,550</u>	<u>259,328</u>	<u>1,167,878</u>
OPERATING INCOME	<u>(155,589)</u>	<u>(22,974)</u>	<u>(178,563)</u>
NON-OPERATING REVENUES (EXPENSES)			
Miscellaneous	5,340	-	5,340
EGR Tax	439,786	-	439,786
Interest Expense	(18,560)	-	(18,560)
Total Nonoperating Items	<u>426,566</u>	<u>-</u>	<u>426,566</u>
INCOME (LOSS) BEFORE TRANSFERS	270,977	(22,974)	248,003
TRANSFERS IN (OUT)	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Change In Net Assets	270,977	2,026	273,003
TOTAL NET ASSETS AT BEGINNING OF YEAR	<u>11,715,277</u>	<u>62,265</u>	<u>11,777,542</u>
TOTAL NET ASSETS AT END OF YEAR	<u>\$ 11,986,254</u>	<u>\$ 64,291</u>	<u>\$ 12,050,545</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, 2012

	<u>Business-Type Activities</u>		
	<u>Joint Water and Sewer</u>	<u>Sanitation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers	\$ 781,796	\$ 237,193	\$ 1,018,989
Cash Paid To Suppliers	(456,775)	(259,328)	(716,103)
Cash Paid To Employees	(351,283)	-	(351,283)
Net Cash Provided By Operating Activities	<u>(26,262)</u>	<u>(22,135)</u>	<u>(48,397)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Capital Transfers from Other Funds	445,126	-	445,126
Net Cash Provided From Noncapital Financing Activities	<u>-</u>	<u>25,000</u>	<u>25,000</u>
	<u>445,126</u>	<u>25,000</u>	<u>470,126</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid On Capital Debt	(14,116)	-	(14,116)
Interest on Capital Debt	(18,560)	-	(18,560)
Net Cash Used For Capital And Related Financing Activities	<u>(32,676)</u>	<u>-</u>	<u>(32,676)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Capital Assets	-	-	-
Net Cash Provided From Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase In Cash	386,188	2,865	389,053
Cash and Cash Equivalents - Beginning Of Year	1,385,789	35,422	1,421,211
Cash and Cash Equivalents - End Of Year	<u>\$ 1,771,977</u>	<u>\$ 38,287</u>	<u>\$ 1,810,264</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (155,589)	\$ (22,974)	\$ (178,563)
Noncash Items In Net Income-Depreciation	180,058	-	180,058
(Increase) Decrease In:	-	-	-
Accounts Receivable	28,835	839	29,674
Inventory	(79,720)	-	(79,720)
Increase (Decrease) In:	-	-	-
Accounts Payable	2,662	-	2,662
Accrued Payroll And Benefits	(2,508)	-	(2,508)
Net Cash Provided (Used) By Operating Activities	<u>\$ (26,262)</u>	<u>\$ (22,135)</u>	<u>\$ (48,397)</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, 2012**

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, 2012**

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, 2012**

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 may be 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, 2012**

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, 2012**

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 and Fund Balance

The difference between the District's assets and liabilities is its net assets. The District's net assets consist of the following components – **net assets invested in capital assets** net of related debt, which is the cost of capital assets, net of accumulated depreciation, **committed fund balance** represents amounts that are useable only for specified purposes by formal action of the government's highest level of authority **net assets**, **assigned fund balance** represents amounts that are intended to be used for a specific purpose but are neither restricted or committed, **restricted fund balance or net assets** - wherein the constraints are placed on net asset use either by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation and **unassigned fund balance** is the residual classification for the general fund and represents the amounts that have not been assigned to other funds and **unrestricted net assets** in the government wide financial statements is the unclassified net assets .

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.

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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.

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, 2012.

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 (The Dodd Frank Act of 2010 required the FDIC to insure all non-interest bearing accounts until December 31, 2012) 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 \$3,562,33 and the bank balances were \$3,725,318.

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 depositary 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, 2012, none of the \$3,725,318 of the City's bank balance was exposed to custodial credit risk as follows:

	<u>In Banks</u>
Total Deposits at Depository or Invested	\$ 3,725,318
Less: FDIC Insurance	<u>(3,725,318)</u>
Uninsured public funds	-
Letter of Credit Coverage	(4,500,000)
Pledged collateral held by depository trust department but not in City's name	<u>-</u>
Uninsured and uncollateralized	\$ <u>(4,500,000)</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, 2012 is \$105,788 (governmental funds \$96,982 and business-type funds \$8,806).

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.

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Government Funds	\$ 96,982	\$ 92,426	\$ 96,982	\$ 92,426	\$ 92,426
Business Type Activities	<u>8,806</u>	<u>10,370</u>	<u>8,806</u>	<u>10,370</u>	<u>10,370</u>
	<u>\$ 105,788</u>	<u>\$ 102,796</u>	<u>\$ 105,788</u>	<u>\$ 102,796</u>	<u>\$ 102,796</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, 2012**

NOTE 5. LONG-TERM DEBT

Long-term debt transactions are as follows:

	Balance 6/30/10	Additions	(Reductions)	Balance 6/30/11	Due Within One Year
Government Activities:					
3.45 to 4.28% Note payable to New Mexico Finance Authority payable in various annual Principle amounts, maturing August, 2027	<u>\$ 1,292,000</u>	<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ 1,252,000</u>	<u>\$ 43,000</u>
Total Long-Term Obligations	<u>\$ 1,292,000</u>	<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ 1,252,000</u>	<u>\$ 43,000</u>
Business Type Activities:					
4.75% Revenue Bond, payable to USDA Rural Development in various annual principle amounts plus accrued interest, maturing June, 2038	\$ 336,001	\$ -	\$ (7,000)	\$ 329,001	\$ 7,000
2% Note, payable to the NM Environment Depart. to Fund Improvements to the Regional Waste Water treatment. Secured by ERGT Revenues. Matures 6/2029.	100,000	-	(4,116)	95,884	4,198
5% Note Payable, held by GE Capital, Payable in annual payments of \$3,000, plus interest due in June 2015.	15,000	-	(3,000)	12,000	3,000
	<u>451,001</u>	<u>-</u>	<u>(14,116)</u>	<u>436,885</u>	<u>14,198</u>
Total Long-Term Obligations	<u>\$ 1,743,001</u>	<u>\$ -</u>	<u>\$ (54,116)</u>	<u>\$ 1,688,885</u>	<u>\$ 57,198</u>
				<u>(25,618)</u>	
				<u>\$ 1,663,267</u>	

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, 2012, is as follows:

	Principal	Interest	Total
2013	\$ 57,198	\$ 65,002	\$ 122,200
2014	62,282	62,895	125,177
2015	68,368	60,327	128,695
2016	67,455	58,001	125,456
2017	72,544	55,514	128,058
2018-2022	443,120	228,553	671,673
2023-2027	596,631	120,941	717,572
2028-2032	224,286	38,072	262,358
2033-2037	97,000	14,012	111,012
Total	<u>\$ 1,688,884</u>	<u>\$ 703,317</u>	<u>\$ 2,392,201</u>

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012:

Leases Payable at June 30, 2010	\$ 31,777
New leases acquired	-
Lease payments made	<u>(15,828)</u>
Leases Payable at June 30, 2011	<u>\$ 15,949</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, 2012.

Year Ending June 30	
2013	\$ 16,381
	<u>-</u>
Minimum Lease Payments	16,381
Less: Amount representing interest	<u>(432)</u>
Present Value of minimum lease payments	<u>\$ 15,949</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.

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 \$4,757,128.

The Greentree Solid Waste Authority (GTSWA) 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 GTSWA 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, 2012**

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 \$51,257 to the Authority for Environmental Gross Receipt Tax during the current year.

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, is a participant in a Joint Use Board which 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 12. 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 PERA for the years ending June 30, 2012, 2011, and 2010 were \$200,553, \$204,467, and \$194,930, respectively, equal to the amount of the required contributions for each year.

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 12. DEFICIT FUND BALANCE

The City's Lincoln County Transit Fund had a deficit fund balance at June 30, 2012 of \$3,991.

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, 2012, 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		\$ 9,329
	Museum	160,285
	Lincoln Co Transit	17,448
	Street Improvement	151,741
Gas Tax		(13,642)
FEMA Fund		(5,789)
Lodger's Tax		(202,642)
Infrastructure		(123,221)
	Colinas Grant Fund	(18,509)
	Water/Sewer/Sanitaiton	25,000
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, 2012**

NOTE 16. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance 6/30/11	Additions	(Reductions)	Balance 6/30/12
Government Activities:				
Capital Assets not being Depreciated				
Land	\$ 226,634	\$ -	\$ -	\$ 226,634
Museum artifacts and collectibles	5,501,635	-	-	5,501,635
Total capital assets not being depreciated	<u>5,728,269</u>	<u>-</u>	<u>-</u>	<u>5,728,269</u>
Capital Assets Being depreciated:				
Buildings and improvements	2,931,064	99,758	-	3,030,822
Streets and other infrastructure	2,336,622	119,935	-	2,456,557
Equipment	1,990,689	528,056	-	2,518,745
Total capital assets being depreciated	<u>7,258,375</u>	<u>747,749</u>	<u>-</u>	<u>8,006,124</u>
Less: accumulated depreciation for				
Buildings and improvements	689,943	62,450	-	752,393
Streets and other infrastructure	141,944	24,360	-	166,304
Equipment	1,959,115	185,466	-	2,144,580
Total accumulated depreciation	<u>2,791,002</u>	<u>272,265</u>	<u>-</u>	<u>3,063,267</u>
Total capital assets being depreciated, net	<u>4,469,373</u>	<u>475,484</u>	<u>-</u>	<u>4,944,857</u>
Government activity capital assets, net	<u>\$ 10,197,642</u>	<u>\$ 475,484</u>	<u>\$ -</u>	<u>\$ 10,673,126</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	777,102	-	-	777,102
Total capital assets being depreciated	<u>7,189,949</u>	<u>-</u>	<u>-</u>	<u>7,189,949</u>
Less: accumulated depreciation for				
Buildings and Improvements	31,820	1,361	-	33,201
Distribution Systems	1,658,676	124,472	-	1,783,048
Equipment	563,498	54,205	-	617,703
Total accumulated depreciation	<u>2,253,894</u>	<u>180,068</u>	<u>-</u>	<u>2,433,952</u>
Total capital assets being depreciated, net	<u>4,936,055</u>	<u>(180,058)</u>	<u>-</u>	<u>4,755,997</u>
Business-type activity capital assets, net	<u>\$ 5,950,429</u>	<u>\$ (180,058)</u>	<u>\$ -</u>	<u>\$ 5,770,371</u>
Governmental activity depreciation was charged to functions as follows:				
General Government	\$ 81,680			
Public Safety	68,066			
Highway and Streets	76,234			
Culture and recreation	46,285			
Total depreciation	<u>\$ 272,265</u>			

NOTE 17. Deferred Revenue – Museum Fund

The City elected to record \$600,000 of deferred revenue related to the Museum Fund due to an operational shortfall from operations in the current year. The cash originally contributed amounted to \$1,500,000 as a part of the transfer of the Museum assets in 2005 and was being recorded as revenue over a ten year period. In previous years \$150,000 was recorded as revenue in the Museum Fund. The deferred revenue was transferred due an operational shortfall and to clear a deficit fund balance in the Museum Fund from the prior year.

State of New Mexico
City of Ruidoso Downs
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Cash	\$ 378,157	\$ -	\$ 378,157
Tax Receivable	48,057	-	48,057
Grants Receivable	106,544	-	106,544
Due From Other Governments	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 532,758</u>	<u>\$ -</u>	<u>\$ 532,758</u>
Liabilities And Fund Balances			
Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	106,544	-	106,544
Accrued Payroll	4,453	-	4,453
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>110,997</u>	<u>-</u>	<u>110,997</u>
Fund Balances			
Restricted For Capital Improvements	-	-	-
Restricted For Special Revenue Funds	421,761	-	421,761
Unreserved	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>421,761</u>	<u>-</u>	<u>421,761</u>
Total Liabilities And Fund Balances	<u>\$ 532,758</u>	<u>\$ -</u>	<u>\$ 532,758</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, 2012

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 313,314	\$ -	\$ 313,314
Intergovernmental	363,009	472,899	835,908
Charges for Services	35,970		35,970
Fines And Forfeitures	7,883	-	7,883
Miscellaneous	-	-	-
Total Revenues	<u>720,176</u>	<u>472,899</u>	<u>1,193,075</u>
Expenditures			
General Government	251,060	-	251,060
Public Safety	70,552	-	70,552
Highways And Streets	-	-	-
Culture And Recreation	46,305	-	46,305
Capital Leases	16,381	-	16,381
Capital Outlay	152,802	454,390	607,192
Debt Service	-	-	-
Total Expenditures	<u>537,100</u>	<u>454,390</u>	<u>991,490</u>
Excess Revenues Over (Under) Expenditures	<u>183,076</u>	<u>18,509</u>	<u>201,585</u>
Other Financing Sources (Uses):			
Operating Transfers, Net	(176,105)	(18,509)	(194,614)
Total Other Financing Sources (Uses)	<u>(176,105)</u>	<u>(18,509)</u>	<u>(194,614)</u>
Net Change In Fund Balances	6,971	-	6,971
Fund Balances At Beginning Of Year	<u>414,790</u>	<u>-</u>	<u>414,790</u>
Fund Balances At End Of Year	<u>\$ 421,761</u>	<u>\$ -</u>	<u>\$ 421,761</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, 2012

GENERAL GOVERNMENT

Legislative	\$	54,342
Judicial		159,237
Elections		2,051
Legal		193,542
Finance and Administration		475,260
Planning		192,573
Code Enforcement		<u>53,540</u>
Total General Government		1,130,545

PUBLIC SAFETY

Public Safety		1,009,304
Fire Department		73,319
Animal Control		<u>56,212</u>
Total Public Safety		1,138,835

CULTURE AND RECREATION

Parks and Recreation		134,973
Senior Citizens		<u>8,471</u>
Total Culture and Recreation		143,444

HIGHWAYS AND STREETS

Street Department		383,795
Mechanical		<u>144,969</u>
Total Highway and Streets		528,764

OTHER

		<u>57,504</u>
Total General Fund Expenditures	\$	<u>2,999,092</u>

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

State of New Mexico
City of Ruidoso Downs
Statement of Expenditures - By Department
Budgeted to Actual (Non-GAAP Budgetary Basis) - General Fund
For The Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL GOVERNMENT				
Legislative	\$ 54,095	\$ 54,248	\$ 53,080	1,168
Judicial	157,737	158,450	158,449	1
Elections	-	2,925	2,050	875
Legal	246,668	252,577	193,542	59,035
Finance and Administration	471,773	467,000	466,831	169
Planning	192,356	193,370	188,019	5,351
Code Enforcement	55,567	55,602	52,306	3,296
Total General Government	<u>1,178,196</u>	<u>1,184,172</u>	<u>1,114,277</u>	<u>69,895</u>
PUBLIC SAFETY				
Public Safety	1,020,464	1,055,201	990,247	64,954
Fire Department	73,553	72,402	72,159	243
Animal Control	58,930	59,346	55,218	4,128
Total Public Safety	<u>1,152,947</u>	<u>1,186,949</u>	<u>1,117,624</u>	<u>69,325</u>
CULTURE AND RECREATION				
Parks and Recreation	144,242	144,373	132,117	12,256
Senior Citizens	10,150	10,387	8,471	1,916
Total Culture and Recreation	<u>154,392</u>	<u>154,760</u>	<u>140,588</u>	<u>14,172</u>
HIGHWAYS AND STREETS				
Street Department	382,691	383,001	378,794	4,207
Mechanical	140,085	141,823	141,815	8
Total Highway and Streets	<u>522,776</u>	<u>524,824</u>	<u>520,609</u>	<u>4,215</u>
OTHER				
	66,000	76,638	57,504	19,134
Total General Fund Expenditures	<u>\$ 3,074,311</u>	<u>\$ 3,127,343</u>	<u>\$ 2,950,602</u>	<u>\$ 176,741</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.

	Local											Totals		
	Government Corrections Fund	Judicial Education Fund	Court Automation Fund	Lincoln Co. Training Fund	Emergency Medical Services Fund	Street Improvement Fund	Gas Tax Road Fund	Fine Probation Fund	FE/MA Fund	Law Enforcement Protection Fund	Lodgers Tax Fund		Recreation Infrastructure Fund	
ASSETS														
Cash in Bank	\$ 107,623	\$ 373	\$ 764	\$ 462	\$ 1,886	\$ 82,667	\$ 2	\$ 6,394	\$ 23,116	\$ 2,173	\$ 119,769	\$ 8,353	\$ 24,595	\$ 375,167
Taxes Receivable	-	-	-	-	-	-	2,287	-	-	-	23,924	-	21,946	49,057
Grants Receivable	-	-	-	-	-	106,544	-	-	-	-	-	-	-	106,544
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 107,623	\$ 373	\$ 764	\$ 462	\$ 1,886	\$ 189,211	\$ 2,289	\$ 6,394	\$ 23,116	\$ 2,173	\$ 143,693	\$ 8,353	\$ 46,441	\$ 532,758

LIABILITIES AND FUND BALANCE

LIABILITIES	
Accounts Payable	\$ -
Deferred Revenue	\$ -
Due to Other Funds	\$ -
Accrued Payroll Expense	\$ -
Total Liabilities	\$ -

FUND BALANCE

Restricted	107,623	373	764	(3,991)	1,886	82,667	2,289	6,394	23,116	2,173	143,693	8,353	46,441	421,761
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	107,623	373	764	(3,991)	1,886	82,667	2,289	6,394	23,116	2,173	143,693	8,353	46,441	421,761
Total Liabilities And Fund Balance	\$ 107,623	\$ 373	\$ 764	\$ 462	\$ 1,886	\$ 189,211	\$ 2,289	\$ 6,394	\$ 23,116	\$ 2,173	\$ 143,693	\$ 8,353	\$ 46,441	\$ 532,758

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

State of New Mexico
 City of Bunko Downs
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balance - Nominal Special Revenue Funds
 For The Year Ended June 30, 2012

	Local											Totals	
	Government Construction Fund	Judicial Education Fund	Court Automation Fund	Lincoln Co. Transfer Fund	Emergency Medical Services Fund	Street Improvement Fund	Gas Tax Road Fund	Fire Protection Fund	FEMA Fund	Enforcement Probation Fund	Lodgers Tax Fund		Recreation Fund
REVENUES													
Taxes													
Intergovernmental	24,209	3,600	-	-	6,780	2,376	13,311	-	-	176,829	-	123,174	313,314
Charges For Services	-	-	-	192,268	6,780	2,376	-	74,078	28,904	24,800	-	-	343,696
Fees And Permits	-	-	7,883	36,970	-	-	-	-	-	-	-	-	35,970
Other	-	-	-	-	-	-	-	-	-	-	-	-	7,663
Total Revenues	24,209	3,600	7,883	235,268	6,780	2,376	13,311	74,078	28,904	176,829	-	123,174	720,178
EXPENDITURES													
Current:													
General Government	-	-	-	251,049	-	-	-	-	-	-	-	-	251,049
Public Safety	9,894	3,637	6,087	-	6,044	-	-	44,059	-	3,861	-	-	70,592
Highways And Streets	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture, Recreation and Promotion	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	199,350	-	16,484	-	38,798	-	-	45,305
Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	193,892
Capital Leases	-	-	-	-	-	-	-	16,281	-	-	-	-	16,281
Total Expenditures	9,894	3,637	6,087	251,049	6,044	199,350	-	77,134	-	45,305	-	-	527,100
Excess (Deficiency) Of Revenues Over Expenditures	17,315	(37)	(204)	(15,781)	1,706	(87,974)	13,311	(3,056)	28,904	(14,476)	136,524	(123,174)	(103,076)
OTHER FINANCING SOURCES (USES):													
Contributions	-	-	-	17,448	-	157,741	(13,643)	-	(5,708)	-	(202,643)	(123,221)	(178,069)
Operating Transfers	-	-	-	17,448	-	157,741	(13,643)	-	(5,708)	-	(202,643)	(123,221)	(178,069)
Total Other Sources	-	-	-	34,896	-	315,482	(27,286)	-	(11,416)	-	(225,286)	(246,442)	(356,138)
NET CHANGE IN FUND BALANCES	17,315	(37)	(204)	(15,781)	1,706	(87,974)	13,311	(3,056)	28,904	(14,476)	136,524	(123,174)	(103,076)
FUND BALANCE AT BEGINNING OF YEAR	80,281	410	958	(5,843)	180	28,901	2,620	9,652	1	16,922	215,801	6,383	454,700
FUND BALANCE AT END OF YEAR	\$ 107,596	\$ 373	\$ 754	\$ (3,994)	\$ 1,886	\$ (59,073)	\$ 2,289	\$ 6,596	\$ 23,116	\$ 2,172	\$ 149,683	\$ 6,653	\$ 451,564

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Intergovernmental:	\$ 29,000	\$ 29,000	\$ 24,206	\$ 4,794
Miscellaneous	-	-	-	-
Total Revenue	29,000	29,000	24,206	\$ 4,794
Budgeted Cash Balance	90,281	90,281		
Total Revenue And Cash	\$ 119,281	\$ 119,281		
EXPENDITURES				
Public Safety	\$ 8,685	\$ 10,178	\$ 6,864	\$ 3,314
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	8,685	10,178	6,864	3,314
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	\$ 8,685	\$ 10,178	6,864	\$ 3,314
Total Revenues (Expenditures and Other Financing Sources and Uses)			17,342	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			\$ 17,342	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Intergovernmental:	\$ 4,000	\$ 4,000	\$ 3,600	\$ 400
Miscellaneous	-	-	-	-
Total Revenue	<u>4,000</u>	<u>4,000</u>	<u>3,600</u>	<u>\$ 400</u>
Budgeted Cash Balance	<u>410</u>	<u>410</u>		
Total Revenue And Cash	<u>\$ 4,410</u>	<u>\$ 4,410</u>		
EXPENDITURES				
Public safety	\$ 4,000	\$ 4,410	\$ 3,637	\$ 773
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>4,000</u>	<u>4,410</u>	<u>3,637</u>	<u>773</u>
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	<u>\$ 4,000</u>	<u>\$ 4,410</u>	<u>3,637</u>	<u>\$ 773</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			(37)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (37)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Fines and Forfeitures	\$ 8,615	\$ 9,215	\$ 7,883	\$ 1,332
Miscellaneous	-	-	-	-
Total Revenue	8,615	9,215	7,883	\$ 1,332
 Budgeted Cash Balance	 958	 958		
 Total Revenue And Cash	 \$ 9,573	 \$ 10,173		
EXPENDITURES				
Public Safety	\$ 86,158	\$ 10,173	\$ 8,087	\$ 2,086
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	86,158	10,173	8,087	2,086
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
 Total Expenditures And Other Financing Sources	 \$ 86,158	 \$ 10,173	 8,087	 \$ 2,086
 Total Revenues (Expenditures and Other Financing Sources and Uses)			 (204)	
 Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			\$ (204)	

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

State of New Mexico
City of Ruidoso Downs
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budgeted to Actual (Non-GAAP Budgetary Basis)
Lincoln County Transit Special Revenue Fund
For The Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUE				
Intergovernmental	\$ 249,493	\$ 250,493	\$ 199,298	\$ 51,195
Charges for Services	40,000	40,000	35,970	(4,030)
Miscellaneous	-	-	-	-
Total Revenue	289,493	290,493	235,268	\$ 47,165
Budgeted Cash Balance	1	1		
Total Revenue And Cash	\$ 289,494	\$ 290,494		
EXPENDITURES				
General Government	\$ 318,737	\$ 319,867	\$ 252,254	\$ 67,613
Capital Outlay	-	-	-	-
Total Expenditures	318,737	319,867	252,254	67,613
OTHER FINANCING SOURCES (USES)				
Transfers	30,748	30,708	17,448	(13,260)
Total Expenditures And Other Financing Sources	\$ 287,989	\$ 289,159	234,806	\$ 80,873
Total Revenues (Expenditures and Other Financing Sources and Uses)			462	
Reconciliation to GAAP Basis				
Changes in Accrued Payroll			28	
Changes in Payables			1,166	
Excess (Deficiency) of Revenues over expenditures			\$ 1,656	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Intergovernmental	\$ 5,750	\$ 5,750	\$ 5,750	\$ -
Miscellaneous	-	-	-	-
Total Revenue	5,750	5,750	5,750	\$ -
Budgeted Cash Balance	180	180		
Total Revenue And Cash	\$ 5,930	\$ 5,930		
EXPENDITURES				
Public Safety	\$ 5,750	\$ 5,898	\$ 4,044	\$ 1,854
Capital Outlay	-	-	-	-
Total Expenditures	5,750	5,898	4,044	1,854
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	\$ 5,750	\$ 5,898	4,044	\$ 1,854
Total Revenues (Expenditures and Other Financing Sources and Uses)			1,706	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			\$ 1,706	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Intergovernmental	\$ 302,711	\$ 302,711	\$ 2,375	\$ 300,336
Miscellaneous	-	-	-	-
Total Revenue	302,711	302,711	2,375	\$ 300,336
Budgeted Cash Balance	28,901	28,901		
Total Revenue And Cash	\$ 331,612	\$ 331,612		
EXPENDITURES				
Highways and Streets	\$ 141,137	\$ 242,703	\$ 100,349	\$ 142,354
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	141,137	242,703	100,349	142,354
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	151,741	151,741
Total Expenditures And Other Financing Sources	\$ 141,137	\$ 242,703	(51,392)	\$ (9,387)
Total Revenues (Expenditures and Other Financing Sources and Uses)			53,767	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			\$ 53,767	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Taxes	\$ 13,320	\$ 13,320	\$ 13,642	\$ (322)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	13,320	13,320	<u>13,642</u>	<u>\$ (322)</u>
Budgeted Cash Balance	<u>2</u>	<u>2</u>		
Total Revenue And Cash	<u>\$ 13,322</u>	<u>\$ 13,322</u>		
EXPENDITURES				
Highways and Streets	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(13,320)</u>	<u>(13,320)</u>	<u>(13,642)</u>	<u>(322)</u>
Total Expenditures And Other Financing Sources	<u>\$ 13,320</u>	<u>\$ 13,320</u>	<u>13,642</u>	<u>\$ 322</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			-	
Reconciliation to GAAP Basis				
Changes in Receivables			(331)	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (331)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Intergovernmental:	\$ 58,584	\$ 74,077	\$ 74,076	\$ 1
Miscellaneous	-	-	-	-
Total Revenue	58,584	74,077	74,076	\$ 1
Budgeted Cash Balance	<u>9,873</u>	<u>9,873</u>		
Total Revenue And Cash	\$ 68,457	\$ 83,950		
EXPENDITURES -				
Public Safety	\$ 500,786	\$ 50,780	\$ 44,479	\$ 6,301
Capital Outlay	16,695	16,695	16,695	-
Capital Lease	<u>16,381</u>	<u>16,381</u>	<u>16,381</u>	-
Total Expenditures	533,862	83,856	77,555	6,301
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	\$ 533,862	\$ 83,856	77,555	\$ 6,301
Total Revenues (Expenditures and Other Financing Sources and Uses)			(3,479)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>421</u>	
Excess (Deficiency) of Revenues over expenditures			\$ (3,058)	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Intergovernmental	\$ 52,907	\$ 56,728	\$ 28,905	\$ 27,823
Miscellaneous	-	-	-	-
Total Revenue	52,907	56,728	28,905	\$ 27,823
Budgeted Cash Balance	-	-		
Total Revenue And Cash	\$ 52,907	\$ 56,728		
EXPENDITURES				
Public Safety	\$ -	\$ -	\$ -	\$ -
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(52,857)</u>	<u>(52,857)</u>	<u>(5,789)</u>	<u>47,068</u>
Total Expenditures And Other Financing Sources	\$ 52,857	\$ 52,857	5,789	\$ (47,068)
Total Revenues (Expenditures and Other Financing Sources and Uses)			23,116	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			\$ 23,116	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Intergovernmental	\$ 24,800	\$ 24,800	\$ 24,800	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	24,800	24,800	<u>24,800</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>16,992</u>	<u>16,992</u>		
Total Revenue And Cash	<u>\$ 41,792</u>	<u>\$ 41,792</u>		
EXPENDITURES				
Public Safety	\$ 24,800	\$ 4,000	\$ 3,861	\$ 139
Capital Outlay	<u>-</u>	<u>38,200</u>	<u>35,758</u>	<u>2,442</u>
Total Expenditures	24,800	42,200	39,619	2,581
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 24,800</u>	<u>\$ 42,200</u>	<u>39,619</u>	<u>\$ 2,581</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			(14,819)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (14,819)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Taxes	\$ 177,813	\$ 177,813	\$ 173,576	\$ 4,237
Miscellaneous	-	-	-	-
Total Revenue	177,813	177,813	173,576	\$ 4,237
Budgeted Cash Balance	<u>195,130</u>	<u>195,130</u>		
Total Revenue And Cash	\$ 372,943	\$ 372,943		
EXPENDITURES				
Culture, Recreation and Promotion	\$ 58,850	\$ 59,800	\$ 46,305	\$ 13,495
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	58,850	59,800	46,305	13,495
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(179,427)</u>	<u>(229,172)</u>	<u>(202,642)</u>	<u>26,530</u>
Total Expenditures And Other Financing Sources	\$ 238,277	\$ 288,972	248,947	\$ (13,035)
Total Revenues (Expenditures and Other Financing Sources and Uses)			(75,371)	
Reconciliation to GAAP Basis				
Changes in Receivables			3,253	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			\$ (72,118)	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total Revenue	-	-	-	\$ -
Budgeted Cash Balance	8,353	8,353		
Total Revenue And Cash	\$ 8,353	\$ 8,353		
EXPENDITURES				
Culture and Recreation	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	\$ -	\$ -	-	\$ -
Total Revenues (Expenditures and Other Financing Sources and Uses)			-	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			\$ -	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Taxes	\$ 125,268	\$ 125,268	\$ 123,221	\$ 2,047
Miscellaneous	-	-	-	-
Total Revenue	125,268	125,268	123,221	\$ 2,047
Budgeted Cash Balance	24,595	24,595		
Total Revenue And Cash	\$ 149,863	\$ 149,863		
EXPENDITURES				
Operating Expenses	\$ -	\$ -	\$ -	\$ -
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers	(125,268)	(125,268)	(123,221)	2,047
Total Expenditures And Other Financing Sources	\$ 125,268	\$ 125,268	123,221	\$ (2,047)
Total Revenues (Expenditures and Other Financing Sources and Uses)			-	
Reconciliation to GAAP Basis				
Changes in Receivables			(47)	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			\$ (47)	

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 Sheet
Capital Project Fund
June 30, 2012

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

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, 2012

	Colonias Grant Fund	Totals
REVENUES		
Intergovernmental	\$ 472,899	\$ 472,899
Total Revenue	<u>472,899</u>	<u>472,899</u>
EXPENDITURES		
General Government	-	-
Capital Outlay	454,390	454,390
Total Expenditures	<u>454,390</u>	<u>454,390</u>
Excess (Deficiency) Of Revenues Over Expenditures	18,509	18,509
OTHER FINANCING SOURCES (USES)		
Transfers	<u>(18,509)</u>	<u>(18,509)</u>
NET CHANGE IN FUND BALANCES	-	-
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<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)
Colonas Grant Fund - Capital Project Fund
For The Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
CDBG Grant	\$ 472,898	\$ 472,898	\$ 472,899	\$ (1)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	472,898	472,898	<u>472,899</u>	<u>\$ (1)</u>
Budgeted Cash Balance	<u>-</u>	<u>-</u>		
Total Revenue And Cash	<u>\$ 472,898</u>	<u>\$ 472,898</u>		
EXPENDITURES				
Capital Outlay	\$ 454,390	\$ 454,390	\$ 454,390	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	454,390	454,390	454,390	-
OTHER FINANCING SOURCES (USES)				
Transfers	<u>(18,508)</u>	<u>(18,509)</u>	<u>(18,509)</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 472,898</u>	<u>\$ 472,899</u>	<u>472,899</u>	<u>\$ -</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			-	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ -</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, 2012

Assets	
Cash	\$ 89,863
Taxes Receivable	<u>11,428</u>
Total Assets	\$ <u>101,291</u>
Liabilities And Fund Balances	
Liabilities	
Deferred Revenue	<u>\$ 11,428</u>
Total Liabilities	<u>11,428</u>
Fund Balances (Deficit)	
Reserved For Debt Service	89,863
Unreserved	<u>-</u>
Total Fund Balances	<u>89,863</u>
Total Liabilities And Fund Balances	\$ <u>101,291</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, 2012

Revenues	
Taxes	\$ 81,986
Interest	-
Miscellaneous	-
Total Revenues	<u>81,986</u>
Expenditures	
Interest	48,697
Principal	40,000
Administration Costs	4,000
Total Expenditures	<u>92,697</u>
Excess Revenues Over (Under) Expenditures	<u>(10,711)</u>
Other Financing Sources (Uses):	
Operating Transfers, Net	-
Total Other Financing Sources (Uses)	<u>-</u>
Net Change In Fund Balances	(10,711)
Fund Balances At Beginning Of Year	<u>100,574</u>
Fund Balances At End Of Year	<u>\$ 89,863</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Taxes	\$ 113,573	\$ 113,573	\$ 81,986	\$ 31,587
Miscellaneous	-	-	-	-
Total Revenue	113,573	113,573	81,986	\$ 31,587
Budgeted Cash Balance	100,574	100,574		
Total Revenue And Cash	\$ 214,147	\$ 214,147		
EXPENDITURES				
Debt Service-Interest	\$ 54,518	\$ 54,518	48,697	\$ 5,821
Debt Service -Principal	36,000	40,000	40,000	-
Debt Administration	4,856	4,856	4,000	856
Total Expenditures	95,374	99,374	92,697	6,677
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	\$ 95,374	\$ 99,374	92,697	\$ 6,677
Total Revenues (Expenditures and Other Financing Sources and Uses)			(10,711)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			\$ (10,711)	

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 Fund
For The Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Sales of Service	\$ 883,291	\$ 883,291	\$ 781,796	\$ 101,495
Taxes	441,833	441,833	439,786	2,047
Deposits Received	6,432	6,432	6,432	-
Other	-	-	-	-
Total Revenue	<u>1,331,556</u>	<u>1,331,556</u>	<u>1,228,014</u>	<u>\$ 103,542</u>
Budgeted Cash Balance	<u>1,421,211</u>	<u>1,421,211</u>		
Total Revenue And Cash	<u>\$ 2,752,767</u>	<u>\$ 2,752,767</u>		
EXPENDITURES				
Personnel Services	\$ 367,843	\$ 367,843	345,349	\$ 22,494
Operating Expense	755,972	755,972	462,557	293,415
Capital Outlay	128,275	128,275	-	128,275
Loan Payments	33,518	33,516	32,826	690
Deposit Refunds	1,595	1,595	1,093	502
Total Expenditures	<u>1,287,201</u>	<u>1,287,201</u>	<u>841,825</u>	<u>445,376</u>
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	<u>\$ 1,287,201</u>	<u>\$ 1,287,201</u>	<u>841,825</u>	<u>\$ 445,376</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			386,189	
Reconciliation to GAAP Basis				
Changes in Receivables			(28,835)	
Changes in Inventory			79,719	
Reclass Capital Outlay			14,116	
Current Year Depreciation			(180,058)	
Changes in Accounts Payable			2,662	
Change in Accrued Interest			150	
Changes in Accrued Payroll			(1,402)	
Changes in Accrued Compensation			(1,564)	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 270,977</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUE				
Sales of Service	\$ 249,804	\$ 249,804	\$ 237,193	\$ 12,611
Other	-	-	-	-
Total Revenue	249,804	249,804	<u>237,193</u>	<u>\$ 12,611</u>
Budgeted Cash Balance	<u>35,422</u>	<u>35,422</u>		
Total Revenue And Cash	<u>\$ 285,226</u>	<u>\$ 285,226</u>		
EXPENDITURES				
Operating Expense	\$ 274,804	\$ 274,606	\$ 259,328	\$ 15,278
Capital Outlay	-	-	-	-
Deposit Refunds	-	-	-	-
Total Expenditures	274,804	274,606	259,328	15,278
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	25,000	<u>25,000</u>
Total Expenditures And Other Financing Sources	<u>\$ 274,804</u>	<u>\$ 274,606</u>	<u>234,328</u>	<u>\$ (9,722)</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			2,865	
Reconciliation to GAAP Basis				
Changes in Receivables			(839)	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 2,026</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, 2012

Reconciled Balance	O/S Deposits Balance	O/S Checks Balance	Balance Not On Deposit 06-30-11	FDIC or Other Insurance	Not Insured By FDIC	Required Collateral	FMV of Collateral	Pledged Over(Short)
\$ 3,307,501	\$ 882	\$ 163,349	\$ 3,489,868	\$ 3,489,868				
181,786	-	-	181,786	181,786				
110	-	-	110	110				
72,946	-	808	73,554	73,554				
<u>3,562,343</u>	<u>882</u>	<u>163,957</u>	<u>3,725,318</u>	<u>3,725,318</u>	<u>-</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
<u>5,855</u>								
<u>\$ 3,568,198</u>								

Institution	Account Name	Account Type
Compass Bank	Operations	Non Int Checking
	Museum Credit	Non Int Checking
	CDGB Grant	Non Int Checking
	Water Deposit	Int Checking

Petty Cash and Returned Checks	Total
	<u>5,855</u>
	<u>\$ 3,568,198</u>

Deposit Security	Description	ID #	Issue Date	Amount	Maturity Date
FHLB Atlanta Letter of Credit		41077	1/5/2012	\$ 4,900,000	1/5/2013
				<u>\$ 4,900,000</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, 2012

	<u>CFDA Number</u>	<u>Federal Grantors Number</u>	<u>Federal Expenditures Expenditures</u>
<u>Housing and Urban Development (HUD)</u>			
Community Development Block Grant-Brownfields Economic Development Initiative	14.246	B-04-SP-NM-0480	\$ 93,683
Passed Through the NM Department of Finance and Administration Community Development Block Grant-Brownfields Economic Development Initiative	14.246	10-C-RS-I-01-G-33	472,898
<u>Department of Homeland Security</u>			
Passed Through the NM Homeland Security and Emergency Management Disaster Grants - Public Assistance	97.037	FEMA 1783 DR NM0004	26,905
<u>Department of Transportation-Federal Transit Administration (FTA)</u>			
Passed Through the NM Department of Transportation Formula Grants for Other Than Urbanized areas	20.509	M00899	\$ 16,650
Capital Assistance Program for elderly Persons and Persons with Disabilities	20.513	M00899	152,774
Total Federal Financial Assistance			\$ 764,810

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-recipients

The City of Ruidoso Downs did not provided any federal awards to sub-recipients 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	\$ 764,810
Total expenditures funded by other sources	5,348,042
Total expenditures	\$ 6,110,852

See Independent Auditor's Report

State of New Mexico
City of Ruidoso Downs
Schedule of Legislative Grants
For the Year Ended June 30, 2012

Project	Agency	Grant#	Effective Date	Reversion Date	Original Amount	Arts in Public Places	Net Amount	Exp to Date	Remaining
Street Imp	NMDOT	SP-2-08(923)	7/24/2007	12/31/2009	\$ 61,962	\$ -	\$ 61,962	\$ -	\$ 61,962
Street Imp	NMDOT	SP-2-08(976)	7/21/2008	12/31/2009	58,414	-	58,414	-	58,414
Pedestrian Facilities	NMDOT	TPE-0704(1)281	8/1/2007	8/30/2013	213,750	-	213,750	(2,375)	211,375

**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, and the aggregate remaining fund information the budgetary comparison statement of the General fund and Museum fund activities of the City of Ruidoso Downs, as of and for the year ended June 30, 2012, and have issued our report thereon dated November 26, 2012. 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, Debts Serice funds, presented as supplementary information in the accompanying combining and individual fund financial statements and the budgetary comparison statements as of and for the year ended June 30, 2012, as listed in the table of contents. 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

Management of the City of Ruidoso Downs is responsible for establishing and maintaining effective 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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as described above.

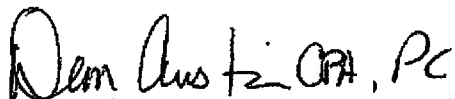
Compliance and Other Matters

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported under Government Auditing Standards January 2007 Revision paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as findings as item 12-1.

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

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, 2012

**Dan Austin CPA, PC
700 Mechem Drive Ste. 15
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 are applicable to each of its major federal programs for the year ended June 30, 2012. 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, *Audits of States, Local Governments and Non Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The 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 in order to determine our 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.

Don Austin CPA, PC

November 26, 2012

**STATE OF NEW MEXICO
 CITY OF RUIDOSO DOWNS
 SCHEDULE OF FINDINGS, RECOMMENDATIONS, RESPONSES AND OTHER DISCLOSURES
 FOR THE YEAR ENDED JUNE 30, 2012**

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

14.246

HUD-CDBG – Brownfield Economic Initiative

- 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:

11-A. Per Diem and Mileage Act Reimbursement - Resolved

**STATE OF NEW MEXICO
CITY OF RUIDOSO DOWNS
SCHEDULE OF FINDINGS, RECOMMENDATIONS, RESPONSES AND OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2012**

FINDINGS AND RECOMMENDATIONS AND RESPONSES

Current Year Findings:

12-1. Audit Report Submitted Late

Condition: The audit report was not submitted to the New Mexico State Auditor's office by the due date of December 3, 2012.

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: The Auditor delivered the report by the due date. However the Office of the State Auditor requested immaterial changes to the report considering it not complete by December 3, 2012 due date.

Effect: Noncompliance with state audit rule.

Recommendation: Complete the audit reports in a timely manner.

Response: The City will submit future audit reports by an earlier 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 3, 2012. Present were Mayor Gary Williams, City Clerk Carol Virden, City Finance Director Terri Mosley, and Dan Austin, CPA representing the audit firm. The report was discussed as well as other recommendations.