

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2013**

Dan Austin CPA, PC  
Certified Public Accountant

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
OFFICIAL ROSTER  
June 30, 2013**

**COUNCIL:**

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

**ADMINISTRATION**

CAROL VIRDEN .....	City Clerk/Treasurer
TERRI MOSLEY .....	Finance Director

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City of Ruidoso Downs  
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## **Financial Section**



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

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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

Report on Financial Statements

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 comparisons of the general fund and the major special revenue funds of City of Ruidoso Downs (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise City of Ruidoso Downs's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of City of Ruidoso Downs's nonmajor governmental funds and the budgetary comparisons for the capital project funds, debt service funds, all nonmajor funds, and, the enterprise fund presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to City of Ruidoso Downs's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Ruidoso Downs's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ruidoso Downs, as of June 30, 2013, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and 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 City of Ruidoso Downs as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the capital project funds, debt service funds, all nonmajor funds and the enterprise fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other Matters

##### *Required Supplementary Information*

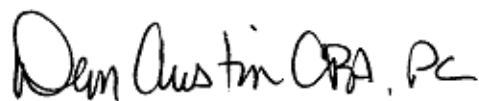
Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 10-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audit was conducted for the purpose of forming opinions on City of Ruidoso Downs's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013 on our consideration of the City of Ruidoso Downs's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ruidoso Downs's internal control over financial reporting and compliance.



November 15, 2013

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2013**

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, 2013. All amounts, unless otherwise indicated, are expressed in dollars.

**FINANCIAL HIGHLIGHTS**

The City's total net position increased by \$279,860 for the current year to \$23,734,477. The significant reasons for this increase were the positive operations from the City's utility operations. The Utility operation showed net increase \$211,087.

**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 position 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 position 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 position 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 Position:** Below is a summary of the City's net position for the fiscal years ending June 30, 2013 and 2012. The most significant change to assets, liabilities and net position as compared to the prior year was the funds provided by the state for capital outlay projects. See page 14 for a more detailed look at the Statement of Net Position.

#### City of Ruidoso Downs Net Position

	Government Activities		Business-Type Activities		Total	
	6/30/2013	6/30/2012	6/30/2012	6/30/2012	6/30/2012	6/30/2012
Current assets	\$ 2,680,017	\$ 2,447,893	\$ 1,959,781	\$ 1,956,908	\$ 4,639,798	\$ 4,404,801
Capital assets	10,399,243	10,673,126	10,721,768	5,770,371	21,121,011	16,443,497
Other noncurrent assets	-	-	75,124	4,831,024	75,124	4,831,024
<b>Total assets</b>	<b><u>\$ 13,079,260</u></b>	<b><u>\$ 13,121,019</u></b>	<b><u>\$ 12,756,673</u></b>	<b><u>\$ 12,558,303</u></b>	<b><u>\$ 25,835,933</u></b>	<b><u>\$ 25,679,322</u></b>
<b>Liabilities</b>						
Current liabilities	\$ 188,429	\$ 253,705	\$ 87,636	\$ 128,071	\$ 276,065	\$ 381,776
Noncurrent liabilities	1,138,109	1,183,382	407,405	379,687	1,545,514	1,563,069
<b>Total liabilities</b>	<b><u>1,326,538</u></b>	<b><u>1,437,087</u></b>	<b><u>495,041</u></b>	<b><u>507,758</u></b>	<b><u>1,821,579</u></b>	<b><u>1,944,845</u></b>
<b>Net Position</b>						
Invested in capital assets, net of related debt	10,399,243	10,673,126	5,541,953	5,662,487	15,941,196	16,335,613
Restricted	718,327	89,863	422,690	755,163	1,141,017	845,026
Unrestricted	635,152	920,943	6,296,989	5,632,895	6,932,141	6,553,838
<b>Total net position</b>	<b><u>11,752,722</u></b>	<b><u>11,683,932</u></b>	<b><u>12,261,632</u></b>	<b><u>12,050,545</u></b>	<b><u>24,014,354</u></b>	<b><u>23,734,477</u></b>
<b>Total Liabilities and net assets</b>	<b><u>\$ 13,079,260</u></b>	<b><u>\$ 13,121,019</u></b>	<b><u>\$ 12,756,673</u></b>	<b><u>\$ 12,558,303</u></b>	<b><u>\$ 25,835,933</u></b>	<b><u>\$ 25,679,322</u></b>

**Statement of Activities:** The following represents the revenues and expenses for fiscal years June 30, 2013 and 2011. See page 13 for a more detailed look at the Statement of Activities.

### City of Ruidoso Downs Changes In Net Position

	Government Activities		Business-Type Activities		Total	
	6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 289,159	\$ 376,089	\$ 1,129,947	\$ 989,315	\$ 1,419,106	\$ 1,365,404
Operating grants	2,120,857	2,465,059	391,113	426,566	2,511,970	2,891,625
Capital grants	-	472,899	-	-	-	472,899
<b>General revenues:</b>						
Taxes	2,061,947	2,021,121	-	-	2,061,947	2,021,121
Contributions received	-	-	-	-	-	-
Other	18,033	14,925	-	-	18,033	14,925
<b>Total revenues</b>	<u>4,489,996</u>	<u>5,350,093</u>	<u>1,521,060</u>	<u>1,415,881</u>	<u>6,011,056</u>	<u>6,765,974</u>
<b>Expenses:</b>						
General Government	\$ 1,262,197	\$ 1,462,729	\$ -	\$ -	\$ 1,262,197	\$ 1,462,729
Public safety	1,606,662	1,277,453	-	-	1,606,662	1,277,453
Highways and Streets	566,883	550,265	-	-	566,883	550,265
Culture and recreation	814,538	1,066,413	-	-	814,538	1,066,413
Other	80,513	57,504	-	-	80,513	57,504
Interest on Long-term debt	45,413	52,396	-	-	45,413	52,396
Joint water and sewer	-	-	1,088,771	908,550	1,088,771	908,550
Sanitation	-	-	266,202	259,328	266,202	259,328
<b>Total Expense</b>	<u>4,376,206</u>	<u>4,466,760</u>	<u>1,354,973</u>	<u>1,167,878</u>	<u>5,731,179</u>	<u>5,634,638</u>
<b>Net Assets</b>						
Increase in net assets before transfers	113,790	883,333	166,087	248,003	279,877	1,131,336
Transfers	(45,000)	(25,000)	45,000	25,000	-	-
Restatements	-	-	-	-	-	-
Net assets-beginning	<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>
Net assets-ending	<u>\$ 11,752,722</u>	<u>\$ 11,683,932</u>	<u>\$ 12,261,632</u>	<u>\$ 12,050,545</u>	<u>\$ 24,014,354</u>	<u>\$ 23,734,477</u>

### 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 \$2,591,134, reflecting an increase in fund balance of \$258,582. Of this amount, \$85,532 is restricted for debt service, see the balance sheet on page 16 for further detail. The most significant changes for the City's governmental funds was the increase in fund balance of the General Fund of \$61,486. See pages 16 and 18 for further details.

**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 position of \$211,087 for the year. See pages 22 and 23 for further details.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund experienced an increase in fund balance in the amount of \$12,290 on a budgetary cash basis as June 30, 2013. Total revenues on a budgetary cash basis was \$3,139,434 while expenditures totaled \$3,014,097. The General Fund transferred \$113,047 to support other special revenue funds of the City.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets:** The City's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$16,363,883 (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 35 of this report.

**Long-Term Debt:** At the end of the current fiscal year, the City had total long-term debt outstanding of \$1,631,687 including current portion. The city added no new debt during the current year.

Additional information on the City's long-term debt can be found in Notes 5 and 6, beginning on page 31 of this report.

### ECONOMIC FACTORS

The General Fund budget for the year ended June 30, 2014 is expected to remain static as efforts to control expenses are offset by expected level or slightly increased revenues as the United States economy continues 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 Position  
June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 2,088,154	\$ 1,650,532	\$ 3,738,686
Receivables	569,770	139,985	709,755
Inventory	22,093	169,264	191,357
Other	-	-	-
Total Current Assets	<u>2,680,017</u>	<u>1,959,781</u>	<u>4,639,798</u>
<b>Noncurrent Assets</b>			
Restricted Assets (Cash)	-	75,124	75,124
Invested In Waste Water Treatment Plant	-	4,757,128	4,757,128
Net Capital Assets	<u>10,399,243</u>	<u>5,964,640</u>	<u>16,363,883</u>
Total Noncurrent Assets	<u>10,399,243</u>	<u>10,796,892</u>	<u>21,196,135</u>
Total Assets	<u>\$ 13,079,260</u>	<u>\$ 12,756,673</u>	<u>\$ 25,835,933</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 13,692	\$ 4,151	\$ 17,843
Accrued Payroll And Benefits	30,277	4,992	35,269
Accrued Compensated Absences	78,411	13,233	91,644
Interest Payable	19,049	225	19,274
Current Portion Of Long Term Debt	47,000	15,282	62,282
Customer Deposits	-	49,753	49,753
Total Current Liabilities	<u>188,429</u>	<u>87,636</u>	<u>276,065</u>
<b>Noncurrent Liabilities</b>			
Notes Payable	-	407,405	407,405
Bonds Payable	1,162,000	-	1,162,000
Unamortized Bond Premium	(23,891)	-	(23,891)
Total Noncurrent Liabilities	<u>1,138,109</u>	<u>407,405</u>	<u>1,545,514</u>
Total Liabilities	<u>1,326,538</u>	<u>495,041</u>	<u>1,821,579</u>
<b>Net Posititon</b>			
Net Investment in Capital Assets	10,399,243	5,541,953	15,941,196
Restricted For:			
Capital Projects	16,604	-	16,604
Special Revenue Funds	616,191	-	616,191
Debt Service	85,532	422,690	508,222
Unrestricted	<u>635,152</u>	<u>6,296,989</u>	<u>6,932,141</u>
Total Net Position	<u>11,752,722</u>	<u>12,261,632</u>	<u>24,014,354</u>
Total Liabilities And Net Position	<u>\$ 13,079,260</u>	<u>\$ 12,756,673</u>	<u>\$ 25,835,933</u>

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

State of New Mexico  
City of Ruidoso Downs  
Statement of Activities  
For The Year Ended June 30, 2013

Functions/Programs	Net (Expense) Revenue And Changes In Net Assets					
	Program Revenues			Primary Government		
	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government	\$ 1,262,197	\$ 51,237	\$ 1,945,857	\$ -	\$ 734,897	\$ -
Public Safety	1,606,662	72,330	-	-	(1,534,332)	-
Highways and Streets	566,883	-	-	-	(566,883)	-
Culture And Recreation	814,538	165,592	175,000	-	(473,946)	-
Other	80,513	-	-	-	(80,513)	-
Interest On Long-Term Debt	45,413	-	-	-	(45,413)	-
Total Governmental Activities	4,376,206	289,159	2,120,857	-	(1,966,190)	-
<b>Business-Type Activities:</b>						
Joint Water And Sewer Sanitation	1,088,771	886,937	391,113	-	189,279	189,279
	266,202	243,010	-	-	(23,192)	(23,192)
Total Business-Type Activities	1,354,973	1,129,947	391,113	-	166,087	166,087
Total Primary Government	\$ 5,731,179	\$ 1,419,106	\$ 2,511,970	\$ -	(1,966,190)	(1,800,103)
<b>General Revenues:</b>						
Property Taxes, Levied for General Purposes				292,918	-	292,918
Property Taxes, Levied for Debt Service Purposes				89,919	-	89,919
Franchise Taxes				75,839	-	75,839
Gross Receipts Tax, Levied for General Purposes				1,285,983	-	1,285,983
Gross Receipts Tax, Levied for Infrastructure				125,886	-	125,886
Gas Tax				20,181	-	20,181
Lodgers Tax				171,221	-	171,221
Interest Income				17	-	17
Licenses And Permits				18,016	-	18,016
Interfund Transfers				(45,000)	45,000	-
Total General Revenues				2,034,980	45,000	2,079,980
Change In Net Position				68,790	211,087	279,877
Net Position - Beginning				11,683,932	12,050,545	23,734,477
Net Position - Ending				\$ 11,752,722	\$ 12,261,632	\$ 24,014,354

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, 2013

	General Fund	Special Revenue Museum Fund	Debt Funds	Other Governmental Funds	Totals Governmental Funds
<b>Assets</b>					
Cash	\$ 1,404,373	\$ 4,523	\$ 85,532	\$ 593,726	\$ 2,088,154
Taxes Receivable	517,536	-	11,516	40,718	569,770
Grants Receivable	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Inventory	-	22,093	-	-	22,093
<b>Total Assets</b>	<b>\$ 1,921,909</b>	<b>\$ 26,616</b>	<b>\$ 97,048</b>	<b>\$ 634,444</b>	<b>\$ 2,680,017</b>
<b>Liabilities</b>					
Accounts Payable	\$ 10,461	\$ 3,231	\$ -	\$ -	\$ 13,692
Accrued Payroll And Benefits	25,315	3,313	-	1,649	30,277
Due to Other Funds	-	-	-	-	-
Deferred Revenue	33,398	-	11,516	-	44,914
<b>Total Liabilities</b>	<b>69,174</b>	<b>6,544</b>	<b>11,516</b>	<b>1,649</b>	<b>88,883</b>
<b>Fund Balances</b>					
<b>Restricted For:</b>					
General Fund	-	-	-	-	-
Special Revenue	-	20,072	-	616,191	636,263
Capital Projects	-	-	-	16,604	16,604
Debt Service	-	-	85,532	-	85,532
<b>Unassigned For:</b>					
General Fund	1,852,735	-	-	-	1,852,735
<b>Total Fund Balances</b>	<b>1,852,735</b>	<b>20,072</b>	<b>85,532</b>	<b>632,795</b>	<b>2,591,134</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 1,921,909</b>	<b>\$ 26,616</b>	<b>\$ 97,048</b>	<b>\$ 634,444</b>	<b>\$ 2,680,017</b>

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Reconciliation of Total Governmental Fund Balance**  
**To Net Position of Governmental Activities**  
**June 30, 2013**

Total Governmental Fund Balance	\$ 2,591,134
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	10,399,243
Deferred property tax revenue on governmental funds is recognized as current income on government wide statements	44,914
Compensated absences payable not reported as liabilities on the governmental fund statements	(78,411)
Interest payable not reported as a liability on the governmental fund statements	(19,049)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,185,109)</u>
Net Position of Governmental Activities	<u>\$ 11,752,722</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, 2013

	General Fund	Special Revenue Museum Fund	Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
<b>Revenues</b>					
Taxes	\$ 1,687,734	\$ -	\$ 89,919	\$ 310,312	\$ 2,087,965
Licenses And Permits	18,016	-	-	-	18,016
Intergovernmental	1,352,454	-	-	525,533	1,877,987
Charges For Services	4,040	-	-	47,197	51,237
Fines And Forfeitures	72,330	-	-	-	72,330
Interest	17	-	-	-	17
Contributions and Sales	-	340,592	-	-	340,592
Miscellaneous	30,861	-	-	1,725	32,586
<b>Total Revenues</b>	<b>3,165,452</b>	<b>340,592</b>	<b>89,919</b>	<b>884,767</b>	<b>4,480,730</b>
<b>Expenditures</b>					
General Government	1,188,801	-	3,976	-	1,192,777
Public Safety	1,169,312	-	-	354,985	1,524,297
Highway And Streets	401,597	-	-	-	401,597
Culture And Recreation	150,696	592,445	-	20,859	764,000
Other	80,513	-	-	-	80,513
Capital Outlay	-	-	-	113,510	113,510
Capitalized Leases	-	-	-	10,180	10,180
Debt Service-Principal	-	-	43,000	-	43,000
-Interest	-	-	47,274	-	47,274
<b>Total Expenditures</b>	<b>2,990,919</b>	<b>592,445</b>	<b>94,250</b>	<b>499,534</b>	<b>4,177,148</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>174,533</b>	<b>(251,853)</b>	<b>(4,331)</b>	<b>385,233</b>	<b>303,582</b>
<b>Other Financing Sources (Uses):</b>					
Operating Transfers, Net	(113,047)	242,246	-	(174,199)	(45,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(113,047)</b>	<b>242,246</b>	<b>-</b>	<b>(174,199)</b>	<b>(45,000)</b>
<b>Net Change in Fund Balances</b>	<b>61,486</b>	<b>(9,607)</b>	<b>(4,331)</b>	<b>211,034</b>	<b>258,582</b>
<b>Fund Balance (Deficit)</b>					
At Beginning Of Year	1,791,249	29,679	89,863	421,761	2,332,552
<b>Fund Balance (Deficit)</b>					
At End Of Year	\$ 1,852,735	\$ 20,072	\$ 85,532	\$ 632,795	\$ 2,591,134

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, 2013**

Net Change in Fund Balances - Total Governmental Funds \$ 258,582

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	\$ 23,462	
Depreciation Expense	<u>(297,345)</u>	(273,883)

Property taxes recorded as deferred revenue on the governmental funds are recognized as current revenue on the government wide statements		9,266
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Net change in compensated absences payable for governmental funds		14,015
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Interest payable		3,588
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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 position. The following is a summary of those payments:

Principal payments on Capital Leases	\$ 15,949	
Principal payments on Bonds Payable	<u>43,000</u>	58,949

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 Position of Governmental Activities		<u>\$ 68,790</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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Taxes	\$ 1,734,826	\$ 1,739,899	\$ 1,661,716	\$ (78,183)
Licenses And Permits	12,847	19,679	18,016	(1,663)
Intergovernmental	1,408,141	1,342,512	1,352,454	9,942
Charges For Services	4,832	6,412	4,040	(2,372)
Fines	48,726	74,815	72,330	(2,485)
Other	37,500	140,922	30,878	(110,044)
 Total Revenue	 3,246,872	 3,324,239	 <u>3,139,434</u>	 <u>\$ (184,805)</u>
 Budgeted Cash Balance	 <u>1,286,007</u>	 <u>1,286,007</u>		
 Total Revenue And Cash	 <u>\$ 4,532,879</u>	 <u>\$ 4,610,246</u>		
<b>EXPENDITURES</b>				
Current				
General Government	1,228,865	1,271,948	1,194,031	77,917
Public Safety	1,243,872	1,268,339	1,180,805	87,534
Highways And Streets	544,488	464,874	406,674	58,200
Culture And Recreation	24,702	158,313	152,074	6,239
Other	76,500	91,364	80,513	10,851
 Total Expenditures	 3,118,427	 3,254,838	 3,014,097	 240,741
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers (Net)	<u>77,278</u>	<u>(71,275)</u>	<u>(113,047)</u>	<u>(41,772)</u>
 Total Expenditures And Other Financing Sources	 <u>\$ 3,041,149</u>	 <u>\$ 3,326,113</u>	 3,127,144	 <u>\$ 282,513</u>
 Total Revenues (Expenditures and Other Financing Sources and Uses)			 12,290	
<b>Reconciliation to GAAP Basis</b>				
Changes in Receivables			35,196	
Changes in Deferred Income			(9,177)	
Changes in Accrued Payroll			<u>23,177</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 61,486</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, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Charges For Services	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Contributions and Sales	511,500	353,278	340,592	(12,686)
Investment Income	-	-	-	-
	<u>511,500</u>	<u>353,278</u>	<u>340,592</u>	<u>\$ (12,686)</u>
Total Revenue	511,500	353,278	340,592	\$ (12,686)
Budgeted Cash Balance	<u>3,906</u>	<u>3,906</u>		
Total Revenue And Cash	<u>\$ 515,406</u>	<u>\$ 357,184</u>		
<b>EXPENDITURES</b>				
Current				
Operating Expenses	626,154	583,029	582,221	808
Capital Outlay	-	-	-	-
	<u>626,154</u>	<u>583,029</u>	<u>582,221</u>	<u>808</u>
Total Expenditures	626,154	583,029	582,221	808
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers (Net)	<u>115,000</u>	<u>242,247</u>	<u>242,246</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 511,154</u>	<u>\$ 340,782</u>	<u>339,975</u>	<u>\$ 808</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			617	
Reconciliation to GAAP Basis				
Changes in Inventory			(19,498)	
Reclass Deferred Revenue			-	
Changes in Accounts Payable			693	
Changes in Accrued Payroll			8,581	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (9,607)</u>	

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2013**

	<u>Business-Type Activities</u>		
	Joint Water and Sewer	Sanitation	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 1,612,828	\$ 37,704	\$ 1,650,532
Restricted Cash	75,124	-	75,124
Customer Accounts Receivable, Net of Allowance For Doubtful Accounts	111,590	28,395	139,985
Inventory	169,264	-	169,264
Total Current Assets	<u>1,968,806</u>	<u>66,099</u>	<u>2,034,905</u>
<b>NONCURRENT ASSETS</b>			
Net Capital Assets	5,964,640	-	5,964,640
Investment in Waste Water Treatment Plant	4,757,128	-	4,757,128
Total Assets	<u>\$ 12,690,574</u>	<u>\$ 66,099</u>	<u>\$ 12,756,673</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 4,151	\$ -	\$ 4,151
Accrued Payroll Expense	4,992	-	4,992
Accrued Compensated Absences	13,233	-	13,233
Current Portion Of Notes Payable	15,282	-	15,282
Accrued Interest Payable	225	-	225
Customer Deposits	49,753	-	49,753
Total Current Liabilities	<u>87,636</u>	<u>-</u>	<u>87,636</u>
<b>NONCURRENT LIABILITIES</b>			
Notes Payable	407,405	-	407,405
Total Noncurrent Liabilities	<u>407,405</u>	<u>-</u>	<u>407,405</u>
Total Liabilities	<u>495,041</u>	<u>-</u>	<u>495,041</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,541,953	-	5,541,953
Restricted For:			
Debt Service	422,690	-	422,690
Unrestricted	6,230,890	66,099	6,296,989
Total Net Position	<u>12,195,533</u>	<u>66,099</u>	<u>12,261,632</u>
Total Liabilities And Net Position	<u>\$ 12,690,574</u>	<u>\$ 66,099</u>	<u>\$ 12,756,673</u>

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For The Year Ended June 30, 2013**

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
<b>OPERATING REVENUES</b>			
Charges For Services-Water	\$ 558,410	\$ -	\$ 558,410
Charges For Services-Sewer	328,527	-	328,527
Charges For Services-Sanitation	-	194,274	194,274
	<u>886,937</u>	<u>194,274</u>	<u>1,081,211</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Personal Services	432,024	-	432,024
Operations And Maintenance	449,094	266,202	715,296
Depreciation	189,000	-	189,000
	<u>1,070,118</u>	<u>266,202</u>	<u>1,336,320</u>
Total Operating Expenses			
<b>OPERATING INCOME</b>	<u>(183,181)</u>	<u>(71,928)</u>	<u>(255,109)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Miscellaneous	1,227	-	1,227
EGR Tax	389,886	48,736	438,622
Interest Expense	(18,653)	-	(18,653)
	<u>372,460</u>	<u>48,736</u>	<u>421,196</u>
Total Non-Operating Items			
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	189,279	(23,192)	166,087
<b>TRANSFERS IN (OUT)</b>	<u>20,000</u>	<u>25,000</u>	<u>45,000</u>
Change In Net Position	209,279	1,808	211,087
<b>TOTAL NET POSITION AT BEGINNING OF YEAR</b>	<u>11,986,254</u>	<u>64,291</u>	<u>12,050,545</u>
<b>TOTAL NET POSITION AT END OF YEAR</b>	<u>\$ 12,195,533</u>	<u>\$ 66,099</u>	<u>\$ 12,261,632</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, 2013**

	Business-Type Activities		
	Joint Water and Sewer	Sanitation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received From Customers	\$ 881,681	\$ 191,883	\$ 1,073,564
Cash Paid To Suppliers	(529,782)	(266,202)	(795,984)
Cash Paid To Employees	(430,917)	-	(430,917)
Net Cash Provided By Operating Activities	<u>(79,018)</u>	<u>(74,319)</u>	<u>(153,337)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Cash Received From EGRT	389,886	48,736	438,622
Capital Transfers from Other Funds	20,000	25,000	45,000
Net Cash Provided From Noncapital Financing Activities	<u>409,886</u>	<u>73,736</u>	<u>483,622</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal Paid On Capital Debt	(14,198)	-	(14,198)
Interest on Capital Debt	(17,426)	-	(17,426)
Net Cash Used For Capital And Related Financing Activities	<u>(31,624)</u>	<u>-</u>	<u>(31,624)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Capital Assets	(383,269)	-	(383,269)
Net Cash Provided From Investing Activities	<u>(383,269)</u>	<u>-</u>	<u>(383,269)</u>
Net Increase In Cash	(84,025)	(583)	(84,608)
Cash and Cash Equivalents - Beginning Of Year	1,771,977	38,287	1,810,264
Cash and Cash Equivalents - End Of Year	<u>\$ 1,687,952</u>	<u>\$ 37,704</u>	<u>\$ 1,725,656</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (183,181)	\$ (71,928)	\$ (255,109)
Noncash Items In Net Income-Depreciation	189,000	-	189,000
(Increase) Decrease In:	-	-	-
Accounts Receivable	(5,256)	(2,391)	(7,647)
Inventory	(81,061)	-	(81,061)
Increase (Decrease) In:	-	-	-
Accounts Payable	2,662	-	2,662
Accrued Interest	(75)	-	-
Accrued Payroll And Benefits	(1,107)	-	(1,107)
Net Cash Provided (Used) By Operating Activities	<u>\$ (79,018)</u>	<u>\$ (74,319)</u>	<u>\$ (153,262)</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, 2013**

**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.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

**C. Basis of Accounting**

**Government-Wide Financial Statements**

The statement of net position 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.

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 Position 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 position 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.

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

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 Debt Service Fund reflects the activity relating accumulation of fund to service debt of the City.

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 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.

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**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).

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**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 position. Capital assets used by proprietary funds are reported in both the business-type activities column of the government-wide statement of net position 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.

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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.

**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 Position and Fund Balance**

The difference between the District's assets and liabilities is its net position. The District's net position consist of the following components – **net position 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 nets assets, **assigned fund balance** represents amounts that ire intended to be used for a specific purpose but are neither restricted or committed, **restricted fund balance or net position** - 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 position.

**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**

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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 Councilors a proposed budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

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

The City treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Councilors 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, 2013.

**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 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 \$3,807,540 and the bank balances were \$3,977,552.

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.



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At June 30, 2013, none of the \$3,977,552 of the City's bank balance was exposed to custodial credit risk as follows:

	<u>In Banks</u>
Total Deposits at Depository or Invested	\$ 3,977,552
Less: FDIC Insurance	(250,000)
Uninsured public funds	3,727,552
Letter of Credit Coverage	(5,000,000)
Pledged collateral held by depository trust department but not in City's name	-
Uninsured and uncollateralized	<u>\$ (1,272,448)</u>

See page 72 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, 2013 is \$91,611 (governmental funds \$78,411 and business-type funds \$13,233).

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Government Funds	\$ 92,426	\$ 91,453	\$ 105,468	\$ 78,411	\$ 78,411
Business Type Activities	10,370	10,211	7,348	13,233	13,233
	<u>\$ 102,796</u>	<u>\$ 101,664</u>	<u>\$ 112,816</u>	<u>\$ 91,644</u>	<u>\$ 91,644</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  
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JUNE 30, 2013**

**NOTE 5. LONG-TERM DEBT**

Long-term debt transactions are as follows:

	Balance 6/30/12	Additions	(Reductions)	Balance 6/30/13	Due Within One Year
<b>Government Activities:</b>					
<b>3.45 to 4.28% Note payable to New Mexico</b>					
Finance Authority payable in various annual Principle amounts, maturing August, 2027	\$ 1,252,000	\$ -	\$ (43,000)	\$ 1,209,000	\$ 47,000
Total Long-Term Obligations	<u>\$ 1,252,000</u>	<u>\$ -</u>	<u>\$ (43,000)</u>	<u>\$ 1,209,000</u>	<u>\$ 47,000</u>
<b>Business Type Activities:</b>					
4.75% Revenue Bond, payable to USDA Rural Development in various annual principle amounts plus accrued interest, maturing June, 2038					
	\$ 329,001	\$ -	\$ (7,000)	\$ 322,001	\$ 8,000
2% Note, payable to the NM Environment Depart. to Fund Improvements to the Regional Waste Water treatment. Secured by ERGT Revenues. Matures 6/2029.					
	95,884	-	(4,198)	91,686	4,282
5% Note Payable, held by GE Capital, Payable in annual payments of \$3,000, plus interest due in June 2015.					
	12,000	-	(3,000)	9,000	3,000
	<u>436,885</u>	<u>-</u>	<u>(14,198)</u>	<u>422,687</u>	<u>15,282</u>
Total Long-Term Obligations	<u>\$ 1,688,885</u>	<u>\$ -</u>	<u>\$ (57,198)</u>	<u>\$ 1,631,687</u>	<u>\$ 62,282</u>
				<u>(23,891)</u>	
				<u>\$ 1,607,796</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, 2013, is as follows:

	Principal	Interest	Total
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	77,635	49,188	126,823
2019-2023	470,603	203,601	674,204
2024-2028	633,163	107,908	741,071
2029-2033	100,637	31,478	132,115
2034-2037	79,000	9,405	88,405
Total	<u>\$ 1,631,687</u>	<u>\$ 638,317</u>	<u>\$ 2,270,004</u>

**STATE OF NEW MEXICO  
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JUNE 30, 2013**

**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, 2013:

Leases Payable at June 30, 2012	\$ 15,949
New leases acquired	-
Lease payments made	<u>(15,949)</u>
Leases Payable at June 30, 2013	<u>\$ -</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 (GSWA) provides solid waste disposal service to various communities in Lincoln County and the City is a member of the authority. GSWA 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 City of Ruidoso Downs has committed the Environmental Gross Receipts Tax collected to service debt of the Authority.

The participants in GSWA 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 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.

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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.

**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, 2013, 2012, and 2011 were \$196,822, \$200,553, and \$204,467, 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, 2013**

**NOTE 12. DEFICIT FUND BALANCE**

The City's Lincoln County Transit Fund had a deficit fund balance at June 30, 2013 of \$1,887.

**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, 2013, 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.

STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 15. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance 6/30/12	Additions	(Reductions)	Balance 6/30/13
<b>Government Activities:</b>				
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>5,728,269</u>
Capital Assets Being depreciated:				
Buildings and improvements	3,030,822	-	-	3,030,822
Streets and other infrastructure	2,458,557	-	-	2,458,557
Equipment	2,518,745	23,462	-	2,542,207
Total capital assets being depreciated	<u>8,008,124</u>	<u>23,462</u>	-	<u>8,031,586</u>
Less: accumulated depreciation for				
Buildings and improvements	752,393	62,450	-	814,843
Streets and other infrastructure	166,294	24,350	-	190,644
Equipment	2,144,580	210,545	-	2,355,125
Total accumulated depreciation	<u>3,063,267</u>	<u>297,345</u>	-	<u>3,360,612</u>
Total capital assets being depreciated, net	<u>4,944,857</u>	<u>(273,883)</u>	-	<u>4,670,974</u>
Government activity capital assets, net	<u>\$ 10,673,126</u>	<u>\$ (273,883)</u>	\$ -	<u>\$ 10,399,243</u>
<b>Business Type Activities:</b>				
Capital Assets not being Depreciated				
Land and Water Rights	\$ 1,014,374	\$ 179,901	\$ -	\$ 1,194,275
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>1,014,374</u>	<u>179,901</u>	-	<u>1,194,275</u>
Capital Assets Being depreciated:				
Buildings and improvements	36,221	-	-	36,221
Distribution Systems	6,376,626	-	-	6,376,626
Equipment	777,102	203,368	-	980,470
Total capital assets being depreciated	<u>7,189,949</u>	<u>203,368</u>	-	<u>7,393,317</u>
Less: accumulated depreciation for				
Buildings and improvements	33,201	1,381	-	34,582
Distribution Systems	1,783,048	124,472	-	1,907,520
Equipment	617,703	63,147	-	680,850
Total accumulated depreciation	<u>2,433,952</u>	<u>189,000</u>	-	<u>2,622,952</u>
Total capital assets being depreciated, net	<u>4,755,997</u>	<u>14,368</u>	-	<u>4,770,365</u>
Business-type activity capital assets, net	<u>\$ 5,770,371</u>	<u>\$ 194,269</u>	\$ -	<u>\$ 5,964,640</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>			

STATE OF NEW MEXICO  
 CITY OF RUIDOSO DOWNS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 16. 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		\$ (113,047)
	Museum	242,246
	Lincoln Co Transit	69,964
Street Improvement		(57,917)
Gas Tax		(13,293)
FEMA Fund		-
Lodger's Tax		(152,953)
Infrastrurcture		(40,000)
		-
	CDGB Grant Fund	20,000
	Water/Sewer/Sanitation	45,000
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.

**NOTE 17. SUBSEQUENT ACCOUNTING STANDARDS PRONOUNCEMENTS**

The GASB issued Statement No. 65. *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of Net Position by the government that is applicable to a future reporting period, and an acquisition of Net Position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District has implemented this statement.

**State of New Mexico**  
**City of Ruidoso Downs**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2013**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash	\$ 577,122	\$ 16,604	\$ 593,726
Tax Receivable	40,718	-	40,718
Grants Receivable	-	-	-
Due From Other Governments	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
 Total Assets	 <u>\$ 617,840</u>	 <u>\$ 16,604</u>	 <u>\$ 634,444</u>
<b>Liabilities And Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Accrued Payroll	1,649	-	1,649
	<u>          </u>	<u>          </u>	<u>          </u>
 Total Liabilities	 <u>1,649</u>	 <u>-</u>	 <u>1,649</u>
<b>Fund Balances</b>			
Restricted For Capital Improvements	-	16,604	16,604
Restricted For Special Revenue Funds	616,191	-	616,191
Unreserved	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
 Total Fund Balances	 <u>616,191</u>	 <u>16,604</u>	 <u>632,795</u>
 Total Liabilities And Fund Balances	 <u>\$ 617,840</u>	 <u>\$ 16,604</u>	 <u>\$ 634,444</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, 2013**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$ 310,312	\$ -	\$ 310,312
Intergovernmental	525,533	-	525,533
Charges for Services	47,197	-	47,197
Fines And Forfeitures	-	-	-
Miscellaneous	1,725	-	1,725
Total Revenues	<u>884,767</u>	<u>-</u>	<u>884,767</u>
<b>Expenditures</b>			
General Government	-	-	-
Public Safety	354,985	-	354,985
Highways And Streets	-	-	-
Culture And Recreation	20,859	-	20,859
Capital Leases	-	-	-
Capital Outlay	110,114	3,396	113,510
Debt Service	10,180	-	10,180
Total Expenditures	<u>496,138</u>	<u>3,396</u>	<u>499,534</u>
Excess Revenues Over (Under) Expenditures	<u>388,629</u>	<u>(3,396)</u>	<u>385,233</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers, Net	(194,199)	20,000	(174,199)
Total Other Financing Sources (Uses)	<u>(194,199)</u>	<u>20,000</u>	<u>(174,199)</u>
<b>Net Change In Fund Balances</b>	194,430	16,604	211,034
<b>Fund Balances At Beginning Of Year</b>	<u>421,761</u>	<u>-</u>	<u>421,761</u>
<b>Fund Balances At End Of Year</b>	<u>\$ 616,191</u>	<u>\$ 16,604</u>	<u>\$ 632,795</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, 2013**

**GENERAL GOVERNMENT**

Legislative	\$ 45,933
Judicial	174,116
Elections	3,327
Legal	203,366
Finance and Administration	513,957
Planning	193,683
Code Enforcement	<u>54,419</u>
Total General Government	1,188,801

**PUBLIC SAFETY**

Public Safety	1,031,730
Fire Department	80,135
Animal Control	<u>57,447</u>
Total Public Safety	1,169,312

**CULTURE AND RECREATION**

Parks and Recreation	144,537
Senior Citizens	<u>6,159</u>
Total Culture and Recreation	150,696

**HIGHWAYS AND STREETS**

Street Department	329,876
Mechanical	<u>71,721</u>
Total Highway and Streets	401,597

**OTHER**

	<u>80,513</u>
<b>Total General Fund Expenditures</b>	<u><u>\$ 2,990,919</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 Expenditures - By Department**  
**Budgeted to Actual (Non-GAAP Budgetary Basis) -- General Fund**  
**For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>				
Legislative	\$ 54,771	\$ 54,771	\$ 46,564	8,207
Judicial	171,215	172,592	171,963	629
Elections	1,900	3,327	3,327	-
Legal	246,665	262,906	203,366	59,540
Finance and Administration	498,789	522,731	517,875	4,856
Planning	199,462	199,523	195,910	3,613
Code Enforcement	56,063	56,098	55,026	1,072
Total General Government	<u>1,228,865</u>	<u>1,271,948</u>	<u>1,194,031</u>	<u>77,917</u>
<b>PUBLIC SAFETY</b>				
Public Safety	1,108,435	1,128,357	1,042,203	86,154
Fire Department	69,895	82,047	80,705	1,342
Animal Control	57,513	57,935	57,897	38
Total Public Safety	<u>1,235,843</u>	<u>1,268,339</u>	<u>1,180,805</u>	<u>87,534</u>
<b>CULTURE AND RECREATION</b>				
Parks and Recreation	14,502	147,876	145,915	1,961
Senior Citizens	10,200	10,437	6,159	4,278
Total Culture and Recreation	<u>24,702</u>	<u>158,313</u>	<u>152,074</u>	<u>6,239</u>
<b>HIGHWAYS AND STREETS</b>				
Street Department	375,119	377,149	332,501	44,648
Mechanical	87,350	87,725	74,173	13,552
Total Highway and Streets	<u>462,469</u>	<u>464,874</u>	<u>406,674</u>	<u>58,200</u>
<b>OTHER</b>				
Total General Fund Expenditures	<u>\$ 3,028,379</u>	<u>\$ 3,254,838</u>	<u>\$ 3,014,097</u>	<u>\$ 240,741</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. Transit Fund	Emergency Medical Srvcs Fund	Street Improvement Fund	Gas Tax Road Fund	Fire Protection Fund	FEMA Fund	Law Enforcement Protection Fund		Lodgers Tax Fund	Recreation Fund	Infrastructure Fund
<b>ASSETS</b>														
Cash in Bank	\$ 135,174	\$ 427	\$ 909	\$ 462	\$ -	\$ 156,546	\$ 2	\$ 15,024	\$ 23,116	\$ 2,209	\$ 125,472	\$ 8,353	\$ 109,428	\$ 577,122
Taxes Receivable	-	-	-	-	-	-	2,199	-	-	15,620	-	22,899	40,718	
Grants Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Assets</b>	<b>\$ 135,174</b>	<b>\$ 427</b>	<b>\$ 909</b>	<b>\$ 462</b>	<b>\$ -</b>	<b>\$ 156,546</b>	<b>\$ 2,201</b>	<b>\$ 15,024</b>	<b>\$ 23,116</b>	<b>\$ 2,209</b>	<b>\$ 141,092</b>	<b>\$ 8,353</b>	<b>\$ 132,327</b>	<b>\$ 617,840</b>
<b>LIABILITIES AND FUND BALANCE</b>														
<b>LIABILITIES</b>														
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued Payroll Expense	-	-	-	1,649	-	-	-	-	-	-	-	-	-	1,649
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,649</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,649</b>
<b>FUND BALANCE</b>														
Restricted	135,174	427	909	(1,187)	-	156,546	2,201	15,024	23,116	2,209	141,092	8,353	132,327	616,191
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>135,174</b>	<b>427</b>	<b>909</b>	<b>(1,187)</b>	<b>-</b>	<b>156,546</b>	<b>2,201</b>	<b>15,024</b>	<b>23,116</b>	<b>2,209</b>	<b>141,092</b>	<b>8,353</b>	<b>132,327</b>	<b>616,191</b>
<b>Total Liabilities And Fund Balance</b>	<b>\$ 135,174</b>	<b>\$ 427</b>	<b>\$ 909</b>	<b>\$ 462</b>	<b>\$ -</b>	<b>\$ 156,546</b>	<b>\$ 2,201</b>	<b>\$ 15,024</b>	<b>\$ 23,116</b>	<b>\$ 2,209</b>	<b>\$ 141,092</b>	<b>\$ 8,353</b>	<b>\$ 132,327</b>	<b>\$ 617,840</b>

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

State of New Mexico  
 City of Ruidoso Downs  
 Combining Statement of Revenues, Expenditures and  
 Changes in Fund Balance - Nonmajor Special Revenue Funds  
 For The Year Ended June 30, 2013

	Local										Law										Totals						
	Government Correction Fund	Judicial Education Fund	Court Automation Fund	Lincoln Co. Transit Fund	Emergency Medical Services Fund	Street Improvement Fund	Gas Tax Road Fund	Fire Protection Fund	FEMA Fund	Enforcement Protection Fund	Lodgers Tax Fund	Recreation Fund	Infrastructure Fund	Government Correction Fund	Judicial Education Fund	Court Automation Fund	Lincoln Co. Transit Fund	Emergency Medical Services Fund	Street Improvement Fund	Gas Tax Road Fund		Fire Protection Fund	FEMA Fund	Enforcement Protection Fund	Lodgers Tax Fund	Recreation Fund	Infrastructure Fund
<b>REVENUES</b>																											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	37,168	5,501	11,647	160,491	-	213,815	-	72,711	-	24,200	-	-	-	-	-	-	-	-	-	-	-	-	171,221	-	125,886	310,312	
Charges For Services	-	-	-	47,197	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	525,533
Fines And Forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,197
Other	-	-	-	1,725	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,725
<b>Total Revenues</b>	<b>37,168</b>	<b>5,501</b>	<b>11,647</b>	<b>209,413</b>	<b>-</b>	<b>213,815</b>	<b>-</b>	<b>72,711</b>	<b>-</b>	<b>24,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>171,221</b>	<b>-</b>	<b>125,886</b>	<b>884,767</b>	
<b>EXPENDITURES</b>																											
Current:																											
General Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	9,617	5,447	11,492	276,573	1,886	-	-	47,797	-	2,173	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	354,985
Highways And Streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Culture, Recreation and Promotion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	82,019	-	6,104	-	21,991	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	110,114
Debt Service	-	-	-	-	-	-	-	10,180	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,180
Capital Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>9,617</b>	<b>5,447</b>	<b>11,492</b>	<b>276,573</b>	<b>1,886</b>	<b>82,019</b>	<b>-</b>	<b>64,081</b>	<b>-</b>	<b>24,164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,859</b>	<b>-</b>	<b>125,886</b>	<b>495,138</b>	
Excess (Deficiency) Of Revenues Over Expenditures	27,551	54	155	(67,160)	(1,886)	131,796	13,205	8,630	36	150,362	-	-	-	-	-	-	-	-	-	-	-	-	150,362	-	125,886	388,629	
<b>OTHER FINANCING SOURCES (USES):</b>																											
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Transfers	-	-	-	69,964	-	(57,917)	(13,293)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(152,953)	-	(40,000)	(194,199)
<b>Total Other Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,964</b>	<b>-</b>	<b>(57,917)</b>	<b>(13,293)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(152,953)</b>	<b>-</b>	<b>(40,000)</b>	<b>(194,199)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>27,551</b>	<b>54</b>	<b>155</b>	<b>2,804</b>	<b>(1,886)</b>	<b>73,879</b>	<b>(88)</b>	<b>8,630</b>	<b>36</b>	<b>(2,591)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>(2,591)</b>	<b>85,886</b>	<b>194,430</b>	
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>107,623</b>	<b>373</b>	<b>754</b>	<b>(3,991)</b>	<b>1,886</b>	<b>82,667</b>	<b>2,289</b>	<b>6,394</b>	<b>23,116</b>	<b>2,173</b>	<b>143,683</b>	<b>8,353</b>	<b>46,441</b>	<b>421,761</b>													
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 135,174</b>	<b>\$ 427</b>	<b>\$ 909</b>	<b>\$ (1,187)</b>	<b>\$ -</b>	<b>\$ 156,546</b>	<b>\$ 2,201</b>	<b>\$ 15,024</b>	<b>\$ 23,116</b>	<b>\$ 2,209</b>	<b>\$ 141,092</b>	<b>\$ 8,353</b>	<b>\$ 132,327</b>	<b>\$ 616,191</b>													

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**Local Government Correction Special Revenue Fund**  
**For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental:	\$ 21,000	\$ 37,168	\$ 37,168	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	21,000	37,168	<u>37,168</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>107,623</u>	<u>107,623</u>		
Total Revenue And Cash	<u>\$ 128,623</u>	<u>\$ 144,791</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 21,000	\$ 21,000	\$ 9,617	\$ 11,383
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	21,000	21,000	9,617	11,383
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>9,617</u>	<u>\$ 11,383</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			27,551	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 27,551</u>	

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



**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**Judicial Education Special Revenue Fund**  
**For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Intergovernmental:	\$ 3,084	\$ 5,501	\$ 5,501	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	3,084	5,501	<u>5,501</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>373</u>	<u>373</u>		
Total Revenue And Cash	<u>\$ 3,457</u>	<u>\$ 5,874</u>		
<b>EXPENDITURES</b>				
Public safety	\$ 3,457	\$ 5,820	\$ 5,447	\$ 373
Capital Leases	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	3,457	5,820	5,447	373
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 3,457</u>	<u>\$ 5,820</u>	<u>5,447</u>	<u>\$ 373</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			54	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 54</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Fines and Forfeitures	\$ 7,025	\$ 12,003	\$ 11,647	\$ 356
Miscellaneous	-	-	-	-
	<u>7,025</u>	<u>12,003</u>	<u>11,647</u>	<u>\$ 356</u>
Total Revenue				
Budgeted Cash Balance	<u>754</u>	<u>754</u>		
Total Revenue And Cash	<u>\$ 7,779</u>	<u>\$ 12,757</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 7,025	\$ 13,036	\$ 11,492	\$ 1,544
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
	<u>7,025</u>	<u>13,036</u>	<u>11,492</u>	<u>1,544</u>
Total Expenditures				
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 7,025</u>	<u>\$ 13,036</u>	<u>11,492</u>	<u>\$ 1,544</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			155	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 155</u>	

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**Lincoln County Transit Special Revenue Fund**  
**For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental	\$ 232,843	\$ 320,359	\$ 160,491	\$ 159,868
Charges for Services	35,000	47,198	47,197	(1)
Miscellaneous	-	-	1,725	1,725
	<u>267,843</u>	<u>367,557</u>	<u>209,413</u>	<u>\$ 161,592</u>
Total Revenue				
Budgeted Cash Balance	<u>462</u>	<u>462</u>		
Total Revenue And Cash	<u>\$ 268,305</u>	<u>\$ 368,019</u>		
<b>EXPENDITURES</b>				
General Government	\$ 276,510	\$ 279,599	\$ 279,377	\$ 222
Capital Outlay	-	-	-	-
Total Expenditures	<u>276,510</u>	<u>279,599</u>	<u>279,377</u>	<u>222</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>69,964</u>	<u>69,964</u>
Total Expenditures And Other Financing Sources	<u>\$ 276,510</u>	<u>\$ 279,599</u>	<u>209,413</u>	<u>\$ (69,742)</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)				-
Reconciliation to GAAP Basis				
Changes in Accrued Payroll			2,804	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 2,804</u>	

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**Emergency Medical Services Special Revenue Fund**  
**For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	-	-	-	\$ -
Budgeted Cash Balance	<u>1,886</u>	<u>1,886</u>		
Total Revenue And Cash	<u>\$ 1,886</u>	<u>\$ 1,886</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 5,750	\$ 1,991	\$ 1,886	\$ 105
Capital Outlay	-	-	-	-
	<u>5,750</u>	<u>1,991</u>	<u>1,886</u>	<u>105</u>
Total Expenditures	5,750	1,991	1,886	105
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 5,750</u>	<u>\$ 1,991</u>	<u>1,886</u>	<u>\$ 105</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			(1,886)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (1,886)</u>	

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**Street Improvement Special Revenue Fund**  
**For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Intergovernmental	\$ 300,336	\$ 320,359	\$ 320,359	\$ -
Miscellaneous	-	-	-	-
Total Revenue	<u>300,336</u>	<u>320,359</u>	<u>320,359</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>82,667</u>	<u>82,667</u>		
Total Revenue And Cash	<u>\$ 383,003</u>	<u>\$ 403,026</u>		
<b>EXPENDITURES</b>				
Highways and Streets	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-
Capital Outlay	<u>141,137</u>	<u>116,756</u>	<u>82,019</u>	<u>34,737</u>
Total Expenditures	<u>141,137</u>	<u>116,756</u>	<u>82,019</u>	<u>34,737</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(57,917)</u>	<u>(57,917)</u>	<u>(57,917)</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 199,054</u>	<u>\$ 174,673</u>	<u>139,936</u>	<u>\$ 34,737</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			180,423	
Reconciliation to GAAP Basis				
Changes in Receivables			(106,544)	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 73,879</u>	

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**Gas Tax Road Special Revenue Fund**  
**For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ 14,136	\$ 14,136	\$ 13,293	\$ 843
Miscellaneous	-	-	-	-
Total Revenue	<u>14,136</u>	<u>14,136</u>	<u>13,293</u>	<u>\$ 843</u>
Budgeted Cash Balance	<u>2</u>	<u>2</u>		
Total Revenue And Cash	<u>\$ 14,138</u>	<u>\$ 14,138</u>		
<b>EXPENDITURES</b>				
Highways and Streets	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(14,136)</u>	<u>(14,136)</u>	<u>(13,293)</u>	<u>843</u>
Total Expenditures And Other Financing Sources	<u>\$ 14,136</u>	<u>\$ 14,136</u>	<u>13,293</u>	<u>\$ (843)</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			-	
Reconciliation to GAAP Basis				
Changes in Receivables			88	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 88</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Intergovernmental	\$ 58,584	\$ 72,711	\$ 72,711	\$ -
Miscellaneous	-	-	-	-
Total Revenue	58,584	72,711	<u>72,711</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>6,394</u>	<u>6,394</u>		
Total Revenue And Cash	<u>\$ 64,978</u>	<u>\$ 79,105</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ 39,203	\$ 53,131	\$ 47,796	\$ 5,335
Debt Service	3,000	15,699	6,105	9,594
Capital Outlay	<u>16,381</u>	<u>10,180</u>	<u>10,180</u>	-
Total Expenditures	58,584	79,010	64,081	14,929
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	-	-	-	-
Total Expenditures And Other Financing Sources	<u>\$ 58,584</u>	<u>\$ 79,010</u>	<u>64,081</u>	<u>\$ 14,929</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			8,630	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 8,630</u>	

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**FEMA Special Revenue Fund**  
**For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	-	-	<u>-</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>23,116</u>	<u>23,116</u>		
Total Revenue And Cash	<u>\$ 23,116</u>	<u>\$ 23,116</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ -	\$ -	\$ -	\$ -
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>-</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.



**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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Intergovernmental	\$ 24,200	\$ 24,200	\$ 24,200	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	24,200	24,200	<u>24,200</u>	<u>\$ -</u>
Budgeted Cash Balance	<u>2,172</u>	<u>2,172</u>		
Total Revenue And Cash	<u>\$ 26,372</u>	<u>\$ 26,372</u>		
<b>EXPENDITURES</b>				
Public Safety	\$ -	\$ 2,173	\$ 2,173	\$ -
Capital Outlay	<u>24,200</u>	<u>24,200</u>	<u>21,991</u>	<u>2,209</u>
Total Expenditures	24,200	26,373	24,164	2,209
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 24,200</u>	<u>\$ 26,373</u>	<u>24,164</u>	<u>\$ 2,209</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			36	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 36</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ 187,500	\$ 187,530	\$ 179,525	\$ 8,005
Miscellaneous	-	-	-	-
Total Revenue	<u>187,500</u>	<u>187,530</u>	<u>179,525</u>	<u>\$ 8,005</u>
Budgeted Cash Balance	<u>125,471</u>	<u>125,471</u>		
Total Revenue And Cash	<u>\$ 312,971</u>	<u>\$ 313,001</u>		
<b>EXPENDITURES</b>				
Culture, Recreation and Promotion	\$ 49,100	\$ 50,150	\$ 20,859	\$ 29,291
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>49,100</u>	<u>50,150</u>	<u>20,859</u>	<u>29,291</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(153,750)</u>	<u>(153,750)</u>	<u>(152,953)</u>	<u>797</u>
Total Expenditures And Other Financing Sources	<u>\$ 202,850</u>	<u>\$ 203,900</u>	<u>173,812</u>	<u>\$ 28,494</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			5,713	
Reconciliation to GAAP Basis				
Changes in Receivables			(8,304)	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (2,591)</u>	

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**Recreation Special Revenue Fund**  
**For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Total Revenue	-	-	-	-
Budgeted Cash Balance	<u>8,353</u>	<u>8,353</u>		
Total Revenue And Cash	<u>\$ 8,353</u>	<u>\$ 8,353</u>		
<b>EXPENDITURES</b>				
Culture and Recreation	\$ -	\$ -	\$ -	\$ -
Capital Leases	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
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			<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)**  
**Infrastructure Special Revenue Fund**  
**For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ 128,155	\$ 128,155	\$ 124,833	\$ 3,322
Miscellaneous	-	-	-	-
Total Revenue	<u>128,155</u>	<u>128,155</u>	<u>124,833</u>	<u>\$ 3,322</u>
Budgeted Cash Balance	<u>24,595</u>	<u>24,595</u>		
Total Revenue And Cash	<u>\$ 152,750</u>	<u>\$ 152,750</u>		
<b>EXPENDITURES</b>				
Operating Expenses	\$ -	\$ -	\$ -	\$ -
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>40,000</u>	<u>\$ -</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			84,833	
Reconciliation to GAAP Basis				
Changes in Receivables			1,053	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 85,886</u>	

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

## **CAPITAL PROJECT FUNDS**

To account for the City's Community Development Block Grants projects funded by special appropriation.

**State of New Mexico  
City of Ruidoso Downs  
Balance Sheet  
CDGB Capital Project Fund  
June 30, 2013**

**ASSETS**

Cash In Bank	\$ 16,604
Grants Receivable	<u>-</u>
Total Assets	<u>\$ 16,604</u>

**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

Accounts Payable	\$ -
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**FUND BALANCE**

Reserved For Capital Improvements	<u>16,604</u>
Total Liabilities And Fund Equity	<u>\$ 16,604</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  
CDGB Capital Project Fund  
For The Year Ended June 30, 2013

REVENUES	
Intergovernmental	\$ <u>          -</u>
Total Revenue	<u>          -</u>
EXPENDITURES	
General Government	-
Capital Outlay	<u>          3,396</u>
Total Expenditures	<u>          3,396</u>
Excess (Deficiency) Of Revenues Over Expenditures	(3,396)
OTHER FINANCING SOURCES (USES)	
Transfers	<u>          20,000</u>
NET CHANGE IN FUND BALANCES	16,604
FUND BALANCE AT BEGINNING OF YEAR	<u>          -</u>
FUND BALANCE AT END OF YEAR	<u>          <u>16,604</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)**  
**CDGB Capital Project Fund**  
**For The Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
CDBG Grant	\$ 310,158	\$ 310,158	\$ -	\$ 310,158
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	310,158	310,158	<u>-</u>	<u>\$ 310,158</u>
Budgeted Cash Balance	<u>-</u>	<u>-</u>		
Total Revenue And Cash	<u>\$ 310,158</u>	<u>\$ 310,158</u>		
<b>EXPENDITURES</b>				
Capital Outlay	\$ 162,096	\$ 162,096	\$ 3,396	\$ 158,700
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	162,096	162,096	3,396	158,700
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 142,096</u>	<u>\$ 142,096</u>	<u>(16,604)</u>	<u>\$ 158,700</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			16,604	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			-	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 16,604</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, 2013**

<b>Assets</b>	
Cash	\$ 85,532
Taxes Receivable	<u>11,516</u>
 Total Assets	 <u>\$ 97,048</u>
 <b>Liabilities And Fund Balances</b>	
<b>Liabilities</b>	
Deferred Revenue	<u>\$ 11,516</u>
 Total Liabilities	 <u>11,516</u>
 <b>Fund Balances (Deficit)</b>	
Restricted For Debt Service	85,532
Unreserved	<u>-</u>
 Total Fund Balances	 <u>85,532</u>
 Total Liabilities And Fund Balances	 <u>\$ 97,048</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, 2013**

<b>Revenues</b>	
Taxes	\$ 89,919
Interest	-
Miscellaneous	-
Total Revenues	<u>89,919</u>
<b>Expenditures</b>	
Interest	47,274
Principal	43,000
Administration Costs	<u>3,976</u>
Total Expenditures	<u>94,250</u>
Excess Revenues Over (Under) Expenditures	<u>(4,331)</u>
<b>Other Financing Sources (Uses):</b>	
Operating Transfers, Net	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>
<b>Net Change In Fund Balances</b>	(4,331)
<b>Fund Balances At Beginning Of Year</b>	<u>89,863</u>
<b>Fund Balances At End Of Year</b>	<u>\$ 85,532</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ 114,043	\$ 114,043	\$ 89,919	\$ 24,124
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	114,043	114,043	<u>89,919</u>	<u>\$ 24,124</u>
Budgeted Cash Balance	<u>89,863</u>	<u>89,863</u>		
Total Revenue And Cash	<u>\$ 203,906</u>	<u>\$ 203,906</u>		
<b>EXPENDITURES</b>				
Debt Service-Interest	\$ 47,274	\$ 47,274	47,274	\$ -
Debt Service -Principal	43,000	43,000	43,000	-
Debt Administration	<u>4,000</u>	<u>4,000</u>	<u>3,976</u>	<u>24</u>
Total Expenditures	94,274	94,274	94,250	24
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures And Other Financing Sources	<u>\$ 94,274</u>	<u>\$ 94,274</u>	<u>94,250</u>	<u>\$ 24</u>
Total Revenues (Expenditures and Other Financing Sources and Uses)			(4,331)	
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Changes in Payables			<u>-</u>	
Excess (Deficiency) of Revenues over expenditures			<u>\$ (4,331)</u>	

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

## ENTERPRISE FUNDS

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

**Sanitation Fund** – to account for the collection of City sanitation fees and the environmental gross receipts tax, and the related remittance of same to the Greenree 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, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Sales of Service	\$ 794,075	\$ 794,375	\$ 889,589	\$ (95,214)
Taxes	438,155	518,041	389,886	128,155
Deposits Received	3,400	3,400	3,007	393
Other	<u>159,400</u>	<u>159,400</u>	<u>-</u>	<u>159,400</u>
 Total Revenue	 1,395,030	 1,475,216	 <u>1,282,482</u>	 <u>\$ 192,734</u>
 Budgeted Cash Balance	 <u>1,771,777</u>	 <u>1,771,777</u>		
 Total Revenue And Cash	 <u>\$ 3,166,807</u>	 <u>\$ 3,246,993</u>		
<b>EXPENDITURES</b>				
Personnel Services	\$ 419,232	\$ 434,649	433,131	\$ 1,518
Operating Expense	636,233	652,565	528,434	124,131
Capital Outlay	470,793	660,484	384,990	275,494
Loan Payments	32,900	33,600	32,926	674
Deposit Refunds	<u>2,000</u>	<u>2,000</u>	<u>1,779</u>	<u>221</u>
 Total Expenditures	 1,561,158	 1,783,298	 1,381,260	 402,038
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	<u>25,000</u>	<u>25,000</u>	<u>20,000</u>	<u>(5,000)</u>
 Total Expenditures And Other Financing Sources	 <u>\$ 1,536,158</u>	 <u>\$ 1,758,298</u>	 <u>1,361,260</u>	 <u>\$ 407,038</u>
 Total Revenues (Expenditures and Other Financing Sources and Uses)			 (78,778)	
<b>Reconciliation to GAAP Basis</b>				
Changes in Receivables			(2,653)	
Changes in Inventory			81,063	
Reclass Capital Outlay			383,267	
Current Year Depreciation			(189,000)	
Changes in Accounts Payable			14,198	
Change in Accrued Interest			75	
Changes in Accrued Payroll			3,970	
Changes in Accrued Compensation			(2,863)	
Excess (Deficiency) of Revenues over expenditures			<u>\$ 209,279</u>	

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

**State of New Mexico**  
**City of Ruidoso Downs**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budgeted to Actual (Non-GAAP Budgetary Basis)**  
**Sanitation Enterprise Fund**  
**For The Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Sales of Service	\$ 180,000	\$ 185,230	\$ 185,230	\$ -
Taxes	52,776	52,776	48,735	(4,041)
Other	9,000	9,192	9,191	(1)
<b>Total Revenue</b>	<b>241,776</b>	<b>247,198</b>	<b>243,156</b>	<b>\$ (4,042)</b>
<b>Budgeted Cash Balance</b>	<b>38,288</b>	<b>38,288</b>		
<b>Total Revenue And Cash</b>	<b>\$ 280,064</b>	<b>\$ 285,486</b>		
<b>EXPENDITURES</b>				
Operating Expense	\$ 266,776	\$ 286,660	\$ 266,202	\$ 20,458
Capital Outlay	-	-	-	-
Deposit Refunds	-	-	-	-
<b>Total Expenditures</b>	<b>266,776</b>	<b>286,660</b>	<b>266,202</b>	<b>20,458</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers	25,000	25,000	25,000	-
<b>Total Expenditures And Other Financing Sources</b>	<b>\$ 241,776</b>	<b>\$ 261,660</b>	<b>241,202</b>	<b>\$ 20,458</b>
<b>Total Revenues (Expenditures and Other Financing Sources and Uses)</b>			<b>1,954</b>	
Reconciliation to GAAP Basis				
Changes in Receivables			(147)	
Changes in Payables			-	
<b>Excess (Deficiency) of Revenues over expenditures</b>			<b>\$ 1,807</b>	

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

## **Supplementary Information**



State of New Mexico  
 City of Ruidoso Downs  
 Schedule of Deposits and Security Requirements  
 June 30, 2013

Financial Institution	Account Name	Account Type	Reconciled Balance	O/S Deposits Balance	O/S Checks Balance	Balance On Deposit 06-30-13	FDIC or Other Insurance	Not Insured By FDIC	Required Collateral	FMV of Collateral	Pledged Over(Short)
Compass Bank	Operations	Non Int Checking	\$ 3,505,419	\$ 1,358	\$ 171,238	\$ 3,675,299	\$ 250,000				
	Museum Credit	Non Int Checking	227,625	-	132	227,757	-				
	CDGB Grant	Non Int Checking	100	-	-	100	-				
	Grant Other	Non Int Checking	15	-	-	15	-				
	Water Deposit	Int Checking	74,381	-	-	74,381	-				
			<u>3,807,540</u>	<u>\$ 1,358</u>	<u>\$ 171,370</u>	<u>\$ 3,977,552</u>	<u>\$ 250,000</u>	<u>\$ 3,727,552</u>	<u>\$ 1,863,776</u>	<u>\$ 5,000,000</u>	<u>\$ 3,136,224</u>
Petty Cash and Returned Checks		6,270									
Total			<u>\$ 3,813,810</u>								

**Deposit Security**

Description	ID #	Issue Date	Amount	Maturity Date
FHLB Atlanta Letter of Credit	41077	1/7/2013	\$ 5,000,000	1/7/2014
			<u>\$ 5,000,000</u>	

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

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

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**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**

**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of the City of Ruidoso Downs as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Ruidoso Downs's basic financial statements, and the combining and individual and related budgetary comparisons of City of Ruidoso Downs, presented as supplemental information, and have issued our report thereon dated November 15, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

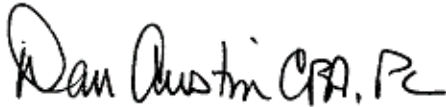
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Ruidoso Downs'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*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of City of Ruidoso Downs's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Ruidoso Downs's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dan Austin CPA, PC". The signature is written in a cursive, flowing style.

November 15, 2013

**STATE OF NEW MEXICO  
CITY OF RUIDOSO DOWNS  
SCHEDULE OF FINDINGS, RESPONSES AND OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2013**

**SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

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

**FINDINGS AND RECOMMENDATIONS-Financial Audit**

**Prior Year Findings:**

**12-1. Audit Report Submitted Late - Resolved**

**Current Year Findings:**

None

**FINANCIAL STATEMENT PREPARATION**

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

**EXIT CONFERENCE**

The exit conference was held at Ruidoso Downs City Hall on November 27, 2013. 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.